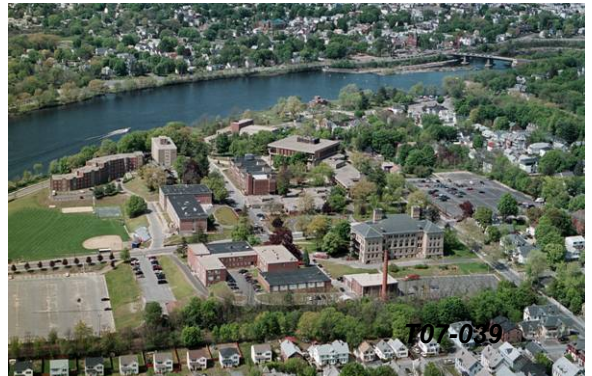




UNIVERSITY OF MASSACHUSETTS
Amherst • Boston • Dartmouth • Lowell • Worcester



Fiscal Year 2008 Operating Budget



OPERATING BUDGET

for Fiscal Year 2008

SUMMARY & FINANCIAL OVERVIEW



**University of Massachusetts
Executive Summary**

**Operating Budget
Fiscal Year 2008**

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 audited financial statements. FY 2005 and FY 2006 actual data are provided from the audited statements and are compared to projected figures for the current fiscal year (FY2007)¹ and estimates proposed for the fiscal year beginning July 1, 2007 (FY 2008). 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 the planned use of funds. The document shows "the bottom line" as well as provides high-level summary and trend information about employee counts.

This summary describes general budget trends and important issues for FY 2008. 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.

There are a number of issues of University-wide importance that directly impact the FY 2008 Operating Budget. The level of state support, the impact of collectively bargained wage increases, the ability of student fee-supported activities to meet inflationary pressures and size of 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.

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

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

The campuses' budgets are prepared based on parameters established by the President's Office and are shaped by individual campus priorities and plans. Campus budget plans are a reflection of each campus' unique identity and priorities, but they also have basic similarities and evidence common themes: balancing current needs with long-term goals; reallocation and restructuring as tools to meet those objectives; the importance of strengthening fundraising capacity and increasing endowment; working to achieve long-term financial stability as measured by the financial indicators; and efforts to deal with the pressure on budgets from: an unstable economic environment, deferred maintenance and other capital projects, investment in technology, and financial aid. Of these issues, the most pressing challenges to the University's budget in recent years include funding the aggressive capital investment program, hiring new faculty and expanding student life and support programming including financial aid.

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

¹ The final FY 2007 audited financial statements will be completed in the Fall and presented to the Board at that time.

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. Last year was the first time that the Operating Budget had been pushed back for review prior to the beginning of the new fiscal year. This year, the Operating Budget is once again being presented for review during the spring meeting cycle. Additionally, the President's Office has further streamlined the budget process by coordinating the collection and analysis of the Operating Budget with the Financial Indicators Report and review of campus Fee and Revenue Operations Budgets. This coordination has promoted consistency in the assumptions and projections that support the figures presented in each of the reports.

There are still some considerations with the change in timing that should be noted when reviewing the FY 2008 Operating Budget report. Specifically, with the previous fall schedule format, final prior fiscal year data was available, campus and central budget processes were completed and (in most cases) the final state appropriation numbers were known. For the FY 2008 Operating Budget, the year-to-year changes are based on projections for FY 2007 year-end (the current year). The FY 2008 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 for FY 2008 and this level of support has been factored into budget projections. It is assumed that support for the FY 2008 costs of collective bargaining agreements would be provided through supplemental appropriations funded by the Commonwealth.

FY 2008 OPERATING BUDGET SUMMARY

The total University budget projects an increase in both revenues and expenditures in fiscal year 2008 from the current fiscal year (FY 2007). The year-to-year increases are driven by the Medical School's Commonwealth Medicine and auxiliary service activities, as well as research and debt service spending. Excluding the Medical School, the University's FY 2008 revenues and expenses are estimated to increase on a year-to-year basis of 2.3% and 3.6% respectively, with a projected operating surplus of \$6.1 million or 0.4% of all revenues. Including the Medical School, a \$45.7 million operating surplus is estimated, with a 1.9% operating margin.

The University's revenues and expenditures are projected to exceed \$2.41 billion and \$2.36 billion respectively in FY 2008.

Total Budgeted University Revenues & Expenditures								
(\$ Shown in Millions)	Actual	Actual	Projected	Budgeted	<u>FY 07-08</u>		<u>FY 06 - 08</u>	
	FY 2005	FY 2006	FY 2007	FY 2008	1-yr. change		2-yr. change	
Revenues*	\$2,056.2	\$2,132.5	\$2,370.0	\$2,409.9	\$39.9	1.7%	\$277.5	13.0%
Expenditures**	\$1,963.8	\$2,099.3	\$2,283.8	\$2,364.3	\$80.5	3.5%	\$265.0	12.6%
Operating Surplus/(Deficit)	\$92.4	\$33.2	\$86.2	\$45.7				
Operating Margin	4.5%	1.6%	3.6%	1.9%				
<u>Not Including Medical School</u>								
Revenues*	\$1,268.6	\$1,369.1	\$1,520.9	\$1,555.5	\$34.6	2.3%	\$186.4	13.6%
Expenditures**	\$1,252.4	\$1,347.7	\$1,496.3	\$1,549.4	\$53.2	3.6%	\$201.7	15.0%
Operating Surplus/(Deficit)	\$16.2	\$21.4	\$24.7	\$6.1				
Operating Margin	1.3%	1.6%	1.6%	0.4%				

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

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

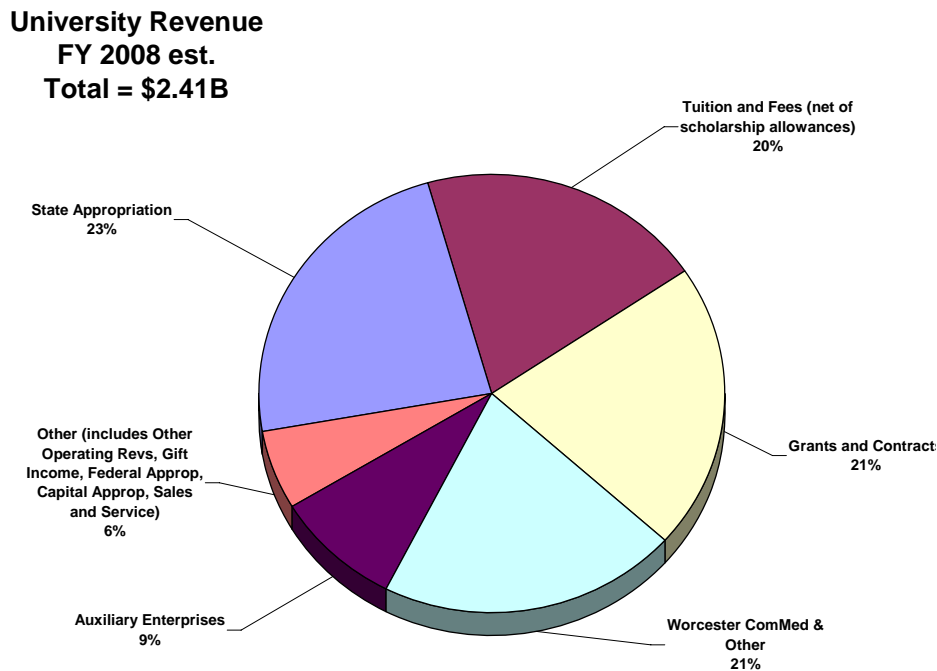
The following sections provide additional information regarding the major sources of the University's revenues and expenditures, as well as the changes in full-time equivalent employee figures. **Table 1** presents budgeted revenue and expense information spanning five fiscal years for consolidated

University operations and **Table 2** presents the estimated FY 2008 Operating Budget for each of the campuses and Central Administration.

Revenues

Total FY 2008 revenues are budgeted at \$2.41 billion, a 1.7% increase from FY 2007 or \$39.9 million. The most significant change in revenue is attributed to tuition and fees, which is budgeted at a total of \$29.1 million over current year projections. Other increases in revenue projected for FY 2008 include a \$20.8 million increase in federal grants and contracts, \$11.0 million increase in auxiliary services revenues, \$5.3 million increase in public service activities through the Medical School’s Commonwealth Medicine, and \$5.1 million in private grants and contracts. Additionally, the state appropriation is projected to increase by \$18 million based on the Governor’s recommended budget for FY 2008.

The following chart displays budgeted revenues as a percent of total revenues for FY 2008.



The **state appropriation** represents 23% of all University revenues. Based on the financial statement methodology for accounting for state appropriations the projected level of appropriations in FY 2008 is projected to be less than the amount reported for FY 2007. This is due to the fact that during FY 2007 the University received \$14.6 million in one-time supplemental state appropriations to retroactively fund collectively bargained wage increases for FY 2002. The University does not expect to receive any more supplemental funding for past collective bargaining agreements from the state. However, the majority of the University’s collective bargaining agreements expire on June 30, 2007 and based on prior experience, it is assumed that support for the FY 2008 costs of collective bargaining agreements would be provided through supplemental appropriations.

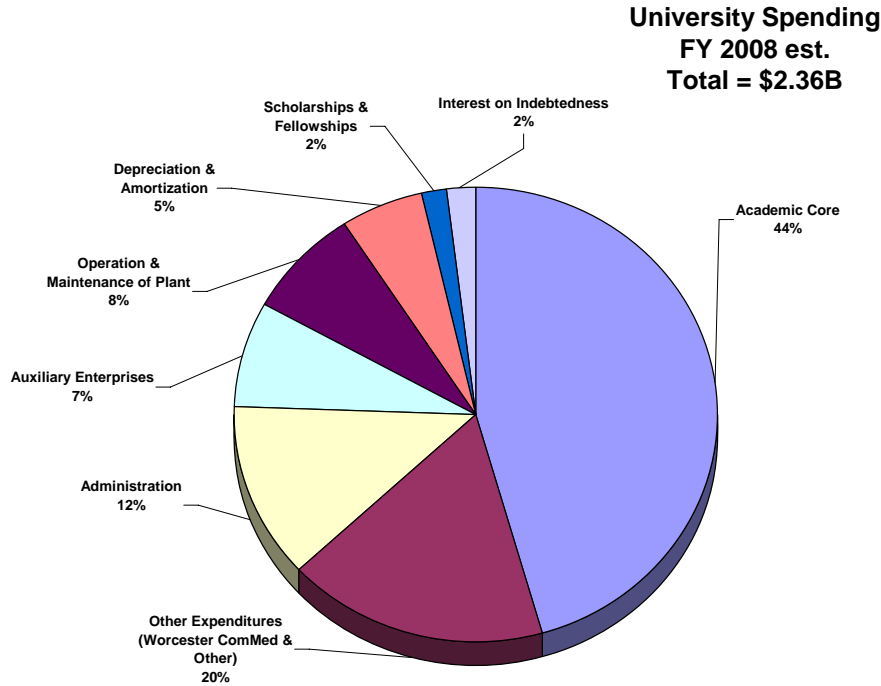
Based on the more familiar cash or “state budget” view, the University’s base state appropriation is expected to increase by at least 4.1% over current levels based on the Governor’s recommended state budget recommendations for the University. The legislature has yet to complete its deliberations on the state budget for FY 2008.

Grant and contract revenues represent 21% of all revenues and are projected to increase 5.9% or \$28 million over FY 2007 to \$501.4 million.

Tuition and all fee revenues represent another 20% of University revenues and are projected to increase 6.6% over the current fiscal year. This is consistent with the student charge votes of the Board of Trustees for FY 2008 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 FY 2008 spending by these categories.



Total University expenditures for FY 2008 are an estimated \$2.36 billion or \$79.5 million more than the current year’s projected year-end spending level. However, as with revenue estimates, the Medical School’s public service activities (\$13.9 million greater than FY 2007) represent a large portion of the increase in the University’s total spending.

The Educational and General budget (E&G) encompasses the major instructional and research activities of the University and related support services and include all non-auxiliary activities. The academic core detailed in the chart above accounts for 44% of total expenditures and includes spending on instruction, research, public service and academic support activities. Scholarships and fellowships (financial aid), plant operations and maintenance, administration and depreciation expenses represent the remaining categories within E&G.

The largest E&G increases in FY 2008 are projected for: scholarships (+14%), student services (+6.6%) and plant operations and maintenance (+4.9%).

Auxiliary Enterprises are self-supporting operations critical to University operations, yet independent of the general education mission. This category accounts for 7% of total spending and includes: dining and residence halls, parking facilities, and student health services. Auxiliary expenditures are projected to increase by \$3.2 million or 1.9% over the current year.

Interest on indebtedness payments represent 2% of all spending and are expected to increase by \$9 million over FY 2007.

Employee Trends

Each campus is continuing its effort to rebuild faculty after losses due to early retirements. The total projected increase in state-funded faculty for FY 2008 is approximately 73 new hires. The number of state-funded full-time equivalent (FTE) employees at the University is projected to increase by 100.1 FTE between FY 2007 and FY 2008. However, the increase of non-state-funded FTE is projected to be greater (134.4 FTE), which is primarily due to the minimal increase in state support. Fringe benefits for state funded employees are covered by the Commonwealth, while every position funded by institutional funds requires that the University absorb these fringe costs. The FY 2008 non-state fringe rate for these employees has been set at 29.37%.

2008 AND BEYOND

The campus budget reports that follow this executive summary provide detail on campus goals and priorities for the coming year as well as areas where additional resources are being dedicated. All campuses are dedicating increased resources to need-based financial aid, new faculty hires and student services to support retention efforts and the general well being of the student experience. Information technology and libraries are also areas of investment. In addition, all of the campuses are spending more on repair and maintenance and debt service to maintain and improve the physical plant. All campuses are also facing the pressures of increased energy costs and the costs of salaries and associated fringe benefits for non-state funded personnel.

The University continues to look for ways to further improve its financial condition and performance and to diversify its non-state revenue sources. The current economic environment indicates a potential for slow growth in the state appropriation for base operations and continued pressure on University resources to maintain and improve its core mission activities while addressing its important capital needs and investing in the research enterprise. There are, however, a number of new initiatives in the life sciences and new strategic planning activities across all campuses that show exciting promise for the future.

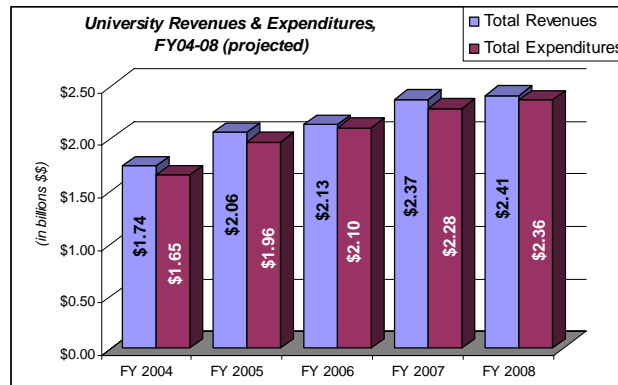
Tables 1 and 2 provide additional detail on the FY 2008 operating budget as well as information for FY 2005, FY 2006 and FY 2007. **Table 3** summarizes the change in full-time equivalent (FTE) employees projected for FY 2008.

Full FY 2008 Operating Budget Reports for each campus, the Donahue Institute and Central Administration Services are included.

FY 2008 University Operating Budget T07-039

Table 1
University of Massachusetts
FY 2008 Operating Budget Statement of Revenues and Expenses
Fiscal Years 2004 to 2008 (budgeted)
(in thousands of dollars)

	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2007 - 08	
	University June 30, 2004	University June 30, 2005	University June 30, 2006	University June 30, 2005	University June 30, 2006	University June 30, 2006	Projected University June 30, 2007	Projected University June 30, 2007	Budgeted University June 30, 2008	Budgeted University June 30, 2008	\$	%
REVENUES												
Operating Revenues												
Tuition and Fees (net of scholarship allowances)	\$ 361,762	\$ 388,385	\$ 406,705	\$ 441,452	\$ 470,506	\$ 29,054	6.6%					
Federal Grants and Contracts	277,166	289,527	305,235	316,592	337,408	20,816	6.6%					
State Grants and Contracts	53,788	59,142	66,045	69,120	71,137	2,018	2.9%					
Local Grants and Contracts	3,123	3,266	3,694	3,960	4,093	133	3.4%					
Private Grants and Contracts	67,673	72,249	78,204	83,645	88,722	5,077	6.1%					
Sales & Service, Educational	15,978	17,284	17,780	21,076	21,298	222	1.1%					
Auxiliary Enterprises	163,894	172,745	195,352	203,760	214,767	11,007	5.4%					
Recovery of Indirect Costs	-	-	-	3	3	-	0.0%					
Allocation from Campuses	-	-	-	38,232	40,003	1,771	4.6%					
Other Operating Revenues:												
Sales & Service, Independent Operations	61,245	66,346	78,899	83,934	70,053	(13,881)	-16.5%					
Sales & Service, Public Service Activities	249,950	399,958	333,997	416,565	421,821	5,256	1.3%					
Other	35,362	41,125	44,142	51,502	43,130	(8,371)	-16.3%					
Total Operating Revenues	\$ 1,289,941	\$ 1,510,027	\$ 1,530,053	\$ 1,729,841	\$ 1,782,942	\$ 53,102	3.1%					
EXPENSES												
Operating Expenses												
Educational and General												
Instruction	\$ 401,307	\$ 452,409	\$ 498,951	\$ 527,192	\$ 532,627	\$ 5,436	1.0%					
Research	276,595	301,422	316,606	336,751	347,629	10,878	3.2%					
Public Service	59,581	63,327	74,146	78,282	80,601	2,319	3.0%					
Academic Support	86,976	103,803	111,925	111,335	113,032	1,698	1.5%					
Student Services	70,848	75,724	79,174	82,860	88,364	5,505	6.6%					
Institutional Support	116,043	131,470	151,559	203,401	209,031	5,630	2.8%					
Operation and Maintenance of Plant	121,698	134,246	159,024	180,301	189,089	8,788	4.9%					
Depreciation and Amortization	101,465	118,649	121,567	118,607	125,647	7,040	5.9%					
Scholarships and Fellowships	26,743	29,832	30,945	40,034	45,650	5,616	14.0%					
Auxiliary Enterprises	126,602	151,113	149,963	168,121	171,272	3,150	1.9%					
Other Expenditures												
Independent Operations	25,757	37,329	46,546	55,706	57,321	1,615	2.9%					
Public Service Activities	207,967	327,416	319,542	346,248	360,126	13,878	4.0%					
Other	-	-	-	1,068	1,002	(66)	-6.2%					
Total Operating Expenses	\$ 1,621,582	\$ 1,926,740	\$ 2,059,948	\$ 2,249,906	\$ 2,321,391	\$ 71,486	3.2%					
Operating Income/(Loss)	\$ (331,641)	\$ (416,713)	\$ (529,895)	\$ (520,065)	\$ (538,449)	\$ (18,384)	3.5%					
NONOPERATING REVENUES/(EXPENSES)												
Federal Appropriations	\$ 6,849	\$ 7,016	\$ 7,044	\$ 7,044	\$ 7,044	\$ -	0.0%					
State Appropriations	398,154	478,813	526,749	565,406	555,167	(10,239)	-1.8%					
Gifts	16,731	25,289	25,646	27,266	30,949	3,683	13.5%					
Investment Return	26,806	35,072	42,981	40,479	33,840	(6,638)	-16.4%					
Endowment Return	1,047	1,661	1,438	3,231	3,951	720	22.3%					
Interest on Indebtedness	(30,230)	(37,077)	(39,331)	(33,902)	(42,896)	(8,995)	26.5%					
Other Nonoperating Income	13,373	10,721	8,967	8,150	6,805	(1,345)	-16.5%					
Net Nonoperating Revenues	\$ 432,730	\$ 521,495	\$ 573,494	\$ 617,674	\$ 594,859	\$ (22,814)	-3.7%					
Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses	\$ 101,089	\$ 104,782	\$ 43,599	\$ 97,609	\$ 56,410	\$ (41,199)	-42.2%					
Capital Appropriations	\$ 19,135	\$ 27,417	\$ 27,147	\$ 42,565	\$ 17,014	\$ (25,551)	-60.0%					
Capital Grants and Contracts	-	-	-	-	-	-	0.0%					
Additions to Permanent Endowments	-	-	-	-	-	-	0.0%					
University Related Organization Transactions	676	-	593	500	500	-	0.0%					
Disposal of Plant Facilities	(14,099)	(11,990)	(11,276)	(5,930)	(5,958)	(28)	0.5%					
Gain from Disposal of Previously Discontinued Operations	-	-	-	-	-	-	0.0%					
Other Additions/Deductions	7,131	2,690	27,127	2,732	2,939	206	7.6%					
Total Other Revenues, Expenses, Gains, and Losses	\$ 12,843	\$ 18,117	\$ 43,591	\$ 39,867	\$ 14,495	\$ (25,373)	-63.6%					
Total Increase/(Decrease) in Net Assets	\$ 113,932	\$ 122,899	\$ 87,190	\$ 137,476	\$ 70,905	\$ (66,571)	-48.4%					
NET ASSETS												
Net Assets at Beginning of Year	\$ 1,054,698	\$ 1,168,630	\$ 1,291,529	\$ 1,378,719	\$ 1,516,195							
Net Assets at End of Year	\$ 1,168,630	\$ 1,291,529	\$ 1,378,719	\$ 1,516,195	\$ 1,587,100							



