

UNIVERSITY OF MASSACHUSETTS

AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

**MINUTES OF THE MEETING OF THE
COMMITTEE OF THE WHOLE**

Wednesday, August 6, 2003; 9:15 a.m.

Board Room

Cumnock Hall

University of Massachusetts

Lowell, Massachusetts

Trustees Present: Chair Fey; Vice Chair Giblin; Trustees Austin, Babineau, Boyle, Bukhari, Dubilo, Fatemi, Karam, Kennedy, Lankowski, James Mahoney, Robert Mahoney, McCarthy, Moes, Rainey, Sheridan and White

Trustees Absent: Trustees Agganis, Marcalo, Reed and Zane

University Administration: President Bulger; General Counsel O'Malley; Vice Presidents Chmura, Gray, Julian, Lenhardt and Wilson; Chancellors Lombardi, Gora, MacCormack, Hogan and Lazare; Mr. O'Riordan, Budget Director

Faculty Representatives: Professors May and O'Connor, UMASS Amherst; Professors Schwartz and Tirrell, UMASS Boston; Professor Leclair, UMASS Dartmouth; Professor Carter, UMASS Lowell; Dr. Cooke, UMASS Worcester

Chair Fey convened the meeting at 9:12 a.m.

Under the **Chair's Report**, Chair Fey thanked Chancellor Hogan and his staff for their hospitality.

Chair Fey then introduced new student Trustees Hannah Fatemi, UMASS Amherst and Omar Bukhari, UMASS Boston. Trustees Carolina Marcalo from UMASS Dartmouth and Sean Reed from UMASS Worcester were unable to attend. Rosalyn Lankowski from UMASS Lowell has been re-elected.

Chair Fey reported that today's discussion will focus on how the University is confronting the many budget challenges it faces while protecting the quality of education that the students expect and deserve.

Under the **President's Report**, President Bulger welcomed the new student Trustees.

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President Bulger reported on the budget cuts affecting the University. Highlights included:

- The University has lost \$140 million in state funding over the last two years and \$80 million this year;
- The University was able to persuade the Legislature to override the Governor's vetoes of funding for the Commonwealth Honors College Program, the Advanced Technology and Manufacturing Center, and the Toxic Use Reduction Institute;
- Hundreds of people and positions have been lost through layoffs and unfilled vacancies and early retirement;
- Faculty and staff are working harder and longer as a result of the cuts, and are losing economic ground due to inflation, increased health care costs, and frozen salaries;
- The unfunded contract issue needs to be resolved.

President Bulger then outlined the Central Administration's response to cuts in state support.

Highlights included:

- The Central Administration and President's Office have reduced spending by \$3.1 million or 18.5%;
- In January 2003, the Central Administration proactively froze all central administration vacancies...the vacancies combined with early retirements and layoffs will result in the loss of 24 positions of which eight will come from the President's Office;
- The Vice President for Academic Affairs position has been consolidated with the UMassOnline Chief Executive Officer;
- Positions not being filled include that of two attorneys, Director of Institutional Research in Academic Affairs, and Associate Budget Director in Administration and Finance;
- Personnel reductions will account for \$1.7 million of the \$3 million in savings;
- Much of the remaining \$1.4 million in savings will be taken from Information Technology Services and Economic Development Initiatives;
- Computer maintenance, software licensing, and telecommunications costs are being cut in Information Technology;
- In Economic Development, the position of Director of Corporate Relations has been eliminated, funding for the Donahue Institute, the Benchmarks Economic Journal and the UMASS Economic project which funds economic research has been reduced;
- \$200,000 in savings is projected in Central Administration office space...negotiations are currently taking place;
- System-wide cost reductions cover about three-quarters of the \$80 million lost in state funding this year. Student charges will cover the remaining quarter.

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President Bulger thanked the Vice Presidents for their creative response to the fiscal challenge. The Vice Presidents put forth innovative strategies to reduce Central Administration costs while developing self-help revenue streams such as CVIP, UMassOnline, and the University's Philanthropic initiatives. He then announced that Vice President Jack Wilson of Academic Affairs, Chief Information Officer David Gray, Vice President Tom Chmura of Economic Development and Steve O'Riordan, Budget Director are available to help answer any questions the Board may have about Central Administration budget cuts.

President Bulger indicated that the student charge increase would be considered at the Board meeting.

Chair Fey then asked the Chancellors for their **University Budget Activities Reports**. The Chancellors provided the Board with a summary of the budget process for each campus.

UMASS AMHERST

- UMASS Amherst will narrow the range of its functions to preserve the integrity of the academic core;
- Academic programs have been evaluated;
- Reductions for Category I and II programs which focus on external and internal constituencies total an estimated \$8.5 million;
- Reductions to Vice Chancellor Areas: Category II and IIIA total an estimated \$7.5 million;
- The total projected savings for Capital Plan Reduction, Estimate of Central University Assessment, and Estimate of Early Retirement Savings is \$21.5 million;
- The estimated loss of state funding to the Amherst campus is \$41 million;
- An additional \$1 million reduction is estimated since staff and faculty payroll benefits can no longer be paid from state revenue sources;
- New revenue from the previously approved \$1,000 student fee totals \$1 million;
- Budget savings actions total \$21.4 million;
- The Amherst campus is requesting a spring fee increase of \$750 per semester;
- The student Recreation Center project has been postponed;
- The Legislature has restored the Commonwealth Honors Program;
- The Projected General Operations Budget, FY03 to FY06 assumes steady state funding, and assumes additional fee increases in FY07 and FY08;
- The structural deficit from the difficulty of salary increases is of great concern.

