



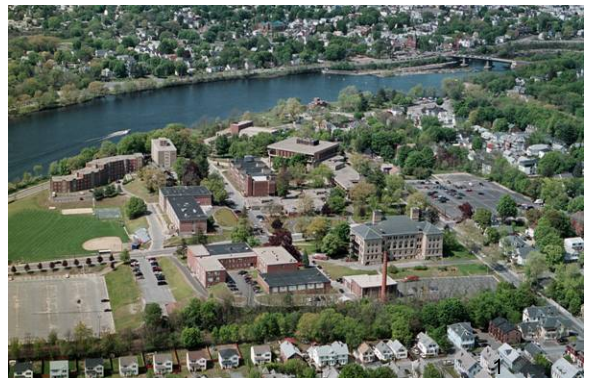
UNIVERSITY OF MASSACHUSETTS  
*Amherst • Boston • Dartmouth • Lowell • Worcester*

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# Fiscal Year 2010 Operating Budget

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# **OPERATING BUDGET**

*for Fiscal Year 2010*

## **SUMMARY & FINANCIAL OVERVIEW**





## **INTRODUCTION**

This executive summary highlights the overall revenue and expense activity for the University based on operating budget statements formatted consistent with the standard Combined Statements of Revenues and Expenses contained in the University's annual audited financial statements. FY 2007 and FY 2008 actual data are provided from the audited statements and are compared to projected figures for the current fiscal year (FY 2009)<sup>1</sup> and estimates proposed for the fiscal year beginning July 1, 2009 (FY 2010). The information does not include data for the University's related organizations (e.g. the UMASS Foundation, the UMASS Building Authority and the Worcester City Campus Corporation).

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 2010. The University Summary tables present aggregated revenues, expenditures, and personnel data for the five campuses and the University System Office. Also included are undergraduate and graduate enrollment trend data.

There are a number of issues of University-wide importance that directly impact the FY 2010 Operating Budget. The overall economic health of the Commonwealth, the level of state support, the impact of collectively bargained wage increases, enrollment and fee revenue growth, and the growth in designated and restricted funds determine the limits of program expansion, new initiatives and strategic investments, as well as the ability of the University to meet its core mission and ongoing operational needs.

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

- State support
- Student charges
- Enrollment changes
- Debt Service in support of University's capital investment program
- 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 campus budgets. The most pressing challenges to the University's budget include: unpredictable state funding,

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<sup>1</sup> The final FY 2009 audited financial statements will be completed in the Fall and presented to the Board at that time.

supporting the aggressive capital investment program, as well as increased depreciation and maintenance costs; hiring new faculty and expanding student life programs; increasing student financial aid; investing in new technology; and implementing emergency preparedness measures.

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 fifth year that the Operating Budget is being presented in this format in an effort to streamline the budget process by coordinating the collection and analysis of the Operating Budget with the Financial Indicators Report and review of campus Fee and Revenue Operations Budgets. This coordination has promoted consistency in the assumptions and projections that support the figures presented in each of the reports.

It is important to note that the timing of the development of the Operating Budget has changed in recent years. In the past, the Operating Budget was presented during the fall meeting cycle of the Board, in which 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 2010 Operating Budget, the year-to-year changes are based on projections for FY 2009 year-end (the current year). The FY 2010 budget estimates assume the House Ways and Means recommended level of state appropriation for the University. The House’s budget recommended a significant decrease in the state appropriation to the University for FY 2010, which has been factored into the budget projections. It is assumed that support for the FY 2010 costs of collective bargaining agreements would be provided through supplemental appropriations funded by the Commonwealth.

### **FY 2010 OPERATING BUDGET SUMMARY**

The total University budget projects an increase in both revenues and expenditures in fiscal year 2010 from the current fiscal year (FY 2009). The year-to-year increases are driven by the Medical School’s Public Service activities (which include Commonwealth Medicine and the Massachusetts Biologics Laboratory programs) as well as research and debt service spending. Excluding the Medical School in total, the University’s FY 2010 revenues and expenses are estimated to increase on a year-to-year basis of 7.9% and 6.8% respectively, with a projected operating surplus of \$22.3 million or 1.4% of all revenues. Including the Medical School, a \$22.6 million operating surplus is estimated, with a 0.8% operating margin.

The University’s revenues and expenditures are projected to exceed \$2.73 billion and \$2.71 billion respectively in FY 2010.

<b>Total Budgeted University Revenues &amp; Expenditures</b>								
(\$ Shown in Millions)	Actual	Actual	Projected	Budgeted	FY 09 - 10		FY 08 - 10	
	FY 2007	FY 2008	FY 2009	FY 2010	1-yr. change		2-yr. change	
Revenues*	\$2,345.7	\$2,308.1	\$2,561.2	\$2,732.5	\$171.3	6.7%	\$424.4	18.4%
Expenditures**	\$2,215.3	\$2,240.1	\$2,562.1	\$2,709.9	\$147.7	5.8%	\$469.8	21.0%
Operating Surplus/(Deficit)	\$130.4	\$68.0	(\$0.9)	\$22.6				
Operating Margin	5.6%	2.9%	0.0%	0.8%				
<b>Not Including Medical School</b>								
Revenues*	\$1,365.3	\$1,532.3	\$1,514.5	\$1,634.9	\$120.4	7.9%	\$102.6	6.7%
Expenditures**	\$1,340.6	\$1,481.9	\$1,509.9	\$1,612.5	\$102.6	6.8%	\$130.6	8.8%
Operating Surplus/(Deficit)	\$24.7	\$50.4	\$4.6	\$22.3				
Operating Margin	1.8%	3.3%	0.3%	1.4%				

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

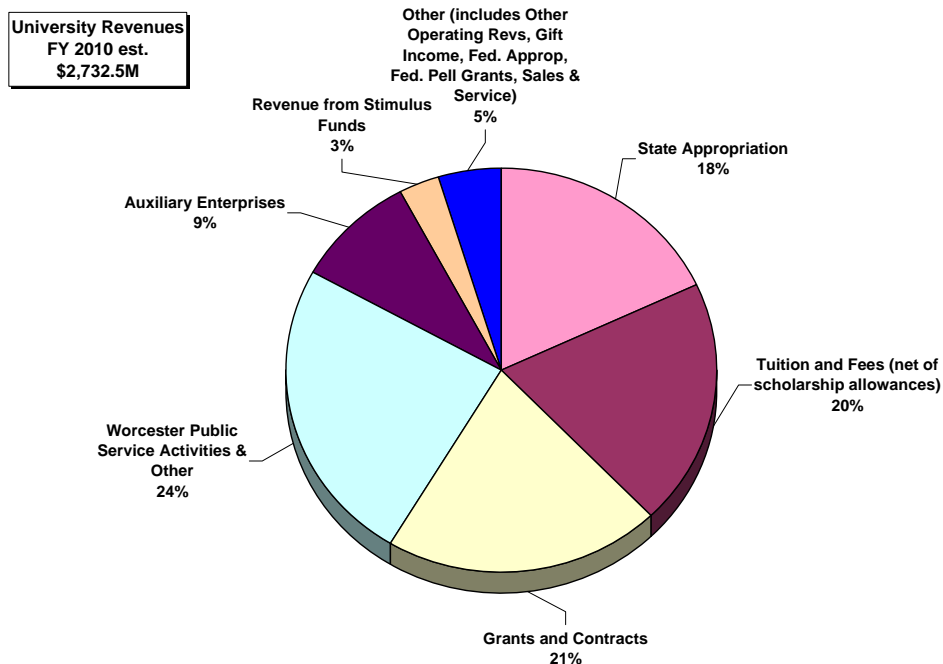
\*\*Expenditures include: Total Operating Expenditures, Interest on Indebtedness and Depreciation expense.

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. Additionally, this is the second year that the report includes a table showing operating expenditures by the so-called natural classification categories (salaries and wages, financial aid, supplies and services, etc.) and a table detailing campus enrollment data.

**Revenues**

Total FY 2010 revenues are budgeted at \$2.73 billion, a 6.7% increase from FY 2009 or \$171.3 million. The most significant increases in revenue are attributed to federal grants and contracts, which are budgeted at a total of \$66.8 million over current year projections and federal stimulus funds, which are budgeted at \$79.8 million. Other increases in revenue projected for FY 2010 include a \$12.9 million increase in private grants and contracts and a \$10.6 million increase in public service activities through the Medical School’s Commonwealth Medicine.

The following chart displays budgeted revenues as a percent of total revenues for FY 2010.



**The state appropriation** is expected to decline by \$48.3 million and represents only 18% of all University revenues. The House Ways and Means' budget recommendation is 12% less than the University's FY 2009 funding after both 9C cuts. Furthermore, the Senate Ways and Means budget, which was released a week before this document was prepared, recommends another 1 percent decrease in the University's FY 2010 budget from its final FY 2009 level. The Governor has yet to approve the final FY 2010 budget.

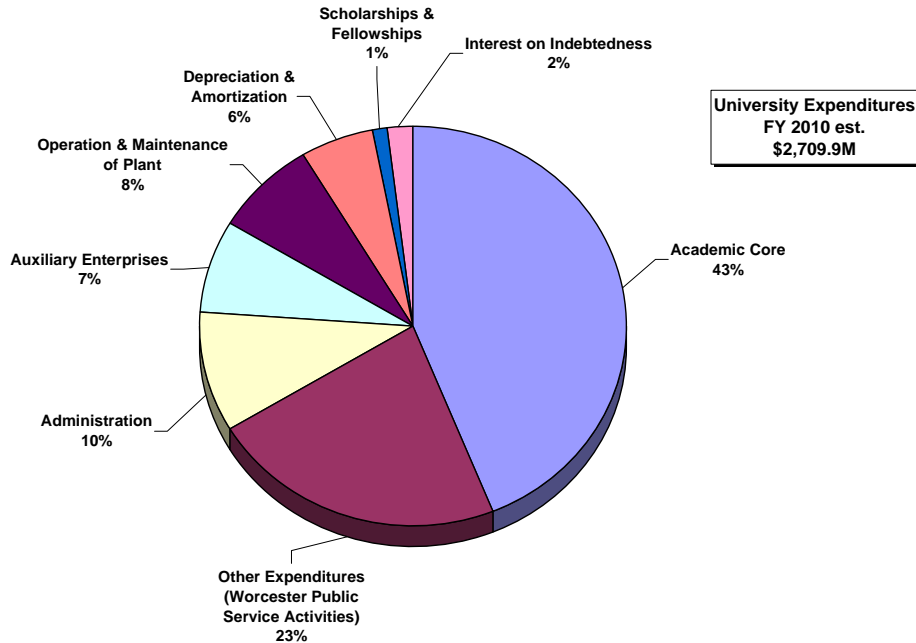
The University's collective bargaining agreements with its 34 bargaining units expired on June 30, 2008. Negotiations between management and union leadership progressed during FY 2009. At this time, tentative agreements have been reached with nearly all bargaining units. The agreements must still be approved by Governor and funded by the legislature in order to be finalized.

**Grant and contract revenues** represent 21% of all revenues and are projected to increase 13.2% or \$66.8 million over FY 2009 to \$573.5 million.

**Tuition and fee revenues** represent another 20% of University revenues and are projected to increase 10% over the current fiscal year. This is consistent with the student charge votes of the Board of Trustees for FY 2010, estimated contributions to financial aid, and projected enrollment increases.

**Expenditures**

University expenditures fall into three main categories: Educational and General, Auxiliary Enterprises, and Other Expenditures, which represents the Medical School's public service and independent operations activities which include the Commonwealth Medicine and Massachusetts Biologics Laboratory programs. The following chart displays FY 2010 spending by these categories.



Total University expenditures for FY 2010 are an estimated \$2.71 billion or \$147.7 million more than the current year's projected year-end spending level. However, as with revenue estimates,



the Medical School's public service activities continue to represent a large portion of the University's total spending.

The Educational and General budget (E&G) encompasses the major instructional and research activities of the University and related support services and include all non-auxiliary activities. The academic core detailed in the chart above accounts for 43% 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 2010 are projected for: research (+15.3%), scholarships (+10.8%), and plant operations/maintenance (+7.1%).

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 \$11.7 million or 6.2% over the current year.

Interest on indebtedness payments represent 2% of all spending and are expected to decrease slightly over FY 2009.

### **Employee Trends**

Due to the significant cuts in the University's FY 2009 budget, as well as projected cuts to the FY 2010 budget, the campuses have been forced to reduce their staffing levels. The total projected decrease in state-funded faculty for FY 2010 is approximately 49 individuals. The number of state-funded full-time equivalent (FTE) employees at the University is projected to decrease by 538.5 between FY 2009 and FY 2010. However, this figure represents some employees whose salaries are to be switched from state to non-state funding sources. The total number of non-state-funded FTE employees is projected to increase by 544.7.

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 preliminary FY 2010 non-state fringe rate for these employees has been set at 31.38%, which is an increase from the FY 2009 rate of 27.59%. The large swings in fringe benefit rates over the past few years have been problematic from a planning perspective.

### **FY 2010 AND BEYOND**

The campus budget reports that follow this executive summary provide detail on campus goals and priorities for the coming year as well as areas where additional resources are being dedicated. All campuses are dedicating increased resources to need-based financial aid, construction and renovation of buildings, increased debt service, fundraising, new faculty hires in key areas, information technology, and student services to support retention efforts and the general well being of the student experience. All campuses are facing increases in the costs of salaries and associated fringe benefits for non-state funded personnel and are also dedicating funds to campus safety and clean energy initiatives.

The University continues to look for ways to further improve its financial condition and performance and to diversify its non-state revenue sources. The current economic environment indicates flat state appropriations for the ensuing years 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.

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As part of this Executive Summary, **Tables 1 and 2** provide additional detail on the FY 2010 Operating Budget as well as information for FY 2007, FY 2008, and FY 2009. **Table 3** the University's FY 2008, FY 2009, and FY 2010 operating expenditures by type of expense (natural classification). **Table 4** summarizes the change in full-time equivalent (FTE) employees projected for FY 2010. **Table 5** summarizes total undergraduate and graduate enrollment for all of the campuses.

Following the Executive Summary are full FY 2009 Operating Budget Reports for each campus, the University System Office, the Donahue Institute, and University Information Technology Services. These reports include:

- Table 1:** FY 2008 – 2010 est. Statement of Revenues and Expenditures
- Table 2:** FY 2008 – 2010 est. Spending by Type of Expense (Natural Classification)
- Table 3:** FY 2008 – 2010 est. Summary of Full-Time Equivalent Employees
- Table 4 (campuses only):** FY 2008 – 2010 est. Headcount and FTE enrollment

FY 2010 University Operating Budget – T09-031

**Table 1**  
**University of Massachusetts**  
**Fiscal Year 2010 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Fiscal Years 2006 to 2010 (budgeted)**  
(in thousands of dollars)

	<b>FY 2006</b> <b>Actuals</b> <b>University</b> <b>June 30, 2005</b>	<b>FY 2007</b> <b>Actuals</b> <b>University</b> <b>June 30, 2006</b>	<b>FY 2008</b> <b>Actuals</b> <b>University</b> <b>June 30, 2007</b>	<b>FY 2009</b> <b>Projected</b> <b>University</b> <b>June 30, 2008</b>	<b>FY 2010</b> <b>Budgeted</b> <b>University</b> <b>June 30, 2009</b>	<b>FY 2009 - FY 2010</b> <b>1-year change</b>	
<b>REVENUES</b>							
<b>Operating Revenues</b>							
Tuition and Fees (net of scholarship allowances)	\$401,636	\$429,528	\$458,439	\$485,479	\$533,644	\$ 48,165	10%
Federal Grants and Contracts	\$300,685	\$297,647	\$318,288	\$322,943	\$373,670	50,726	16%
State Grants and Contracts	\$66,172	\$66,775	\$72,034	\$83,098	\$86,003	2,905	3%
Local Grants and Contracts	\$3,746	\$2,815	\$2,507	\$2,152	\$2,427	276	13%
Private Grants and Contracts	\$82,234	\$92,653	\$99,342	\$98,450	\$111,377	12,927	13%
Sales & Service, Educational	\$17,780	\$17,150	\$20,657	\$23,278	\$22,585	(694)	-3%
Auxiliary Enterprises	\$196,957	\$205,312	\$231,306	\$234,594	\$249,823	15,229	6%
Other Operating Revenues:							
Sales & Service, Independent Operations	\$78,899	\$99,344	\$65,588	\$60,479	\$71,039	10,560	17%
Sales & Service, Public Service Activities	\$333,997	\$381,214	\$325,758	\$639,201	\$596,633	(42,568)	-7%
Other	\$44,142	\$59,570	\$58,765	\$70,271	\$66,161	(4,110)	-6%
<b>Total Operating Revenues</b>	<b>\$ 1,526,248</b>	<b>\$ 1,652,008</b>	<b>\$ 1,652,684</b>	<b>\$ 2,019,945</b>	<b>\$ 2,113,362</b>	<b>\$ 93,417</b>	<b>5%</b>
<b>EXPENSES</b>							
<b>Operating Expenses</b>							
<b>Educational and General</b>							
Instruction	\$ 499,403	\$ 526,781	\$ 548,850	\$ 533,048	\$ 573,667	\$ 40,619	8%
Research	316,667	320,889	342,109	351,594	405,405	53,811	15%
Public Service	76,867	75,058	79,213	74,265	77,820	3,555	5%
Academic Support	112,021	120,240	130,293	121,086	130,867	9,780	8%
Student Services	79,229	87,085	91,157	86,741	92,689	5,948	7%
Institutional Support	153,071	156,014	174,358	165,349	174,811	9,462	6%
Operation and Maintenance of Plant	157,683	166,082	178,940	193,548	207,289	13,741	7%
Depreciation and Amortization	121,567	141,360	126,896	142,142	150,677	8,535	6%
Scholarships and Fellowships	28,280	25,714	28,111	30,181	33,449	3,268	11%
<b>Auxiliary Enterprises</b>	<b>148,296</b>	<b>162,134</b>	<b>182,379</b>	<b>189,041</b>	<b>200,697</b>	<b>11,657</b>	<b>6%</b>
<b>Other Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Independent Operations	46,546	66,870	49,562	62,087	66,074	3,987	6%
Public Service Activities	316,854	330,331	267,199	561,091	544,656	(16,435)	-3%
Other	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 2,056,484</b>	<b>\$ 2,178,558</b>	<b>\$ 2,199,067</b>	<b>\$ 2,510,172</b>	<b>\$ 2,658,101</b>	<b>\$ 147,929</b>	<b>6%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (530,236)</b>	<b>\$ (526,550)</b>	<b>\$ (546,383)</b>	<b>\$ (490,227)</b>	<b>\$ (544,738)</b>	<b>\$ (54,511)</b>	<b>11%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>							
Federal Appropriations	\$ 7,044	\$ 5,777	\$ 7,099	\$ 7,052	\$ 9,396	\$ 2,344	33%
State Appropriations	526,749	582,116	619,971	544,001	495,646	(48,355)	-9%
Gifts	25,646	18,732	20,831	22,168	26,823	4,655	21%
Investment Return	42,981	87,106	7,494	(31,933)	7,507	39,440	-124%
Endowment Return	5,903	7,031	11,036	14,435	4,311	(10,124)	-70%
Interest on Indebtedness	(39,331)	(36,737)	(40,990)	(51,973)	(51,756)	217	0%
Other Nonoperating Income	8,967	9,639	11,484	3,279	3,434	155	5%
Revenue from Stimulus Funds	-	-	-	-	79,772	79,772	100%
<b>Net Nonoperating Revenues</b>	<b>\$ 577,959</b>	<b>\$ 673,664</b>	<b>\$ 636,925</b>	<b>\$ 507,029</b>	<b>\$ 575,133</b>	<b>\$ 68,104</b>	<b>13%</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 47,723</b>	<b>\$ 147,114</b>	<b>\$ 90,542</b>	<b>\$ 16,801</b>	<b>\$ 30,394</b>	<b>\$ 13,593</b>	<b>81%</b>
Capital Appropriations	\$ 27,147	\$ 70,890	\$ 18,470	\$ 25,153	\$ 120,562	\$ 95,409	379%
Capital Grants and Contracts	-	4,000	1,500	-	-	-	0%
Additions to Permanent Endowments	-	-	-	-	-	-	-
University Related Organization Transactions	593	-	-	-	-	-	0%
Disposal of Plant Facilities	(11,276)	(6,964)	-	(7,161)	(7,186)	(25)	0%
Expended for Plant	-	-	(10,462)	-	-	-	0%
Other Additions/Deductions	(5,938)	(390)	(10,743)	(3,219)	(4,788)	(1,569)	49%
Transfers	-	-	-	-	-	-	0%
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 10,526</b>	<b>\$ 67,536</b>	<b>\$ (1,235)</b>	<b>\$ 14,773</b>	<b>\$ 108,588</b>	<b>\$ 93,815</b>	<b>635%</b>
<b>Total Increase/(Decrease) in Net Assets</b>	<b>\$ 58,249</b>	<b>\$ 214,650</b>	<b>\$ 89,307</b>	<b>\$ 31,575</b>	<b>\$ 138,983</b>	<b>\$ 107,408</b>	<b>340%</b>
<b>NET ASSETS</b>							
Net Assets at Beginning of Year	\$ 1,291,529	\$ 1,349,778	\$ 1,564,428	\$ 1,653,735	\$ 1,685,310	\$ 31,575	2%
<b>Net Assets at End of Year</b>	<b>\$ 1,349,778</b>	<b>\$ 1,564,428</b>	<b>\$ 1,653,735</b>	<b>\$ 1,685,310</b>	<b>\$ 1,824,292</b>	<b>\$ 138,983</b>	<b>8%</b>

FY 2010 University Operating Budget – T09-031

**Table 2**  
**University of Massachusetts**  
**Fiscal Year 2010 Operating Budget Statement**  
**FY 2010 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**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
<b>REVENUES</b>								
<b>Operating Revenues</b>								
Tuition and Fees (net of scholarship allowances)	\$ 238,941	\$ 117,175	\$ 64,352	\$ 99,479	\$ 10,888	\$ 5,062	\$ 533,644	\$ 522,756
Federal Grants and Contracts	112,955	39,976	19,400	23,667	174,655	3,016	373,670	199,015
State Grants and Contracts	18,197	8,973	7,000	6,152	43,455	2,226	86,003	42,548
Local Grants and Contracts	598	1,086	200	431	-	113	2,427	2,427
Private Grants and Contracts	27,923	11,896	3,731	15,690	48,858	3,279	111,377	62,519
Sales & Service, Educational	6,755	2,924	51	1,110	9,775	1,969	22,585	12,810
Auxiliary Enterprises	150,554	9,302	41,485	16,691	31,791	-	249,823	218,032
Recovery of Indirect Costs	-	-	-	-	-	55,080	-	-
Allocation from Campuses	-	-	-	-	-	-	-	-
Other Operating Revenues:								
Sales & Service, Independent Operations	-	-	-	-	71,039	-	71,039	-
Sales & Service, Public Service Activities	-	-	-	-	596,633	-	596,633	-
Other	11,261	182	4,114	4,529	48,860	(2,784)	66,161	17,301
<b>Total Operating Revenues</b>	<b>\$ 567,184</b>	<b>\$ 191,514</b>	<b>\$ 140,333</b>	<b>\$ 167,749</b>	<b>\$ 1,035,954</b>	<b>\$ 67,961</b>	<b>\$ 2,113,362</b>	<b>\$ 1,077,408</b>
<b>EXPENSES</b>								
<b>Operating Expenses</b>								
<i>Educational and General</i>								
Instruction	\$ 252,623	\$ 111,941	\$ 61,378	\$ 88,374	\$ 50,265	\$ 11,338	\$ 573,667	\$ 523,402
Research	107,957	32,563	17,543	34,791	210,192	2,359	405,405	195,213
Public Service	24,390	6,944	3,475	3,902	37,777	1,332	77,820	40,043
Academic Support	51,079	25,643	24,159	18,694	11,292	-	130,867	119,575
Student Services	45,277	19,953	7,873	15,778	3,808	-	92,689	88,881
Institutional Support	52,198	35,046	22,085	30,345	47,007	43,210	174,811	127,804
Operation and Maintenance of Plant	93,506	20,165	17,478	28,258	47,882	-	207,289	159,407
Depreciation and Amortization	58,215	16,633	12,878	16,395	41,558	4,998	150,677	109,119
Scholarships and Fellowships	13,387	10,319	4,117	5,428	198	-	33,449	33,251
<i>Auxiliary Enterprises</i>	134,398	9,056	19,585	11,934	25,724	-	200,697	174,973
<i>Other Expenditures</i>								
Independent Operations	-	-	-	-	66,074	-	66,074	-
Public Service Activities	-	-	-	-	544,656	-	544,656	-
Other	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 833,030</b>	<b>\$ 288,263</b>	<b>\$ 190,571</b>	<b>\$ 253,899</b>	<b>\$ 1,086,433</b>	<b>\$ 63,237</b>	<b>\$ 2,658,101</b>	<b>\$ 1,571,668</b>
<b>Operating Income/(Loss)</b>	<b>\$ (265,846)</b>	<b>\$ (96,750)</b>	<b>\$ (50,238)</b>	<b>\$ (86,150)</b>	<b>\$ (50,479)</b>	<b>\$ 4,724</b>	<b>\$ (544,738)</b>	<b>\$ (494,259)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>								
Federal Appropriations	\$ 9,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,396	\$ 9,396
State Appropriations	234,277	86,881	54,117	74,824	37,646	7,901	495,646	458,000
Gifts	8,507	2,200	186	3,430	12,500	-	26,823	14,323
Investment Return	7,845	1,928	600	447	5,693	(9,006)	7,507	1,814
Endowment Return	2,683	1,100	350	178	-	-	4,311	4,311
Interest on Indebtedness	(23,142)	(4,478)	(7,311)	(4,604)	(10,882)	(1,339)	(51,756)	(40,874)
Other Nonoperating Income	2,452	-	425	391	105	61	3,434	3,329
Revenue from Stimulus Funds	39,555	13,796	8,533	12,066	5,822	-	79,772	73,950
<b>Net Nonoperating Revenues</b>	<b>\$ 281,573</b>	<b>\$ 101,427</b>	<b>\$ 56,900</b>	<b>\$ 86,732</b>	<b>\$ 50,884</b>	<b>\$ (2,383)</b>	<b>\$ 575,133</b>	<b>\$ 450,299</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 15,727</b>	<b>\$ 4,678</b>	<b>\$ 6,662</b>	<b>\$ 582</b>	<b>\$ 405</b>	<b>\$ 2,341</b>	<b>\$ 30,394</b>	<b>\$ (43,961)</b>
Capital Appropriations	\$ 48,512	\$ 17,150	\$ -	\$ 12,000	\$ 42,900	\$ -	\$ 120,562	\$ 77,662
Capital Grants and Contracts	-	-	-	-	-	-	-	-
Additions to Permanent Endowments	-	-	-	-	-	-	-	-
University Related Organization Transactions	-	-	-	-	-	-	-	-
Disposal of Plant Facilities	(3,520)	(1,055)	(1,200)	(1,411)	-	-	(7,186)	(7,186)
Expended for Plant	-	-	-	-	-	-	-	-
Other Additions/Deductions	(2,500)	-	(2,981)	(50)	-	743	(4,788)	(4,788)
Transfers	-	-	-	-	-	-	-	-
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 42,492</b>	<b>\$ 16,095</b>	<b>\$ (4,181)</b>	<b>\$ 10,539</b>	<b>\$ 42,900</b>	<b>\$ 743</b>	<b>\$ 108,588</b>	<b>\$ 65,668</b>
<b>Total Increase/(Decrease) in Net Assets</b>	<b>\$ 58,219</b>	<b>\$ 20,773</b>	<b>\$ 2,481</b>	<b>\$ 11,121</b>	<b>\$ 43,305</b>	<b>\$ 3,084</b>	<b>\$ 138,983</b>	<b>\$ 21,727</b>
<b>NET ASSETS</b>								
Net Assets at Beginning of Year	\$ 716,620	\$ 171,067	\$ 50,161	\$ 121,250	\$ 566,418	\$ 59,328	\$ 1,684,844	\$ 1,118,426
<b>Net Assets at End of Year</b>	<b>\$ 774,839</b>	<b>\$ 191,840</b>	<b>\$ 52,642</b>	<b>\$ 132,371</b>	<b>\$ 609,723</b>	<b>\$ 62,412</b>	<b>\$ 1,823,827</b>	<b>\$ 1,140,154</b>

