



Massachusetts Board of Higher Education

FY2018 Budget Recommendation

December 2016

Massachusetts Board of Higher Education
FY2018 Budget Request

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FY2018 Budget Request: DHE State Appropriated Line Items

The Department of Higher Education’s FY2018 budget recommendation is aligned with the Board of Higher Education’s strategic agenda for public higher education, specifically, the Board’s “Big Three” plan to increase college access, improve college completion, and close achievement gaps. Additional funding for the Performance Incentive Fund, the Commonwealth’s Dual Enrollment Program, and Financial Aid directly supports those priorities.

Other increases over FY2017 are necessary to support maintenance-level funding for current DHE personnel, rent escalation, and additional investment to support the implementation of the Campus Safety and Violence Prevention recommendations. In total, the FY2018 request for the DHE line-items, not including the campus appropriations, reflects a 2% increase or approximately \$2.6 million over FY2017.

Campus funding recommendations for FY2018 include a roll-forward of all projected collective bargaining costs, FY17 formula funding allocations, as well as a 2% increase to be allocated through the metrics of the respective segmental performance funding formulas as administered by the DHE. The line-item detail by campus is included in Appendix B.

DHE Administration and Program Support

- DHE Administrative Account
- Performance Incentive Fund (PIF)
- Commonwealth Dual Enrollment Program (CDEP)
- Bridges to College
- College Health and Welfare Account

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|---------------------------------------|---------------|-------------|
| DHE Administration (7066-0000) | FY18 Request: | \$3,300,498 |
| | FY17 GAA: | \$4,256,503 |
| | % change: | - 22% |

This line-item is the Department of Higher Education’s main administrative account that supports programmatic and administrative personnel. This line-item also supports the \$1 million earmark for the State University Internship Incentive program, a matching contribution program to support employer-sponsored internships at the Commonwealth’s nine state universities.

In FY18, the DHE is requesting \$150,000 in funding for the implementation of the Campus Safety and Violence Prevention (CSVP) recommendations. Additionally, approximately \$93,000

in funding is necessary to support increases in funding for current personnel at the DHE. There is no net increase of FTEs requested for FY18. An additional \$16,500 is necessary to meet expected lease obligations. [Note: the FY17 GAA includes \$1.2 million in one-time funding for TRAIN, a worker retraining initiative located at five community college campuses. Net increase to the line-item without TRAIN funding is \$259,000 or approximately 8.4%].

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| Performance Incentive Fund (7066-0025) | FY18 Request: | \$4,250,000 |
| | FY17 GAA: | \$2,750,000 |
| | % Change: | 54.6% |

The Performance Incentive Fund continues to serve as the Department’s prime vehicle for improving degree production, creating new efficiencies and meeting the workforce needs of the Commonwealth. This competitive grant program, rewarding innovative thinking and proven results at the campus level, was funded at \$2.75 million in FY2017, a sharp reduction from its high-water mark of \$7.5 million in FY2014. For FY2018, the Department calls for PIF funding to be increased to \$4.25 million, an additional sum of \$1.5 million, so that the Department may continue to make progress on the goals articulated by the Board of Higher Education, in particular, the Commonwealth Commitment program to improve access, affordability and college completion.

Specifically, the Department would award competitive grants to individual campuses and regional campus consortia to support:

- The *Commonwealth Commitment* program, which is intended to incentivize college completion and reduce the cost of a bachelor’s degree by an average of 40%. Grants would be given in support of campus efforts to 1) improve transfer advising and 2) expand support services to students with the goal of allowing them to attend college full-time.
- The expansion of the *100 Males to College* program to support the college-going aspirations for low-income males, and males of color in Gateway cities. Small scale programs in Springfield and Framingham have resulted in college going rates of 96-100%.
- The expansion of campus programs to increase the diversity of students enrolled in educator preparation programs to better reflect the diversity of students in the Commonwealth’s PreK-12 classrooms.

In addition to grants supporting work in these areas, PIF funds will continue to support the Department’s work with campuses to expand MassTransfer Pathways, the Partnership to Advance Collaboration & Efficiency (PACE) and to conduct ongoing program evaluations

through the UMASS Donahue Institute. As the budget moves through the FY2018 legislative process, the DHE is also recommending rebranding the line-item to the **Campus Access, Innovation and Completion Incentive Program** (CAICIP) to better reflect BHE priorities.

