

**Massachusetts Board of Higher Education  
Fiscal Affairs and Administrative Policy Committee Meeting  
October 16, 2018**

The October 16, 2018 meeting of the Fiscal Affairs and Administrative Policy (FAAP) Committee was held in Large Conference Room on the 14th floor of One Ashburton Place, Boston, Massachusetts.

- Committee Members Present:** Committee Members, Tom Hopcroft, Paul Toner, J.D. La Rock, Paul Mattera and Secretary of Education James Peyser
- Committee Members Absent:** Board Chair Chris Gabrieli
- Special Guests:** Edward Adelman, Executive Director, MSCBA; Karol Ostberg CFO MSCBA; Karen House Salem State University; Dale Hamel Framingham State University
- Department Staff Present:** Thomas Simard, Deputy Commissioner for Administration and Finance; Patricia Marshall; Ellen Osborne-Smith; Joe Wallerstein; Elena Quiroz-Livanis, Dena Papanikolaou

**I. CALL TO ORDER**

Chairman Hopcroft called the meeting to order at 1:55 p.m.

**II. ACCEPTANCE OF MINUTES**

On a motion duly made and seconded, the minutes from the June 12, 2018 meeting of the Fiscal Affairs and Administrative Policy Committee were unanimously approved.

**III. REMARKS**

No remarks were offered by Chairman Hopcroft.

**IV. MOTIONS**

List of documents used:  
*MSCBA PowerPoint Presentation*

Committee Chair Hopcroft turned the meeting over to Ed Adelman from the Massachusetts State College Building Authority (MSCBA) for a presentation on requests for approval for seven higher education funding projects. The chair explained that the Committee would be voting on all of the motions presented by Mr. Adelman at the end of the presentation on a consent agenda.

Before highlighting aspects of the individual projects, Mr. Adelman provided an overview of the MSCBA's role and its business before the Board, and then continued to review the projects to renovate and renew existing facilities.

**A. FAAP 19-02 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY FITCHBURG STATE UNIVERSITY DINING SERVICES IMPROVEMENTS**

Mr. Adelman provided the Committee with an update on Fitchburg State University Dining Services' \$1.675M improvement projects focusing on the Holmes Dining Hall. With no additional questions or comments, discussion continued to the next motion.

**FAAP 19-02 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY STUDENT ACTIVITY PROJECT**

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
DINING SERVICES IMPROVEMENTS  
FITCHBURG STATE UNIVERSITY

1. The Commissioner of the System of Public Higher Education (the "Commissioner") is authorized and directed in the name and on behalf of the Board of Higher Education (the "Board") to make a written request to the Massachusetts State College Building Authority (the "Authority") that the Authority initiate the projects described in EXHIBIT A attached hereto.

2. Bonds issued by the Authority to finance the projects for which a request is hereby authorized may be issued together with or separately from bonds issued to carry out other projects of the Authority for which the Board authorizes a request.

3. The Commissioner and all other officers of the Board, each acting singly, are authorized to request the Commissioner of Administration to approve in writing the initiation by the Authority of the projects for which a request is hereby authorized, and to do such other things and to take such other action as the officer so acting shall, as conclusively evidenced by the taking of such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.

4. The Board and the Commonwealth of Massachusetts, acting by and through the Board, declare their official intent under §1.150-2(d)(1) and (e) of the Treasury Regulations as follows:

The Board reasonably expects that there shall be reimbursed from the proceeds of bonds issued by the Authority, expenditures (including expenditures made within the last 60 days) temporarily advanced by the Commonwealth (including within such term the Board and the State Universities) for the projects for which a written request is hereby authorized, the maximum principal amount of such bonds expected to be issued, all or a portion of the proceeds of which are reasonably expected to be used for such reimbursement purposes, being \$1,675,000.

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Thomas Simard, Deputy Commissioner for Administration & Finance

**B. FAAP 19-03 Approval of Massachusetts State College Building Authority  
Fitchburg State University Recreation Center Roof Replacement**

Mr. Adelman provided the Committee with an update on Fitchburg State University's Recreation Center roof replacement project. Mr. Adelman noted that this was a routine replacement of a roof that had reached the end of its useful life. The project is expected to cost \$1.23M. With no additional questions or comments, discussion continued to the next motion.