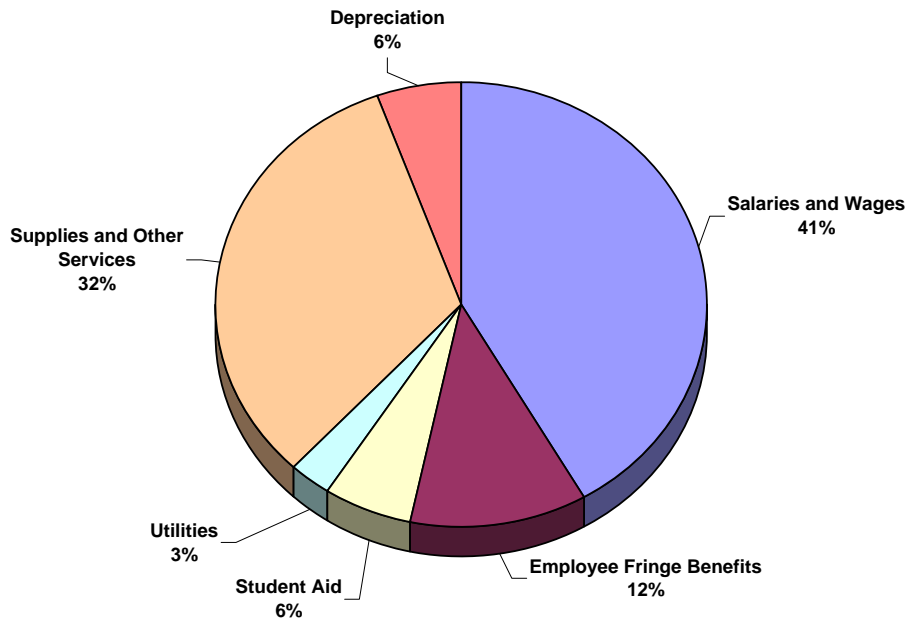
\*To properly account for the central service assessment and other intra-unit transfers, the University Total figures are adjusted to reflect these amounts. Due to these eliminations, the sum of the campus figures and the Central Administration figures do

<b>Operating Margin</b>								
Total Operating Revenues	\$ 567,184	\$ 191,514	\$ 140,333	\$ 167,749	\$ 1,035,954	\$ 67,961	\$ 2,113,362	\$ 1,077,408
Federal Approp.	9,396	-	-	-	-	-	9,396	9,396
State Approp.	234,277	86,881	54,117	74,824	37,646	7,901	495,646	458,000
Gifts	8,507	2,200	186	3,430	12,500	-	26,823	14,323
Investment Income	7,845	1,928	600	447	5,693	(9,006)	7,507	1,814
Revenue from Stimulus Funds	39,555	13,796	8,533	12,066	5,822	-	79,772	73,950
<b>Total</b>	<b>\$ 866,764</b>	<b>\$ 296,319</b>	<b>\$ 203,769</b>	<b>\$ 258,516</b>	<b>\$ 1,097,615</b>	<b>\$ 66,856</b>	<b>\$ 2,732,506</b>	<b>\$ 1,634,891</b>
Total Operating Expenses	\$ 833,030	\$ 288,263	\$ 190,571	\$ 253,899	\$ 1,086,433	\$ 63,237	\$ 2,658,101	\$ 1,571,668
Interest on Indebtedness	23,142	4,478	7,311	4,604	10,882	1,339	51,756	40,874
<b>Total</b>	<b>\$ 856,172</b>	<b>\$ 292,742</b>	<b>\$ 197,882</b>	<b>\$ 258,503</b>	<b>\$ 1,097,315</b>	<b>\$ 64,576</b>	<b>\$ 2,709,857</b>	<b>\$ 1,612,542</b>
<b>Operating Surplus/Deficit</b>	<b>\$ 10,592</b>	<b>\$ 3,578</b>	<b>\$ 5,887</b>	<b>\$ 13</b>	<b>\$ 300</b>	<b>\$ 2,280</b>	<b>\$ 22,649</b>	<b>\$ 22,349</b>
<b>Operating Margin (surplus as pct. of revenues)</b>	<b>1.2%</b>	<b>1.2%</b>	<b>2.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.4%</b>	<b>0.8%</b>	<b>1.4%</b>

**Table 3**  
**University of Massachusetts**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

EXPENSE CATEGORY	FY07 Actuals	FY08 Actuals	FY09 Projected	FY10 Budgeted	\$ Change FY09 - 10	% Change FY09 - 10
Salaries and Wages	\$1,044,888	\$1,063,733	\$1,073,204	\$1,107,721	\$34,517	3.2%
Employee Fringe Benefits	\$276,382	\$315,359	\$253,745	\$309,317	\$55,572	21.9%
Student Aid	\$112,999	\$128,570	\$138,048	\$152,858	\$14,810	10.7%
Utilities	\$56,594	\$68,663	\$80,410	\$72,985	-\$7,425	-9.2%
Supplies and Other Services	\$546,335	\$495,846	\$822,323	\$864,542	\$42,220	5.1%
Depreciation	\$141,359	\$126,896	\$142,142	\$150,677	\$8,535	6.0%
<b>TOTAL</b>	<b>\$2,178,558</b>	<b>\$2,199,067</b>	<b>\$2,509,872</b>	<b>\$2,658,101</b>	<b>\$148,229</b>	<b>5.9%</b>

**University Total  
 Spending by Expense Category  
 (Natural Classification)  
 FY 2010 est.**

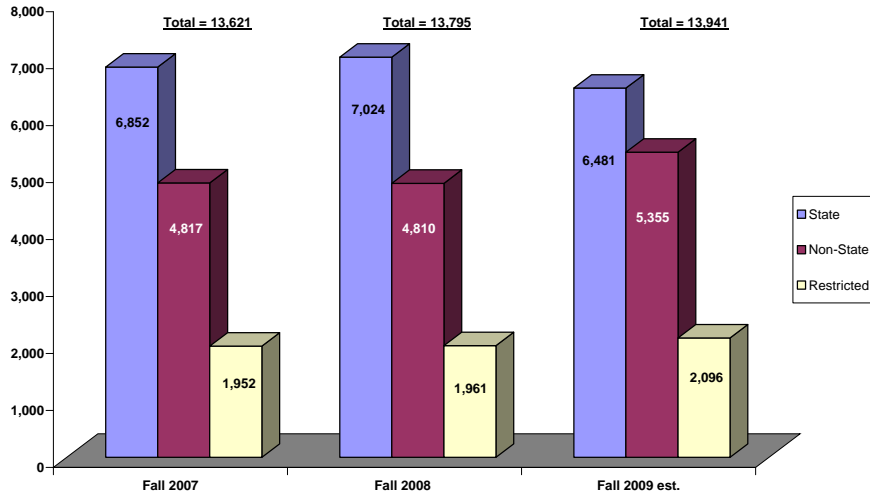


**Table 4**  
**University of Massachusetts**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	2,489.6	2,491.5	2,442.3	(49.2)	-2.0%
Professional Staff	2,318.8	2,406.7	2,095.4	(311.2)	-12.9%
Classified Staff	2,043.2	2,126.2	1,943.0	(183.2)	-8.6%
<b>Subtotal, State Funded</b>	<b>6,851.7</b>	<b>7,024.3</b>	<b>6,480.8</b>	<b>(543.5)</b>	<b>-7.7%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	610.2	639.5	714.5	75.0	11.7%
Professional Staff	2,087.6	2,110.9	2,400.4	289.5	13.7%
Classified Staff	2,119.6	2,059.5	2,239.8	180.3	8.8%
<b>Subtotal, Non-State Funded</b>	<b>4,817.4</b>	<b>4,809.9</b>	<b>5,354.7</b>	<b>544.7</b>	<b>11.3%</b>
<b>Total Unrestricted/Designated</b>	<b>11,669.0</b>	<b>11,834.2</b>	<b>11,835.4</b>	<b>1.2</b>	<b>0.0%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	320.9	315.2	344.2	29.0	9.2%
Professional Staff	1,304.5	1,299.4	1,370.0	70.6	5.4%
Classified Staff	259.8	266.1	283.9	17.8	6.7%
<b>Subtotal, Grant Funded</b>	<b>1,885.2</b>	<b>1,880.8</b>	<b>1,998.1</b>	<b>117.4</b>	<b>6.2%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	20.3	27.7	30.7	3.0	0.0%
Professional Staff	37.5	39.5	51.9	12.4	0.0%
Classified Staff	9.5	12.8	14.8	2.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>67.3</b>	<b>80.0</b>	<b>97.4</b>	<b>17.4</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>1,952.4</b>	<b>1,960.7</b>	<b>2,095.5</b>	<b>134.8</b>	<b>6.9%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>13,621.5</b>	<b>13,795.0</b>	<b>13,931.0</b>	<b>136.0</b>	<b>1.0%</b>

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

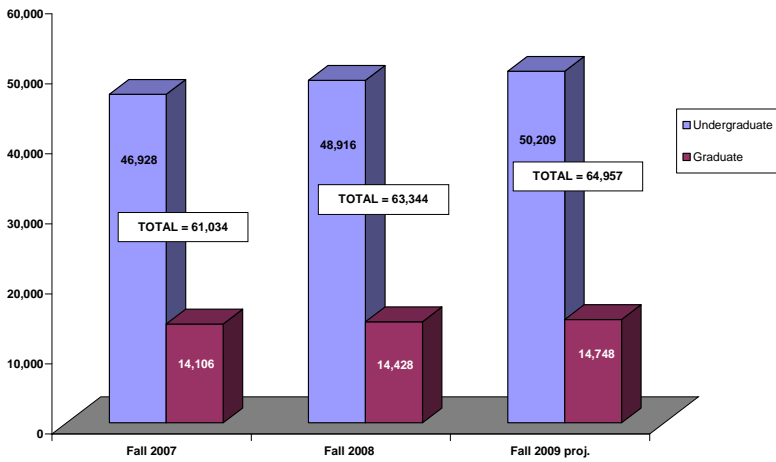
**University FTE Employees by Source**  
 Fall 2007- 2009 est.



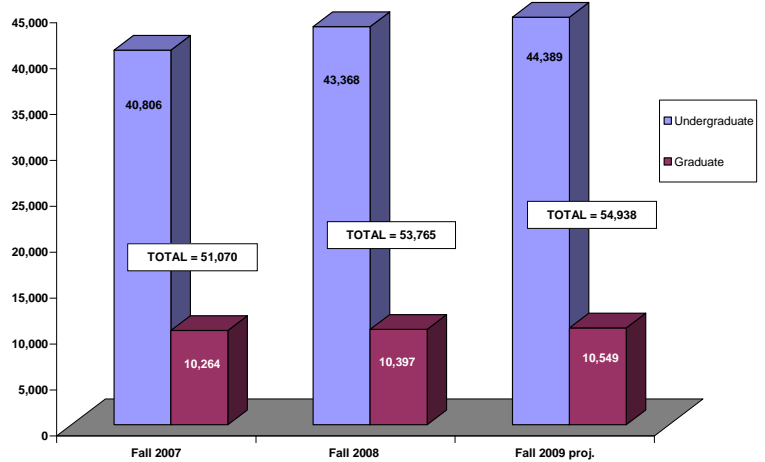
**Table 5**  
**University of Massachusetts**  
**Fiscal Year 2010 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

FISCAL YEAR	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2009 proj.	50,209	44,389	14,748	10,549	64,957	54,938
Fall 2008	48,916	43,368	14,428	10,397	63,344	53,765
Fall 2007	46,928	40,806	14,106	10,264	61,034	51,070

**Total Student Headcount**  
 Fall 2007 - 2009 proj.



**Total FTE Students**  
 Fall 2007 - Fall 2009 proj.







# OPERATING BUDGET

*for Fiscal Year 2010*

AMHERST CAMPUS





## **University of Massachusetts Amherst FY 2010 Operating Budget Narrative**

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The University of Massachusetts Amherst submits for approval an FY10 operating budget totaling \$833 million. The budget relies heavily on one-time federal funding to make up for a \$39 million loss of state appropriation. This infusion of federal dollars will allow the campus to mitigate layoffs and maintain its present level of teaching and research.

These federal funds are temporary and the current economic climate offers little hope that state funding will be restored in the near term. Therefore, once the stimulus funds have been spent, the campus will operate with less revenue and this budget begins planning for this more constrained future. It includes \$11.3 million of base budget cuts and recharges to auxiliary operations. Any short-term surplus funds will be reinvested in instruction, capital improvements, and revenue generating initiatives. Given the assumptions used in this document the campus anticipates a base reduction of as much as \$22 million in FY11 when the federal stimulus funds are exhausted and expensive new collective bargaining costs must be absorbed into the campus budget.

Despite the spending cutbacks, the budget works on many fronts to advance the campus' standing as a major research institution:

### **FY 2010**

#### **Instruction and Research**

- Schools and Colleges will receive a proportionately smaller share of the base budget reductions.
- A new executive position has been created to lead the institution's research and engagement efforts.

#### **Student Services**

- A new student recreation center will be opening this fall. The budget includes \$500,000 for additional staff and equipment and \$1.3 million to operate and maintain the new facility.

#### **Revenue Enhancement**

- The budget includes approximately \$500,000 for additional development officers to increase private support to the campus. A new vice chancellor for development was recently hired to lead this effort.
- The campus continues to expand its efforts to recruit more out-of-state students to the Amherst campus. Communication and outreach to these prospective students has intensified and new merit aid scholarship programs have been created.

## Access

- Institutional need-based financial aid spending will increase by \$6.4 million in FY10 and will be supplemented by an additional \$2.1 million of federal Pell dollars. These new monies will bolster the long-standing campus commitment to students of very limited means and extend grant aid to more affluent families (those with family incomes up to \$90,000 who show a demonstrated need) now struggling with the cost of educating their children.

## FY11-FY14 BUDGET PROJECTIONS

The current budget assumptions for FY11 are very bleak:

- No federal stimulus funding
- No increase to the state maintenance appropriation, which was slashed by \$38 million in FY10
- The campus will be responsible for funding the last two years of the current collective bargaining contracts. This will cost \$8 million in FY11 and another \$8 million in FY12

Based on the above assumptions to balance the FY11 budget, the campus will need to cut its general funds budget by \$22 million. This will follow a \$10 million base budget reduction in FY10. This represents a **10%** reduction in the campus' fungible base budget. A reduction of this magnitude will lead to large-scale staff layoffs and will do serious harm to the campus' core teaching and research mission. New faculty positions will not be added and most vacant slots will be left unfilled. It may be necessary to eliminate some academic programs. Daily maintenance and ongoing repairs of major academic buildings will be curtailed, eventually leading to the closure of some buildings. The campus will be less competitive in seeking grants and contracts and more at risk for federal audits because processing and compliance positions will be reduced. More varsity sports will be eliminated, fewer extra-curricular opportunities will be available, and need based financial aid may be reduced.

Another \$4 million base reduction will be necessary in FY12 to accommodate the final year of the collective bargaining increase. State support is expected to begin rebounding by FY13, enabling the campus to slowly begin replenishing its faculty ranks.

The campus anticipates receiving \$300 million of state capital funds over the next five years, the majority of which will be used to construct a new science and a new academic building. These new facilities will help meet current research and programmatic needs. In the short term, the loss of state operating funds will set back the campus' plans to significantly reduce its deferred maintenance backlog over the next five years. However, the campus is anticipating dedicated state funding for deferred maintenance of \$100 million per year from FY14 to FY18.

## STATEMENT OF REVENUE AND CHANGE IN NET ASSETS – FY09-FY14

The fiscal year operating budget is presented in the financial statement format and it shows that **net assets** are anticipated to rise by \$58 million in FY10. This increase is almost wholly attributable to capital appropriation funds from the state. This trend continues in future years as well as the growth in net assets each year is roughly equivalent to the amount of capital appropriation received that year by the Amherst campus.

## **CONCLUSION**

UMASS Amherst plays a vital role in the economic health of this state and this institution will continue to press for additional state resources to further its mission. But the economic problems are real and it will be several years until state funding is restored. In the short term, the \$39 million loss of state appropriation and large collective bargaining costs will result in large fee increases, base budget reductions to academic programs, large scale staff layoffs, and delays in critically needed investments for additional faculty and capital improvements. The campus will respond to this crisis creatively and deliberately by consolidating schools, increasing teaching loads, streamlining administrative practices, and expanding the revenue base to better withstand the inevitable swings of state support. We are convinced that this campus will emerge from this economic crisis on a firmer foundation to serve its students and the Commonwealth of Massachusetts.



**Table 1**  
**University of Massachusetts**  
**Amherst Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2010 Operating Budget Statement**  
*(in thousands of dollars)*

	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY2010 BUDGETED		
				FY10 Budget-Accrual Basis	FY09 to FY10 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$ 206,858	\$ 216,662	\$ 226,531	\$ 238,941	\$ 12,410	5%
Federal Grants and Contracts	101,676	102,354	107,105	112,955	5,850	5%
State Grants and Contracts	14,542	19,396	17,696	18,197	501	3%
Local Grants and Contracts	598	828	598	598	-	0%
Private Grants and Contracts	21,803	27,388	26,970	27,923	953	4%
Sales & Service, Educational	6,885	7,395	6,748	6,755	7	0%
Auxiliary Enterprises	126,383	141,604	144,110	150,554	6,444	4%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	14,265	11,675	10,570	11,261	691	7%
<b>Total Operating Revenues</b>	<b>\$ 493,010</b>	<b>\$ 527,302</b>	<b>\$ 540,328</b>	<b>\$ 567,184</b>	<b>\$ 26,856</b>	<b>5%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<i>Educational and General</i>						
Instruction	\$ 244,855	\$ 247,160	\$ 236,240	\$ 252,623	\$ 16,383	7%
Research	98,889	99,977	101,805	107,957	6,152	6%
Public Service	21,619	24,875	23,511	24,390	879	4%
Academic Support	45,232	49,751	47,813	51,079	3,266	7%
Student Services	43,455	44,508	41,524	45,277	3,753	9%
Institutional Support	48,530	48,991	47,855	52,198	4,343	9%
Operation and Maintenance of Plant	66,037	78,512	89,148	93,506	4,358	5%
Depreciation and Amortization	49,830	45,562	55,435	58,215	2,780	5%
Scholarships and Fellowships	12,468	13,319	13,387	13,387	-	0%
Auxiliary Enterprises	117,465	125,364	126,625	134,398	7,773	6%
Other Expenditures						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 748,380</b>	<b>\$ 778,019</b>	<b>\$ 783,343</b>	<b>\$ 833,030</b>	<b>\$ 49,687</b>	<b>6%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (255,370)</b>	<b>\$ (250,717)</b>	<b>\$ (243,015)</b>	<b>\$ (265,846)</b>	<b>\$ (22,831)</b>	<b>9%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations	\$ 5,777	\$ 7,099	\$ 7,052	\$ 9,396	2,344	33%
State Appropriations	273,003	286,298	259,269	234,277	(24,992)	-10%
Gifts	8,756	11,021	7,441	8,507	1,066	14%
Investment Return	36,280	7,008	(2,897)	7,845	10,742	-371%
Endowment Return	4,883	5,994	3,743	2,683	(1,060)	-28%
Interest on Indebtedness	(13,480)	(15,562)	(24,049)	(23,142)	907	-4%
Other Nonoperating Income	2,452	2,322	2,452	2,452	-	0%
Revenue from Stimulus Funds	-	-	-	39,555	39,555	100%
<b>Net Nonoperating Revenues</b>	<b>\$ 317,671</b>	<b>\$ 304,180</b>	<b>\$ 253,011</b>	<b>\$ 281,573</b>	<b>\$ 28,562</b>	<b>11%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 62,301</b>	<b>\$ 53,463</b>	<b>\$ 9,996</b>	<b>\$ 15,727</b>	<b>\$ 5,731</b>	<b>57%</b>
Capital Appropriations	\$ 34,424	\$ 4,948	\$ 8,449	\$ 48,512	40,063	474%
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities	(735)	(4,299)	(3,520)	(3,520)	-	0%
Other Additions/Deductions	(452)	(2,046)	(2,500)	(2,500)	-	0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 33,237</b>	<b>\$ (1,397)</b>	<b>\$ 2,429</b>	<b>\$ 42,492</b>	<b>\$ 40,063</b>	<b>1649%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 95,538</b>	<b>\$ 52,066</b>	<b>\$ 12,425</b>	<b>\$ 58,219</b>	<b>\$ 45,794</b>	<b>369%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 556,591	\$ 652,129	\$ 704,195	\$ 716,620	\$ 12,425	2%
<b>Net Assets at End of Year</b>	<b>\$ 652,129</b>	<b>\$ 704,195</b>	<b>\$ 716,620</b>	<b>\$ 774,839</b>	<b>\$ 58,219</b>	<b>8%</b>

**Table 2**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$389,054	\$391,982	\$392,921	\$398,692	\$5,771	1.5%
Employee Fringe Benefits	\$105,680	\$126,504	\$83,016	\$107,164	\$24,148	29.1%
Student Aid	\$96,913	\$106,407	\$113,254	\$123,909	\$10,655	9.4%
Utilities	\$23,922	\$29,027	\$38,303	\$32,800	(\$5,503)	-14.4%
Supplies and Other Services	\$82,981	\$78,537	\$100,414	\$112,250	\$11,836	11.8%
Depreciation	\$49,830	\$45,562	\$55,435	\$58,215	\$2,780	5.0%
<b>TOTAL</b>	<b>\$748,380</b>	<b>\$778,019</b>	<b>\$783,343</b>	<b>\$833,030</b>	<b>\$49,687</b>	<b>6.3%</b>



**Table 3**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	1,194.0	1,179.0	1,095.0	(84.0)	-7.1%
Professional Staff	915.0	964.0	906.0	(58.0)	-6.0%
Classified Staff	1,162.0	1,249.0	1,174.0	(75.0)	-6.0%
<b>Subtotal, State Funded</b>	<b>3,271.0</b>	<b>3,392.0</b>	<b>3,175.0</b>	<b>(217.0)</b>	<b>-6.4%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	70.0	92.0	166.0	74.0	80.4%
Professional Staff	431.0	434.0	500.0	66.0	15.2%
Classified Staff	841.0	759.0	838.0	79.0	10.4%
<b>Subtotal, Non-State Funded</b>	<b>1,342.0</b>	<b>1,285.0</b>	<b>1,504.0</b>	<b>219.0</b>	<b>17.0%</b>
<b>Total Unrestricted/Designated</b>	<b>4,613.0</b>	<b>4,677.0</b>	<b>4,679.0</b>	<b>2.0</b>	<b>0.0%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	36.0	28.0	28.0	0.0	0.0%
Professional Staff	301.0	287.0	287.0	0.0	0.0%
Classified Staff	79.0	73.0	73.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>416.0</b>	<b>388.0</b>	<b>388.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	20.0	24.0	24.0	0.0	0.0%
Professional Staff	18.0	13.0	13.0	0.0	0.0%
Classified Staff	7.0	8.0	8.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>461.0</b>	<b>433.0</b>	<b>433.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>5,074.0</b>	<b>5,110.0</b>	<b>5,112.0</b>	<b>2.0</b>	<b>0.0%</b>

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

**Table 4**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

FISCAL YEAR	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2009 proj.</b>	<b>20,539</b>	<b>19,929</b>	<b>5,820</b>	<b>4,348</b>	<b>26,359</b>	<b>24,277</b>
Fall 2008	20,539	19,929	5,820	4,348	26,359	24,277
Fall 2007	20,114	19,427	5,759	4,332	25,873	23,759

# **OPERATING BUDGET**

*for Fiscal Year 2010*

**BOSTON CAMPUS**





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## **University of Massachusetts Boston FY 2010 Operating Budget Narrative**

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Like the rest of the University of Massachusetts system, the Commonwealth, the country and even the world, the University of Massachusetts Boston is facing serious financial challenges resulting from the most severe recession since the 1930's. Because of the sharp decline in the state's revenues, the Governor instituted two rounds of budget cuts that affected the University of Massachusetts in FY09. Although the prospect of federal stimulus money next year improves our campus' financial outlook for FY10, state revenues continue to fall, and great uncertainty surrounds the state's FY10 budget and, therefore, the UMass Boston budget.