FY 2008 University Operating Budget – T07-039

Table 2
University of Massachusetts
FY 2008 Operating Budget Statement of Revenues and Expenses
Campus Summary
(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
REVENUES								
Operating Revenues								
Tuition and Fees (net of scholarship allowances)	\$ 221,277	\$ 96,342	\$ 62,914	\$ 79,594	\$ 6,928	\$ 3,451	\$ 470,506	\$ 463,578
Federal Grants and Contracts	109,867	32,384	16,612	27,856	146,497	4,192	337,408	190,911
State Grants and Contracts	14,224	6,242	5,795	2,335	40,389	2,152	71,137	30,748
Local Grants and Contracts	1,035	1,824	41	523	-	670	4,093	4,093
Private Grants and Contracts	23,211	7,298	5,673	6,227	43,422	2,891	88,722	45,300
Sales & Service, Educational	6,502	2,000	-	1,254	10,283	1,259	21,298	11,015
Auxiliary Enterprises	133,970	9,056	34,891	10,031	26,819	-	214,767	187,948
Recovery of Indirect Costs	-	-	-	-	-	3	3	3
Allocation from Campuses	-	-	-	-	-	40,003	40,003	40,003
Other Operating Revenues:								
Sales & Service, Independent Operations	-	-	-	-	70,053	-	70,053	-
Sales & Service, Public Service Activities	-	-	-	-	421,821	-	421,821	-
Other	7,144	66	4,551	1,258	28,454	1,657	43,130	14,676
Total Operating Revenues	\$ 517,230	\$ 155,211	\$ 130,478	\$ 129,078	\$ 794,666	\$ 56,279	\$ 1,782,942	\$ 988,276
EXPENSES								
Operating Expenses								
Educational and General								
Instruction	\$ 248,773	\$ 96,779	\$ 54,171	\$ 76,957	\$ 45,678	\$ 10,269	\$ 532,627	\$ 486,949
Research	114,615	18,838	17,850	30,882	164,354	1,089	347,629	183,275
Public Service	23,471	8,969	1,263	3,867	41,656	1,375	80,601	38,945
Academic Support	45,469	22,608	17,593	18,360	9,002	-	113,032	104,030
Student Services	44,740	17,098	7,910	15,269	3,348	-	88,364	85,016
Institutional Support	46,762	24,445	23,903	24,664	36,862	52,395	209,031	172,169
Operation and Maintenance of Plant	80,181	19,038	11,690	21,142	55,641	1,397	189,089	133,448
Depreciation and Amortization	53,655	18,487	12,761	16,801	22,020	1,923	125,647	103,627
Scholarships and Fellowships	17,619	13,509	9,310	5,033	179	-	45,650	45,471
Auxiliary Enterprises	113,936	9,244	23,942	5,685	18,465	-	171,272	152,807
Other Expenditures								
Independent Operations	-	-	-	-	57,321	-	57,321	-
Public Service Activities	-	-	-	-	360,126	-	360,126	-
Other	-	-	-	-	-	1,002	1,002	1,002
Total Operating Expenses	\$ 789,221	\$ 249,015	\$ 180,393	\$ 218,660	\$ 814,652	\$ 69,451	\$ 2,321,391	\$ 1,506,739
Operating Income/(Loss)	\$ (271,991)	\$ (93,804)	\$ (49,914)	\$ (89,582)	\$ (19,986)	\$ (13,172)	\$ (538,449)	\$ (518,463)
NONOPERATING REVENUES/(EXPENSES)								
Federal Appropriations	\$ 7,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,044	\$ 7,044
State Appropriations	270,902	92,224	58,796	84,533	42,366	6,346	555,167	512,801
Gifts	16,128	2,750	126	3,045	8,900	-	30,949	22,049
Investment Return	11,180	3,815	1,559	2,099	8,531	6,656	33,840	25,309
Endowment Return	840	984	1,952	175	-	-	3,951	3,951
Interest on Indebtedness	(27,538)	(4,620)	(7,085)	(2,186)	(217)	(1,251)	(42,896)	(42,679)
Other Nonoperating Income	1,857	-	-	275	1,335	3,338	6,805	5,470
Net Nonoperating Revenues	\$ 280,413	\$ 95,153	\$ 55,348	\$ 87,941	\$ 60,915	\$ 15,090	\$ 594,859	\$ 533,944
Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses	\$ 8,422	\$ 1,349	\$ 5,433	\$ (1,641)	\$ 40,929	\$ 1,918	\$ 56,410	\$ 15,481
Capital Appropriations	\$ 7,014	\$ 5,500	\$ 2,000	\$ 2,500	\$ -	\$ -	\$ 17,014	\$ 17,014
Capital Grants and Contracts	-	-	-	-	-	-	-	-
Additions to Permanent Endowments	-	-	-	-	-	-	-	-
University Related Organization Transactions	500	-	-	-	-	-	500	500
Disposal of Plant Facilities	(2,200)	(987)	(1,470)	(1,301)	-	-	(5,958)	(5,958)
Gain from Disposal of Previously Discontinued Operations	-	-	-	-	-	-	-	-
Other Additions/Deductions	1,500	(1,000)	(1,401)	(500)	-	4,339	2,939	2,939
Total Other Revenues, Expenses, Gains, and Losses	\$ 6,814	\$ 3,513	\$ (871)	\$ 699	\$ -	\$ 4,339	\$ 14,495	\$ 14,495
Total Increase/(Decrease) in Net Assets	\$ 15,236	\$ 4,862	\$ 4,563	\$ (942)	\$ 40,929	\$ 6,257	\$ 70,905	\$ 29,976
NET ASSETS								
Net Assets at Beginning of Year	\$ 617,525	\$ 135,446	\$ 49,655	\$ 95,099	\$ 432,555	\$ 61,439		
Net Assets at End of Year	\$ 632,761	\$ 140,308	\$ 54,218	\$ 94,157	\$ 473,484	\$ 67,696		

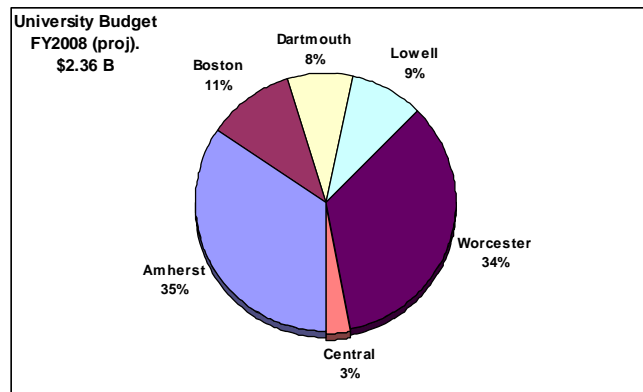
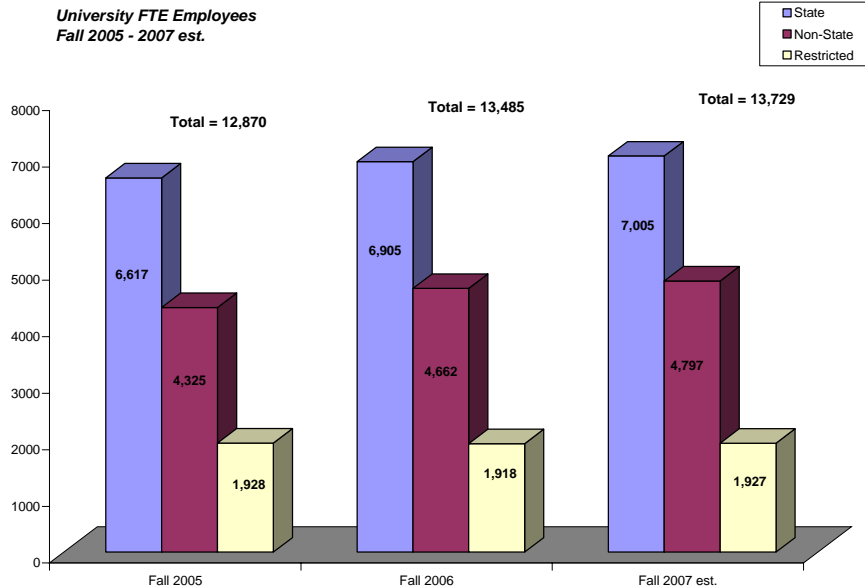


Table 3
 University of Massachusetts
 FY 2008 Operating Budget
 SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	2,449.5	2,465.7	2,538.4	72.7	3.0%
Professional Staff	2,159.8	2,379.3	2,406.1	26.8	1.1%
Classified Staff	2,007.6	2,059.8	2,060.4	0.6	0.0%
Subtotal, State Funded	6,616.9	6,904.8	7,004.9	100.1	1.4%
NON-STATE FUNDED POSITIONS					
Faculty	521.9	762.9	802.0	39.1	5.1%
Professional Staff	1,753.6	1,827.9	1,892.7	64.7	3.5%
Classified Staff	2,049.9	2,071.4	2,101.9	30.5	1.5%
Subtotal, Non-State Funded	4,325.4	4,662.2	4,796.5	134.4	2.9%
Total Unrestricted/Designated	10,942.3	11,567.0	11,801.4	234.5	2.0%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	365.4	370.5	370.9	0.4	0.1%
Professional Staff	1,197.5	1,208.1	1,216.2	8.1	0.7%
Classified Staff	244.5	233.7	234.4	0.8	0.3%
Subtotal, Grant Funded	1,807.5	1,812.2	1,821.5	9.3	0.5%
OTHER RESTRICTED POSITIONS					
Faculty	17.5	18.0	18.0	0.0	0.0%
Professional Staff	54.2	45.7	45.6	(0.1)	-0.2%
Classified Staff	49.0	42.0	42.0	0.0	0.0%
Subtotal, Other Restricted Funds	120.6	105.7	105.6	(0.1)	-0.1%
Total Restricted	1,928.1	1,918.0	1,927.2	9.2	0.5%
TOTAL UNRESTRICTED AND RESTRICTED	12,870.4	13,484.9	13,728.6	243.7	1.8%

* 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 2008

AMHERST CAMPUS



**University of Massachusetts Amherst
FY 2008 Operating Budget Narrative**

The University of Massachusetts Amherst is submitting for approval an FY08 budget totaling **\$789.2 million**. This represents a 3% increase over projected FY07 actual spending. The most significant expenditure increase is for interest on indebtedness. The campus plans to borrow an additional \$156 million in FY2008. This new financing will fund capital improvements in academic facilities and sprinkler systems in campus residence halls. Interest expense is highest in the initial borrowing years. Energy costs will also rise substantially next year because the new central heating plant will open. This new facility, which utilizes oil and natural gas, was mandated by the EPA to replace the current coal burning facility. Oil and natural gas are cleaner, but far more expensive than coal. The campus has undertaken and will continue to initiate numerous energy saving initiatives to mitigate cost increases in future years. The new studio arts building and renovated Skinner Hall are scheduled to open next year and funds are included for additional operating and maintenance costs. Almost \$3 million for additional scholarship aid has been added to the budget. This increased institutional funding, combined with federal Pell increases ensures that the percentage of grant equity students receive remains the same next academic year. However, since student fees are rising next year students will still need to pay more for their education. It would cost an additional \$1 million of institutional financial aid to allow Pell eligible students to pay the same dollar amount for their education next year as they are paying this year.

On the revenue side, the budget reflects the recently approved mandatory student fee increases. Revenue from auxiliary enterprises are anticipated to grow by 5% as higher than inflationary fee increases were approved to cover increased medical costs, higher utility prices, and additional debt costs. Income from federal grants is expected to be 4% greater in FY2008.

The budget assumes minimal additional state appropriation beyond what is needed to fully fund the FY2008 cost of previously approved collective bargaining agreements. The last two years the campus has used its share of the incremental state appropriation to fund 93 additional faculty positions. The momentum created from adding these new positions will be stalled in FY2008 because the campus is reliant on additional state funds to add more faculty since so much of the campus' resources are committed to infrastructure improvements and inflationary cost increases.

FY09-FY12 Budget Projections

The budget assumptions provided by the President's Office call for an annual 3.5% increase (exclusive of collective bargaining increases) from FY2009 to FY2012 to the state base appropriation. The Amherst campus would use one-half of this annual appropriation –approximately \$4 million per year – to leverage \$50 million in debt each year for capital repairs. While significant this \$200 million investment is far less than the current estimates which show the campus must invest \$720 million in capital improvements over the next five years or risk losing its ability to compete as a major research institution. But it would reduce the deferred maintenance per square foot ratio from \$155 in FY2007 to \$116 in FY2012.

The second half of the annual state appropriation would be used to hire additional faculty. The Amherst 250 initiative is intended to restore the faculty and allow the campus to recover its leading position as a nationally competitive public research institution. In 1998 UMASS Amherst ranked 98th among all public institutions in total research and development spending. By 2004 its ranking had dropped to 109th place because the decline in faculty had reduced the number of people capable of participating in this competition on behalf of the commonwealth. On the teaching side, early retirement programs in the early part of this decade left some parts of the campus significantly under staffed for the teaching and research responsibilities they perform. The Amherst 250 initiative addresses both the teaching and research goals that have been set for the campus. Under the President's Office revenue assumptions, approximately 30 new faculty could be hired each year from FY2009 to FY2012 and these 120 new positions, when added

to the 93 positions already funded over the last two years, would bring the campus to within 37 of its goal of 250 additional tenure track positions.

The budget assumes no significant student growth in the next five years and tuition and mandatory annual increases for both in-state and out-of-state undergraduates have been limited to 3.5%. Scholarship aid increases \$3.5 million annually to offset fee increases and to maintain the admissions profile. The only other significant projected increases to the operating budget beyond cost of living salary increases is for additional operating and maintenance costs for the new integrated science building and campus recreation center, and for additional fundraising staff to generate greater private support for this institution.

Moderate growth in federal research spending is anticipated over the next five years but state and private research support is expected to be stagnant. Interest income growth is expected to decline as ongoing construction work reduces plant fund balances. A new revenue cost sharing model for continuing education was initiated this year and is expected to spur course development in the coming years and lead to greater campus revenue.

Statement of Revenue and Changes in Net Assets – FY06-FY12

Once again this year the fiscal year operating budget is presented in the financial statement format. **Net assets** are anticipated to rise by \$60.9 million in FY07. Nearly one-half this increase is due to a \$30 million capital appropriation from the state for emergency repairs which has been transferred to the UMBA. In subsequent years the annual increase in net assets will be far more modest due to several factors:

- As new buildings come on-line depreciation costs will rise. The budget assumes this cost will escalate from \$48.6 million in FY2007 to \$74.6 million by FY2012.
- Investment revenue growth will decline as UMBA funded projects move into construction phase. Future borrowings will fund infrastructure repairs rather than new buildings, shortening the time for interest to accrue.
- Interest on Indebtedness will increase sharply as the campus leverages one-half of its annual state appropriation on additional debt to address its deferred maintenance backlog.

The state appropriation incorporates the 3.5% annual increase from FY2009 to FY2012, the cost of annual collective bargaining increases, and the additional fringe costs from adding thirty new faculty each year.

Table 1
University of Massachusetts
Amherst Campus
Fiscal Year 2008 Operating Budget Statement
(in thousands of dollars)

	FY 2008 Budgeted			
	FY 06 Actuals	FY 07 Projected Budget-Accrual/Adjusted Basis	FY 08 Budget-Accrual Basis	FY07 to FY08 Change
REVENUES				
Operating Revenues				
Tuition and Fees (net of scholarship allowances)	\$ 196,174	\$ 208,925	\$ 221,277	\$ 12,352 6%
Federal Grants and Contracts	100,526	105,351	109,867	4,516 4%
State Grants and Contracts	13,783	14,224	14,224	- 0%
Local Grants and Contracts	992	1,035	1,035	- 0%
Private Grants and Contracts	22,318	23,211	23,211	- 0%
Sales & Service, Educational	7,262	6,423	6,502	79 1%
Auxiliary Enterprises	117,870	127,488	133,970	6,482 5%
Other Operating Revenues:				
Sales & Service, Independent Operations				
Sales & Service, Public Service Activities				
Other	8,900	7,871	7,144	(727) -9%
Total Operating Revenues	\$ 467,825	\$ 494,528	\$ 517,230	\$ 22,702 5%
EXPENSES				
Operating Expenses				
<i>Educational and General</i>				
Instruction	\$ 236,337	\$ 248,509	\$ 248,773	\$ 264 0%
Research	100,352	111,750	114,615	2,865 3%
Public Service	23,064	23,769	23,471	(298) -1%
Academic Support	41,555	44,839	45,469	630 1%
Student Services	39,047	40,312	44,740	4,428 11%
Institutional Support	45,185	44,861	46,762	1,901 4%
Operation and Maintenance of Plant	68,211	77,049	80,181	3,132 4%
Depreciation and Amortization	44,363	48,555	53,655	5,100 11%
Scholarships and Fellowships	13,221	14,107	17,619	3,512 25%
<i>Auxiliary Enterprises</i>	101,917	110,580	113,936	3,356 3%
<i>Other Expenditures</i>				
Independent Operations				
Public Service Activities				
Total Operating Expenses	\$ 713,252	\$ 764,331	\$ 789,221	\$ 24,890 3%
Operating Income/(Loss)	\$ (245,427)	\$ (269,803)	\$ (271,991)	\$ (2,188) 1%
NONOPERATING REVENUES/(EXPENSES)				
Federal Appropriations	\$ 7,044	\$ 7,044	\$ 7,044	\$ - 0%
State Appropriations	250,094	273,728	270,902	(2,826) -1%
Gifts	13,714	14,973	16,128	1,155 8%
Investment Return	19,937	16,913	11,180	(5,733) -34%
Endowment Return	227	242	840	598 247%
Interest on Indebtedness	(14,601)	(17,720)	(27,538)	(9,818) 55%
Other Nonoperating Income	1,682	1,857	1,857	- 0%
Net Nonoperating Revenues	\$ 278,097	\$ 297,037	\$ 280,413	\$ (16,624) -6%
Income Before Other Revenues, Expenses, Gains, and Losses	\$ 32,670	\$ 27,234	\$ 8,422	\$ (18,812) -69%
Capital Appropriations	\$ 10,972	\$ 33,900	\$ 7,014	\$ (26,886) -79%
Capital Grants and Contracts				
University Related Transactions	593	500	500	- 0%
Disposal of Plant Facilities	(2,644)	(2,200)	(2,200)	- 0%
Other Additions/Deductions	1,406	1,500	1,500	- 0%
Total Other Revenues, Expenses, Gains & Losses	\$ 10,327	\$ 33,700	\$ 6,814	\$ (26,886) -80%
Total Increase in Net Assets	\$ 42,997	\$ 60,934	\$ 15,236	\$ (45,698) -75%
NET ASSETS				
Net Assets at Beginning of Year	\$ 513,594	\$ 556,591	\$ 617,525	\$ 60,934 11%
Net Assets at End of Year	\$ 556,591	\$ 617,525	\$ 632,761	\$ 15,236 2%

Table 2
 University of Massachusetts
 Amherst Campus
 Fiscal Year 2008 Operating Budget Statement
 SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	1,179.0	1,175.0	1,220.0	45.0	3.8%
Professional Staff	820.0	918.0	928.0	10.0	1.1%
Classified Staff	1,119.0	1,144.0	1,144.0	0.0	0.0%
Subtotal, State Funded	3,118.0	3,237.0	3,292.0	55.0	1.7%
NON-STATE FUNDED POSITIONS					
Faculty	22.0	22.0	22.0	0.0	0.0%
Professional Staff	359.0	329.0	339.0	10.0	3.0%
Classified Staff	843.0	849.0	849.0	0.0	0.0%
Subtotal, Non-State Funded	1,224.0	1,200.0	1,210.0	10.0	0.8%
Total Unrestricted/Designated	4,342.0	4,437.0	4,502.0	65.0	1.5%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	43.0	48.0	48.0	0.0	0.0%
Professional Staff	191.0	195.0	195.0	0.0	0.0%
Classified Staff	54.0	58.0	58.0	0.0	0.0%
Subtotal, Grant Funded	288.0	301.0	301.0	0.0	0.0%
OTHER RESTRICTED POSITIONS					
Faculty	16.0	18.0	18.0	0.0	0.0%
Professional Staff	37.0	36.0	36.0	0.0	0.0%
Classified Staff	45.0	40.0	40.0	0.0	0.0%
Subtotal, Other Restricted Funds	98.0	94.0	94.0	0.0	0.0%
Total Restricted	386.0	395.0	395.0	0.0	0.0%
TOTAL UNRESTRICTED AND RESTRICTED	4,728.0	4,832.0	4,897.0	65.0	1.3%

* 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 2008

BOSTON CAMPUS



**University of Massachusetts Boston
FY 2008 Operating Budget**

A. STRATEGIC PLANNING PROCESS UNDERWAY

The University of Massachusetts at Boston is actively engaged in planning for its future. The strategic planning process: ***UMass Boston Renewal: Fidelity to Urban Mission***, got underway in September 2006 with the formation of the Chancellor's Strategic Planning Task Force. The task force, which was charged with receiving input from throughout the campus' internal and external constituencies, has met frequently and held two retreats. The task force and the work of its six committees will result in a comprehensive report, due June 29, 2007, that will recommend strategic directions for UMass Boston.

Supporting the strategic plan will be the development of a **master plan that will address the physical needs of the campus** in a manner that supports the academic and student life enterprise. The master planning effort, currently being managed by the Master Planning Committee of the Strategic Plan Task Force, will help us determine what UMass Boston will look like in the future – with considerations for our academic space, transportation needs and how our campus can be more physically linked to the local community, to name just a few areas of interest. Together, these efforts will chart the physical and intellectual pathways towards the University's future.

