

+UNIVERSITY OF MASSACHUSETTS

AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

**MINUTES OF THE MEETING OF THE
COMMITTEE ON ADMINISTRATION AND FINANCE**

Wednesday, February 9, 2005; 8:00 a.m.

Board Room

One Beacon Street - 26th Floor

University of Massachusetts

Boston, Massachusetts

Committee Members Present: Chair Dubilo; Trustees Fey, King, Labrecque, Mahoney, Murphy and Pham; Chair Karam

Committee Members Absent: Vice Chair Rainey; Trustees Moseley and O'Shea

University Administration: President Wilson; General Counsel O'Malley; Vice Presidents Chmura, Julian and Lenhardt; Associate Vice President Harrington; Chancellors Lombardi, Motley, MacCormack and Lazare; Mr. O'Riordan, Budget Director; Ms. Wilda, University Controller; Vice Chancellors for Administration and Finance O'Connor, Zekan and Griffin; Deputy Chancellor Stanton; Mr. Harrison, Director of Auditing

Faculty Representatives: Professor May, UMASS Amherst; Professor Schwartz, UMASS Boston; Professor Carter, UMASS Lowell

Chair Dubilo convened the meeting at 8:05 a.m. The first item on the agenda was **Consideration of Minutes of the Prior Meeting of the Committee.**

It was moved, seconded and

VOTED: To approve the minutes of the October 21, 2004 meeting of the Committee.

The next item on the agenda was the **Chair's Report.** Chair Dubilo reviewed the items on the agenda including a request to approve modest mandatory student charges consistent with our policy of keeping such charges below inflation.

Chair Dubilo has requested that the next meeting of the Committee include a review of our financial indicators of performance.

The next item was the **President's Report.** President Wilson began his report by announcing that the \$23.22 billion state budget proposed by Governor Romney includes a \$403.5 million Maintenance Appropriation for the UMASS System; last year's appropriation was for \$392.5 million which included funds for collective bargaining.

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The line items for the Commonwealth College, the Endowment Incentive, The Toxics Use Reduction Institute, The Star Store and the Advanced Manufacturing and Technology Center add up to \$408 million. The Governor's expression of support for the University is a good first step as we go through the legislative budget process.

President Wilson reported that there was no funding included for the endowment match program; it is our hope that funds will be made available as this initiative has stimulated significant gifts from private donors. The University appreciates all the generous donors that have provided gifts that support the endowed chairs and professorships on our campuses.

The proposed increase in student charges ranges from 3 percent at Amherst, Boston and Dartmouth, to 3.5 percent at Lowell. That is less than the rate of inflation as measured by the consumer price index for the Northeast Urban Region. The campuses will use the additional revenue to hire new faculty, rebuild faculty ranks and upgrade instructional technology and to strengthen academic programs.

President Wilson concluded his report by informing the Committee that the UMASS Building Authority has received an A+ rating from Fitch Ratings on more than \$25 million in refunding revenue bonds. Also of interest was that the Senate Task Force chaired by Senators Panagiotakos and Rosenberg is about to release its report calling for significant increases and investments in public higher education.

The next item was the **Vice President's Report**. Vice President Lenhardt reported on the launching of a significant upgrade of our financial and human resource systems in the near future. Mr. Robert Harrison, Director of Auditing, we will be re-issuing the Fraud policy and similar policies, throughout the University system on an annual basis.

We continue to be at the table with our 29 collective bargaining units; contracts expired last year and negotiations continue.

The next item was **Renaming the Gladys Smith Martin Chair, UMASS Worcester**. Chancellor Lazare reported that the original holder of the Chair has left. The Worcester campus went back to the family; they gave us permission to broaden the title from Gastrointestinal to Oncology.

The next item was **Establishment of the Gretchen Stone Cook Chair and the Joy McCann Professorship, UMASS Worcester**. Chancellor Lazare reported that Gretchen Stone was a donor to the Worcester Foundation for Experimental Biology. Mrs. Cook passed away and left a cash bequest of \$1.5 million to establish the Chair.

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The McCann professorship was funded by a \$500,000 cash gift by the McCann Foundation to identify and reward faculty leadership in medical education, research and patient and community care.