This narrative provides a brief review of the campus' response to the FY09 cuts in state support, as well as an overview of our proposed FY10 budget. It also describes UMass Boston's recent accomplishments in advancing the Board of Trustees' priorities.

Please note that the proposed FY10 budget relies heavily upon three key assumptions provided by the President's Office:

1. A state appropriation for the UMass system of \$413.4M
2. A full-year rebate of \$392 of the \$1,500 fee increase approved by the Board of Trustees in February
3. Federal stimulus money for the UMass system of \$79.8M

Our analysis shows that a change in any one of these important assumptions could produce a very different result for the campus' FY10 budget. As reported below, these assumptions result in projected Income before Other Revenues, Expenses, Gains and Losses of \$4.7M. However, we expect that the federal stimulus money is one-time-only revenue that will disappear for FY11. When we project our FY11 results, excluding the one-time stimulus money, our forecast is for projected Income before Other Revenues, Expenses, Gains and Losses of (\$4.8M), even after significant expense reductions.

Consequently, although this narrative focuses on FY10, we are taking a two-year approach to the UMass Boston operating budget and developing a plan for both FY10 and FY11. For FY11, we intend to use a strategy similar to the one that we are implementing for FY09 – use trust fund balances that we expect to build up during FY10 to help produce a softer landing in FY11 and to reduce the extremely large amount of expenditures cuts that we would otherwise have to make in FY11.

### **FY09 REDUCTIONS IN STATE SUPPORT**

The Boston campus's share of the FY09 state budget reductions totals \$6.1M. UMass Boston's strategy for accommodating the reduced state appropriation in FY09 is to do so in ways that would provide us with time to plan for what we expected to be even greater financial challenges in FY10. We wanted our spending reductions to be consistent with the principles of our strategic plan, so as not to adversely impact our long-term priorities. Consequently, our approach for addressing the loss of state support in FY09 was to absorb half of the cuts through the use of trust fund reserves and find the other half from spending reductions. The campus's

FY09 budget reduction plan included delayed hiring for vacant positions, reduced use of overtime and reduced use of temporary, non-benefited staff, as well as savings from energy and operational expenses. Because our resources are already stretched so tightly, we wanted to avoid layoffs, if possible.

After implementing this strategy, we project Income before Other Revenues, Expenses, Gains and Losses for FY09 to be (\$0.7M) and the Increase in Net Assets to be nearly \$1.3M. The anticipated FY09 Operating Surplus/(Deficit) is (\$1.7M) and the Operating Margin -0.6%.

## FY10 BUDGET

### ***FY10 Budget Process***

Because of the fiscal challenges anticipated for FY10, the campus' budget process included a rigorous review of base budgets for consistency with the Strategic Plan, not merely a focus on requests for new resources. We asked all of the Vice Chancellors to develop six-percent and nine-percent expense reduction scenarios for their base budgets so that we could understand the implications of major spending cuts on our academic enterprise and campus operations. We also improved our financial planning by creating an all-funds budget and developing the first campus-wide personnel budget.

To ensure that we had an open and participatory process, we reached out to various constituent groups on campus. For example, to help us develop an FY10 and multi-year revenue strategy, we created a Revenue Advisory Committee. Members of the committee included four deans, an Associate Provost, as well as representatives from Admissions, Financial Aid and Administration and Finance (A&F). We also established a Growth Planning Committee, with membership from Enrollment Management, Academic Affairs, Student Affairs and A&F, to help plan for the resources necessary to accommodate FY10 enrollment growth. In addition to the Vice Chancellors and department directors, other groups that participated in the FY10 budget process include the Faculty Council's Budget and Long-Range Planning Committee and the Union Leadership Committee.

Despite reductions in state support, the campus remains committed to making progress toward the goals of our strategic plan: ***UMass Boston Renewal: Building the Student-Centered, Urban Public University of the New Century***. Consequently, we are using the strategic plan as our guide in making FY10 budget decisions. The four key goals of the UMass Boston strategic plan are:

1. Increase student access, engagement, and success
2. Attract, develop, and sustain highly effective faculty
3. Create a physical environment that supports teaching, learning, and research
4. Enhance campus-community engagement through improved organizational structures

### ***Overview of FY10 Budget***

Given the assumptions in the FY10 budget, we project Income before Other Revenues, Expenses, Gains and Losses will total \$4.7M. As a result of anticipated state funding of \$16.5M to stabilize the campus' infrastructure, we estimate that Net Assets will grow by \$20.8M. The anticipated Operating Surplus is \$3.6M, and the budgeted FY10 operating margin is 1.2%.

**Revenue**

Our projection for FY10 is that total revenue will grow to \$288.5M, an increase of \$29.3M (11.3%) compared to FY09. One of the major drivers of the increase in total revenue from FY09 to FY10 is an estimated \$13.8M of federal stimulus money.

Although we anticipate that the state appropriation will decrease by \$6.9M (7.3%), we expect that Tuition and Fees Net of Scholarship Allowance will grow by \$15.8M (15.6%). Both a \$1,108 fee increase and a 5.3% rise in enrollment contribute to the growth in tuition and fees.

UMass Boston’s two largest sources of revenue are the state appropriation and student tuition and fees. Historically, the state appropriation has been the larger of the two funding sources. However, because of the recent reductions in state support, that situation is changing. For example, in FY08, the state appropriation represented 39.8% of UMass Boston’s total revenue, while tuition and fees was 35.1%. For FY09, we are forecasting that the state appropriation will decrease to 35.0% and tuition and fees rise to 37.8%. This trend will continue in FY10, when we project that the state appropriation will drop again, to 29.2%, and student revenue will account for 39.4% of total revenue.

However, in FY10, we will have the federal stimulus money, which will account for an estimated 4.6% of total revenue. If we exclude this one-time funding, tuition and fees are 41.4% of the FY10 revenue budget and state support 30.6%.

**Expenses**

The FY10 budget projects that total operating expenses will increase by \$23.4M (9.0%). The largest part of this growth will be \$16.4M for personnel expenses. While we expect salaries and wages to grow by 5.0%, fringe benefit expenses will rise by 29.7%, driven primarily by the assumption for budgeting purposes of a 30% fringe rate for FY10.

The FY10 budget includes an increase of 50 FTEs (3.1%) on unrestricted funds and of nine FTEs (7.2%) on grants. Most of the FTE growth on unrestricted funds will be the addition of 23 new tenure-stream faculty and 28 adjunct faculty to support the projected FY10 enrollment growth. As a result, total FTEs will be 1,811, with 1,677 on unrestricted funds and 134 on grants. Because of the decrease in state support, the FY10 budget assumes that UMass Boston will move 235 FTEs from the state appropriation to trust funds, resulting in a 21.2% decrease in the number of FTEs supported by the state, and, will also, therefore, incur the fringe benefit costs for these positions.

Projected increases for other expense categories in FY10 are:

Supplies & Other Services	\$4.8M (7.7%)
Depreciation	\$1.5M (9.7%)
Student Aid	\$1.1M (11.8%)
Utilities	\$0.1M (1.0%).

Among the factors contributing to the \$4.8M increase in supplies and other services are operating expenses to support the projected higher enrollment, the cost of the new shuttle bus contract, the creation of several news Centers, and continued growth in research activity. For depreciation, the key drivers include building, substructure and parking improvements, the opening of the Venture Development Center, and the new nursing simulation lab. The increase

in student aid reflects the campus' commitment to direct at least 20% of the revenue from the student fee increase to financial aid.

## **PROGRESS ON STRATEGIC GOALS & TRUSTEE PRIORITIES**

As already noted, the UMass Boston Strategic Plan is the guide for the campus, both for budgetary and non-budgetary decisions. The goals of the Strategic Plan are consistent with the priorities of the University of Massachusetts' Board of Trustees, as the following narrative highlighting the achievements of UMass Boston for academic year 2008-2009 and our plans for 2009 – 2010 illustrates.

### ***Enhance Student Learning Experience***

#### **Student Enrollment**

Since Fall 2004, UMass Boston has experienced the largest enrollment increase of any of the UMass campuses, both in absolute numbers (2,435) and percentage (21%), and we project continued growth for Fall 2009. Fall 2008 (headcount) enrollment totaled 14,117, an increase of 5.1% compared to Fall 2007 and the largest enrollment that UMass Boston has ever had. Continuing Education is an important contributor to this growth, experiencing a 13.1% increase compared to Fall 2007. At 13,716, our Spring 2009 enrollment is also robust, a 5.0% increase over the prior spring.

For Fall 2009, we are projecting enrollment of 14,866, a 5.3% increase over Fall 2008. At 14,866, we will nearly be at our strategic plan enrollment target of 15,000 a year earlier than originally anticipated. We based our forecast of strong enrollment growth on the large number of applications we have received for Fall 2009. As of the beginning May, undergraduate applications and admissions were up 29.5% and 20%, respectively. Although undergraduate deposits for Fall 2009 are level with Fall 2008, financial aid applications for new undergraduates are up about 15%, indicating an increased admission activity and interest. At the graduate level, applications are up 16% while admits are up 9%. The major increases at the graduate level are in College of Nursing and Health Sciences and in the College of Management.

Among the major drivers of the continued enrollment growth are:

- The current financial and economic challenges, which highlight the value of a UMass education
- Our campus' participation in the common application process for the first time
- UMass Boston's improving visibility and reputation
- Continued strong growth in continuing education, particularly online courses.

#### **Faculty**

For the current academic year, UMass Boston has 462 full-time (93 percent with terminal degrees) and 450 part-time faculty. In Fall 2008, we hired 34 new faculty members, 31 into tenure-track positions and 3 into tenured positions. Of these, 24 are females (70%) and 10 are males (30%); 22 are Caucasian (64%) and 12 are from a minority group (36%). Fifteen of the 34 were new positions (meaning they had not been held by a previous faculty member).

As of early May, we had completed 34 of 51 searches for Fall 2009. Of the 51, 23 are new positions. These hires will strengthen our teaching and research, 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.

### **New Teaching Assistants**

UMass Boston is 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 FY09, the campus allocated an additional \$225,000 for 10 new graduate assistantships. We will continue to provide significant support for graduate students in FY10.

### **Growth Planning Committee**

As part of the FY10 budget process, UMass Boston established a Growth Planning Committee. The Chancellor charged this group with determining the resources necessary to support the enrollment growth projected for Fall 2009. The Committee conducted a thorough review of the following areas:

1. Academic (additional sections – courses and labs; adjunct faculty needed to teach those sections; lab techs; classrooms; graduate TAs)
2. Academic Support Services (centralized advising; college based advising; tutoring/academic support; library resources)
3. Student Services (health and mental health/counseling; student life; housing)
4. Auxiliary Services/Amenities (parking; dining; bookstore; administrative support; IT; public safety)
5. Enrollment Services (One Stop; financial aid; admissions processing – undergraduate and graduate)

The Committee also attempted to gather benchmark data where such statistics were available (e.g. advising, career advising, stipend support) to help to determine where the campus needs to build capacity to accommodate future growth in the years beyond FY10.

### **Technology for Instruction/Upgraded Classrooms & Study Space**

During FY09, UMass Boston upgraded instructional technology in an additional 30 classrooms. As result of the efforts of the past three years, the great majority of general-purpose classrooms on campus are now “smart” classrooms.

In another example of using technology to enhance learning, UMass Boston has an agreement with Apple Computer, Inc. to use their iTunes U service to improve teaching and learning by allowing our faculty and staff to post content online that can be downloaded by students onto their iPods or similar devices. This very popular service facilitates education beyond the classroom by making content easily accessible to students. The campus also has a podcasting studio and a podcasting server in the Media Center to support faculty members who wish to enhance course materials with e-learning tools. In addition, UMass Boston has developed online tutorials in Breeze, Blogs in Word Press, and Wiki training materials in Wiki Spaces to train faculty and students in e-technologies for teaching and learning, as well as a web site to showcase student multi-media projects.

In addition to technology, the campus has outfitted many classrooms and common spaces with new furnishings. It also completed renovations in the Clark Athletic Center to create a student-

athlete study hall. These changes and improvements enhance the functionality and comfort of the furnishings utilized by students, in classrooms as well as informal settings where students go to relax and study. In addition, UMass Boston recently celebrated the fifth anniversary of the opening of the Campus Center. This beautiful building is the venue for many student activities, both formal and informal, and has significantly changed the face of the university and the atmosphere of the entire campus community.

### ***Maintain Access and Affordability***

#### **Financial Aid**

In FY09, UMass Boston once again exceeded the Board of Trustees' objective of meeting more than 90 percent of the financial need of all in-state undergraduates receiving need-based aid, and we expect to do so again in FY10. From FY04 through FY08, the University of Massachusetts Boston increased its contribution for financial aid by \$5.3 million, or 151%, from \$3.5 million to \$9.8 million, an annual growth rate of 38%. In FY09, the campus committed an additional \$1.0M to need-based financial aid and categorical waivers. For FY10, the Boston campus has committed to use at least 20% of the revenue generated from the student fee increase for financial aid.

#### **Student Recruitment**

As part of its efforts to grow its student enrollment, UMass Boston is working to improve the student recruitment process. For example, each year, our campus hosts an "Open House" in the fall and a "Welcome Day" in the spring. The Open House provides students and their families with an opportunity to visit the campus and learn about our institution and its programs. Last fall, 3,262 potential students and their guests from communities all over the state attended Open House to see and hear what UMass Boston can offer them. That number was an increase of 9 percent compared to Fall 2007, demonstrating a growing interest in UMass Boston.

In early April, the campus hosted 1,156 students and family members for "Welcome Day," a 4.0% increase compared to last year. Welcome Day offers presentations by the chancellor, our colleges, academic programs and services, enrollment management, student affairs, student centers, clubs and organizations, campus center services and athletics designed to promote the campus and convince the students who have been admitted for fall that UMass Boston is the university for them. Many of the students and their families toured the adjacent housing complexes – Harbor Point and Peninsula Apartments -- to learn about options for living near the campus. We will be working with the colleges and other departments to follow up on this Welcome Day with additional yield programming through the spring.

The Boston campus is also trying to make the application process easier for students. Beginning with the class of students entering in Fall 2009, UMass Boston is participating in the Common Application (CA) process. Common Application is a non-profit organization that provides a common admissions application that students can submit to any of nearly 350 member institutions. By allowing students to apply to multiple institutions using the same application, the CA reduces the time students need to spend applying to college and allows them to spend more of it on their schoolwork and other activities during their senior year in high school.

### **Academic Support**

To help students to succeed in their studies, UMass Boston provides academic support in the form of both academic instruction and tutoring. Academic programs include: General Education courses in Critical Analysis, Mathematics/Quantitative Reasoning, and academic courses for non-native speakers of English; a Graduate College of Education course in teaching reading and writing across the curriculum for secondary teacher candidates, and field placement in the Reading, Writing, and Study Strategies Center; and a cooperative education field experience course in mentoring first year seminar students. The Academic Support Program faculty conduct assessments of writing and critical thinking to place all new students in Critical Analysis general education and ESL courses. The campus also offer instruction in verbal skills, English for non-native speakers, and mathematics through an alternative admissions program called Directions for Student Potential.

Tutorial programs include: individual and group tutoring in course content across all disciplines through the Subject Tutoring Program; tutoring in quantitative reasoning, mathematics and computer science through the Math Resource Center; tutoring in general education capabilities of writing and critical analysis through the Reading, Writing, and Study Strategies Center; tutoring for ESL courses; and consultations for graduate students, both native and non-native speakers, in critical analysis, research and scholarly writing through the Graduate Writing Center.

### **Pre-Collegiate Programs**

As part of its efforts to promote access to a diverse group of students, UMass Boston continues to offer numerous pre-collegiate programs. Examples include Camp Shriver, an inclusive summer day camp for children ages 9-12, with and without intellectual disabilities, the Upward Bound and Math/Science Upward Bound programs, the Talented and Gifted Program/ALERTA, and Urban Scholars, a seven-week program offering academic classes in the morning and enrichment activities in the afternoon.

### ***Continue a Focus on Diversity and Positive Climate***

### **Overall Workforce**

Our faculty and staff are the most important assets of our University community. UMass Boston has a diverse workforce: our most recent affirmative action report show that 56% of our employees are women and 27% are persons of color. To gain more accurate information about the composition of our workforce and our job applications, the campus upgraded its affirmative action software in 2008. In addition, Human Resources implemented an online applicant-tracking system that offers a single point of contact for all vacant positions and allows candidates to self-identify race/ethnicity, gender, and veteran status. The campus also developed a new online training program that stresses individual responsibility and highlights the Board of Trustees' policies on intolerance and equal opportunity, as well as the Trustees' resolution in support of pluralism.

### **Student and Faculty Diversity**

UMass Boston educates the most diverse student body in New England. The diversity of the student population continues to exceed the population diversity of the region. In Fall 2008, 42% of the undergraduates were United States students of color, and 57% were female.

Since the mass retirements that occurred as a result of the early retirement programs in 2002 and 2003, UMass Boston has recruited women and minorities to the faculty in percentages that far exceed those whom we lost. For example, since 2002 and including the first retirement program in that year, 34% of the campus's retiring faculty were women. During the same time period, 53% of our new faculty recruits have been woman. As of Fall 2008, 22% of the faculty (full-time and part-time) are persons of color, and 58% are women. The academic program at the University of Massachusetts Boston has been strengthened by the hiring of 29 new tenured or tenure-track faculty, 21% of whom are persons of color and 35% are female.

### **Safety Planning/Crisis Management**

The University of Massachusetts retained Marsh USA, Inc. to assist the President's Office and public safety officials from the University's five campuses in evaluating current emergency management procedures, and to develop specific recommendations to improve the security environment of the University of Massachusetts. The University specifically sought assistance to: a) review on-site emergency response coordination, b) recommend and/or develop incident response exercises and drills, c) conduct threat and vulnerability assessments, d) review communication tools and recommend enhancements.

Overall, UMass Boston fared well. Marsh's review of our plan resulted in recognition of a number of strengths, including but not limited to:

- All-hazards approach and use of ICS and NIMS
- Training and exercising program for key employees
- Well-trained and effective police force
- High-levels of involvement by faculty and staff on Safety Committee
- "Distressed and Distressing" student protocol
- Well-documented, organized, and comprehensive emergency management program
- Collaboration with state and local agencies
- Panic Stations, ENS system, campus lighting
- Well-trained Haz-Mat/EH&S staff and program

Among the suggested improvements noted were:

- Need for brief emergency operations organization plan added to Emergency Operation Plan (EOP)
- Need for completion of EOP annex plans and Continuity of Operations Plans
- Need for multi-year training and exercise program
- Need to formalize staff ICS assignments and integrate emergency management functions into job descriptions
- Need for designated resources and clear management structure for emergency preparedness.
- Need for testing of ENS system and training of community members in its function
- Need for more inter-campus collaboration
- Need for ID badge use in sensitive areas such as laboratories

Since the Marsh completed its review, UMass Boston has produced an expanded revision of its Emergency Operations Plan.

## ***Strengthen the Research Environment***

### **Research Growth & the Strategic Plan**

UMass Boston is ranked fifth in the United States among small research universities in faculty research productivity. Grants and sponsored research reached \$45.5M in FY08, a testament to that productivity, a 9% increase compared to FY07, and a record for our campus. FY09 data through the end of the 2<sup>nd</sup> quarter -- 50% of the year -- are very encouraging: 183 awards have been made to the Boston campus (59% of FY08 total) totaling \$31.3M (68% of FY08 total). These statistics show that UMass Boston is close to achieving, or perhaps exceeding, our stated goal of \$50 million in research grants and sponsored program awards.

This growth reflects the increased focus provided by a research strategic plan established in 2007 and the strategic allocation of resources to research infrastructure and to five research clusters. Identified in conjunction with the Battelle Technology Partnership Practice, the nation's largest nonprofit research and development organization that served as a consultant to the University in 2006-2007, the five clusters are: urban health and public policy research; developmental sciences; science and math education and learning research; computational sciences, analysis and modeling; and inter- and trans-cultural studies. We are currently implementing a plan for achieving desired outcomes in those areas during the next several years.

Among the major grants awarded to UMass Boston PI's recently are:

- \$8.2M from the Gordon and Betty Moore Foundation for improving the integration of natural and social science with ocean management
- \$7.7M from the National Institutes of Health for addressing health and healthcare disparities through an exploratory center dedicated to community-based participatory research
- \$2.6M from the National Science Foundation to continue leading the work of the Boston Science Partnership, which works to raise student science achievement in the Boston public schools.

Further evidence of the growth of research on our campus is the fact that UMass Boston PI's submitted 21 proposals for NIH Challenge Grants. The NIH Challenge Grants in Health and Science support research that focuses on specific knowledge gaps, scientific opportunities, new technologies, data generation, or particular research methods. Research plans submitted with such applications must articulate how the proposed studies will significantly extend our understanding of biomedical or behavioral science and/or health through its work in the particular Challenge Area.

### **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). The campus will continue its 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.

### **Strengthening Compliance with ECRT**

On May 4, the web-based effort certification and reporting technology (ECRT) went live, automatically generating e-mail messages to all UMass Boston principal investigators informing them that their electronic effort cards for the period of July 1 through December 31, 2008 are available for them to review and certify. Due to the rapid growth of externally funded research projects awarded to the University of Massachusetts system in the last five years, a new method for accurately recording and safely storing certification records was urgently needed to replace the former pen-and-paper system. Development teams from all the UMass campuses met weekly for more than a year in Shrewsbury to plan and prepare for the implementation of ECRT.

### **Venture Development Center**

On May 1, UMass Boston officially opened its cutting-edge Venture Development Center (VDC). As the campus' focal point for industry outreach and partnering, the 18,000 square foot innovation center will significantly expand the campus' research and development activity and provide entrepreneurial opportunities for faculty and students. The VDC offers state-of-the-art labs and research and collaborative facilities for UMass Boston's faculty and students to pursue research and development that will drive lasting change and create new products and services that dramatically improve people's lives. So far, four young firms have signed up to set up shop in the center. GeoMed Analytical will develop techniques to detect metals in medical samples, while Symmetric Computing will develop advanced supercomputing applications for the life sciences industry. Anthurium Solutions Inc., a software company, is building tools to connect digital workers around the world. DPixel, a venture investment fund based in Milan, will keep an office at the center as a base from which to scout for strategic partners for its portfolio companies.

### ***Increase Endowment***

FY08 was a record-setting year for fundraising for UMass Boston: giving from private sources soared over 41% to \$16.8M. The current financial and economic turmoil is making the job of the Office of University Advancement more challenging in FY09. Nonetheless, we expect to generate \$17.0M of private giving this year and \$19M in FY10. The establishment of the Founders Circle and the Chancellor's Council, respectively honoring cumulative philanthropy of \$100,000 or more and annual giving at the \$1,000-plus level, are helping our fundraising efforts. More than 200 individuals and organizations are charter members of these two groups.

In FY10, the University of Massachusetts will begin the quiet phase of \$100 million capital campaign. The campaign will be critical in enabling the Boston campus to reach the goals of the strategic plan by raising funds for endowed and current scholarships that will increase student access, engagement, and success, and attract, develop, and sustain highly effective faculty. By bringing our alums back to campus and engaging them with our students and faculty, we can begin to fund a physical environment that supports teaching and learning.

