

BOARD OF HIGHER EDUCATION
December 14, 2006

The December 15, 2006, meeting of the Board of Higher Education (BHE) was held in Conference Rooms 1 and 2 on the 21st floor at One Ashburton Place, Boston, Massachusetts. The following members were present:

Stephen P. Tocco, Chair	Kathleen Kelley
Aaron D. Spencer, Vice Chair	Colleen McKiernan
Peter Alcock	Ann Reale
Jeanne-Marie Boylan	Carole Thomson (designee for Dr. David Driscoll)
John Brockelman	

Absent: Richard Taylor and Karl White

CALL TO ORDER

Chair Tocco called the meeting to order at 9:43 a.m.

CHAIR'S REMARKS

Chair Tocco made reference to a positive conversation with Governor-elect Deval Patrick on public higher education access, affordability, and capital needs. He said that Governor-elect Patrick understands the balance of budget cuts and increasing demand for affordable access to the public higher education campuses. He is hopeful that Governor-elect Patrick will be a champion of public higher education in Massachusetts. On the FY2008 budget, he cautioned that there will be competing needs from other agencies for budget funding.

CHANCELLOR'S REMARKS

Chancellor Plummer announced that the focus of today's Board meeting would be on the BHE FY08 budget request. She said that she was proud of the work of the BHE staff, led by Sue Wolfe, Director of Fiscal Policy, in the development of this request, which integrates strategic priorities into the summary to provide a deeper context of the request. Priorities of the request include financial aid and affordability, workforce development (especially the Nursing and the STEM initiatives), college readiness and access (an alignment and continuation of the National Governor's Association initiatives), and marketing/communications pertaining to college readiness and financial literacy.

Chancellor Plummer introduced Eileen O'Connor, BHE Director of Communications, who presented a joint DOE/BHE advertising campaign that encourages students who might not be preparing for higher education to "Think Again" (ReadySetGoToCollege.com) about college and their future. Chair Tocco advised that the Legislature be briefed on the campaign, and Board member Kathleen Kelley suggested that the teacher unions be notified to expand coverage to high school teachers and guidance counselors.

REPORTS FROM THE PRESIDENTS

President Mary Grant, Chair of the Council of Presidents, updated the Board on the Higher Education Transition Team's request to consider solutions to ensure accessibility and affordability and better ways to ensure persistence through graduation at our public high education institutions.

President David Hartleb, Chair of the Executive Committee of Community College Presidents, commended Chancellor Plummer and Director Wolfe on the quality of the budget proposal,

calling it “well prepared with clear priorities.” He also thanked Jeanne-Marie Boylan for her work as Chair of the Task Force on Community College Retention and Graduation Rates; he stated that the community colleges needed a better handle on retention and that the community colleges look forward to receiving the Task Force’s final report. He also endorsed the ReadySetGoToCollege campaign on behalf of the community colleges.

PRELIMINARY REPORT FROM THE TASK FORCE ON RETENTION AND COMPLETION RATES IN COMMUNITY COLLEGES

Jeanne-Marie Boylan, Chair of the Task Force on Retention and Completion Rates in Community Colleges, updated the Board on the Task Force’s progress since its establishment in March 2006. The Task Force is charged with developing an understanding of the issues that impact certificate and degree completion for students at community colleges and to make recommendations to the BHE on steps that can be implemented to support students enrolled at Massachusetts public colleges in order to graduate in a timely manner or successfully transfer to a four-year institution. The Task Force has reviewed national and statewide data and has had renowned experts in the field address the group in order to understand the complex issues associated with retention and graduation.

The Task Force has learned that many factors influence retention and graduation, including being academically under-prepared for college-level work, not entering college directly after high school, and attending school part-time; being a single parent or caring for children at home, being financially independent or working more than 30 hour per week, and being a first-generation college student.

Initial findings confirm that completion of developmental coursework is essential for student success. Although current traditional graduation rates are an important measure of student success, their exclusive use shortchanges and obscures the varied educational goals held by community colleges and their students. Significant achievement gaps exist among different groups of students. The Task Force will continue to pursue the need for real data in order to make informed decisions on the effectiveness of programs and services offered by Massachusetts community colleges. The Task Force will release a draft report to the Board in February or March.

