



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

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## **Fiscal Year 2007 Operating Budget**

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# OPERATING BUDGET

*for Fiscal Year 2007*

## SUMMARY & FINANCIAL OVERVIEW





**University of Massachusetts  
Executive Summary**

**Operating Budget  
Fiscal Year 2007**

**INTRODUCTION**

This executive summary highlights the overall revenue and expense activity for the University based on operating budget statements formatted similarly to the standard Combined Statements of Revenues and Expenses as contained in the University's annual financial statements. FY2004 and FY2005 actual data are provided from the audited statements and are compared to projected figures for the current fiscal year (FY2006)<sup>1</sup> and estimates proposed for the fiscal year beginning July 1, 2006 (FY2007). The information does not include data for the University's related organizations (e.g. the Foundation, Building Authority and WCCC).

The Operating Budget provides the University with a general plan for the year by outlining University priorities, resources and planned use of funds. The document shows "the bottom line" as well as provides high-level summary and trend information about employee counts.

This summary describes general budget trends and important issues for FY 2007. The University Summary tables present aggregated revenues, expenditures, and personnel data for the five campuses, the Donahue Institute for Governmental Services, and central administrative services.

Campus budgets are prepared based on parameters established by the President's Office, and are shaped by individual campus priorities and plans. Campus budget plans are a reflection of each campus' unique identity and priorities, but they also have basic similarities and evidence common themes: balancing current needs with long-term goals; reallocation and restructuring as tools to meet those objectives; the importance of strengthening fundraising capacity and increasing endowment; working to achieve long-term financial stability as measured by the financial indicators; and efforts to deal with the pressure on budgets from: an unstable economic environment, deferred maintenance and other capital projects, investment in technology, and financial aid.

There are a number of issues of University-wide importance that directly impact the FY2007 operating budget. The most significant challenges relate to stabilizing the enterprise and regaining momentum in the wake of the dramatic reductions in state appropriations as well as continuing the aggressive capital investment program. Many issues such as financial aid, expanding fundraising capacity, and performance measurement are ongoing activities of continuous importance to the Board of Trustees and University leadership that impact the budget planning each year. In general there are a number of factors that influence the development of the operating budget each year including:

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

These key factors serve as the foundation to budget planning for the University. The level of state support, the impact of collectively bargained wage increases, the ability of student fee supported activities to meet inflationary pressures and all 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.

There are also a number of critical concerns that are further challenging each campus and have real immediate term impact on the operating budget as well as long term implications for the University including:

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<sup>1</sup> The final FY2006 audited financial statements will be completed in the Fall and presented to the Board at that time.

- Replacing faculty and staff lost to early retirement in vital academic and support areas
- Moving forward with the University’s Capital Program
- Implementation and upgrades of administrative systems
- Maintaining the long-term financial viability of the University (revenue enhancement and expenditure control activities).

Last year the University changed the reporting format for the Operating Budget from the long-standing cash based format to a modified accrual based budget report. This new reporting format better 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. As with the GASB 34 & 35 changes to the financial statements of a few years ago, the difficulties of the transformation process continue and a review of the fiscal year 2007 report should be considered with this in mind.

In addition to the format changes, the timing of the budget plan has changed from prior years. Previously, the Operating Budget was presented to the Board of Trustees during the fall meeting cycle. This year, the FY 2007 Operating Budget has been pushed back for review prior to the end of the current fiscal year. The timing change allows for the operating budget plan to be in place prior to the beginning of the fiscal year and allows for the coordination of the presentation with that of the annual five year financial indicator plan update.

However, there are some considerations with the change in timing that should be noted when reviewing the FY2007 Operating Budget report. Specifically, the fall schedule meant that final prior fiscal year data would be available, campus and central budget processes would be completed and (in most cases) the final state appropriation numbers would be known. The year-to year changes described in this report are based on projections for FY2006 year end (the current year). The FY2007 campus budget estimates assume the Governor’s recommended level of state appropriation for the University. The Governor’s budget recommended an increase in the state appropriation to the University. It is assumed that support for the FY2007 costs of collective bargaining agreements would be provided through supplemental appropriations or specific funding in the final state budget developed by the General Court.

**FY 2007 OPERATING BUDGET SUMMARY**

The total University budget projects an increase in both revenues and expenditures in fiscal year 2007 from the current fiscal year (FY2006). The year-to-year increases are driven by increased Commonwealth Medicine and auxiliary service activities as well as research and debt service spending. Excluding the Medical School, the University’s FY2007 revenues and expenses are estimated to increase 4.4% and 3.1% respectively with a projected operating deficit of \$0.5 million or less than -0.1% of all revenues. Including the Medical School, a \$24.9 million operating surplus is estimated, a 1.2% operating margin.

The University’s revenues and expenditures are projected to exceed \$2.118 billion and \$2.093 billion respectively in FY2007.

<b>Total Budgeted University Revenues &amp; Expenditures</b>								
(\$ Shown in Millions)	Actual	Actual	Projected	Budgeted	FY06-07		FY05-07	
	FY 2004	FY2005	FY2006	FY2007	1-yr. change		2-yr. change	
Revenues*	\$1,651.9	\$2,016.1	<b>\$2,015.2</b>	<b>\$2,118.6</b>	\$103.5	5.1%	\$102.5	5.1%
Expenditures**	\$1,597.7	\$1,969.1	<b>\$2,016.5</b>	<b>\$2,093.8</b>	\$77.3	3.8%	\$124.7	6.3%
Operating Surplus/(Deficit)	\$54.3	\$47.0	<b>(\$1.4)</b>	<b>\$24.9</b>				
Operating Margin	3.3%	2.3%	<b>-0.1%</b>	<b>1.2%</b>				
<b><u>Not Including Medical School</u></b>								
Revenues*	\$1,127.9	\$1,255.4	<b>\$1,325.9</b>	<b>\$1,383.7</b>	\$57.8	4.4%	\$128.3	10.2%
Expenditures**	\$1,111.3	\$1,277.9	<b>\$1,342.1</b>	<b>\$1,384.2</b>	\$42.1	3.1%	\$106.3	8.3%
Operating Surplus/(Deficit)	\$16.6	(\$22.5)	<b>(\$16.2)</b>	<b>(\$0.5)</b>				
Operating Margin	1.5%	-1.8%	<b>-1.2%</b>	<b>0.0%</b>				

\*Revenues include: Total Operating Revenues, State and Federal Appropriations and Gift Income.

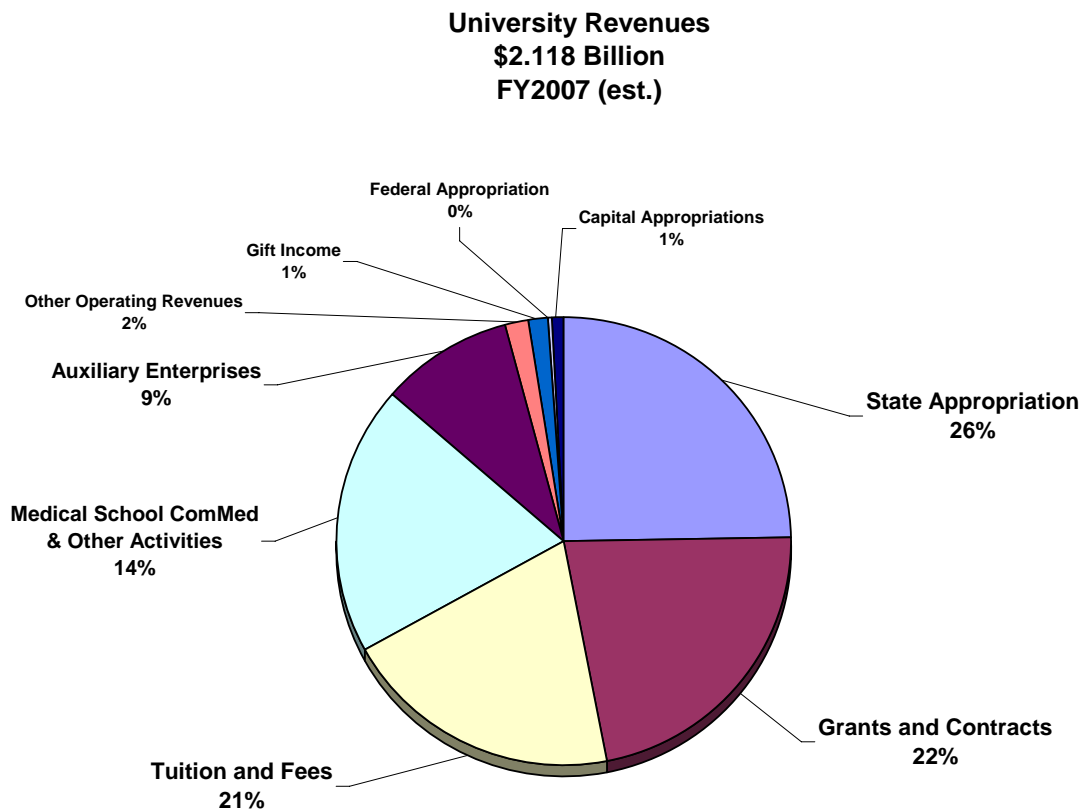
\*\*Expenditures include: Total Operating Expenditures, Interest on Indebtedness and Depreciation expense.

The following sections and Table 1 present budgeted revenue and expense information spanning three fiscal years for consolidated University operations. Table 2 presents the estimated FY2007 operating budget for each of the campuses and central administration.

**Revenues**

Total FY2007 revenues are budgeted at \$2.118 billion, a 5.1% increase from FY2006 of \$103.5 million. The most significant change in revenue is attributed to the Medical School’s Commonwealth Medicine activity of \$21.4 million over current year projections. Other increases in revenue projected for FY2007 include a \$16.7 million increase in federal grants and contracts, \$16.7 million increase in tuition and fee revenue, \$15.1 million in auxiliary services revenues, \$6.2 million in gifts and the state appropriation is projected to increase \$13 million based on the Governor’s recommended budget for FY2007.

The following chart displays budgeted revenues as a percent of total revenues for FY 2007.



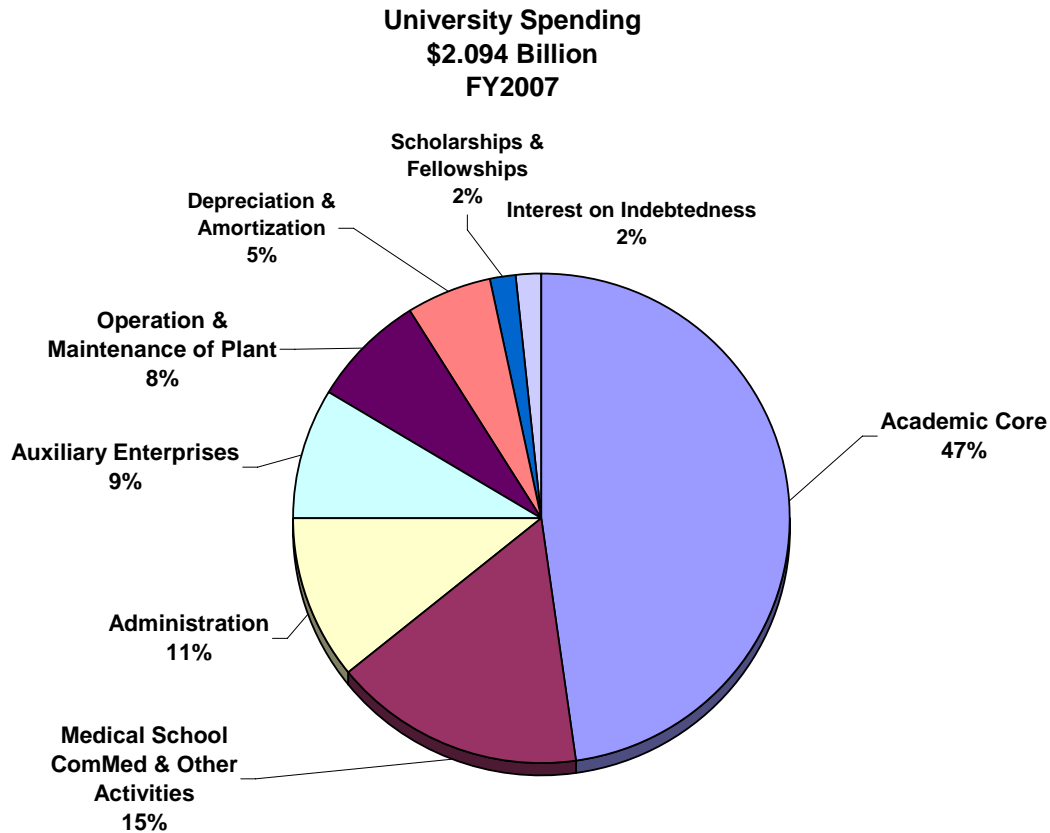
The **state appropriation** represents 26% of all University revenues and is expected to increase by 2.8% over the current level of appropriation based on the Governor’s recommended state appropriation for the University. This level of support would be insufficient to fully fund the fiscal year 2007 costs of collectively bargained wage increases. However, based on prior experience, it is assumed that support for the FY2007 costs of collective bargaining agreements would be provided through supplemental appropriations or specific funding in the final version of the FY2007 state budget approved by the General Court.

**Grant and contract revenues** represent 22% of all revenues and are projected to increase 4.8% or \$21.4 million over FY2007 to \$469.5 million.

**Tuition and fee revenues** represent another 21% of University revenues and are projected to increase 4.1% over the current fiscal year. This is consistent with the student charge votes of the Board of Trustees for FY2007 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 Commonwealth Medicine and independent public service activities. The following chart displays FY2007 spending by these categories. Table 1 provides additional detail on University spending for FY2004-FY2007.



Total University expenditures for FY2007 are an estimated \$2.094 billion or \$77.3 million more than the current year's projected year end spending level. However, as with revenue estimates, the Medical School's public service activities represent a large portion of this increase (\$17.8 million).

The Educational and General budget (E&G) encompasses the major instructional and research activities of the University and related support services and represents 68% of all spending. The academic core described in the chart above includes spending on instruction, research, public service and academic support activities and represents 47% of all spending. Scholarships and fellowships (financial aid), plant operations and maintenance, administration and depreciation expenses represent the remaining categories within E&G.

The largest E&G increases in FY2007 are projected for: scholarships (+7.1%), depreciation expenses (+8.5%) and research activities (+6.4%).

Auxiliary Enterprises are self-supporting operations critical to university operations yet independent of the general education mission (9% of all spending activity). This category includes dining and residence halls,

parking facilities, and student health services. Auxiliary expenditures are projected to increase by \$11.3 million or 6.8% over the current year.

Interest on indebtedness payments, represents 2% of all spending, and are expected to increase by \$8.6 million over FY2006.

### **Employee Trends**

It is projected that for FY2007 there will be 510.1 fewer state funded full-time equivalent (FTE) employees at the University than there were in FY2002 (not including the Medical School). Early retirements and the layoffs and forced vacancies required by cuts in state support caused this dramatic change. A portion of these employees – particularly faculty – were shifted to non-state general operating sources of revenue to maintain programs and services. However since fringe benefits for state funded employees are covered by the Commonwealth, every position funded by institutional funds requires that the University absorb these fringe costs which increase the employee costs by 28% to 31%.

Each of the campuses are rebuilding their faculty ranks in key program areas with approximately 100 new faculty hires projected in the current academic year.

### **FY 2008 AND BEYOND**

The University continues to look for ways to further improve its financial condition and performance. The current economic environment indicates a future of slow growth at best in the state appropriation and continued pressure on University resources to maintain and improve its core mission activities while addressing its important capital needs and investing in the research enterprise.

Therefore the University must continue to aggressively seek revenues from non-state sources and continue efforts to reduce and reallocate spending to further the teaching, research and public service mission.

Tables 1 and 2 provide additional detail on the FY2007 operating budget as well as information for FY2004, FY2005 and FY2006. Table 3 summarizes the change in full-time equivalent (FTE) employees projected for FY2007.

Full FY2007 Operating Budget Reports for each campus, the Donahue Institute and the Central Administration are included.