### ***Develop First-Rate Infrastructure***

#### **Facilities Master Plan**

The Boston campus continues to move ahead to implement the Master Plan.



- **Integrated Sciences Complex** – The state hired the firm of Goody Clancy Associates to assist in the programming and design of a new Integrated Sciences Complex (ISC). Programming of the new facility continues, with design expected to be initiated this summer. The building is anticipated to open in late 2013.
- **General Academic Building** – In the first five years of the Master Plan, UMass Boston plans on constructing another academic building that will contain mostly state-of-the-art general purpose classrooms. Planning for this new facility is slated to begin before the close of the spring semester.
- **Utilities Relocation** – The campus will need to relocate its utilities once the substructure comes down. The state has hired the engineering firm Arup to assist us in studying the configuration of a new utilities infrastructure for the campus. Arup will also examine renewable energy alternatives in this study.
- **Parking Structure** – As soon as the sites for the ISC and General Academic Building are identified, UMass Boston will begin the planning process for a new campus parking structure.

### **Facilities Improvement Projects**

UMass Boston has undertaken numerous facilities improvement projects during FY09, all with three goals in mind: ensuring safe and secure use of campus space, supporting academic and student life, and providing structural support to the campus's infrastructure. Some highlights include:

- Construction of the Venture Development Center, which recently held its grand opening celebration
- Upgrades to instructional technology in an additional 30 classrooms
- Renovations in the Clark Athletic Center to create a student-athlete study hall
- Upgrades to fire alarm systems campus-wide
- Completion of the final phase of surface parking lot construction and roadway/walkway improvements necessitated by the closure of the substructure parking garage
- Construction of a secured covered walkway from the Beacons Parking Lot to the lower level elevator foyer of the Science Center to provide Boston Fire Department access to the building from the roadway level and allow improved access to the campus from that parking lot
- Completion of design work on the three major substructure projects -- the interim stabilization of eight campus buildings supported by the substructure, the replacement of the Utility Plant roof, and the creation of secure upper and lower level access/egress within the substructure. Work on these projects is currently out to bid.

### ***Improve Delivery of Administrative and IT Services***

UMass Boston continues to improve the delivery of its administrative and IT services.

### **HR Direct**

One of the biggest administrative projects in FY09 is HR Direct. Along with the other campuses, UMass Boston is participating in the University-wide upgrade of the PeopleSoft Human Resources system. Since 2002, all five UMass campuses and the President's Office have been using Version 7.6, a Windows-based version of the PeopleSoft application for personnel, timekeeping, payroll and benefits functions. We are upgrading to Version 9, a completely web-based version of the system.

A collaborative effort of the campuses, the University Information Technology Services (UITS), and consulting partners Cedar-Crestone and Executive Alliance, the HR Upgrade project is intended to increase the HR application's functionality and services. In particular, new self-service features will allow employees to view and update personal data on line. Concurrent with the technical upgrade of the software, the campus has engaged in a review of current business processes to incorporate "best practices" and streamline the way we do business.

## **IT**

In addition to the implementation of HR Direct, one of the primary goals of UMass Boston IT for FY09 has been improving the campus' deteriorated information infrastructure. Among the infrastructure improvements that IT has recently completed are:

- Re-wiring of the campus to provide 100 megabyte connections at desktops, compared to the previous speed of 10 megabytes
- Re-routing of the network to significantly improve traffic and bandwidth management
- Implementation of Xythos, a new service that allows faculty and staff to store, access and share documents via the web, providing access to this service both from the campus and remotely
- Improving the performance of UMass Boston telecommunications by upgrading the campus' PBS and voicemail systems.

## **Administration & Finance**

Administration and Finance has undertaken a large number of projects in FY09 designed to improve services. Examples of a few of the projects include:

- Fully implemented the Controller's office reorganization plan to enhance the operational functions of the department
- Successfully negotiated new contract for campus shuttle bus service, including maintaining quality, reliable service and increasing the use of hybrid buses
- Developed and implemented a plan to improve and update internal signage consistent with the UMass Boston branding plan and with the "welcoming environment" efforts
- Developed an FY10 all-funds budget planning process that includes a review of base budgets, creation of campus-wide personnel budget, and generation of options for improving current modes of business, both academic and non-academic
- Continued to improve financial reporting tools
- Implemented an online applicant-tracking system that provides single point of contact for all vacant positions and allows candidates to self-identify race/ethnicity, gender, and veteran status

### ***Position the University in the Higher Education Marketplace***

UMass Boston is nationally recognized as a model of excellence for urban universities. The University of Massachusetts Boston story -- with its high-quality faculty, cutting-edge research, and education for excellence -- is being heard, locally, regionally, and nationally. The Carnegie Foundation has chosen UMass Boston as one of only 62 institutions nationwide to receive its Community Engagement Classification for outreach, partnerships, and curricular community engagement. The Faculty Scholarly Productivity Index currently ranks UMass Boston fourteenth among the top "smaller research universities" in the United States, based on faculty publications, journal citations, awards, honors, and grants.



The goal of UMass Boston is to be the premier, student-centered, urban public research university of the 21st century. This student-centered “research university with a teaching soul” offers students access to the intellectual resources of a major research institution as it promotes intellectual and civic engagement among students, faculty, and staff, as well as with institutions and communities in the United States and beyond. “Public,” while associated with access, affordability, and quality, “also speaks to responsibilities of citizenship, including helping to shape societies of the future,” says Chancellor J. Keith Motley. “‘Urban’ suggests...the challenges that society faces” but also “points to the site of innovation, creativity, and, optimally, openness of spirit from which the challenges can be properly met.”

The University’s urban setting—and its inclusiveness—are among its essential features. UMass Boston is the most ethnically diverse public university in New England. This diversity enriches the academic and social experience of the entire University community, strengthening the institution’s ability to meet its students’ intellectual and professional needs.

Opportunities to connect academic work with community needs are not limited to faculty; students have ample local access to internships, research opportunities, and community-based learning and service activities through the university’s Career Services Office, academic departments, and Office of Student Leadership and Community Outreach. Many faculty members are deeply engaged with urban issues and, in turn, engage their students through classroom and research projects with real-world substance and impact. University partnerships offer channels for students into civic life and work here and abroad, such as clinical placements for nursing students in area hospitals, teaching practica for education students in nearby public schools, and an “International Epidemics” course involving travel to South Africa for participation in efforts to combat AIDS. Faculty research and teaching combine with student development and community needs to produce a synergy that is one of UMass Boston’s unparalleled attributes.

As the University has increased its support for these opportunities over the past decade, its complexity has deepened. UMass Boston undergraduates now choose from over 120 majors, minors, and other programs of study; and all undergraduates, regardless of college or major, pursue a rigorous curriculum that builds their capacity for critical thinking and deepens their understanding of the history and future of human thought and endeavor. Graduate students can pursue PhD or EdD degrees in 15 programs and master’s degrees or graduate certificates in nearly 60 more. Several of these programs have gained national recognition, including the PhD Program in Clinical Psychology, which routinely admits a small fraction of a large and highly qualified applicant pool, the MS in Management of Aging Services, ranked “Outstanding” by the University Continuing Education Association, and the Graduate Certificate Program in Women in Politics and Public Policy, which earned the 2008 Progress in Equity Award from the American Association of University Women of Massachusetts.

To support this burgeoning growth—and provide students with physical facilities equal in quality to the rigorous curriculum they pursue—the University has undertaken, in concert with the strategic planning process, master planning for physical development and reconfiguration of the campus over the next 25 years. Elements of this master plan, including the integrated sciences complex and the new academic building, are well into the design stage; and the planning has recently expanded to include a new Edward M. Kennedy Institute for the Study of the U.S. Senate.

## SUMMARY

As Chancellor Motley stated when he recently addressed the campus, “this moment of struggle in our world and our community is, in fact, “Our Time” -- a moment to be seized, and out of which we can emerge stronger, better, greater. In response to the moment, we have moved forward, not retreated.”

We as the University of Massachusetts Boston have committed ourselves to a strategic plan with four strategic priorities that are intended to move us toward becoming the premier student-centered research university in the city of Boston:

1. Increase student access, engagement, and success
2. Attract, develop, and sustain highly effective faculty
3. Create a physical environment that supports teaching, learning, and research
4. Enhance campus-community engagement through improved organizational structures.

We expect our determination to achieve these goals to be rigorously tested. Despite the current financial and economic challenges, we will continue to move forward with our strategic priorities. We know that, if we keep our guiding principles firmly in mind, we will come through this test stronger and better, and that we will achieve our goals.

**Table 1**  
**University of Massachusetts**  
**Boston Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2010 Operating Budget Statement**  
*(in thousands of dollars)*

			FY2010 Budgeted			
	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY10 Budget-Accrual Basis	FY09 to FY10 Change	% Change
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$ 84,166	\$ 96,306	\$ 101,391	\$ 117,175	\$ 15,784	16%
Federal Grants and Contracts	30,680	34,361	37,362	39,976	2,614	7%
State Grants and Contracts	7,726	7,467	8,906	8,973	67	1%
Local Grants and Contracts	1,275	902	716	1,086	370	52%
Private Grants and Contracts	8,244	10,160	10,588	11,896	1,308	12%
Sales & Service, Educational	1,839	1,479	2,785	2,924	139	5%
Auxiliary Enterprises	8,768	9,012	9,230	9,302	72	1%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	588	855	33	182	148	445%
<b>Total Operating Revenues</b>	<b>\$ 143,286</b>	<b>\$ 160,542</b>	<b>\$ 171,011</b>	<b>\$ 191,514</b>	<b>\$ 20,502</b>	<b>12%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$ 92,136	\$ 102,288	\$ 100,158	\$ 111,941	\$ 11,784	12%
Research	24,397	27,361	29,317	32,563	3,246	11%
Public Service	5,704	5,197	6,451	6,944	493	8%
Academic Support	22,254	24,351	23,786	25,643	1,856	8%
Student Services	18,091	18,746	18,352	19,953	1,601	9%
Institutional Support	30,444	32,204	33,943	35,046	1,103	3%
Operation and Maintenance of Plant	17,533	20,443	19,781	20,165	384	2%
Depreciation and Amortization	24,053	15,707	15,168	16,633	1,465	10%
Scholarships and Fellowships	6,287	7,559	9,232	10,319	1,087	12%
Auxiliary Enterprises	8,016	7,966	8,216	9,056	841	10%
Other Expenditures						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 248,915</b>	<b>\$ 261,822</b>	<b>\$ 264,403</b>	<b>\$ 288,263</b>	<b>\$ 23,860</b>	<b>9%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (105,629)</b>	<b>\$ (101,280)</b>	<b>\$ (93,392)</b>	<b>\$ (96,750)</b>	<b>\$ (3,358)</b>	<b>4%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations (PELL grants)						
State Appropriations	\$ 100,801	\$ 109,263	\$ 93,783	\$ 86,881	\$ (6,902)	-7%
Gifts	1,723	2,041	2,000	2,200	200	10%
Investment Return	9,705	1,691	464	1,928	1,464	316%
Endowment Return	756	1,057	1,031	1,100	69	7%
Interest on Indebtedness	(4,529)	(4,511)	(4,584)	(4,478)	106	-2%
Other Nonoperating Income	289	69	-	-	-	0%
Revenue from Stimulus Funds	-	-	-	13,796	13,796	100%
<b>Net Nonoperating Revenues</b>	<b>\$ 108,745</b>	<b>\$ 109,610</b>	<b>\$ 92,694</b>	<b>\$ 101,427</b>	<b>\$ 8,733</b>	<b>9%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 3,116</b>	<b>\$ 8,330</b>	<b>\$ (698)</b>	<b>\$ 4,678</b>	<b>\$ 5,376</b>	<b>-770%</b>
Capital Appropriations	\$ 20,175	\$ 2,704	\$ 1,000	\$ 17,150	\$ 16,150	1615%
Capital Grants and Contracts	4,000	1,500	-	-	-	0%
University Related Transactions						
Disposal of Plant Facilities	(1,673)	(1,282)	(1,040)	(1,055)	(15)	1%
Other Additions/Deductions	1,578	1,761	2,000	-	(2,000)	-100%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 24,080</b>	<b>\$ 4,683</b>	<b>\$ 1,960</b>	<b>\$ 16,095</b>	<b>\$ 14,135</b>	<b>721%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 27,196</b>	<b>\$ 13,013</b>	<b>\$ 1,262</b>	<b>\$ 20,773</b>	<b>\$ 19,511</b>	<b>1546%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 129,596	\$ 156,792	\$ 169,805	\$ 171,067	\$ 1,262	1%
<b>Net Assets at End of Year</b>	<b>\$ 156,792</b>	<b>\$ 169,805</b>	<b>\$ 171,067</b>	<b>\$ 191,840</b>	<b>\$ 20,773</b>	<b>12%</b>

**Table 2**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$128,108	\$132,577	\$136,983	\$143,769	\$6,786	5.0%
Employee Fringe Benefits	\$33,412	\$43,109	\$32,384	\$41,995	\$9,611	29.7%
Student Aid	\$6,287	\$7,559	\$9,232	\$10,319	\$1,087	11.8%
Utilities	\$6,019	\$7,234	\$7,550	\$7,628	\$78	1.0%
Supplies and Other Services	\$51,036	\$55,636	\$63,086	\$67,919	\$4,833	7.7%
Depreciation	\$24,053	\$15,707	\$15,168	\$16,633	\$1,465	9.7%
<b>TOTAL</b>	<b>\$248,915</b>	<b>\$261,822</b>	<b>\$264,403</b>	<b>\$288,263</b>	<b>\$23,860</b>	<b>9.0%</b>

**Table 3**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	434.7	447.7	470.7	23.0	5.1%
Professional Staff	345.0	350.0	167.0	(183.0)	-52.3%
Classified Staff	298.0	313.0	238.0	(75.0)	-24.0%
<b>Subtotal, State Funded</b>	<b>1,077.7</b>	<b>1,110.7</b>	<b>875.7</b>	<b>(235.0)</b>	<b>-21.2%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	225.6	234.6	252.6	18.0	7.7%
Professional Staff	200.0	202.0	392.0	190.0	94.1%
Classified Staff	78.0	80.0	157.0	77.0	96.3%
<b>Subtotal, Non-State Funded</b>	<b>503.6</b>	<b>516.6</b>	<b>801.6</b>	<b>285.0</b>	<b>55.2%</b>
<b>Total Unrestricted/Designated</b>	<b>1,581.3</b>	<b>1,627.3</b>	<b>1,677.3</b>	<b>50.0</b>	<b>3.1%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	3.0	7.0	11.0	4.0	57.1%
Professional Staff	101.0	103.0	107.0	4.0	3.9%
Classified Staff	13.0	15.0	16.0	1.0	6.7%
<b>Subtotal, Grant Funded</b>	<b>117.0</b>	<b>125.0</b>	<b>134.0</b>	<b>9.0</b>	<b>7.2%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>117.0</b>	<b>125.0</b>	<b>134.0</b>	<b>9.0</b>	<b>7.2%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,698.3</b>	<b>1,752.3</b>	<b>1,811.3</b>	<b>59.0</b>	<b>3.4%</b>

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

**Table 4**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

FISCAL YEAR	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2009 proj.</b>	11,057	8,483	3,803	2,586	14,860	11,069
Fall 2008	10,478	7,965	3,639	2,477	14,117	10,442
Fall 2007	10,008	7,432	3,425	2,385	13,433	9,817

# **OPERATING BUDGET**

*for Fiscal Year 2010*

**DARTMOUTH CAMPUS**







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## **University of Massachusetts Dartmouth FY 2010 Operating Budget Narrative**

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### **CONTEXT**

The resource constraints that the University of Massachusetts Dartmouth currently faces are neither short-term nor confined to our community. They are generated by a world-wide and structural economic crisis that will likely continue for an extended period of time and has affected public and private institutions, businesses, non-profit organizations, and families all across our country. Private institutions have seen their endowments collapse, non-profits have seen philanthropic giving dramatically shrink, and families have been hit hard by layoffs and declining investment returns.

Yet, higher education is more valuable than ever. Increasingly, a four-year college degree is a pre-requisite for a strong quality of life, especially in Massachusetts, where the economy is driven by knowledge and innovation. Here on the SouthCoast, our University is looked upon as the engine of socio-economic development -- a powerful source of energy and talent that drives the creative economy, sustains our coastal resources, and catalyzes the renewable energy and life science business sectors. The education programs we offer are seen as the ultimate solution to the chronic problem of low educational attainment. Therefore, even as various forms of financial support are declining, the expectations for us to contribute to society are growing.

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

State funding of public higher education in Massachusetts and nearly every other state has been declining for nearly a quarter century. Over the past year, UMass Dartmouth has seen severe cuts in state allocations, requiring that we once again examine what our revenue streams must be and from where they must come. Further, we must determine the most effective and efficient way to deliver our core academic, student and administrative services. Our financial indicators and projections illustrate this approach.

### **METHODOLOGY**

The FY 2010 Operating Budget uses FY 2008 actual audited results and FY 2009 projected results as a basis. In addition, the projections make assumptions regarding the state appropriation, collective bargaining, fringe benefit rates, expense inflation, tuition and fee rates and funds received as part of the American Reinvestment and Recovery Act (stimulus funds).

All assumptions are consistent with the guidelines established by the President's Office. Other assumptions such as enrollment, research, investment and endowment income, financial aid, student fee rebates, capital improvement activity, operating budget and personnel reductions

(FY10), payment of debt and the impact of accrual or financial statement adjustments to budget amounts, were developed by the campus.

## RESULTS

FY 2009 projections show the campus slightly improving its financial condition. This can be attributed to budget reductions, both temporary and permanent, that were enacted at the beginning of the FY 2009 budget process. Also, the campus managed the spending of carry-forward funds and reserves. In prior years, departments were allowed to carry forward unspent account balances into the following fiscal year, thus promoting the most strategic use of funds. However, in years when state funding is being cut, we need to prevent the spending of such carry-forwards to artificially balance budgets. Close monitoring of spending will continue to occur as we approach the end of this fiscal year.

There appears to be a consensus among campus financial officers that FY 2010 will be slightly positive balances due to the infusion of ARRA funding, but there is risk that this federal funding will expire and campus revenues will “fall off the cliff” in FY 2011. Our campus’ relatively small reserve fund requires us to be investment-oriented in our spending of ARRA funds rather than simply using them to fill a FY 2010 budget hole.

## SPECIFIC CAMPUS-BASED ASSUMPTIONS

The campus makes the following assumptions heading into FY 2010 and looking ahead to FY 2011.

- Level enrollment for FY 2010:

### University of Massachusetts Dartmouth Enrollment Projections

Enrollment (Day only)	Actual FY2009	Projected FY2010	Projected FY2011	Projected FY2012	Projected FY2013	Projected FY2014
Instate	7410	7410	7728	8064	8399	8735
Out of State	619	619	610	624	639	653
<b>Total</b>	<b>8029</b>	<b>8029</b>	<b>8338</b>	<b>8688</b>	<b>9038</b>	<b>9388</b>

- Increase of approximately 5 percent in research funding
- Permanent operating budget and personnel reductions and re-allocations
- No additional significant borrowing (we have to begin to look at the pending ESCO contract and the impact on the campus ratios).
- Additional financial aid in FY 2010 to meet institutional pledge
- Capital investments in our classrooms, labs and campus security in FY 2010

- Minimal annual change in our accrual adjustments. We are projecting that we will reduce or maintain the value of compensated absences through annual holiday season closing of campus and better monitoring of time and effort reporting.

Lastly, the campus will partner with the Division of Capital Asset Management (DCAM) to add space and renovate existing space in the Claire T. Carney Library. This project is being funded exclusively from state general obligation bond funds from Chapter 258 of 2008. Construction is expected to begin in 2010. Highlights of the project are listed below.

A 5,000 square foot expansion to the north will be accomplished by glassing in an area between the library and the Group II lecture halls. This will provide a compelling entrance and new areas for students and faculty to gather and exchange ideas. Expansion and renovation of the first floor will create larger and better space for public presentations and lectures, along with a cafe and meeting places.

The Library will better meet the needs of active "net generation" learners through newly-created spaces designed for collaborative study, including a learning commons where group work, mentoring and consultation will be the norm. The library will also offer improved spaces for quiet, individual study.

The Library will continue to support research and scholarship through its collections and research services. Current space will be redesigned and renovated to house the growing collection of books and journals. Well-designed, complementary physical and virtual services and access points will meet the needs of the campus and region. Enlarged and properly designed spaces will meet the access and preservation needs of the library's expanding general collection and collections of regional and national interest.

A new space will be built to serve as a permanent home for the Ferreira-Mendes Portuguese-American Archives, giving visitors and scholars a place to observe, learn, research, study, and interact.

### **FY2009 BUDGET REALITY**

Faced with multiple mid-year state budget cuts, increased fringe benefit costs resulting from employees being moved from state to non-state funding sources, and lower than expected enrollment, the campus had to make \$5.4 million in budget reductions from its core operating budget over the last 7 months. We made the decision early on that we would avoid layoffs, mid-year student charge increases, and mid-year reductions in financial aid during FY09, and succeeded in these goals.

We achieved \$5.2 million of our goal by enacting a mixture of permanent and one-time cuts including: aggressive energy savings, winter holiday recess, non-union leave without pay and pay freeze, and a critical needs hiring process that eliminated many positions or delayed the hiring of the most needed. Many people offered savings ideas and participated in shaping solutions and for that we are all grateful. As quickly as we can, these ideas have been implemented. More will be done in FY10.

## **FY2010 BUDGET CHALLENGE**

We must now plan for a fiscal year 2010 that promises to be even more challenging. The Commonwealth's economy continues to spiral downward. Recent analyses indicate that there is an additional \$1 billion state revenue shortfall for this fiscal year (FY09) and an additional \$1.5 billion shortfall for next year (FY10) – beyond projections used by the House of Representatives to craft its recent version of the budget just a few weeks ago. The Senate Ways and Means Committee proposal unveiled Wednesday indicates additional deterioration of the state's financial position and additional potential cuts for the University.

Our current best estimate of the scope of our FY 2010 challenge is \$9,754,980. This number comes from direct revenue losses and the necessity of meeting some ongoing and new mandatory spending obligations.

To meet this challenge we will be required to make significant operating budget cuts and personnel reductions, raise student fees, provide increased need-based financial aid, and focus available federal stimulus funds on investments that will enhance our ability to raise future revenue.

## **FEDERAL STIMULUS FUNDS**

To date, both the Governor and the House of Representatives have proposed that the UMass system receive approximately \$79 million in ARRA funds for FY10. It appears increasingly likely that there will be no additional ARRA funds for FY11.

About \$8.5 million of UMass ARRA funds would flow to UMass Dartmouth in FY10. The campus views this money as a bridge to more stable times, one that gives campuses the ability to streamline and realign services, as well as develop other sources of non-state revenue.

Because ARRA is temporary, we will focus these funds on the following expense categories:

1. Accounts that have suffered temporary losses and have a high likelihood of rebounding. These include invested endowments and investment income that fund scholarships, debt service and general operating expenses.
2. Initiatives that will ignite future revenue growth, such as enrollment and retention (undergraduate, graduate, and online), fundraising, grant development, faculty start-up packages, etc.
3. Facility improvements already underway that critical to enhancing the safety of students, teaching, and research. By making these investments we position the university to meet the expectations of students and their parents as well as capture additional federal stimulus funds.
4. Operations that need to be transformed into self-sustaining units.

## **CONCLUSION**

We have made the above decisions after careful and thoughtful consideration of all practical alternatives. In each case, we feel confident that they position this campus for long-term excellence.

Throughout this process, the campus community has been asked for input and ideas that could improve service and reduce costs. Many excellent suggestions have already been adopted and more are in progress.

The campus community has also been asked to consider an approach based on shared burden and shared sacrifice. Although many have responded to meet that challenge, more is required in order for UMass Dartmouth to meet its mission of teaching, research and service to the Commonwealth.