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UMASS BOSTON

The Committee on University Revenues and Expenditure

- The Boston campus instituted The CURE Committee to provide concrete solutions to the budget crisis;
- The CURE Principles include:
 1. To protect degree programs and the availability of courses for the students;
 2. To maintain as lean an administrative structure as possible;
 3. The consumer pays principle: To move public service programs towards self-sufficiency;
 4. To develop policies to increase efficiency and entrepreneurship;
 5. To minimize use of across-the-board cuts.

Revenue Increases include but are not limited to:

- Revenue savings of \$5 million from the \$750 student fee to be approved by the Board;
- Eliminate the senior citizens fee waiver in the spring 2004 semester;
- Eliminate free parking for handicapped students;
- Increase advertising revenue for the campus.

Academic Savings include but are not limited to:

- Eliminate the Harbor Explorations Program;
- Reduce support to centers and institutes;
- Eliminate support for the University of Massachusetts Press;
- Reduce funding for the Environmental Business and Technology Center (EBTC);
- Reduce support to pre-collegiate programs;
- Reduce Academic Support Services;
- Reduce support to Provost's Office;
- Support to Chancellor's Office has been reduced over the past two years.

Administrative Savings include but are not limited to:

- Reduce expenditures on various PeopleSoft projects by \$1 million;
- A five-day Furlough Program has been proposed;
- The campus will not implement the proposed IT strategic plan;
- Phase-in opening of the new Campus Center over a 3-4 month period;
- Re-routing the shuttle bus service from the Quinn Building to the Campus Center provides a \$400,000 savings.

Trustee Boyle expressed concern over the \$750 fee increase and the impact it will have on students and parents. The Chancellors reported that the campuses can not maintain the level of quality without the proposed fee increase.

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UMASS DARTMOUTH

- Appropriate recourses have been taken to balance the \$3.5 million budget deficit;
- The \$750 fee increase proposed to the Board would raise revenue. However, the Dartmouth campus will not be able to sustain long-term quality without being able to grow;
- Academic programs will not be eliminated during the reduction process;
- Imposed reductions total \$11.4 million;
- Increased fringe benefit cost total \$2.4 million. Personnel benefits are no longer state funded;
- Faculty hires is a high priority... Many faculty were lost to the Early Retirement Incentive Program last year in the biology department;
- Increasing revenue is a high priority for the campus;
- The campus is raising an additional \$2.5 million as a strategy to grow its institutional programs and off-campus revenue enhancement programs;
- Expense reduction measures include reduction in personnel;
- The instructional ration will change from 12-1 to 17-1;
- The campus can not sustain quality without the ability to attract faculty;
- The budget has been balanced, but there is lack of funding for the Star Store;
- The Dartmouth campus launched a major fundraising scholarship drive.

UMASS LOWELL

- Several times the Lowell campus has been faced with financial pressures in losing \$9.15 million in purchasing power from the combined state appropriation and student revenue fee since it began its Realign/Redesign/Reallocate Project in July 1993 by either:
 - Reducing the quality of academic programs, student services, and physical plant;
 - OR
 - Maintaining the campus overall quality by implementing a “Recovery Strategy.”
- It is in the best interest of the students and the long-term economic well being of the Commonwealth for the Lowell campus to implement a “Recovery Strategy.”
- The Lowell campus would maintain the quality by taking annual profits from investing in research, foundation, and CVIP two years earlier than planned, and requesting the \$750 student fee increase;
- The \$750 spring fee increase will serve to reduce the loss of purchasing power from \$9.15 million to \$4.9 million;
- The following delays and reductions will be taken to maintain the present quality of academic programs, services, and physical plant:
 - Delay the energy conservation/modernization project for one year;

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- Delay the purchase of the scheduled next round of 700 PCs;
 - Delay the start of the first parking garage for six months;
 - Delay the scheduled plant modernization and planned replacements;
 - Reduce the purchase of new (non-Information Technology) equipment;
 - Reduce selected campus activities by an estimated 7%;
 - Reduce the part-time and full-time payroll.
- The campus will continue to make financial aid offers for at least 93% of all undergraduate need;
 - If the \$750 student fee increase is not approved, the parking garage will not be built, investing in equipment will be delayed, and the Lowell campus will have to tap into its ultimate reserve.

UMASS WORCESTER

- The \$750 spring fee increase will provide some support to the school's budget;
- The prison and mental health contract will enable the campus to do more;
- The Worcester campus must account for a \$6 million budget deficit;
- UMASS Worcester will attempt to keep all academic departments level funded;
- A 10% expense reduction will be made to all administrative and support areas. The expense reductions have been redistributed to local cost centers;
- A central administrative fee of 5.5% from 4% has been charged to computer services, telecommunications, etc.;
- Student satisfaction is the key factor to generate more funds to the campus;
- The new research building enables a momentum for recruiting;
- Craig Mello and others continue to receive awards for RNAi and diabetes research;
- The campus received a \$15 million grant from the Infectious Disease Group in Washington.

Chair Fey thanked the Chancellors for their reports. The Chancellors are doing an incredible job during this difficult time.

The meeting adjourned at 10:53 a.m.

Zunilka Barrett
Staff Associate