The June 29, 2007 deadline for completion of the strategic plan report ensures that an implementation schedule for the new strategic plan will coincide with the culmination of the present guiding influence: ***UMass Boston 2008 Strategic Plan: Retention, Research and Reputation***.

B. UMass Boston: RETENTION, RESEARCH AND REPUTATION

The decisions made during the current year and those that will be made affecting fiscal year 2008 have been and will be guided by UMass Boston *2008 Strategic Plan: Retention, Research and Reputation*, which resulted from a similar university-wide planning process. The FY08 operating budget represents a general plan for the year to support the Board of Trustees' priorities and campus priorities, as established by Senior Leadership of the University of Massachusetts Boston. These six campus 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 the **well being of employees** and respect the values of **diversity, civility and sense of community**
6. Enhance the **commitment to service excellence**

This narrative provides a review of FY07 spending and accomplishments, and describes FY08 funding initiatives in the context of these strategic priorities, to allow us to measure performance against these investments.

C. FY2007 REVIEW

Leaving aside the annualized cost of funded collective bargained contracts, in FY07 the campus moved forward with additional resources resulting from a \$3.3 million (4.2%) increase in the state appropriation and a modest 4.3% increase in mandatory fee for resident undergraduates. With these new resources, along with reallocations, we were able to fund approximately \$8.3 million of new and on-going initiatives consistent with our current strategic plan.

Of the \$8.3 million of new or reallocated funds, \$3.9 million (47%) was allocated for instruction-related costs, including:

- o Salaries for new, full-time, faculty,
- o The annualized cost of full-time faculty hired the previous year,
- o Additional part-time faculty needed to support a growing enrollment,
- o Additional academic support staff,
- o Additional funds for accreditation planning, and
- o Additional operating funds for the colleges.

Of the remaining funds:

- \$1,000,000 (12%) was allocated toward debt service in an effort to increase the campus' debt capacity;
- \$925,000 (11%) was dedicated to additional preventive maintenance contracts and general repair projects;
- \$800,000 (10%) was added to need-based undergraduate financial aid, a 20% increase over the prior year;
- \$500,000 (6%) was allocated to the Healey Library;
- \$350,000 (4%) was added to the base budget for campus-funded categorical fee waivers (for graduate assistants, employees, veterans, etc.);
- \$200,000 (2%) was allocated to Office of University Advancement, in the continuing effort to rebuild the capacity of that office;

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

- Expanding funding for Community Relations and Communications efforts,
- Increasing funding for Athletics and Recreation, and related special events,
- Adding to the number of Admissions Counselors,
- Increasing funding for Student Activities, and
- Adding to the number of employee training and development initiatives.

D. STRATEGIC PRIORITIES

Last year, UMass Boston completed a campus-wide effort to develop a set of strategic priorities for UMass Boston for fiscal years 2007 and 2008. These priorities are grounded in the Trustees priorities for the University, and have served 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, *UMass Boston Renewal: Fidelity to Urban Mission*, which will guide the campus beginning in FY09.

As mentioned above, six priorities emerged as the guideposts for the development of the FY07 budget, and now the FY08 budget process. Decisions to allocate new funds or to reallocate existing funds in FY08 will be grounded in these priorities.

1. INCREASE ENROLLMENT

Enrollments increased from fall 2005 to fall 2006 by 4%, double the 2% estimate that had been built into the FY07 budget. As compared to fall 2005, fall 2006 applications for new freshmen increased by 492 (13%), the number of new freshmen admitted increased by 405 (21%) and 193 (25%) more freshmen enrolled. New transfer enrollment increased by 177 (13%).

UMass Boston's spring 2007 enrollment shows a healthy increase. New student enrollment was at 839, up 10% from the 746 new undergraduates in spring 2006. Overall enrollment is at 12,222, up 11% from 11,015 in spring 2006. Enrollment numbers for CCDE courses also show strong growth over last year, in spring 2006 the total CCDE registration headcount was 2,306. Spring 07 shows an increase of 756 (33%) to 3,062. These figures include all students enrolled in courses through CCDE.

At present, fall 2007 undergraduate applications are up 15.9%, admit numbers are up 9.9%, and 710 deposits have been received versus 533 at this time last year. Graduate applications are up 5% versus last year at this time.

We remain keenly focused on recruitment and retention, with a particular emphasis on retention. Overall enrollment targets have been established for the campus and for each college, and the Chancellor's Strategic Planning Task Force has informally adopted an overall enrollment goal of 15,000 students by fall 2010. In support of our efforts to increase enrollment and improve retention, we will enhance our efforts on a number of fronts. Enrollment initiatives in FY07 include:

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

85% of UMass Boston students receive financial aid. The campus has increased funding for financial aid by more than 200% since 2003 (\$1.2 million in FY '03 to just under \$4 million in FY '06). In fiscal year 2007, through prudent management, an additional \$800,000 was made available for student financial aid needs. This will continue to be a major need and priority in the years ahead.

- **Enhance the recruitment/orientation experience**

UMass Boston is partnering with a company called ConnectEdu to provide the technology to receive admissions applicant transcripts electronically directly from high school and community college information management systems into UMass Boston's PeopleSoft student system, expediting the admissions procedures. UMass Boston will pilot this technology for the UMass system. Once this is implemented, UMass Boston will be the first college or university in Massachusetts to receive electronic transcripts via this method.

The Office of Enrollment Management added to its number of Admissions Counselor's in FY07. In addition, the campus, led by the Office of Enrollment Management, is developing a number of enhancements in its recruitment and orientation activities and programs, most prominent among them being the campus "Welcome Day" for new and accepted students.

On March 31, 2007, "Welcome Day," the campus hosted 1,136 guests (541 students and 605 family members) for a day of presentations by the chancellor, our colleges, academic programs and services, enrollment management, student affairs, student centers, clubs and organizations, campus center services and athletics that were designed to promote the campus and convince the students who have been admitted for fall that UMass Boston is the university for them. Our participation this year was 50% more than last year when we had 404 students and 335 guests for a total of 739 participants.

- **Enhance student services and retention**

In FY07, the campus increased funding for Student Support Services, including academic advising, career services, disability services, and other support services. In addition, within the College of Management, we provided funds for a Student Services Specialist, and the Graduate College of Education received funding for a Director of Teacher Preparation. The campus recognizes that its greatest challenge is not attracting students, but retaining them. As such, the campus intends to provide additional funding in FY08 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 life experience. Initiatives that enhance the campus life 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.

• **Continue to Support UMass Boston's Pre-Collegiate Programs**

UMass Boston's pre-collegiate programs continue to promote access to a diverse group of students:

- 120 students enrolled in Urban Scholars, a seven-week program offering academic classes in the morning and enrichment activities in the afternoon.
- Project REACH enrolled 600 students for five weeks, providing classes and college and career awareness.
- GEAR-UP involved another 30 students who took classes that prepared them for the SAT college board test.
- 425 students were enrolled in our Admissions Guaranteed Program.
- The Upward Bound and Math/Science Upward Bound programs served 160 students.
- 400 students took advantage of the Talented and Gifted Program/ALERTA.
- Camp Shriver, an inclusive summer camp for children with and without intellectual disabilities, provided a day camp opportunity for 65 children, ages 9-12, from Boston, Cambridge and Brockton.
- A transportation institute for young people organized by the Physics Department and Engineering Program attracted 15 students.
- Other opportunities included a special program serving approximately 300 talented and gifted Latino youth from the Boston Public Schools, a journalism seminar for high school students, and a program for approximately 60 Latino Boston Public Schools middle school students.

In addition, 254 students took advantage of the Directions for Student Potential (DSP) program in summer 2006 and 242 graduated into the College of Liberal Arts (a success ratio of 95% compared with an 89% rate in 2005). This free summer program offers remedial skills courses and guaranteed admission to those who completed it successfully. There will be 250 students enrolled in the DSP in summer 2007.

• **Enhance the campus' marketing and outreach efforts**

Recognizing the importance of branding and the need to raise the profile of the University, UMass Boston has been actively involved in the University's system-wide marketing initiative and is poised to launch a more formal and comprehensive marketing effort for the Boston campus in the 2007-2008 academic year. The result will be strengthened marketing initiatives with greater appeal and value to our recruitment and retention efforts.

In specific areas:

- We are expecting continued growth in on-line programming
- Our partnership with the Tsinghua Bridge Program has enrolled 28 students from China. This will continue to expand. There are currently 86 students in the next cohort at Tsinghua who are preparing to apply to UMass Boston for admission in fall 2007.
- The Confucius Institute, which promotes Chinese language and culture and supports local Chinese teaching, was launched this fall. We expect the Institute to raise the level of visibility of UMass Boston, both locally and internationally.
- We are strengthening our ties to local English as a Second Language programs, including some formal admission agreements, to recruit international students.

2. ENHANCE STUDENT TEACHING AND LEARNING

• **New Faculty**

The academic program at UMass Boston has been strengthened by the hiring of 23 new tenured or tenure-track faculty. There are currently 38 searches underway for additional new full-time faculty for fall

2007. We anticipate, after normal attrition and a certain number of failed searches, a net influx of ten new, full-time, tenured or tenure-track faculty. This increase will strengthen undergraduate and graduate teaching and 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.

During FY08, the campus will formulate a longer-term goal to increase the proportion of tenured and tenure-track faculty to 75% of total FTE faculty, from the present 62%.

• **Technology for Instruction/Upgraded Classrooms**

In support of effective teaching, during FY07, technology was added to 57 classrooms, bringing the total number of “smart” classrooms to 74 of the 98 general purpose classrooms on campus. This decision to improve our classrooms was made after receiving critical input from faculty and students that these areas had been neglected for too many years. New furnishings have moved most of our classrooms from the “circa 1970s high school look and function” to a more comfortable and effective environment in which to learn.

In addition to technology, the campus outfitted many classrooms and common spaces with new furnishings. This enhanced the functionality and comfort of the furnishings utilized by students, in classrooms as well as informal settings where students go to relax and study. Proceeds from a capital lease, issued in 2003, are the source funds for these initiatives; the operating budget supports them via debt service.

Classrooms and auditoria that are currently lacking in state of the art audio, video and information technology or furnishings will be upgraded during this spring and early FY08.

To enhance the delivery and scope of information technology services for students, the university has (a) upgraded technology systems in 70% of university classrooms for enhanced learning; (b) implemented a new student E-mail system for greater security; (c) expanded wireless network access (Wi-Fi coverage) on campus; (d) expanded and refurbished the Assisted Learning Center to improve computer access for disabled students; and (e) established a state-of-the-art media center to facilitate language instruction and the use of multimedia tools. In collaboration with two other UMass campuses, UMass Boston put in place a new self-service student information system (WISER), allowing students to update and maintain their personal, academic, and financial information.

To support faculty in their teaching activities, the university has (a) implemented a new e-learning management system (Web Course Tools or WebCT), (b) increased help desk hours and implemented a Web-based inquiry system for on-line assistance with technology questions, and (c) installed 340 new computers and deployed the latest anti-virus software for the campus teaching labs. The newly implemented WISER information system allows faculty to access class rosters and permission numbers, enter grades, and view and print degree audits for advising purposes.

We expect to pursue additional IT projects in FY08 that will continue to improve the learning and teaching experience for UMass Boston students.

• **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. In FY07, the campus made available an additional \$545,000 for upgraded stipends and 24 additional FTE assistantships.

• **Internships/Service Learning**

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

3. MANAGEMENT of PHYSICAL INFRASTRUCTURE and SPACE

• Capital Projects and Deferred Maintenance

Over the past year and a half, the campus has worked to gain a full understanding of all of the structural needs, as well as communicate that understanding to the board of trustees, the president's office, the Division of Capital Asset Management (DCAM), the governor's office and the legislature. It became increasingly clear that the University needed a comprehensive picture of our long term capital and strategic needs. Working with leading construction and engineering firms, the scope of our physical plant needs is now documented as well as the work needed to shore up the sub-structure. In the year ahead, we shall work closely with DCAM to prepare a campus master plan that shall serve as a blueprint for further development of our campus.

The campus' deferred maintenance is a significant issue. The current cost for addressing all deferred maintenance, including implementing a permanent solution for the substructure, is estimated at \$437,005,000. Except for the Campus Center, every building on campus has issues related either to its exterior envelope, roof, or mechanical, electrical and plumbing systems, or some combination of the foregoing. And, of course, the substructure acts as the foundation for all but the Clark Center and Campus Center. The indoor parking garage, which comprised the bulk of the space that serves as the substructure, was closed at the start of fiscal year 2007 due to concern for public safety after incidents involving crumbling concrete and pipes coming loose from ceiling anchors.

At the start of fiscal year 2007, \$78 million of escrowed bond and lease proceeds, including \$12 million of Chapter 122 supplemental bond funding, was available to the campus. As a result, facilities improvement projects were undertaken in every one of the campus' ten buildings as well as offshore. These projects became priorities for 2007 because of three goals: ensuring safe and secure use of campus space; supporting academic and student life; and providing structural support to the campus' infrastructure.

Projects in design or already under way included: implementing new surface parking lots, upgrading elevators and fire alarm systems; replacing roofs and the Campus Center doors; creating new venues for learning and research, such as the Nursing Learning Center, McCormack Graduate School, and McCormack Theater's back-of-the-house operations, and providing additional shoring for the substructure. In addition, DCAM continues to make progress on installing sprinkler systems within campus facilities; it is estimated that it will require DCAM to spend an additional \$10 million to complete the sprinkler project.

In addition to addressing deferred maintenance, UMass Boston is excited about the prospect of constructing new academic and research buildings on campus. The current capital plan incorporates \$80 million for the construction of two such facilities. Our planning for the next five years anticipates a \$100,000,000 financing in FY09: \$40 million for new construction and \$60 million to address deferred maintenance. We anticipate taking possession of a new academic building in FY11. Additionally, we anticipate borrowing an additional \$100,000,000 in FY12, with \$40 million to finance a second new building, and \$60 million for deferred maintenance.

With \$78 million on hand and an additional \$120 million borrowed through 2012 to address deferred maintenance, the campus will need additional Commonwealth support to make up the gap between the campus' \$200 million and the \$437 million of identified deferred maintenance needs, including the sub-structure.

• Debt Service

Our total debt service payments have leveled off at a projected \$13.2 million in FY08, down \$400,000 from FY07 as some short-term loans taken out to finance the PeopleSoft project will have matured. With the addition of \$100 million of debt midway through FY09, debt service is expected to increase to \$13.8 million and \$17.7 million in fiscal years 2009 and 2010, respectively, but level off again to \$15.5 million in

FY11 and \$14.7 million in FY12 due to maturity of lease obligations, before rising again in FY13 as a result of the end-of-year \$100 million financing in FY12.

4. 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. As of the third quarter of FY07, UMass Boston was awarded \$37,800,225 in extramural support, or \$7.1 million more than the same time last year. In fact, the FY07 year-to-date award total is 98% of the award total for all of FY06. UMass Boston is close to achieving and perhaps exceeding the stated goal of \$50 million in research grants and sponsored program awards by the end of FY08.

UMass Boston seeks to excel in both pure and applied research that advances knowledge and creates a better society for all. Research efforts continue in the physical sciences, the humanities and interdisciplinary areas as identified in the 2008 strategic plan. Improvements in the research infrastructure of the campus and establishing large-scale, multidisciplinary research partnerships with businesses, nonprofits, governments and other institutions were again a focus of efforts in academic year 2006-2007. A few examples of these efforts follow:

- The Office of the Vice Provost for Research has initiated implementation of an innovative distributed research administration model, a hallmark of the most successful research institutions. The first two departmental research administrators (DRAs) have been hired, one assigned to the College of Liberal Arts and one assigned to the Institute for Community Inclusion. These individuals will serve as dedicated grant administration support for their assigned units. The search for a third DRA, to be assigned to the College of Nursing and Health Sciences, is underway.
- UMass Boston was awarded \$5 million in state support (\$4 million capital, \$1 million operations) under the Economic Stimulus II legislation for the design, construction and development of a Venture Development Center (VDC), a state of the art research and business development center offering specialized core research and development facilities for collaborations with businesses and other research institutions to develop methods and technologies that can be translated into new commercial services and products. To be located in the former Wheatley Building cafeteria, the VDC will build the university's intellectual capital by attracting and leveraging resources and expertise, helping to transform UMass Boston into a nationally prominent urban research institution that enriches the lives of all members of our community. The project completion date is September 2008.
- The Institute for Community Inclusion (ICI) within the Division of General Pediatrics at Children's Hospital and located at the University of Massachusetts Boston formally and publicly in October 2006 announced an exciting five-year project called "Opening Doors for Children and Youth with Disabilities and Special Health Care Needs: A Rehabilitation Research & Training Center." The project, funded by the National Institute on Disability and Rehabilitation Research (NIDRR) of the U.S. Department of Education is the only center of its type in the country. The Opening Doors Project will research the educational, recreational, and early health screening strategies that seek to improve the lives of all children and youth with disabilities and medical conditions.

• New Faculty and Research Assistants

An influx of new faculty will help us in our effort to expand research activity. The recommendations of the Strategic Planning Task Force, due June 29, 2007, are expected to include an increase in the number of assistantships offered in order to further support expansion of graduate programs and the campus' research endeavors.

- **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). Also, in FY08 we plan to take full advantage of the newly implemented PeopleSoft grants management software, continue our focus on research compliance, upgrade selected research laboratories, increase our support for internal grant programs with the expectation they will lead to extramural sponsored programs, and leverage resources to fund substantial startup packages for selected new faculty hires.

- **Enhanced Marketing**

The campus will develop marketing strategies and focus resources on communications to increase the likelihood of proposals turning into awards

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

- **Employee Training and Enrichment**

Our faculty and staff are the most important assets of our university community. During FY07 we increased funding for employee development programs by \$55,000, and the Office of Human Resources (HR) has responded by increasing the number of employee training and enrichment seminars. In addition, HR contracted with a third party Employee Assistance Program (EAP). The EAP is available to employees who are dealing with challenging work-related or personal matters.

- **Creating a Welcoming Environment**

The campus is actively engaged in creating a “Welcoming Environment.” On the physical plant front, we are improving the appearance of the campus and its infrastructure, and improving the appearance and usefulness of signage in order to make the campus safer, more welcoming and navigable. In addition, we intend to increase emphasis on customer service at every level in order to exceed the expectations of our students and their parents, our faculty and staff, and other campus constituents. We hope these efforts will favorably impact student recruitment and retention and generally improve the environment for all members of the university community.

- **Safety Planning/Crisis Management**

The campus is actively engaged in the President's Office system-wide Crisis Management planning effort. In addition, we are planning for safety; i.e., educating and preparing the campus to respond to a pandemic or other major unwelcome event. We expect that our efforts to address deferred maintenance will reduce the risk of adverse consequences from equipment or system failure or crumbling assets.

6. 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, and colleagues) are a focus for FY08. 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 and 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, particularly support staff-to faculty ratios;
- Additional evening hours to provide service to evening students in student life; and
- Additional staff in the Housing Office to meet the increasing demands of student requests for assistance.

E. FINANCIAL STABILITY

UMass Boston is committed to generating positive results from operations and adding to its base of net assets on an annual basis. Knowing that future mandatory fee increases will be limited to or near the cost of living index, the campus will seek to manage its finances, including setting aside a portion of incremental revenue each year, in an effort to limit the rate of growth in spending relative to revenue. For 2007, UMass Boston is projecting a positive operating margin, and we are budgeting to do so in FY08. Positive operating results, plus continuing support from DCAM for surface parking, substructure stabilization, and various building improvement projects, will help to ensure that we generate an increase in net assets for FY07 and FY08.

In FY08, we will endeavor to increase auxiliary and other revenue streams and will review non-mandatory rates and charges to ensure that auxiliary enterprises and other fee for service activities are adequately funded by user fees. Additionally, we continue to strengthen the Office of University Advancement, and are preparing for a significant capital campaign with the goal of maximizing fund raising. Our goal for FY08 is a 30% increase in private funds raised which, when additional enrollment is considered, will result in increased endowment support for the campus in the coming years.

Increased investment in the Office of Research and Sponsored Programs, including the addition of three (two new, one search underway) departmental research administrators, 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 and base of net assets, thereby insuring financial stability.

F. EXPECTED INCREMENTAL RESOURCES AND THEIR USE

The Governor's House 1 budget plan contemplated only a modest \$948,297 increase in general funding for the university system; UMass Boston's share is an estimated \$162,000. The currently unfunded FY08 cost of new faculty hires in the 07-08 academic year is an estimated \$1,200,000. UMass Boston can manage this differential in FY08 by making use of reserves that it had established in FY07 for one-time items, such as the unfunded FY02 retroactive salary payments for terminated, retired and current non-unit personnel and for Local 888.

The House Ways and Means Committee's proposed budget for FY08, released April 11, 2007, would increase funding for the university system by approximately \$7.0 million. Under such a plan, UMass Boston's FY08 share of the state appropriation would rise by approximately \$1.2 million.

With regard to incremental student fees, the FY08 UMass Boston Budget includes an estimate of \$4.8 million of new fee revenue resulting from the combination of a 4.2% increase in mandatory fees and enrollment growth. At present, it is contemplated that \$1.5 million of incremental revenue will be needed to address the rising cost of electricity, which rose from 5.12 cents per kWh to 9.85 cents per kWh, effective March 2007. In addition, the campus plans to increase funding for undergraduate need-based financial aid and categorical waivers (\$1.55 million); add to our base funding for debt service (\$500,000);

add \$500,000 to a reserve; and make judicious use of remaining new resources and existing resources that may be reallocated.

G. SUMMARY

The Boston campus, energized by our increase in enrollment and emphasis on student services and retention, 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 consistent with the Board of Trustees' priorities.

