I. CALL TO ORDER

Committee Chair Hopcroft called the meeting to order at 1:07 p.m. He stated that due to an illness, the agenda would be rearranged to accommodate one of the presentations and allow for an early departure of the presenter. He then introduced Judy Silvia, Executive Director of the Partnership to Advance Collaboration & Efficiency (PACE), to provide an annual update on PACE initiatives.

II. PRESENTATION

Ms. Silvia distributed the PACE FY16 Annual Report to committee members, and began by providing a brief introduction of PACE, the collaborative efforts of the 24 community colleges and state universities working together to eliminate inefficiencies. She acknowledged the work of Bridgewater State University President Fred Clark, Framingham State University President Javier Cevallos, Salem State University President Patricia Meservey, Berkshire Community College President Ellen Kennedy, Bristol Community College President John Sbrega, Cape Cod Community College President John Cox, Roxbury Community College President Valerie Roberson, Bill Hart, Vincent Pedone, and former DHE Deputy Commissioner for Administration and Finance Sean Nelson. She continued that PACE works collaboratively with the DHE and they appreciate the support.

Ms. Silvia provided an overview of several successful PACE initiatives. Eleven campuses participated in the bookstore RFP process, which improved textbook affordability, helped smooth the transition to the digital age, and saved costs by eliminating restocking and return penalties. Additionally, the bookstore initiative provided a better experience for the student by offering a price match guarantee with any other vendor, including Amazon, and an enhanced focus on digital lending. She described another successful cost saving initiative: offering
collaborative Title IX training both in person and online. There is a constant need for this training, so PACE continues to look for new vendors and cost saving opportunities. She remarked that, with DHE assistance, PACE did an IT and campus security assessment and identified some deficiencies, so a working group was established to review and resolve those deficiencies. The working group decided that a shared security expert was the appropriate approach and considered vendors who could provide these services. UMass submitted the best proposal; currently, eight PACE institutions are working with UMass on this matter, and it has proven to be a great partnership.

Ms. Silvia continued by providing an update on upcoming initiatives. An RFP was released for a shared copy/print vendor, and she noted that campuses had been helpful in providing data for this solicitation. Proposals are currently being reviewed, and campuses have been invited to participate in the process. She remarked that the Blackboard proposal had recently been reviewed, and PACE is working with campus CFOs to review contracts for the 18 schools that currently use it to allow for reduction in costs going forward. She continued that PACE also released an RFI for employee assistance programs, which would cut costs in half for their schools; while some schools are currently paying $32 per employee per year, PACE thinks that can be brought down to $10.42 per employee per year.

Ms. Silvia concluded by stating that, looking forward, PACE is developing a 5 year strategic plan with campus CIOs and CFOs which will consider the current and future state of technology. Through this strategic plan, PACE will seek to combine buying power, align purchasing schedules, and prioritize purchasing needs.

At the conclusion of the presentation, the Committee engaged in a discussion about the Mass Colleges Online initiative, which is distinct from UMass online. Ms. Silvia clarified that Mass Colleges Online includes online courses shared by the 24 community colleges and state universities, and savings are generated because it is managed by the campuses instead of a separate entity that requires administrative staff. Commissioner Santiago stated that the BHE is interested in online learning platforms and asked what the goals are in this arena five or ten years down the road. He wondered if the BHE should have a working group on this matter for further study. Committee Member LaRock asked what the policy learnings are from PACE work that could be used by the BHE to make decisions going forward and whether the BHE should consider how to consolidate the successes and use this as a platform to generate revenue. Committee Member Moreau stated that the BHE should connect the work of the transfer articulation initiative to the online learning platform, and that online learning is critically important for student access. He continued that the Commonwealth should make it as user friendly and interchangeable as possible. General Counsel Dena Papanikolaou stated that the BHE could consider these ideas during its retreat in the fall, and asked a clarifying question about the FY17 PACE report. Ms. Silvia responded that it is forthcoming.

III. ACCEPTANCE OF MINUTES

Committee Member Toner noted that a change needed to be made to the May 2, 2017 meeting minutes, because he was not in attendance at that meeting.