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| Commonwealth Dual Enrollment Program (7066-0019) | FY18 Request: | \$1,500,000 |
| | FY17 GAA: | \$1,050,000 |
| | % Change: | 42.8% |

The Commonwealth Dual Enrollment Program (CDEP) provides opportunities for Massachusetts high school students to take free or reduced-cost college-level courses and earn credit simultaneously toward high school completion and their future college degrees. In FY18, the Department seeks an additional investment of \$450,000 for the program with the goal of expanding the program to meet the unmet demand throughout the Commonwealth. The additional funding would allow campuses to expand early college experiences for low-income students, students who would be the first in their families to attend college, and students interested in high-demand, STEM-related fields. National research on dual enrollment concludes that such programs drastically increase the likelihood of students attending and graduating from college. The additional funds requested by the Department would increase CDEP enrollment by approximately 60%.

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| Bridges to College (7066-0040) | FY18 Request: | \$250,000 |
| | FY17 GAA: | \$250,000 |
| | % Change: | 0 % |

The Bridges to College initiative, piloted in FY2014, provides funding to qualified adult basic education providers for services to low-income and entry level workers. DHE has been involved in both the planning and implementation of this program and is requesting that the current investment of \$250,000 be maintained in FY2018.

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| College Health and Welfare Account (7520-0424) | FY18 Request: | \$5,943,515 |
| | FY17 GAA: | \$5,481,664 |
| | % Change: | 8.3% |

Funding in this account supports health, dental and vision benefits for collective bargaining units at the institutions. The budget reflects mandatory contributions based on currently negotiated contracts and projected FTE levels. DHE supports funding to support the total projected benefit costs for all campus personnel in FY2018, an 8.3% increase over FY2017.

Financial Aid

- Massachusetts State Scholarship
 - Foster Care and Adopted Fee Waiver
 - Foster Care Financial Aid
 - High Demand Scholarships
-

Massachusetts State Scholarship (7070-0065) FY18 Request: \$96,732,559
FY17 GAA: \$95,632,559
% Change: 1.1%

The DHE is requesting an increase of \$1.1 million over FY2018, approximately a 1% increase, to primarily support the MASSGrant program. The MASSGrant program provides need-based financial assistance to undergraduate students who reside in Massachusetts and who are enrolled in and pursuing a program of higher education in any approved public or independent college, university, school of nursing or any other approved institution providing a program of higher education.

The demand for assistance to low and moderate income students has increased while the cost of attending college has risen. As a result, the buying-power of an average MASSGrant award – at approximately \$750 -- has been diminished significantly. In 1988, the average grant award was sufficient to cover 85% of the total student costs; in FY2017 the average grant award is able to cover approximately 9% of the total projected student costs.

An increase of \$100K is requested for this account in FY18 to study the viability of a pilot initiative to encourage low income families to commit to a long-term college financing plan.

Foster Care Financial Aid Waiver (7066-0016) FY18 Request: \$1,075,000
FY17 GAA: \$1,151,236
% Change: 7%

The Foster Care Financial Aid Waiver provides up to 100% resident tuition and fee assistance to identified students in foster care programs overseen by the Department of Children and Families (DCF) for state-supported courses offered at participating public higher education institutions. The recommended increase in funding will support the projected student need for FY2018.

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| Foster Care and Adopted Fee Waiver (7099-0021) | FY18 Request: | \$5,298,073 |
| | FY17 GAA: | \$4,274,842 |
| | % Change: | 23.9% |

The Foster Care and Adopted Fee Aid Waiver provides up to 100% resident tuition and fee assistance at participating public higher education institutions to students under the age of 24 who were previously in the custody of the Department of Children and Families (DCF) and had been adopted by a Massachusetts state employee or eligible state resident, regardless of the date of adoption. The recommended increase in funding will fully fund the projected demand for the program in FY2018.

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| High Demand Scholarships (7070-0066) | FY18 Request: | \$500,000 |
| | FY17 GAA: | \$500,000 |
| | % Change: | 0% |

This line-item supports scholarships to students at the community colleges, state universities and UMass who are pursuing a program that is deemed a high demand profession, such as those in STEM and health care fields. DHE is requesting that this program be level-funded in FY2018.