LEGISLATIVE UPDATE BY SENATOR ROBERT O’LEARY, CO-CHAIR, JOINT COMMITTEE ON HIGHER EDUCATION

Chair Tocco introduced the Honorable Robert O’Leary, Senate Chair on the Higher Education Committee, who spoke of the keen interest of the Legislature on the critical importance of public higher education in the state’s economic development and the need to adequately fund the public campuses. Both he and Co-Chair Kevin Murphy are excited with the proposals to positively impact public higher education.

Senator O’Leary reported that as a member of the National Council of State Legislators, he and eleven other bipartisan state legislatures have met for over a year and have written a report on the condition of higher education in the United States. In early January the NCSL group will meet with a group from Secretary Margaret Spellings’ office to discuss the dual findings of their reports. The NCSL report views public higher education as a state responsibility, funded by state government. When meeting with the NCSL group, he said he was constantly reminded that Massachusetts is very different than the rest of the country, as Massachusetts ranks at the top in K-12 testing, and private colleges heavily populate Massachusetts. He recognizes that the focus in Massachusetts needs to be on public higher education. The NCSL Report states

that the country is in worldwide competition and should be concerned that we are beginning to lose ground.

He continued that states are disinvesting in public higher education, and tuitions and fees are climbing. Public higher education has not been integrated into our structure, and not enough attention is being paid to demographics. Strategies need to be developed to deal with a number of issues: Most importantly, the needs of Latinos must be included in the strategies, which will make students more college-ready and colleges more accommodating to their concerns. Massachusetts public higher education has financial aid issues. Both the Spellings and the NCSL group reviewed accountability and what it measures and determined that we need to focus on integrating all of our institutions toward meeting our mission. The Higher Education Bill begins to address these concerns.

Ms. Sue Wolfe, Director of Fiscal Policy, gave a presentation on the rationale in developing the FY2008 Budget Request. Funding for the state and community colleges was premised on closing the revenue gap of \$211.3 million over seven years and restoring \$6.3 million, which was eliminated due to 9C reductions by the in late 2006. The FY08 budget for the University was premised on closing the revenue gap of \$180.6 million over seven years and restoring \$8.2 million eliminated due to 9C reductions. The initiatives represent an 8.5 percent increase from the FY2007 budget.

Financial aid initiatives include expansion of MASSGrant Program, either as a one-year or multi-year program:

One-Year MASSGrant Expansion	Multi-Year MASSGrant Expansion
<ul style="list-style-type: none"> • \$79 million to restore MASSGrant award to students with EFC equal to or less than \$3,850. This would affect 68,000 students at both public and private institutions • \$75 million to expand eligibility to students whose EFC is between \$3,851 to \$10,000 with awards ranging from \$1,750 to \$3,500, affecting an additional 30,000 students • The total FY2008 variance would be \$154 million. 	<ul style="list-style-type: none"> • \$79 million to restore MASSGrant award to students with EFC equal to or less than \$3,850. This would affect 68,000 students at both public and private institutions. • An additional \$25 million in each of the next three years to include middle-income families, affecting an additional 10,000 students each year. • Additional funding of \$79 million would be required in FY 2008.

- Other Financial Aid Task Force recommendations include further study and development of the inclusion of integrating evaluation and outcome measures for the Student Loan Forgiveness Program and the Community College Access Program at a cost of \$100,000 in FY2008.
- Ms. Wolfe next presented information on plans to provide dual enrollment to high school students with a focus on STEM courses, the establishment of eight to ten regional grants to design, implement and fund course offerings, and the funding of one FTE administrator to coordinate activities among regions to ensure a more structured dual enrollment system throughout the state. Funding of these initiatives would cost \$2 million.
- School-to-college database and higher education planning includes enhancing the school-to-college (P-16) database, analysis and report to fully utilize information; developing

communications campaign to promote college readiness and success with outreach to parents, students and high school administrators, developing informational, interactive programs to assist families—particularly low-income and disadvantaged—to maneuver through the complex process of applying for college and seeking financial assistance. The FY 2008 budget includes funding two FTEs to expand these initiatives and replacing NGA grant funding, which expires in FY07. FY2008 funding would be \$200,000.