On a motion duly made and seconded, the minutes of the May 2, 2017 meeting of the Fiscal Affairs and Administrative Policy Committee were approved, subject to the amendment
discussed. Committee Member Toner abstained because he was not present at the May 2, 2017 meeting.

IV. REMARKS AND REPORTS

A. Committee Chair’s Remarks

No remarks were offered by Committee Chair Hopcroft.

B. Commissioner’s Remarks

Commissioner Santiago announced that a new CFO has been selected, Thomas Simard, who will be starting at DHE in July. He remarked that DHE is still understaffed in the Fiscal Department and that Joe Wallerstein was present on behalf of the Fiscal Department as Budget Director Ellen Osborne-Smith is on maternity leave.

V. MOTIONS

*List of documents used:*
Commonwealth of Massachusetts 403(b) Elective Deferral Savings Plan Handout

A. FAAP 17-25 Adoption of the Massachusetts 403(b) Elective Deferral Savings Plan Restatement

Committee Chair Hopcroft turned the meeting over to Public Higher Education Employee Retirement Director Richard Nunes, who introduced the motion. Mr. Nunes briefly described the 403(b) Plan and clarified that this plan only covers state universities, community colleges, and executive office employees; it does not cover UMass. He stated that the changes sought through this motion included an amendment that the BHE had already approved in December 2016 that allows for hardship withdrawals from the plan, as well as some fine tuning in the language that assures compliance with federal tax law.

On a motion duly made and seconded, the following motion was approved unanimously by all board members present:

**FAAP 17-25 ADOPTION OF THE MASSACHUSETTS 403(B) ELECTIVE DEFERRAL SAVINGS PLAN RESTATEMENT**

**MOVED:** In accordance with the applicable provisions of Chapter 15, Section 18A, of the Massachusetts General Laws, as amended, the Board of Higher Education herein adopts the restatement of the Massachusetts 403(b) Elective Deferral Savings Plan, represented by the attached plan document, to be effective as of January 1, 2017.

**Authority:** Massachusetts General Laws Chapter 15, Section 18A

**Contact:** Richard Nunes, Public Higher Education Employee Retirement Director
VI. PRESENTATIONS

A. Optional Retirement Plan Update

Mr. Nunes provided an update on the Optional Retirement Plan (ORP). He stated that in December 2015, the BHE adopted a restatement of the ORP, which is a portable alternative to the state pension system in which employees select a company to manage their account and assets. He continued that in January 2016, the DHE sent the plan to the IRS to ensure its compliance with the federal tax code. The IRS responded a year later (which is generally within the IRS’s time table) and requested 3 things: a change in the definition of spouse; an amendment to the definition of compensation specific to veterans; and confirmation that the DHE had completed tasks from an earlier amendment letter. Mr. Nunes informed the Committee that the DHE has complied with the IRS’ requests and is still waiting to hear back from the IRS.

B. Performance Measurement Update

Commissioner Santiago offered brief remarks, stating that the performance measurement metrics are presently under discussion by the campuses, and the dashboard is now online. He stated that he sees performance measurement as an integral part of our strategic planning initiative and an element of strategic planning that he hopes the campuses will also adopt, as it is a powerful tool that brings together both campus and presidential evaluations. Further, the BHE is both a coordinating and governing board, and this is an integral part of our governance. He then invited Senior Associate Commissioner for Research and Planning Jonathan Keller to provide an update on the Performance Measurement Initiative.

Senior Associate Commissioner Keller began by explaining that his presentation would be a continuation of the discussion at the December 2016 BHE meeting, and he provided an update on where things presently stand. He gave an overview of the structure of the performance measurement taskforce, which includes a steering committee and four loosely structured working groups. He continued with a discussion of the attributes of key performance indicators, which include specific benchmarks, peer analysis to address outcomes in ways that are meaningful, the measurement of progress towards goals (not static measurement), proposed timeframes for meeting goals, and scope and ease of use.