**FAAP 19-03 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING  
AUTHORITY STUDENT ACTIVITY PROJECT**

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
RECREATION CENTER ROOF REPLACEMENT  
FITCHBURG STATE UNIVERSITY

1. The Commissioner of the System of Public Higher Education (the "Commissioner") is authorized and directed in the name and on behalf of the Board of Higher Education (the "Board") to make a written request to the Massachusetts State College Building Authority (the "Authority") that the Authority initiate the projects described in EXHIBIT A attached hereto.

2. Bonds issued by the Authority to finance the projects for which a request is hereby authorized may be issued together with or separately from bonds issued to carry out other projects of the Authority for which the Board authorizes a request.

3. The Commissioner and all other officers of the Board, each acting singly, are authorized to request the Commissioner of Administration to approve in writing the initiation by the Authority of the projects for which a request is hereby authorized, and to do such other things and to take such other action as the officer so acting shall, as conclusively evidenced by the taking of such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.

4. The Board and the Commonwealth of Massachusetts, acting by and through the Board, declare their official intent under §1.150-2(d)(1) and (e) of the Treasury Regulations as follows:

The Board reasonably expects that there shall be reimbursed from the proceeds of bonds issued by the Authority, expenditures (including expenditures made within the last 60 days) temporarily advanced by the Commonwealth (including within such term the Board and the State Universities) for the projects for which a written request is hereby authorized, the maximum principal amount of such bonds expected to be issued, all or a portion of the proceeds of which are reasonably expected to be used for such reimbursement purposes, being \$1,230,000.

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Thomas Simard, Deputy Commissioner for Administration & Finance

**C. FAAP 19-04 Approval of Massachusetts State College Building Authority Framingham State University Athletic Facility Improvements**

Mr. Adelman summarized for the Committee the \$1.455M Framingham State athletic facility improvement project. With no additional questions or comments, discussion continued to the next motion.

**FAAP 19-04 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY STUDENT ACTIVITY PROJECT**

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
ATHLETIC FACILITY IMPROVEMENTS  
FRAMINGHAM STATE UNIVERSITY

1. The Commissioner of the System of Public Higher Education (the "Commissioner") is authorized and directed in the name and on behalf of the Board of Higher Education (the "Board") to make a written request to the Massachusetts State College Building Authority (the "Authority") that the Authority initiate the projects described in EXHIBIT A attached hereto.
2. Bonds issued by the Authority to finance the projects for which a request is hereby authorized may be issued together with or separately from bonds issued to carry out other projects of the Authority for which the Board authorizes a request.
3. The Commissioner and all other officers of the Board, each acting singly, are authorized to request the Commissioner of Administration to approve in writing the initiation by the Authority of the projects for which a request is hereby authorized, and to do such other things and to take such other action as the officer so acting shall, as conclusively evidenced by the taking of such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.
4. The Board and the Commonwealth of Massachusetts, acting by and through the Board, declare their official intent under §1.150-2(d)(1) and (e) of the Treasury Regulations as follows:

The Board reasonably expects that there shall be reimbursed from the proceeds of bonds issued by the Authority, expenditures (including expenditures made within the last 60 days) temporarily advanced by the Commonwealth (including within such term the Board and the State Universities) for the projects for which a written request is hereby authorized, the maximum principal amount of such bonds expected to be issued, all or a portion of the proceeds of which are reasonably expected to be used for such reimbursement purposes, being \$1,455,000.

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Thomas Simard, Deputy Commissioner for Administration & Finance

**D. FAAP 19-05 Approval of Massachusetts State College Building Authority  
Massachusetts College of Liberal Arts Athletic Facility Improvements**

Mr. Adelman provided the Committee with a summary of the Massachusetts College of Liberal Arts athletic facility improvement project. Chair Hopcroft whether the total amount of \$1.2M listed on the exhibit was correct. Karol Ostberg the CFO of MSCBA clarified that the correct amount is 1.12M. Motion was edited to reflect the correct amount.

With no additional questions or comments, discussion continued to the next motion.

**FAAP 19-05 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
STUDENT ACTIVITY PROJECT**

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
ATHLETIC FACILITY IMPROVEMENTS  
MASSACHUSETTS COLLEGE OF LIBERAL ARTS

1. The Commissioner of the System of Public Higher Education (the "Commissioner") is authorized and directed in the name and on behalf of the Board of Higher Education (the "Board") to make a written request to the Massachusetts State College Building Authority (the "Authority") that the Authority initiate the projects described in EXHIBIT A attached hereto.