**Table 1**  
**University of Massachusetts**  
**Dartmouth Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2010 Operating Budget Statement**  
*(in thousands of dollars)*

	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY2010 Budgeted		
				FY10 Budget-Accrual Basis	FY09 to FY10 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$ 59,330	\$ 60,122	\$ 61,228	\$ 64,352	\$ 3,124	5%
Federal Grants and Contracts	16,490	17,586	18,000	19,400	1,400	8%
State Grants and Contracts	6,208	5,735	7,000	7,000	-	0%
Local Grants and Contracts	24	97	200	200	-	0%
Private Grants and Contracts	3,848	4,589	3,732	3,731	(1)	0%
Sales & Service, Educational	25	61	51	51	-	0%
Auxiliary Enterprises	32,415	37,181	40,139	41,485	1,346	3%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	3,467	4,190	4,114	4,114	-	0%
<b>Total Operating Revenues</b>	<b>\$ 121,807</b>	<b>\$ 129,561</b>	<b>\$ 134,464</b>	<b>\$ 140,333</b>	<b>\$ 5,869</b>	<b>4%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<i>Educational and General</i>						
Instruction	\$ 59,354	\$ 63,998	\$ 59,503	\$ 61,378	\$ 1,875	3%
Research	17,787	18,100	16,754	17,543	789	5%
Public Service	1,130	2,734	3,423	3,475	52	2%
Academic Support	22,406	23,264	22,576	24,159	1,583	7%
Student Services	7,902	8,366	8,141	7,873	(268)	-3%
Institutional Support	18,765	19,292	22,075	22,085	10	0%
Operation and Maintenance of Plant	21,653	19,451	17,745	17,478	(267)	-2%
Depreciation and Amortization	14,700	11,966	12,800	12,878	78	1%
Scholarships and Fellowships	3,160	3,142	3,033	4,117	1,084	36%
<i>Auxiliary Enterprises</i>	14,032	18,524	19,456	19,585	129	1%
<i>Other Expenditures</i>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 180,889</b>	<b>\$ 188,837</b>	<b>\$ 185,506</b>	<b>\$ 190,571</b>	<b>\$ 5,065</b>	<b>3%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (59,082)</b>	<b>\$ (59,276)</b>	<b>\$ (51,042)</b>	<b>\$ (50,238)</b>	<b>\$ 804</b>	<b>-2%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$ 60,135	\$ 68,866	\$ 59,341	\$ 54,117	\$ (5,224)	-9%
Gifts	111	177	177	186	9	5%
Investment Return	3,330	1,179	(364)	600	964	-265%
Endowment Return	384	788	982	350	(632)	-64%
Interest on Indebtedness	(7,296)	(8,457)	(8,190)	(7,311)	879	-11%
Other Nonoperating Income	237	2,373	425	425	-	0%
Revenue from Stimulus Funds	-	-	-	8,533	8,533	100%
<b>Net Nonoperating Revenues</b>	<b>\$ 56,901</b>	<b>\$ 64,926</b>	<b>\$ 52,371</b>	<b>\$ 56,900</b>	<b>\$ 4,529</b>	<b>9%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ (2,181)</b>	<b>\$ 5,650</b>	<b>\$ 1,329</b>	<b>\$ 6,662</b>	<b>\$ 5,333</b>	<b>401%</b>
Capital Appropriations	\$ 7,800	\$ 2,225	\$ 4,087	\$ -	\$ (4,087)	-100%
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities	(1,223)	(2,360)	(1,200)	(1,200)	-	0%
Other Additions/Deductions	(2,677)	(4,402)	(3,412)	(2,981)	431	-13%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 3,900</b>	<b>\$ (4,537)</b>	<b>\$ (525)</b>	<b>\$ (4,181)</b>	<b>\$ (3,656)</b>	<b>696%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 1,719</b>	<b>\$ 1,113</b>	<b>\$ 804</b>	<b>\$ 2,481</b>	<b>\$ 1,677</b>	<b>209%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 46,989	\$ 48,708	\$ 49,821	\$ 50,161	\$ 340	1%
<b>Net Assets at End of Year</b>	<b>\$ 48,708</b>	<b>\$ 49,821</b>	<b>\$ 50,625</b>	<b>\$ 52,642</b>	<b>\$ 2,017</b>	<b>4%</b>

**Table 2**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
***SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)***  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$90,626	\$85,772	\$84,279	\$80,514	(\$3,765)	-4.5%
Employee Fringe Benefits	\$24,392	\$30,699	\$21,123	\$25,999	\$4,876	23.1%
Student Aid	\$5,826	\$10,313	\$10,940	\$12,377	\$1,437	13.1%
Utilities	\$6,520	\$8,803	\$9,600	\$9,497	(\$103)	-1.1%
Supplies and Other Services	\$38,826	\$41,284	\$46,764	\$49,306	\$2,542	5.4%
Depreciation	\$14,699	\$11,966	\$12,800	\$12,878	\$78	0.6%
<b>TOTAL</b>	<b>\$180,889</b>	<b>\$188,837</b>	<b>\$185,506</b>	<b>\$190,571</b>	<b>\$5,065</b>	<b>2.7%</b>



**Table 3**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	355.4	360.6	360.6	0.0	0.0%
Professional Staff	219.9	238.5	224.3	(14.2)	-5.9%
Classified Staff	261.6	274.2	257.0	(17.2)	-6.3%
<b>Subtotal, State Funded</b>	<b>836.9</b>	<b>873.3</b>	<b>841.9</b>	<b>(31.4)</b>	<b>-3.6%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	100.5	101.5	68.5	(33.0)	-32.5%
Professional Staff	92.2	83.8	72.6	(11.2)	-13.4%
Classified Staff	100.3	102.3	97.3	(5.0)	-4.9%
<b>Subtotal, Non-State Funded</b>	<b>293.0</b>	<b>287.6</b>	<b>238.4</b>	<b>(49.2)</b>	<b>-17.1%</b>
<b>Total Unrestricted/Designated</b>	<b>1,129.9</b>	<b>1,161.0</b>	<b>1,080.3</b>	<b>(80.6)</b>	<b>-6.9%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	1.9	2.7	2.7	0.0	0.0%
Professional Staff	48.4	32.9	32.9	0.0	0.0%
Classified Staff	2.2	3.0	3.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>52.5</b>	<b>38.6</b>	<b>38.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>52.5</b>	<b>38.6</b>	<b>38.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,182.4</b>	<b>1,199.6</b>	<b>1,118.9</b>	<b>(80.6)</b>	<b>-6.7%</b>

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

**Table 4**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

FISCAL YEAR	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2009 proj.</b>	8,309	7,894	1,228	835	9,537	8,729
Fall 2008	8,193	7,816	1,179	796	9,372	8,612
Fall 2007	7,927	7,064	1,153	788	9,080	7,852

# OPERATING BUDGET

*for Fiscal Year 2010*

LOWELL CAMPUS





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## **University of Massachusetts Lowell FY 2010 Operating Budget Narrative**

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The Fiscal Year 2010 Operating Budget Statement for the University of Massachusetts Lowell (UML) presents a general plan for the year and outlines our priorities, resources and planned use of funds in FY 2010.

The document considers the FY 2008 actual Financial Statements, the preliminary results for FY 2009 and the projected outcome for FY 2010 based on the campus budget planning and parameters established by the President's Office.

Chancellor Meehan has been working with Lowell's faculty, staff and administration throughout 2008 and 2009 to adjust to the Commonwealth's fiscal crisis while maintaining the focus on building a new vision and strategic plan for the University. Despite the challenges, the goal continues to be to strive for excellence through strategic investment in our students, faculty and facilities.

### **UMASS LOWELL MISSION AND THE UMASS LOWELL 2020 STRATEGIC PLAN**

UMass Lowell's mission is "to enhance the intellectual, personal and cultural development of students through excellent, affordable educational programs," and to "meet the needs of the Commonwealth today and into the future and support the development of sustainable technologies and communities." UML seeks to fulfill this mission every day through our teaching and learning, research and scholarship, and outreach and engagement.

The campus has launched a strategic planning effort to guide the development of UMass Lowell. UMass Lowell 2020 will serve as the University's next generation strategic plan, providing a blueprint for how the campus will achieve national and international recognition as a world-class institution over the next decade. Since February, almost 200 faculty, staff, and students have been assessing the University's current academic, research, partnership, fiscal and facilities status and drafting strategies to improve the campus's achievement, reputation and rankings as expressed in the following ways:

- Improve the quality of academic programs on the undergraduate and graduate level
- Ensure that diversity and pluralism is addressed in all aspects of the strategic plan
- Improve the entire learning experience for students (academic, social, personal development)
- Increase research and scholarship
- Dramatically increase private revenues with new, sustainable sources of funding
- Strengthen corporate and community partnerships
- Develop a campus master plan
- Ensure that environmental sustainability is addressed in all aspects of the strategic plan
- Maximize infrastructure -- physical plant, technology, budget systems, and human resource review -- to support all goals
- Achieve recognition for the quality of academic programs, student learning, research and partnerships.

An external advisory committee, made up of alumni and local community leaders will also have input in the strategic plan. UMass Lowell 2020 is chaired by Provost Ahmed Abdelal and Executive Vice Chancellor Jacqueline Moloney and is expected to be completed by early 2010.

### **FINANCIAL PLANNING AND BUDGET REVIEW COMMITTEE**

Consistent with the goals of the emerging strategic plan, UMass Lowell has appointed a Financial Planning and Budget Review Committee aimed at increasing transparency, opening up how the campus makes short and long term operating and capital budgeting decisions, and empowering managers while increasing the accountability and responsibility over the management of university resources. The Committee has conducted 20 meetings over the winter/spring of 2009 to review all major FY 2010 departmental budgets, including goals, strategic priorities, efficiency ideas, and contingency planning depending upon available financial resources.

Some of the “budget themes” that have emerged from this process include the identification of additional opportunities for reorganization to increase efficiencies such as IT services, faculty development, international student services, research administration and events and conference services. Chargeback systems and administrative assessments will be reviewed to determine the appropriate levels of accountability and responsibility for certain administrative costs, facility and research equipment usage, debt service, overtime for capital projects and events, research assistant stipends and waivers, among other things. Strategic management of procurement, contracts and energy management will also be a focus including partnering more with the system and other higher education and state consortia to get the best price for goods and services.

Rigorous attention to academic program planning will continue to focus on achieving the vision of national and international recognition as a world class institution set by the Chancellor. The Provost has outlined for the Financial Planning and Budget Review Committee the following criteria by which program expansion, reorganization and reallocation proposals will be reviewed:

- Numbers of majors served
- Annual graduates produced
- Associated credit hours taught
- Research and scholarly productivity
- Service productivity

### **FY 2009 REVIEW**

During fiscal year 2009, the University has made tremendous progress in expanding its revenue-raising capacity:

- Enrollment has increased more than 9% from FY 2008 to FY 2009 and we anticipate another 5% increase for FY 2010.
- One-year retention rates are increasing as are six-year graduation rates. Transfer student graduation rates have also improved more than 4% this year.
- Enrollments in the Division of Continuing Studies and Corporate Education have increased approximately 10%. New undergraduate, professional master’s degree and graduate

certificate programs are being developed to expand access to University programs to our nontraditional students as well as to national and international populations. Success in new program development will assist in improving the overall quality of academic programs and increase campus revenues.

- Students in residential housing increased from 33% residents in Fall 2007 to 35% residents in Fall 2008. UMass Lowell has a multi-year goal of increasing housing capacity to 50% by 2014. This demand for housing resulted in our decision to purchase the Doubletree Hotel for conversion into an Inn and Conference Center - primarily to house over 400 students beginning this Fall 2009.
- Grants and contracts have increased by 7% to nearly \$37 million in FY 2009, providing a broader research base and indirect cost recovery used for matching funds and other strategic research needs.

Unfortunately, these expanded revenue-raising efforts were offset during fiscal 2009 by the state's fiscal crisis and overall economic downturn. The priority at UMass Lowell has been to preserve academic quality, while meeting the budget gap caused by the \$4.9 million 9C budget reduction in state funding over the course of the year. Action steps included streamlining non-academic areas and evaluating all programs through a lens that put students' needs and academic programming first.

The plan resulted in the elimination of more than 50 full-time and 20 part-time jobs through attrition, consolidation, retirements and layoffs to achieve partial year savings of \$1.6 million. Based on a thorough review of administrative and academic areas, numerous functions and services were consolidated, resulting in a flatter, more streamlined organization. Another \$400,000 in cuts will be achieved through a cutback in overtime costs. Affected employees were offered counseling, financial planning, legal aid and outplacement assistance.

Approximately \$825,000 in cuts came in Academic Affairs, including streamlining and eliminating certain K-12 and related outreach that did not integrate with faculty programmatic efforts. Programs with activities that are led by faculty and involve undergraduate students (student learning) and graduate students (generating scholarship and workforce training) were not impacted.

A number of programs are now required to become self-supporting including the Labor Extension Program, Center for the Arts Discovery Series and STARTS programs, and Design Camp. New agreements with the National Park Service are expected to reduce UMass Lowell's costs of the Tsongas Industrial History Center and the Mogan Cultural Center, and four programs were eliminated: the College Prep Program with Lawrence High School; New Horizons and Bartlett Community School Partnership with Lowell Public Schools; and the Center for Civic and Economic Opinion.

The remaining cost savings are coming from administration and technology, including delaying new technology upgrades and equipment purchases, changing mailing practices, and restricting travel and other expenses (\$495,000); operating budget cuts in areas reporting to the Chancellor (\$200,000); reduced charges from the UMass President's office (\$295,000); termination of the Sunrise morning radio program and other Public Affairs Office cuts (\$175,000); and the partial closing of campus buildings between Christmas and New Year's 2008 (\$100,000).

The combination of expanded revenue-raising efforts and these cost cutting actions helped to close the budget gap produced by state cuts in FY 2009. UMass Lowell currently is projecting a FY 2009 surplus of approximately 0.6% of total revenue, as compared to 3.6% in fiscal 2008. The campus also estimates that it will have to absorb unrealized losses to the market value of the cash portfolio of more \$2 million in FY 2009 contributing to these results.

## **FY 2010 ASSUMPTIONS**

### **Revenues**

For planning purposes, the University of Massachusetts Lowell budget assumes a reduction in its base state maintenance appropriation consistent with the amount recommended by the House of Representatives. This level of state support is more than \$13 million less than what the campus would have received from the initial FY 2009 state budget. During FY 2009, the University incurred a \$4.9 million 9C cut and the House budget proposes another \$8.4 million.

To offset the cuts sustained in FY 2009 and those anticipated in FY 2010, the UMass system has increased student fees and is assuming the receipt of federal stimulus funding. A significant portion of the revenues generated by the fee increase – approximately \$4 million at UMass Lowell -- will be used for financial aid to meet increased financial need.

Lowell anticipates receiving federal stimulus funding of approximately \$12 million as an offset to the state appropriation cut. However, the campus believes that these funds, if realized at all in FY 2010, may not be available in FY 2011. Therefore the campus is reviewing how best to invest these funds strategically on one-time needs that will support our strategic goals such as repair and maintenance of facilities, much needed transportation and other infrastructure improvements. The campus is budgeting for a student charge rebate of \$2.8 million as part of the federal stimulus program, which reduces the overall impact of the funds in FY 2010. The combination of the fee increase and federal stimulus funding should stave off additional campus layoffs unless the state's financial condition continues to deteriorate.

The Lowell campus anticipates a five percent increase in full-time equivalent undergraduate and graduate enrollments for Fall 2009. This enrollment growth, the growth in Continuing Studies and Corporate Education (CSCE) programs and the student charge rates approved by the Board of Trustees will result in an estimated sixteen percent increase in tuition and fee revenues. As previously noted, these increases will be offset by increased financial aid spending to maintain the University's commitment to affordability. The enrollment growth and campus efforts to expand the residential experience for students are projected to generate more than a twenty percent increase in revenues from Housing and Food Services.

Other significant changes in revenues projected in FY 2010 include the continued decline in interest income of approximately 15% and increased growth in research funding of 6%.

### **Expenditures**

Projected cost increases anticipated for FY 2010 include \$0.7 million increase in debt service payments (7% increase); energy and utility costs of more than \$1 million (10% increase); and a \$6.9 million (28% increase) in fringe benefit costs associated, in part, with the reduction in state appropriations. The campus also projects increased spending facilities and capital expenditures through the one-time use of federal stimulus funds. This is an area that is in need of serious attention for UMass Lowell to be able to move forward with its strategic plan. The campus has



identified 11.5 additional new faculty hires to meet enrollment growth and program needs. Staffing levels are nearly flat with the prior year. Finally, in addition to these targeted increases the campus projects modest inflationary increases in other areas consistent with the system guidelines.

The overall result of the changes in revenues and expenses is projected to be a break-even outcome for FY 2010.

### **SUMMARY**

The University of Massachusetts Lowell has embarked on an exciting plan to grow enrollment, construct new academic/research buildings, expand research activity, develop a comprehensive energy management program and engage all segments of the campus in a comprehensive strategic planning effort. Over the past couple of years, the campus has made great progress in achieving financial sustainability by reestablishing adequate financial reserves while reallocating increased funds toward academic quality and student success initiatives. We still face significant financial challenges in improving our facilities and increasing our faculty and staffing levels to that of our peer institutions of similar size and complexity. These challenges are difficult but not insurmountable. The campus will continue to take the actions necessary to maintain a positive annual financial outcome.



**Table 1**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY2010 Budgeted		FY09 to FY10 Change
				FY10 Budget-Accrual Basis		
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$ 72,201	\$ 78,243	\$ 87,544	\$ 99,479	\$ 11,935	14%
Federal Grants and Contracts	20,785	23,352	22,398	23,667	1,269	6%
State Grants and Contracts	3,819	4,879	5,822	6,152	330	6%
Local Grants and Contracts	293	342	408	431	23	6%
Private Grants and Contracts	11,265	12,444	14,849	15,690	841	6%
Sales & Service, Educational	1,047	905	966	1,110	144	15%
Auxiliary Enterprises	9,437	10,557	13,453	16,691	3,238	24%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	1,710	3,691	3,939	4,529	590	15%
<b>Total Operating Revenues</b>	<b>\$ 120,557</b>	<b>\$ 134,413</b>	<b>\$ 149,379</b>	<b>\$ 167,749</b>	<b>\$ 18,370</b>	<b>12%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<i>Educational and General</i>						
Instruction	\$ 78,611	\$ 81,001	\$ 79,644	\$ 88,374	\$ 8,730	11%
Research	30,297	32,961	32,862	34,791	1,929	6%
Public Service	3,155	3,856	3,810	3,902	92	2%
Academic Support	19,978	20,831	17,309	18,694	1,385	8%
Student Services	14,319	15,854	15,129	15,778	649	4%
Institutional Support	27,716	28,912	28,757	30,345	1,588	6%
Operation and Maintenance of Plant	18,171	19,739	21,544	28,258	6,714	31%
Depreciation and Amortization	15,656	14,206	15,335	16,395	1,060	7%
Scholarships and Fellowships	3,799	4,091	4,342	5,428	1,086	25%
<i>Auxiliary Enterprises</i>	4,269	6,104	10,456	11,934	1,478	14%
<i>Other Expenditures</i>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 215,971</b>	<b>\$ 227,555</b>	<b>\$ 229,188</b>	<b>\$ 253,899</b>	<b>\$ 24,711</b>	<b>11%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (95,414)</b>	<b>\$ (93,142)</b>	<b>\$ (79,809)</b>	<b>\$ (86,150)</b>	<b>\$ (6,341)</b>	<b>8%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$ 89,218	\$ 97,490	\$ 82,201	\$ 74,824	\$ (7,377)	-9%
Gifts	2,154	3,778	3,406	3,430	24	1%
Investment Return	4,363	1,762	(2,156)	447	2,603	-121%
Endowment Return	79	699	879	178	(701)	-80%
Interest on Indebtedness	(2,051)	(2,403)	(3,556)	(4,604)	(1,048)	29%
Other Nonoperating Income	93	319	341	391	50	15%
Revenue from Stimulus Funds				12,066	12,066	
<b>Net Nonoperating Revenues</b>	<b>\$ 93,856</b>	<b>\$ 101,645</b>	<b>\$ 81,115</b>	<b>\$ 86,732</b>	<b>\$ 5,617</b>	<b>7%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ (1,558)</b>	<b>\$ 8,503</b>	<b>\$ 1,306</b>	<b>\$ 582</b>	<b>\$ (724)</b>	<b>-55%</b>
Capital Appropriations	\$ 6,046	\$ 7,023	\$ 8,117	\$ 12,000	\$ 3,883	48%
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities	(1,753)	(1,466)	(1,401)	(1,411)	(10)	1%
Other Additions/Deductions	(1,223)	332	(50)	(50)	-	0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 3,070</b>	<b>\$ 5,889</b>	<b>\$ 6,666</b>	<b>\$ 10,539</b>	<b>\$ 3,873</b>	<b>58%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 1,512</b>	<b>\$ 14,392</b>	<b>\$ 7,972</b>	<b>\$ 11,121</b>	<b>\$ 3,149</b>	<b>40%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 97,374	\$ 98,886	\$ 113,278	\$ 121,250	\$ 7,972	7%
<b>Net Assets at End of Year</b>	<b>\$ 98,886</b>	<b>\$ 113,278</b>	<b>\$ 121,250</b>	<b>\$ 132,371</b>	<b>\$ 11,121</b>	<b>9%</b>

**Table 2**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$117,510	\$119,213	\$121,552	\$126,703	\$5,151	4.2%
Employee Fringe Benefits	\$27,885	\$37,329	\$24,746	\$31,731	\$6,985	28.2%
Student Aid	\$3,799	\$4,091	\$4,342	\$5,428	\$1,086	25.0%
Utilities	\$5,958	\$8,356	\$9,836	\$10,850	\$1,014	10.3%
Supplies and Other Services	\$45,163	\$44,360	\$52,377	\$62,792	\$10,415	19.9%
Depreciation	\$15,656	\$14,206	\$15,335	\$16,395	\$1,060	6.9%
<b>TOTAL</b>	<b>\$215,971</b>	<b>\$227,555</b>	<b>\$228,188</b>	<b>\$253,899</b>	<b>\$25,711</b>	<b>11.3%</b>

**Table 3**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	435.0	434.0	445.5	11.5	2.6%
Professional Staff	372.2	373.0	364.5	(8.5)	-2.3%
Classified Staff	151.5	150.3	150.0	(0.3)	-0.2%
<b>Subtotal, State Funded</b>	<b>958.7</b>	<b>957.3</b>	<b>960.0</b>	<b>2.7</b>	<b>0.3%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	6.2	6.0	7.0	1.0	16.7%
Professional Staff	62.9	54.0	56.8	2.8	5.2%
Classified Staff	36.0	29.0	29.0	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>105.1</b>	<b>89.0</b>	<b>92.8</b>	<b>3.8</b>	<b>4.3%</b>
<b>Total Unrestricted/Designated</b>	<b>1,063.8</b>	<b>1,046.3</b>	<b>1,052.8</b>	<b>6.5</b>	<b>0.6%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	7.5	7.0	7.0	0.0	0.0%
Professional Staff	111.4	124.1	126.0	1.9	1.5%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>118.9</b>	<b>131.1</b>	<b>133.0</b>	<b>1.9</b>	<b>1.4%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.3	0.0	0.0	0.0	0.0%
Professional Staff	19.5	12.5	14.3	1.8	14.4%
Classified Staff	2.5	3.0	3.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>22.3</b>	<b>15.5</b>	<b>17.3</b>	<b>1.8</b>	<b>11.6%</b>
<b>Total Restricted</b>	<b>141.2</b>	<b>146.6</b>	<b>150.3</b>	<b>3.7</b>	<b>2.5%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,205.0</b>	<b>1,192.9</b>	<b>1,203.1</b>	<b>10.2</b>	<b>0.9%</b>

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

**Table 4**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2010 Operating Budget Statement**  
***HEADCOUNT AND FTE ENROLLMENT***

FISCAL YEAR	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2009 proj.	10,304	8,083	2,842	1,734	13,146	9,817
Fall 2008	9,706	7,658	2,765	1,758	12,471	9,416
Fall 2007	8,879	6,883	2,756	1,736	11,635	8,619

# **OPERATING BUDGET**

*for Fiscal Year 2010*

**MEDICAL SCHOOL**







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## University of Massachusetts Medical School FY 2010 Operating Budget Narrative

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Described by students and faculty alike as dynamic, supportive, collaborative and vibrant, the University of Massachusetts Medical School (UMMS) is a leading academic medical center with health sciences education, research, public service and clinical advancements. The Commonwealth of Massachusetts' first and only public medical school, UMMS was founded in 1962 to provide affordable, high-quality medical education to state residents and to increase the number of primary care physicians practicing in underserved areas of the state. More than 40 years later, UMMS retains the pioneering spirit that attracted its founding faculty and students, even as it has matured to become one of the nation's top 50 medical schools.

The Medical School's 6,200 employees generate more than \$900 million in revenue and make major contributions to communities throughout the Commonwealth. As a complement to its education, research and public service mission, the hospital and clinical components of UMMS are operated by its clinical partner, UMass Memorial Health Care and its other clinical affiliates. UMass Memorial is a non-profit integrated clinical system created in April 1998 by the merger of the UMass clinical system and Memorial Health Care. UMass Memorial is a \$2.1 billion health care delivery system with acute care hospitals, ambulatory clinics and a network of primary care physicians and specialists throughout Central New England.

Since accepting its first class in 1970, the School of Medicine has provided medical students with an accessible, comprehensive and personally rewarding medical education of the highest quality, one which optimally prepares them to excel as physicians who are caring, competent, productive and self-fulfilled in their chosen career serving a diversity of patients, communities and the health sciences. The program focuses educational planning, development, innovation and resources on teaching students core knowledge, skills, attitudes and values, which serve as the essential foundation for the training of physicians. Whatever a student's career path, the curriculum's learning objectives are targeted at developing the foundational competencies required of all physicians.

True to its founding proclamation, UMMS emphasizes preparation of students for careers in the primary care specialties, and the School of Medicine has garnered a national reputation for its primary care program. *U.S. News & World Report* consistently ranks UMMS among the top of the nation's 129 medical schools for primary care education – 7<sup>th</sup> in this current year (2009). As a step toward meeting future demand for a highly skilled physician workforce, UMMS has taken steps to increase medical school enrollment to 125 students per class.

UMMS initiated its biomedical sciences PhD program in 1979 to train scientists and educators to conduct research on human diseases and to serve as faculty members in the medical sciences. Today, the Graduate School of Biomedical Sciences (GSBS) is a faculty-initiated PhD program that trains scientists in a specialty area with a broad background in the basic medical sciences, in preparation for conducting research with direct relevance to human disease.