FY 2007 University Operating Budget – T06-029

**Table 1**  
**University of Massachusetts**  
**FY2007 Operating Budget Statement of Revenues and Expenses**  
 (in thousands of dollars)

	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2006 to FY2007</u>	
	<u>University</u>	<u>University</u>	<u>Projected</u>	<u>Budgeted</u>		
	<u>University</u>	<u>University</u>	<u>University</u>	<u>University</u>		
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>1-yr. change</u>	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$361,762	\$389,714	\$410,355	\$427,015	\$16,659	4.1%
Federal Grants and Contracts	277,166	292,194	309,032	325,754	\$16,722	5.4%
State Grants and Contracts	53,788	57,984	60,146	63,718	\$3,573	5.9%
Local Grants and Contracts	3,123	3,247	3,083	4,056	\$973	31.6%
Private Grants and Contracts	67,673	72,875	75,849	76,019	\$170	0.2%
Sales & Service, Educational	15,978	17,113	17,397	18,335	\$938	5.4%
Auxiliary Enterprises	163,894	172,500	186,030	201,137	\$15,107	8.1%
Other Operating Revenues:	0					
Sales & Service, Independent Operations	61,245	66,346	64,291	85,690	\$21,399	33.3%
Sales & Service, Public Service Activities	184,028	399,958	314,081	321,294	\$7,213	2.3%
Other	35,362	37,528	34,072	35,432	\$1,360	4.0%
<b>Total Operating Revenues</b>	<b>1,224,019</b>	<b>1,509,460</b>	<b>1,474,336</b>	<b>1,558,451</b>	<b>84,115</b>	<b>5.7%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	401,416	454,128	484,657	490,902	\$6,244	1.3%
Research	284,425	302,140	316,912	337,097	\$20,185	6.4%
Public Service	65,736	61,209	61,639	62,841	\$1,202	1.9%
Academic Support	97,559	100,104	102,944	107,608	\$4,664	4.5%
Student Services	70,962	75,584	78,272	77,725	(\$547)	-0.7%
Institutional Support	114,324	138,942	152,171	148,848	(\$3,323)	-2.2%
Operation and Maintenance of Plant	103,736	151,933	159,203	159,031	(\$172)	-0.1%
Depreciation and Amortization	101,488	109,702	103,427	112,200	\$8,774	8.5%
Scholarships and Fellowships	29,424	31,112	34,168	36,587	\$2,420	7.1%
<b>Auxiliary Enterprises</b>	<b>124,127</b>	<b>154,802</b>	<b>167,342</b>	<b>178,660</b>	<b>\$11,318</b>	<b>6.8%</b>
<b>Other Expenditures</b>						
Independent Operations	27,288	37,329	57,706	68,185	\$10,479	18.2%
Public Service Activities	146,887	327,417	271,719	279,145	\$7,426	2.7%
<b>Total Operating Expenses</b>	<b>1,567,372</b>	<b>1,944,401</b>	<b>1,990,159</b>	<b>2,058,829</b>	<b>68,670</b>	<b>3.5%</b>
<b>Operating Loss</b>	<b>(343,353)</b>	<b>(434,941)</b>	<b>(515,823)</b>	<b>(500,379)</b>	<b>15,445</b>	<b>-3.0%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations	6,849	7,220	6,831	6,831	\$0	0.0%
State Appropriations	398,154	478,420	510,794	523,972	\$13,178	2.8%
Gifts	22,906	21,020	23,199	29,386	\$6,187	29.4%
Investment Income	36,137	31,456	26,575	29,864	\$3,289	10.5%
Endowment Income	4,195	1,787	2,700	2,169	(\$531)	-29.7%
Interest on Indebtedness	(30,296)	(24,686)	(26,362)	(34,953)	(\$8,591)	34.8%
Other Nonoperating Income	13,373	8,218	2,078	2,110	\$32	0.4%
<b>Net Nonoperating Revenues</b>	<b>451,318</b>	<b>523,435</b>	<b>545,815</b>	<b>559,379</b>	<b>13,564</b>	<b>2.6%</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>107,965</b>	<b>88,494</b>	<b>29,991</b>	<b>59,000</b>	<b>29,009</b>	<b>96.7%</b>
Capital Appropriations	19,135	23,998	17,582	16,334	(1,248)	-7.1%
University Related Organization Transactions	13,312	0	0	0	-	
Disposal of Plant Facilities	(10,412)	(11,259)	(6,839)	(7,620)	(781)	11.4%
Other Additions/Deductions	2,817	5,366	38	1,388		
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>24,852</b>	<b>167,839</b>	<b>10,781</b>	<b>10,102</b>	<b>(679)</b>	<b>-6.3%</b>
<b>Total Increase in Net Assets</b>	<b>132,817</b>	<b>256,334</b>	<b>40,772</b>	<b>69,102</b>	<b>28,330</b>	<b>69.5%</b>
<b>UNIVERSITY TOTALS ONLY. DOES NOT INCLUDE RELATED ORGANIZATIONS</b>						
<b>Operating Margin</b>						
Total Operating Revenues	\$1,224,019	\$1,509,460	\$1,474,336	\$1,558,451	84,115	5.7%
Federal Approp.	\$6,849	\$7,220	\$6,831	\$6,831	-	0.0%
State Approp.	\$398,154	\$478,420	\$510,794	\$523,972	13,178	2.6%
Gifts	\$22,906	\$21,020	\$23,199	\$29,386	6,187	26.7%
<b>Total</b>	<b>\$1,651,928</b>	<b>\$2,016,120</b>	<b>\$2,015,159</b>	<b>\$2,118,639</b>	<b>103,480</b>	<b>5.1%</b>
Total Operating Expenses	\$1,567,372	\$1,944,401	\$1,990,159	\$2,058,829	68,670	3.5%
Interest on Indebtedness	\$30,296	\$24,686	\$26,362	\$34,953	8,591	32.6%
<b>Total</b>	<b>\$1,597,668</b>	<b>\$1,969,087</b>	<b>\$2,016,521</b>	<b>\$2,093,782</b>	<b>77,260</b>	<b>3.8%</b>
<b>Operating Surplus/Deficit</b>	<b>\$54,260</b>	<b>\$47,032</b>	<b>(\$1,362)</b>	<b>\$24,858</b>		
<b>Operating Margin (surplus as pct. of revenues)</b>	<b>3.3%</b>	<b>2.3%</b>	<b>-0.1%</b>	<b>1.2%</b>		



FY 2007 University Operating Budget – T06-029

**Table 2**  
**University of Massachusetts**  
**FY2007 Operating Budget Statement of Revenues and Expenses**  
 (in thousands of dollars)

	Amherst Campus	Boston Campus	Dartmouth Campus	Lowell Campus	Worcester Campus	Central Admin.	University Total Not Incl. Related Orgs.	NOT INCL. Worcester
<b>REVENUES</b>								
<b>Operating Revenues</b>								
Tuition and Fees (net of scholarship allowances)	\$203,940	\$85,565	\$54,182	\$74,472	\$7,033	\$1,823	\$427,015	\$419,982
Federal Grants and Contracts	\$102,628	\$29,020	\$16,600	\$26,749	\$147,289	\$3,468	\$325,754	\$178,465
State Grants and Contracts	\$14,730	\$8,117	\$5,533	\$2,300	\$30,982	\$2,056	\$63,718	\$32,736
Local Grants and Contracts	\$574	\$1,465	\$0	\$520	\$120	\$1,378	\$4,056	\$3,936
Private Grants and Contracts	\$15,775	\$9,253	\$1,925	\$5,950	\$40,158	\$2,959	\$76,019	\$35,861
Sales & Service, Educational	\$7,011	\$1,730	\$0	\$1,015	\$6,840	\$1,739	\$18,335	\$11,495
Auxiliary Enterprises	\$122,564	\$9,037	\$32,856	\$9,100	\$27,580		\$201,137	\$173,557
Allocation from Campuses						\$29,119	\$0	\$0
Other Operating Revenues:								
Sales & Service, Independent Operations					\$85,690		\$85,690	\$0
Sales & Service, Public Service Activities					\$321,294		\$321,294	\$0
Other	\$8,647	\$730	\$32	\$5,300	\$19,443	\$1,280	\$35,432	\$15,989
<b>Total Operating Revenues</b>	<b>\$475,869</b>	<b>\$144,916</b>	<b>\$114,722</b>	<b>\$125,406</b>	<b>\$686,429</b>	<b>\$43,822</b>	<b>\$1,558,451</b>	<b>\$872,022</b>
<b>EXPENSES</b>								
<b>Operating Expenses</b>								
<i>Educational and General</i>								
Instruction	\$230,455	\$88,311	\$47,325	\$70,100	\$43,361	\$11,350	\$490,902	\$447,541
Research	\$104,279	\$19,093	\$18,734	\$32,110	\$161,214	\$1,667	\$337,097	\$175,883
Public Service	\$16,296	\$9,659	\$473	\$3,822	\$31,380	\$1,211	\$62,841	\$31,461
Academic Support	\$39,667	\$24,901	\$16,174	\$16,463	\$10,400	\$3	\$107,608	\$97,208
Student Services	\$36,916	\$16,588	\$7,029	\$13,825	\$3,367		\$77,725	\$74,358
Institutional Support	\$46,780	\$22,585	\$17,546	\$24,100	\$29,606	\$37,350	\$148,848	\$119,242
Operation and Maintenance of Plant	\$70,556	\$18,377	\$10,493	\$20,489	\$37,816	\$1,300	\$159,031	\$121,215
Depreciation and Amortization	\$46,332	\$16,123	\$12,275	\$14,981	\$20,094	\$2,395	\$112,200	\$92,106
Scholarships and Fellowships	\$17,088	\$12,710	\$2,371	\$4,200	\$218		\$36,587	\$36,369
<i>Auxiliary Enterprises</i>	\$111,571	\$8,468	\$28,242	\$5,500	\$24,878		\$178,660	\$153,782
<i>Other Expenditures</i>								
Independent Operations					\$68,185		\$68,185	\$0
Public Service Activities			\$397		\$278,748		\$279,145	\$397
<b>Total Operating Expenses</b>	<b>\$719,940</b>	<b>\$236,815</b>	<b>\$161,060</b>	<b>\$205,590</b>	<b>\$709,267</b>	<b>\$55,318</b>	<b>\$2,058,829</b>	<b>\$1,349,562</b>
<b>Operating Income/(Loss)</b>	<b>(\$244,071)</b>	<b>(91,899)</b>	<b>(\$46,338)</b>	<b>(\$80,184)</b>	<b>(\$22,838)</b>	<b>(\$11,496)</b>	<b>(\$500,379)</b>	<b>(\$477,541)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>								
Federal Appropriations	\$6,831						\$6,831	\$6,831
State Appropriations	\$256,114	\$91,646	\$48,967	\$79,697	\$41,800	\$5,748	\$523,972	\$482,172
Gifts	\$11,684	\$3,000	\$4,515	\$3,430	\$6,732	\$25	\$29,386	\$22,654
Investment Return	\$17,044	\$4,100	\$0	\$2,000	\$5,194	\$1,526	\$29,864	\$24,670
Endowment Return	\$701	\$907	\$0	\$325	\$36	\$200	\$2,169	\$2,133
Interest on Indebtedness	(\$19,086)	(\$5,195)	(\$6,382)	(\$3,207)	(\$333)	(\$750)	(\$34,953)	(\$34,620)
Other Nonoperating Income	\$1,275	\$0	\$435	\$200	\$0	\$200	\$2,110	\$2,110
<b>Net Nonoperating Revenues</b>	<b>\$274,563</b>	<b>\$94,458</b>	<b>\$47,535</b>	<b>\$82,445</b>	<b>\$53,429</b>	<b>\$6,948</b>	<b>\$559,379</b>	<b>\$505,950</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$30,492</b>	<b>\$2,559</b>	<b>\$1,197</b>	<b>\$2,261</b>	<b>\$30,591</b>	<b>(\$4,548)</b>	<b>\$59,000</b>	<b>\$28,409</b>
Capital Appropriations	\$8,934	\$3,000	\$2,500	\$1,900			\$16,334	\$16,334
University Related Organization Transactions							\$0	\$0
Disposal of Plant Facilities	(\$2,148)	(1,722)	(\$1,250)	(\$2,500)			(\$7,620)	(\$7,620)
Other Additions/Deductions	\$38		\$1,250	(\$1,500)		\$1,600	\$1,388	\$1,388
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>\$6,824</b>	<b>\$1,278</b>	<b>\$2,500</b>	<b>(\$2,100)</b>	<b>\$0</b>	<b>\$1,501</b>	<b>\$10,102</b>	<b>\$10,102</b>
<b>Total Increase/(Decrease) in Net Assets</b>	<b>\$37,316</b>	<b>\$3,837</b>	<b>\$3,697</b>	<b>\$161</b>	<b>\$30,591</b>	<b>(\$3,047)</b>	<b>\$69,102</b>	<b>\$38,511</b>
<b>Operating Margin</b>								
Total Operating Revenues	475,869	\$144,916	\$114,722	\$125,406	\$686,429	\$43,822	\$1,558,451	\$872,022
Federal Approp	6,831	\$0	\$0	\$0	\$0	\$0	\$6,831	\$6,831
State Approp.	256,114	\$91,646	\$48,967	\$79,697	\$41,800	\$5,748	\$523,972	\$482,172
Gifts	11,684	\$3,000	\$4,515	\$3,430	\$6,732	\$25	\$29,386	\$22,654
<b>Total</b>	<b>750,498</b>	<b>\$239,562</b>	<b>\$168,204</b>	<b>\$208,533</b>	<b>\$734,961</b>	<b>\$49,594</b>	<b>\$2,118,639</b>	<b>\$1,383,678</b>
Total Operating Expenses	719,940	\$236,815	\$161,060	\$205,590	\$709,267	\$55,318	\$2,058,829	\$1,349,562
Interest on Indebtedness	19,086	\$5,195	\$6,382	\$3,207	\$333	\$750	\$34,953	\$34,620
<b>Total</b>	<b>739,026</b>	<b>\$242,010</b>	<b>\$167,442</b>	<b>\$208,797</b>	<b>\$709,600</b>	<b>\$56,068</b>	<b>\$2,093,782</b>	<b>\$1,384,182</b>
<b>Operating Surplus/Deficit</b>	<b>11,472</b>	<b>(\$2,448)</b>	<b>\$762</b>	<b>(\$264)</b>	<b>\$25,361</b>	<b>(\$6,474)</b>	<b>\$24,858</b>	<b>(\$503)</b>
<b>Operating Margin (surplus as pct. of revenues)</b>	<b>0</b>	<b>-1.0%</b>	<b>0.5%</b>	<b>-0.1%</b>	<b>3.5%</b>	<b>-13.1%</b>	<b>1.2%</b>	<b>0.0%</b>



**Table 3**  
**University of Massachusetts**  
**Fiscal Year 2007 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES \***

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	2,346.4	2,413.2	2,484.3	71.1	2.9%
Professional Staff	2,030.6	2,146.0	2,221.1	75.0	3.5%
Classified Staff	1,940.1	2,009.4	2,032.0	22.6	1.1%
<b>Subtotal, State Funded</b>	<b>6,317.0</b>	<b>6,568.6</b>	<b>6,737.3</b>	<b>168.7</b>	<b>2.6%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	633.2	521.9	542.1	20.2	3.9%
Professional Staff	1,720.2	1,745.8	1,782.4	36.7	2.1%
Classified Staff	2,158.4	2,049.9	2,080.0	30.1	1.5%
<b>Subtotal, Non-State Funded</b>	<b>4,511.8</b>	<b>4,317.6</b>	<b>4,404.5</b>	<b>86.9</b>	<b>2.0%</b>
<b>Total Unrestricted/Designated</b>	<b>10,828.8</b>	<b>10,886.2</b>	<b>11,141.8</b>	<b>255.6</b>	<b>2.3%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	364.2	365.4	369.9	4.5	1.2%
Professional Staff	1,181.5	1,197.5	1,234.7	37.2	3.1%
Classified Staff	240.1	244.5	255.2	10.7	4.4%
<b>Subtotal, Grant Funded</b>	<b>1,785.8</b>	<b>1,807.5</b>	<b>1,859.8</b>	<b>52.3</b>	<b>2.9%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	3.5	27.1	30.1	3.0	11.1%
Professional Staff	47.2	46.6	44.6	(2.0)	-4.3%
Classified Staff	50.0	47.0	48.0	1.0	2.1%
<b>Subtotal, Other Restricted Funds</b>	<b>100.6</b>	<b>120.6</b>	<b>122.6</b>	<b>2.0</b>	<b>1.7%</b>
<b>Total Restricted</b>	<b>1,886.4</b>	<b>1,928.1</b>	<b>1,982.4</b>	<b>54.3</b>	<b>2.8%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>12,715.2</b>	<b>12,814.3</b>	<b>13,124.3</b>	<b>310.0</b>	<b>2.4%</b>

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



# OPERATING BUDGET

*for Fiscal Year 2007*

AMHERST CAMPUS







**University of Massachusetts Amherst  
FY2007 Operating Budget Narrative**

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The University of Massachusetts Amherst established its major goals as improving student quality, restoring faculty strength, and expanding research. Fiscal year 2007 will show tangible progress toward these goals. The first professors funded from the FY06 Amherst 250 initiative will join the faculty. New construction to support the sciences and studio arts will accelerate from design to construction and new residential housing – the first in over thirty years -- will open in September. To support these and other activities, the University of Massachusetts Amherst submits for approval an FY07 budget totaling \$720 million.

**Revenue**

The FY07 state appropriation is projected to be \$8.7 million greater than the current year allocation. These incremental funds will be used to hire and support new faculty. Nothing has been included in the budget for state funded collective bargaining agreements. After doubling this year, the state allocation for Commonwealth College is expected to rise another two percent in FY06. In-state tuition and fee increases will again rise no higher than inflation. Out-of-state costs will grow by five percent to bring them closer to most other New England land grant institutions.

The standard room rate will increase next year by \$300 to \$3,705. This compares favorably to peer schools. Students in the new suites will pay a higher rate. Many students will dine next year in the newly renovated Berkshire Dining Commons. The debt service costs of this major renovation are included in the board rate as are the rising costs of food and utilities. Despite these pressures the board rate was held to 5.9 percent.

Faculty additions are expected to spur research growth and the budget projects grant and contract revenue is expected to rise by 5.5 percent in FY07. Gift revenue is anticipated to grow another ten percent to \$11.7 million and interest income is currently projected at \$5.6 million or \$1.4 million greater than current year earnings.

**Expenditures**

As a result of increased state support in FY06, 38 new faculty positions are included in the FY07 budget. Ten more will be added once new deans are chosen in Management and Humanities and Fine Arts. New state money for FY07 will be used to fund library acquisitions, renovate teaching and research space, and support future start-up commitments. Other revenue streams will fund instructional technology upgrades and ongoing activities in the Learning Commons.

The financial aid budget has been increased by two million dollars to ensure scholarship support keeps pace with student fee increases. Athletics will receive more scholarship funding to both offset rising student costs and to offer more scholarships to female athletes to achieve closer compliance to Title IX statutes. FY07 utility costs are expected to rise seven percent over current year spending. The energy saving program has mitigated the full effect of rising utility costs but utility costs remain a major campus concern. Utility costs will rise even more in FY08 when the new heating plant opens and the campus switches from low cost coal to oil and natural gas.

**Future Plans**

Over 90 percent of the cost of the current \$566 million capital plan is being borne by the Amherst campus. In FY07 \$25 million of reserves will be spent on capital projects and \$90 million will be borrowed the following year for more construction work. However, acute deferred maintenance backlogs will still exist after all this money has been invested. The campus will continue to do its

part by identifying further budget savings – particularly energy savings – and increasing its revenue base, but significant state funding is critical to this effort. The campus will also continue to advocate for state funding to fully implement the Amherst 250 plan which is already beginning to fill instructional gaps and enhance research possibilities.

**Conclusion**

The continuing rise in state support is enabling the campus to begin restoring faculty strength through the Amherst 250 Plan. New dirt is piling high across campus and new centers of instruction and student life will soon open. Progress is occurring but much more needs to be done. Sustained support from the state and other campus constituents is required to carry on with the progress of restoring our faculty numbers and renovating and renewing our physical plant.

