

Preliminary Overview of Senate Ways & Means FY'04 Budget

Higher Education

Line Items

Campus Budgets

Public higher education is cut \$121m or 12.3% from the FY'03 budget. That constitutes an increase of \$45.4m over the House passed version of the budget (see attached spreadsheet). At first glance, it would appear that the Senate Ways & Means Committee funded higher ed campuses at a level lower than the House did. However, the Senate budget includes tuition retention. When tuition retention amounts are factored in, the Senate Ways & Means proposal funds all campuses at levels slightly higher than the House. However, this still represents a significant cut to higher education from the FY'03 budget funding levels:

UMass	Cut 13.4% from FY'03	(\$29.1m higher than House budget)
State Colleges	Cut 13.8% from FY'03	(\$ 3m higher than House budget)
Community Colleges	Cut 13.7% from FY'03	(\$3.4m higher than House budget)

Library and reference materials are zero funded as they were in the House budget. Scholarship money is essentially level funded with FY'03 (\$9.1m over the House level).

Health Insurance Premiums (85/15)

The Senate Ways & Means budget creates a tiered system whereby state employees pay more for their health insurance premiums based on their salary levels:

Tier	Salary	Employee Contribution	State Contribution
Tier 1	\$0 - \$49,999	15%	85%
Tier 2	\$50K- \$74,999	20%	80%
Tier 3	\$75K- \$99,999	25%	75%
Tier 4	Over \$100K	30%	70%

State employees retired prior to July 1, 1994 continue to pay 10%. State employees retired between 7/1/94 and 6/30/03 would pay 15%. Those retiring after 7/1/03 would pay a premium amount based on the tiered system.

Outside Sections

Composition of the Board of Higher Education (BHE) (section 52)

The BHE would have 2 non-voting members and 9 voting members. The 9 voting members would consist of :

- the commissioner of education (ex-officio)
- 5 members appointed by the Governor
 - a) one of which shall be a representative of organized labor

- b) one of which shall be a representative of the business community
 - c) one of which shall be an undergraduate student enrolled in a public college or university
- 3 members chosen to represent public institutions of higher education
- a) one chosen by the state colleges presidents
 - b) one chosen by the community colleges presidents
 - c) one chosen by the chancellors of UMass

The 2 non-voting members would be the House and Senate Chairs of the Education Committee.

Board members shall serve 5 year terms (except for the student representative). The chairperson shall be appointed by the Governor. Current board members terms shall expire on Aug 30, 2003. The new board shall include 2 of the current board members.

Powers of the BHE (section 53)

The BHE loses its power to close or consolidate colleges without the authorization of the legislature.

Student Fees (section 56)

The BHE can continue to establish guidelines for fees. However, this section deletes the variable that fees 'shall not exceed 25% of total student charges for the state and community colleges'.

Tuition Retention (section 59)

The budget calls for tuition retention for all the colleges and UMass.

Higher Ed Performance Measurements (section 502)

Details how the Board of Higher Ed should develop performance measures in coordination with the colleges and the ways in which a college could be deemed to be 'underperforming'.

Mass College of Art (section 556)

Mass Art shall submit a proposal to the BHE establishing tuition rates and admission standards for the college. The proposal shall ensure that no less than 60% of the undergraduates are Massachusetts residents and that in-state tuition 'shall preserve affordability'.

Early Retirement (section 569)

The budget includes an early retirement incentive proposal for state employees allowing up to 4 years of service or age (or a combination thereof not to exceed 4 years) to be added to their retirement calculation. Applications would need to be filed by Aug 1, 2003. Retirement date would be Sept 1, 2003. There is a backfill provision of 20% (of the compensation costs).

Massachusetts Public Higher Education Research Council (section 594)

The BHE shall create a council to solicit and secure gifts, grants and contributions for research to identify and promote 'best practices' in the academic and management activities of public higher ed.

State College Blue Ribbon Commission (section 595)

The BHE shall convene a commission to research and make recommendations regarding the health, vitality and future direction of the state college system.