Table 1
University of Massachusetts
Boston Campus
Fiscal Year 2008 Operating Budget Statement
(in thousands of dollars)

	FY 2008 Budgeted				
	FY 06 Actuals	FY 07 Projected Budget-Accrual/Adjusted Basis	FY 08 Budget-Accrual Basis	FY07 to FY08 Change	
REVENUES					
Operating Revenues					
Tuition and Fees (net of scholarship allowances)	\$ 81,415	\$ 88,769	\$ 96,342	\$ 7,573	9%
Federal Grants and Contracts	30,701	29,826	32,384	2,558	9%
State Grants and Contracts	6,706	5,918	6,242	324	5%
Local Grants and Contracts	1,301	1,680	1,824	144	9%
Private Grants and Contracts	7,632	6,721	7,298	577	9%
Sales & Service, Educational	1,302	2,251	2,000	(251)	-11%
Auxiliary Enterprises	9,088	8,998	9,056	58	1%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	562	227	66	(161)	-71%
Total Operating Revenues	\$ 138,707	\$ 144,390	\$ 155,211	\$ 10,821	7%
EXPENSES					
Operating Expenses					
<i>Educational and General</i>					
Instruction	\$ 88,523	\$ 95,536	\$ 96,779	\$ 1,243	1%
Research	19,938	18,532	18,838	306	2%
Public Service	7,502	8,569	8,969	400	5%
Academic Support	21,148	22,351	22,608	258	1%
Student Services	15,399	16,480	17,098	618	4%
Institutional Support	28,168	25,183	24,445	(738)	-3%
Operation and Maintenance of Plant	18,945	18,470	19,038	569	3%
Depreciation and Amortization	18,120	18,710	18,487	(223)	-1%
Scholarships and Fellowships	10,754	11,959	13,509	1,550	13%
<i>Auxiliary Enterprises</i>	7,595	8,974	9,244	269	3%
<i>Other Expenditures</i>					
Independent Operations					
Public Service Activities					
Total Operating Expenses	\$ 236,092	\$ 244,764	\$ 249,015	\$ 4,251	2%
Operating Income/(Loss)	\$ (97,385)	\$ (100,374)	\$ (93,804)	\$ 6,570	-7%
NONOPERATING REVENUES/(EXPENSES)					
Federal Appropriations					
State Appropriations	93,562	98,223	92,224	(5,999)	-6%
Gifts	1,783	2,500	2,750	250	10%
Investment Return	4,539	4,850	3,815	(1,035)	-21%
Endowment Return	582	955	984	29	3%
Interest on Indebtedness	(4,964)	(4,959)	(4,620)	339	-7%
Other Nonoperating Income	713	1,350	-	(1,350)	-100%
Net Nonoperating Revenues	\$ 96,215	\$ 102,919	\$ 95,153	\$ (7,766)	-8%
Income Before Other Revenues, Expenses, Gains, and Losses	\$ (1,170)	\$ 2,545	\$ 1,349	\$ (1,196)	-47%
Capital Appropriations	\$ 4,805	\$ 5,565	\$ 5,500	\$ (65)	-1%
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities	(1,722)	(987)	(987)	-	0%
Other Additions/Deductions	(1,273)	(1,273)	(1,000)	273	-21%
Total Other Revenues, Expenses, Gains & Losses	\$ 1,810	\$ 3,305	\$ 3,513	\$ 208	6%
Total Increase in Net Assets	\$ 640	\$ 5,850	\$ 4,862	\$ (988)	-17%
NET ASSETS					
Net Assets at Beginning of Year	\$ 128,956	\$ 129,596	\$ 135,446	\$ 5,850	5%
Net Assets at End of Year	\$ 129,596	\$ 135,446	\$ 140,308	\$ 4,862	4%

Table 2
 University of Massachusetts
 Boston Campus
 Fiscal Year 2008 Operating Budget Statement
 SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	427.4	424.7	434.7	10.1	2.4%
Professional Staff	328.4	338.1	345.0	6.9	2.0%
Classified Staff	303.5	298.3	298.0	(0.3)	-0.1%
Subtotal, State Funded	1,059.3	1,061.1	1,077.7	16.6	1.6%
NON-STATE FUNDED POSITIONS					
Faculty	162.5	208.9	225.6	16.7	8.0%
Professional Staff	199.5	199.6	200.0	0.4	0.2%
Classified Staff	68.5	78.3	78.0	(0.3)	-0.3%
Subtotal, Non-State Funded	430.5	486.8	503.6	16.8	3.5%
Total Staffing Unrestricted/Designated Funds	1,489.8	1,547.9	1,581.3	33.4	2.2%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	3.8	1.2	3.0	1.8	150.0%
Professional Staff	89.2	98.4	101.0	2.6	2.6%
Classified Staff	13.2	10.9	13.0	2.1	19.0%
Subtotal, Grant Funded	106.2	110.5	117.0	6.5	5.8%
OTHER RESTRICTED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0%
Total Staffing Restricted Funds	106.2	110.5	117.0	6.5	5.8%
TOTAL STAFFING ALL FUNDS	1,596.0	1,658.4	1,698.3	39.9	2.4%

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

OPERATING BUDGET

for Fiscal Year 2008

DARTMOUTH CAMPUS



**University of Massachusetts Dartmouth
FY 2008 Operating Budget Narrative**

Fiscal Year 2008 presents many opportunities for the Dartmouth Campus as well as continuing challenges. Based on the initial FY2008 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 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 2007 financial results as well as our projected fiscal year 2008 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 graduate programs; 2) Investment in Public Safety and 3) Investment in fundraising and economic development. These priorities are the driving factor behind the fiscal year 2008 budget process. This brief narrative outlines specific revenue and expense streams.

Revenues

The fiscal year 2008 state appropriation estimate is based on the Governor's House I budget. This allocation does not include any collective bargaining for fiscal year 2008 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 2008 CSF revenues are estimated to generate \$45.7 million dollars, an increase of approximately \$2.1 million dollars over the revenues generated in fiscal year 2007. These additional funds will be utilized first for additional need based and merit based financial aid for students, for strategic faculty replacements to meet growing enrollment demands in specific programs, dramatic increases in utility costs, continuing to fund library costs impacted by several years of level funding, investments in student services to meet the demands of a growing student population, specifically public safety, and funds for additional debt service associated with 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 2008. 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 2008 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.

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 four fiscal years, in accordance with the campus's overall strategic growth plan. The construction of a new 1200 apartment style residence hall (completed and occupied in the fall 2005 semester) was the main input for the increased revenues. Occupancy in the residence halls is near 95% with approximately 4,000 students (Fiscal Year 2007). Revenues have grown from \$7.8 million in fiscal year 2002 to a projected \$24.7 million in fiscal year 2008. Additional revenues will be used for increased utility costs, collective bargaining obligations, additional staff for the renovated halls, as well as deferred maintenance issues with the existing residence halls. The campus will renovate existing beds in the Cedar Dell complex over the summer to accommodate 400 of the 800 beds. The renovation is scheduled to be complete by Fall 07. It is expected that the remaining 400 beds will open in Fall 08. The fiscal year 2008 Housing budget addresses the renovations utilizing cash balances and funds held by the University of Massachusetts Building Authority.

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, conferencing, camps, and other catering needs as requested by the Campus. Revenues have increased from \$4.6 million in fiscal year 2002 to a projected \$9.5 million in fiscal year 2008. There are approximately 2,800 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. Included in the fiscal year 2008 budget is \$300,000 to renovate the resident's dining hall serving areas. Other projects include updating major kitchen equipment and other visible improvements to the Campus's dining areas. These improvements are the final stage of a multi-year plan to modernize our dining facilities. 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 its own 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 \$6.5 million in fiscal year 2008. 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 campuses 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 2008. The Campus Store has undertaken a planning to better utilize used textbooks. This should result in a savings to students.

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 are the underlying strengths of Continuing Education and are consistent with the campus' growth strategy with regards to its Strategic Plan. The Continuing Education budget reflects investments made by the campus to increase our community base as well as our professional and continuing education programs.

Expenses

The fiscal year 2008 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 2008 budget process. In addition to these priorities, there is cost 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, information technology, and professional development. Fiscal year 2008 costs include faculty recruitment tied to specific hiring plans (15 for FY 08) 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 has lost nearly 125 faculty. In addition, there are resources being invested in information technology, facilities and maintenance, classroom renovations, libraries, 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 mission 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

Table 1
University of Massachusetts
Dartmouth Campus
Fiscal Year 2008 Operating Budget Statement
(in thousands of dollars)

	FY 2008 Budgeted			
	FY 06 Actuals	FY 07 Projected Budget-Accrual/Adjusted Basis	FY 08 Budget-Accrual Basis	FY07 to FY08 Change
REVENUES				
Operating Revenues				
Tuition and Fees (net of scholarship allowances)	\$ 52,787	\$ 60,004	\$ 62,914	\$ 2,910 5%
Federal Grants and Contracts	16,453	16,207	16,612	405 3%
State Grants and Contracts	6,696	5,654	5,795	141 3%
Local Grants and Contracts	33	40	41	1 3%
Private Grants and Contracts	2,916	5,535	5,673	138 2%
Sales & Service, Educational	56	-	-	- 0%
Auxiliary Enterprises	30,597	31,941	34,891	2,699 8%
Other Operating Revenues:				
Sales & Service, Independent Operations				
Sales & Service, Public Service Activities				
Other	\$ 4,837	\$ 4,449	\$ 4,551	\$ 102 2%
Total Operating Revenues	\$ 114,375	\$ 123,830	\$ 130,478	\$ 6,648 5%
EXPENSES				
Operating Expenses				
<i>Educational and General</i>				
Instruction	\$ 52,618	\$ 52,339	\$ 54,171	\$ 1,832 4%
Research	17,996	17,415	17,850	435 3%
Public Service	1,008	1,232	1,263	31 3%
Academic Support	22,294	17,164	17,593	429 2%
Student Services	7,092	7,717	7,910	193 2%
Institutional Support	16,535	23,320	23,903	583 3%
Operation and Maintenance of Plant	14,151	10,690	11,690	1,000 9%
Depreciation and Amortization	11,687	12,153	12,761	608 5%
Scholarships and Fellowships	1,962	8,785	9,310	525 6%
<i>Auxiliary Enterprises</i>	17,055	21,742	23,942	2,200 10%
<i>Other Expenditures</i>	-	66	-	(66) -100%
Independent Operations				
Public Service Activities				
Total Operating Expenses	\$ 162,398	\$ 172,623	\$ 180,393	\$ 7,770 5%
Operating Income/(Loss)	\$ (48,023)	\$ (48,793)	\$ (49,914)	\$ (1,121) 2%
NONOPERATING REVENUES/(EXPENSES)				
Federal Appropriations				
State Appropriations	\$ 55,391	\$ 57,308	\$ 58,796	\$ 1,488 3%
Gifts		120	126	6 5%
Investment Return	1,503	1,506	1,559	53 3%
Endowment Return		1,859	1,952	93 5%
Interest on Indebtedness	(8,102)	(7,245)	(7,085)	160 -2%
Other Nonoperating Income	58	45	-	(45) -100%
Net Nonoperating Revenues	\$ 48,850	\$ 53,593	\$ 55,348	\$ 1,755 3%
Income Before Other Revenues, Expenses, Gains, and Losses	\$ 827	\$ 4,800	\$ 5,433	\$ 633 13%
Capital Appropriations	\$ 4,918	\$ 600	\$ 2,000	\$ 1,400 233%
Capital Grants and Contracts				
University Related Transactions				
Disposal of Plant Facilities	(1,322)	(1,400)	(1,470)	(70) 3%
Other Additions/Deductions	(1,519)	(1,334)	(1,401)	(67) -3%
Total Other Revenues, Expenses, Gains & Losses	\$ 2,077	\$ (2,134)	\$ (871)	\$ 1,263 -59%
Total Increase in Net Assets	\$ 2,904	\$ 2,666	\$ 4,563	\$ 1,897 71%
NET ASSETS				
Net Assets at Beginning of Year	\$ 44,085	\$ 46,989	\$ 49,655	\$ 2,666 6%
Net Assets at End of Year	\$ 46,989	\$ 49,655	\$ 54,218	\$ 4,563 9%

Table 2
 University of Massachusetts
 Dartmouth Campus
 Fiscal Year 2008 Operating Budget Statement
 SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	343.0	352.4	355.4	3.1	0.9%
Professional Staff	179.0	221.3	219.9	(1.4)	-0.6%
Classified Staff	250.0	262.6	261.6	(1.0)	-0.4%
Subtotal, State Funded	772.0	836.2	836.9	0.7	0.1%
NON-STATE FUNDED POSITIONS					
Faculty	121.0	230.9	249.7	18.8	8.1%
Professional Staff	66.0	84.0	92.2	8.2	9.8%
Classified Staff	72.0	99.3	100.3	1.0	1.0%
Subtotal, Non-State Funded	259.0	414.2	442.1	28.0	6.8%
Total Unrestricted/Designated	1,031.0	1,250.4	1,279.0	28.7	2.3%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	1.5	2.0	1.9	(0.1)	-4.5%
Professional Staff	33.0	51.3	48.4	(2.9)	-5.7%
Classified Staff	6.7	2.3	2.2	(0.0)	-0.9%
Subtotal, Grant Funded	41.3	55.5	52.5	(3.0)	-5.5%
OTHER RESTRICTED POSITIONS					
Faculty	1.5	0.0	0.0	0.0	0.0%
Professional Staff	7.6	0.0	0.0	0.0	0.0%
Classified Staff	2.0	0.0	0.0	0.0	0.0%
Subtotal, Other Restricted Funds	11.0	0.0	0.0	0.0	0.0%
Total Restricted	52.3	55.5	52.5	(3.0)	-5.5%
TOTAL UNRESTRICTED AND RESTRICTED	1,083.3	1,305.9	1,331.5	25.6	2.0%

* 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 2008

LOWELL CAMPUS



**University of Massachusetts Lowell
FY 2008 Operating Budget Narrative**

Overview

The Fiscal Year 2008 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 FY06 Financial Statements (actuals), the preliminary results for FY07 and the projected outcome for FY08 based on the campus budget process.

FY2007 Review

In FY07, the campus continued progress on campus priorities in accordance with our “2003-2013 Transformation Process.”

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.

Strategic investments totaling over \$5 million for new and continuing initiatives made in FY07 in support of this plan include:

Over \$2,500,000 of the budget was dedicated to hiring faculty in the strategic areas of nanomanufacturing, biomanufacturing, green chemistry, and the School of Health and Environment which includes competitive start-up packages for new faculty.

\$750,000 was allocated to support of the Materials Characterization Laboratory, a shared use facility supported by the campus to enhance and foster interdisciplinary research initiatives.

\$300,000 was dedicated the reshaping of the School of Health and Environment.

\$625,000 was allocated toward debt service which has grown in recent years as the campus borrows to meet the infrastructure needs of the new faculty and refurbished laboratories to support research initiatives.

\$100,000 to support diversity initiatives on campus focused on recruitment of faculty and staff and diversity training.

\$400,000 was set aside to fund transformation initiatives around interdisciplinary teaching and research, student retention initiatives and community outreach and engagement activities.

The budget for graduate student assistantships was increased by \$750,000 to provide enhanced recruiting for the purpose of improving research and graduate education.

FY08 STRATEGIC PRIORITIES

Chancellor David MacKenzie continued progress over the campus-wide transformation process that began under the leadership of former Chancellor Hogan.

These priorities align closely with the priorities that the University's Board of Trustees has asked the campus to advance and are articulated below.

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 most 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 five key goals of this plan are:

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.

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 21st 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 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

FY 2008 Assumptions

For planning purposes, the University of Massachusetts Lowell is budgeting an increase in our base state maintenance appropriation equal to an adjustment for FY 07 collective bargaining plus a modest increase based on the Governor's proposed budget. In addition, we anticipate a \$5.6 million increase in tuition and fee revenues due to the increase in curriculum fee rates approved by the Board of Trustees for 2008, implementation of a small number of non-mandatory charges, and a ten percent increase in first-time students.

In FY05, the Lowell campus faced a major strategic decision due to the rapid decline in the purchasing power during the past few years to either:

- reduce the quality of academic programs, student services and physical plant;
- or*
- maintain the campus overall quality by implementing a "recovery strategy" financed by 25% to 33% early use of our developing new or expanded non-State/non-Student Fee Revenue augmented by using up to one half of our then total cash reserves.

The Lowell Campus elected to adopt the second alternative. This alternative was chosen as being in the best interest of present and future students, contributors to the long-term economic well-being of the Commonwealth. The Lowell campus would:

- maintain the overall quality of the campus by taking annual "profits" two years earlier than planned from the three new or expanded revenue streams, i.e., licensing agreements, start-up companies and Continuing Studies/Corporate Education augmented with one half of our cash reserves. This would give us the opportunity as we pressed very energetically for increased State support based on one integrated argument about economic development: a high quality public University System capable of supplying a professional work force with the education and training to compete successfully in this aggressively competitive global economy, and simultaneously form a variety of industrial partnerships to assist this region in the research and development needed to support the essential continuous technological innovation needed to remain competitive in this aggressive global economy.

The fiscal reality is that while UML received moderate increases in state appropriations and enhanced "profits" from Continuing Studies/Corporate Education from FY05-FY07, the anticipated revenues from

licensing agreements and start-up companies have yet to mature. As a result, funding for the operating budget did not keep pace with the increasing costs over the 2005-2007 biennium.

In the first quarter of FY07, the University reduced the operating budget by \$3.8 million. This reduction was achieved by implementing a freeze of hiring and promotional opportunities; reducing discretionary budgets and instituting a 5% across the board budget adjustment.

In FY08, budget challenges will continue. Utility costs are expected to increase by \$1.5 million. To maintain accessibility and help students whose financial situations are disrupted by current circumstances, financial aid increases are required. Our facilities are aging and infrastructure repairs and renovations are required. As an example, Coburn Hall renovations initially estimated at \$10 million, are now projected at \$24 million.

As part of the FY08 budgeting process, we have asked operating units to prepare reduction plans as part of a university wide budget reduction process. Making the required reallocations in the operating budget is challenging. The Transformation Strategic Plan has provided guidance for setting budget priorities and the entire UML community has worked together so that budget decisions are made thoughtfully to preserve the quality and vitality of the university.

Expenditures are projected to increase by a modest amount in 2008. We are holding the line on most campus budgets, with targeted increases in expenditures to support our strategic initiatives.

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, the campus also faces significant financial challenges as it brings its expenditures in line with revenues, and maintains its forward momentum. These challenges are difficult, but not insurmountable. The campus has already taken steps in this direction and will continue to take the actions necessary in order to regain a positive annual financial outcome.