In 2008, GSBS introduced the master's of science in clinical investigation (MSCI) program, which was created in support of an institutional strategic goal to build a robust clinical and translational research enterprise and in response to a growing campus interest to increase training opportunities within the field. The MSCI program emphasizes the development in

students of strong clinical investigation skills based on a solid foundation in study design, conduct of observational studies and randomized trials, clinical epidemiology and biostatistics.

In 1986, complementing the School of Medicine and Graduate School of Biomedical Sciences, UMMS established the Graduate School of Nursing (GSN) to meet the demand for highly qualified professionals to serve in all areas of patient care and to promote nursing leadership in education, practice and research. The GSN offers master's, post-master's and doctoral degrees, providing professional education and training for advanced practice nurses within three specialties: adult acute/critical care nurse practitioners, adult ambulatory/community care nurse practitioners and advanced practice nurse educators.

The GSN graduates more nurse practitioners for the Commonwealth than any other institution, and established the first nurse educator program in Massachusetts. In 2008, the GSN introduced the Doctorate of Nursing Practice program, in response to the increasing complexity of health care and shortages of both primary care physicians and advanced practice nurses. In 2004, the American Association of Colleges of Nursing (AACN) issued an historic position statement with the charge to elevate educational preparation for advanced practice nursing from the master's to doctoral level by the year 2015. With approval last spring by the University of Massachusetts' Board of Trustees, the GSN joined nursing schools across the nation in preparing nurse practitioners to become nursing leaders on interprofessional health care teams.

Commonwealth Medicine provides partnership opportunities for dozens of state and local agencies to increase the value and quality of publicly funded health expenditures and to improve access and delivery of care to at risk and uninsured populations. In short, through Commonwealth Medicine, other public agencies can leverage the academic, research, management and clinical resources of UMMS to assist their health care providers to optimize efficiency and effectiveness. Among the major components of Commonwealth Medicine is its collaboration with the state Department of Correction to serve as a technical, research and consultative resource for criminal justice agencies in the planning and delivery of health care, mental health and substance abuse services to inmate populations.

The Massachusetts Biologic Laboratories (MBL) is the only publicly owned, non-profit FDA-licensed manufacturer of vaccines and biologic products in the United States. Established in 1894 by the State Board of Health to produce diphtheria antitoxin, the operations of the MBL were transferred from the State Department of Public Health to UMMS in 1997 in order to maintain the MBL's focus on improving public health through applied research, development and manufacturing of biologic products.

MBL has licensed vaccines to prevent pertussis, tetanus, diphtheria and other diseases and currently supplies 20 percent of the country's Td vaccine. In addition, the laboratory scientists have pioneered hyperimmune globulin products to prevent serious infections in children and immunocompromised adults including VZIG, Cytogam, Botulism Immune Globulin, and ISG. In recent years, MBL has discovered monoclonal antibodies to respond to emerging public health threats such as SARS, rabies, and the C. difficile epidemic.

In 2008, UMMS created a comprehensive Strategic Plan that identifies key goals for the institution over the next five years. These goals include a strategy to design the future model of health care delivery; build a workforce of the future; design an ideal learning environment; translate discovery into practice; become a high performance/high reliability organization; and by doing so, have a significant impact in the world.

The 2010 Operating Budget is based on the fiscal 2009 financial projection and the economic inputs and outputs expected from the campus' initiatives related to both capital and programmatic growth. Both the 2009 projection and the 2010 budget are significantly impacted by the current economic climate, most notably in reductions in state appropriations, investment income, and projected additional costs related to the self-funded campus retirement plan. The major initiatives reflected in the forecast include: the completion of the Advanced Center for Clinical and Education Sciences (ACCES) building on the main campus, the completion of the Massachusetts Biologic Laboratories research and office facility in Mattapan, the start of construction for the new Albert Sherman Center (ASC) on the main campus and the recruitment of faculty to support the Advanced Therapeutics Cluster within the ASC as well as fill needs in existing programs.

The projected increase in net assets for fiscal 2009 is \$5.8 million, compared with a budget of \$59.7 million. Virtually the entire \$53.9 million shortfall is accounted for by three significant items. Investment earnings were budgeted to be approximately \$16.2 million with a currently projected net loss of \$17.3 million, resulting in a budget shortfall of \$33.5 million. The 2009 budget included \$15 million in capital appropriations from the state toward the construction of the Albert Sherman Center (ASC) which have been delayed a year. Of the originally planned \$6.5 million of state deferred maintenance capital funding, only \$3.5 is now anticipated to be received this year; and, the 9C cuts in the state appropriation resulted in a shortfall of \$2.6 million to budget.

The state appropriation and interest income are significant items impacting both the 2009 projection and the 2010 budget and are a direct result of the current economic climate. In fiscal 2009, the state appropriation was reduced by two rounds of 9C cuts. In fiscal 2010, the funding is assumed to be restored to the 2009 pre-9C cut level through the allocation of federal stimulus funds. Revenue from trust fund interest (TFI) distributions and investment income is much lower than recent levels. The projection for 2009 reflects only a modest \$2.6 million of TFI income and a loss of \$20 million on investments. The 2010 budget reflects only a modest recovery to \$5.7 million in income from these sources. This compares with \$15 million or more per year realized prior to the economic downturn and originally budgeted for 2009. Additionally, due to the loss in market value of our retirement reserves, the retirement plan requires additional contributions and the 2010 budget reflects a payment of \$15 million.

There are a number of actions initiated and planned in the short term to mitigate the impact of these items. While most are aimed at reducing spending, there are also some that enhance or re-distribute revenue. These include:

- Reduction of non-critical discretionary administrative department spending in the current year and 10% reductions in spending levels for administrative and support departments in 2010
- Reduced merit pool and no increases at higher salary levels
- Critical review process for all new positions and position vacancies
- Establishment of a resource maximization advisory committee to identify opportunities to improve efficiency and reduce costs
- Reduced maintenance contracts on less critical information systems and facilities equipment
- Reduced maintenance costs via deferral and reductions in maintenance repair cycles
- Re-allocated savings from energy resources
- Increased student fees
- Capped share of indirect revenue allocated back to academic departments

While the current economic climate is significantly impacting the Medical School, these mitigating actions should keep the campus financially stable and able to continue with the planned initiatives to further advance the school in its research, education and public service missions. While the bottom line is not as robust as projected in previous plans, operating margin for 2010 is still at a break-even. With the additional capital appropriations from state and federal funding toward the construction of the ASC and state funding of deferred maintenance projects, the overall budget for 2010 reflects a net increase in net assets of \$43.3 million.

The School of Medicine is continuing as planned to increase its class size to 125 from the previous level of 100 students. The incoming class for the 2008-09 academic year was increased to 114, and the incoming class for the 2009-10 academic year is planned for 125 students. While this is not a large increase in terms of the student count, it does represent a 25% increase, and requires one-time investments in infrastructure to expand the various lab, lecture and other teaching spaces, as well as increased annual operating costs to maintain the level of teaching and support services for the additional students.

The initiatives to expand the physical plant and the development of new programs have a much greater impact on the financial forecast for the campus. The ACCES building is still on track for completion by the end of fiscal 2010, at a total cost of \$119 million, including the fit-out of the school floors, funded with \$110 million from bond financing, \$5 million from an anticipated federal stimulus grant and the remainder from campus funds. The Massachusetts Biologic Laboratories research and office facility is expected to be completed by the end of fiscal 2010, at a total cost of \$69 million. The funding for this project comes from \$39 million in bond financing with the balance of \$30 million coming from MBL funds. The ASC project planning continues. The new building is expected to be constructed at a total cost of \$405 million, and be ready for occupancy by fiscal 2013. The UMass Building Authority oversees the ASC project, which is being funded with \$90 million from the Commonwealth's Life Sciences Initiative, \$295 million through bond financing, \$15 million through an anticipated federal stimulus grant and the remainder from campus funds.

A number of new academic programs continue in the planning or development stages. The new Advanced Therapeutics Center (ATC), designed to facilitate collaboration between medical and scientific disciplines and encourage innovative approaches to resolve complex biological and biomedical problems, will house the Center for Stem Cell Biology and Regenerative Medicine, the RNAi Institute and the Gene Therapy Center. Other new programs include the Center for Clinical & Translational Science, Quantitative Health Sciences, and Bioinformatics and Integrative Biology. To develop these new programs, as well as to fill in needed staffing in existing programs, the budget includes significant investments in new faculty and chairs in addition to the facility expansions described above. The 2010 budget includes spending of \$11.5 million on start-up packages and \$3.6 million in annual salary support for 26 new faculty already recruited in the current fiscal year, and an additional 25 planned for 2010.

In addition to the construction projects noted above, the budget reflects investments in capital projects and deferred maintenance of \$47.4 million in 2010. This includes the construction of a new data center, the renovation of older lab and other academic spaces, deferred maintenance and new and replacement equipment. Funding for these projects is anticipated to come from \$20 million in additional new debt, \$2.9 million in state deferred maintenance support, with the remaining \$24.5 million from campus funds.

In 2010, the newly recruited faculty are projected to generate \$13.4 million in direct extramural funding with an additional \$6.5 million in overhead, as they transfer existing funding to the school and establish new funding. In addition to this new research, the existing research base

is projected to grow 4.6%. An estimated \$7.5 million of additional research funding from the American Recovery and Reinvestment Act (ARRA) is anticipated in 2010. Based on the latest federal rate negotiations, the F&A rate on full overhead federal grants will grow to 64% in 2010, resulting in the overall blended F&A recovery rate for all research growing to just over 50%, and generating approximately \$1 million in additional revenue.

The changes in revenue from public service activities are driven primarily by the Medical Educational Services Agreement (MESA) with UMass Memorial Health Care (UMMHC). In 2009, there was approximately \$95 million in revenue that had been delayed and carried over from fiscal 2008, contributing approximately \$30 million net. For 2010, MESA revenues are projected at the current level of \$136.5 million. The budget also includes approximately \$190 million in new revenue, contributing \$3 million in additional margin, with the inclusion of Public Sector Partners operations in the Medical School's financials. The remainder of the public service revenues comes primarily from the activities of the Commonwealth Medicine programs. While these are projected to grow at a modest inflationary rate, they could be subject to wider fluctuations with decreases or increases in funding from contracts with the Commonwealth and other states. Any of these changes would mean corresponding changes in the amount of services provided and therefore the cost of providing those services, and have little impact on the net margin for the campus.

Independent operations revenue is driven primarily by the operation of the Massachusetts Biologics Laboratory. These revenues show a significant increase as a result of revenues of \$26.7 million from a new licensing contract for the Clostridium difficile antibody. This is offset by a decrease of \$21.8 million in revenue from sales of Td due to a change in the current distribution agreement. These revenues are projected to grow back to historic levels in future years as new distribution channels are established.

In general, gift revenue is not projected to grow dramatically in 2010, although the plan does include revenues from a new fundraising campaign around the construction of the ASC. The 2010 budget includes \$5 million toward a total of \$55 million in new gift revenue from the campaign over the next five years.

Aside from the additional costs related to the new programs and activities noted above, expense growth is projected to increase modestly at or below the rate of inflation. Salary growth is projected to be 2.5%, and non-salary inflation is projected to be zero.

## SUMMARY

UMMS has emerged from a laudable four-decade history of providing superlative primary care education, currently rated 7<sup>th</sup> nationwide, and leading edge basic science research with the 2006 Nobel Prize in Physiology or Medicine awarded to Dr. Craig Mello for the discovery of RNA interference (RNAi) and a new partnership with the Commonwealth to build the Albert Sherman Center. Indeed, the medical school has played a key role in the recognition of the *“life sciences moment”* occurring throughout the Commonwealth of Massachusetts. UMMS is committed over the next five years to partner with the Commonwealth to realize bold new objectives, such as the Governor's \$1 billion Life Sciences Initiative and the Commonwealth's mandate for universal health insurance.

In doing so, UMMS will aim to transform the practice of medicine around the world through continued excellence in basic, clinical, and translational research, while recommitting its academic health sciences center to the safe, high-quality health care, superior education, and

impressive community service that distinguishes it among its peers. The ultimate goal is to become an unrivaled leader in the life sciences and a world-renowned academic health sciences center as a result of building upon unique strengths and cultivating growth in developing areas.



**Table 1**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2010 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY2010 Budgeted					FY09 to FY10 Change
	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY10 Budget-Accrual Basis		
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$ 5,961	\$ 6,538	\$ 6,819	\$ 10,888	\$ 4,069	60%
Federal Grants and Contracts	124,239	136,537	135,062	174,655	39,593	29%
State Grants and Contracts	32,963	37,665	41,331	43,455	2,124	5%
Local Grants and Contracts						
Private Grants and Contracts	44,395	42,190	38,859	48,858	9,999	26%
Sales & Service, Educational	6,126	9,243	10,655	9,775	(880)	-8%
Auxiliary Enterprises	28,309	32,952	27,662	31,791	4,129	15%
Other Operating Revenues:						
Sales & Service, Independent Operations	99,344	65,588	60,479	71,039	10,560	17%
Sales & Service, Public Service Activities	381,214	325,758	639,201	596,633	(42,568)	-7%
Other	37,478	34,762	54,399	48,860	(5,539)	-10%
<b>Total Operating Revenues</b>	<b>\$ 760,029</b>	<b>\$ 691,233</b>	<b>\$ 1,014,467</b>	<b>\$ 1,035,954</b>	<b>\$ 21,487</b>	<b>2%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<i>Educational and General</i>						
Instruction	\$ 42,802	\$ 45,374	\$ 47,821	\$ 50,265	\$ 2,444	5%
Research	148,553	164,378	168,373	210,192	41,819	25%
Public Service	41,737	44,299	35,668	37,777	2,109	6%
Academic Support	10,322	12,096	9,602	11,292	1,690	18%
Student Services	3,318	3,683	3,595	3,808	213	6%
Institutional Support	30,455	39,836	40,710	47,007	6,297	15%
Operation and Maintenance of Plant	40,762	37,160	45,330	47,882	2,552	6%
Depreciation and Amortization	33,873	34,337	38,406	41,558	3,152	8%
Scholarships and Fellowships	-	-	187	198	11	6%
<i>Auxiliary Enterprises</i>	18,352	24,421	24,288	25,724	1,436	6%
<i>Other Expenditures</i>						
Independent Operations	66,870	49,562	62,087	66,074	3,987	6%
Public Service Activities	330,331	267,199	561,091	544,656	(16,435)	-3%
<b>Total Operating Expenses</b>	<b>\$ 767,375</b>	<b>\$ 722,345</b>	<b>\$ 1,037,158</b>	<b>\$ 1,086,433</b>	<b>\$ 49,275</b>	<b>5%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (7,346)</b>	<b>\$ (31,112)</b>	<b>\$ (22,691)</b>	<b>\$ (50,479)</b>	<b>\$ (27,788)</b>	<b>122%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$ 48,949	\$ 49,668	\$ 40,628	\$ 37,646	\$ (2,982)	-7%
Gifts	5,988	3,814	9,144	12,500	3,356	37%
Investment Return	20,936	4,962	(17,500)	5,693	23,193	-133%
Endowment Return	404	1,893	7,800	-	(7,800)	-100%
Interest on Indebtedness	(9,245)	(9,723)	(15,076)	(10,882)	4,194	-28%
Other Nonoperating Income	2,400	2,231	-	105	105	N/A
Revenue from Stimulus Funds	-	-	-	5,822	5,822	N/A
<b>Net Nonoperating Revenues</b>	<b>\$ 69,432</b>	<b>\$ 52,845</b>	<b>\$ 24,996</b>	<b>\$ 50,884</b>	<b>\$ 25,888</b>	<b>104%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 62,086</b>	<b>\$ 21,733</b>	<b>\$ 2,305</b>	<b>\$ 405</b>	<b>\$ (1,900)</b>	<b>-82%</b>
Capital Appropriations	\$ 5,145	\$ 1,570	\$ 3,500	\$ 42,900	\$ 39,400	1126%
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities	(1,140)	(1,054)	-	-	-	0%
Contributions to Capital Expenditures						
Other Additions/Deductions	4,905	2,119	-	-	-	0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 8,910</b>	<b>\$ 2,635</b>	<b>\$ 3,500</b>	<b>\$ 42,900</b>	<b>\$ 39,400</b>	<b>1126%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 70,996</b>	<b>\$ 24,368</b>	<b>\$ 5,805</b>	<b>\$ 43,305</b>	<b>\$ 37,500</b>	<b>646%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 465,249	\$ 536,245	\$ 560,613	\$ 566,418	\$ 5,805	1%
<b>Net Assets at End of Year</b>	<b>\$ 536,245</b>	<b>\$ 560,613</b>	<b>\$ 566,418</b>	<b>\$ 609,723</b>	<b>\$ 43,305</b>	<b>8%</b>

**Table 2**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$289,673	\$302,296	\$306,397	\$326,194	\$19,797	6.5%
Employee Fringe Benefits	\$76,790	\$77,718	\$84,564	\$94,318	\$9,754	11.5%
Student Aid	\$174	\$200	\$280	\$825	\$545	194.6%
Utilities	\$10,822	\$11,480	\$11,958	\$12,210	\$252	2.1%
Supplies and Other Services	\$356,043	\$296,314	\$595,553	\$611,328	\$15,775	2.6%
Depreciation	\$33,873	\$34,337	\$38,406	\$41,558	\$3,152	8.2%
<b>TOTAL</b>	<b>\$767,375</b>	<b>\$722,345</b>	<b>\$1,037,158</b>	<b>\$1,086,433</b>	<b>\$49,275</b>	<b>4.8%</b>



**Table 3**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	70.5	70.2	70.5	0.3	0.5%
Professional Staff	269.8	265.1	236.1	(29.0)	-10.9%
Classified Staff	153.7	126.7	113.0	(13.7)	-10.8%
<b>Subtotal, State Funded</b>	<b>494.0</b>	<b>461.9</b>	<b>419.6</b>	<b>(42.3)</b>	<b>-9.1%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	207.9	205.4	220.4	15.0	7.3%
Professional Staff	1,245.9	1,272.1	1,306.1	34.0	2.7%
Classified Staff	1,063.5	1,087.0	1,118.5	31.5	2.9%
<b>Subtotal, Non-State Funded</b>	<b>2,517.3</b>	<b>2,564.5</b>	<b>2,645.0</b>	<b>80.5</b>	<b>3.1%</b>
<b>Total Unrestricted/Designated</b>	<b>3,011.3</b>	<b>3,026.4</b>	<b>3,064.6</b>	<b>38.2</b>	<b>1.3%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	272.5	270.5	295.5	25.0	9.2%
Professional Staff	658.0	669.8	731.6	61.9	9.2%
Classified Staff	160.2	170.3	185.9	15.6	9.2%
<b>Subtotal, Grant Funded</b>	<b>1,090.8</b>	<b>1,110.6</b>	<b>1,213.0</b>	<b>102.5</b>	<b>9.2%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	3.7	6.7	3.0	81.1%
Professional Staff	0.0	14.0	24.6	10.6	76.2%
Classified Staff	0.0	1.8	3.8	2.0	111.1%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>19.5</b>	<b>35.1</b>	<b>15.6</b>	<b>80.4%</b>
<b>Total Restricted</b>	<b>1,090.8</b>	<b>1,130.0</b>	<b>1,248.1</b>	<b>118.1</b>	<b>10.5%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>4,102.0</b>	<b>4,156.4</b>	<b>4,312.7</b>	<b>156.3</b>	<b>3.8%</b>

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

**Table 4**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2010 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

FISCAL YEAR	GRADUATE		MEDICAL SCHOOL		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2009 proj.</b>	<b>585</b>	<b>576</b>	<b>470</b>	<b>470</b>	<b>1,055</b>	<b>1,046</b>
Fall 2008	580	573	445	445	1,025	1,018
Fall 2007	578	588	435	435	1,013	1,023

# **OPERATING BUDGET**

*for Fiscal Year 2010*

## **UNIVERSITY SYSTEM OFFICE**

**(Office of the President, System Function and Services, UMassOnline, University Information Technology Services, Donahue Institute)**





## **University System Office FY 2010 Operating Budget Narrative**

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### **INTRODUCTION**

The University System Office comprises a number of departments and provides numerous functions and services on behalf of the University. The Office of the President of the University of Massachusetts provides overall leadership to the entire University and its five campuses pursuant to the direction of the Board of Trustees. The Office of the President also oversees the shared services and functions which are centrally organized in the System Office. The following narrative provides descriptions of these functions and services. Operational costs are supported by funds provided by the campuses as well as other miscellaneous revenues.

#### **Office of the President**

Primary responsibilities of the Office of the President include: representation of the University to the Governor, Legislature, Executive branch agencies, state agencies, the federal government and other major external constituencies; coordination of strategic planning, academic affairs, management and fiscal affairs, information systems, legal matters, and human resources management; evaluation of the performance of chancellors and campuses; and support for the Board of Trustees. Overall planning, policy development and initiation of University-wide programs are carried out through the Office of the President.

#### **Academic Affairs, Student Affairs and International Relations**

The Office of Academic Affairs, Student Affairs and International Relations (AASAIR) provides University-wide oversight and coordination to ensure the quality of the University's students, faculty and programs. Academic assessment and accountability are core functions of the Office. The Office stresses collaboration and cooperation with faculty, Provosts, Librarians, Institutional Research Officers, Vice Chancellors for Student Affairs, Admissions Directors, 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.

### **Advancement and Strategic Communication**

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

### **Government Relations**

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

### **Economic Development**

The Office of Economic Development serves as a central coordinator and catalyst for mobilizing the resources of the University in support of our mission to help build the innovation economy of the Commonwealth. The department serves as a focal point for system-wide economic development initiatives, a facilitator of collaborative ventures with industry and state government, and a consultant to campuses on economic development issues. Units in the department include: the Office of Commercial Ventures and Intellectual Property (CVIP); the Massachusetts Technology Transfer Center; and the Donahue Institute (the public service arm of the President's Office). The University's primary economic roles are in five areas: science and technology-based economic development, R&D and technical partnerships with industry, technology commercialization and venture creation, workforce development, and economic research and analysis. Current economic development initiatives include: advocacy for and development of state-wide science & technology initiatives in the life sciences, clean energy and information technology; and expanded efforts to promote entrepreneurship and new venture creation at UMass campuses.

### **Office of the General Counsel**

The Office of the General Counsel is responsible for all legal matters involving the University. It renders legal advice to the Trustees, officers, and employees throughout the University; provides representation in federal and state litigation and in matters pending before federal and state agencies such as the Federal Office of Civil Rights (OCR), the Massachusetts Commission Against Discrimination (MCAD), the Office of Federal Contract Compliance, the State Labor Relations Commission, and many others; reviews or drafts policies and procedures, guidelines, regulations, and contracts; and reviews Trustee agenda items. Advice ranges across a broad spectrum of substantive law, with emphasis in administrative, constitutional, contract, labor relations, and statutory areas. The Office also approves and supervises outside counsel who are hired by the office for such expertise as patent, taxation, and antitrust law.

### **Administration, Finance and Technology**

Starting in FY09, the Office of Management and Fiscal Affairs merged with University Information Technology Services under the Senior Vice President for Administration, Finance and Technology. The merger reflects the overlapping service missions of the respective areas and enables improved service and cost efficiencies. Areas included in this newly formed office are University Controller, Treasurer, University Budget Director, Human Resources, including Labor Relations, University Information Technology Services, and the University Procurement Office. The services are physically located in Shrewsbury. The Senior Vice President works with the campus Chancellors and Vice Chancellors for Administration and Finance to assure that development and implementation of University fiscal and management policies proceed smoothly and enhance the programmatic goals of the University. Staff supports the Board of Trustees Administration and Finance Committee to ensure that the Trustees are fully informed and involved in making policy decisions necessary to preserve the financial, control, and cash integrity of the University. This work includes the coordination and development of University financial and budget documents for presentation to the Trustees. An ongoing part of the University's approach to sound fiscal management will be continued emphasis on clearly maintained fiscal indicators.

Liaison activity with the State's Executive Office for Administration & Finance, Fiscal Affairs Division, the Division of Capital Asset Management, State Comptroller, State Treasurer and the Board of Higher Education fiscal staff will continue. The department works with members of the University community and various state agencies to manage a \$2.9 billion capital financing program. The University response to the state budget, revenue, and expenditure initiatives will continue to require appropriately developed University goals and objectives, negotiation, and resolution.

### **University Budget Office**

The Budget Office serves as central coordinating point for budgeting and reporting activities for the University. It directs the budgeting process by developing and disseminating budget parameters to the five campuses and other components of the University; develops consolidated reports and analyses of budget and other related issues; provides general and specific support to broader administrative, management and policy initiatives initiated through the President and the Senior Vice President; and serves as a liaison between the University and state and legislative agencies and other external parties.

The Budget Office works with the campuses to integrate strategic financial planning activities with ongoing operating budget, capital and other reporting activities for senior management and the Board of Trustees. The Budget Office also reviews University policies that have budgetary impact, with the goal of streamlining regular budget reporting to the Board.