**Table 1**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2007 Operating Budget Statement**  
*(in thousands of dollars)*

	FY2007 Budgeted				
	FY 05 Actuals	FY 06 Projected Budget-Accrual/Adjusted Basis	FY 07 Budget-Accrual Basis		
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees					
Scholarship allowance					
Tuition and Fees (net of scholarship allowances)	\$190,247	\$197,003	\$203,940	\$6,937	4%
Federal Grants and Contracts	\$95,145	\$97,158	\$102,628	\$5,470	6%
State Grants and Contracts	\$13,454	\$14,840	\$14,730	(\$110)	-1%
Local Grants and Contracts	\$787	\$578	\$574	(\$4)	-1%
Private Grants and Contracts	\$15,901	\$16,328	\$15,775	(\$553)	-3%
Sales & Service, Educational	\$5,252	\$6,606	\$7,011	\$405	6%
Auxiliary Enterprises	\$108,440	\$112,226	\$122,564	\$10,338	9%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	\$8,302	\$8,357	\$8,647	\$290	3%
<b>Total Operating Revenues</b>	<b>\$437,528</b>	<b>\$453,096</b>	<b>\$475,869</b>	<b>\$22,773</b>	<b>5%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<i>Educational and General</i>					
Instruction	\$212,507	\$232,150	\$230,455	(\$1,695)	-1%
Research	\$95,328	\$97,244	\$104,279	\$7,035	7%
Public Service	\$15,758	\$16,296	\$16,296	\$0	0%
Academic Support	\$37,533	\$38,612	\$39,667	\$1,055	3%
Student Services	\$37,933	\$38,830	\$36,916	(\$1,914)	-5%
Institutional Support	\$45,242	\$48,582	\$46,780	(\$1,802)	-4%
Operation and Maintenance of Plant	\$62,354	\$65,567	\$70,556	\$4,989	8%
Depreciation and Amortization	\$47,881	\$41,904	\$46,332	\$4,428	11%
Scholarships and Fellowships	\$11,424	\$13,673	\$17,088	\$3,415	25%
Auxiliary Enterprises	\$107,308	\$108,844	\$111,571	\$2,727	3%
Other Expenditures					
Independent Operations					
Public Service Activities					
<b>Total Operating Expenses</b>	<b>\$673,268</b>	<b>\$701,702</b>	<b>\$719,940</b>	<b>\$18,238</b>	<b>3%</b>
<b>Operating Income/(Loss)</b>	<b>(\$235,740)</b>	<b>(\$248,606)</b>	<b>(\$244,071)</b>	<b>\$4,535</b>	<b>-2%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Federal Appropriations	\$7,016	\$6,831	\$6,831	\$0	0%
State Appropriations	\$223,952	\$250,176	\$256,114	\$5,938	2%
Gifts	\$10,513	\$10,622	\$11,684	\$1,062	10%
Investment Return	\$21,204	\$15,643	\$17,044	\$1,401	9%
Endowment Return	\$282	\$701	\$701	\$0	0%
Interest on Indebtedness	(\$15,220)	(\$13,490)	(\$19,086)	(\$5,596)	41%
Other Nonoperating Income	\$1,292	\$1,275	\$1,275	\$0	0%
<b>Net Nonoperating Revenues</b>	<b>\$249,039</b>	<b>\$271,758</b>	<b>\$274,563</b>	<b>\$2,805</b>	<b>1%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>					
	\$13,299	\$23,152	\$30,492	\$7,340	32%
Capital Appropriations	\$13,979	\$8,534	\$8,934	\$400	5%
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities	(\$2,994)	(\$2,537)	(\$2,148)	\$389	-15%
Other Additions/Deductions	\$2,132	\$38	\$38	\$0	0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$13,117</b>	<b>\$6,035</b>	<b>\$6,824</b>	<b>\$789</b>	<b>13%</b>
<b>Total Increase in Net Assets</b>	<b>\$26,416</b>	<b>\$29,187</b>	<b>\$37,316</b>	<b>\$8,129</b>	<b>28%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$487,178	\$513,594	\$542,781	\$29,187	6%
<b>Net Assets at End of Year</b>	<b>\$513,594</b>	<b>\$542,781</b>	<b>\$580,097</b>	<b>\$37,316</b>	<b>7%</b>



FY 2007 University Operating Budget – T06-029

Table 2  
 University of Massachusetts  
 Amherst Campus  
 Fiscal Year 2007 Operating Budget Statement  
 SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\*

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	1,146.0	1,179.0	1,218.0	39.0	3.3%
Professional Staff	803.0	820.0	830.0	10.0	1.2%
Classified Staff	1,085.0	1,119.0	1,132.0	13.0	1.2%
<b>Subtotal, State Funded</b>	<b>3,034.0</b>	<b>3,118.0</b>	<b>3,180.0</b>	<b>62.0</b>	<b>2.0%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	18.0	22.0	21.0	(1.0)	-4.5%
Professional Staff	339.0	359.0	354.0	(5.0)	-1.4%
Classified Staff	836.0	843.0	856.0	13.0	1.5%
<b>Subtotal, Non-State Funded</b>	<b>1,193.0</b>	<b>1,224.0</b>	<b>1,231.0</b>	<b>7.0</b>	<b>0.6%</b>
<b>Total Unrestricted/Designated</b>	<b>4,227.0</b>	<b>4,342.0</b>	<b>4,411.0</b>	<b>69.0</b>	<b>1.6%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	38.0	43.0	41.0	(2.0)	-4.7%
Professional Staff	183.0	191.0	188.0	(3.0)	-1.6%
Classified Staff	45.0	54.0	55.0	1.0	1.9%
<b>Subtotal, Grant Funded</b>	<b>266.0</b>	<b>288.0</b>	<b>284.0</b>	<b>(4.0)</b>	<b>-1.4%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	2.0	16.0	19.0	3.0	18.8%
Professional Staff	28.0	37.0	35.0	(2.0)	-5.4%
Classified Staff	45.0	45.0	46.0	1.0	2.2%
<b>Subtotal, Other Restricted Funds</b>	<b>75.0</b>	<b>98.0</b>	<b>100.0</b>	<b>2.0</b>	<b>2.0%</b>
<b>Total Restricted</b>	<b>341.0</b>	<b>386.0</b>	<b>384.0</b>	<b>(2.0)</b>	<b>-0.5%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>4,568.0</b>	<b>4,728.0</b>	<b>4,795.0</b>	<b>67.0</b>	<b>1.4%</b>

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



# OPERATING BUDGET

*for Fiscal Year 2007*

**BOSTON CAMPUS**







**University of Massachusetts Boston**  
**FY2007 Operating Budget Narrative**

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**OVERVIEW**

As the first budget built upon an annual strategic planning process and reflecting upon the university's goals, the FY07 operating budget represents a general plan for the year to support campus priorities as established by Senior Leadership of the University of Massachusetts Boston. These six priorities are:

1. Increase **enrollment**
2. Enhance **student teaching and learning**
3. Improve management and maintenance of **physical infrastructure**
4. Improve **research and graduate education**
5. Evidence care for **employees well-being** and respect the values of **diversity, civility** and **sense of community**
6. Enhance the **commitment to service excellence**

This narrative provides a review of FY06 spending and accomplishments, and describes FY07 funding initiatives in the context of these strategic priorities, to allow us to measure performance against these investments.<sup>1</sup>

**FY2006 REVIEW**

In FY06, leaving aside retroactive salary payments, the campus moved forward with additional resources resulting from an increase in the state appropriation and a modest 4.24% increase in mandatory fees for resident undergraduates. With these new resources, along with reallocations, we were able to fund more than \$8 million of new and on-going initiatives consistent with our five-year strategic plan:

- Over \$3,000,000 (38%) of new resources was spent in the area of instruction, including:
  - Salaries for new faculty
  - The annualized cost of faculty hired the previous year
  - Additional academic support staff
  - Additional operating funds for the colleges
- \$1,050,000 (13%) was dedicated to additional preventive maintenance contracts and general repair projects
- \$1,000,000 (12%) was allocated toward debt service (which has grown in recent years as the campus has borrowed to address deferred maintenance)
- \$500,000 (6%), nearly one-fourth of incremental fee revenue raised, was added to undergraduate financial aid
- \$100,000 (1%) was allocated to pay health insurance premiums for graduate teaching assistants
- The campus set aside \$500,000 (6%) for Workers' Compensation costs and created a Rainy Day fund with an initial contribution of \$500,000 (6%)

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<sup>1</sup> As was the case last year, the Operating Budget is presented in an accrual-based format, incorporating all of the fund groups reported on the financial statements. The budget was originally produced on a cash basis and estimates of the major accrual adjustments were added in order to produce projected outcomes in an accrual-based Statement of Revenues, Expenses, and Change in Net Assets, that is part of the financial statements.

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

- A revitalized Office of Institutional Advancement, now with new leadership
- Expanded student services (Housing support, Student Leadership initiatives, Athletics and recreation)
- Increased support for the Healey Library
- Increased support for the Office of Research and Sponsored Projects

### **FY2007 STRATEGIC PRIORITIES**

Chancellor Michael Collins, MD, has presided over a campus-wide effort to develop a set of strategic priorities for UMass Boston for Fiscal Year 2007. These priorities will serve as a bridge between the campus' current strategic plan that matures in 2008 and focuses on Retention, Research and Reputation, and the successor strategic plan, the development of which will begin in the fall of 2006.

Chancellor Collins and the campus' Executive Staff began the process of developing FY07 strategic priorities by disseminating to the campus' Senior Leadership Group the priorities that the University's Board of Trustees has asked the campus to advance, namely:

- *Enhance the Student Learning Experience*
- *Maintain Affordability and Access; Continue a Focus on Diversity and Positive Climate*
- *Strengthen the Research Enterprise*
- *Increase Endowment*
- *Develop First Rate Infrastructure;*
- *Improve Delivery of Administrative and IT Services;*
- *Position the University in the Higher Education Marketplace;*
- *General Management*
- *Recognition*

The campus' Senior Leadership Group, led by the Vice Chancellors, subsequently conducted a series of "SWOT" (Strengths-Weaknesses-Opportunities-Threats) analyses within each Vice Chancellor's area. Based upon the results of those SWOT analyses, and with the input from the campus' Faculty Council, the Chancellor and Executive Staff created areas of focus that are consistent with the Trustees' priorities.

The six priorities that emerged from this process have been communicated throughout the campus and are the guideposts for development of the FY07 budget. Decisions to allocate new funds or to reallocate existing funds in FY07 will be grounded in these priorities as follows:

### **INCREASE ENROLLMENT**

Enrollments held relatively constant in FY06, with a 0.8% increase in annualized full-time enrollment over the prior year. During the fall 2005 semester we enrolled 2,052 new state supported students, 778 freshmen and 1274 transfers. This is 17.1% above last year's new undergraduate student enrollment. Our efforts are now keenly focused on recruitment and retention, with a particular emphasis on retention. At present, fall 2006 applications are running 20% and 12% ahead of last year at this time for undergraduates and graduates, respectively; admittances are up 23% and 105%, respectively. A stabilization of enrollment in FY06 coupled with a strong forecast for new students and intensified retention efforts lead UMass Boston to forecast a 2 percent increase in Full-Time Equivalent students in FY07.

Enrollment initiatives in FY07 include:

- **Provide additional funding for undergraduate financial aid.**

The campus recognizes that although FY06 and FY07 fee increases have been more moderate and tied to annual changes in the Consumer Price Index, students are still bearing the brunt of the very substantial fee increases of fiscal years 2001-2004. In addition, the campus is concerned that state and federal funding for financial aid may remain flat and that loans will remain an increasing reality for students wishing to attend college.

The State Legislature has passed two important initiatives for tuition and fee waivers for veterans and National Guard members. If these are funded, we will reap certain benefits.

In addition, the campus will designate additional funds for undergraduate financial aid in FY07.

- **Enhance the orientation/recruitment experience.**

The campus, led by the Office of Enrollment Management, is developing a number of enhancements in its recruitment and orientation activities and programs, beginning with the campus “Welcome Day” for new and accepted students on April 1, 2006. The Welcome Day was a success, starting with remarks by Chancellor Collins and continuing through a tour of campus facilities and informative introduction of campus services, athletics and student support groups. Over 1,100 people attended (over 500 accepted students and their family members), a substantial increase in attendance over last year.

- **Enhance student services and retention.**

In FY06, the campus increased funding for Student Support Services, including academic advising, registration, disability services, housing services and other support services. The campus recognizes that its greatest challenge is not attracting students, but retaining them. As such, the campus intends to provide additional funding in FY07 for efforts and initiatives that will accomplish this most vital of goals.

- **Enhance student campus experience.**

Closely tied to student services is the student campus (social) experience. Initiatives that enhance the campus experience, that extend the period of time a student spends on campus to participate in extracurricular activities – that enhance the “bonding experience”, student-to-student and student-to-UMass Boston – will be supported with funding and other resources the campus can bring to bear. One example is the added interest and enthusiasm that the Women’s Hockey and Men’s Basketball programs brought to the campus this past season. It added a dimension of pride, capped off by a pep rally not before seen on campus. We would like to expand this enthusiasm and interest to other campus activities as well, such as Theatre Arts productions, gallery showings, a speaker series, and many community and cultural events. A memorable student life experience will also reap benefits when the students become satisfied alumni.

- **Enhance the campus’ marketing efforts.**

UMass Boston is currently engaged in an effort to refine its “message” and improve upon the way that message is relayed to prospective students and their families. The result will be strengthened marketing initiatives with greater appeal and value to our recruitment and retention efforts.

In specific areas:

- Our partnership with the Tsinghua Bridge Program should net us 30 students from China. This will continue to expand.
- We are strengthening our ties to local English as a Second Language programs, including some formal admission agreements, to recruit international students.
- We expect at least 15 students as a result of our agreement with the Saudi Arabian cultural mission, although most of these will begin with ESL.

• **Other enrollment-related efforts.**

We have established enrollment targets for each college, will create a process that allows for greater student involvement in recruiting prospective students, and establish a series of recruitment and retention efforts involving faculty and staff in an all-out effort to attract new and retain existing students.

**ENHANCE STUDENT TEACHING AND LEARNING**

• **New Faculty.**

A continued infusion of new full-time faculty, plus faculty replacements resulting from the FY 04 early retirement initiative which increased the proportion of full-time faculty, allow us to restructure academic offerings, deploy new faculty to more strategic and/or more highly subscribed academic programs, and reduce the reliance on part-time faculty, thus strengthening the academic core. The influx of new, dedicated faculty will strengthen undergraduate and graduate teaching. The changing composition of our faculty will help us to meet the emerging need for innovative and interdisciplinary programs, thereby increasing the reputation of UMass Boston as a high quality, doctoral granting, and research university. We will be bringing twenty eight new faculty to the campus this fall, filling new and vacant positions.

• **Technology for Instruction/Upgraded Classrooms.**

The campus is in the midst of a \$1,000,000 initiative to convert fifty classrooms to “smart classrooms” by the fall semester. In addition to enhancing the teaching and learning experience, this initiative should also contribute to the campus’ recruitment and retention efforts. We also have plans to spend an additional \$800,000 - \$1,000,000 on new furnishings for classrooms and other areas where students now – or could – congregate. Capital lease proceeds are the source funds for these initiatives; the operating budget supports them via debt service.

• **New Teaching Assistants.**

We are committed to increasing the number of teaching and research assistants in an effort to improve the campus’ ability to recruit top-notch graduate students, reduce the use of part-time faculty, and give greater support to faculty in the areas of instruction and research.

• **WiFi.**

The Campus Center currently offers Wireless internet connectivity. The campus would like to expand that connectivity to other key locations and classrooms on campus.

• **Internships/Service Learning.**

The campus has expanded the number of internship opportunities in recent years and would like to expand on such opportunities for students going forward.

### **MANAGEMENT of PHYSICAL INFRASTRUCTURE and SPACE**

The campus has very significant deferred maintenance issues, led by deficiencies in the structural integrity of its substructure, the foundation of most of the buildings on campus, and the campus' indoor parking garage. In addition to major capital projects involving deferred maintenance, the campus will endeavor to fund initiatives that improve upon the campus experience for students, faculty, staff and visitors. Such initiatives will involve improved way-finding signs across campus, improved access for the disabled, and additional informal student seating/study areas.

#### **• Capital Repairs and Deferred Maintenance**

Capital repairs and deferred maintenance will continue to be a major focus in FY06, as we continue to meet the challenge of needed capital improvements and to address deferred maintenance. Debt service of approximately \$13.8 million in FY07, and the continuing annual allocation of \$1 million-plus for general capital repairs and improvements, demonstrates our resolve to resolve to preserve our assets.

We continue to work with the President's Office and the Division of Capital Asset Management (DCAM) as well as with design firms to plan for the structural repair of the campus' substructure, and are working with DCAM and the Building Authority to rebuild the pump house along with completing numerous other repair projects on campus.

We have borrowed \$9.7 million to update all of our Campus wiring, which will enable use to support wireless along with other demands for broadband services. The project has started with the wiring of the new Campus Center. Our expectation is that campus telephone recharges should reasonably cover the debt service.

Of the projects on the deferred maintenance list, the replacement of major building systems is very important given the fact that they are at the end of their normal life cycle and repairs are no longer cost effective. The Heating, Ventilation, and Air Conditioning (HVAC) infrastructure is also at the end of its life cycle and requires replacement so that the university can adequately support our instructional classroom and laboratory spaces.

#### **• Debt Service**

Our total Debt Service cost, comprising principal and interest payments, is projected to grow steadily from \$9.7 million in FY04 to \$15.5 million in FY10, reflecting our ambitious capital plan, and the continuing investment in the infrastructure for technology, science, and research. Included in our debt service obligation is the financing for the campus center, the campus energy conservation project, science and research equipment, PeopleSoft project capitalizable development costs, the campus rewiring, the campus space management project, a number of capital upgrades repairs, and deferred maintenance projects.

These investments, while critical to the to the future of UMass Boston, will bring our projected debt service to operating expense ratio to a level more than twice as high as the current peer average.