Table 1
University of Massachusetts
Lowell Campus
Fiscal Year 2008 Operating Budget Statement
(in thousands of dollars)

	FY 2008 Budgeted				
	FY 06 Actuals	FY 07 Projected Budget-Accrual/Adjusted Basis	FY 08 Budget-Accrual Basis	FY 2007 - FY 2008 Change	
REVENUES					
Operating Revenues					
Tuition and Fees (net of scholarship allowances)	\$ 69,661	\$ 73,958	\$ 79,594	\$ 5,636	8%
Federal Grants and Contracts	24,179	25,709	27,856	2,147	8%
State Grants and Contracts	2,269	2,365	2,335	(30)	-1%
Local Grants and Contracts	536	553	523	(30)	-5%
Private Grants and Contracts	5,062	5,447	6,227	780	14%
Sales & Service, Educational	1,112	1,217	1,254	37	3%
Auxiliary Enterprises	8,760	9,288	10,031	743	8%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	1,181	1,217	1,258	41	3%
Total Operating Revenues	\$ 112,760	\$ 119,754	\$ 129,078	\$ 9,324	8%
EXPENSES					
Operating Expenses					
<i>Educational and General</i>					
Instruction	\$ 71,412	\$ 76,787	\$ 76,957	\$ 170	0%
Research	29,236	29,855	30,882	1,027	3%
Public Service	3,805	3,836	3,867	31	1%
Academic Support	17,458	18,297	18,360	63	0%
Student Services	14,735	15,108	15,269	161	1%
Institutional Support	24,476	24,600	24,664	64	0%
Operation and Maintenance of Plant	19,444	19,441	21,142	1,701	9%
Depreciation and Amortization	14,809	16,068	16,801	733	5%
Scholarships and Fellowships	4,851	5,016	5,033	17	0%
<i>Auxiliary Enterprises</i>	5,188	5,496	5,685	189	3%
<i>Other Expenditures</i>					
Independent Operations					
Public Service Activities					
Total Operating Expenses	\$ 205,414	\$ 214,504	\$ 218,660	\$ 4,156	2%
Operating Income/(Loss)	\$ (92,654)	\$ (94,750)	\$ (89,582)	\$ 5,168	-5%
NONOPERATING REVENUES/(EXPENSES)					
State Appropriations	\$ 81,265	\$ 88,815	\$ 84,533	\$ (4,282)	-5%
Gifts	4,240	2,905	3,045	140	5%
Investment Return	2,078	2,042	2,099	57	3%
Endowment Return	111	175	175	-	0%
Interest on Indebtedness	(1,972)	(2,394)	(2,186)	208	-9%
Other Nonoperating Income	331	275	275	-	0%
Net Nonoperating Revenues	\$ 86,053	\$ 91,818	\$ 87,941	\$ (3,877)	-4%
Income Before Other Revenues, Expenses, Gains, and Losses	\$ (6,601)	\$ (2,932)	\$ (1,641)	\$ 1,291	-44%
Capital Appropriations	\$ 5,890	\$ 2,500	\$ 2,500	\$ -	0%
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities	\$ (991)	\$ (1,343)	\$ (1,301)	\$ 42	-3%
Other Additions/Deductions	\$ (204)	\$ (500)	\$ (500)	\$ -	0%
Total Other Revenues, Expenses, Gains & Losses	\$ 4,695	\$ 657	\$ 699	\$ 42	6%
Total Increase in Net Assets	\$ (1,906)	\$ (2,275)	\$ (942)	\$ 1,333	-59%
NET ASSETS					
Net Assets at Beginning of Year	\$ 99,280	\$ 97,374	\$ 95,099	\$ (2,275)	-2%
Net Assets at End of Year	\$ 97,374	\$ 95,099	\$ 94,157	\$ (942)	-1%

Table 2
University of Massachusetts
Lowell Campus
Fiscal Year 2008 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	431.0	446.0	460.3	14.3	3.2%
Professional Staff	363.7	388.4	380.6	(7.8)	-2.0%
Classified Staff	147.9	157.5	158.5	1.0	0.6%
Subtotal, State Funded	942.6	991.9	999.4	7.5	0.8%
NON-STATE FUNDED POSITIONS					
Faculty	2.7	2.7	2.7	0.0	0.0%
Professional Staff	36.0	34.1	36.5	2.4	7.0%
Classified Staff	36.0	30.0	30.0	0.0	0.0%
Subtotal, Non-State Funded	74.7	66.8	69.2	2.4	3.6%
Total Unrestricted/Designated	1,017.3	1,058.7	1,068.6	9.9	0.9%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	0.0	9.2	8.0	(1.2)	-13.0%
Professional Staff	108.0	102.4	109.2	6.8	6.7%
Classified Staff	0.0	6.8	6.8	0.0	0.0%
Subtotal, Grant Funded	108.0	118.4	124.0	5.6	4.8%
OTHER RESTRICTED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	9.6	9.7	9.6	(0.1)	-0.7%
Classified Staff	2.0	2.0	2.0	0.0	0.0%
Subtotal, Other Restricted Funds	11.6	11.7	11.6	(0.1)	-0.6%
Total Restricted	119.6	130.1	135.7	5.6	4.3%
TOTAL UNRESTRICTED AND RESTRICTED	1,136.9	1,188.8	1,204.3	15.5	1.3%

* 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 2008

MEDICAL SCHOOL



**University of Massachusetts Medical School
FY 2008 Operating Budget Narrative**

Overview of Operations

Enhancing the Student Learning Experience

To remain one of the nation's best in primary care education, UMass Worcester has established the UMMS Simulation Center to advance the use of simulation technology in the training of tomorrow's doctors and nurses. The Center is designed to support simulation technology, which includes task trainers, screen-based simulation and full-body mannequins, which replicate a number of conditions and allow students to develop their clinical skills. The Center recreates the look and feel of a clinical setting and exposes medical and nursing students and UMass Memorial Health Care residents to numerous medical scenarios. The next phase of the plan is to create a much larger space for this activity in the AECPC and merge the School's already nationally prominent Standardized Patient Program into an integrated Center for Experiential Learning and Simulation. The financial plan incorporates the operational expense of this activity in fiscal years 2009 and 2010. The financial plan includes significant revenues from external training and program development making the Center self-supporting by fiscal 2012.

The University of Massachusetts Medical School (UMMS) was again ranked in the top 10 percent in primary care education among the nation's 125 fully accredited medical schools and 19 schools of osteopathic medicine by weekly news magazine *U.S. News & World Report* in its annual review entitled "America's Best Graduate Schools," released March 30. The Graduate School of Biomedical Sciences also ranked 49th among the country's research institutions. This goal is a continued expectation as the plan forward incorporates expansion in teaching and research funding.

Continuing a Focus on Diversity and Positive Climate

The UMMS community welcomed Chancellor of the University System of Maryland (USM) William E. Kirwan, PhD, as the keynote speaker at the 19th Annual Tribute to the Reverend Martin Luther King, Jr. Dr. Kirwan has championed diversity initiatives throughout his career as a scholar, faculty member and university president. In 2004, he received the National Innovators Award from Minority Access, Inc., a national educational organization that builds public and private sector partnerships for minority group advancement.

Associate Vice Chancellor for Diversity and Equal Opportunity Marian V. Wilson, PhD, introduced Kirwan, who made a compelling case for the essential role of higher education in advancing diversity throughout our society. During his speech, Kirwan emphasized Dr. King's pragmatism as well as his inspiring vision, and cited three reasons to support diversity: 1) to uphold the values of justice and fairness; 2) to promote what he called "enlightened self interest" for an America that will need an educated, skilled workforce of all races; and 3) to enhance the quality of education. Referencing the title of Dr. King's book *Where do we go from here?* Kirwan said in closing, "This is a call to action for all of us to honor the legacy of Martin Luther King. Nothing is more deserving of our time and energy, and nothing is more critical."

The plan incorporates enhanced administrative efforts through Human Resources and the Diversity and Equal Opportunity office to focus on the issues of diversity and work life climate. To assist UMMS faculty and staff with UMMS programs that ensure a work-life balance, UMMS established the Work-Life manager position and soon hired Janet Hirsh to fill the post. Responsible for administering the work-life balance programs offered by UMMS, Ms. Hirsh will analyze the work-life needs of the UMMS community and recommend innovative and cost-effective solutions to identified problems; identify trends and emerging work-life issues and create responsive programs, plans and training; and communicate the array of work-life programs to both external and internal audiences to enhance recruitment and retention.

With the newly adopted Civility Statement in place, the Council on Equal Opportunity and Diversity (CEOD) at UMMS held its first annual Civility Awareness Day to support acts of civility on the UMMS campus. UMMS community members welcomed Johns Hopkins University Professor P.M. Forni, PhD, to the Sept. 28, 2006 event. An expert on civility, Dr. Forni is the author of *Choosing Civility: The Twenty-Five Rules of Considerate Conduct*, which has been translated into German and Italian. In 1997, he co-founded the Johns Hopkins Civility Project and serves as director of the program, which is now known as The Civility Initiative at Johns Hopkins. An aggregation of academic and community outreach activities, the program aims to assess the significance of civility, manners and politeness in contemporary society. Dr. Forni was also the co-director of *Reassessing Civility: Forms and Values at the End of the Century*, an international symposium which took place at Johns Hopkins in March 1998.

Developing a First Rate Infrastructure

After nearly 30 years, UMMS undergoes a facelift to reshape the campus for the next generation of students, scientists, faculty, staff, patients and visitors. *Campus revampus*, the four-year campus modernization project, began in late 2002 with a design and planning phase. The project called for a new, 1,600-space parking garage to improve facility access and traffic flow; the replacement of the entire granite façade and windows of the original Medical School building; renovations to clinical areas and the expansions of specific areas including the Emergency Department, operating rooms, endoscopy and catherization suites; and the remodeling and development of Diagnostic Radiology, which includes an on-site MRI.

By the end of 2006, *campus revampus* is completed on time and on budget, and UMMS is a health sciences center for the future, setting the standard for excellence in education, clinical care, research and service for the people of Massachusetts.

UMMS has envisioned a plan for growth and development on the University Campus that is essential to our mission of national distinction in education, patient care, research and service with our clinical partner, UMass Memorial Health Care. The first step in the plan is the construction of the Advanced Educational and Clinical Practice Center (AECPC), which began in December 2006. The seven-story, 258,000-square-foot building will house a mix of academic and clinical areas, including the new Center for Experiential Learning and Simulation and the recently established Clinical and Translational Science Department. The AECPC will provide much-needed space for UMass Memorial and advancing UMMS initiatives. It is expected the building will be complete in approximately two years.

The purchase of the Maxtor Building in Shrewsbury will provide the University and the Worcester Campus an ability to expand administrative and auxiliary programs efficiently and economically. The purchase price was significantly favorable compared to per square foot costs for construction and will allow for reasonable rental arrangements with internal customers at a central location.

Improve Delivery of Administrative and IT Services

On Monday, April 2, 2007, UMass President Jack M. Wilson announced that Terence R. Flotte, MD, a widely respected physician-scientist, was appointed dean of the School of Medicine and executive deputy chancellor of the UMMS. Dr. Flotte officially began his new position on May 15, 2007. Flotte joined UMMS from the University of Florida (UF), where he was the Nemours Eminent Scholar and Chair of the Department of Pediatrics for the College of Medicine. As dean and executive deputy chancellor, Flotte serves as chief academic and administrative officer of the School of Medicine, assisting in the development and implementation of a strategic vision for the school's future. Accordingly, he oversees all academic activities of the basic and clinical science departments, including education and research for the School of Medicine and the Graduate School of Biomedical Sciences.

Dr. Flotte was selected from a national applicant field by a search committee comprised of faculty and leadership from UMMS, the President's Office and UMass Memorial Health Care, the institution's clinical partner. He succeeds Aaron Lazare, MD, who served as the Medical School's Dean since 1990.

After providing insightful and creative leadership in an interim role following the departure of her predecessor, Paulette Seymour, PhD, was appointed dean of the Graduate School of Nursing at the University of Massachusetts Worcester. Immediately prior to her appointment as interim dean in October 2005, Dr. Seymour served as associate dean for practice and assistant professor of nursing for the GSN and chief nursing officer and senior vice president for UMass Memorial Health Care, the clinical partner of UMMS. While she is stepping down from her clinical leadership role to devote her full effort to the GSN, Seymour will continue to assist UMass Memorial in system-wide nursing matters. During her tenure at UMW, Seymour's academic and clinical research has focused on the adult cardiac population and organizational development in health care environments.

In January 2007, students, faculty and staff met Douglas Ziedonis, MD, MPH, the newly appointed chair of the Department of Psychiatry at the University of Massachusetts Medical School and UMass Memorial Medical Center. Internationally recognized for his research and policy work on co-occurring mental illness and addiction, Dr. Ziedonis came to Worcester from a position as professor and director of the Division of Addiction Psychiatry at the University of Medicine and Dentistry of New Jersey (UMDNJ)—Robert Wood Johnson Medical School. Throughout his career, he has demonstrated a strong commitment to public sector psychiatry. Dr. Ziedonis succeeds Paul S. Appelbaum, MD, who chaired the department for 13 years and left for an opportunity to return to Columbia University and his home town.

As part of its ongoing commitment to meet the diverse technology needs of the UMMS community, the Department of Information Services (IS) has implemented a new Web Content Management System (CMS). Completed in March 2007, the new CMS will enable those responsible for individual UMMS Web pages to employ many new tools that were not available in the previous system. These include membership management, which allows user groups to develop special content only they can access; forums for discussions and online communities; and other features including blogs, an HTML form builder, Web analytics, polls and surveys.

The Worcester campus has also recently completed a joint assessment, with its clinical partner UMMHC, of their separate IT infrastructures. The consultant group interviewed department chairs, key administration, CIO's, and UMMS and UMMHC leadership to complete their report. The report will serve as the basis of going forward to effectively integrate the two IT systems to the best advantage of our faculty, students and staff while maintaining the highest standards for clinical care and administrative functions.

Positioning the University in the Higher Education Marketplace

On October 2, 2006, the Nobel Assembly at Karolinska Institute awarded The Nobel Prize in Physiology or Medicine for 2006 to the University of Massachusetts Medical School's Craig C. Mello, PhD, and his colleague Andrew Fire, PhD, of Stanford University, for their discoveries related to RNA interference (RNAi).

In 1998, Drs. Mello and Fire, then of the Carnegie Institution of Washington, published research findings in *Nature* that demonstrated that a particular form of ribonucleic acid or RNA—the cellular material responsible for the transmission of genetic information—can silence targeted genes. This RNAi process offers astounding potential for understanding and manipulating the cellular basis of human disease, and RNAi is now the state-of-the-art method by which scientists can "knock out" the expression of specific genes to thus define the biological functions of those genes. Just as important has been the finding that RNAi is a normal process of genetic regulation that takes place during development, opening a new window on developmental gene regulation.

Since Drs. Mello and Fire's seminal publication describing their breakthrough, RNAi has swept through laboratories around the world, changing the way many biomedical researchers work. Companies at the forefront of pharmaceutical innovation have purchased licenses to RNAi technology, co-owned by UMMS and the Carnegie Institution, to aid in their development of treatments for disease. Currently, licenses have been issued to companies including Novartis AG, Bristol-Myers Squibb, CytRX Corp., Sirna Therapeutics, Monsanto Co., GlaxoSmithKline and Pfizer. At UMMS, researchers are taking full advantage of RNAi technology to speed investigation into a variety of diseases such as diabetes, cancer,

ALS and HIV/AIDS.

To capitalize on its position and expertise in RNAi-based gene silencing, UMMS plans to establish the RNAi Technologies and Therapeutics Center. The Center will offer reagents and expertise crucial for RNAi-based screens and discovery of novel proteins functioning in cellular processes and human diseases as well as create innovative technology to effectively enhance RNAi in gene silencing of both cell systems and intact animals. The Center will also promote clinical and translational research by using RNAi to test hypotheses on the fundamental mechanisms of disease processes and then to ultimately develop the next generation of powerful therapeutics.

Strengthening the Research Enterprise

Recognizing the growing need to rapidly turn laboratory breakthroughs into clinical applications—a recently identified priority of the National Institutes of Health—UMass Medical School has established the Department of Clinical and Translational Science (DCTS) within the School of Medicine. The new department will foster collaboration among existing clinical and basic science departments, institutes, centers and UMass Memorial, as well as accelerate the development of preventive and therapeutic strategies and enhance the translation of emerging technologies. A pilot program will be initiated this year with grants of \$100,000 to encourage teams of clinical and basic science investigators to launch clinical and translational research projects.

The Massachusetts Biologic Laboratories (MBL) of UMMS and the Serum Institute of India announced the formation of an historic collaboration to bring to the world a new, more cost-effective approach for preventing rabies in people. The institutions are collaborating to test and manufacture a new monoclonal antibody created by scientists at the MBL, in conjunction with the U.S. Centers for Disease Control and Prevention, which can neutralize multiple variants of the rabies virus. The MBL and Serum Institute plan to launch a Phase 1 clinical trial in India in 2007 to assess the safety and tolerability of the new MAB in people, with hopes of having the new, lower-cost treatment available within two years for people exposed to rabies. The treatment would then be made broadly available in India shortly thereafter.

UMass President's Office announced that UMMS would receive awards for the institution's Translational Research Center and Oral Vaccine Initiative projects. Vice Chancellor for Research John Sullivan is the principal investigator of the Translational Research Center and received a \$150,000 internal planning grant, which will be used to secure National Institutes of Health funding for the major initiative in translational research.

Donald Tipper, PhD, professor of molecular genetics and microbiology, received the \$100,000 grant to support the Oral Vaccine Initiative, a research program on a platform technology that enables the production of oral vaccines based on yeast cell wall particles.

Increasing Endowment

In its continuing support of biomedical research at UMMS, the Worcester Foundation for Biomedical Research (WFBR) has awarded 12 UMMS investigators \$25,000 Annual Research Grants. The grants are supported by the Foundation's Annual Research Fund, which includes gifts from the Hudson Hoagland Society's 200 members. These grants allow researchers to produce preliminary data with which to compete for grant funds from other organizations such as the National Institutes of Health.

Charles J. Pagnam, a highly regarded fund-raising and advancement professional with more than two decades of experience in higher education and health care, has been appointed Vice Chancellor for Development at the University of Massachusetts Medical School. In this role, he will lead the joint development function of the University of Massachusetts Medical School and UMass Memorial Health Care, and serve as the chief executive of the UMass Memorial Foundation, which raises philanthropic support for programs and initiatives at the two institutions. Mr. Pagnam will succeed Walter J. Sleeth, who served as interim Vice Chancellor for Development from February 2006 through January 2007.

Public Service

Nearly 635 area residents received the influenza vaccine during a four-hour period on Nov. 18, 2006, thanks in part to UMMS students. Students from the School of Medicine and Graduate School of Nursing joined forces with the Worcester Regional Medical Reserve Corps (WRMRC), the Worcester District Medical Society Physician and Nurse Alliance, the Worcester Department of Public Health and other students from area colleges to vaccinate residents age 50 and older and those with chronic medical conditions as part of a public health service and to test the City of Worcester's emergency dispensing site and preparedness plans. The mass inoculation served as a community service learning project for GSN students, who served as a resource for medical students administering flu vaccines.

The WRMRC is a program of the Worcester Metropolitan Medical Response System, a federal, emergency preparedness organization supervised by the Worcester Public Health Division. Comprising medical and non-medical volunteers, the WRMRC is among the first responders to emergency situations.

UMass Worcester's Commonwealth Medicine (CWM) division offers a unique combination of academic excellence and public health service expertise, allowing it to provide health care solutions ideal for the public sector and not-for profit organizations. Through health care financing strategies, policy, research and evaluation services, education and training services, clinical services, community programs and services and consulting and custom management solutions, Commonwealth Medicine continues to enable Massachusetts and many other state and local health care agencies to increase the value and quality of health care expenditures, and improve access and delivery of care to at-risk and uninsured populations. Unlike most health care consulting firms, Commonwealth Medicine is itself a public entity driven by a mission to serve. As a public organization, CWM is prepared to meet the challenges of state and local agencies, and fulfill its vision of providing underserved populations access to quality health care services.

Fiscal 2008 Budget

The fiscal 2008 budget for the Medical School is based on the first year of the five-year projections presented in the FY 2007 Financial Indicators Report. As with the longer term forecast, the primary drivers behind the projections are research growth, public service revenues, operational costs and capital investment.

The Fiscal 2008 budget for the Medical School (not including WCCC) projects a net surplus of \$40.9 million, compared to a projected \$62.8 million surplus in 2007. The additional surplus in 2007 arises primarily from nonrecurring revenues that did not have associated costs in the period. The major components are a one-time payment of \$10 million from UMass Memorial Health Care for their share of the power plant cogeneration project and \$6 million in additional royalty revenue from the sale of Sirna stock. Additionally, in 2008, there is a revenue decrease of \$13.7 million at the UMass Biologic Laboratories primarily from projected lower Tetanus/Diphtheria sales.

As in the financial indicators forecast, the outlook for sponsored research continues to be less promising than it was a few years ago. Growth continues to be projected conservatively due to the lack of growth in National Institutes of Health's (NIH) budget. The NIH budget has only grown 2% to 3% per year - with no increase in 2006 - compared to 14% to 16% increases between 1999 and 2003, hampering the Medical School's ability to maintain its previous rate of growth. The base growth in federal research (excluding research dollars generated by new faculty recruits) is projected to be just 1.5% for 2008. New recruits are projected to generate nearly \$38 million of federally funded research in 2008, an increase of \$9 million over the 2007 level. This projection is based on the same assumptions used in prior years for the amount of research funding generated by faculty recruits. In the current NIH funding environment the achievement of these targets will be more difficult requiring UMMS, through the quality of its research programs, to secure an increasing share of the available NIH funding. In 2008, private grants and contracts are projected to grow slightly faster, at 5%, in anticipation of faculty going after more private funding in response to the decrease in federal funding.

Indirect cost recovery revenue, driven primarily by federal research volume, is projected to increase slightly in 2008 as we continue to see the impact of new and renewed grants awarded under the current 62.5% rate. FY 2008 will be the last year covered under the current rate agreement and the new rate is anticipated to be lower. After several significant increases in previous cycles, the tremendous research growth of the last five years has surpassed the increases in related support functions and building investment that predicts a negative impact on the rate while reflecting positively on the efficiency of campus operations.

The recruitment of faculty in support of growing the research enterprise continues, with 92 new faculty now on board or coming soon. The pace of new recruitments has slowed with a majority of the planned new faculty positions now filled which has a corresponding reduction in annual spending on recruitment packages. Spending in 2008 is projected to be approximately \$10.4 million in start-up packages and salary support for previous recruits as well as new faculty to be recruited in 2008, including pro-rated shares of three department chairs that are in various stages of the recruitment process.

Public service activities, under the auspices of Commonwealth Medicine, continue to be a significant component of the Medical School, representing just under 50% of the total budget. For 2008, revenue is projected to remain roughly the same as 2007, with modest inflationary growth. At this time, there is reasonable assurance that these programs will be funded at the same level as 2007. There is considerable past performance and exciting new program development that suggest the potential for new growth in the future of Commonwealth Medicine but for purposes of this projection no new programs are included. Should any changes occur, the incremental increase in revenue would be offset by a corresponding change in expenditures. Any updates as a result of these changes would be reflected in the University's mid-year review process.

Revenues at the UMass Biologic Laboratories are budgeted to decline \$13.7 million in 2008. The decline is a result of additional revenue received in 2007 for Tetanus/Diphtheria vaccine as well as work on the SARS vaccine. The decrease to expenses related to these revenue streams is minimal, so most of the revenue decrease translates to a decreased operating margin. The additional funds provided by these revenues in 2007 have been set aside to be used toward the construction of additional research and office space adjacent to the new vaccine filling facility in Mattapan.

Overall, 2008 operating revenues are projected to be almost flat, increasing less than \$1 million, to \$795 million. Aside from the areas described above, revenues are projected to grow more or less in line with the inflation rate of 3.6%

On the expense side, the projected increase is 3.5%, or \$27.4 million. Non-payroll costs are generally projected to grow 3.2%, slightly below the rate of inflation as the campus continues to capitalize on economies of scale and improve efficiency as it grows. One notable exception is utilities, where an additional \$1.3 million has been budgeted in anticipation of higher fuel costs. Salary rates are budgeted to increase 3.2%, based on the 3.5% merit pool, offset slightly by savings due to normal turnover.