2. Bonds issued by the Authority to finance the projects for which a request is hereby authorized may be issued together with or separately from bonds issued to carry out other projects of the Authority for which the Board authorizes a request.

3. The Commissioner and all other officers of the Board, each acting singly, are authorized to request the Commissioner of Administration to approve in writing the initiation by the Authority of the projects for which a request is hereby authorized, and to do such other things and to take such other action as the officer so acting shall, as conclusively evidenced by the taking of such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.

4. The Board and the Commonwealth of Massachusetts, acting by and through the Board, declare their official intent under §1.150-2(d)(1) and (e) of the Treasury Regulations as follows:

The Board reasonably expects that there shall be reimbursed from the proceeds of bonds issued by the Authority, expenditures (including expenditures made within the last 60 days) temporarily advanced by the Commonwealth (including within such term the Board and the State Universities) for the projects for which a written request is hereby authorized, the maximum principal amount of such bonds expected to be issued, all or a portion of the proceeds of which are reasonably expected to be used for such reimbursement purposes, being \$1,120,000.

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Thomas Simard, Deputy Commissioner for Administration & Finance

**E. FAAP 19-06 Approval of Massachusetts State College Building Authority  
Massachusetts Maritime Academy Athletic Field Improvements**

Mr. Adelman discussed the Massachusetts Maritime Academy athletic fields improvement project. Mr. Adelman noted that the project's cost of \$1.0M would be funded by Massachusetts Maritime Academy but that statute required that MSCBA receives FAAP and BHE approval. Committee Member Mattera asked if that meant it was being funded by Mass Maritime Academy. Mr. Adelman affirmed that was correct. With no additional questions or comments, discussion continued to the next motion.

**FAAP 19-06 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
STUDENT ACTIVITY PROJECT**

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
ATHLETIC FIELD IMPROVEMENTS  
MASSACHUSETTS MARITIME ACADEMY

1. The Commissioner of the System of Public Higher Education (the "Commissioner") is authorized and directed in the name and on behalf of the Board of Higher Education (the "Board") to make a written request to the Massachusetts State College Building Authority (the "Authority") that the Authority initiate the projects described in EXHIBIT A attached hereto.
2. Bonds issued by the Authority to finance the projects for which a request is hereby authorized may be issued together with or separately from bonds issued to carry out other projects of the Authority for which the Board authorizes a request.
3. The Commissioner and all other officers of the Board, each acting singly, are authorized to request the Commissioner of Administration to approve in writing the initiation by the Authority of the projects for which a request is hereby authorized, and to do such other things and to take such other action as the officer so acting shall, as conclusively evidenced by the taking of such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Thomas Simard, Deputy Commissioner for Administration & Finance

**F. FAAP 19-07 Approval of Massachusetts State College Building Authority Residence Hall Renewal and Adaption System-Wide**

Next, Mr. Adelman provided the Committee with an update on MSCBA's \$22.9M system-wide residence hall renewal and adaptation projects. The residence hall capital repair projects identified in Attachment A to the motion are integral with the multi-year, system-wide facility renewal program of the Authority. The goal of the program is to establish and to sustain quality residence life facilities for all students at the nine state university campus, regardless of the age of the structure. With no additional questions or comments, discussion continued to the next motion.

**FAAP 19-07 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY RESIDENCE HALL RENEWAL AND ADAPTION PROJECTS**

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY  
RESIDENCE HALL RENEWAL AND ADAPTION  
SYSTEM-WIDE

1. The Commissioner of the System of Public Higher Education (the "Commissioner") is authorized and directed in the name and on behalf of the Board of Higher Education (the "Board") to make a written request to the Massachusetts State College Building Authority (the "Authority") that the Authority initiate the projects described in EXHIBIT A attached hereto.

2. Bonds issued by the Authority to finance the projects for which a request is hereby authorized may be issued together with or separately from bonds issued to carry out other projects of the Authority for which the Board authorizes a request.

3. The Commissioner and all other officers of the Board, each acting singly, are authorized to request the Commissioner of Administration to approve in writing the initiation by the Authority of the projects for which a request is hereby authorized, and to do such other things and to take such other action as the officer so acting shall, as conclusively evidenced by the taking of such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.