#### **• Technology Infrastructure**

In FY06 we completed work on the ISIS project, becoming fully operational when we implemented the Financial Aid module in February 2006. In FY07 PeopleSoft will continue to be

a high priority as we move forward with the general ledger and financial upgrades and the implementation of a suite of grants modules. Human Resources, the earliest implemented of our PeopleSoft systems, is also scheduled to be upgraded. While the date is not certain for the HR upgrade to begin, it is likely to be in FY07.

## **RESEARCH and GRADUATE EDUCATION**

Recognizing that excellence in faculty research, scholarship, and creative activity is one of the distinguishing characteristics of a great university, and a vital part of our contribution to the city and to the Commonwealth, we are committed to a significant expansion of research and sponsored programs at UMass Boston. The *UMass Boston 2008 Strategic Plan: Retention, Research, Reputation* has a goal to increase the amount of research and sponsored programs from \$30 million to \$50 million. We will realize this goal in large measure by pursuing significant extramural support from federal agencies for both pure and applied interdisciplinary research programs in our signature profiles areas; namely public policy, environmental science, and health disparities research. At the same time, we will not neglect projects that strengthen the urban mission focus of our university.

### **• New Faculty and Research Assistants.**

An influx of new faculty and an increased number of graduate assistantships in FY07 will help us in our effort to expand research activity.

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

UMass Boston will continue the process of allocating its resources strategically to assist faculty members to develop complex multidisciplinary research proposals (pre-award) and to support sponsored program implementation (post award). We have recently hired a director of the Office of Research and Sponsored Projects to support the campus' first Vice Provost for Research and have set in motion plans to bring on additional staff to support both the pre-and post-award operations of the office.

In FY07, we plan to:

- Implement and take full advantage of the PeopleSoft grants management software
- Upgrade selected research laboratories
- Create or increase budget pools to provide incentives for the aggressive pursuit of sponsored programs
- Increase our support for internal grant programs with the expectation they will lead to extramural sponsored programs
- Leverage resources to fund substantial startup packages for selected new faculty hires
- Develop marketing strategies and focus resources on communications to increase the likelihood of proposals turning into awards
- Continue to focus on research compliance
- Continue an emphasis on research leading to economic development

UMass Boston's focus on economic development will entail the launch of the Venture Development Center, an initiative that will not only strengthen the university's research infrastructure, but also engage faculty and students in innovative partnerships with the business community in Greater Boston and the New England region. The venture center will leverage core research facilities and business development expertise to assist faculty in all disciplines that wish to turn a promising research concept into a practical business reality through a nurturing incubation process.

**EVIDENCE CARE for EMPLOYEES' WELL BEING and respect the VALUES of DIVERSITY, CIVILITY and SENSE OF COMMUNITY**

Our faculty and staff are the most important assets of our university community. Appropriate training and professional development opportunities for career advancement, and a workplace environment that is protective of human dignity, as well as generally pleasing and supportive, are vital to recruiting and retaining highly qualified and committed employees.

**ENHANCE THE COMMITMENT TO SERVICE EXCELLENCE**

With commitment to our dual core mission of serving our students and the Commonwealth of Massachusetts, those initiatives that improve or enhance service to our “stakeholders” (students, parents, business partners, community partners, neighbors, colleagues) are a focus for FY07. Any innovation in academic or business processes that result in greater efficiencies and enhancement of service to our constituents will be considered a priority.

Examples of goals include:

- Nurturing a campus culture of timely effective response to inquiries, requests, and the general discharge of one's responsibilities,
- Policies that create the expectation of politeness and courtesy in personal interactions
- Benchmarking of staffing levels in departments
- Additional evening hours to provide service to evening students in student life
- Additional staff in the Housing Office to meet the increasing demand of student requests for assistance
- Training in “customer service” to create a “welcoming environment” for all

**FINANCIAL STABILITY**

Knowing that future mandatory fee increases will be limited at best, the campus will seek other revenue opportunities and insure that auxiliary enterprises and other fee for service activities are covered by user fees. Additionally, we have strengthened and restructured the Office of Institutional Advancement, and are preparing for a significant capital campaign with the goal of maximizing fund raising. Our goal for FY07 is a 12% increase in private funds raised which, when additional enrollment is considered, will result in a 5% increase in endowment per student.

Increased investment in the Office of Research and Sponsored Programs will result in increased grant revenues and consequently increased indirect cost recovery as we go forward.

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



**SUMMARY**

The Boston campus, strengthened by new leadership, looks forward with enthusiasm to the new fiscal year, and the years ahead. We view the future as an exciting period that will offer change, challenges and opportunity. We feel that the financial plan, as set forth in this document, is sound and will provide the foundation for us to move forward to achieve the campus' strategic focus that is consistent with the university's priorities.

**Table 1**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2007 Operating Budget Statement**  
*(in thousands of dollars)*

	FY 05 Actuals	FY 06 Projected Budget-Accrual/Adjusted Basis	FY2007 Budgeted	
			FY 07 Budget-Accrual Basis	FY06 to FY07 Change
<b>REVENUES</b>				
<b>Operating Revenues</b>				
Tuition and Fees				
Scholarship allowance				
Tuition and Fees (net of scholarship allowances)	\$76,710	\$80,826	\$85,565	\$4,739 6%
Federal Grants and Contracts	\$26,368	\$28,088	\$29,020	\$932 3%
State Grants and Contracts	\$5,813	\$6,490	\$8,117	\$1,627 25%
Local Grants and Contracts	\$1,329	\$1,395	\$1,465	\$70 5%
Private Grants and Contracts	\$8,392	\$8,812	\$9,253	\$441 5%
Sales & Service, Educational	\$1,230	\$1,578	\$1,730	\$152 10%
Auxiliary Enterprises	\$9,006	\$9,017	\$9,037	\$20 0%
Other Operating Revenues:				
Sales & Service, Independent Operations				
Sales & Service, Public Service Activities				
Other	\$721	\$732	\$730	(\$2) 0%
<b>Total Operating Revenues</b>	\$129,569	\$136,938	\$144,916	\$7,978 6%
<b>EXPENSES</b>				
<b>Operating Expenses</b>				
<i>Educational and General</i>				
Instruction	\$82,795	\$85,322	\$88,311	\$2,989 4%
Research	\$16,983	\$17,749	\$19,093	\$1,344 8%
Public Service	\$8,602	\$9,065	\$9,659	\$594 7%
Academic Support	\$21,641	\$23,396	\$24,901	\$1,505 6%
Student Services	\$14,375	\$15,448	\$16,588	\$1,140 7%
Institutional Support	\$21,518	\$22,525	\$22,585	\$60 0%
Operation and Maintenance of Plant	\$17,261	\$17,473	\$18,377	\$904 5%
Depreciation and Amortization	\$17,201	\$15,500	\$16,123	\$623 4%
Scholarships and Fellowships	\$10,936	\$11,339	\$12,710	\$1,371 12%
<i>Auxiliary Enterprises</i>	\$7,361	\$8,393	\$8,468	\$75 1%
<i>Other Expenditures</i>				
Independent Operations				
Public Service Activities				
<b>Total Operating Expenses</b>	\$218,673	\$226,210	\$236,815	\$10,605 5%
<b>Operating Income/(Loss)</b>	-\$89,104	-\$89,272	-\$91,899	(\$2,627) 3%
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
State Appropriations	\$86,372	\$88,581	\$91,646	\$3,065 3%
Gifts	\$1,442	\$2,000	\$3,000	\$1,000 50%
Investment Return	\$3,358	\$3,900	\$4,100	\$200 5%
Endowment Return	\$830	\$856	\$907	\$51 6%
Interest on Indebtedness	-\$4,607	-\$5,408	-\$5,195	\$213 -4%
Other Nonoperating Income	\$323	-\$242	\$0	\$242 -100%
<b>Net Nonoperating Revenues</b>	\$87,718	\$89,687	\$94,458	\$4,771 5%
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	-\$1,386	\$415	\$2,559	\$2,144 517%
Capital Appropriations	\$3,736	\$3,000	\$3,000	- 0%
Capital Grants and Contracts				
University Related Transactions				
Disposal of Plant Facilities	-\$4,290	-\$1,722	-\$1,722	- 0%
Other Additions/Deductions	\$276	\$276	\$0	(\$276) -100%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	-\$278	\$1,554	\$1,278	(\$276) -18%
<b>Total Increase in Net Assets</b>	-\$1,664	\$1,969	\$3,837	\$1,868 95%
<b>NET ASSETS</b>				
Net Assets at Beginning of Year	\$130,620	\$128,956	\$130,925	\$1,969 2%
<b>Net Assets at End of Year</b>	\$128,956	\$130,925	\$134,762	\$3,837 3%



**Table 2**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2007 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	422.9	427.4	434.5	7.1	1.7%
Professional Staff	318.4	328.4	349.2	20.8	6.3%
Classified Staff	306.7	303.5	310.0	6.6	2.2%
<b>Subtotal, State Funded</b>	<b>1,048.0</b>	<b>1,059.3</b>	<b>1,093.7</b>	<b>34.4</b>	<b>3.2%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	187.8	162.5	183.7	21.2	13.0%
Professional Staff	219.1	199.5	203.7	4.2	2.1%
Classified Staff	62.0	68.5	61.0	(7.5)	-10.9%
<b>Subtotal, Non-State Funded</b>	<b>468.9</b>	<b>430.5</b>	<b>448.4</b>	<b>17.9</b>	<b>4.1%</b>
<b>Total Unrestricted/Designated</b>	<b>1,516.9</b>	<b>1,489.8</b>	<b>1,542.1</b>	<b>52.3</b>	<b>3.5%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	3.7	3.8	6.3	2.5	65.8%
Professional Staff	63.1	89.2	105.2	16.0	17.9%
Classified Staff	11.4	13.2	19.9	6.7	50.8%
<b>Subtotal, Grant Funded</b>	<b>78.2</b>	<b>106.2</b>	<b>131.4</b>	<b>25.2</b>	<b>23.7%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>78.2</b>	<b>106.2</b>	<b>131.4</b>	<b>25.2</b>	<b>23.7%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,595.1</b>	<b>1,596.0</b>	<b>1,673.5</b>	<b>77.5</b>	<b>4.9%</b>

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



# OPERATING BUDGET

*for Fiscal Year 2007*

DARTMOUTH CAMPUS





**University of Massachusetts Dartmouth  
FY2007 Operating Budget Narrative**

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Fiscal Year 2007 presents many opportunities for the Dartmouth Campus as well as continuing challenges. Based on the initial FY2007 state appropriation projections, it appears that the state appropriation will increase slightly. As a result, additional resource realignments will be necessary and certainly some needed investments may be delayed. However, the campus is prepared to manage its resources well and because of enrollment, an increase and reallocation of existing resources will be able to balance the budget and invest in several strategic priorities. Collaborative budget processes and the requisite management tools for informed decision-making are in place, and strategic priorities are clear. The anticipated fiscal year 2006 financial results as well as our projected fiscal year 2007 operating budget projections demonstrate we are effectively linking our resources and our goals and that we have made progress with establishing fiscal stability. The campus has engaged in a process to identify institutional priorities. In general, those priorities are: 1) Investment in those areas that are particularly vulnerable to inflationary pressures (Library), Investment in our human resources through professional development; 2) Investment in physical resources and 3) Investment in fundraising and economic development. These priorities were the driving factor behind the fiscal year 2007 budget process. This brief narrative outlines specific revenue and expense streams.

**Revenues**

The fiscal year 2007 state appropriation estimate is based on the Governor's House I budget. This allocation does not include any collective bargaining for fiscal year 2007 and is consistent with President's Office guidelines. The single largest student-based revenue stream on the Dartmouth campus is the Curriculum Support Fee (CSF), a fee that supports all the core operational activities of the campus. Fiscal year 2007 CSF revenues are estimated to generate \$43.5 million dollars, an increase of approximately 2.4 million dollars over the revenues generated in fiscal year 2006. These additional funds will be utilized first for additional financial aid for students, faculty replacements to meet growing enrollment demands, dramatic increases in utility costs, library costs impacted by several years of level funding, investments in student services to meet the demands of a growing student population including public safety, continued investment in both personnel and print media for advancement activities, and funds for debt service for the new research building. In addition, for every dollar generated in CSF revenues, approximately 20% is returned to incoming and continuing students via scholarship and need-based waivers. Lastly, as noted above, the campus must use its CSF revenues (and other trust fund revenue) to support the campus's annual payroll expenditures. For every dollar the campus must provide to cover the state's shortfall in payroll expenses, we must add 31 cents for benefit costs not covered by the state central pool. As part of our budget planning, we will also generate a modest operating cash surplus from this fund in fiscal year 2007. This modest cash surplus is used to bring the campus closer to its goal of financial stability.

**Enrollment**

The campus' strategic plan guides program and resource allocation decisions. The fiscal year 2006 Operating Budget attached shows trends consistent with the critical assumption of the campus plan: growth in enrollment and tighter resource structures and tools to meet budget targets. It is critical to align resources to priority activities through the budget development and allocation process and to have a clear set of budgetary control mechanisms to balance revenue and expenses for each fiscal year. Building a reserve fund, leveraging debt wisely, and stabilizing annual operations are fiscal strategies successfully reflected in our financial indicators.



<b>Enrollment Projections</b>					
<b>FY 2006 to FY 2010</b>					
	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>
<b>Freshman (Including College Now)</b>	1,425	1,400	1,400	1,375	1,375
<b>Undergraduates</b>	6,878	7,007	7,011	7,072	7,055
<b>Graduates</b>	828	934	1,067	1,236	1,400
<b>Total Headcount (w/o CE)</b>	7,706	7,941	8,078	8,308	8,455
<b>Continuing Education</b>	1,613	1,728	1,843	1,955	2,075
<b>Less: Day/DCE Duplicate</b>	(400)	(400)	(400)	(400)	(400)
<b>Total Headcount (with CE)</b>	8,919	9,269	9,521	9,863	10,130
<b>Annual Increase</b>	N/A	350	252	342	267
<b>Annual Percentage Increase</b>	N/A	3.92%	2.72%	3.59%	2.71%

### Auxiliary Operations

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

The Housing Revenue-Based Operation has grown over the past three fiscal years, in accordance with the campus's overall strategic growth plan. The construction of a new 800-bed residence hall (completed and occupied in the fall 2002 semester) was the main input for the increased revenues. Occupancy in the residence halls is near 97% with over 3,400 students (fiscal year 2005). Revenues have grown from \$7.8 million in fiscal year 2002 to a projected \$19.9 million in fiscal year 2006. Additional revenues generated by the increased dormitory capacity will be used for existing and new debt service for the residence halls, additional staff, as well as deferred maintenance issues with the existing residence halls. The increase also reflects the 400 new beds that came on-line in January 2005 and the opening of 800 additional beds in September 2005. This will allow the campus to take 400 existing beds off-line for maintenance and repair work. The campus has entered into a contract with an engineering firm to evaluate existing residence halls with an expectation that a deferred maintenance schedule will be developed. Revenues from this increase will be earmarked for said activity and to meet debt service obligations for the new residence halls. The fiscal year 2006 Housing budget has set aside \$1.0 million to begin addressing the deferred maintenance issue. Lastly, it is expected that the Housing Trust Fund will generate a surplus.

The Dining Auxiliary Operation supports the Dining facilities on campus. Currently, the campus contracts with Sodexo for all its food service needs. This includes students, conferences, camps, and other catering needs as requested by the campus. Revenues have increased from \$4.6 million in fiscal year 2002 to a projected \$8.3 million in fiscal year 2006. There are approximately 2,700 students currently participating in the campus's meal plans. All students residing in the residence halls with the exception of those in the Cedar Dell apartments and the new apartment style housing are required to enroll in a meal plan. A new declining balance meal program has been instituted for those students who still want to take

advantage of the food service on campus. Included in the fiscal year 2006 budget is \$100,000 for deferred maintenance projects. These projects include updating major kitchen equipment and other visible improvements to the campus's dining areas. In addition to the campus's contribution to the deferred maintenance funds, a Sodexo funded renovation to our commuter dining facility and to the Residence Dining Hall have improved the facilities dramatically. The dining revenues generated (and resulting fund balance growth) will continue to assist the campus in attaining financial stability.

The Dartmouth campus operates the Campus Store. The Campus Store has consistently contributed financially to the campus. Revenues from this operation have grown from \$4.7 million in fiscal year 2002 to a projected \$5.5 million in fiscal year 2006. All expenses related to the operation of the Campus Store including salary and overhead are funded from the revenues generated. In addition, the Campus Store has contributed to the campus's operating budget on an annual basis. The fund balance for this activity is strong and we anticipate it will continue to grow in fiscal year 2007.

Continuing Education has and will play a major role in the growth of the Dartmouth campus. Special programs, expanding graduate programs, satellite campuses, distance learning, corporate development and community service is the underlying strength of Continuing Education and is consistent with the campus's growth strategy with regards to its Strategic Plan. You will notice a small deficit in the Continuing Education Trust. This deficit reflects investments made by the campus to increase our community base as well as our professional and continuing education programs.

## **Expenses**

As stated above, the fiscal year 2007 Operating Budget has been prepared using the modified accrual basis. Expenditures that are not typically included in a cash based budget presentation have been included. Some of the more significant changes are recognizing depreciation, allocation of fringe benefit and compensated absences costs, capitalization of certain equipment purchases and projects, and removing certain scholarship costs from expenses and netting them against revenues.

Expense assumptions are tied to the campus's strategic priorities as established for the fiscal year 2006 budget process. In addition to these priorities, there are costs associated with both prior year strategic investments and mandated inflationary type costs, such as the annualization of faculty salaries, increase in both merit and need based student financial aid, and information technology. Fiscal year 2006 costs include faculty recruitment tied to specific hiring plans (36 for FY 06) and to enrollment targets for the longer term. It should be noted that the new faculty are funded from planned separations as well as strategically reallocated funds. Since FY01, the campus lost nearly 100 faculty members. In addition, there are resources being invested in information technology, facilities and maintenance, classroom renovations, advancement activities, professional development and utilities. These investments are critical to the Dartmouth campus achieving its strategic objectives.