The FTE employee count is projected to grow only minimally in 2008. With level funding of the state appropriation and only a modest increase in restricted funding, any additional dollars in those areas would go to cover salary increases so FTE's funded by the appropriation are projected flat. The increased FTE's which are needed to support the continued growth of the Medical School will be funded from non-state unrestricted funds.

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

Table 1
University of Massachusetts
Medical School
Fiscal Year 2008 Operating Budget Statement
(in thousands of dollars)

	FY 2008 Budgeted			
	FY 06 Actuals	FY 07 Projected Budget-Accrual/Adjusted Basis	FY 08 Budget-Accrual Basis	FY 2007 - 08 Change
REVENUES				
Operating Revenues				
Tuition and Fees (net of scholarship allowances)	\$ 6,414	\$ 7,035	\$ 6,928	\$ (107) -2%
Federal Grants and Contracts	129,590	135,216	146,497	11,281 8%
State Grants and Contracts	35,328	39,199	40,389	1,190 3%
Local Grants and Contracts	6	-	-	- 0%
Private Grants and Contracts	37,118	39,883	43,422	3,539 9%
Sales & Service, Educational	6,789	9,926	10,283	357 4%
Auxiliary Enterprises	29,037	26,045	26,819	774 3%
Other Operating Revenues:				
Sales & Service, Independent Operations	78,899	83,934	70,053	(13,881) -17%
Sales & Service, Public Service Activities	333,997	416,565	421,821	5,256 1%
Other	24,335	36,081	28,454	(7,627) -21%
Total Operating Revenues	\$ 681,513	\$ 793,884	\$ 794,666	\$ 782 0%
EXPENSES				
Operating Expenses				
<i>Educational and General</i>				
Instruction	\$ 41,412	\$ 44,146	\$ 45,678	\$ 1,532 3%
Research	148,358	158,151	164,354	6,203 4%
Public Service	35,697	39,554	41,656	2,102 5%
Academic Support	9,506	8,684	9,002	318 4%
Student Services	2,901	3,243	3,348	105 3%
Institutional Support	32,117	35,537	36,862	1,325 4%
Operation and Maintenance of Plant	51,364	53,255	55,641	2,386 4%
Depreciation and Amortization	19,101	21,198	22,020	822 4%
Scholarships and Fellowships	157	167	179	12 7%
<i>Auxiliary Enterprises</i>	20,008	21,329	18,465	(2,864) -13%
<i>Other Expenditures</i>				
Independent Operations	50,119	55,706	57,321	1,615 3%
Public Service Activities	319,542	346,248	360,126	13,878 4%
Total Operating Expenses	\$ 730,282	\$ 787,218	\$ 814,652	\$ 27,434 3%
Operating Income/(Loss)	\$ (48,769)	\$ 6,666	\$ (19,986)	\$ (26,652) -400%
NONOPERATING REVENUES/(EXPENSES)				
State Appropriations	40,773	41,230	42,366	1,136 3%
Gifts	5,732	6,768	8,900	2,132 32%
Investment Return	9,554	7,225	8,531	1,306 18%
Endowment Return	39	-	-	- 0%
Interest on Indebtedness	(332)	(333)	(217)	116 -35%
Other Nonoperating Income	1,190	1,285	1,335	50 4%
Net Nonoperating Revenues	\$ 56,956	\$ 56,175	\$ 60,915	\$ 4,740 8%
Income Before Other Revenues, Expenses, Gains, and Losses	\$ 8,187	\$ 62,841	\$ 40,929	\$ (21,912) -35%
Capital Appropriations	\$ 562			
Capital Grants and Contracts	-			
University Related Transactions	-			
Disposal of Plant Facilities	(4,024)			
Other Additions/Deductions	(23,971)			
Total Other Revenues, Expenses, Gains & Losses	\$ (27,433)	\$ -	\$ -	\$ - 0%
Total Increase in Net Assets	\$ (19,246)	\$ 62,841	\$ 40,929	\$ (21,912) -35%
NET ASSETS				
Net Assets at Beginning of Year	\$ 388,960	\$ 369,714	\$ 432,555	\$ 62,841 17%
Net Assets at End of Year	\$ 369,714	\$ 432,555	\$ 473,484	\$ 40,929 9%

Table 2
University of Massachusetts
Medical School
Fiscal Year 2008 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	69.1	67.7	68.0	0.3	0.4%
Professional Staff	272.4	314.8	315.0	0.2	0.1%
Classified Staff	166.1	181.3	181.0	(0.3)	-0.2%
Subtotal, State Funded	507.6	563.8	564.0	0.2	0.0%
NON-STATE FUNDED POSITIONS					
Faculty	213.7	298.3	302.0	3.7	1.2%
Professional Staff	1,072.4	1,140.5	1,171.0	30.5	2.7%
Classified Staff	1,029.5	1,014.2	1,044.0	29.8	2.9%
Subtotal, Non-State Funded	2,315.6	2,453.0	2,517.0	64.0	2.6%
Total Unrestricted/Designated	2,823.2	3,016.8	3,081.0	64.2	2.1%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	317.1	310.1	310.0	(0.1)	0.0%
Professional Staff	693.0	673.4	675.0	1.6	0.2%
Classified Staff	165.6	151.3	150.0	(1.3)	-0.9%
Subtotal, Grant Funded	1,175.7	1,134.8	1,135.0	0.2	0.0%
OTHER RESTRICTED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0%
Total Restricted	1,175.7	1,134.8	1,135.0	0.2	0.0%
TOTAL UNRESTRICTED AND RESTRICTED	3,998.9	4,151.6	4,216.0	64.4	1.6%

* 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 2008

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



**University of Massachusetts Donahue Institute
FY 2008 Operating Budget Narrative**

FY 2008 BUDGET OVERVIEW

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 FY07 was \$12,020,018. These monies are derived from the following sources: grants and contracts (including overhead), \$10,785,087; Office of the President Projects, \$409,265; and State Appropriation, \$765,666. For FY07, The Institute generated \$14.08 in grant and contract funds for every \$1 in state appropriation. In addition during FY07, system-wide projects supported by the Institute totaled \$278,500.

The Institute is organized into eight business units identified below plus manages special projects on behalf of the President.

ORGANIZATIONAL STRUCTURE, SYSTEM COLLABORATION, AND ACHIEVEMENTS

1. Applied Social Science Research and Evaluation 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, MA Office for Educational Quality and Accountability, Board of Higher Education, MA Department of Youth Services, Hampshire Educational Collaborative, and several school districts. Higher Education clients include UMass Lowell, UMass Dartmouth, Springfield Technical Community College, and Worcester Polytechnic Institute. The unit also provides research services in the fields of health and human services and economic development, including projects with the Education Development Center, the MA Department of Housing and Community Development, and the Massachusetts Mentoring Partnership.

- Presented findings and facilitated discussion of a two-year study of factors influencing achievement in the Commonwealth's urban public schools. The study, titled *Gaining Traction: Urban Educators' Perspectives on the Critical Factors Influencing Student Achievement in Comparatively High and Low Performing Urban Public Schools*, involved extensive analysis of MCAS student achievement data and interviews with over 600 educators from 30 public schools in 10 urban districts.
- As evaluator of the Massachusetts Reading First program, the unit was invited to join the Council of Chief State School Officers' (CCSSO) Reading First Data Systems Working Group. Massachusetts is one of six states that have been selected to participate in this national discussion focused on ways to effectively integrate Reading First data collection with existing state education data systems.
- Entered into a contractual relationship with Liberty Mutual, in collaboration with the Mass Mentoring Partnership, to conduct a study of youth mentoring programs in Massachusetts. In 2006, the Institute released its report, "Liberty Mutual Mentoring Initiative: Mentoring. Modeling. More," that highlighted key findings of the multi-phased research study. The first phase of the

study assessed the current state of mentoring programs in Massachusetts. The second phase of the study provided a snapshot of youth and adult participants, explored the impact of youth mentoring programs on its participants, and analyzed those programmatic, individual, and mentor-mentee relationship characteristics that contribute to achieving successful outcomes.

- Collaborated with the Massachusetts Business Alliance for Education (MBAE) on a project designed to inform educators and policy-makers about the work readiness skills that employers expect of Massachusetts high school graduates, and to describe the skills and characteristics these corporations require for entry-level positions with potential for growth and advancement. Institute staff facilitated focus group discussions with representatives of a range of employers across the Commonwealth. Findings from the focus groups are presented in MBAE's report, "Preparing for the Future: Employer Perspectives on Work Readiness Skills."
- Working closely with the Springfield Public Schools and the MA Arts Council, the Unit was awarded a grant from the US Department of Education. The 3 year project is providing professional development to arts faculty in Springfield focused on integration of Puerto Rican culture elements into the curriculum.
- A staff member, Sue Leibowitz, was selected by the US Department of Education to participate in a unique training seminar. One of only 30 applicants selected from a pool of at least 170 applicants from across the country, this selection is truly a testimony to her strong credentials and rich experiential background in quantitative education research and evaluation. This program is clearly linked to the Department's efforts to strengthen evaluations of educational interventions and increase the knowledge base on evidence-based practices through rigorous evaluations.
- Provided support to the President's Office regarding the analysis and presentation of findings from the President's Office marketing survey conducted in 2006.
- Responding to a request by the Amherst campus, The Director of the Unit was part of a search committee for the position of Market Research Strategist for Outreach.

2. 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 UMass Amherst College of Social and Behavioral Sciences (CSBS), the Civic Initiative launched the "Talking Politics" speaker's series with the inaugural lecture given by Andy Card, the former Chief of Staff to President Bush. The Civic Initiative also began its "Civic Initiative Fellows" program and has recruited eight graduate and undergraduate fellows for research, administration, and programmatic efforts. For the second year we managed two international programs for the State Department: "Constituting America" focuses on curriculum development for 18 University faculty members from around the world while "Diversity and Education" explores Secondary Education in the US for 12 Indonesian High School teachers and administrators.

- Partnered with Dr. Jerome Mileur of the University of Massachusetts to offer a program entitled *Constituting America* for The Study of the United States - Institute on American Politics and Political Thought. *Constituting America* served 18 multi-national university faculty members and was hosted on the Amherst campus. The program took participants to Boston, New York, St. Louis, Charlottesville (Virginia), and Washington D.C.
- Partnering with Professor Ray LaRaja and Professor Vin Moscardelli of the Department of Political Science on the Amherst campus, the Unit was awarded two grants covering 2007 and 2008 from the Justice, Equality, Human Dignity and Tolerance Foundation (JEHT) to study the question "Why don't people run for office?" This project is a joint collaboration with the College of Social and Behavioral Sciences, the Political Science Department, the Civic Initiative, and the Institute's Research and Evaluation unit.
- Established the Civic Initiative Fellows program which offers fellowships to undergraduate and graduate students on the Amherst campus and provides these students an opportunity to work with the Civic Initiative on a variety of research and programmatic projects. The first group of students included five undergraduates and one graduate student.

- Received a \$100,000 grant to manage and host a program for a group of Indonesian legislators who will come to the U.S. to study educational policy. The program, sponsored by the U.S. embassy in Jakarta, will be a residential program based in Amherst, Massachusetts, and will offer the visiting legislators a chance to meet with both state and federal lawmakers, policy makers, and researchers in the area of K-12 education. As part of the program, the legislators will travel to various locations along the eastern seaboard including Washington D.C. and Boston.
- In cooperation with the “We the People” program, completed a comprehensive survey of Massachusetts secondary school civic education. The survey of high school teachers shed new light on the level, quality, and needs of civic education in the Commonwealth. Findings suggest that although high school students in general get some exposure to U.S. national institutions and processes, they have limited understanding and exposure to state and local government and politics.
- In partnership with the Amherst-Pelham regional school district the Civic Initiative organized and managed the fourth year of the Constitutional History Renewal Project (CHRP).

3. Corporate Training and Education

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

Key projects and development efforts: Strengthen state’s economic base by collaborating with each UMass campus to provide management consulting, education and training services for key industries. Conduct training needs assessment, provide executive coaching, design performance improvement strategies and deliver management training for Public Sector Partners, an affiliate of UMass Medical School. Provide Lean Six Sigma training for Hanscom Air Force Base Electronic Systems Center and the U.S. Army Natick Soldier Center. Conduct leadership, sales and customer service training for Millbury Credit Union to improve bank performance.

- Continuing to explore numerous teaming opportunities with UMass Dartmouth to develop training opportunities. Teaming opportunities have focused around collaboration with Professor Howard Michel and Dean Dayalan Kasilingam to provide services to BAE Systems in Lexington and Raytheon’s Network Centric System’s education and training needs.
- Additional collaborative proposal with Professor Michel centered on providing services to IROBOT Corporation to develop a non-credit signal processing course.
- Actively engaged in providing Lean Six Sigma Black Belt Training to the U.S. Army Natick Soldier’s Center. In addition, provided Green Belt Lean Six Sigma Certification training. Although it did not result in a funded proposal, worked closely with Soren Bisgaard and Alan Robinson (UMass Amherst) on a proposal to provide this training.
- Actively pursued, in partnership with UMDI’s ODT unit, collaboration with the Continuing and Professional Education Division at the Amherst campus through meetings with Bill McClure, the Director. Discussions for collaboration and business development also took place with Bernie Schliemann, Director of Planning / University Outreach.
- Held meetings with Linda Cragin, Mary Philbin of the Mass AHEC Network along with John Cantor at the University of Mass. Medical School – Commonwealth Medicine to explore mutual assistance to each other in developing training business with healthcare and pharmaceutical companies.

4. 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).

- Despite significant reductions in funding and personnel, program delivered training in the most recent federal fiscal year to the Defense Finance and Accounting System (DFAS) internal and external customers located at 30 different locations throughout the US and Japan.

- Taught 40 different courses of instruction in the three functional mission areas of Accounting, Finance and Disbursing for DFAS operations.
- Cumulative student load for all course deliveries was 3,300 students.
- Between October 2006 and March 2007, program provided training to DFAS internal and external customers in 16 different locations in the USA.
- During this period, taught 25 different courses to 1,332 students in the 3 Mission Areas

5. Economic and Public Policy Research

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

Key projects and development efforts: MassBenchmarks and the Massachusetts State Data Center. Major research on issues of significance to Massachusetts in FY07 included; A comprehensive assessment of the economic impact of the UMass system on the Commonwealth of Massachusetts; The third annual UMass Donahue Institute/Citizens Housing and Planning Association Housing Poll; Detailed studies of the Commonwealth's biotechnology, pharmaceutical and medical device industries; An assessment of defense contracting and defense technology activities in Massachusetts; Technical assistance to the City of Springfield to support neighborhood economic development efforts.

- Analyzed the impact of the UMass system on the economy of Massachusetts for the President's Office. This research resulted in a report entitled, *UMass: A Strategic Asset for Economic Development*, which highlights the importance of economic development to the University and the Commonwealth and the large role the UMass system plays as a resource for economic development. As a follow-up to the larger report, provided extensive technical support to UMass Amherst's Office of Public Affairs. Specifically, Institute staff worked closely with campus officials to develop a more detailed understanding of the economic impact of UMass Amherst on Western Massachusetts, the Pioneer Valley region and the town of Amherst.
- Assisted the President's Office Institutional Research Unit to analyze the competitiveness of faculty salaries with respect to comparable institutions. In addition, assistance was given to the President's Office in determining the correct inflation factor when setting tuition and fee levels.
- Working with faculty and Institute staff from UMass Boston and Dartmouth, published the Massachusetts Office of Coastal Zone Management Report. This study, initiated and funded by the Massachusetts Office of Coastal Zone Management, analyzed the economic value of the coastal and marine economies in Massachusetts and discussed employment and production output resulting from economic activity in the coastal and marine economies.
- Collaborating with faculty from Amherst, Lowell, Dartmouth, and Boston, in partnership with the Federal Reserve Bank of Boston, continued 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.
- On behalf of the Citizens' Housing and Planning Association (CHAPA), conducted a major study analyzing the actual fiscal impacts of mixed-income housing developments. This project built upon previous collaborations between CHAPA, the UMass Donahue Institute, and faculty at UMass Amherst. Also worked with CHAPA to produce our third annual poll on housing conditions and public opinion on housing policies in Massachusetts.
- Released the study, "Help Wanted: The Future of the Human Services Workforce in Massachusetts" commissioned by The Massachusetts Council of Human Service Providers, Inc. Presented at the Council's annual conference, the report answers questions about the size of the human services sector and its workforce, corresponding contributions to the state economy and the expected need for more services and workers in the industry.
- Supported the John Adams Innovation Institute (JAII), the Regional Technology Corporation (RTC) and the Pioneer Valley Life Sciences Initiative (PVLSI) by organizing, convening and facilitating a highly successful public meeting designed to identify key regional strategic

challenges and opportunities facing metro Springfield as regional leaders look to develop a life sciences industry cluster in the region.

- Assessed the interactions between the pharmaceutical and biotechnology industries and identified obstacles to continued expansion in the state. The Massachusetts pharmaceutical and biotechnology industries are widely recognized as pillars of the Commonwealth's knowledge economy. While the industries are clearly interconnected, the specific ways in which they support one another's growth are not well understood.

6. **Head Start**

Focus: Provide customized technical assistance to over 100 Head Start and Early Head Start grantee and delegate agencies throughout New England to support high quality programming for low-income families and increase the school readiness of young children. 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: Use a data-driven model to provide Head Start and Early Head Start programs with research-based technical assistance that enables programs to meet all national Performance Standards and requirements and support positive outcomes for children and families. Collaborate with state, regional, and national partners to promote best practices within health, education, social services, family services, disabilities, and program administration.

- In response to a request from the Office of Head Start in Washington, DC, worked with the Regional Administration for Children and Families and the University of Massachusetts AIMS program to develop a video demonstrating best practice within Head Start in New England. The Head Start Quality Initiative worked closely with the Worcester Public Schools Head Start Program to showcase high quality early childhood programming and practice. Building on the national focus on evidence based and data-driven practice, the video focuses on the use of data for planning at multiple levels, and includes interactions between children, teachers, management staff, and Regional Office staff. This is the second year in a row that the Institute has commissioned work from the AIMS program at the Amherst campus.
- Worked with the Administration for Children and Families Office of Head Start to develop a national self-assessment guide for Head Start programs, "Head Start Self-Assessment: Your Foundation for Building Program Excellence". To support the Guide, Institute staff conducted a series of trainings for Head Start federal staff and Technical Assistance Network staff in the twelve Administration for Children and Families Regional Offices throughout the country.
- Worked with the Region I Office of the Administration for Children and Families and the Oral Health Foundation to present a two-day regional Head Start conference on: *Partnerships Promoting Oral Health for Head Start Children*. The conference brought together participants from New England Head Start grantees to meet with a variety of key stakeholders to highlight strategies to strengthen Head Start infrastructure and capacity through partnership development, networking, education, training and technical assistance.
- Developed strategies to support the Head Start Bureau's *Steps to Success* Mentor-Coaching Initiative. *Steps to Success* is a professional development program for Early Literacy Mentor-Coaches in Head Start and Early Head Start. It is designed to promote positive outcomes for teaching staff and the children they influence from birth to age five in early literacy and language development. The *Steps to Success* instructional design supports the President's national "Good Start, Grow Smart" initiative. Twelve members of the Head Start Quality Initiative have been trained on the *Steps to Success* Mentor-Coaching Model, and will be working with the grantees in the region to train and support them as they implement this initiative. This training will be individualized to meet the unique needs of each program and incorporate current program practices in the area of mentor-coaching.
- Supported Fatherhood Initiatives through work at the National Head Start Hispanic Institute, attended by over 3000 participants. Partnering with the ACF Region One Regional Administrator, the Head Start Quality Initiative developed a booklet on "The Father Factor: Building Intentional Fatherhood into Head Start Program—A National Perspective," which documents best practices around fatherhood, incorporating input from all twelve Federal ACF regional offices. The booklet

was distributed to conference participants, and will be shared electronically with Head Start programs around the country.

7. **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; Developed and facilitated the Department of Conservation and Recreation first annual Park Fellows Program; Provided conference logistics for the Massachusetts Developmental Disabilities Annual Legislative Reception; Conducted a fourth offering of the Human Service Forum's Emerging Leader Program; Offered a ninth course of Entrepreneurial Training for Division of Career Services; filled our fourth offering of the new Future Leader Institute: Leadership Fundamentals; and developed our new Future Leader Institute; Leadership Transitions.

- Partnered with the Department of Conservation and Recreation to develop and deliver the Park Fellows program and take the lead in recruitment of qualified and interested students. Students were recruited for the fellowship from the UMass Amherst Stockbridge School and the UMass Amherst College of National Resources and the Environment in addition to materials being sent to the career service offices on each UMass campus.
- Awarded an approved status for the PRF-29 contract. Only twenty of the 150 applications received approval status from the Massachusetts Operational Services Division (OSD). The PRF-29 qualifies the UMass Donahue Institute to offer professional development training within the broad categories of Employee Development, Management/Supervisory Skills, and Business Management Skills. In addition, the Institute is qualified to provide Instructional Design, Course Development and Content Delivery based on adult learning theory.
- In partnership with the Central Mass. American Society for Training and Development, held a training workshop at the Shrewsbury facility and provided free entry to five UMass employees from the Collaborative Services facility.
- Researched and recommended a Psychometrician, Stephen G. Sireci from the UMass Amherst campus to the Massachusetts Department of Environmental Protection. He will assist them to develop defensible cut-scores for newly developed licensing exam questions.
- Entered into preliminary discussions with Academic Affairs to discuss the development of a Woman's Leadership Program for UMass faculty and staff who aspire to administrative positions or have recently been appointed to one. The program could cover skills that faculty and staff need to be successful administrators, managers and leaders in an academic setting. The program will be one day per month over 10 months starting in September 2007.
- Actively pursued, in partnership with UMDI's Corporate Training Unit, collaboration with the Continuing and Professional Education Division at the Amherst campus through meetings with Bill McClure, the Director. Discussions for collaboration and business development also took place with Bernie Schliemann, Director of Planning / University Outreach.