Workforce Development

- STEM Pipeline Fund
- STEM Starter Academies
- Rapid Response Incentive Program
- Nursing and Allied Health Initiative
- Community College Workforce Grants

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| STEM Pipeline Trust Fund (7066-0035) | FY18 Request: | \$1,500,000 |
| | FY17 GAA: | \$1,500,000 |
| | % Change: | 0% |

The STEM Pipeline Fund supports priorities and programs approved by the Governor’s STEM Advisory Council as outlined in *A Foundation for the Future: Massachusetts Plan for Excellence in STEM Education (2010)*. Those priorities include:

- Funding seven Regional STEM Networks which convene key local constituents—K-12, higher education, business and industry, informal education and government—and leverage resources to achieve the goals defined in the state STEM plan.
- Providing public funds to match private funds in support of the @Scale initiative – a program to qualify, endorse and scale-up best practice programs aligned to the goals defined in the state STEM plan.
- Developing and implementing a public awareness campaign to inform, engage and influence students, educators, parents and employers about the importance of STEM education and the career opportunities in Massachusetts innovation economy.
- Aligning independent STEM education and workforce development assets and resources across the Commonwealth in support of the state STEM plan.

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| STEM Starter Academies (7066-0036) | FY18 Request: | \$4,750,000 |
| | FY17 GAA: | \$4,750,000 |
| | % Change: | 0% |

The Massachusetts STEM Starter Academy was initiated in the FY2014 GAA to support campus programs designed to engage, recruit, retain and graduate significantly more students in STEM fields, particularly underrepresented groups in economically-challenged communities. In addition, campus programs will be aligned with competency expectations of employers and will allow students to pursue employment and progress to higher levels of education as appropriate to their needs and interests. The DHE is recommending a continuation of the FY2017 funding level of \$4.75 million in FY2018.

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| Nursing and Allied Health Initiative (7066-0020) | FY18 Request: | \$200,000 |
| | FY17 GAA: | \$200,000 |
| | % Change: | 0% |

The Nursing Health and Allied Health initiative leads private/public partnerships through collaboration with employers, industry associations, and higher education institutions and grant funding to increase the supply of skilled nurses and demand for qualified faculty to redirect curriculum for the evolving healthcare industry. DHE is requesting to maintain this line-item at the FY2018 funding level.

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| Community College Workforce Grants (7066-1121) | FY18 Request: | \$750,000 |
| | FY17 GAA: | \$750,000 |
| | % Change: | 0% |

Community College Workforce Development Grants were created in FY2000 to develop public, community college-based training opportunities in order to promote workforce development, minimize the shortage of skilled workers, and raise economic opportunity through a matching incentive grant program. Each community college that is eligible for grant awards in a fiscal year has received no less than \$50,000 each year since the program was established. These dollars are used to ensure that each college has a full-time program administrator for workforce development activities focused on local employers. The DHE is requesting level funding for this account in FY2018 at \$750,000.

Commonwealth Commitments

- New England Board of Higher Education
- The Compact for Education
- Tufts Veterinary School
- Worcester Polytechnic Institute

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| New England Board of Higher Education (7066-0009) | FY18 Request: | \$183,750 |
| | FY17 GAA: | \$183,750 |
| | % Change: | 0% |

The New England Board of Higher Education (NEBHE) is a consortium of New England higher education executive offices that promotes regional cooperation, programs that encourage the efficient use and sharing of educational resources, and best practices to assist the states in implementing important regional policies.

NEBHE administers the New England Regional Student Program (RSP) Tuition Break. Through the RSP, Massachusetts residents enrolling in an approved degree program at public colleges and universities in the other five New England States can receive a tuition discount when a comparable program is not available at a Massachusetts public institution, and a reciprocal arrangement is offered by Massachusetts to residents of the other New England states. In some cases, students are also eligible if an out-of-state college is closer to home than an in-state

college. The DHE is recommending that the FY2017 House 1 funding level of \$183,750 be requested for FY2018.

Tufts Veterinary School (7077-0023)

FY18 Request: \$3,000,000
FY17 GAA: \$5,000,000
% Change: - 40%

The Commonwealth has made a long-term commitment to Tufts to support the Veterinary School in Grafton. In return for this subsidy, Tufts provides reduced tuition for Massachusetts residents and undertakes bioterrorism research for the Commonwealth. The current cohort of the Tufts Cummings School of Veterinary Medicine (TCSVM) includes 144 Massachusetts residents. In the FY2013, Tufts provided a total of \$337,512 in tuition scholarships for Massachusetts students. The DHE is recommending that the FY2016 House 1 funding level of \$3 million be requested for FY2018. Additionally, the DHE is requesting line-item language that initiates a new teaching partnership between TCSVM and the community colleges that offer BHE-approved veterinary technician and veterinary health care programs.