## **Summary**

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



FY 2007 University Operating Budget – T06-029

Table 1  
University of Massachusetts  
Dartmouth Campus  
Fiscal Year 2007 Operating Budget Statement  
(in thousands of dollars)

	FY 05 Actuals	FY 06 Projected Budget-Accrual/Adjusted Basis	FY2007 Budgeted		
			FY 07 Budget-Accrual Basis	FY06 to FY07 Change	
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees	\$52,227,000	\$55,303,665	\$56,962,775	\$1,659,110	3%
Scholarship allowance	\$3,585,000	\$2,700,000	\$2,781,000	\$81,000	3%
Tuition and Fees (net of scholarship allowances)	\$48,642,000	\$52,603,665	\$54,181,775	\$1,578,110	3%
Federal Grants and Contracts	\$16,848,000	\$19,478,490	\$16,600,043	(\$2,878,447)	-15%
State Grants and Contracts	\$5,716,000	\$4,397,542	\$5,533,348	\$1,135,806	26%
Local Grants and Contracts	\$51,000	\$33,856	\$0	(\$33,856)	-100%
Private Grants and Contracts	\$1,993,000	\$2,198,127	\$1,924,642	(\$273,485)	-12%
Sales & Service, Educational	\$31,000	\$31,770	\$0	(\$31,770)	-100%
Auxiliary Enterprises	\$24,574,000	\$29,335,867	\$32,856,171	\$3,520,304	12%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities	\$3,636,000	\$3,225,000	\$31,770	(\$3,193,230)	-99%
Other			\$3,594,251	\$3,594,251	100%
<b>Total Operating Revenues</b>	<b>\$101,491,000</b>	<b>\$111,304,317</b>	<b>\$114,722,000</b>	<b>\$3,417,683</b>	<b>3%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<i>Educational and General</i>					
Instruction	\$45,614,000	\$46,041,688	\$47,325,219	\$1,283,531	3%
Research	\$17,700,000	\$18,251,147	\$18,734,014	\$482,867	3%
Public Service	\$900,000	\$893,518	\$472,608	(\$420,910)	-47%
Academic Support	\$17,731,000	\$14,270,548	\$16,173,525	\$1,902,977	13%
Student Services	\$6,926,000	\$6,952,873	\$7,029,205	\$76,332	1%
Institutional Support	\$18,593,000	\$19,442,404	\$17,546,153	(\$1,896,251)	-10%
Operation and Maintenance of Plant	\$12,066,000	\$15,934,119	\$10,493,364	(\$5,440,755)	-34%
Depreciation and Amortization	\$11,353,000	\$11,316,816	\$12,275,000	\$958,184	8%
Scholarships and Fellowships	\$3,592,000	\$4,610,299	\$2,371,152	(\$2,239,147)	-49%
<i>Auxiliary Enterprises</i>	\$16,816,000	\$22,016,216	\$28,242,495	\$6,226,279	28%
<i>Other Expenditures</i>					
Independent Operations	\$0	\$0	\$0	\$0	0%
Public Service Activities	\$0	\$0	\$397,360	\$397,360	100%
<b>Total Operating Expenses</b>	<b>\$151,291,000</b>	<b>\$159,729,628</b>	<b>\$161,060,096</b>	<b>\$1,330,468</b>	<b>1%</b>
<b>Operating Income/(Loss)</b>	<b>(\$49,800,000)</b>	<b>(\$48,425,311)</b>	<b>(\$46,338,096)</b>	<b>\$2,087,215</b>	<b>-4%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
State Appropriations	\$50,966,000	\$47,540,870	\$48,967,096	\$1,426,226	3%
Gifts	\$0	\$2,400,000	\$4,515,000	\$2,115,000	88%
Investment Return	\$2,211,000	\$1,100,000	\$0	(\$1,100,000)	-100%
Endowment Return	\$0	\$800,000	\$0	(\$800,000)	-100%
Interest on Indebtedness	(\$5,404,000)	(\$3,520,559)	(\$6,382,000)	(\$2,861,441)	81%
Other Nonoperating Income	\$362,000	\$435,000	\$435,000	\$0	0%
<b>Net Nonoperating Revenues</b>	<b>\$48,135,000</b>	<b>\$48,755,311</b>	<b>\$47,535,096</b>	<b>(\$1,220,215)</b>	<b>-3%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>(\$1,665,000)</b>	<b>\$330,000</b>	<b>\$1,197,000</b>	<b>\$867,000</b>	<b>263%</b>
Capital Appropriations	\$7,703,000	\$4,300,000	\$2,500,000	(\$1,800,000)	-42%
Capital Grants and Contracts	\$0	\$0	\$0	\$0	
University Related Transactions	\$0	\$0	\$0	\$0	
Disposal of Plant Facilities	(\$1,543,000)	(\$1,250,000)	(\$1,250,000)	\$0	0%
Other Additions/Deductions	(\$2,043,000)	\$1,750,000	\$1,250,000	(\$500,000)	-29%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$4,117,000</b>	<b>\$4,800,000</b>	<b>\$2,500,000</b>	<b>(\$2,300,000)</b>	<b>-48%</b>
<b>Total Increase in Net Assets</b>	<b>\$2,452,000</b>	<b>\$5,130,000</b>	<b>\$3,697,000</b>	<b>(\$1,433,000)</b>	<b>-28%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$41,633,000	\$44,085,000	\$50,265,089	\$6,180,089	14%
<b>Net Assets at End of Year</b>	<b>\$44,085,000</b>	<b>\$49,215,000</b>	<b>\$53,962,089</b>	<b>\$4,747,089</b>	<b>10%</b>



**Table 2**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2007 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	341.3	343.0	349.0	6.0	1.7%
Professional Staff	177.7	179.0	184.5	5.5	3.1%
Classified Staff	250.3	250.0	252.0	2.0	0.8%
<b>Subtotal, State Funded</b>	<b>769.2</b>	<b>772.0</b>	<b>785.5</b>	<b>13.5</b>	<b>1.7%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	122.4	121.0	116.0	(5.0)	-4.1%
Professional Staff	61.0	66.0	66.0	0.0	0.0%
Classified Staff	71.6	72.0	72.0	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>255.0</b>	<b>259.0</b>	<b>254.0</b>	<b>(5.0)</b>	<b>-1.9%</b>
<b>Total Unrestricted/Designated</b>	<b>1,024.3</b>	<b>1,031.0</b>	<b>1,039.5</b>	<b>8.5</b>	<b>0.8%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	1.5	1.5	1.5	(0.0)	-2.6%
Professional Staff	33.0	33.0	34.5	1.5	4.5%
Classified Staff	6.7	6.7	6.7	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>41.3</b>	<b>41.3</b>	<b>42.7</b>	<b>1.4</b>	<b>3.5%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	1.5	1.5	1.5	0.0	0.0%
Professional Staff	7.6	7.6	7.6	0.0	0.0%
Classified Staff	2.0	2.0	2.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>11.0</b>	<b>11.0</b>	<b>11.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>52.3</b>	<b>52.3</b>	<b>53.7</b>	<b>1.4</b>	<b>2.8%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,076.5</b>	<b>1,083.3</b>	<b>1,093.2</b>	<b>9.9</b>	<b>0.9%</b>

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



# OPERATING BUDGET

*for Fiscal Year 2007*

LOWELL CAMPUS







**University of Massachusetts Lowell**  
**FY2007 Operating Budget Narrative**

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The Fiscal Year 2007 Operating Budget Statement for the University of Massachusetts Lowell presents a general plan for the year and outlines our priorities, resources and planned use of funds.

The document considers the FY05 Financial Statements (actuals), the preliminary results for FY06 and the projected outcome for FY07 based on the campus budget process.

This document format has been changed from a cash-based schedule to a modified accrual-based budget report. The view will take time to refine and should steadily improve over reporting cycles.

**Campus Priorities**

The strategic initiative for the University of Massachusetts Lowell for FY 2007 and beyond is in accordance with our “2003-2013 Transformation Process.”

**Objective**

The purpose of the initiative is to create new ways to organize and deliver knowledge, to encourage focused research, and to promote a new image of the campus. Its goal is to provide students with the most creative, thoughtful and up-to-date curriculum possible, to allow faculty to expand their pedagogical, disciplinary and interdisciplinary interests, to engage all staff and administrators in campus life and innovation, and to develop wide understanding -- across a broad public arena -- of the innovations currently under way on the campus.

**The Need to Change**

The need to reinvent the campus proceeds from three related assumptions about social, economic and educational changes that will structure a revised landscape for higher education in Massachusetts and elsewhere in the coming years:

1. *The global context.* Rapid changes in technology, the creation of new goods and services, the restructuring of the international division of labor, the movement of peoples, and the degradation of old skills and creation of new ones demand a rapid and agile response. While change is to be expected, it is the velocity of these changes that now raise significant challenges and opportunities for universities everywhere. Institutions of higher education must address these issues if they are to provide the kind of research and education that will prepare students and researchers to meet the challenges of this global context. It requires that teaching and research respond rapidly to a changing environment while maintaining a strong commitment to basic skills.
2. *State and local level.* In Massachusetts the dependence of public higher education on funding from the legislature poses a particular challenge for this institution. The prevalence of numerous highly-regarded private universities overshadows UMass, and public support for public higher education has not been strong. The recent budget crisis showed just how vulnerable UMass and this campus are to fiscal downturns. Our long-term success hinges on finding alternative sources of funding while at the same time articulating more clearly the University’s importance to the Commonwealth. Because this is a five-campus system, Lowell has an opportunity to highlight our particular strengths both within the university system and more widely to the general public.

3. *Campus level.* If we are to respond to global change, attract a “deeper” pool of students, and enhance our revenue from major funding agencies we need to continue to refocus ourselves at the campus level. Recent changes in faculty (many retirements, new faculty coming on board) and staff (new team of senior administrators, integration of a number of units) have built on changes begun more than a dozen years ago. Critical to this task is increasing our administrative efficiency, improving our retention of undergraduate students, increasing our fundable research, innovate our teaching methods and attracting a broader range of students at all levels.

This transformation is built on the mission of the campus, promotes the full integration of sustainability in all we do and advocate, and is dedicated to creating an institution that can promote a new and exciting image to other universities, potential students, funding agencies, legislators, and the public at large. It will require additional resources and the reallocation of others. Most of all, it will require the enthusiasm and talents of all members of the university community.

The four key goals of this plan are:

- Promote the sustainability of the physical, economic and social lives of the community in all areas of university activity
- Support all teaching activities and expand interdisciplinary teaching
- Promote interdisciplinary research and increase research output in all disciplines
- Extend and deepen our commitment to local communities and cultures

### **Capital Priorities**

Over the last ten years, the University of Massachusetts Lowell has invested over \$100 million in its physical environment. Having brought the physical plant out of the realm of deferred maintenance and emergency repairs, the Lowell campus is able to address systems before they fail and has begun to build the infrastructure necessary to bring the campus successfully into the 21<sup>st</sup> century. The next ten years of capital projects are aimed at upgrading UMass Lowell facilities to accommodate growing technology and research needs, to expand the campus strategically in coordination with the academic transformation, and to improve services to the campus community.

The University is ready to embark on the first phase of the Master Plan by borrowing \$133 million to complete the most critical modernization projects. The success of the entire master plan is contingent upon a commitment by the Commonwealth to match the University's funding for improvements dollar for dollar. The proposed Master Plan spending is above and beyond the regular capital maintenance spending required to keep the campus at current operating levels.

The next five years will be exciting and challenging as the Lowell community embarks on its Academic Transformation. The overall goal of the Transformation is to create new ways to organize and deliver knowledge, to encourage focused research, and to promote a new image of the campus. We want to provide students with the most creative, thoughtful and up-to-date curriculum possible, to allow faculty to expand their pedagogical, disciplinary and interdisciplinary interests, to engage all staff and administrators in campus life and innovation, and to develop wide understanding -- across a broad public arena -- of the innovations currently underway on the campus.

The planning and improvement of the Lowell campus must support the Transformation goals and provide a foundation for innovative teaching and research. To that end, the Lowell Campus Master Plan is organized around the goals of the Transformation:

1. **To promote the sustainability of the physical, economic and social lives of the community in all areas of university activity.**

- a. The Master Plan recognizes the need to provide comfortable, pleasant and effective spaces in order for staff, faculty, and students to be productive and to encourage the sense of community that will be necessary for the success of the Transformation.
- b. The consolidation and expansion of facilities for the new School of Health and Environment is a major pillar of the master plan and goes to the heart of community sustainability. Relocating the SHE to UML North, and providing access to the work of the sciences, engineering and advanced manufacturing will assist in positioning UML to become a world leader in sustainable technologies and a driving force in the creation of jobs and economic opportunity in the Commonwealth.
- c. The University's goal in every capital improvement is to meet or exceed LEED (Leadership in Energy and Environmental Design) standards. Every project will include elements of energy efficiency and renewable materials.
- d. A primary guideline incorporated in all master plan improvements is the creation of inviting work spaces, effective instructional spaces, and common spaces for meeting, collaboration and socializing.
- e. Continuing its design priority of the last five years, the University will continue to include improvements to public and open spaces that positively affect the larger Lowell community.

**2. To support all teaching activities and expand interdisciplinary teaching.**

- a. The physical consolidation of the library collections to a single location, and the creating of "Information Commons" in a number of strategic locations will maximize the use of technology and digital collections, while maintaining the unique collection of science and manufacturing collections.
- b. The restructuring and consolidation of the University's Centers for Learning, Career Services and a newly revitalized Center for Teaching creates a single resource for the continued training of faculty and the ongoing academic support of all students.
- c. The consolidation of all departments within the College of Fine Arts, Humanities and Social Sciences onto UML South will encourage an already vital source of interdisciplinary teaching and research.
- d. The upgrade of all instructional areas and their transfer to common use will ensure that any faculty member, from any discipline, can effectively teach at any location with seamless efficiency.
- e. The renovation of the Allen House for use by the new Center for Interdisciplinary Teaching creates a central and highly visible location for faculty collaboration efforts.

**3. To promote research within and across disciplines and increase research output in all disciplines.**

- a. A major investment in the Master Plan is for the construction of a new interdisciplinary research building, centered on the development of manufacturing techniques in advanced technologies. Combining existing expertise in nanomanufacturing, bio-manufacturing, bioinformatics, toxics use reduction, and environmental and workplace safety into a single research center will place UML at the forefront of manufacturing research and technology.
- b. The uniform upgrade of all research and teaching labs to a flexible plan with the intent of reducing the use of hazardous chemicals in all disciplines will not only increase the productivity of researchers across disciplines, but will provide the training grounds for future scientists and researchers.
- c. The Master Plan looks to provide innovative and effective spaces for researchers in the Fine Arts, Humanities and Social Sciences.

**4. To extend and deepen our commitment to local communities and cultures.**

- a. One of the benefits to the universal upgrade of building infrastructure throughout the campus is the increased accessibility of those resources to the larger community. Handicapped accessibility, parking improvements and the concept of developing a 24 hour/12 month facility will allow the University to provide resources to the community, and will enhance the service learning initiatives which are an integral part of the Transformation.

**5. To maintain a clean, safe, and inviting work environment for all members of the University community.**

- a. A major portion of the Master Plan involves the upgrade of existing facilities. Those upgrades will include increased energy efficiency, a reduction in adverse environmental impacts, increased accessibility, improved transportation routes throughout the campus, and overall improved working conditions. As outlined in the master plan guidelines, infrastructure improvements will include the development of geographic “service nodes” providing space and services to faculty, TAs and RAs, students and staff, as well as common meeting space to encourage interdisciplinary discourse.

**FY 2007 Assumptions**

For planning purposes, the University of Massachusetts Lowell is assuming a five percent increase in our base state maintenance appropriation. In addition, we anticipate a \$2 million increase in curriculum fee revenues due both to the increase in curriculum fee rates approved by the Board of Trustees for 2007, and a ten percent increase in first-time students. The campus is also implementing a trust fund overhead charge, which will not produce an increase in campus revenues, but will provide an increase in funds available for general operations.

Expenditures are projected to increase by a modest amount in 2007. We are holding the line on most campus budgets, with increased expenditures to support our strategic initiatives. These strategic initiatives are also driving our budgeted increases of seventeen faculty and thirty-two staff in 2007.

The Lowell campus will also see increases in bonded debt next year due to our recent \$10 million bond issue to address capital infrastructure issues on the campus.

**Summary**

The University of Massachusetts Lowell has embarked on an exciting phase in its existence. The above-discussed transformation of the campus will create an environment in which teaching, learning and research will be achieved in stimulating and exciting and innovative ways. However, this transformation will require a significant investment in order to be achieved. The campus greatly appreciates the increases in our state maintenance appropriation that have allowed us to continue to replenish the faculty and staff lost to early retirement. In addition, we plan to continue to reallocate existing campus assets to enable the campus to move along this exciting path.