8. **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: CareerWorks, a one-stop career center, continues to play a crucial role in the economic development of downtown Brockton and works closely with the Mayor's office as well as local and state economic development agencies, to meet the workforce development needs of employers. CareerWorks is also playing a crucial role in the planning and development of the Brockton Higher Education Initiative.

- Acknowledged by the Massachusetts Department of Workforce Development (DWD) to be one of eight workforce development regions out of a total of 16 across the state that either met or exceeded all of its Fiscal Year 2006 Performance Standards. During this period, CareerWorks

provided over 14,000 services to more than 6,200 job seekers, exceeding its business plan goal of 4,000 by over 52% and provided over 750 services to over 400 employers. These services included recruitments, job fairs, job postings, business information and information on the local labor market.

- Representing the President's Office and utilizing the presence of our Career Center (CareerWorks) in the greater Brockton region, the Institute has been very active assisting the City of Brockton to create a Center for Higher Education. The University, through the Institute, has been a partner in this effort along with Bridgewater State College, Massasoit Community College, and the City of Brockton. In addition, President Wilson attended a meeting of all the partners, along with Mayor James Harrington, to lend his support to the initiative.
- President Wilson spoke before an enthusiastic audience at the Metro South Chamber of Commerce to highlight the accomplishments and contributions that the University makes to the Commonwealth in the areas of education, research, and economic development. The Institute's CareerWorks was a sponsor for the event.
- Observed the 4th Annual Jobs First Day, a statewide event designed to showcase the work of the Commonwealth's thirty-two One-Stop Career Centers, with a day-long program that included workshops, visits from state and local officials, a job fair, and a live radio broadcast from the center. During the business workshop, Stephen McCabe, Assistant Commissioner for the state Executive Office of Health and Human Services' Division of Health Care Finance and Policy, spoke about the implementation of the new Health Care Reform Law.

Special Projects

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); Science, Technology, Engineering, and Math (STEM) Initiative in collaboration with Academic Affairs; 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.

- The Science, Technology, Engineering, and Math Summit (STEM 3) was held in October of 2006 and attracted six hundred participants including legislators, corporate sponsors, state agencies and educators (P-12 and Higher Ed). President Wilson, the event's host, opened the morning with Commissioner Driscoll, Chancellor Plummer, and Chris Anderson, Member of the BoE and head of Mass High Tech Council. Ellen Ferraro, a UMass graduate and Deputy Director, Systems Validation at Raytheon and Kerri L. Brigg, Assistant Secretary for Planning, Evaluation, and Policy Development, U.S. DOE were keynote speakers. STEM is a joint collaboration between the UMass Donahue Institute and Academic Affairs.
- Continued to work closely with UMass Amherst and other campuses to advance the Commonwealth Information and Technology Initiative (CITI) through the award of grants to State and Community Colleges and UMass campuses plus the continued search for new funding utilizing state legislation and the National Science Foundation.
- Dr. J. Lynn Griesemer, the Institute's Executive Director and Associate Vice-President for Economic Development chaired a search committee on behalf of the Amherst campus and the Extension Service for the position of Extension Director, a 12-month non-tenure track lecturer appointment reporting to the Vice Provost for Outreach. In addition, Ms. Griesemer also assisted in the search for a Managing Director of the National Nanomanufacturing Network. The Managing Director is the lead staff position responsible for developing a National Nanomanufacturing Network (NNN) within the Center for Hierarchical Manufacturing (CHM) at UMass Amherst, under the overall leadership of the CHM's Co-Director.
- After many years with the same look, the UMass Donahue Institute unveiled a brand new version of its website, www.donahue.umassp.edu. The focus for producing the new website was to give the viewer a more attractive, friendly, and informative experience. With a dramatically different design and much more content, the new site allows the Institute to make content changes, including recent UMDI accomplishments, quickly and easily. It also provides information that is

up to date and is presented in such a way as to market the Institute's services effectively and provide links to both the President's Office and all five campuses.

- The main administrative and programmatic offices of the Institute, since its inception housed on the Amherst campus of the University, moved off campus at the request of campus officials to make room for campus expansion. With the help of Amherst campus officials, a complicated move played out very smoothly.

FY 2008 OPERATIONS SUMMARY

The Institute's priorities during FY08 include:

- Continue our support for the President's priorities (e.g., Science and Technology, Biotech, Regional economic development with an emphasis on "Gateway cities", workforce development, online education and resource development).
- Seek out new federal and private sector funding opportunities consistent with the mission of the Institute that support the President's priorities and provide an opportunity to showcase the expertise and talent of the faculty and staff of the UMass system (e.g., build on recently renewed GSA instruments, seek out other omnibus contract instruments, US - DOL).
- Continue the Institute's support of multi-campus and system-wide initiatives (e.g., Massachusetts Benchmarks, CITI/STEM Pipeline, Economic Development, Marketing and Branding UMass; UMass/DMR relationship).
- Undertake special projects for the President of the University (e.g., Academy for New Legislators).
- 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 \$14.08 in grant and contract funds for every \$1 in state appropriation. In FY07, the Institute continued to be an effective and comprehensive outreach organization integrally linked to the University of Massachusetts and the Commonwealth through the Office of the President.
- Continue our established programs (e.g., organizational development, training and technical assistance, research and evaluation, economic research and analysis, civic initiative).
- Continue to work with UMass Online to expand credit and non-credit course offerings as well as develop joint proposals for funding special programs.

FY07 STAFFING AND CAMPUS RESOURCES

During FY07, the Institute employed 125 people with a full-time equivalency of 110, housed at 7 locations, including Amherst, Boston (2), 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 FY07 alone, 70% percent of the contracts were federally funded or federal monies passed through the state and 20% were state funded. The remainder of our contract funding emanated from local and private sources.

In addition, the Institute utilized the services of 28 faculty spread across the UMass five-campus system and numerous departments that generated for them almost \$258,968 in revenue. In FY07, our various projects involved 24 undergraduate and graduate students from the University, providing them with over \$145,791 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 FY07, the Donahue Institute administered 140 grants and contracts.

FY 2007 BUDGET REVIEW

The Institute received an appropriation of \$765,666 in general University funding and generated over \$10,785,087 in grant and contract funds during FY07. 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.

FY2008 AND BEYOND

As the Institute looks ahead to FY08 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. 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 2008 Operating Budget Statement
(in thousands of dollars)

	FY 2008 Budgeted			
	FY 06 Actuals	FY 07 Projected Budget-Accrual/Adjusted Basis	FY 08 Budget-Accrual Basis	FY 2007 - 08 Change
REVENUES				
Operating Revenues				
Tuition and Fees (net of scholarship allowances)				
Federal Grants and Contracts (net of deferred revenue)	\$ 7,857	\$ 7,356	\$ 7,200	\$ (156) -2%
State Grants and Contracts	2,013	2,208	2,700	492 22%
Local Grants and Contracts	144	146	150	4 3%
Private Grants and Contracts	393	985	1,000	15 2%
Sales & Service, Educational				
Auxiliary Enterprises				
Other Operating Revenues: fixed price balance transfers	143	150	-	(150) -100%
Sales & Service, Independent Operations				
Sales & Service, Public Service Activities				
Other: Allocation from campuses	63	103	103	- 0%
Total Operating Revenues	\$ 10,613	\$ 10,948	\$ 11,153	\$ 205 2%
EXPENSES				
Operating Expenses				
<i>Educational and General</i>				
Instruction	7,822	8,515	8,698	183 2%
Research	2,074	1,892	1,960	68 4%
Public Service	1,060	1,114	1,103	(12) -1%
Academic Support				
Student Services				
Institutional Support	564	455	490	35 8%
Operation and Maintenance of Plant				
Depreciation and Amortization				
Scholarships and Fellowships				
<i>Auxiliary Enterprises</i>				
<i>Other Expenditures</i>				
Independent Operations				
Public Service Activities				
Total Operating Expenses	\$ 11,520	\$ 11,976	\$ 12,250	\$ 274 2%
Operating Income/(Loss)	\$ (907)	\$ (1,028)	\$ (1,097)	\$ (69) 7%
NONOPERATING REVENUES/(EXPENSES)				
State Appropriations	1,019	1,072	1,126	54 5%
Gifts				
Investment Return				
Endowment Return				
Interest on Indebtedness				
Other Nonoperating Income				
Net Nonoperating Revenues	\$ 1,019	\$ 1,072	\$ 1,126	\$ 54 5%
Income Before Other Revenues, Expenses, Gains, and Losses	\$ 111	\$ 44	\$ 29	\$ (15) -35%
<i>Capital Appropriations</i>				
Capital Grants and Contracts				
University Related Transactions				
Disposal of Plant Facilities				
Other Additions/Deductions				
Total Other Revenues, Expenses, Gains & Losses	\$ -	\$ -	\$ -	\$ - 0%
Total Increase in Net Assets	\$ 111	\$ 44	\$ 29	\$ (15) -35%
NET ASSETS				
Net Assets at Beginning of Year			\$ 44	\$ 44 100%
Net Assets at End of Year		\$ 44	\$ 73	\$ 29 65%

Table 2
University of Massachusetts
The Donahue Institute
Fiscal Year 2008 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	11.0	12.6	12.6	0.0	0.0%
Classified Staff	0.3	0.3	0.3	0.1	20.0%
Subtotal, State Funded	11.3	12.9	12.9	0.1	0.4%
NON-STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	6.0	4.5	4.5	0.0	0.0%
Classified Staff	0.5	0.6	0.6	0.0	0.0%
Subtotal, Non-State Funded	6.5	5.1	5.1	0.0	0.0%
Total Unrestricted/Designated	17.8	18.0	18.0	0.1	0.3%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	83.3	87.6	87.6	0.0	0.0%
Classified Staff	5.0	4.4	4.4	0.0	0.0%
Subtotal, Grant Funded	88.3	92.0	92.0	0.0	0.0%
OTHER RESTRICTED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0%
Total Restricted	88.3	92.0	92.0	0.0	0.0%
TOTAL UNRESTRICTED AND RESTRICTED	106.1	110.0	110.0	0.0	0.0%

* 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 2008

CENTRAL ADMINISTRATION

(President's Office, Central Administrative Services,
Information Technology Services, UMass On-Line



**University of Massachusetts
President's Office & Central Administrative Services
FY 2008 Operating Budget Narrative**

INTRODUCTION

The University's central administration is comprised of two major components: the Office of the President 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 central 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. Overall planning, policy development and initiation of University-wide programs are carried out through the President's Office. Each of the major units is described briefly below.

Academic Affairs, Student Affairs and International Relations

The Office of Academic Affairs, Student Affairs and International Relations (AASAIR) provides university-wide oversight and coordination to ensure the quality of the University's students, faculty and programs. Academic assessment and accountability are core functions of the Office. The Office stresses collaboration and cooperation with faculty, Provosts, Librarians, Institutional Research Officers, Vice Chancellors for Student Affairs, Admissions Directors, Financial Aid Directors, Research Vice Provosts, and International Programs Directors. AASAIR encourages the innovative use of new technologies for research, teaching and service throughout the University and promotes more faculty global research by minimizing or removing impediments to international scholarship and research. AASAIR works with the other Vice Presidential areas and UMass Online, as well as with the state's K-12 enterprise, to review and evaluate proposed and existing programs. To maintain the highest quality, ensure programmatic integrity, and avoid unnecessary duplication, AASAIR supports intercampus initiatives that leverage the talents and resources of the University for the greatest quality, impact, visibility, and effectiveness. AASAIR represents the interests of the University and serves as a point of engagement for external agencies and organizations (e.g. the Board of Higher Education and the K-12 enterprise, including the STEM initiative). AASAIR works to enhance recruitment of prepared students from all backgrounds by emphasizing the idea that enrollment management is everyone's responsibility. AASAIR activities are also aimed at encouraging more globally competent graduates with the critical tools for recognizing cultural values other than their own.

Office of the Board of Trustees

The Trustees' Office enables the Board to discharge its responsibilities in accordance with its By-Laws and policies and in fulfillment of appropriate laws and statutes of the Commonwealth. The Trustees' Office provides staff services to the Trustees. The responsibilities of this Office include establishing relevant agenda for meetings, preparation of minutes of Board and Committee meetings, providing clerical and editorial help in the writing of reports, and obtaining responses of questions from appropriate officers of the University. Responses to questions may come directly from the President of the University, the Vice President concerned, or the Secretary to the Board of Trustees.

In addition to these functions, the Trustees' Office keeps current records (addresses, business affiliations, etc.) for each Trustee. The Office also makes arrangements for the Board meetings and provides members with dates and schedules.

In general, this Office acts as an agent in Boston for the Trustees and serves as liaison between the Board and the University Administration.

Business, Marketing and Public Affairs

The Business, Marketing and Public Affairs department in the President's Office manages the key functions that are often described under the umbrella of external relations or university advancement, with the goal of positioning the University of Massachusetts as the premier public higher education institution in Massachusetts and among the top public university systems in the United States. Its major activities include fundraising, integrated marketing, community affairs, alumni affairs and system communications and advertising, as well as playing an important role in shaping the business and operations of the President's Office. The department works closely with President's Office staff and campus leadership on initiatives related to academic and student affairs, administration and finance, international relations, economic development and athletics.

University Relations and Communications

The University Relations and Communications Office disseminates information about the University of Massachusetts, 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 of distributing information among the campuses.

Government Relations

The Office of Government Relations works with the University President, Trustees, Chancellors, campus-based government relations and alumni relations staff, students and student organizations, the faculty and alumni/ae to inform both state and federal officials on issues of importance to the entire University. The Office works with these groups to craft and communicate a strategic message for the University.

Economic Development

The Office of Economic Development serves as a central coordinator and catalyst for mobilizing the resources of the University in support of our mission to help build the innovation economy of the Commonwealth. The department serves as a focal point for system-wide economic development initiatives, a facilitator of collaborative ventures with industry and state government, and a consultant to campuses on economic development issues. Units in the department include: the Office of Commercial Ventures and Intellectual Property (CVIP); the Massachusetts Technology Transfer Center; and the Donahue Institute (the public service arm of the President's Office). The University's primary economic roles are in five areas: science and technology-based economic development, R&D and technical partnerships with industry, technology commercialization and venture creation, workforce development, and economic research and analysis. New economic development initiatives include: implementation of the state-wide Massachusetts Bio-Manufacturing Center, advocacy for a system-wide Institute for Stem Cell Research and Regenerative Medicine, development of new S&T initiatives in strategic areas such as renewable energy and marine science, expanded efforts to promote new venture creation, and expanded collaboration with state agencies, particularly in the areas of economic development, renewable energy and workforce development.

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.

Management and Fiscal Affairs

The Office of Management and Fiscal Affairs works with the campus Chancellors and Vice Chancellors for Administration and Finance, as well as 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 manage a \$2.1 billion capital financing program. The University response to the state budget, revenue, and expenditure initiatives will continue to require appropriately developed University goals and objectives, negotiation, and resolution.

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. Tactical planning is developed with consideration for the needs of and the 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 (UAO) 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 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. The Budget Office also reviews University policies that have budgetary impact, with the goal of streamlining regular budget reporting to the Board.

University Controller's Office

The major functions of the University Controller's Office (UCO) include: coordination of the University's general purpose financial audits as well as the audit of federal funds; development and production of the University Financial Statements; and 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 the liaison between the Office of the State Comptroller and the University regarding all accounting and various payroll related activities.

UCO coordinates the University's general purpose financial audit, prepares the Annual Financial Report, and directs the development of the general ledger and financial reporting structures for the Peoplesoft financial records system, and continues to develop and review University indicators of financial health. In addition, UCO coordinates between the Commonwealth and the University with regard to the implementation of the Commonwealth's NewMMARS (New Massachusetts Management Accounting and Reporting System).

Human Resources & Labor Relations

The Office of Human Resources provides leadership and coordination for the University in the full range of human resources functions, including overall policy development, labor relations, compensation and benefits, training, and affirmative action/equal opportunity. Acting on behalf of the Board of Trustees, which is the statutory employer of record, the Office conducts or supervises

negotiations with 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 for exempt employees across the University.

University Treasurer's Office

The University Treasurer's Office is responsible for many finance-related activities within the University. The functions performed by the Treasurer's Office are not duplicated at the campuses, resulting in an operation that is very centralized and efficient. All operational responsibilities of the University Treasurer's Office are undertaken for the benefit of the campuses and the University with an emphasis on quality, efficiency, and productivity.

The functions of the University Treasurer's Office include: cash management, which encompasses the management and oversight of all operating cash investments for the University, the management of all banking relationships, the reconciliation of all bank accounts, as well as management of the University's credit card and ATM programs.

The Treasurer's Office also maintains responsibility for risk assessment and insurance management, tax reporting and tax policy development, optional employee benefits including the tax sheltered annuity and deferred compensation programs, debt management including the administration of the University's Lease Pool as well as being primary contract signatory authority for the University.

The services provided by the University Treasurer's Office enhance the integrity of the University's financial systems by allowing the campuses to receive the benefits of consolidated systems and processes. Cost savings are generated through centralized management. In addition to cost savings, processing time is focused and efficient.

University Information Technology Services

University Information Technology Services (UITS) provides institutional leadership in developing and supporting high-quality, innovative solutions to the business and information needs of the administrative staff, faculty, students and other customers of the University. A wide-range of information resources and information technology tools are supplied to the administrative and academic communities via centralized management of administrative computer and networked communications facilities. Centralized application development, production support, network management, resource allocation and planning are provided to deliver data, print, file transfer and customer services.

Acting as a service 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 Prometheus 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 in gaining access to data through easy to use, state-of-the-art technology. UITS will continue to enhance and expand the statewide MITI network that connects all five campuses and the President's Office through additional fiber connections and technology upgrades. The

network will continue to support administrative computing services, Internet access services for state and community colleges, UMass and other public libraries and state agencies, and advance the Commonwealth's distance learning agenda.

UMassOnline

Headquartered at the University's Collaborative Services Facility in Shrewsbury, UMassOnline is the University's online education consortium. UMassOnline enables the University to provide wider access to its educational programs via the Internet, while increasing revenues to support its campuses. UMassOnline and the Continuing Education units at the five campuses collaboratively generate tuition revenue in excess of \$26 million and support 26,600 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 66 online degree and certificate programs and more than 1,300 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.

University of Massachusetts
 Central Administration
 Fiscal Year 2008 Operating Budget Statement
 (President's Office, Central Administrative Services, UITS, UMDI, UMLonline)
 (in thousands of dollars)

	FY 2008 Budgeted				
	FY 06 Actuals	FY 07 Projected Budget-Accrual/Adjusted Basis	FY 08 Budget-Accrual Basis	FY07 to FY08 Change	
REVENUES					
Operating Revenues					
Tuition and Fees (net of scholarship allowances)	\$ 1,942	\$ 2,761	\$ 3,451	\$ 690	25%
Federal Grants and Contracts	4,175	4,283	4,192	(91)	-2%
State Grants and Contracts	2,097	1,760	2,152	392	22%
Local Grants and Contracts	826	652	670	18	3%
Private Grants and Contracts	3,241	2,847	2,891	43	2%
Sales & Service, Educational	1,259	1,259	1,259	-	0%
Auxiliary Enterprises					
Recovery of Indirect Costs	-	3	3	-	0%
Allocation from Campuses	36,633	38,232	40,003	1,771	5%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	1,657	1,657	1,657	-	0%
Total Operating Revenues	\$ 51,830	\$ 53,455	\$ 56,279	\$ 2,824	5%
EXPENSES					
Operating Expenses					
<i>Educational and General</i>					
Instruction	\$ 10,463	\$ 9,874	\$ 10,269	\$ 395	4%
Research	2,153	1,048	1,089	42	4%
Public Service	2,089	1,322	1,375	53	4%
Academic Support					
Student Services					
Institutional Support	42,060	49,900	52,395	2,495	5%
Operation and Maintenance of Plant	1,336	1,397	1,397	-	0%
Depreciation and Amortization	1,923	1,923	1,923	-	0%
Scholarships and Fellowships					
<i>Auxiliary Enterprises</i>					
<i>Other Expenditures</i>					
Independent Operations					
Public Service Activities					
Other	-	1,002	1,002	-	0%
Total Operating Expenses	\$ 60,024	\$ 66,466	\$ 69,451	\$ 2,985	4%
Operating Income/(Loss)	\$ (8,194)	\$ (13,011)	\$ (13,172)	\$ (161)	1%
NONOPERATING REVENUES/(EXPENSES)					
Federal Appropriations	-	-	-	-	0%
State Appropriations	\$ 5,664	\$ 6,102	\$ 6,346	\$ 244	4%
Gifts	177	-	-	-	0%
Investment Return	5,370	7,943	6,656	(1,286)	-16%
Endowment Return	479	-	-	-	0%
Interest on Indebtedness	(34)	(1,251)	(1,251)	-	0%
Other Nonoperating Income	4,993	3,338	3,338	-	0%
Net Nonoperating Revenues	\$ 16,649	\$ 16,132	\$ 15,090	\$ (1,042)	-6%
Income Before Other Revenues, Expenses, Gains, and Losses	\$ 8,455	\$ 3,121	\$ 1,918	\$ (1,203)	-39%
Capital Appropriations					
Capital Grants and Contracts	\$ -	\$ -	\$ -	\$ -	0%
Additions to Permanent Endowments					
University Related Transactions					
Disposal of Plant Facilities	(570)	-	-	-	0%
Gain from Disposal of Plant Facilities					
Other Additions/Deductions	(5,194)	4,339	4,339	-	0%
Total Other Revenues, Expenses, Gains & Losses	\$ (5,764)	\$ 4,339	\$ 4,339	\$ -	0%
Total Increase in Net Assets	\$ 2,691	\$ 7,460	\$ 6,257	\$ (1,203)	-16%
NET ASSETS					
Net Assets at Beginning of Year	\$ 51,288	\$ 53,979	\$ 61,439	\$ 7,460	14%
Net Assets at End of Year	\$ 53,979	\$ 61,439	\$ 67,696	\$ 6,257	10%

University of Massachusetts
Central Administration
Fiscal Year 2008 Operating Budget Statement
(President's Office, Central Administrative Services, UITS, UMLearn)
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2005 (FY 2006)	Actual FTEs Fall 2006 (FY 2007)	Projected FTEs Fall 2007 (FY 2008)	FTE Change Fall 2006 - 07	% Change Fall 2006 - 07
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	185.3	186.1	205.0	18.9	10.2%
Classified Staff	20.8	15.9	17.0	1.1	7.1%
Subtotal, State Funded	206.1	202.0	222.0	20.1	9.9%
NON-STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	14.7	36.3	49.5	13.2	36.4%
Classified Staff	0.4	0.0	0.0	0.0	0.0%
Subtotal, Non-State Funded	15.1	36.3	49.5	13.2	36.4%
Total Unrestricted/Designated	221.2	238.2	271.5	33.3	14.0%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
Subtotal, Grant Funded	0.0	0.0	0.0	0.0	0.0%
OTHER RESTRICTED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0%
Total Restricted	0.0	0.0	0.0	0.0	0.0%
TOTAL UNRESTRICTED AND RESTRICTED	221.2	238.2	271.5	33.3	14.0%

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

**APPENDIX A:
FY 2008 UNIVERSITY OPERATING BUDGET**

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

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

Following are the proposed changes or new statements of trust for review and approval by the Board.

