The January 16, 2018 meeting of the Fiscal Affairs and Administrative Policy (FAAP) Committee was held in Conference Room 3 on the 21st floor of One Ashburton Place, Boston, Massachusetts.

Committee Members Present: Committee Chair Tom Hopcroft; J.D. La Rock; Paul Toner; Tom Moreau (designee for EOE Secretary James Peyser)

Committee Members Absent: Board Chair Chris Gabrieli; Paul Mattera

Special Guests: Edward Adelman, Executive Director, MSCBA; Karol Ostberg, CFO, MSCBA

Department Staff Present: Deputy Commissioner for Administration and Finance Thomas Simard; Kathleen Flanagan; Patricia Marshall; Ellen Osborne-Smith; Dena Papanikolaou; Elena Quiroz-Livanis; Joe Wallerstein; Ashley Wisneski

I. CALL TO ORDER

Chair Hopcroft called the meeting to order at 1:09pm.

II. ACCEPTANCE OF MINUTES

On a motion duly made and seconded, the minutes from the December 5, 2017 meeting of the Fiscal Affairs and Administrative Policy Committee were unanimously approved.

III. REMARKS

No remarks were offered by Committee Chair Hopcroft or Commissioner Santiago.

IV. MOTIONS

Chair Hopcroft invited Edward Adelman and Karol Ostberg of the Massachusetts State College Building Authority (MSCBA) to present to the Committee.

A. FAAP 18-10 FISCAL YEAR 2019 RENT SCHEDULE AND OPERATING BUDGETS MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

List of documents used:
FY19 MSCBA Rent Presentation

Mr. Adelman provided the committee with an update on the proposed FY19 rent schedule. He began by explaining the statutory requirement to collect revenue through fees sufficient to cover expenses, namely debt service and administrative costs, and noted that the proposed FY19 expenditures and revenue reflects a 3% increase from the current net position. Mr. Adleman then reviewed the breakdown of how the MSCBA allocates the current fees it collects. He noted...
that costs associated with operations account for over half of the allocation of the new rent fees, and that these increases in operating costs are attributable to rising salary costs related to collective bargaining. He offered a comparison of Massachusetts’ rents compared to private institutions and other New England public higher education institutions.

Mr. Adelman proceeded to discuss the increases in the housing grant program. He noted that different campuses take different approaches, and the MSCBA allows each campus to target its grant funds. Committee Member Toner asked for a clarification of how MSCBA funds student housing financial aid programs. Mr. Adelman explained that student housing financial aid programs are funded by a 2% surcharge on rent revenue received, which is then allocated to each campus based on the number of beds at each campus. The funds are applied to offset student charges by the campuses based on demonstrated need.

Mr. Adelman turned the discussion over to Karol Ostberg of MSCBA to discuss the recent campus funding bond issuance. She noted that the issuance was relatively small but that the MSBCA had achieved some savings from the issuance of advance refunding bonds.

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

**FAAP 18-10  FISCAL YEAR 2018 RENT SCHEDULE AND OPERATING BUDGETS MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY**

**MOVED:** The Board of Higher Education hereby approves the attached Fiscal Year 2018 Schedule of Proposed Rents and Operating Budget for the Authority and State University Residence Halls, effective July 1, 2017, provided that any increase in the rent schedule shall be subject to the approval of the Board of Higher Education.

**Authority:** M.G.L. c. 73 App., §§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:** Thomas J. Simard, Deputy Commissioner for Administration and Finance

**B. FAAP 18-18 Approval of FAAP Motions 18-11 through 18-17 on a Consent Agenda**

Mr. Adelman proceeded to give a presentation on the State University and Community College Tuition Rates for FY2019. No change is recommended for the FY2019 tuition rates for either resident or non-resident and, further, that no change is recommended in undergraduate and graduate tuition rates.

On a motion duly made and seconded, FAAP motions 18-11 through 18-17 were bundled for approval and for placement on a consent agenda. The motion passed unanimously by all board members present, resulting in the following, approved bundled motion:
FAAP 18-18  

APPROVAL OF FISCAL AFFAIRS AND ADMINISTRATIVE POLICY COMMITTEE MOTIONS 18-11 THROUGH 18-17 ON A CONSENT AGENDA

MOVED:  
The Board of Higher Education approves the following motions on a consent agenda:

FAAP 18-11  
Community Colleges  
Resident Tuition Rates for FY2019

FAAP 18-12  
Community Colleges  
Non-Resident Tuition Rates for FY2019

FAAP 18-13  
State Universities  
Resident Undergraduate Tuition Rates for FY2019

FAAP 18-14  
State Universities  
Non-Resident Undergraduate Tuition Rates for FY2019

FAAP 18-15  
State Universities  
Resident Graduate Tuition Rates for FY2019

FAAP 18-16  
State Universities  
Non-Resident Graduate Tuition Rates for FY2019

FAAP 18-17  
Berkshire Community College and Massachusetts College of Liberal Arts Alternative Non-Resident Undergraduate Tuition Rates for FY2019

Authority:  
Massachusetts General Laws Chapter 15A, Section 6

Contact:  
Thomas J. Simard, Deputy Commissioner for Administration and Finance

V. OTHER BUSINESS

Chair Hopcroft asked if there was any other business and Tom Simard, Deputy Commissioner for Administration and Finance, offered an update on the audit of three of the Department’s financial aid programs. Deputy Commissioner Simard noted that there have been no substantive changes in the scope of the audit but that there were some internal changes at the State Auditor’s Office (SAO) that could delay the conclusion of the audit engagement. He continued on to note that scheduling of the exit conference and draft findings will be updated accordingly. Deputy Commissioner Simard turned the meeting over to General Counsel Dena Papanikolaou for additional comments on the ongoing audit.

Ms. Papanikolaou reported that the auditor is still working to conclude its investigation of the first preliminary finding regarding the efficacy of the three financial aid programs. She reported that the DHE is working with the SAO to provide access to the data requested by the SAO as well as defining which metrics the auditor will use to evaluate the DHE, including potentially graduation rates and student debt. Committee Member Toner asked whether, if the auditor finds that the Department does not measure outcomes effectively, solutions would also be proposed. Ms.
Papanikolaou said that she expected the auditor to suggest that the Department follow the example of certain other states. Committee Member Toner asked if the auditor had noted other states that measured outcome. Ms. Papanikolaou noted that Colorado had been cited as a state that measures the outcomes of its financial aid programs.

Following the audit update, Deputy Commissioner Simard remarked on the renewed formation of a working group to explore issues regarding rate setting for state-supported and non-state-supported tuition. Assistant Secretary for Policy and Planning Tom Moreau commented that there were some differences in between the University of Massachusetts and the state universities.

VI. ADJOURNMENT

Having no further business, Committee Chair Hopcroft called for a motion to adjourn, which was seconded. The meeting adjourned at 1:33 p.m.