**Table 1**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2007 Operating Budget Statement**  
*(in thousands of dollars)*

	FY2007 Budgeted				
	FY 05 Actuals	FY 06 Projected Budget-Accrual/Adjusted Basis	FY 07 Budget-Accrual Basis	FY06 to FY07 Change	
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees	\$73,635		\$82,772	\$82,772	100%
Scholarship allowance	(\$7,576)		(\$8,300)	(\$8,300)	-100%
Tuition and Fees (net of scholarship allowances)	\$66,059	\$72,182	\$74,472	\$2,290	3%
Federal Grants and Contracts	\$23,584	\$23,376	\$26,749	\$3,373	14%
State Grants and Contracts	\$1,902	\$2,240	\$2,300	\$60	3%
Local Grants and Contracts	\$530	\$494	\$520	\$26	5%
Private Grants and Contracts	\$5,599	\$5,743	\$5,950	\$207	4%
Sales & Service, Educational	\$896	\$1,015	\$1,015	\$0	0%
Auxiliary Enterprises	\$7,477	\$9,054	\$9,100	\$46	1%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	\$4,757	\$1,195	\$5,300	\$4,105	344%
<b>Total Operating Revenues</b>	<b>\$110,804</b>	<b>\$115,299</b>	<b>\$125,406</b>	<b>\$10,107</b>	<b>9%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<i>Educational and General</i>					
Instruction	\$64,377	\$68,769	\$70,100	\$1,331	2%
Research	\$27,365	\$28,410	\$32,110	\$3,700	13%
Public Service	\$3,493	\$3,816	\$3,822	\$6	0%
Academic Support	\$18,297	\$16,419	\$16,463	\$44	0%
Student Services	\$13,788	\$13,753	\$13,825	\$72	1%
Institutional Support	\$25,048	\$24,039	\$24,100	\$61	0%
Operation and Maintenance of Plant	\$14,967	\$16,826	\$20,489	\$3,663	22%
Depreciation and Amortization	\$13,601	\$13,598	\$14,981	\$1,383	10%
Scholarships and Fellowships	\$3,635	\$4,164	\$4,200	\$36	1%
<i>Auxiliary Enterprises</i>	\$5,018	\$5,336	\$5,500	\$164	3%
<i>Other Expenditures</i>					
Independent Operations					
Public Service Activities					
<b>Total Operating Expenses</b>	<b>\$189,589</b>	<b>\$195,130</b>	<b>\$205,590</b>	<b>\$10,460</b>	<b>5%</b>
<b>Operating Income/(Loss)</b>	<b>(\$78,785)</b>	<b>(\$79,831)</b>	<b>(\$80,184)</b>	<b>(\$353)</b>	<b>0%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
State Appropriations	\$75,824	\$78,714	\$79,697	\$983	1%
Gifts	\$3,117	\$3,652	\$3,430	(\$222)	-6%
Investment Return	\$1,843	\$1,965	\$2,000	\$35	2%
Endowment Return	\$223	\$308	\$325	\$17	6%
Interest on Indebtedness	(\$3,045)	(\$2,772)	(\$3,207)	(\$435)	16%
Other Nonoperating Income	\$223	\$210	\$200	(\$10)	-5%
<b>Net Nonoperating Revenues</b>	<b>\$78,185</b>	<b>\$82,077</b>	<b>\$82,445</b>	<b>\$368</b>	<b>0%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>(\$600)</b>	<b>\$2,246</b>	<b>\$2,261</b>	<b>\$15</b>	<b>1%</b>
Capital Appropriations	\$649	\$1,748	\$1,900	\$152	9%
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities	(\$1,011)	(\$1,331)	(\$2,500)	(\$1,169)	88%
Other Additions/Deductions	(\$398)	\$0	(\$1,500)	(\$1,500)	-100%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>(\$760)</b>	<b>\$417</b>	<b>(\$2,100)</b>	<b>(\$2,517)</b>	<b>-604%</b>
<b>Total Increase in Net Assets</b>	<b>(\$1,360)</b>	<b>\$2,663</b>	<b>\$161</b>	<b>(\$2,502)</b>	<b>-94%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$100,640	\$99,280	\$101,943	\$2,663	3%
<b>Net Assets at End of Year</b>	<b>\$99,280</b>	<b>\$101,943</b>	<b>\$102,104</b>	<b>\$161</b>	<b>0%</b>



FY 2007 University Operating Budget – T06-029

**Table 2**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2007 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	374.2	394.7	411.7	17.0	4.3%
Professional Staff	334.9	363.7	371.0	7.3	2.0%
Classified Staff	144.3	147.9	150.0	2.1	1.4%
<b>Subtotal, State Funded</b>	<b>853.4</b>	<b>906.3</b>	<b>932.7</b>	<b>26.4</b>	<b>2.9%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	3.0	2.7	2.7	0.0	0.0%
Professional Staff	35.4	36.0	36.0	0.0	0.0%
Classified Staff	42.8	36.0	36.0	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>81.2</b>	<b>74.7</b>	<b>74.7</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Unrestricted/Designated</b>	<b>934.6</b>	<b>981.0</b>	<b>1,007.4</b>	<b>26.4</b>	<b>2.7%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	113.0	108.0	108.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>113.0</b>	<b>108.0</b>	<b>108.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	11.6	9.6	9.6	0.0	0.0%
Professional Staff	3.0	2.0	2.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>14.6</b>	<b>11.6</b>	<b>11.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>127.6</b>	<b>119.6</b>	<b>119.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,062.2</b>	<b>1,100.6</b>	<b>1,127.0</b>	<b>26.4</b>	<b>2.4%</b>

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





# OPERATING BUDGET

*for Fiscal Year 2007*

**WORCESTER CAMPUS**





**University of Massachusetts Medical School**  
**FY2007 Operating Budget Narrative**

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**Overview of Operations**

There are three major initiatives that are paramount to the current financial projections and the continued success of the Medical School: separation of the Chancellor / Dean position, planning and construction of the Advanced Education and Clinical Practice Building and the establishment of a new Clinical and Translational Science department (CTSD). Each of these endeavors is planned to maintain the positive growth and programmatic excellence that marks the last 10 years at the Worcester campus.

President Wilson and Chancellor Dean Lazare have worked together to begin the process of creating a new Dean position at the Worcester campus. The search firm of Spencer Stuart has been retained to manage the process and President Wilson has met with key groups of academic department chairs, faculty, students as well as leadership from our clinical partner, UMMHC, to discuss the position and hiring process. The search firm will continue the process through a series of individual interviews and open forums to assess the unique challenges that are a part of the campus' culture and organization. They will work closely with the search committee to propose a position specification for the Chancellor's review that describes the position's objectives and the required competencies, experience and other personal attributes of the ideal candidate. This reorganization of Medical School leadership positions is designed to continue and support the School's success and trajectory towards national distinction.

The NIH Roadmap Initiative seeks to strengthen the nation's clinical and translational research enterprise through integrated clinical and translational research programs funded by Clinical and Translational Science Awards (CTSA). Current plans for the establishment of a new Clinical and Translational Science Department (CTSD) at the Medical School will mark its commitment to develop the necessary infrastructure and academic home for clinical research. The mission of the CTSD is to provide a "seamless home" for clinical investigation that provides consolidated resources to: 1) recruit, educate, and train physicians, nurses, and biomedical scientists in rigorous clinical investigation; and 2) to accelerate the movement of laboratory discoveries from bench to bedside to community practice by fostering a culture of collaboration among clinical investigators, healthcare professionals and basic research scientists. This effort will lead the campus in its ongoing research growth by capitalizing on and following the NIH priority to increase clinically relevant research programs and outcomes. Vice Chancellor for Research, Dr. Sullivan, has submitted a planning grant to the NIH which will offset some of the costs associated with developing a major grant proposal for the next series of CTSA grants offered by the NIH.

The Advanced Education and Clinical Practice Building (AECB) will be crucial for the development of new clinical research space (dry lab) and educational programs related to simulation and standardized patients. Equally as important will be its role in providing new space to our clinical partner (UMMHC) for ambulatory practice, clinical teaching and faculty office space. Although the final design is not complete, the site is chosen and contracting for architectural and construction partners for an aggressive design / build implementation is in process.

The preliminary plans are to lease approximately two floors of space to UMMHC to offset financing costs for the project. The current plan also includes \$50 million in borrowing but this may be impacted by decisions as to the final massing for the AECB. The potential exists to extend the height of the structure and create an additional two floors which would increase availability of growth space for both the Medical School and UMMHC. This decision will define the final project costs and impact borrowing decisions.

The successful completion of the UMASS Biologic Lab (UMBL) building in Mattapan marks an exciting advancement for the UMBL and University. The site, previous Boston State Hospital grounds in Mattapan, also offers more opportunity to consolidate and vastly improve remaining UMBL and University functions that are currently located at the Jamaica Plain campus. Deputy Chancellor Thomas Manning is reviewing the potential for additional land and building opportunities at this site as well.

These plans create great opportunity for continued research growth through advancement of space resources for clinical and translational programs, educational advancement in specialized space for simulation and best practices, strengthening the existing management structure and re-engagement of the clinical faculty.

### **Fiscal 2007 Budget**

The Fiscal 2007 budget reflects the continued growth of the Worcester Campus as presented in the Financial Indicators Report. As with the financial indicators, the principal drivers are in the areas of investment in research growth, sustained public service revenues and the continuing need for capital investment.

Fiscal 2007 is projected to end with a \$30 million surplus, driven primarily by revenues from Commonwealth Medicine and the UMass Biologics Laboratories. This surplus will be used over the next several years to fund a number of capital projects, most notably new building construction on the main campus and at the Biolabs facility in Mattapan.

The endeavor to grow the research enterprise continues as planned in 2007. Eighty-eight of the planned 120 new faculty recruitments will be filled by the end of 2006. While the annual spending on recruitment packages has leveled off, over \$11 million will be invested in salary support and start-up packages in 2007 for newly recruited faculty. Included in this is funding for the recruitment of three department chairs, which are currently at various stages in the search process. Toward the goal of doubling extramural research funding, 2007 is projected to be \$218 million, 1.8 times the \$122 million received in 2000. At the same time, there has been significant tightening in the funding available from NIH. After an increase of only 2% in 2005 and level funding for 2006, the NIH budget is expected to be level funded again for 2007. To avoid following the overall NIH trend, plans to maintain research priorities that are in alignment with NIH Roadmap Initiative goals are in process. Much of the currently planned research investment at the Medical School is in these growth areas and, combined with the growth in new faculty, this should enable the School to continue to grow at a rate above the growth of the overall NIH budget. With this in mind, federal research funding is projected to grow 7% over 2006, still less than the 11% to over 18% growth experienced two to five years ago.

For 2007, public service revenues are budgeted at the same level as 2006, with a small inflationary increase. Unlike previous years when the likelihood of realizing a significant portion of the revenues for the division of Commonwealth Medicine was largely unknown at the time the budget was prepared, this year there is reasonable assurance that these programs will be funded at the same level as 2006. As always, there is the possibility of additional programs, which would bring new unbudgeted revenue along with corresponding expenses. There is also the possibility of one or more programs being discontinued during 2007, most notably the contract with the Department of Corrections for which the current contract expires at the end of calendar 2006. This would result in a decrease in revenue, again with a corresponding reduction in expenses. Any updates as a result of these changes will be reflected in the University's mid-year review process.

Also in the public service arena, revenues for the UMass Biologics Laboratories are projected to increase significantly in 2007, driven by sales of Tetanus/Diphtheria vaccine. The additional funds are planned to be used to build additional research and office space adjacent to the new vaccine filling facility in Mattapan. While there is some risk that these revenues may not be

realized at the level projected, they have been included in the budget. If the revenue is not realized the plans for the timing and funding of the new construction would be altered accordingly.

Looking at 2007 in more general terms, total operating revenues are projected to increase \$42 million, or 6.5%. The vast majority of this, \$38.2 million, comes from the Commonwealth Medicine (\$21.4 million), Biologics Lab (\$7.2 million) and research (\$9.6 million) increases described above. Aside from these areas, operating revenues are projected to grow more or less with inflation.

The same is true for non-operating expenses with the exception of interest income, which increases as a result of the increased cash balances and higher anticipated interest rates. As with revenues, the majority of the \$35.3 million, or 5.2%, increase in operating expenses comes from Commonwealth Medicine (\$7.0 million), Biologics Lab (\$10.5 million) and research (\$7 million). Utility and fuel costs are also expected to increase significantly again in 2007, contributing an additional \$1.5 million to operation and maintenance of plant expense. Otherwise, expenses are projected to grow in line with inflation.

Transfers to plant in Fiscal 2007 to fund ongoing campus deferred maintenance projects, the continuing backfill renovations in the main building and other new capital initiatives are expected to be \$8 million. In addition, \$16 million is to be transferred from Biologics Lab operating funds toward the future building construction in Mattapan, and \$13 million from operating funds toward the construction of a new building on the main campus to provide additional space for clinical research and teaching as well as expanded ambulatory and office space for clinical faculty.

The projected growth in FTE employees is primarily in two areas. There is significant growth in the Biologic Laboratories as the new vaccine filling facility is brought up to full operation, as well as to support the increased Td vaccine production. In grant funded positions there is moderate growth based on the continued, albeit slower, growth in grant funding. Aside from these, there is minimal growth in other areas to support the continued growth of the Medical School in general.

Enrollment is expected to remain level. The Medical School and Graduate School of Biomedical Sciences will continue at current enrollment levels, and with the Graduate Entry Pathway program now becoming established, enrollment in the Graduate School of Nursing is also expected to remain fairly constant.



**Table 1**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2007 Operating Budget Statement**  
*(in thousands of dollars)*

	FY 05 Actuals	FY 06 Projected Budget-Accrual/Adjusted Basis	FY2007 Budgeted	
			FY 07 Budget-Accrual Basis	FY06 to FY07 Change
<b>REVENUES</b>				
<b>Operating Revenues</b>				
Tuition and Fees	\$9,793,000	\$8,982,000	\$10,185,000	\$1,203,000 13%
Scholarship allowance	3,147,000	2,760,000	3,152,000	\$392,000 14%
Tuition and Fees (net of scholarship allowances)	6,646,000	6,222,000	7,033,000	\$811,000 13%
Federal Grants and Contracts	124,984,000	137,650,000	147,289,000	\$9,639,000 7%
State Grants and Contracts	30,781,000	29,996,000	30,982,000	\$986,000 3%
Local Grants and Contracts	78,000	123,000	120,000	(\$3,000) -2%
Private Grants and Contracts	37,761,000	39,893,000	40,158,000	\$265,000 1%
Sales & Service, Educational	8,176,000	6,577,000	6,840,000	\$263,000 4%
Auxiliary Enterprises	23,248,000	26,397,000	27,580,000	\$1,183,000 4%
<b>Other Operating Revenues:</b>				
Sales & Service, Independent Operations	66,346,000	64,291,000	85,690,000	\$21,399,000 33%
Sales & Service, Public Service Activities	399,958,000	314,081,000	321,294,000	\$7,213,000 2%
Other	18,610,000	19,286,000	19,443,000	\$157,000 1%
<b>Total Operating Revenues</b>	<b>716,588,000</b>	<b>644,516,000</b>	<b>686,429,000</b>	<b>\$41,913,000 7%</b>
<b>EXPENSES</b>				
<b>Operating Expenses</b>				
<i>Educational and General</i>				
Instruction	38,378,000	41,364,000	43,361,000	\$1,997,000 5%
Research	143,768,000	153,640,000	161,214,000	\$7,574,000 5%
Public Service	31,148,000	30,352,000	31,380,000	\$1,028,000 3%
Academic Support	8,634,000	10,243,000	10,400,000	\$157,000 2%
Student Services	2,702,000	3,288,000	3,367,000	\$79,000 2%
Institutional Support	25,317,000	29,234,000	29,606,000	\$372,000 1%
Operation and Maintenance of Plant	41,054,000	34,800,000	37,816,000	\$3,016,000 9%
Depreciation and Amortization	17,708,000	18,714,000	20,094,000	\$1,380,000 7%
Scholarships and Fellowships	245,000	381,000	218,000	(\$163,000) -43%
<i>Auxiliary Enterprises</i>	17,010,000	22,529,000	24,878,000	\$2,349,000 10%
<i>Other Expenditures</i>				
Independent Operations	37,329,000	57,706,000	68,185,000	\$10,479,000 18%
Public Service Activities	327,416,000	271,719,000	278,748,000	\$7,029,000 3%
<b>Total Operating Expenses</b>	<b>690,709,000</b>	<b>673,970,000</b>	<b>709,267,000</b>	<b>\$35,297,000 5%</b>
<b>Operating Income/(Loss)</b>	<b>25,879,000</b>	<b>(29,454,000)</b>	<b>(22,838,000)</b>	<b>\$6,616,000 -22%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
State Appropriations	37,893,000	40,255,000	41,800,000	\$1,545,000 4%
Gifts	6,270,000	4,500,000	6,732,000	\$2,232,000 50%
Investment Return	3,345,000	2,500,000	5,194,000	\$2,694,000 108%
Endowment Return	34,000	35,000	36,000	\$1,000 3%
Interest on Indebtedness	(494,000)	(445,000)	(333,000)	\$112,000 -25%
Other Nonoperating Income	6,027,000	0	0	\$0 0%
<b>Net Nonoperating Revenues</b>	<b>53,075,000</b>	<b>46,845,000</b>	<b>53,429,000</b>	<b>\$6,584,000 14%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>78,954,000</b>	<b>17,391,000</b>	<b>30,591,000</b>	<b>\$13,200,000 76%</b>
Capital Appropriations	1,350,000	0	0	
Capital Grants and Contracts	0	0	0	
University Related Transactions	0	0	0	
Disposal of Plant Facilities	(1,725,000)	0	0	
Other Additions/Deductions	148,000	0	0	
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>(227,000)</b>	<b>0</b>	<b>0</b>	<b>\$0 0%</b>
<b>Total Increase in Net Assets</b>	<b>78,727,000</b>	<b>17,391,000</b>	<b>30,591,000</b>	<b>\$13,200,000 76%</b>
<b>NET ASSETS</b>				
Net Assets at Beginning of Year	310,233,000	388,960,000	406,351,000	\$17,391,000 4%
<b>Net Assets at End of Year</b>	<b>388,960,000</b>	<b>406,351,000</b>	<b>436,942,000</b>	<b>\$30,591,000 8%</b>





FY 2007 University Operating Budget – T06-029

**Table 2**  
**University of Massachusetts**  
**Medical School Campus**  
**Fiscal Year 2007 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	61.7	69.1	71.1	2.0	2.9%
Professional Staff	216.3	272.4	276.4	4.0	1.5%
Classified Staff	130.5	166.1	169.1	3.0	1.8%
<b>Subtotal, State Funded</b>	<b>408.5</b>	<b>507.6</b>	<b>516.6</b>	<b>9.0</b>	<b>1.8%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	192.0	213.7	218.7	5.0	2.3%
Professional Staff	1,007.2	1,072.4	1,100.4	28.0	2.6%
Classified Staff	1,023.0	1,029.5	1,054.5	25.0	2.4%
<b>Subtotal, Non-State Funded</b>	<b>2,222.2</b>	<b>2,315.6</b>	<b>2,373.6</b>	<b>58.0</b>	<b>2.5%</b>
<b>Total Unrestricted/Designated</b>	<b>2,630.7</b>	<b>2,823.2</b>	<b>2,890.2</b>	<b>67.0</b>	<b>2.4%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	314.8	317.1	321.1	4.0	1.3%
Professional Staff	703.5	693.0	710.0	17.0	2.5%
Classified Staff	179.0	165.6	168.6	3.0	1.8%
<b>Subtotal, Grant Funded</b>	<b>1,197.3</b>	<b>1,175.7</b>	<b>1,199.7</b>	<b>24.0</b>	<b>2.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>1,197.3</b>	<b>1,175.7</b>	<b>1,199.7</b>	<b>24.0</b>	<b>2.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>3,828.0</b>	<b>3,998.9</b>	<b>4,089.9</b>	<b>91.0</b>	<b>2.3%</b>

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



# OPERATING BUDGET

*for Fiscal Year 2007*

UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE  
OF GOVERNMENTAL SERVICES





## University of Massachusetts Donahue Institute FY2007 Operating Budget Narrative

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### OVERVIEW

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

The Institute's revenue in FY06 was \$11,488,078. These monies are derived from the following sources: grants and contracts (including overhead), \$10,406,423, a 15.7% increase over the previous year; Office of the President projects, \$354,044; and state appropriation, \$727,611. For FY06, The Institute generated \$14.30 in grant and contract funds for every \$1 in state appropriation. In addition during FY06 system-wide projects supported by the Institute totaled \$334,525. During the past two fiscal years the UMass Donahue Institute experienced steady growth due in large part to a recovering state economy, the addition of new business units, and a continued strong working relationship with selected agencies within the federal government.