Senior Associate Commissioner Keller described a two stage performance measurement process: first considering the “low hanging fruit” for immediate action and then looking at the next steps. He provided an overview of the use of HEIRS data and stated the intent is to match the DHE database with the unemployment database to track employment outcomes. He remarked that the intent is for the data to be easily accessible for a diverse audience, so dynamic and end user dashboards and online assessment tools have been created. Finally, he demonstrated the dashboard and its functions for the Committee, including data points and trend lines.

At the conclusion of the presentation, the Committee engaged in a discussion about the Performance Measurement Initiative. Topics covered during the discussion period included the importance of using peer institutions nationally as references, including aspirational peer institutions; the increased attention on return on investment (ROI) in higher education, including
affordability and workforce outcomes in the initiative; and challenges in benchmarking across state lines.

VII. DISCUSSION

A. Collective Bargaining Update

Director of Employee and Labor Relations Michael Murray provided an update on collective bargaining agreements. He stated that, of the current collective bargaining agreements, 5 out of 6 agreements are about to expire.

First, he explained that the community college division of continuing education has been in negotiations since September 2016 and that the main issue in negotiations is that the union is seeking equal pay for adjunct faculty, which would include retirement benefits and a 280% increase in pay. Community colleges are not able to meet those demands, as enrollments are down, and in addition, retirement benefits would require a statutory change. Mr. Murray stated that discussions would continue over the summer, and he suspects there will not be an agreement by the fall. He stated that he anticipates a heightened publicity campaign on this negotiation as well.

Mr. Murray continued that the second agreement was for the Association of Professional Administrators, and he remarked that talks have been productive and cordial. He stated that the main issue involves flex/comp time and that the union is also seeking to align sick, personal, and vacation leave policies for consistency.

The third agreement was for faculty from state universities, and both sides were still exchanging proposals.

The fourth agreement was for continuing education faculty at state universities, and the status of those negotiations is similar to that of the community college continuing education division.

Finally, the fifth agreement was with AFSCME, which has been participating in ongoing meetings, and he expects that negotiations will wrap up this summer.

The remaining collective bargaining agreement is for day faculty at community colleges and is set to expire next year.

Mr. Murray continued by providing an update on the compensation system for community colleges. He stated that both sides were dissatisfied with current compensation system because it was overly complicated, had been in place since the 1990s, was too subjective, and was not very transparent. A committee was formed and financial analyses were completed, and as a result a new system was developed and ratified that will become effective July 1.

B. FY18 Budget Update

Committee Chair Hopcroft turned the meeting over to Interim Budget Director Joe Wallerstein to provide an update on the FY18 budget. Mr. Wallerstein stated that the legislative Conference Committee budget should be out around July 1. He noted that the Senate FY18 budget was released in May, and some highlights included: the State University Internship Incentive program and TRAIN (a program for the long term unemployed) were included in the DHE
administrative line. The Senate also included an additional $400,000 for administrative costs, though part is for campus sexual assault work. He continued that PIF was funded at $2.75 million, and Inclusive Concurrent Enrollment was funded in the Governor’s and House budgets, but not in the Senate. He noted that Dual Enrollment saw a small bump in the Senate’s budget, and Financial Aid also received a small bump in the general scholarship line item and foster care programs. Mr. Wallerstein continued that, for Workforce Development programs, the Governor’s budget rolled up Nursing and Allied Health and Community College workforce into the Stem Starter Academy. The House budget brought back nursing and community college workforce funding; though it went away in the Senate budget, it should come back in conference. Mr. Wallerstein concluded his presentation by stating that there were additional small increases in state university and community college formula funding.

After the presentation, Commissioner Santiago offered brief remarks, stating that overall it is a flat budget. Committee Member LaRock remarked on the Tufts Veterinary School allocation, stating that money could be better served in other ways, such as providing assistance to MASSGrant students.

VIII. OTHER BUSINESS

There was no other business.

IX. ADJOURNMENT

Having no further business, Committee Chair Hopcroft called for a motion to adjourn, which was seconded. The meeting adjourned at 3:01pm.