- Goals for graduation rate improvement include shortening the timeframe and increasing the number of students earning associate's and bachelor's degrees, coordinating retention and degree completion initiatives at state and community colleges, organizing regional and state-wide conferences on best practices and research, developing Web-based resources, funding one FTC to coordinate activities. FY2008 funding would require an additional \$71,000 over FY2007's budget.
- The Nursing and Allied Health Grant Program would require \$1 million (a \$500,000 increase over FY2007) in FY2008 to expand statewide and regional programs to abate the shortage of nurses and nursing faculty and to expand educational programs, clinical placements and availability of simulation technology.
- The central account, Operations, would require an additional \$302,000 in FY2008 for a chancellor search, transition, and anticipated retirements, cost-of-living adjustments, information technology enhancements, and other administrative cost increases. The Scholarship Reserve account at OSFA would require an additional \$130,000 to support the addition of one FTE to support growth in a number of programs and cost-of-living adjustments in other areas, primarily postage and printing.
- The National Guard Tuition and Fee Waiver Account provides reimbursement to the University of Massachusetts and state and community colleges for continuing education tuition and all fees waived for eligible students. The \$4.4 million funding would be an initial appropriation based on average tuition and mandatory fees and doubling of enrollment; the prior National Guard program waived only tuition.
- The Private Sector Fund-Raising Match funding remains unchanged from FY2007 at \$13 million and provides \$1 match for every \$2 raised by foundations, up to maximum amount in each segment.
- Funding for the Workforce Development Training Grants provides incentive match for new workforce development business generated the community colleges. The FY2008 amount of \$2,003,000 reflects the trend of actual spending in prior years, a decrease of \$270,000 in FY2007.
- The Health and Welfare account will require an additional \$307,000 in FY2008, or a 6.4 percent increase to \$5,074,000. This amount is based on contractual agreements; annual contribution ranges from \$520 to \$624 per employee. The AFSCME Dispute Resolution account is now a discrete budget item, requiring \$36,000 in FY2008.

Board member Peter Alcock said he thought that it beneficial that this information was being provided to the Board. He said the Board must think very seriously about how much money is really needed to provide quality public higher education to students. Mr. Alcock stated that though this information is difficult to debate, it is much too important not to debate. The Board

spent considerable time discussing one-year versus multi-year MASSGrant expansion. John Brockelman and Ann Reale stated that they could not support a \$1.2 billion budget, representing a \$226 million (22 percent) increase over FY2007, especially during a tight state economy.

MOTIONS

Mr. Aaron Spencer, Chair of the Fiscal Affairs and Administrative Policy Committee, brought forth the following motion, which was seconded and approved by a seven-to-two vote, with John Brockelman and Ann Reale voting in opposition:

FAAP 07-01 APPROVAL OF THE BOARD OF HIGHER EDUCATION FY2008 BUDGET

MOVED: The Board of Higher Education hereby adopts the attached budget request for Fiscal Year 2008.

Authority: Massachusetts General Laws Chapter 15A, Section 15
Contact: Sue Wolfe, Director, Fiscal Policy

Mr. Spencer brought forth the motions, FAAP 07-02, FAAP 07-03, and FAAP-07-04, together for one vote. The motions were seconded and unanimously approved.

FAAP 07-02 EXPENDITURE AND REVENUE REPORTING

MOVED: The Board of Higher Education hereby recommends a revision to Chapter 15A: Section 15C Expenditures and Revenue; management and accounting reporting system by striking out Section 15C as appearing, and inserting in place thereof the following section:

“Each institution within the system of public higher education shall annually produce audited financial statements in accordance with generally accepted accounting principles (GAAP), generally accepted auditing standards, and generally accepted governmental auditing standards. Said statements shall be in accordance with procedures for timeliness and for disclosures as proscribed by the Office of State Comptroller and approved by the State Auditor. The statements shall include all expenditures and revenues from all appropriated and non-appropriated funds and be filed with the Governor, Office of State Comptroller, the Board of Higher Education, House Ways and Means, and the Chairs of the Joint Committee on Higher Education no later than October 15.