### CAMPUS COLLABORATION

During FY06, the UMass Donahue Institute entered into a significantly increased number of collaborations with the 5 campuses that make up the UMass system. Some examples include:

- Selection of our Research and Evaluation unit as the external evaluator of an NSF-funded program to develop and integrate introductory nanotechnology modules into undergraduate science courses in conjunction with the UMass Lowell College of Engineering.
- Collaborating with faculty from Amherst, Lowell, Dartmouth, and Boston, in partnership with the Federal Reserve Bank of Boston, to publish the quarterly journal *MassBenchmarks*, providing information and relevant analysis about the health of the state economy, its performance over time and its prospects for future growth to professionals who may not be in the field of economics.
- Through a U. S. State Department grant, the Institute hosted twelve Indonesian secondary teachers who underwent a six-week exploration of American education and democracy and a two-week study tour giving the participants a chance to view American life. Many of the speakers for this program were from UMass Amherst – including professors from history, education, and political science. While in Amherst, the participants stayed in a UMass Amherst dormitory and used the University conference facilities and dining halls.
- Partnered with the Amherst campus to promote the Commonwealth Information Technology Initiative (CITI), agreeing to manage the K-12 segment while the Amherst campus managed the higher education segment. The Institute self-funded a management position to augment the program and help bring together K-12, public colleges, universities and industry to promote IT education across the curriculum at all grade levels and throughout higher education and to respond to technology workforce needs.
- At the invitation of the UMass Amherst Vice-Chancellor of Outreach, the Executive Director of the Institute chaired a national search for a new Director of UMass Extension.
- Working with a UMass Dartmouth faculty member, the Institute's Corporate Training and Education unit provided two learning sessions for 180 of John Hancock's executives at the annual Mutual Fund Divisional Conference.

- Hosted as a senior fellow Professor Alan Rosenthal, Professor of Public Policy, Eagleton Institute of Politics, Rutgers University who, since 1994, has presented on legislative leadership at the UMass Academy for New Legislators and is working on a research project on policymaking in the states.
- The Institute, in collaboration with UMass Amherst's Academic Instructional Media Services (AIMS), developed a training video on how to handle a state agency's (MassHealth) issues of confidentiality.
- The Institute's Research and Evaluation unit collaborated with the UMass Amherst School of Public Health on an evaluation of the Worcester Public Schools' Safe Schools Healthy Student program.
- The Institute's Economic and Public Policy Research Unit prepared an internal analysis of the Economic Impact of the UMass System on the Commonwealth.
- Our Corporate Training and Education unit, working with Dr. Marjorie Clay, Medical Ethicist and Director of Ethics at UMass Medical School, developed training programs that provide employees tools of ethical analysis when confronted with difficult decisions.
- The Institute provided research support to several faculty members from the UMass Amherst Department of Food Sciences who are attempting to develop the infrastructure needed to facilitate private sector, government and academic collaborations in the rapidly growing area of improved human health through nutraceuticals and functional foods.
- Our Research and Evaluation unit was selected as the external evaluator of the education and outreach activities of the Center for High-Rate Nanomanufacturing, an NSF-funded collaboration involving UMass Lowell, Northeastern University, and the University of New Hampshire.
- The Institute hosted eighteen college professors from 18 different countries at UMass Amherst for a post-doctoral study of American politics and institutions. The scholars, who also stayed in UMass dorm rooms, were hand picked by their local Fulbright Commission or Embassy. Among the countries represented were: Niger, Malawi, Iraq, Macedonia, France, Mexico, Canada, China, Taiwan, Vietnam, India, Sri Lanka, Saudi Arabia, Mongolia, Pakistan, Morocco, and the Czech Republic.
- Working with the College of Engineering at UMass Lowell and the Clinical Trials program staff at UMass Worcester, the Institute provided industry and strategic expertise to a cross-campus effort to develop a technical assistance center designed to support medical device firms in Massachusetts and to support the medical device development process in the Commonwealth.
- The Institute provided support to the President's initiative to position the University as a national leader in the areas of science, technology, engineering and math (STEM) through our partnership with the Amherst campus on CITI, and through our receipt of over \$1M in K-12 evaluation (including BHE/STEM) as well as broad economic research related to the STEM/S&T economy.
- The Institute completed a study of youth mentoring programs on behalf of Liberty Mutual, with expert input from Professor Jean Rhodes of UMass Boston
- The Institute collaborated with Professor Kathryn McDermott of the UMass Amherst School of Education who serves in an advisory role in a study of promising practices in urban education, commissioned by the State Legislature and the MA EQA.
- Utilizing the UMass Amherst campus, the Institute hosted a two-week "Teaching American History" program funded by the U. S. Department of Education wherein 40 teachers from western Massachusetts came to discuss Constitutional developments from the post-revolutionary period to the Civil War.

- The Institute's Civic Initiative unit, in cooperation with Professor Heather Cox-Richardson of the UMass Amherst History Department, the Pocumtuck Valley Memorial Association, and the Amherst-Pelham Public Schools, presented a workshop for Massachusetts teachers entitled "Reconstruction: Slavery, the West, and Capital" at the UMass Amherst Campus Center.
- The Institute's Research and Evaluation unit supported a proposal to the National Science Foundation for funding in the area of math education, submitted by Professor Stephen Hegedus of UMass Dartmouth.
- In partnership with the College of Social and Behavioral Science, the Civic Initiative raised approximately \$100,000 to fund a Speaker Series called "Democracy and Disagreement" to begin in the Fall of 06 and a Civic Benchmark poll also to begin in the Fall of 06.
- The Institute collaborated with the UMass Amherst Engineering Research Center for Collaborative Adaptive Sensing of the Atmosphere (CASA), a program of the National Science Foundation (NSF), to create and implement an evaluation plan of the program's Education and Outreach components. CASA's goal is to revolutionize the way we observe, understand, and predict hazardous weather by creating Distributed Collaborative Adaptive Sensing networks that sample the atmosphere.

## **ORGANIZATIONAL STRUCTURE**

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

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

Key projects and development efforts: Continued work with long term clients such as the Department of Mental Retardation, Mass Health Organization, Executive Office of Health and Human Services, and Department of Environmental Protection; Facilitated the Department of Conservation and Recreation Commissioners Leadership Conference; Provided conference logistics for the Massachusetts Developmental Disabilities Annual Legislative Reception; Conducted a third offering of the Human Service Forum's Emerging Leader's Program; Facilitated ½ day forums for the Department of Correction with 250 managers to provide information on training needs; Offered an eighth course of Entrepreneurial Training for Division of Career Services at new Shrewsbury site and filled our second and third offering of the new Future Leader's Institute to the public.

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

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

Major programs and ongoing projects: MassBenchmarks and the Massachusetts State Data Center. Major externally sponsored research on issues of significance to Massachusetts in FY06 included; A comprehensive analysis of the Marine and Coastal Economies of Massachusetts; The second annual UMass Donahue Institute/Citizens Housing and Planning Association Housing Poll; A study of the local fiscal impact of affordable housing development in Massachusetts; A detailed economic analysis of the Human Services industry in Massachusetts; A market analysis in support of efforts to revitalize downtown Lowell; A regional benchmarking report for each of the seven principal regions of the Commonwealth.

### **3. UMass Center at Brockton**



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

Key projects and development efforts: Career Works was granted a three year charter to continue operation of the Career Center in downtown Brockton through June 2009. CareerWorks has been actively working with several local community based and faith based organizations to provide employment and training services and has developed specialized programs and workshops to meet the needs of this population.

#### **4. Applied Social Science Research and Evaluation Unit**

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

Key projects and development efforts: Specializing in educational research and the provision of services to the MA Department of Education, the MA Office for Educational Quality and Accountability, the Board of Higher Education, and several local school districts. The unit also provides research services in the fields of health and human services and economic development, including current projects with the National Cancer Institute, the MA Department of Housing and Community Development, and the Massachusetts Business Alliance for Education.

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

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

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

#### **6. Civic Initiative**

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

Key projects and development efforts: In partnership with the Amherst-Pelham regional school district and the Pocumtuck Valley Memorial Association., organized and managed the Constitutional History Renewal Project (CHRP); In partnership with UMass Amherst, hosted 12 Indonesian educators for an Institute on Democracy and American Education providing participants with intensive exposure to the various providers of secondary education in the United States and an introduction to the relationships among American government, Democracy, and the American educational system. Also, in partnership with UMass Amherst, hosted 18 multi-national university faculty through the Constituting America program with the goal of improving the quality of teaching about the United States at universities abroad by providing participants with a richer understanding of the political development of the American nation.

#### **7. Head Start**

Focus: Provide customized technical assistance to over 100 Head Start and Early Head Start grantees throughout New England. In addition, provide programmatic, administrative and fiscal support to the US Department of Health and Human Services, Administration for Children and Families Region 1 Office.

Key projects and development efforts: Increase school readiness of young children in low-income families and help programs promote the highest quality of early care and education and meet all national performance standards and requirements. Collaborate with state level partners in each of the New England states, including state departments of health and human services, education, social services, and early education and care, to develop and implement cluster technical assistance sessions designed to meet the unique needs of grantees in each state.

## **8. Corporate Training and Education**

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

Key projects and development efforts: On behalf of UMass, collaborate with the State's Executive Office of Economic Development to grow the Commonwealth's job base and improve the State's competitiveness (Massachusetts Business Connect - Defense Workforce Project). Provide lean six sigma Black Belt instructor training at the U.S. Army Natick Soldier Center for the Aerial Delivery Engineering Support Team and the Operations & Customer Interface Directorate

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

### **FY 2007 OPERATIONS SUMMARY**

The Institute's priorities during FY07 include:

1. Continue our support for the President's priorities (e.g., Science and Technology, Regional economic development, workforce development, online education and resource development).
2. 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., expanded GSA instruments, other omnibus contract instruments, US - DOL).
3. Continue the Institute's support of multi-campus and system-wide initiatives (e.g., Massachusetts Benchmarks, CITI/STEM Pipeline, Commonwealth Development, Economic Development, UMass/DMR relationship).
4. Undertake special projects for the President of the University (e.g., Academy for New Legislators, Executive Academy (potentially with a new Governor), and work with Glen Mangurian to support the speaker's series in new UMass Club).
5. Continue to renew our grant and contract base and maintain the entrepreneurial character that has become the trademark of the Institute - currently, the Institute generates \$14.30 in grant and contract funds for every \$1 in state appropriation. In FY06, 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.

6. Continue our established programs (e.g., organizational development, training and technical assistance, research and evaluation, economic research and analysis, civic initiative).
7. Continue to work with UMass Online to expand credit and non-credit course offerings as well as develop joint proposals for funding special programs.

#### **FY06 STAFFING AND CAMPUS RESOURCES**

During FY06, the Institute employed 130 people with a full-time equivalency of 110, housed at eight locations, including Amherst, Boston (3), Southbridge, Hadley, Brockton, and Shrewsbury. Core state funding supported 8 employees full time and 2 employees part time. The remaining Institute staff members are supported through grants and contracts or special project funds. In FY06 alone, 75.5% percent of the contracts were federally funded or federal monies passed through the state and 19.3% were state funded. The remainder of our contract funding emanated from local and private sources.

In addition, the Institute utilized the services of 44 participating faculty spread across the UMass five-campus system and numerous departments that generated for them almost \$386,570 in revenue. In FY06, our various projects involved 21 undergraduate and graduate students from the University, providing them with over \$135,755 in direct support. Most of the Institute's grants and contracts are won competitively, and once awarded, are generally renewed if a multi-year option is available. During FY06, the Donahue Institute administered 117 grants and contracts.

#### **FY 2006 BUDGET REVIEW**

The Institute received an appropriation of \$727,611 in general University funding and generated over \$10 million in grant and contract funds during FY06. These grant and contracts were used to provide technical assistance, organizational development, applied research, policy studies, conferences and training for public, private, and nonprofit agencies in Massachusetts and nationwide. As you can see from the examples above, several of these projects were conducted on behalf of the Office of the President and the five-campus system.

Besides the examples of campus collaborations listed above, additional examples of Institute accomplishments during FY06 include:

- Our Research and Evaluation unit prepared a summary report of the findings of a two-year study conducted for the National Cancer Institute's Center for Strategic Dissemination (NCI /CSD). The purposes of the study were to identify key factors impeding the dissemination and implementation of current research-indicated practices into cancer care, and to develop pragmatic approaches to reduce these obstacles and encourage the translation of research into practice.
- At the invitation of the editor of the Boston Globe op-ed page, the Institute's Director of Economic and Public Policy Research Michael Goodman wrote a full-page op-ed that appeared in the Boston Sunday Globe. The 2,000 word article focused on the troubling demographic outlook for the Commonwealth and some of the economic development implications of these trends.
- Along with Joseph Rappa of the Massachusetts Office for Educational Quality and Accountability (EQA) and key leaders of the Framingham Public Schools, Institute staff members Steven Ellis and Robert Gaudet, presented findings of "A Study of MCAS Achievement and Promising Practices in Urban Special Education." This presentation was made to policymakers from across New England, New Jersey and New York at the Northeast Regional Resource Center's Annual NCLB/IDEA Leadership Forum.

- Through our Commonwealth Information Technology Initiative (CITI) program, we made eleven K-12 statewide awards ranging from \$5000 to \$30,000 to organizations that emphasized in their proposals new and continuing professional development opportunities for in-service teachers and for infusing pre-service teacher education courses with technology.
- Completed a comprehensive analysis of the economic and operational impacts of the proposed closure of the 102nd Fighter Wing of the Massachusetts Air National Guard (Otis ANG). The study found that in FY 2004, through its payroll, contracting and other expenditures, Otis ANG had a direct, indirect and induced economic impact on the Commonwealth of Massachusetts of \$82.3 million.
- Through our Organizational Development and Training Unit, the UMass Donahue Institute created the *Future Leaders Institute* and conducted a series of four-day management development programs for entry to mid-level state managers (i.e., 1-3 years of hands-on management experience) which enable participants to learn or refresh basic management skills or techniques.
- Our CareerWorks Director, Kim McLaughlin, participated in a statewide Labor Market Information (LMI) Advisory Group chaired by former Congressman Peter Torkildsen to analyze labor market data to help identify user needs, review progress toward goals for product development and services, and provide customer feedback.
- Our Head Start unit was highlighted at a national conference of Head Start directors. Our publication, *Head Start Self-Assessment: Your Foundation to Building Program Excellence* was selected to be one of the conference's keynote themes. In addition, seven staff members received the honor of being nominated nationally for the 2005 Administration for Children and Families (ACF) Honor Award for their work with this publication.
- Through our Economic and Public Policy Research Unit, we conducted a public opinion poll for the Citizens Housing and Planning Association which surveyed 900 Massachusetts residents to gather public opinion data on a wide variety of statewide and regional (with a focus on Essex County) housing issues.
- Our Research and Evaluation Unit provided state level evaluation and technical assistance services for 2 major programs of the Board of Higher Education: the Pipeline Program (science, technology, math, and engineering) and Improving Teacher Quality program.
- Dr. Michael Hannahan, Director of the Civic Initiative Unit, visited Russia at the request of the U.S. State Department to meet with political, academic, labor, and non-profit leaders in the Ural region cities of Perm and Yekaterinburg. The trip invitation is a direct outgrowth of the Institute's work with the State Departments Bureau of Educational and Cultural Affairs.
- Concluded a three-year evaluation of the REACh (Residential Energy Assistance Challenge) project funded by the U.S. Department of Health and Human Services, Office of Community Services and administered by the Massachusetts Department of Housing and Community Development.
- Received an invitation from the Brockton Workforce Investment Board to renew our Charter for another three-year term to operate a Career center covering the cities and towns of Abington, Avon, Bridgewater, Brockton, East Bridgewater, Easton, Hanson, Stoughton, West Bridgewater, and Whitman.
- The Head Start Quality Initiative worked with the Head Start Bureau and the National Center for Family Literacy to develop and implement a conference titled Parent-Mentor Training Program. The goal of the conference was to provide training and support to approximately 100 Head Start parents.

- Redesigned the Institute's brochure, the MassBenchmarks Journal and MassBenchmarks Website. Sporting a new and different look for each, the Institute produced a new brochure designed to highlight our services and, through our Economic Research and Public Policy Unit, created a new look to both the printed MassBenchmarks publication and its website.

**FY2007 AND BEYOND**

As the Institute looks ahead to FY07 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 despite a downturn in state funded initiatives. We hope to continue to strengthen the organization and manage complex projects and initiate new ventures, including multi-campus projects consistent with the University's goals.