The Amherst campus requests new/changes to statements of trust for the following:

- 1) *New Statement of Trust – Outreach Administration*
The new trust will support revenue-generating activities within the Outreach business unit through the centralization of administrative, development, financial, marketing, and strategic planning services.
- 2) *Change to Statement of Trust – Campus Recreation and Sports Clubs*
The change in this statement of trust reflects the move of the mandatory Campus Recreation and Sports Club fee for undergraduate and Stockbridge students to the Campus Fee Fund. Income for the Campus Recreation and Sports Club trust will be derived from a voluntary recreational semester fee for students and other user charges.
- 3) *Change to Statement of Trust – Center for Early Education and Care*
The change in this statement of trust reflects the fund's name change from University Child Care to the Center for Early Education and Care.

The Lowell campus requests new/changes to statements of trust for the following:

- 1) *New Statement of Trust – Parking Fees*
The new trust is for the collection of parking fees. The funds collected will be used to support the campus' parking facilities, debt service, and faculty/staff/student transportation.
- 2) *New Statement of Trust – First Year Student Services Fee*
The new trust is for the receipt and disbursement of funds for first-year undergraduate and graduate students. The funds will be used to provide support for first-year students in order to enhance retention.
- 3) *New Statement of Trust - School of Health & Environment Fee*
The new trust is for the receipt and disbursement of funds for the HESI Nursing Exit and Specialty Exam Fees, as well as the Advanced Health Assessment Fee.
- 4) *Change in Statement of Trust – Food Services Trust Fund*
Currently, the funds retained in the Food Services Trust are only used to pay the food service vendor for any outstanding student accounts receivable, and to support both direct

(equipment, repair) and indirect (billing, utilities) costs associated with the food service activities on campus. This change will permit the campus to also use any remaining funds for financial aid.

The Worcester campus requests a new statement of trust for the following:

1) *New Statement of Trust – Medical School Fund*

The proposed new statement of trust is required to more formally structure the Medical School Fund to enhance the management of funds used to support the general operations of the Medical School. It will allow for the consolidation of balances for budgeting, allocation and spending from a single place. A Medical School Fund was originally defined a number of years ago when the Medical School still managed the group practice operation; however, the current relationship between the University and UMASS Memorial Health Care is significantly different, as are the overall operations of the Medical School.

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name:	Outreach Administration	Account Number: 21623
Executive Area/MBU/Dept:	Academic Affairs	Fund Type: Educational Activities
Change or Proposed New:	New	

NEW: PURPOSE STATEMENT FOR TRUST

Outreach Administration supports revenue generating activities within the Outreach MBU by centralizing administrative services and promoting all products and services under a standardized umbrella. Revenues are spent in support of further development of the activities that generate them.

FISCAL YEAR 2008 PROGRAM STATEMENT

Outreach administration provides the centralized administrative, development, financial, marketing, and strategic planning services to all Outreach programmatic units. The units are assessed for services anticipated to be provided for FY08. Examples of services provided include all aspects of human resources management, budget development and reporting, strategic vision and direction, marketing services including promotional collateral and advertising.

FEE HISTORY

N/A

FEE INCREASE JUSTIFICATION

N/A

SUMMARY OF CHANGES

N/A

SUMMARY OF FUND BALANCE

N/A

University of Massachusetts
Amherst Campus

Revenue-Based Budget
Fiscal Year 2008

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name: Campus Recreation & Sports Clubs
 Executive Area/MBU/Dept: Athletics
 Account Number: 21755
Change or Proposed New: Change

CHANGE: PURPOSE STATEMENT FOR TRUST

Income for the Campus Recreation & Sports Clubs program is derived from a voluntary semester recreational activity and locker fee for faculty, staff, Continuing Education students and graduate students and from voluntary conferee fees. This income is used to fund operating of the Campus Recreations & Sports Clubs programs.

PURPOSE STATEMENT FOR TRUST

Income for the Campus Recreation & Sports Clubs program is derived from a fee levied upon every University freshman, Stockbridge and transfer student. Income is also derived from a voluntary semester recreational activity and locker fee for faculty, staff, Continuing Education students and graduate students and from voluntary conferee fees. This income is used to fund operating and salary costs of the Campus Recreations & Sports Clubs programs. These programs service the entire University community - student, faculty, staff and conferees.

FISCAL YEAR 2008 PROGRAM STATEMENT

The Campus Recreation and Sports Clubs will continue to provide intramural and club sport activities.

FEE HISTORY

<i>Participant(s) Paying Fee</i>	<i>Fee Type (Optional/Mandatory/ One-Time)</i>	<i>Actual FY 2006 Fee</i>	<i>Actual FY 2007 Fee</i>	<i>Proposed FY 2008 Fee</i>	<i>\$ Change FY 2007 - 2008</i>	<i>% Change FY 2007 - 2008</i>
Ugrad First Year & Transfer	One-Time	\$110.00	\$110.00	Moved	N/A	N/A
Stockbridge First Year	One-Time	\$55.00	\$55.00	Moved	N/A	N/A

FEE INCREASE JUSTIFICATION

N/A

SUMMARY OF CHANGES

Beginning FY2008 the undergraduate and Stockbridge fees will be moved to the Campus Fee Fund. The Statement of Trust has been modified to reflect the change.

SUMMARY OF FUND BALANCE

N/A

University of Massachusetts
Amherst Campus

Revenue-Based Budget
Fiscal Year 2008

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name:	Center for Early Education and Care	Fund Number:	21749
Executive Area/MBU/Dept:	Student Affairs	Fund Type:	Auxiliary
Change or Proposed New:	Change		

CHANGE: PURPOSE STATEMENT FOR TRUST

The Center for Early Education and Care provides a high-quality year-round early childhood education program for students, faculty, and staff families. The Center uses innovative educational practices, which meet the accreditation standards set by the National Academy of Early Childhood Programs.

PURPOSE STATEMENT FOR TRUST

University Child Care provides affordable, high quality, year-round child care services for undergraduate students, graduate students and employees at the University following a model educational program based on developmentally appropriate practices which met the accreditation standards set by the National Academy of Early Childhood programs. University Child care provides practicum, internship and research opportunities for University students and faculty.

FISCAL YEAR 2008 PROGRAM STATEMENT

The Center for Early Education and Care (formerly University Child Care) provides an educational program based on developmentally appropriate practices. Program goals include supporting children's emerging self-concepts and assisting them in learning social skills.

FEE HISTORY

N/A

FEE INCREASE JUSTIFICATION

N/A

SUMMARY OF CHANGES

N/A

SUMMARY OF FUND BALANCE

N/A

University of Massachusetts
Lowell Campus

Revenue-Based Budget
Fiscal Year 2008

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name:	Parking Fee Trust Fund	Account Number:	TBD
Executive Area/MBU/Dept:	Facilities	Fund Type:	Other
Change or Proposed New:	New		

NEW: PURPOSE STATEMENT FOR TRUST

The purpose of the Parking Fee Trust Fund is to record collection of parking fees at the University of Massachusetts Lowell and to disburse such funds in support of the parking facilities at UMass Lowell, including debt service; for transportation of student, faculty and staff; and for activities in support of non-automotive means of transportation to, from and about campus.

The revenues generated from the sale of parking decals will be used to pay for the debt service on the new campus parking garage and will fund future lot maintenance costs at each of our parking areas and to support the campus shuttle bus system.

All revenue obtained above and beyond supporting the campus parking garage and lots will be used to advance the greening of the campus. More bike racks will be available and carpooling will be encouraged.

FISCAL YEAR 2008 PROGRAM STATEMENT

The UMass Lowell campus plans to begin charging students, faculty and staff for parking decals, beginning in September 2007. Because parking is a subject of collective bargaining, the implementation of parking fees for members of employee units is subject to the collective bargaining process. It is the intent that the implementation of this fee will help support the university's growing transportation and parking needs over the long term.

FEE HISTORY

FY 2008 is the first year of this fee. Rates are as follows:

<i>Participant(s) Paying Fee</i>	<i>Fee Type (Optional/Mandatory/ One-Time)</i>	<i>Actual FY 2006 Fee</i>	<i>Actual FY 2007 Fee</i>	<i>Proposed FY 2008 Fee</i>	<i>\$ Change</i>	<i>% Change</i>
Day Students	Optional		up to	144.00	144.00	New Fee
CS/CE Students	Optional		up to	120.00	120.00	New Fee
Faculty/Staff	Optional		up to	144.00	144.00	New Fee
Adjunct Faculty	Optional		up to	120.00	120.00	New Fee
Part-time Staff	Optional		up to	120.00	120.00	New Fee
Reserved Parking	Optional		up to	500.00	500.00	New Fee

FEE INCREASE JUSTIFICATION

While we have been reluctant to charge parking fees, economic forces are making this necessary. First, and foremost, funding is needed to support the costs of providing and maintaining parking lots and facilities on campus. The funds that allowed us to construct the new parking structure did not come from the state: UMass Lowell borrowed the funds and is obligated to pay debt service on this loan. The amount of debt service is approximately \$1.4 million per year. If we do not charge a parking fee, the payment for debt service will have to be achieved by reducing operating budgets throughout the University by this \$1.4 million obligation

SUMMARY OF CHANGES

This is a new fee in 2008.

SUMMARY OF FUND BALANCE

N/A

University of Massachusetts
Lowell Campus

Fee-Based Budget
Fiscal Year 2008

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name:	First Year Student Services Fee Trust	Account Number:	TBD
Executive Area/MBU/Dept:	Academic Affairs	Fund Type:	Educational Activities
Change or Proposed New:	New		

NEW: PURPOSE STATEMENT FOR TRUST

To receive and disburse funds in support of First Year Student Services, both undergraduate and graduate. The primary source of funds is the First Year Student services fee. To provide a strong first year experience that enhances retention, by providing strong support for undergraduate students, residential and in particular commuters. Also, to provide fundamental and enhanced services to first year graduate students, as well as new student programs and resources.

FISCAL YEAR 2008 PROGRAM STATEMENT

To provide a strong first year experience that enhances retention, it is imperative that we offer strong support for undergraduate students, residential and in particular commuters. The increasing demand for a full, first year support program for new students is reflected in our continued loss of 25% of the first year class, and the growing demand to serve students across all careers, especially transfers, and commuters. These funds will allow us to begin to provide more services of a better quality throughout the first year. In addition, there are critical needs for orientation programs and ongoing graduate student support services. These funds will allow us to provide fundamental and enhanced services such as TA/RA Orientation and Grant Writing Workshops, as well as new student programs and resources. These initiatives will greatly enhance graduate student satisfaction, which is critical for both retention and recruiting efforts, and allow us to progressively further the mission of UMass Lowell.

FEE HISTORY

FY 2008 is the first year of this fee. Rates are as follows:

Participant(s) Paying Fee	Fee Type (Optional/Mandatory/ One-Time)	Actual FY 2006 Fee	Actual FY 2007 Fee	Proposed FY 2008 Fee	\$ Change	% Change
Incoming Freshmen	Optional			\$175	\$175	New Fee
Incoming Transfer Students	Optional			\$175	\$175	New Fee
Incoming Graduate Students	Optional			\$175	\$175	New Fee

FEE INCREASE JUSTIFICATION

To provide a strong first year experience that enhances retention, it is imperative that we offer strong support for undergraduate students, residential and in particular commuters. The increasing demand for a full, first year support program for new students is reflected in our continued loss of 25% of the first year class, and the growing demand to serve students across all careers, especially transfers, and commuters. These funds will allow us to begin to provide more services of a better quality throughout the first year. In addition, there are critical needs for orientation programs and ongoing graduate student support services. These funds will allow us to provide fundamental and enhanced services such as TA/RA Orientation and Grant Writing Workshops, as well as new student programs and resources. These initiatives will greatly enhance graduate student satisfaction, which is critical for both retention and recruiting efforts, and allow us to progressively further the mission of UMass Lowell.

SUMMARY OF CHANGES

This is a new fee in 2008.

SUMMARY OF FUND BALANCE

N/A

University of Massachusetts
Lowell Campus

Fee-Based Budget
Fiscal Year 2008

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name:	School of Health & Environment Fee Trust	Account Number:	TBD
Executive Area/MBU/Dept:	Academic Affairs	Fund Type:	Educational Activities
Change or Proposed New:	New		

NEW: PURPOSE STATEMENT FOR TRUST

To receive and disburse funds in support of specific course fees for the School of Health and Environment. These include HESI Nursing Exit and Specialty Exam Fees, and the Advanced Health Assessment Fee.

FISCAL YEAR 2008 PROGRAM STATEMENT

1. Health Education System Inc. (HESI) Exit Exams and Specialty Exams, administered throughout the years of a nursing student curriculum have proven excellent ways to diagnose weaknesses and to target remediation for the student and the student's instructors. Students are administered specialty exams in two courses in the second semester of their sophomore year, in three clinical courses in their junior year and in one clinical and one summative course in their senior year. The fee is to offset the costs of the exams and the exam processing in order to provide direct and proper feedback to each individual student.
2. Nurse practitioner graduate students enrolled in 33.651, Advanced Health Assessment are taught a variety of health assessment skills in hospital settings. Assessment of the female gynecologic anatomy and the male genitourinary anatomy, however, is a particularly difficult subject for which to arrange appropriate teaching settings. The UMass Standardized Patient Program was established in 1982 at the UMass Medical School. Standardized Patients (SP) are lay people trained to act effectively as evaluators and teachers of medical students, nurse practitioner students and residents. This fee covers the costs for our students to attend this specialized course.

FEE HISTORY

FY 2008 is the first year of this fee. Rates are as follows:

Participant(s) Paying Fee	Fee Type (Optional/Mandatory/ One-Time)	Actual FY 2006 Fee	Actual FY 2007 Fee	Proposed FY 2008 Fee	\$ Change	% Change
Nursing Students Enrolled in 33-210	Optional			\$22.00	\$22.00	New Fee
Nursing Students Enrolled in 33-319	Optional			\$22.00	\$22.00	New Fee
Nursing Students Enrolled in 33-310	Optional			\$44.00	\$44.00	New Fee
Nursing Students Enrolled in 33-314	Optional			\$44.00	\$44.00	New Fee
Nursing Students Enrolled in 33-318	Optional			\$22.00	\$22.00	New Fee
Nursing Students Enrolled in 33- 410	Optional			\$22.00	\$22.00	New Fee
Nursing Students Enrolled in 33-413	Optional			\$80.00	\$80.00	New Fee
Nursing Students Enrolled in 33.651	Optional			\$275.00	\$275.00	New Fee

FEE INCREASE JUSTIFICATION

1. Health Education System Inc. (HESI) Exit Exams and Specialty Exams: this fee is to offset the costs of the exams and the exam processing in order to provide direct and proper feedback to each individual students.
2. Advanced Health Assessment Fee: This fee covers the costs of students enrolled at the UMass Medical School Standardized Patient Program. This program provides the best available training for students in 33.651.

SUMMARY OF CHANGES

This is a new fee in 2008.

SUMMARY OF FUND BALANCE

N/A

University of Massachusetts
Lowell Campus

Revenue-Based Budget
Fiscal Year 2008

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name:	Food Service Trust Fund	Account Number:	TBD
Executive Area/MBU/Dept:	Student Services	Fund Type:	Other
Change or Proposed New:	Change		

CHANGE: PURPOSE STATEMENT FOR TRUST

The purpose of this agency trust fund is to provide for the collection of meal plan revenues from campus residence hall students. Disbursements are made from this account to the meal plan vendor, in support of the dining halls, and to support scholarships and other financial aid at UMass Lowell.

PURPOSE STATEMENT FOR TRUST

The University is in the first year of a multi-year contract with ARAMARK for food services on campus. The purpose of this agency trust fund is to provide for the collection of meal plan revenues from campus residence hall students. Disbursements are made from this account to the meal plan vendor and in support of the dining halls.

FISCAL YEAR 2008 PROGRAM STATEMENT

This fund is used to efficiently collect and disburse meal plan funds in order to maintain the quality of food service provided to our students. The students have a choice of six meal plans.

FEE HISTORY

FY 2008 is the first year of this fee. Rates are as follows:

<i>Participant(s) Paying Fee</i>	<i>Fee Type (Optional/Mandatory/ One-Time)</i>	<i>Actual FY 2006 Fee</i>	<i>Actual FY 2007 Fee</i>	<i>Proposed FY 2008 Fee</i>	<i>\$ Change</i>	<i>% Change</i>
19 Meals/wk \$50 pts	Res Studt - Mandatory	\$2,351	\$2,410	\$2,492	\$82.00	3.4%
14 Meals/wk \$180 pts	Res Studt - Mandatory	\$2,351	\$2,410	\$2,492	\$82.00	3.4%
10 Meals/wk \$330 pts	Res Studt - Mandatory	\$2,351	\$2,410	\$2,492	\$82.00	3.4%
7 Meals/wk \$420 pts	Res Studt - Mandatory	\$2,224	\$2,280	\$2,358	\$78.00	3.4%
5 Meals/wk \$800 pts	Res Studt - Mandatory	\$2,351	\$2,410	\$2,492	\$82.00	3.4%
10 Meals/wk M-F	Res Studt - Mandatory	\$1,972	\$2,021	\$2,090	\$69.00	3.4%

FEE INCREASE JUSTIFICATION

Each year the food service vendor may request increases in meal rates based on factors such as local and regional price indices, wage rates, insurance costs and other related costs of providing food service to our resident students. The requested increases will permit the campus to meet these obligations and to continue to maintain and improve the dining halls.

SUMMARY OF CHANGES

N/A

SUMMARY OF FUND BALANCE

N/A

University of Massachusetts
Worcester Campus

Revenue-Based Budget
Fiscal Year 2008

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name:	Medical School Fund	Account Number:	21011
Executive Area/MBU/Dept:	Medical School		
Change or Proposed New:	New		

NEW: PURPOSE STATEMENT FOR TRUST

The Medical School Fund shall function as a central consolidated fund for the general operations of the Medical School. To enable more efficient management of funds used for the operation of the Medical School, balances may be transferred from other trust funds to the Medical School Fund to be expended, so long as the use is consistent with any restrictions of the originating fund. The Medical School fund will also serve to collect various revenues received by the Medical School not necessarily related to specific programs or operations, but which support the general operations of the School. Funds in the Medical School fund may be expended for any purpose in support of the operation and activities of the Medical School, as authorized by the Chancellor within the guidelines of the University Policy for Management of University Funds.

FISCAL YEAR 2008 PROGRAM STATEMENT

The Medical School Fund operates to support the Medical School’s research, education and public service mission. The overall annual revenue and expenses governed by the University Policy for Management of University Funds and are reviewed and approved through the University’s annual operating budget process. The fund may receive funds from both internal and external sources. Internally, balances may be transferred from other funds that receive revenues which may be used to support the operations of the Medical School. Some examples of these include, but are not limited to, the Research Trust Fund, Curriculum Fee Fund, Trust Fund Interest, Fringe Benefit Assessment Trust and Royalties. External revenue received directly by the Medical School Fund can come from various sources. These are unrestricted revenues received by the Medical School that are not related to the activities of a revenue based trust or other trust fund established for a specific purpose. Currently, these revenues can include, but are not limited to, Base and Participation Payments from UMass Memorial Healthcare, royalties and other payments received under patent licensing agreements, and other miscellaneous payments received by the Medical School. Expenditures from this trust fund are authorized by the Chancellor through the budgeting and fund allocation processes of the Worcester Campus. These expenditures may be for any purpose related to the operation of the Medical School, as long as they are allowable under other applicable policies, procedures, laws or other governing documents.

FEE HISTORY

N/A

FEE INCREASE JUSTIFICATION

N/A

SUMMARY OF CHANGES

N/A

SUMMARY OF FUND BALANCE

N/A