It was moved, seconded and

VOTED: To recommend that the Board take the following action:

To amend T00-082 by changing the name of an endowed chair at the University of Massachusetts Medical School from The Gladys Smith Martin Chair in Gastrointestinal Cancer to The Gladys Smith Martin Chair in Oncology.

And,

VOTED: To recommend that the Board take the following action:

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws, to establish an endowed chair in biomedical science at the University of Massachusetts Worcester to be known as the Gretchen Stone Cook Chair in Biomedical Science.

And further,

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws, to establish an endowed professorship at the University of Massachusetts Worcester to be known as the Joy McCann Professorship for Women in Medicine. (Doc. T05-004)

The next item was the **Establishment of the Terrance Murray Commonwealth College Honors Professorship, UMASS Amherst.** Chancellor Lombardi reported that the Professorship will be awarded on a competitive basis for a two-three year term to faculty that create or enhance the honors experience in that faculty member's discipline.

It was moved, seconded and

VOTED: To recommend that the Board take the following action:

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws, to establish an endowed professorship at the University of Massachusetts Amherst to be known as the Terrance Murray Commonwealth College Honors Professorship. (Doc. T05-022)

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The next item was **Academic Year 2005-2006 Mandatory Student Tuition and Fee Rates and Student Housing Rent and Food Service Charges**. Vice President Lenhardt first reported on one of the major concerns facing the University and that is the issue of financial aid. There are reports that 80-90 thousand students in the United States have become ineligible for Pell Grants because they are changing the family income requirements.

Mr. O’Riordan, University Budget Director provided some background information on today’s action. Some of the highlights included:

- reductions in state support beginning in the Fall of 2001 resulted in program cuts, layoffs and reductions in staff. In Fall, 2001, the Board voted annual increases in student charges;
- the rates proposed for next Fall reflect a policy at limiting increases in total mandatory student charges averaging approximately 3.2% (inflation currently running at 3.5%);
- there will be a comparable increase for in-state graduate students except for the Medical School where a \$32 equipment fee increases is being recommended;
- room and board rates will meet contractual, utility and wage cost increases. They will also serve capital improvement needs;
- all private universities and most private colleges in Massachusetts cost more than double than UMASS.

Mr. O’Riordan provided some comparative rates; UMASS Amherst ranked eighth among national universities; relative to New England, UMASS Amherst is ranked in the middle.

There was a discussion about financial aid. The University spends \$36 million of its own operating dollars on financial aid. President Wilson stated his intention to provide sufficient aid to students who would have difficulty paying the proposed increase.

Trustee Pham asked that he go on record as being against the proposed fee increases. Students on the Boston campus are at a particular disadvantage due to the expense of living in the city and having to work sometimes two jobs.

Trustee Pham asked that the administration and fellow Board members reconsider all alternatives and exhaust all options before approving these increases.

Chair Dubilo and President Wilson both indicated that they have been in the position of working several jobs and obtaining financial aid while attending school. There were several requests for improved financial counseling. Chair Karam asked that the whole financial aid issue be added to a future meeting of this Committee.

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It was moved, seconded and

VOTED: To recommend that the Board take the following action:

1. In accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve tuition at the following maximum rates for the Amherst, Boston, Dartmouth and Lowell campuses for academic year 2005-2006:

<u>Tuition</u>	Amherst	Boston	Dartmouth	Lowell
Undergraduate (resident)	\$1,714	\$1,714	\$1,417	\$1,454
Undergraduate (non-resident)	\$9,937	\$9,758	\$8,099	\$8,567
Graduate (resident)	\$2,640	\$2,590	\$2,071	\$1,637 *
Graduate (non-resident)	\$9,937	\$9,758	\$8,099	\$6,425 *

*Per 9 credit load

2. And further, in accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve the following maximum mandatory fee rates for the Amherst, Boston, Dartmouth, and Lowell campuses for academic year 2005-2006:

<u>Total Mandatory Fees (Curriculum & Other Mandatory Charges)</u>	Amherst	Boston	Dartmouth	Lowell
Undergraduate (resident)	\$7,564	\$6,551	\$6,619	\$6,712
Undergraduate (non-resident)	\$8,460	\$9,562	\$9,539	\$10,499
Graduate (resident)	\$6,917	\$6,589	\$7,117	\$6,070 *
Graduate (non-resident)	\$8,069	\$9,574	\$9,539	\$8,810 *

*Per 9 credit load

3. And further, in accordance with Policy T92-031, Appendix E, to authorize the President to approve, no later than April 8th, 2005, the individual rates for mandatory charges, providing that total mandatory student charges shall not exceed the total rates as outlined below for the Amherst, Boston, Dartmouth, and Lowell campuses for academic year 2005-2006:

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<u>Total Mandatory Student Charges</u>	Amherst	Boston	Dartmouth	Lowell
Undergraduate (resident)	\$9,278	\$8,265	\$8,036	\$8,166
Undergraduate (non-resident)	\$18,397	\$19,320	\$17,638	\$19,066
Graduate (resident)	\$9,557	\$9,179	\$9,188	\$7,707 *
Graduate (non-resident)	\$18,006	\$19,332	\$17,638	\$15,235 *

*Per 9 credit load

4. And further, in accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve the following tuition and maximum mandatory fee rates for the Worcester campus for academic year 2005-2006:

	Tuition	Mandatory Fees	Total Student Charges
Ph.D./MD (resident)	\$8,352	\$5,685	\$14,037
Ph.D./MD Years 1-2 (non-resident)	\$2,640	\$20,508	\$23,148
Ph.D./MD Years 3+ (non-resident)	\$9,856	\$35,508	\$45,364
Ph.D./MD Years 3+ (non-resident)	\$9,856	\$25,652	\$35,508
Graduate School of Nursing (resident)	\$2,640	\$5,685	\$8,325
Worcester	\$9,856	\$5,685	\$15,541
Medical School (resident)	\$2,640	\$3,942	\$6,582
Grad. School of Biomedical Science(non-resident)	\$9,856	\$3,942	\$13,798

5. And further, in accordance with Section 1A of Chapter 75 of the General Laws and T92-031 (Appendix E), to authorize the President to approve, no later than April 8, 2005, final student housing rent and food service charges providing that total charge to undergraduate Massachusetts resident students shall not exceed the average rates as outlined below for academic year 2005- 2006:

**Average Student Housing Rent & Food Service Charges
(includes residential telecommunication charge)**

Amherst	\$6,517
Dartmouth	\$8,268
Lowell	\$6,311

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6. And further, to authorize the President to approve, no later than April 8, 2005, the full schedule of rent and food service charges for all other classifications of students, room options and meal plans for academic year 2005-2006.
7. And further, to authorize the President to approve, no later than April 8, 2005, individual fee rates for other student fees and student fee/revenue based operations charges not already approved by the Board for academic year 2005-2006. (Doc. T05-020)

The next item for discussion was **Review of UMASS Worcester Business Plan**. Vice President Lenhardt reported that at the last meeting there was a discussion about the projected budgetary results at Worcester. The Worcester campus' financial cushion represents a large portion of the University's financial cushion. For these reasons, Chancellor Lazare and his staff were asked to provide an update of their business plan.

Deputy Chancellor Stanton first provided some background information: in 1992 the Worcester campus purchased Biotech Two; in 1995 there was a call for another Biotech Two; in 1996 negotiations began the process to privatize the hospital, merging it with Memorial, the definitive agreement was approved by the Board and signed in 1997 committing \$30 million to the research building. In 1998 Chancellor Lazare presented a Strategic Plan to the Board. In 1999, DCAM agrees to build the building and the Board grants initial approval followed by the first presentation of the 10 year Business Plan.

Deputy Chancellor Stanton reported on the fluctuations in revenue and expenses and fluctuations in projected versus actual financial results, and the status of the financial cushion. Following questions from the Committee members it was determined that we are ahead of where we thought we would be at this point in time. The ten year projections have helped us update the variances.

The meeting adjourned at 9:37 a.m.

Barbara F. DeVico
Secretary to the Board of Trustees