**Table 1**  
**University of Massachusetts**  
**The Donahue Institute**  
**Fiscal Year 2007 Operating Budget Statement**  
*(in thousands of dollars)*

	FY 05 Actuals	FY 06 Projected Budget-Accrual/Adjusted Basis	FY2007 Budgeted	
			FY 07 Budget-Accrual Basis	FY06 to FY07 Change
<b>REVENUES</b>				
<b>Operating Revenues</b>				
Tuition and Fees				
Scholarship allowance				
Tuition and Fees (net of scholarship allowances)				
Federal Grants and Contracts (net of deferred revenue)	\$6,769,821	\$7,856,541	\$7,900,000	\$43,459 1%
State Grants and Contracts	\$1,690,922	\$2,012,707	\$2,015,000	\$2,293 0%
Local Grants and Contracts	\$53,350	\$144,041	\$150,000	\$5,959 4%
Private Grants and Contracts	\$301,636	\$393,134	\$400,000	\$6,866 2%
Sales & Service, Educational Auxiliary Enterprises				
Other Operating Revenues: fixed price balance transfers	\$596,972	\$143,348	\$150,000	\$6,652 5%
Sales & Service, Independent Operations				
Sales & Service, Public Service Activities				
Other: Allocation from campuses	\$63,000	\$63,000	\$63,000	\$0 0%
<b>Total Operating Revenues</b>	<b>\$9,475,701</b>	<b>\$10,612,771</b>	<b>\$10,678,000</b>	<b>\$65,229 1%</b>
<b>EXPENSES</b>				
<b>Operating Expenses</b>				
<i>Educational and General</i>				
Instruction	\$7,137,640	\$7,822,080	\$7,900,000	\$77,920 1%
Research	\$1,508,846	\$2,073,600	\$2,074,000	\$400 0%
Public Service	\$1,134,494	\$1,059,840	\$1,060,000	\$160 0%
Academic Support	\$3,120			
Student Services				
Institutional Support	\$614,561	\$564,480	\$565,000	\$520 0%
Operation and Maintenance of Plant				
Depreciation and Amortization				
Scholarships and Fellowships				
<i>Auxiliary Enterprises</i>				
<i>Other Expenditures</i>				
Independent Operations				
Public Service Activities				
<b>Total Operating Expenses</b>	<b>\$10,398,661</b>	<b>\$11,520,000</b>	<b>\$11,599,000</b>	<b>\$79,000 1%</b>
<b>Operating Income/(Loss)</b>	<b>(\$922,960)</b>	<b>(\$907,229)</b>	<b>(\$921,000)</b>	<b>(\$13,771) 2%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
State Appropriations	\$1,018,655	\$1,018,655	\$1,069,588	\$50,933 5%
Gifts				
Investment Return				
Endowment Return				
Interest on Indebtedness				
Other Nonoperating Income				
<b>Net Nonoperating Revenues</b>	<b>\$1,018,655</b>	<b>\$1,018,655</b>	<b>\$1,069,588</b>	<b>\$50,933 5%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$95,695</b>	<b>\$111,426</b>	<b>\$148,588</b>	<b>\$37,162 33%</b>
Capital Appropriations				
Capital Grants and Contracts				
University Related Transactions				
Disposal of Plant Facilities				
Other Additions/Deductions				
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
<b>Total Increase in Net Assets</b>	<b>\$95,695</b>	<b>\$111,426</b>	<b>\$148,588</b>	<b>\$37,162 33%</b>



**Table 2**  
**University of Massachusetts**  
**UMDI**  
**Fiscal Year 2007 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty				0.0	
Professional Staff	11.0	11.0	11.0	0.0	0.0%
Classified Staff	0.3	0.3	0.3	(0.1)	-16.7%
<b>Subtotal, State Funded</b>	<b>11.3</b>	<b>11.3</b>	<b>11.3</b>	<b>(0.1)</b>	<b>-0.4%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty				0.0	
Professional Staff	5.8	6.0	6.0	0.0	0.0%
Classified Staff	0.6	0.5	0.5	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>6.4</b>	<b>6.5</b>	<b>6.5</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Unrestricted/Designated</b>	<b>17.7</b>	<b>17.8</b>	<b>17.8</b>	<b>(0.1)</b>	<b>-0.3%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty				0.0	
Professional Staff	82.4	83.3	89.0	5.7	6.8%
Classified Staff	3.0	5.0	5.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>85.4</b>	<b>88.3</b>	<b>94.0</b>	<b>5.7</b>	<b>6.5%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty				0.0	
Professional Staff				0.0	
Classified Staff				0.0	
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Total Restricted</b>	<b>85.4</b>	<b>88.3</b>	<b>94.0</b>	<b>5.7</b>	<b>6.5%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>103.1</b>	<b>106.1</b>	<b>111.8</b>	<b>5.7</b>	<b>5.3%</b>

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





# **OPERATING BUDGET**

*for Fiscal Year 2007*

## **CENTRAL ADMINISTRATION**

**(President's Office, Central Administrative Services,  
Information Technology Services, UMassOnLine)**





## **University of Massachusetts Central Administration FY2007 Operating Budget Narrative**

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### **INTRODUCTION**

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

### **PRESIDENT'S OFFICE**

Primary responsibilities of the President's Office include: representation of the University to the Governor, Legislature, Executive branch agencies, state agencies, the federal government and other major external constituencies; coordination of strategic planning, academic affairs, management and fiscal affairs, information systems, legal matters, and human resources management; evaluation of the performance of chancellors and campuses; and support for the Board of Trustees. The Office manages, through the department of Management and Fiscal Affairs, the University's Central Administrative Services, which include University Information Technology Services, University Auditing, the University Budget Office, and Human Resources including labor relations, the Treasurer's Office, and the University Controller's Office. Overall planning and policy development and initiation of University-wide programs are also carried out through the President's Office. Each of the major units is described briefly below.

### **Academic Affairs**

Responsibilities of the Office of Academic and Student Affairs include the regular coordination of five campus groups of faculty, Provosts, Librarians, Institutional Research Officers, Vice Chancellors for Student Affairs, Admissions Directors, and Financial Aid Directors to promote collaboration, cooperation, and efficient use of resources among the campuses; review and approval of all proposals for tenure; review of new academic program proposals; acting as a liaison with the Board of Higher Education; development of system-wide policies related to programs, faculty, students and other aspects of the academic mission of the University; institutional research and policy analysis related to academic and student issues; academic and strategic planning; and providing staff support for the Trustees' Committee on Academic and Student Affairs. Academic and Student Affairs staff assist students, parents, the legislature and the public on issues related to admissions, financial aid, discipline, student life, and academic policy especially in situations that involve more than one campus.

### **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 Office of Corporate Relations; the Environmental and Energy Technology Initiative; and the Donahue Institute (the public service arm of the President's Office).

The University's primary economic roles are in five areas: workforce development ... R&D and technical partnerships with industry ... technology commercialization and business incubation ... economic research and analysis ... and regional economic development partnerships. On-going economic development initiatives include: support for the development of a state-wide science and technology strategy; participation with Mass Insight in the conduct of an S&T roadmap study; organization of leading business executives into the President's High Tech Executive Council; planning and implementation of new S&T initiatives such as the Massachusetts Technology Transfer Center; and expanded collaboration with state agencies, particularly in the areas of economic development, renewable energy and smart growth.

### **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.

### **University Relations and Communications**

The University Relations and Communications Office disseminates information about the University of Massachusetts system, focusing on local, regional and national news media outlets. The office works collaboratively with the public relations offices on the Amherst, Boston, Dartmouth, Lowell and Worcester campuses for the purpose of developing a comprehensive understanding of the University's education, research and public service activities.

Externally, the office has been responsible for the University's award-winning television advertising campaign and interacts with the print and electronic media. The office also has an internal mission: distributing information within the five-campus system.

### **Management and Fiscal Affairs**

The Office of Management and Fiscal Affairs works with the campus Chancellors and Vice Chancellors for Administration and Finance, and the Management Council, to assure that development and implementation of University fiscal and management policies proceed smoothly and enhance the programmatic goals of the University. The Vice President for Management and Fiscal Affairs and University Treasurer directs the Central Administrative Services (University Controller, Treasurer, University Budget Director, Senior Auditor and Human Resources including Labor Relations) of the University with emphasis on aggressive accounting, auditing, payroll, and cash management strategies and ensuring the successful integration of the administrative systems (PeopleSoft). Staff support to the Board of Trustees Administration and Finance and Audit Committees consumes significant time, in order to assure 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 (formerly DCPO), State Comptroller, State Treasurer and the Board of Higher Education fiscal staff will continue. The department works with members of the University community and various state agencies to coordinate a \$1.7 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 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 UMass five-campus system. A wide-range of information resources and information technology tools are supplied to the administrative and academic communities via centralized management of administrative computer and networked communications facilities. Centralized application development, production support, network management, resource allocation and planning are provided to deliver data, print, file transfer and customer services.

Acting as a service partner with UMassOnline, UITS supports the Centre Symposium learning management system. Through this web-based system, UMassOnline courses are enhanced with live features such as chat and voice. All online courses are supported by the IntraLearn or Promethius servers managed by UITS. UITS also provided instrumental assistance to UMassOnline in enhancing its marketing portal.

UITS is a leader in the provision of statewide networking services to educational and other public sector clients through the enhancement and expansion of the Massachusetts Information Turnpike Initiative (MITI) network. Aided by state IT Bond funds, UITS implemented additional fiber spurs to connect the UMass campuses to the backbone and to convert the MITI network to an advanced network technology that will geometrically expand available bandwidth; this conversion meets the University's wide area network bandwidth requirements for a minimum of ten years. In addition, the MITI network was connected to the Internet2 national research network in June 2003; this connection provides UMass researchers with access to a world-class network to further their research interests.

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 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.

### **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. Response 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 Trustee's 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.

**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.

**CENTRAL ADMINISTRATIVE SERVICES (CAS)**

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

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

**University Auditor's Office**

The University Auditor's Office is responsible for the coordination and monitoring of all audit matters, including internal audits, external contracted audits, and those carried out by the Office of the State Auditor and other state and federal agencies. The Office serves the Board of Trustees and management by determining levels of compliance with University policies and procedures, federal and state laws and regulations, and by evaluating the adequacy of internal control through a program of scheduled and unscheduled audits. In addition, the Office provides valuable management services by performing special projects as required throughout the University.

The Office operates coordinates campus requests for services, via co-sourcing with outside independent firms from a recently completed qualified audit firm vendor pool. UAO schedules a number of external contracted financial statement audits and assists in State Auditor Office initiated reviews. All reported results and related audit activity are communicated fully and accurately to the Audit Committee of the Board of Trustees.

**University Budget Office**

The Budget Office serves as central coordinating point for budgeting and reporting activities for the University. It directs the budgeting process by developing and disseminating budget parameters to the five campuses and other components of the University; develops consolidated

reports and analyses of budget and other related issues; provides general and specific support to broader administrative, management and policy initiatives initiated through the President and the Vice President for Management and Fiscal Affairs; and serves as a liaison between the University and state and legislative agencies and other external parties.

The Budget Office works with the campuses to integrate strategic financial planning activities with ongoing budget, capital and other reporting activities for senior management and the Board of Trustees and reviews University policies with 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 include: coordination of the University's general purpose financial audits as well as the audit of federal funds; development and production of the University Financial Statements; financial policy development and financial accounting for the Office of the President, Institute for Governmental Services, and Central Administrative Services. The University Controller's Office also performs the accounting function for activities managed centrally for the University campuses. The University Controller's Office is also 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 the develop and review University indicators of financial health. In addition, UCO coordinates between the Commonwealth and the University with regard to the implementation of the Commonwealth's NewMMARS (New Massachusetts Management Accounting and Reporting System).

### **Human Resources**

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 28 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 exempt employees across the University.

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

The University Treasurer's Office is responsible for many finance related activities within the University System. 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 and 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.

### **UMassOnline**

Headquartered at the University's Collaborative Services Facility in Shrewsbury, UMassOnline is the University's system-wide 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 generated tuition revenue in excess of \$15 million and support 17,500 enrollments.

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

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

Currently, the University offers 58 online degree and certificate programs and 300 courses per year. These – and the many other programs that are being developed – include undergraduate degree completion, graduate study, specialty certification, non-degree enrichment and support for the K-12 system and are in disciplines including liberal arts, education, management, nursing, engineering, criminal justice, professional programs and information technology.

FY 2007 University Operating Budget – T06-029

**Table 1**  
**University of Massachusetts**  
**Central Administration**  
**Fiscal Year 2007 Operating Budget Statement**  
(President's Office, Central Administrative Services, UITS, UMDI, CVIP/MTTC, UOnline)

	FY 05 Actuals	FY 06 Budgeted- Accrual Basis	FY 07 Budget	FY06 to FY07 Change	
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees (net of scholarship allowances)	1,222,000	1,518,750	1,822,500	303,750	20%
Federal Grants and Contracts	2,972,000	3,449,078	3,468,157	19,079	1%
State Grants and Contracts	1,711,000	2,054,100	2,056,440	2,340	0%
Local Grants and Contracts	491,000	1,322,964	1,377,695	54,731	4%
Private Grants and Contracts	3,121,000	2,908,158	2,958,948	50,790	2%
Sales & Service, Educational	1,699,000	1,588,894	1,738,894	150,000	9%
Auxiliary Enterprises	-	-	-	-	-
Recovery of Indirect Costs	-	-	-	-	-
Allocation from campuses	35,927,000	27,999,162	29,119,129	1,119,966	4%
Other Operating Revenues:					
Sales & Service, Independent Operations	-	-	-	-	-
Sales & Service, Public Service Activities	-	-	-	-	-
Other	3,231,000	1,277,311	1,280,000	2,689	0%
<b>Total Operating Revenues</b>	<b>50,374,000</b>	<b>42,118,417</b>	<b>43,821,763</b>	<b>1,703,346</b>	<b>4%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<i>Educational and General</i>					
Instruction	9,916,000	10,965,730	11,349,531	383,801	3%
Research	1,530,000	1,610,610	1,666,981	56,371	3%
Public Service	1,839,000	1,211,010	1,253,395	42,385	3%
Academic Support	2,000	3,330	3,447	117	3%
Student Services	-	-	-	-	-
Institutional Support	33,494,000	36,086,595	37,349,626	1,263,031	3%
Operation and Maintenance of Plant	1,278,000	3,737,492	1,300,000	(2,437,492)	-65%
Depreciation and Amortization	2,393,000	2,393,000	2,395,000	2,000	0%
Scholarships and Fellowships	-	-	-	-	-
<i>Auxiliary Enterprises</i>	-	-	-	-	-
<i>Other Expenditures</i>					
Independent Operations	-	-	-	-	-
Public Service Activities	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>50,452,000</b>	<b>56,007,767</b>	<b>55,317,980</b>	<b>(689,787)</b>	<b>-1%</b>
<b>Operating Income/(Loss)</b>	<b>(78,000)</b>	<b>(13,889,351)</b>	<b>(11,496,217)</b>	<b>2,393,133</b>	<b>-17%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
State Appropriations	3,806,000	5,526,649	5,747,715	221,066	4%
Gifts	3,947,000	25,000	25,000	-	0%
Investment Return	3,111,000	1,467,095	1,525,779	58,684	4%
Endowment Return	292,000	-	200,000	200,000	100%
Interest on Indebtedness	(747,000)	(747,000)	(750,000)	(3,000)	0%
Other Nonoperating Income	2,494,000	200,000	200,000	-	0%
Other	-	-	-	-	-
<b>Net Nonoperating Revenues</b>	<b>12,903,000</b>	<b>6,671,744</b>	<b>6,948,494</b>	<b>276,750</b>	<b>4%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>12,825,000</b>	<b>(7,217,607)</b>	<b>(4,547,724)</b>	<b>2,669,883</b>	<b>-37%</b>
Capital Appropriations	-	-	-	-	-
Capital Grants and Contracts	-	-	-	-	-
University Related Transactions	-	-	-	-	-
Gain/Loss on Disposal of Plant Facilities	(424,000)	1,000	-	(1,000)	-100%
Expended for Plant	-	-	-	-	-
Other Additions/Deductions	2,575,000	1,500,000	1,600,000	100,000	7%
Transfers	-	(145)	-	145	-100%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>2,151,000</b>	<b>1,500,855</b>	<b>1,500,855</b>	<b>-</b>	<b>0%</b>
<b>Total Increase in Net Assets</b>	<b>14,976,000</b>	<b>(5,716,752)</b>	<b>(3,046,869)</b>	<b>2,669,883</b>	<b>-47%</b>



**Table 2**  
**University of Massachusetts**  
**Central Administration**  
**Fiscal Year 2007 Operating Budget Statement**  
 (President's Office, Central Administrative Services, UITS, CVIP/MTTC, UMLonline)  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES \***

	Actual FTE's Fall 2004 (FY 2005)	Actual FTE's Fall 2005 (FY 2006)	Projected FTE's Fall 2006 (FY 2007)	FTE Change	% Change
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	
Professional Staff	168.5	185.3	199.0	13.7	7.4%
Classified Staff	22.6	20.8	18.6	(2.2)	-10.6%
<b>Subtotal, State Funded</b>	<b>191.1</b>	<b>206.1</b>	<b>217.6</b>	<b>11.5</b>	<b>5.6%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	
Professional Staff	6.9	14.7	16.3	1.6	10.9%
Classified Staff	0.4	0.4	0.0	(0.4)	-100.0%
<b>Subtotal, Non-State Funded</b>	<b>7.3</b>	<b>15.1</b>	<b>16.3</b>	<b>1.2</b>	<b>7.9%</b>
<b>Total Unrestricted/Designated</b>	<b>198.4</b>	<b>221.2</b>	<b>233.9</b>	<b>12.7</b>	<b>5.7%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	
Professional Staff	0.0	0.0	0.0	0.0	
Classified Staff	0.0	0.0	0.0	0.0	
<b>Subtotal, Grant Funded</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty					
Professional Staff					
Classified Staff					
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Total Restricted</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>198.4</b>	<b>221.2</b>	<b>233.9</b>	<b>12.7</b>	<b>5.7%</b>

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