### **University Controller's Office**

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

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

### **Human Resources & Labor Relations**

The Office of Human Resources provides leadership and coordination for the University in the full range of human resources functions, including overall policy development, labor relations, compensation and benefits, training, and affirmative action/equal opportunity. Acting on behalf of the Board of Trustees, which is the statutory employer of record, the Office conducts or supervises negotiations with 34 collective bargaining units representing more than 10,000 employees at the five campuses. It also oversees the development of policies affecting the benefits and terms and conditions of employment for exempt employees across the University.

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

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

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

The Treasurer's Office also maintains responsibility for risk assessment and insurance management, tax reporting and tax policy development, optional employee benefits including the tax sheltered annuity and deferred compensation programs, debt management



including the administration of the University's Lease Pool as well as being primary contract signatory authority for the University.

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

### **University Procurement Office**

The President's Office Purchasing Director manages the purchase of goods, services, and public bidding for all departments of the University system office. The Director represents the President's Office to the University Purchasing Council of Campus Purchasing Directors and informs the Senior Vice President of Administration, Finance and Technology of the Council's initiatives and recommendations for purchasing policy effectiveness. The Purchasing Director provides University-wide spending reports and analysis as requested by the University Trustees, University President, and Vice Presidents.

### **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 provider to UMassOnline, UITS supports the Blackboard Vista learning management system. Through this web-based system, UMassOnline courses can be accessed anywhere in the world, at any time. UITS also provides instrumental assistance to UMassOnline in enhancing its web marketing portal.

UITS is a leader in the provision of statewide networking services to educational and other public sector clients through the enhancement and expansion of the Massachusetts Information Turnpike Initiative (MITI) network. The University invested in several enhancements to the Massachusetts Information Turnpike Initiative (MITI) network over the past several years, upgrading aging core routers and UMass campus edge routers.

UITS supports and manages the ongoing development and enhancement of the centralized administrative and financial systems, the UMassOnline e-learning platform, and other systems that facilitate students and employees in gaining access to data through easy to use, state-of-the-art technology. UITS will continue to enhance and expand the statewide MITI network that connects all five campuses and the President's Office through additional fiber connections and technology upgrades. The network will continue to support administrative computing services, Internet access services for state and community colleges, UMass and other public libraries and state agencies, and advance the Commonwealth's distance learning agenda.

### **University Internal Audit**

The University Internal Audit department is responsible for the coordination and monitoring of all audit matters at the five campuses and President's office, including internal audits, external contracted audits, and those carried out by the Office of the State Auditor and various federal and state agencies. The department serves the President, the Board of Trustees, and campus management by determining levels of compliance with University policy and procedure, federal and state regulations, and by evaluating the adequacy of internal controls through a program of scheduled and unscheduled audits. The department's goal is to offer independent and objective observations to management to assist in improving the control environment.

Some of the department's services involve supporting specific campus requests, responding to allegations of fraud and financial wrongdoing, and co-sourcing with outside independent audit firms when necessary. All reported results and related audit activity are communicated in full to the Audit Committee of the Board of Trustees.

### **UMassOnline**

Headquartered at the University's Collaborative Services Facility in Shrewsbury, UMassOnline is the University's online education consortium. UMassOnline enables the University to provide wider access to its educational programs via the Internet, while increasing revenues to support its campuses. UMassOnline and the Continuing Education units at the five campuses collaboratively generate tuition revenue of \$47 million and support 40,020 enrollments.

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

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

Currently, the University offers close to 90 online degree and certificate programs and more than 1,500 courses per year. In addition, the University now offers 10 blended programs, i.e., programs that mix online content with some traditional on-campus classes. 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.

**Table 1**  
**University of Massachusetts**  
**University System Office**  
**(Office of the President, UITS, UMDI, UMassOnline)**  
**Fiscal Year 2010 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY2010 Budgeted				
	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY10 Budget-Accrual Basis	FY09 to FY10 Change
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees (net of scholarship allowances)	\$ 3,224	\$ 4,020	\$ 4,218	\$ 5,062	\$ 844 20%
Federal Grants and Contracts	3,859	4,127	3,016	3,016	- 0%
State Grants and Contracts	2,435	2,785	2,344	2,226	(117) -5%
Local Grants and Contracts	625	341	230	113	(117) -51%
Private Grants and Contracts	3,328	3,157	3,452	3,279	(173) -5%
Sales & Service, Educational	1,228	1,574	2,073	1,969	(104) -5%
Auxiliary Enterprises	-	-	-	-	-
Recovery of Indirect Costs	-	-	-	-	-
Allocation from Campuses	39,380	42,060	53,476	55,080	1,604 3%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	2,062	3,592	(2,784)	(2,784)	- 0%
<b>Total Operating Revenues</b>	<b>\$ 56,141</b>	<b>\$ 61,656</b>	<b>\$ 66,024</b>	<b>\$ 67,961</b>	<b>\$ 1,937 3%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<b>Educational and General</b>					
Instruction	\$ 11,235	\$ 12,685	\$ 11,935	\$ 11,338	\$ (597) -5%
Research	2,196	1,926	2,483	2,359	(124) -5%
Public Service	1,713	1,965	1,402	1,332	(70) -5%
Academic Support	48	-	-	-	- 0%
Student Services	-	-	-	-	-
Institutional Support	39,484	47,183	45,484	43,210	(2,274) -5%
Operation and Maintenance of Plant	1,926	3,635	-	-	- 0%
Depreciation and Amortization	3,248	5,118	4,998	4,998	- 0%
Scholarships and Fellowships					
<b>Auxiliary Enterprises</b>					
<b>Other Expenditures</b>					
Independent Operations					
Public Service Activities					
Other					
<b>Total Operating Expenses</b>	<b>\$ 59,850</b>	<b>\$ 72,512</b>	<b>\$ 66,302</b>	<b>\$ 63,237</b>	<b>\$ (3,065) -5%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (3,709)</b>	<b>\$ (10,857)</b>	<b>\$ (278)</b>	<b>\$ 4,724</b>	<b>\$ 5,003 -1797%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Federal Appropriations					
State Appropriations	\$ 7,310	\$ 8,387	\$ 8,779	\$ 7,901	\$ (878) -10%
Gifts	-	-	-	-	-
Investment Return	12,492	(9,108)	(9,480)	(9,006)	474 -5%
Endowment Return	525	605	-	-	-
Interest on Indebtedness	(136)	(334)	(1,339)	(1,339)	- 0%
Interest Income	-	-	4,821	-	(4,821) 0%
Other Nonoperating Income	4,168	7,397	61	61	- 0%
Revenue from Stimulus Funds	-	-	-	-	- 0%
<b>Net Nonoperating Revenues</b>	<b>\$ 24,359</b>	<b>\$ 6,947</b>	<b>\$ 2,842</b>	<b>\$ (2,383)</b>	<b>\$ (5,225) -184%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 20,650</b>	<b>\$ (3,910)</b>	<b>\$ 2,563</b>	<b>\$ 2,341</b>	<b>\$ (222) -9%</b>
<b>Capital Appropriations</b>					
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities	\$ (440)	\$ (1)	\$ -	\$ -	\$ - 0%
Expended for Plant	-	-	-	-	- 0%
Other Additions/Deductions	(2,521)	(11,735)	743	743	- 0%
Transfers	-	-	-	-	- 0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ (2,961)</b>	<b>\$ (11,736)</b>	<b>\$ 743</b>	<b>\$ 743</b>	<b>\$ - 0%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 17,689</b>	<b>\$ (15,646)</b>	<b>\$ 3,307</b>	<b>\$ 3,084</b>	<b>\$ (222) -7%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$ 53,979	\$ 71,668	\$ 56,022	\$ 59,328	\$ 3,307 6%
<b>Net Assets at End of Year</b>	<b>\$ 71,668</b>	<b>\$ 56,022</b>	<b>\$ 59,328</b>	<b>\$ 62,412</b>	<b>\$ 3,084 5%</b>

**Table 2**  
**University of Massachusetts**  
**University System Office**  
**(Office of the President, UITS, UMDI, UMassOnline)**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$29,917	\$31,893	\$31,072	\$31,849	\$777	2.5%
Employee Fringe Benefits	\$8,223	\$9,407	\$7,912	\$8,110	\$198	2.5%
Student Aid	\$0	\$0	\$0	\$0	\$0	0.0%
Utilities	\$3,353	\$3,763	\$3,163	\$3,163	\$0	0.0%
Supplies and Other Services	\$15,108	\$22,331	\$19,157	\$15,117	(\$4,040)	-21.1%
Depreciation	\$3,248	\$5,118	\$4,998	\$4,998	\$0	0.0%
<b>TOTAL</b>	<b>\$59,850</b>	<b>\$72,512</b>	<b>\$66,302</b>	<b>\$63,237</b>	<b>(\$3,065)</b>	<b>-4.6%</b>

**Table 3**  
**University of Massachusetts**  
**University System Office**  
**(Office of the President, UITS, UMDI, UMassOnline)**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	196.9	216.1	192.5	(23.6)	-10.9%
Classified Staff	16.5	13.0	11.0	(2.0)	-15.4%
<b>Subtotal, State Funded</b>	<b>213.4</b>	<b>229.1</b>	<b>203.5</b>	<b>(25.6)</b>	<b>-11.2%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	55.6	65.0	67.9	2.9	4.4%
Classified Staff	0.8	2.2	0.0	(2.2)	0.0%
<b>Subtotal, Non-State Funded</b>	<b>56.4</b>	<b>67.2</b>	<b>67.9</b>	<b>0.7</b>	<b>1.0%</b>
<b>Total Unrestricted/Designated</b>	<b>269.8</b>	<b>296.3</b>	<b>271.4</b>	<b>(24.9)</b>	<b>-8.4%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	84.7	82.7	85.5	2.8	0.0%
Classified Staff	5.3	4.8	6.0	1.2	0.0%
<b>Subtotal, Grant Funded</b>	<b>90.0</b>	<b>87.5</b>	<b>91.5</b>	<b>4.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>90.0</b>	<b>87.5</b>	<b>91.5</b>	<b>4.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>359.8</b>	<b>383.8</b>	<b>362.9</b>	<b>(20.9)</b>	<b>-5.4%</b>

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



# **OPERATING BUDGET**

*for Fiscal Year 2010*

**UNIVERSITY INFORMATION TECHNOLOGY SERVICES**







**University of Massachusetts  
University Information Technology Services  
FY 2010 Operating Budget Narrative**

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

Acting as a service provider to UMassOnline, UITS supports the Blackboard Vista learning management system. Through this web-based system, UMassOnline courses can be accessed anywhere in the world, at any time. UITS also provides instrumental assistance to UMassOnline in enhancing its web marketing portal.

UITS is a leader in the provision of statewide networking services to educational and other public sector clients through the enhancement and expansion of the Massachusetts Information Turnpike Initiative (MITI) network. The University invested in several enhancements to the Massachusetts Information Turnpike Initiative (MITI) network over the past several years, upgrading aging core routers and UMass campus edge routers.

UITS supports and manages the ongoing development and enhancement of the centralized administrative and financial systems, the UMassOnline e-learning platform, and other systems that facilitate students and employees in gaining access to data through easy to use, state-of-the-art technology. UITS will continue to enhance and expand the statewide MITI network that connects all five campuses and the President's Office through additional fiber connections and technology upgrades. The network will continue to support administrative computing services, Internet access services for state and community colleges, UMass and other public libraries and state agencies, and advance the Commonwealth's distance learning agenda.



**Table 1**  
**University of Massachusetts**  
**University Information Technology Services**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2010 Operating Budget Statement**  
*(in thousands of dollars)*

	<b>FY2010 BUDGETED</b>					
	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY10 Budget-Accrual Basis		
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)						
Federal Grants and Contracts						
State Grants and Contracts						
Local Grants and Contracts						
Private Grants and Contracts						
Sales & Service, Educational						
Auxiliary Enterprises						
Other Operating Revenues:						
Sales & Service, Independent Operations	\$ 1,671	\$ 2,066	\$ 4,439	\$ 3,655	\$ (784)	-18%
Sales & Service, Public Service Activities						
Other	27,668	30,246	32,457	36,646	4,189	13%
<b>Total Operating Revenues</b>	<b>\$ 29,340</b>	<b>\$ 32,312</b>	<b>\$ 36,896</b>	<b>\$ 40,301</b>	<b>\$ 3,405</b>	<b>9%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<i>Educational and General</i>						
Instruction						
Research						
Public Service						
Academic Support						
Student Services						
Institutional Support	\$ 24,776	\$ 27,506	\$ 32,457	\$ 36,646	\$ 4,189	13%
Operation and Maintenance of Plant						
Depreciation and Amortization						
Scholarships and Fellowships						
<i>Auxiliary Enterprises</i>						
<i>Other Expenditures</i>						
Independent Operations	\$ 1,623	\$ 2,332	\$ 3,901	\$ 3,650	\$ (251)	-6%
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 26,399</b>	<b>\$ 29,837</b>	<b>\$ 36,358</b>	<b>\$ 40,296</b>	<b>\$ 3,938</b>	<b>11%</b>
<b>Operating Income/(Loss)</b>	<b>\$ 2,940</b>	<b>\$ 2,474</b>	<b>\$ 538</b>	<b>\$ 6</b>	<b>\$ (533)</b>	<b>-99%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations						
Gifts						
Investment Return						
Endowment Return						
Interest on Indebtedness						
Other Nonoperating Income						
Revenue from Stimulus Funds						
<b>Net Nonoperating Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 2,940</b>	<b>\$ 2,474</b>	<b>\$ 538</b>	<b>\$ 6</b>	<b>\$ (533)</b>	<b>-99%</b>
Capital Appropriations						
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities						
Other Additions/Deductions						
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 2,940</b>	<b>\$ 2,474</b>	<b>\$ 538</b>	<b>\$ 6</b>	<b>\$ (533)</b>	<b>-99%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 792	\$ 3,732	\$ 6,207	\$ 6,745	\$ 538	9%
<b>Net Assets at End of Year</b>	<b>\$ 3,732</b>	<b>\$ 6,207</b>	<b>\$ 6,745</b>	<b>\$ 6,750</b>	<b>\$ 6</b>	<b>0%</b>

**Table 2**  
**University of Massachusetts**  
**University Information Technology Services**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$11,760	\$12,719	\$14,481	\$14,674	\$194	1.3%
Employee Fringe Benefits	\$767	\$1,112	\$923	\$1,133	\$210	22.8%
Student Aid	\$0	\$0	\$0	\$0	\$0	0.0%
Utilities	\$0	\$0	\$0	\$0	\$0	0.0%
Supplies and Other Services	\$13,872	\$16,006	\$20,954	\$24,488	\$3,534	16.9%
Depreciation	\$0	\$0	\$0	\$0	\$0	0.0%
<b>TOTAL</b>	<b>\$26,399</b>	<b>\$29,837</b>	<b>\$36,358</b>	<b>\$40,296</b>	<b>\$3,938</b>	<b>10.8%</b>

**Table 3**  
**University of Massachusetts**  
**University Information Technology Services**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	113.0	116.0	99.0	(17.0)	-14.7%
Classified Staff	12.0	12.0	10.0	(2.0)	-16.7%
<b>Subtotal, State Funded</b>	<b>125.0</b>	<b>128.0</b>	<b>109.0</b>	<b>(19.0)</b>	<b>-14.8%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	37.0	38.0	49.0	11.0	28.9%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>37.0</b>	<b>38.0</b>	<b>49.0</b>	<b>11.0</b>	<b>28.9%</b>
<b>Total Unrestricted/Designated</b>	<b>162.0</b>	<b>166.0</b>	<b>158.0</b>	<b>(8.0)</b>	<b>-4.8%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>162.0</b>	<b>166.0</b>	<b>158.0</b>	<b>(8.0)</b>	<b>-4.8%</b>

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



# **OPERATING BUDGET**

*for Fiscal Year 2010*

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







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## University of Massachusetts Donahue Institute FY 2010 Operating Budget Narrative

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### OVERVIEW

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

The Institute's revenue in FY09 was \$12,476,075. These monies are derived from the following sources: grants and contracts (including overhead) \$11,369,127, Office of the President projects, \$357,676; and state appropriation, \$749,272. For FY09, the Institute generated \$15.17 in grant and contract funds for every \$1 in state appropriation, an 8.2% increase from the previous year. In addition during FY09, system-wide projects supported by the Institute totaled \$284,067.

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 education research and the provision of services. Higher Education clients include UMass Amherst, UMass Medical School, the UMass Lowell College of Engineering and College of Arts and Sciences, UMass Dartmouth's James J. Kaput Center, Springfield Technical Community College, Worcester Polytechnic Institute and Landmark College. Also provide services to the Mass. Department of Elementary and Secondary Education, Mass. Department of Higher Education, Education Development Center, Nellie Mae Education Foundation, the Boston Plan for Excellence, Hampshire Educational Collaborative, Massachusetts Business Alliance for Education, and numerous individual school districts. The unit also provides research services in the fields of health and human services and economic development, including projects with the United Way of Massachusetts Bay, Mass Housing, Seven Hills Foundation, Gandara Mental Health Center, and River Valley Counseling Center, Inc.

- The Research and Evaluation group was engaged by the University of Massachusetts, Amherst Provost's office to evaluate the NSF-funded Northeast Louis Stokes Alliance for Minority Participation (LSAMP) Program, which includes Northeastern University, University of Connecticut, University of Massachusetts Amherst, University of Rhode Island, and Worcester Polytechnic Institute. The program supports activities at each

institution designed to increase the number of minority undergraduate students selecting and succeeding in STEM majors.

- The Research and Evaluation group is conducting a multi-year evaluation of the Center for High-rate Nanomanufacturing (CHN). This project is a collaboration among UMass Lowell, Northeastern University and the University of New Hampshire. As part of the work of the Center, a variety of education and outreach activities have been launched to increase awareness of the importance and career opportunities associated with research, science, and technology, particularly among women and under-represented minorities. The evaluation explores the impact of these activities on graduate and undergraduate students at the three participating institutions, as well as on targeted K-12 teachers and students.
- Professor Li Xu of UMass Lowell's Computer Science Department received a grant from NSF through the Course, Curriculum, and Laboratory Improvement (CCLI) program. The Research and Evaluation group supported this grant application as the proposed evaluator, and are now conducting the evaluation. The two-year grant intends to enhance student interest in compiler programming through the integration of robots within the curriculum. The evaluation focuses on student interest and achievement as the primary outcomes.
- The Research and Evaluation Unit is engaged in a collaboration with the James J. Kaput Center for Research and Innovation in Mathematics Education at UMass Dartmouth to assist with a 3-year research study, funded by the U.S. Department of Education's Institute for Education Sciences (IES). The study assesses the impact of the Center's SimCalc software and curriculum for Algebra I on student achievement and attitudes towards mathematics.
- The Unit began work on a study for the Massachusetts Technology Collaborative's (MTC) John Adams Innovation Institute (JAII) with a kick-off meeting at UMass Lowell. This study identifies what has been learned through the JAII's investment in the Massachusetts BioManufacturing Center at UMass Lowell. This Center has been in operation since 2006 and its operators have gained new and much-needed perspective on the needs of Massachusetts firms operating in biopharmaceuticals and related industries. In addition to capturing this wealth of experience, the study will be used to directly engage the leaders of a range of companies in these industries. The end-product will be a report targeted to policy makers that explores the potential value of a biomanufacturing center, as currently conceptualized, to the biomanufacturing industry and related sectors.
- The Unit's Director, Eric Heller, traveled to China as an invited participant in the 2008 Sino-U.S. Education Forum. The conference, which was jointly sponsored by the People to People Citizen Ambassador Program and the Chinese People's Association for Friendship with Foreign Countries, was timed to commemorate the 30th anniversary of U.S.-China diplomatic relations. Eric was a member of the "Education Research" delegation, one of 10 discipline-specific groups that constituted the entire U.S. delegation of 180 education practitioners, academicians, and consultants from across the United States. After a brief stay in Beijing and visit to the Great Wall, the delegation traveled to Guiyang, capital city of Guizhou province in the southwest, where the conference was hosted by Guiyang Normal University. Highlights of the Forum included discussion groups with Chinese colleagues working in similar disciplines, meetings with

Chinese undergraduate and graduate education students, and a visit to the Guiyang Experimental Primary School.

## 2) **Brockton CareerWorks**

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

**Key projects and development efforts:** CareerWorks, the One-Stop Career Center, located in downtown Brockton, has played a leadership role in the planning and development of a higher education initiative located in downtown Brockton. As part of the initiative to revitalize downtown Brockton, public institutions of Higher Education, such as UMass Boston and Dartmouth, Bridgewater State College and Massasoit Community College have begun offering business development and leadership courses to businesses and workers. In addition, CareerWorks continues to play a crucial role in the economic development of the City of Brockton and works closely with the Mayor's office as well as local and state economic development agencies, to meet the workforce development needs of employers.

- CareerWorks partnered with the UMass Extension Program to continue its long standing partnership around a nutrition program for the Brockton public schools. Co-located in the same building in downtown Brockton, the UMass Extension Program provides educational materials to both CareerWorks customers and staff. Specifically, UMass Extension will be developing workshops to be offered bimonthly to staff and clients alike. They are also developing the "Choices" program, which is a six week curriculum in which participants will receive a University of Massachusetts Certificate for the food service industry. UMass Extension hosted a nutrition program for CareerWorks staff, highlighting their new educational materials, "Loving your Family – Feeding their Future." The program ended with an interactive workshop, resulting in a delicious whole wheat vegetable quesadilla, which was enjoyed by all participants.
- CareerWorks, along with the other Career Centers across the state are working closely with the Executive Office of Labor and Workforce Development and the Division of Career Services to implement programming under the American Recovery and Reinvestment Act of 2009. The Recovery Act is intended to preserve and create jobs, promote the nation's economic recovery, and to assist those most impacted by the recession. With the additional workforce funding provided in the Recovery Act, and the increased employment and training services such funding will support, the workforce system will play a vital role in America's economic recovery by assisting workers who are facing unprecedented challenges to retool their skills and re-establish themselves in viable career paths. Drawing on the workforce system's expertise in developing our nation's workers, CareerWorks will target services to meet the changing needs of workers and employers.
- CareerWorks staff attended a briefing with the Massachusetts Film Office and the Executive Office of Labor and Workforce Development for the purpose of learning and understanding the workforce development needs of the growing film industry located in Massachusetts. More specifically, the goal of the workshop was to provide the necessary information to Career Center staff, who will be directly recruiting and referring career center customers to fill the skills gap for film projects coming into the Commonwealth and fill existing vacancies in related fields in the entertainment industry.

- CareerWorks Director Kim McLaughlin and other staff toured the new Fall River location of Meditech. Medical Information Technology, Inc. Meditech is a Massachusetts-based software and service company serving the medical community. Their information systems are installed in health care organizations throughout the world, with most customers located in the United States, Canada, and the United Kingdom. The tour of the facility was set up by Dr. Jane Souza, Executive Director of CONNECT: A Southeastern Massachusetts Public Higher Education Partnership. After the tour of the impressive new facility, Meditech staff met with staff from CareerWorks and other workforce development and education partners, such as Cape College Community College, to discuss their hiring needs.

### 3) **Civic Initiative**

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

**Key projects and development efforts:** In partnership with UMass Amherst's College of Social and Behavioral Sciences (CSBS), the Civic Initiative maintains a "Civic Initiative Fellows" program and has expanded that program to involve up to fourteen graduate and undergraduate fellows for research, administration, and programmatic efforts. During the summer months, many of these fellows work as summer staff members and assist with the implementation of five separate summer programs that involve over 100 participants from over 20 different countries.

- The Civic Initiative's grant funded program from the Argentinean Fulbright Commission to run the "Politics and Leadership Program" was renewed. This program works with twenty-four young Argentinean professionals with program sessions held both in Argentina (August of 2008) and in Amherst, MA this summer. The academic portion of the program features over ten faculty members from the Amherst campus and uses a variety of services from the Amherst campus as well.
- The Civic Initiative continued to manage the Study of the U.S. Institute program, funded by the U.S. State Department. This program, housed on the Amherst campus, focuses on curriculum development for 18 University faculty members from around the world. It features over 75 sessions and cultural visits and relies heavily on faculty from a variety of departments at the Amherst campus as well as various conference and dining services.
- The Civic Initiative was awarded a grant from the U.S. Department of Education for a Teaching American History program entitled, "People in Motion: Immigration and Migration in American History." This three-year program works with K-12 teachers throughout western Massachusetts and provides content based professional development in the field of U.S. History. This program is held on the Amherst campus and utilizes a broad array of facilities and services offered by this campus including conference services and dining services. For speakers it draws on faculty from the Amherst and Lowell campuses as well as Alumni from the Amherst campus.
- It has been another strong year for the Civic Fellows Program. There are currently eleven student fellows from UMass Amherst at all grade levels. They continue to do work on programs, research, and special projects. Interest is also high for next year and we began the interview process for our future fellows.