4. The Board and the Commonwealth of Massachusetts, acting by and through the Board, declare their official intent under §1.150-2(d)(1) and (e) of the Treasury Regulations as follows:

The Board reasonably expects that there shall be reimbursed from the proceeds of bonds issued by the Authority, expenditures (including expenditures made within the last 60 days) temporarily advanced by the Commonwealth (including within such term the Board and the State Universities) for the projects for which a written request is hereby authorized, the maximum principal amount of such bonds expected to be issued, all or a portion of the proceeds of which are reasonably expected to be used for such reimbursement purposes, being \$22,905,000.

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Thomas Simard, Deputy Commissioner for Administration and Finance

**G. FAAP 19-08 Approval of Massachusetts State College Building Authority Revenue Bond Refunding**

Mr. Adelman provided the Committee with a presentation on MSCBA revenue bond refunding. The debt refund was of 2012 Class AA Bonds funding Westfield State University residence hall. Mr. Adelman noted that this would realize cash flow saving in the next five years and that MSCBA was required to seek board approval. With no additional questions or comments, discussion continued to the next motion.

**FAAP 19-08 APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY REVENUE BOND REFUNDING**

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

1. The Massachusetts State College Building Authority is hereby authorized to issue refunding bonds to refund certain of its outstanding bonds, as described in the attachment. The Commissioner is hereby authorized and directed, in the name and on behalf of the Board of Higher Education, to approve in writing the issuance by said Authority of bonds for such refunding purpose.

Authority: Massachusetts General Laws Chapter 15A, Section 6; St. 1963, c. 703 s. 5, 7, 18A

Contact: Thomas Simard, Deputy Commissioner for Administration & Finance

**H. FAAP 19-09 Consent Agenda**

Chair Hopcroft called for a bundled vote on FAAP motions 19-02 through 19-08, noting the technical amendment to FAAP 19-05. On a motion duly made and seconded a motion to consolidate FAAP motions 19-02 through 19-08 for approval passed unanimously. Chair Hopcroft then asked for a motion to approve and place FAAP motions 19-02 through 19-08 on a consent agenda (FAAP 19-09); the motion was duly made, seconded and passed unanimously.

**FAAP 19-09 CONSENT AGENDA**

**VOTED:** to approve FAAP motions 19-02 through 19-08 and place them on a consent agenda, for full BHE consideration.

FAAP 19-02	Approval of Massachusetts State College Building Authority Fitchburg State University Dining Services Improvements
------------	---

FAAP 19-03	Approval of Massachusetts State College Building Authority Fitchburg State University Recreation Center Roof Replacement
FAAP 19-04	Approval of Massachusetts State College Building Authority Framingham State University Athletic Facility Improvements
FAAP 19-05	Approval of Massachusetts State College Building Authority Massachusetts College of Liberal Arts Athletic Facility Improvements
FAAP 19-06	Approval of Massachusetts State College Building Authority Massachusetts Maritime Academy Athletic Field Improvements
FAAP 19-07	Approval of Massachusetts State College Building Authority Residence Hall Renewal and Adaption System-Wide
FAAP 19-08	Approval of Massachusetts State College Building Authority Revenue Bond Refunding

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Thomas Simard, Deputy Commissioner for Administration & Finance

## V. DISCUSSION

### **FY19 Budget Overview**

Chair Hopcroft turned the discussion over to Deputy Commissioner for Administration and Finance Thomas Simard. Deputy Commissioner Simard provided the committee with an update on the FY19 GAA budget. He noted that in the DHE's Main Administration account (7066-0000), the TRAIN earmark, a program for the long-term unemployed had been funded at \$1.5M. He further noted that the FY19 BHE recommendation had not included funding but recommended seeking a prior appropriation continuation (PAC) funding for FY18 monies into FY19. The FY19 amount reflected an overall increase in this earmark.

Deputy Commissioner Simard continued to note that the FY19 GAA included funding for the first-year costs to run the State Authorization Reciprocity Agreement (SARA), but that the DHE anticipated that in future fiscal years the program cost would be supported by fees and would be self-sustaining. Deputy Commissioner Simard continued that FY19 GAA funding for financial aid was consistent with the BHE's recommendation, and that with an additional \$7M in new funding the Department was implementing the new MASSGrant Plus, a last dollar aid package for degree-seeking students at community colleges.

