



COP Remarks on Behalf of the State University System to the Board of Higher Education

Massachusetts Maritime Academy
May 7, 2019

Chairman Gabrieli, Secretary Peyser, Commissioner Santiago and members of the Board of Higher Education, on behalf of the Council of Presidents, thank you for the opportunity to provide an update on the Massachusetts State University System. This morning I would like to discuss three items the State Universities Council of Presidents is interested in sharing with the board: the BHE and BESE Early College initiative, Student Health, and concerns we have with the methodology used by the administration to calculate the cost of our campus collective bargaining agreements.

I would like to begin this morning by offering our support for the partnership between the BHE and the Board of Elementary and Secondary Education (BESE) on the Massachusetts Early College Initiative. The Department, this board, and in particular Chairman Gabrieli and Secretary Peyser have made Early College a priority and we are committed to working with you to develop and advance this initiative.

Early College actually builds upon existing partnerships that the state universities and community colleges have with our K-12 school districts. Over the past few years, our campuses have been working with high schools on a number of innovative initiatives to advance academic pathways, but we believe that the Early College pilot currently underway offers a great deal of promise. We are excited that the focus of this initiative is on students living in gateway cities and underserved communities; many of whom would be the first in their families to go to college. Early College offers high school juniors and seniors the opportunity to take courses on our campuses for college credit, thus reducing the cost to attendance and time to graduation.

The first round of the Early College grants included three state universities and five school districts. We want to grow these programs and look forward to more opportunities for other campuses to participate. I do want to say that some concerns have been raised at both the college campuses level and with our k-12 school districts on how the program is administered and jurisdictional issues regarding supervision of faculty and teachers; we should not let these challenges become obstacles that impede the good work of these partnerships. We must work in collaboration with our school districts, our campus faculty and K-12 teachers to ensure the success of this program. We are committed to working with the Commissioner, this board and other stakeholders as we build on the promise that the Early College pilot offers.

State University Student Health Insurance Plan (SHIP) is not an issue that we have ever discussed here at the board of higher education but it is an issue that the state university presidents have discussed with Commissioner Santiago, Secretary Peyser and Secretary of Health and Human Services, Marylou Sudders. As you might know, the Mass General Laws requires students attending university in the Commonwealth to

have health insurance, and for those students without coverage, institutions are required to offer them a health plan. Massachusetts is the only state in the nation with such a requirement.

Each year, our institutions must renew the Student Health Insurance Plan and this year the state universities received a premium rate quote of \$3,444 for the cost of our student health plan (15.4% over last year and nearly 26% increase over the past two years). The skyrocketing premium rate increases was the impetus for the us to do a review of our SHIP to determine the reasons for such dramatic rate increases.

Without getting into too much detail, we determined that a new partnership with MassHealth that was intended to benefit the state by saving money on the cost of the MassHealth program and also benefit the student by offering access to the robust network of BCBS providers that MassHealth eligible students is the primary reason for these premium rate increases. Unfortunately, data shows that our MassHealth student population usage is significantly higher than our private pay student consumers, therefore driving rate increases for our SHIP product. This determination is supported by the fact that we received a rate quote from Blue Cross of -2% to -5% for renewal rate for non-MHPA eligible students. The rate for renewal of our student health insurance with the MassHealth program is 15.4% but if the state universities severed ties with the program, our health insurance product would see a 5% reduction.

During our year-long review of SHIP, the presidents explored the possibility of direct or indirect financial support from the state to offset the premium rate increases, regulatory relief of certain obligations, statutory changes to c 15A s18, as well as product plan design changes and changes to the SHIP population currently served. Following our review of the SU SHIP program, the presidents had only four viable options:

1. Renew the SHIP product with no changes;
2. Severing ties with MHPA resulting in a premium reduction for the non-MassHealth eligible SHIP population;
3. Product plan design changes that would reduce benefits by requiring more student consumer cost sharing; and
4. Provide institutional financial aid to non-MHPA SHIP students in order to minimize the impact of rate increases for non-MassHealth SHIP consumers.

We are concerned that the cost of SHIP is a barrier to degree completion for some students; but we are equally concerned that severing ties with the MassHealth might adversely impact the students currently benefiting from the benefit rich product offered by our universities. In an effort to avoid disruption to those students and to be good partners with the state, we have decided to move forward with a renewal of the current SHIP product and continue offering the Premium Assistance Program to MassHealth eligible students.

On behalf of my colleagues I ask that over the next year, the DHE/BHE, the Executive Office of Education and the Executive Office of Health and Human Services, work with us to look for an alternative to withdrawing from the SHIP-PA partnership, while, at the same time stabilizing premium rate increases for non-PA SHIP consumers. Without a meaningful way to address the skyrocketing premium costs to non-MassHealth eligible students, the cost of the mandated student health insurance will be an increasing obstacle for degree completion for some of our students.

Last, I share with you a serious concern we have with funding levels for our collective bargaining agreements. Earlier this year, our campuses were happy to hear that Governor Baker committed to “fully funding” our public college and university incremental salary cost increases included in our campus labor contracts. However, my colleagues and I believe that the methodology used by A&F to calculate the cost of those contractual salary increases does not capture the real costs of the obligations and significantly

underfunds our campus line items. In fact, we believe that the methodology used to calculate the “state’s share” of the salary increases recognizes only about half of the cost of the contractual increases.

We believe that the Governor's FY20 budget recommendations underfunds our salary obligations by about seven million dollars. Our disagreement in the cost of the contracts is reinforced by the FY20 funding request of this board and the DHE’s budget request in December. In order to fully cover the cost of the salary increases, the DHE requested \$7.1 more than what the Governor recommended in H.1. To compound our concerns, those funding recommendations in H.1 account for only the costs of two of the three campus bargaining units, APA (Association of Professional Administrators) and AFSCME. H:1 does not include any funding for the MSCA contract because the contract was not finalized until late last year.

Last week Governor Baker filed a supplemental spending bill for FY19 which included a salary reserve for certain state employee contracts, including the State Universities faculty union, MSCA. Although the Governor does not specifically allocate funds for the MSCA contract obligations in the supplemental spending request, we are concerned that A&F will use a methodology that will not provide sufficient funding to fully cover our obligated faculty raises. The Presidents ask that this board review the calculations prepared by the Department of Higher Ed on the cost of the contractual obligations of the salary increases and work with us to get the full cost of the contract for MSCA, APA and AFSCME.

I would also like to speak briefly about the BHE recommendations for additional financial aid for the state universities and how that increase in financial aid did not make its way into the Governor’s H:1 recommendations. This board recommended an increase to the state scholarship line item of \$14m from casino revenues that would be directed towards needy state university students. Neither House 1 nor the two legislative branch recommendations included those funds in their FY20 recommendations. Instead, it appears, those casino revenues funds that this board recommended be allocated to the MassGrant account was directed to the UMass line item and is being used to fund their collective bargaining increases. The state universities are not only being disadvantaged by the shortfall in CBA funding, but our state university students are being disadvantaged by the exclusion of additional financial aid dollars. We ask that you work with us in an effort to keep our institutions affordable and accessible to our Massachusetts residents.

Thank you again for giving me this opportunity to present the state university segmental report to you this morning. I am happy to answer any questions.¹

¹ This document is may not represent the full extent of the comments made at the meeting.