- The unit's international work has expanded into the Middle East and, in particular, with Iraqi exchanges. For the November 2008 elections, the Civic Initiative Director, Mike Hannahan, traveled to Iraq to give a series of lectures on the U.S. Presidential election and have meetings with various community groups and political organizations. This included a live video teleconference discussion between UMass Amherst students and Iraqi students at Hawler University in the Kurdistan region. Additionally, the Civic Initiative was awarded a grant, in partnership with the development organization, AED, to host 25 Iraqi college students in the summer of 2009. Dr. Hannahan was also invited to give a series of talks on the presidential election at St. John's University in Canada in March of 2009.
- The U.S. Department of State awarded the Civic Initiative a new exchange between U.S. and Indonesian teachers entitled, "Democracy and Tolerance: A Two Nation Exchange." The first part of this program was launched in February of 2009 with the travel to Indonesia of a group of six U.S. teachers for a three week tour of schools throughout Indonesia. Fifteen Indonesia teachers will be coming for the second part of the exchange this summer and will spend several weeks in Amherst, MA and a week in Washington D.C. As part of this program we will be using a variety of resources from the Amherst campus including faculty, students, conference services, dining services, and the library.
- The U.S. Department of State awarded the Civic Initiative a new exchange between U.S. and Indonesian teachers entitled, "Democracy and Tolerance: A Two Nation Exchange." The first part of this program was launched in February of 2009 with the travel to Indonesia of a group of six U.S. teachers for a three week tour of schools throughout Indonesia. Fifteen Indonesia teachers will be coming for the second part of the exchange this summer and will spend several weeks in Amherst, MA and a week in Washington D.C.
- The Civic Initiative was awarded a grant from the U.S. Department of Education for a Teaching American History program entitled "People in Motion: Immigration and Migration in American History." This three-year program works with K-12 teachers throughout western Massachusetts and provides content based professional development in the field of U.S. History.
- The Civic Initiative was renewed for an additional year of funding from the Argentinean Fulbright Commission to run the "Politics and Leadership Program." This program works with twenty-four young Argentinean professionals with program sessions held both in Argentina (August of 2008) and in Amherst, MA this summer (2009).

#### **4) 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, and education and training services for key industries. Conduct training needs assessment; provide customized supervisory and senior executive leadership training, lean Six Sigma training, executive coaching, strategic planning services, and team development services for corporate clients.



- The Director of the Corporate Training program collaborated with UMass Amherst's Labor Management Workplace Education Department (LMWE), part of the Human Resource office, for a proposal to provide English for Speakers of Other Languages (ESOL) training for an estimated 80 employees at Foxwoods Resorts and Casino. Chris Robbins, the Unit's Director, worked closely with Dr. Joe Connolly, Director of LMWE on this proposal that is still pending a decision. If funded, Dr. Connolly's organization will provide all of the training and coordination for delivering this program. They have over 30 years of experience providing ESOL and other training programs to UMass Amherst employees and area organizations.
- The Corporate Training Unit continued its successful work with Natick Labs and received extremely positive written feedback from the leader of one of its Directorates that was provided training in Lean Six Sigma (LSS) and Black Belt Certificate training. The tools and skills learned with this training enabled four teams to address and resolve critical defense problems that were crucial to providing the best equipment for our soldiers.

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

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

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

- Despite significant cost reductions in funding and personnel over the past years, the Defense Finance and Accounting System (DFAS) Financial Management Education and Training (FMET) Program has delivered training to internal and external customers located at up to 30 different locations throughout the US, Europe, and Japan.
- The program taught up to 40 different courses of instruction in the three DFAS functional Mission Areas of Accounting, Finance, and Disbursing to DFAS employees and customers for improved operations. Cumulative student load for all course deliveries throughout the present contract is 2,517 students.
- Between April 2008 and March 2009, the FMET Program provided training to DFAS internal and external customers in 15 different locations in the USA and Japan. During this same period, the FMET Program taught 25 different courses to 2,517 students in the three Mission Areas.

#### **6) 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, the Massachusetts State Data Center, providing technical support for the Governor's Council of Economic Advisors and the Population Estimates Research Program for the Secretary of State. Major research on issues of significance to Massachusetts in FY09 included: an assessment of the Massachusetts housing market for the Executive Office of Housing and Economic Development; the conclusion of the Economic State Strategy study for the Commonwealth; an award-winning analysis of the impact of home heating prices; commencement of an in-depth green jobs study to assess the alternative energy industry in Massachusetts for the

Executive Office of Energy and Environment; an analysis of the Massachusetts Information Technology (IT) industry for the Governor and leading IT firms.

- In cooperation with the Federal Reserve, the unit continued to publish MassBenchmarks, a journal of the Massachusetts economy. Helping to produce MassBenchmarks are faculty and graduate students from UMass Amherst, Lowell, Dartmouth, and Boston. MassBenchmarks provides 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.
- The Economic and Public Policy Research Unit provided financial support and valuable research experience to 12 UMass Amherst graduate students who worked in support of funded research efforts to help the Patrick-Murray Administration develop its recently released state economic development strategy; understand regional housing market conditions and associated policy challenges and understand the nature and economic contributions of the Information Technology industry in Massachusetts.
- The Unit's Population Estimates Research Program (PEP), funded by a contract with Secretary of the Commonwealth William Galvin's office, collaborated extensively with UMass Amherst Professor Henry Renski on a comprehensive analysis of the Massachusetts population. PEP successfully supported 16 challenges to the 2007 U.S. Census population estimate, adding 21,295 persons to the Commonwealth's total. Successful challengers included Boston, Worcester and Springfield, the Commonwealth's largest cities, but also towns as small as Dudley and West Boylston. PEP is a collaborative effort between the Secretary of the Commonwealth's Office and the Donahue Institute. As noted in Secretary Galvin's press release highlighting the successful Census challenges, "Conservative estimates have suggested that Massachusetts stands to gain between \$2.5 and \$5 million per year in federal funding, or between \$7.5 and \$15 million between now and the 2010 Census, as a direct result of the program's efforts in its first year." Secretary Galvin stated publicly, "It is vital that every person in Massachusetts be counted in the 2010 Census – vital for our fair share of federal funds and for our continued level of representation in Congress." He continued, "I applaud the work of the Population Estimates Program at the Donahue Institute for making these municipal challenges a success. I urge these cities and towns, and all 351 communities of the Commonwealth, to bend every effort to ensure that all our residents know the importance of being counted in the Federal Census."
- The Institute was awarded "Excellence in Public Service," by the Mass Energy Consumers Alliance. The award was presented for the report, "Heat Rises: The Growing Burden of Residential Heating Costs on Massachusetts Households," created by Robin Sherman, Jeremy Wolf and Anna Curtis with Michael Goodman, Lindsay Koshgarian and Kate Modzelewski. The award states, "This extremely well-written report documented the extent to which consumers in Massachusetts, particularly heating oil consumers are being affected by high fuel costs. The report has proven to be an invaluable reference work for policy-makers at all levels, including Governor Patrick's Winter Heat Task Force. Mass Energy also finds the report to be a critical resource as we go about the business of advocating for consumers and participating in the marketplace with our discount oil program."
- The Executive Office of Energy & Environmental Affairs contracted with EPPR to manage and conduct research for the study of clean energy jobs in the Commonwealth. This Act, also known as the "Green Jobs Act," outlined the project: An examination of (i)

the future workforce needs of the Commonwealth's clean energy sector; (ii) the current growth rate of said sector, including the number of in state jobs and businesses; and, (iii) the current levels of private investment in said sector. This project involves collaboration between EPPR, the Executive Office of Energy and Environmental Affairs, the Renewable Energy Trust, and the New England Clean Energy Council. The report is expected to be finished in early summer.

- The Unit was asked to provide current economic data for the Governor's Council of Economic Advisors. This council meets quarterly and requires updated data on a monthly basis. Mike Goodman attended the first full council meeting and reports the Governor and council members are very pleased with the data being provided and are looking forward to working closely with staff members of the unit.

## 7) **Head Start**

**Focus:** Provide customized technical assistance and training to 90 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.

**Key projects and development efforts:** Provide Head Start and Early Head Start programs with research-based technical assistance and training around early childhood care and education, supports and services for children with disabilities, health (including mental health), nutrition, working in partnership with families, governance, financial management, and program administration. Key projects include building leadership and management skills and developing strong succession plans that ensure continuous quality services to children and families; improving and expanding services for infants and toddlers and their families; supporting the effective use of classroom observation to improve teaching strategies and outcomes for children; promoting social and emotional development in children and preventing challenging behavior; maximizing project impact by building collaborative partnerships with other local, state, and regional training and technical assistance resources; and continued participation in the national risk management system to ensure strong Head Start and Early Head Start programs that meet all national Performance Standards and requirements and support positive outcomes for children and families.

- The Head Start Unit worked with the UMass Extension Program to provide an obesity prevention and nutrition education training. The UMass Extension Program, located at UMass Amherst Outreach, is funded by the USDA Cooperative State Research, Education, and Extension Service. Over 50 nutrition professionals and paraprofessionals from across Massachusetts participated in this session.
- UMDI's Head Start staff presented at the national conference in Washington D.C. for Migrant and Seasonal Head Start programs. Two sessions (Spanish and English) were presented to Program Directors, Managers, Staff, and Policy Council members on research-based knowledge that supports a relationship between father involvement and school readiness in the context of brain development. Opportunities to plan, develop, and implement father involvement initiatives in migrant and seasonal Head Start programs were provided. As a result of these sessions, participants from nationwide Migrant and Seasonal Head Start programs were able to: gain research-based knowledge about the role fathers can play in their children's brain development; enhance planning skills to implement a brain-based father involvement effort; and, expand access to resources on father involvement and brain development.



- UMDI's Head Start staff continued to present regional trainings on the Classroom Assessment Scoring System ("CLASS"). This classroom observation instrument is proposed to be incorporated into the Office of Head Start federal monitoring process beginning in 2010 and in preparation for that, programs were invited to send their education managers to this training in order to become familiar with the tool. The three-day training prepared 38 participants in becoming reliable CLASS assessors, and included a session on the use of the CLASS data for professional development for staff.
- The Head Start Unit and the Administration for Children and Families, New England regional office, co-sponsored a conference for the state of Maine about serving families that are homeless. UMDI staff for the 11 Maine Head Start programs, served on the planning committee and helped to present at the conference. Over 200 participants attended workshops and worked in groups to do action planning, facilitated by Head Start TA staff, for providing better services to homeless families in the state of Maine.
- The entire Head Start Unit team helped to present a regional event on succession planning for Head Start programs, attended by directors, managers and board members from 19 Head Start programs from all 6 New England states. Topics included: what does a succession plan look like; strengthening internal systems; post-hire phase of leadership transition; initiating succession planning discussions with the Board and other key personnel; multiple simultaneous manager changes; and retirement issues for departing leaders. A panel of Head Start and Early Head Start directors, executive directors and managers discussed their experiences with leadership transitions and engaged in conversation with the participants about lessons learned and advice to pass on.

## **8) 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 third annual Park Fellows Program; provided conference logistics for the Massachusetts Developmental Disabilities Annual Legislative Reception; provided Senior Management Retreat to Mass Department of Mental Health; offered the second newly redesigned Chief Fire Officer training program; received federal grants from Administration for Children and Families, Compassion Capital Grant Fund for work with small grassroots nonprofits who deal with at-risk youth in Berkshire and Barnstable County and from Health Resources and Services Administration Health Careers Opportunities Program grant to create pathways for disadvantaged youth to prepare for health careers in the Pioneer Valley; and received an award from the Mass Department of Public Health to coordinate and facilitate the Massachusetts Comprehensive Cancer Prevention and Control Program.

- The ODT Group offered the second of two half-day workshops for UMass UITS staff: "Communicating through Myers-Briggs Type Indicator". The workshop was open to all UMass UITS staff and was announced via an email from David Gray. Leslie Ackles and Lesley Smythe co-facilitated the workshop. The workshop was a great success with 25 participants and evaluations at 4.4 or higher on a 5 point scale. This was part of the

agreed upon training services provided to UMass UITS during this fiscal year to include another Future Leader Institute and a Senior Management Retreat.

- The ODT Group started the second Future Leader Institute for UITS and the UMass President's Office staff (from Shrewsbury and Boston). The FLI started with "Maximizing Your Leadership Potential". The second workshop was "Workplace Communications". There were eighteen participants in the program. They took full advantage of the networking opportunities afforded by the class, especially as a result of the impending move of staff from Boston to Shrewsbury.
- The UMass Donahue Institute and the ODT unit was awarded a multi-year, federal grant to design and implement the Health Careers Opportunities Program (HCOP) that guides and supports economically and academically disadvantaged students into entering a health profession. The project will offer students in the Pioneer Valley the opportunity to develop the skills needed to successfully compete, enter and graduate from a health profession school. Students will be identified, recruited and selected from Holyoke, Springfield and Franklin County to participate in unstructured and structured summer programs that will prepare them for transition into college. In addition, with the provision of "Teacher Advocates" at each of the target high schools and colleges, students will receive counseling, mentoring, case management and/or other services designed to assist them in completing their education at the school. Furthermore, a network of formal partnerships between the University, other four-year colleges and community colleges, the regions' two major integrated health systems and four public school districts will work in a coordinated manner to address the problems and barriers that prevent disadvantaged students from meeting admission requirements and to reduce problems they experience in completing their chosen programs. Over the course of three years, it is anticipated that 225 disadvantaged students in the Pioneer Valley will become better prepared to enter and successfully complete their education at a health profession school.
- ODT was selected to provide coordination and facilitation skills for the State Department of Public Health's Comprehensive Cancer Prevention and Control Program (CCPCP) and its Coalition and workgroups.
- The ODT group presented our unique Funding Advisory Board process at the annual Compassion Capital Fund (CCF) conference for grantees nationwide. The Conference was held in Washington, D.C. We focused on the Funding Advisory Board as a vehicle to encourage local community involvement in the CCF grant roll out. After this presentation there was a panel discussion with the opportunity for Q and A. The workshop was offered twice over the course of the conference.

### **Special Projects**

While it is increasingly the practice of the Institute to assign projects to specific business units, there are a limited number of special projects that are not part of our core business but offer an administrative connection to important services for the University and the Commonwealth. Two examples of these special projects are: the Academy for New Legislators and STEM (Science, Technology, Engineering, and Math). 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.

- STEM Summit V was held on October 28, 2008 in Sturbridge and had 550 people in attendance from all the stakeholder groups including Legislators, Policy makers, PK-16 educators and administrators, Business and Employer associations, and a few students. The program featured Nobel Laureate Craig C. Mello, PhD. Howard Hughes Medical Institute Investigator, The Blais University Chair in Molecular Medicine, University of Massachusetts Medical School. Comments were offered by Paul Reville, Secretary of Education, Maura Banta, Chair, Board of Elementary and Secondary Education, Mitchell Chester, Commissioner of Elementary and Secondary Education, Aundrea Kelley, Interim Commissioner of Higher Education, and President Jack M. Wilson of the University of Massachusetts.

### **FY 2010 OPERATIONS SUMMARY**

The Institute's priorities during FY10 include:

- Continue our support for the President's priorities (e.g., Science and Technology, Life Sciences, Clean Energy, Regional economic development with an emphasis on Springfield and Brockton, 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 GSA instruments, seek out other omnibus contract instruments)
- Continue the Institute's support of multi-campus and system-wide initiatives (e.g., MassBenchmarks, Professional Science Masters (PSM) degree development, STEM Pipeline, Economic Development,; various relationships with state agencies)
- Undertake special projects for the President of the University (e.g., Academy for New Legislators)
- Recognizing the challenges of shrinking budgets, continue to renew our grant and contract base and maintain the entrepreneurial character that has become the trademark of the Institute. In FY09, 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

### **FY09 STAFFING AND CAMPUS RESOURCES**

During FY09, the Institute employed 119 people with a full-time equivalency of 107, housed at six locations, including, Boston (VA project), Southbridge, Hadley, Brockton, Springfield, and Shrewsbury. Core state funding supported six employees full-time and two employees part-time. The remaining Institute staff members are supported through grants and contracts or special project funds. In FY09 alone, 72% percent of the contracts were federally funded or federal monies passed through the state and 21% percent were state funded. The remainder of our contract funding emanated from local and private sources.

In addition, the Institute utilized the services of 19 faculty spread across the UMass five campus system and numerous departments that generated for them almost \$87,380 in revenue. In FY09, our various projects involved 40 undergraduate and graduate students from the University, providing them with over \$366,000 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 FY09, the Donahue Institute administered 145 grants and contracts.

### **FY 2009 BUDGET REVIEW**

The Institute received an appropriation of \$749,272 in general University funding and generated over \$11,369,127 in grant and contract funds during FY09. 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 fivecampus system.

### **FY2010 AND BEYOND**

As the Institute looks ahead to FY10 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**  
**Donahue Institute**  
**Fiscal Year 2010 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	<b>FY2010 BUDGETED</b>				
	FY07 Actuals	FY08 Actuals	FY09 Projected Budget-Accrual/Adjusted Basis	FY10 Budget-Accrual Basis	FY09 to FY10 Change
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees (net of scholarship allowances)					
Federal Grants and Contracts	\$ 7,356	\$ 6,883	\$ 8,037	\$ 8,035	\$ (2) 0%
State Grants and Contracts	2,208	2,764	2,417	2,300	(117) -5%
Local Grants and Contracts	146	97	133	65	(68) -51%
Private Grants and Contracts	985	1,238	631	600	(31) -5%
Sales & Service, Educational Auxiliary Enterprises					
Other Operating Revenues: Fixed price balance transfers	150	150	25	100	75 0%
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other (Non-state funds from Pres Office)	103	101	38	38	- 0%
<b>Total Operating Revenues</b>	<b>\$ 10,948</b>	<b>\$ 11,233</b>	<b>\$ 11,281</b>	<b>\$ 11,138</b>	<b>\$ (143) -1%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<i>Educational and General</i>					
Instruction	\$ 8,515	\$ 9,736	\$ 8,573	\$ 8,540	\$ (33) 0%
Research	1,892	1,319	2,142	2,110	(32) -1%
Public Service	1,114	1,070	1,254	1,225	(29) -2%
Academic Support					
Student Services					
Institutional Support	455	185	360	325	(35) -10%
Operation and Maintenance of Plant					
Depreciation and Amortization					
Scholarships and Fellowships					
<i>Auxiliary Enterprises</i>					
<i>Other Expenditures</i>					
Independent Operations					
Public Service Activities					
<b>Total Operating Expenses</b>	<b>\$ 11,976</b>	<b>\$ 12,310</b>	<b>\$ 12,329</b>	<b>\$ 12,200</b>	<b>\$ (129) -1%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (1,028)</b>	<b>\$ (1,077)</b>	<b>\$ (1,048)</b>	<b>\$ (1,062)</b>	<b>\$ (14) 1%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Federal Appropriations					
State Appropriations	\$ 1,072	\$ 1,112	\$ 1,069	\$ 1,069	\$ - 0%
Gifts					
Investment Return					
Endowment Return					
Interest on Indebtedness					
Other Nonoperating Income					
Revenue from Stimulus Funds					
<b>Net Nonoperating Revenues</b>	<b>\$ 1,072</b>	<b>\$ 1,112</b>	<b>\$ 1,069</b>	<b>\$ 1,069</b>	<b>\$ - 0%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 44</b>	<b>\$ 35</b>	<b>\$ 21</b>	<b>\$ 7</b>	<b>\$ (14) -67%</b>
Capital Appropriations					
Capital Grants and Contracts					
Contributions to Capital Expenditures					
University Related Transactions					
Disposal of Plant Facilities					
Other Additions/Deductions					
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ - 0%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 44</b>	<b>\$ 35</b>	<b>\$ 21</b>	<b>\$ 7</b>	<b>\$ (14) -67%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$ 111	\$ 155	\$ 190	\$ 211	\$ 21 11%
<b>Net Assets at End of Year</b>	<b>\$ 155</b>	<b>\$ 190</b>	<b>\$ 211</b>	<b>\$ 218</b>	<b>\$ 7 3%</b>

**Table 2**  
**University of Massachusetts**  
**Donahue Institute**  
**Fiscal Year 2010 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY07 Actuals</b>	<b>FY08 Actuals</b>	<b>FY09 Projected</b>	<b>FY10 Budgeted</b>	<b>\$ Change FY09 - 10</b>	<b>% Change FY09 - 10</b>
Salaries and Wages	\$7,200	\$7,200	\$7,200	\$7,200	\$0	0.0%
Employee Fringe Benefits	\$2,084	\$2,435	\$1,778	\$1,839	\$61	3.4%
Student Aid	\$0	\$0	\$0	\$0	\$0	0.0%
Utilities	\$0	\$0	\$0	\$0	\$0	0.0%
Supplies and Other Services	\$2,692	\$2,675	\$3,351	\$3,161	(\$190)	-5.7%
Depreciation	\$0	\$0	\$0	\$0	\$0	0.0%
<b>TOTAL</b>	<b>\$11,976</b>	<b>\$12,310</b>	<b>\$12,329</b>	<b>\$12,200</b>	<b>(\$129)</b>	<b>-1.0%</b>

**Table 3**  
**University of Massachusetts**  
**Donahue Institute**  
**Fiscal Year 2010 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2007 (FY2008)	Actual FTEs Fall 2008 (FY2009)	Proj. FTEs Fall 2009 (FY2010)	FTE Change Fall 2008 - 09	% Change Fall 2008 - 09
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	12.7	11.8	11.0	(0.8)	-6.8%
Classified Staff	0.3	0.0	0.0	0.0	0.0%
<b>Subtotal, State Funded</b>	<b>13.0</b>	<b>11.8</b>	<b>11.0</b>	<b>(0.8)</b>	<b>-6.8%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	3.7	3.5	4.5	1.0	28.6%
Classified Staff	0.3	0.2	0.0	(0.2)	-100.0%
<b>Subtotal, Non-State Funded</b>	<b>4.0</b>	<b>3.7</b>	<b>4.5</b>	<b>0.8</b>	<b>21.6%</b>
<b>Total Unrestricted/Designated</b>	<b>17.0</b>	<b>15.5</b>	<b>15.5</b>	<b>0.0</b>	<b>0.0%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0		0.0	0.0%
Professional Staff	84.7	82.7	85.5	2.8	3.4%
Classified Staff	5.3	4.8	6.0	1.2	25.0%
<b>Subtotal, Grant Funded</b>	<b>90.0</b>	<b>87.5</b>	<b>91.5</b>	<b>4.0</b>	<b>4.6%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>90.0</b>	<b>87.5</b>	<b>91.5</b>	<b>4.0</b>	<b>4.6%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>107.0</b>	<b>103.0</b>	<b>107.0</b>	<b>4.0</b>	<b>3.9%</b>

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





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**APPENDIX A:**

**FY 2010 UNIVERSITY OPERATING BUDGET**

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

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

**The Amherst campus requests the following change to a statement of trust:**

1) *Change of Statement of Trust – Consolidated Educational Activities*

The change in this statement of trust includes a description of new services offered by the Massachusetts Nutrient Data Bank, for which the campus will collect fees and deposit into the trust.



University of Massachusetts  
AMHERST Campus

Revenue-Based Budget  
Fiscal Year 2010

**CHANGE/PROPOSED NEW STATEMENT OF TRUST**

Operation Name: Executive Area/MBU/Dept: <b>Change or Proposed New:</b>	Consolidated Educational Activities Varies <b>CHANGE</b>	Account Number: Fund Type:	Varies Other
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This budget table is a summary of the actual and projected activity of the following revenue-based operations:

- |                                     |   |
|-------------------------------------|---|
| Campus Administration Support       | Library Fund                            |
| Career Services                     | Mass Nutrient Data Bank                 |
| Center for International Education  | Medical Education and Studies           |
| Computer Science Computing Facility | Public Service and Economic Development |
| Fee for Service (NSM)               | Registrar Services                      |
| NRE End Products                    | Research Support Services               |
| NRE Outreach                        | Student Affairs Cultural Enrichment     |
| Engineering Computer Services       | Student Affairs Support                 |
| Lab Animal Care                     |   |

**CHANGE: PURPOSE STATEMENT FOR TRUST**

The Massachusetts Nutrient Data Bank (MNDB) is a computer-assisted system used to evaluate dietary intake information. It comprises a database that is a comprehensive source of nutrient composition information used for dietary assessment, cycle menu evaluation and recipe evaluation. The database and its ancillary programs are accessible to academic institutions, hospitals, physicians, health agencies, industry and private individuals. **The MNDB is being expanded to enable nutrient and biomarker analysis of laboratory samples in addition to dietary analysis.** Establishment of this fund provides a mechanism for collecting fees necessary to promote and maintain the services of the Massachusetts Nutrient Data Bank.

**FISCAL YEAR 2010 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, and to provide financial assistance to students for whom the level of tuition and fees, including fees charged for meal plans, presents a financial burden.

**FEE HISTORY**

Fees are charged to campus and community customers for a variety of services.

**FEE INCREASE JUSTIFICATION**

Research Support Services will be adding a new Nanofabrication Lab cost center in FY10. Fee for Service, NRE Outreach, NRE End-Products, Mass Nutrient Data Bank, Public Service and Economic Development, and Registrar Services are requesting fee increases for FY10 to offset higher operating costs.

**SUMMARY OF CHANGES**

The Police Department cost center is moving from the Student Affairs Trust to the A&F Support Fund (Consolidated Other) to reflect campus re-organization changes. Registrar Services moved to the Revenue Based tables in FY2009 adding \$372,436 to the Beginning Fund Balance. Undergraduate Commencement cost center was moved from Campus Administration Support to University Relations Support (Consolidated Internal) as part of re-organization changes.

**SUMMARY OF FUND BALANCE**

Fund balances are needed to maintain operations as revenue is not received until the services have been provided.