The State Comptroller shall take appropriate corrective action toward any institution that fails to meet specified requirements, including but not limited to, a requirement for utilization of the state accounting system for all appropriated and non-appropriated funds and accounts of said institution.”

The Board of Higher Education delegates to the Chancellor the authority to do such other things and to take such other action as is necessary or desirable to carry into effect the matter authorized by this vote.

Authority: Massachusetts General Laws Chapter 15A, Section 6
Contact: Sue Wolfe, Director, Fiscal Policy

FAAP 07-03 PERSONNEL ADMINISTRATIVE REPORTING

MOVED: The Board of Higher Education hereby recommends that Chapter 15A: Section 15D Personnel administrative reporting and information system be repealed.

The Board of Higher Education delegates to the Chancellor the authority to do such other things and to take such other action as is necessary or desirable to carry into effect the matter authorized by this vote.

Authority: Massachusetts General Law Chapter 15A, Section 6
Contact: Sue Wolfe, Director for Fiscal Policy

FAAP 07-04 FINANCIAL REPORTING: ACCOUNTING SYSTEM

MOVED: The Board of Higher Education hereby recommends a revision to Chapter 73: Section 13 Financial Report; accounting system by striking out Section 13 as Appearing, and inserting in place thereof the following section:

“The trustees shall see that there is maintained an accounting system as required by the State Comptroller and the trustees may maintain such additional accounts as they deem necessary for the management of the state colleges.”

The Board of Higher Education delegates to the Chancellor the authority to do such other things and to take such other action as is necessary or desirable to carry into effect the matter authorized by this vote.

Authority: Massachusetts General Laws Chapter 15A, Section 6
Contact: Sue Wolfe, Director for Fiscal Policy

Aaron Spencer introduced the following motion and explained that the Massachusetts State College Building Authority (MSCBA) establishes rents, subject to the Board’s approval. Peter Alcock and Aaron Spencer serve on the MSCBA Board as representatives of the Board of Higher Education.

Edward Adelman, Executive Director of the MSCBA, told the Board that his agency has substantial renovations under way at the state colleges and are constructing space for 400 beds at Bridgewater State College and 150 beds at Massachusetts College of Art, both to be completed in fall 2007.

Presently, state colleges house 12,500 students with 10,500 students living in buildings that are 40-50 years old. He told the Board that the MSCBA rent certificate recommends residence hall increases that average \$105 per semester or \$209 per academic year per student, raising the average rent for existing beds to \$4,354 per academic year, a 5.04 percent increase. Charts showed that the breakdown of the increase would be used as follows: 41 percent (\$86) for residence hall operations, 37 percent (\$48) for debt service, and 22 percent (\$45) for utilities.

The 5 percent rent increase this year is a decrease from last year's 6.2 percent increase. Rents are lower than all the private schools in New England and lower than most of the public schools, excluding those in Maine.

There was brief discussion among the Board regarding the accountability for the 2 percent of rent receipts that are set aside for needy students. Mr. Adelman said that he would be pleased to provide additional information to the Board.

The motion below was seconded and unanimously approved. Chair Tocco recused himself from voting on this motion.

FAAP 07-05 FISCAL YEAR 2008 MSCBA RENT CERTIFICATE

MOVED: The Board of Higher Education hereby approves the attached Fiscal Year 2008 residence hall rent schedules, effective July 1, 2007, provided that any subsequent adjustment in the rent schedules shall be subject to the approval of the Board of Higher Education.

Authority: Massachusetts General Laws Chapter 73 App., Section 1-9 as amended and the *Contract for Financial Assistance, Management and Services*, dated February 1, 2003, made between the Commonwealth of Massachusetts, acting by and through the Board of Higher Education and the Massachusetts State College Building Authority.

Contact: Sue Wolfe, Director, Fiscal Policy

There being no further business, the meeting was adjourned at 12:35 p.m.