Deputy Commissioner Simard also noted that the FY19 GAA included increases in the State University and Community College line items as well as to the funding formula line items for a total increase of approximately \$23M. In Deputy Commissioner Simard's view, the increases to the DHE's FY19 budget reflect the overall strength of the state's financial situation.

Committee Member LaRock asked for Deputy Commissioner Simard to explain further some of the details surrounding the MASSGrant Plus initiative. Deputy Commissioner Simard stated that the DHE had been working with the campuses to account for differences in levels of commitment of last dollar aid to students at individual campuses. He noted that the MASSGrant

Plus funding was contingent upon continued campus commitments for financial aid and that the reimbursement formula would take those commitments into account. To assist campuses in estimating the amounts that students could be eligible to receive, the DHE had built a financial aid calculator for financial aid directors. Committee Member LaRock asked if this allocation method was completely worked through. Deputy Commissioner Simard replied that campuses have not made any last-dollar calculations yet, but that the DHE was requiring schools to submit certification and a reimbursement request by the end of the Fall semester before reimbursements were allocated.

Committee Member LaRock discussed issues around the sequencing of financial aid, noting that he felt EFC to be a poor measure of need, and asking why a family's EFC was being considered before a MASSGrant Plus award. Deputy Commissioner Simard noted that the DHE's intent to use feedback from the campuses in the coming year, working with the Department's Research and Planning unit to assist in the design of the aid award. Secretary Peyser added that the aim was to supplement not supplant campus aid whereby the DHE would be creating a compensatory method of rewarding campuses for providing more aid. While acknowledging the difficulty of layering financial aid, Secretary Peyser indicated that he thought some of these were transitional problems that would become easier in years to come. Secretary Peyser also noted that EFC may not be the best measure, but it is commonly accepted.

Committee Member LaRock asked how the new method, however conceived, could apply if an EFC is calculated at zero. Deputy Commissioner Simard explained the DHE's intent to monitor the implementation of the program, noting that the program appears to be having its intended effect.

Committee Member Toner asked whether pay increases in the campus collective bargaining agreement (CBA) had been triggered by state revenue. Deputy Commissioner Simard replied that the revenue target triggering the additional 1% increase had been reached, noting further that the legislature had acknowledged that increases in CBA costs were an ongoing commitment. Secretary Peyser noted that the legislature included unfunded collective bargaining costs in their conference budget.

Secretary Peyser mentioned that the FY19 GAA included \$1.7M in EOE's budget for early college, as well as an increase in the Commonwealth Dual Enrollment Program. Secretary Peyser also noted the passage of supplemental funding for the DHE's Foster and Adopted Fee Waiver Scholarship program. Deputy Commissioner Simard noted that the DHE is working to refine its projection of the Foster and Adopted Fee Waiver (FAFW) account (7066-0021) and is working with ANF to ensure that any future shortfalls are funded appropriately. Chief Legal Counsel Papanikolaou noted that the FAFW program is an entitlement program, which prompted Deputy Commissioner Simard to add that the DHE's expects to introduce statutory language in December 2018 that acknowledges this commitment.

### **Fiscal Affairs and Administrative Policy Committee Goals for FY2019**

Following the conclusion of the budget discussion, Chair Hopcroft asked Deputy Commissioner Simard to outline the FAAP Committee goals for FY19. Deputy Commissioner Simard touched on collective bargaining, performance funding, performance measurement as connected to formula funding, as well as the THESIS working group. Deputy Commissioner Simard described the THESIS working group's focus on developing policy recommendations in connection with the fiscal health of private institutions of higher education in Massachusetts. Deputy

Commissioner Simard noted that the THESIS working group would be scheduling two additional meetings before the January 2019 BHE meeting. He added that he expected the group would request the BHE to consider recommendations at that meeting.

## **VI. OTHER BUSINESS**

Following Deputy Commissioner Simard presentation of FAAP FY19 goals, Chair Hopcroft asked if there was any other business before the committee. Hearing none, Chair Hopcroft suggested adjournment.

## **VII. ADJOURNMENT**

Committee Member Toner called for a motion to adjourn, which was seconded. The meeting adjourned at 2:32 p.m.