Worcester Polytechnic Institute (7066-0024)

FY18 Request: \$1,400,000
FY17 GAA: \$1,400,000
% Change: 0%

Established in 1992 by the state legislature, the Massachusetts Academy of Math and Science at WPI is a public high school for academically-accelerated juniors and seniors who reside in the Commonwealth. The DHE is recommending that the program be level-funded at \$1.4 million for FY2018. Additionally, the DHE seeks to improve oversight and accountability of this program by transferring it to the Commonwealth's Department of Elementary and Secondary Education.

FY2018 Budget Recommendation: Community Colleges and State Universities

See *Appendix B* for an individual campus summary of state appropriation levels from FY2015 through the FY2018 Recommendation, **as amended November 29, 2016**

Community Colleges

FY18 Request: \$289,968,831
FY17 Total: \$274,851,973
% Change: 5.5%

In FY2018, the DHE recommends building the FY17 formula allocations into the campus line item, plus an additional allocation of \$5.5 million (2% over the FY2017 aggregate line-item total for the segment) to be allocated through the formula, and adding the full annualized cost of the current MCCC collective bargaining contracts and the AFSCME contract still to be negotiated. In FY2016, the community colleges received an additional \$9.1 million allocated through the funding formula; in FY2017, the total was reduced to \$2.7 million. The FY18 request of approximately \$290 million does not include still to-be-determined collective bargaining costs. [Note: the \$5.5 million formula funding increase for FY2018 is captured as DHE line-item 7100-1400 and is also reflected in the budget request above.]

State Universities

FY18 Request: \$263,954,757
FY17 Total: \$250,194,082
% Change: 5.5 %

In FY2018, the DHE recommends building the FY17 formula allocations into the campus line-items, plus an additional allocation of \$5 million (2% over the FY2017 aggregate line-item total for the segment) to be allocated through the formula, and adding the full annualized costs of the current collective bargaining contracts and the contracts still to be negotiated (APA, MSCA, AFSCME). FY2016 was the first year of implementation for the State University performance-based funding formula with \$5.6 million allocated through a dedicated line-item with the Department of Higher Education; in FY2017, the formula funding line was reduced to \$2.5 million. The FY18 request of approximately \$264 million does not include still to-be-determined collective bargaining costs. [Note: the \$5 million formula funding increase for FY2018 is captured as DHE line-item 7066-1400 and is also reflected in the budget request above.]

Collective Bargaining

FY18 Request: TBD

The DHE continues to strongly advocate for full-funding, including annualized values, of all ratified collective bargaining contracts for the community colleges and state universities for both FY17 and FY18. .

The full funding of collective bargaining costs for both the state universities and community colleges is critical to maintaining affordability for our students and is not a component of the additional investment requested to be allocated through the respective performance-based funding formulas. The DHE will continue to advocate for full funding of the total collective bargaining costs be added to the base of future campus line-item appropriations.

Capital Projects and Deferred Maintenance

Understanding cost-drivers for the 24 institutional operating budgets is critical to how the BHE assesses affordability for our students. While not funded from campus operating funds, the campuses rely heavily on the Commonwealth to provide bond funds for capital construction and deferred maintenance. In 2008, a \$2.2 billion, 10-year Higher Education Bond Bill dramatically increased spending for capital projects at our community colleges, state universities, and UMass campuses.

This capital investment came on the heels of decades of poor funding for maintenance and little support for new construction for public higher education. For many campuses, this was the first new construction project since the 1970s. However, despite this recent investment in new construction, there remains an overwhelming need to address deferred maintenance at all of Massachusetts' institutions of higher education. A recent study by an independent facilities audit firm of all of the Commonwealth's 29 campuses reported that the 10-year deferred maintenance need was approximately \$4.2 billion. The need to maintain the state's public higher education facilities and reduce the deferred maintenance backlog has put pressure on campus operating budgets and has accelerated the need to increase fees, forcing campus leaders to choose between crucial capital investments and academic and student support programs.

Additionally, the campuses have assumed debt in their operating budgets to augment the 2008 bond bill projects and finance new projects not supported by the bond bill. The most viable means to leverage state funds for the community colleges and state universities is to finance new projects with debt issued by the Massachusetts State College Building Authority (MSCBA). In the aggregate, the MSCBA paid \$78 million in FY2014 debt service from campus operating budgets on \$1.2 billion in outstanding debt issued in support of campus projects. This amount includes debt issued to support the construction of new housing.

DHE will continue to advocate for the need for additional authorization of the existing bond bill and/or seek new authorization to accommodate, at a minimum, the growing deferred maintenance needs on our public higher education campuses.