

SENATE No. 611

The Commonwealth of Massachusetts

PRESENTED BY:

Robert A. O’Leary

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act Relative to Funding Public Institutions of Higher Education .

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Robert A. O’Leary	Cape and Islands
Matthew C. Patrick	3rd Barnstable
Benjamin B. Downing	Berkshire, Hampshire and Franklin
Michael R. Knapik	Second Hampden and Hampshire
Timothy J. Toomey, Jr.	26th Middlesex
Bruce E. Tarr	First Essex and Middlesex
Gale D. Candaras	First Hampden and Hampshire

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO FUNDING PUBLIC INSTITUTIONS OF HIGHER EDUCATION .

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. (a) Section 9 of chapter 15A of the general laws, as appearing in the 2006
2 Official Edition, is hereby amended by striking out the third paragraph.

3 (b) Section 22 of said chapter 15A, as so appearing, is hereby amended by inserting after the first
4 paragraph the following: -

5 The board of trustees of each state and community college shall, for each academic year
6 beginning on or after July 1, 2009, fix and establish tuition and fee rates for each college. In-
7 state tuition rates for the college shall preserve affordability for residents of the commonwealth.
8 Out-of-state tuition rates shall appropriately balance the financial needs of the college with the
9 need to be competitive with peer institutions regionally and nationwide

10 For each academic year beginning on or after July 1, 2009, all tuition and fees received
11 by a state or community college shall be retained by the board of trustees of each state or
12 community college in a revolving trust fund or funds and shall be expended by the board of
13 trustees of the state or community college. Every such trust fund shall be established in
14 accordance with and subject to the requirements of section 14 of chapter 73 of the general laws

15 Any balance remaining in the trust fund or funds at the end of the fiscal year shall continue to be
16 held in said trust fund or funds, shall remain available for expenditure in subsequent fiscal years,
17 and shall not revert to the general fund. All such trust funds shall be subject to audit by the state
18 auditor.

19 Notwithstanding any general or special law to the contrary, unless the state appropriation
20 is less than the previous fiscal year's appropriation, the rate of increase for in-state tuition and
21 general fees shall not exceed the 3-year average of the consumer price index for Massachusetts
22 (CPI). Each college may request a higher rate of increase within parameters and procedures set
23 by the board of higher education, in conjunction with the presidents of the state and community
24 colleges and upon the approval of the board of higher education. In determining approval, the
25 board shall take into consideration the overall well-being of the institution, the quality of the
26 academic programs, multiple years of underfunding of the institutions, any 9C cuts, so-called,
27 that may have been instituted, and the additional financial burden on the student population of
28 the institutions. Should the state appropriation be less than the previous fiscal year
29 appropriation, the institutions shall first utilize not less than 25% of the combined total of their
30 unrestricted reserve funds, including the student charges stabilization fund established pursuant
31 to this act. For the purposes of this section, unrestricted reserves shall not include funds from
32 auxiliary enterprise activities, grants and contracts, continuing education programs, gifts or plant
33 funds. Following this, should their funding level still fall short of the previous year's
34 appropriation, the institutions may increase student charges to attain the level of the previous
35 fiscal year's appropriation plus the 3 year average of the consumer price index.

36 Insofar as is practicable, the final rates of student charges shall be established for the
37 subsequent academic year no later than 15 days prior to the deadline for submission of state and
38 federal financial aid applications by students attending institutions of higher education.

39 For employees of any state or community college who, after July 1, 2009, are paid from
40 tuition retained pursuant to this section, fringe benefits shall be funded as if those employees'
41 salaries were supported by state appropriations. This paragraph shall apply only to fringe
42 benefits associated with salaries paid from tuition retained by the board of trustees of a state or
43 community college as a direct result of the authority granted by the preceding paragraph of this
44 section.

45 Notwithstanding the provisions of this section to the contrary, the board of trustees of a
46 state or community college may fix and establish a tuition rate and charges reduction for
47 residents of bordering states to not less than 1 and ½ times the institution's in-state tuition and
48 fee rates, if it determines that the institution is below enrollment capacity and the projected cost
49 to the institution and the commonwealth of the reduction would be minimal when taking into
50 account the projected enrollment growth associated with such an adjustment. The board of
51 trustees shall seek reciprocal arrangements from bordering states where no such tuition reduction
52 is available for residents of the commonwealth.

53 (c) Section 1A of chapter 75 of the general laws, as so appearing, is hereby amended by striking
54 out clause (p) in the fifth paragraph and inserting in place thereof, the following clause: -

55 (p) to fix and establish tuition rates of said university and to retain such tuition in
56 accordance with this section

57 (d) Said section 1A of said chapter 75, as so appearing, is hereby further amended by inserting
58 after the fifth paragraph the following: -

59 The board of trustees shall, for each academic year beginning on or after July 1, 2009, fix
60 and establish tuition and fee rates for the university. In-state tuition rates shall preserve
61 affordability for residents of the commonwealth. Out-of-state tuition rates shall appropriately
62 balance the financial needs of the university with the need to be competitive with peer
63 institutions regionally and nationwide.

64 For each academic year beginning on or after July 1, 2009, all tuition and fees received
65 by the university shall be retained by the board of trustees in a revolving trust fund or funds and
66 all be expended as the board of trustees may direct for the operation and support of the
67 university. Each such trust fund shall be established with and subject to the requirements of
68 section 11. Any balance in said trust fund or funds at the end of the fiscal year shall continue to
69 be held in said trust fund or funds, shall remain available for expenditure in subsequent fiscal
70 years, and shall not revert to the general fund. Any such trust funds shall be subject to audit by
71 the state auditor.

72 Notwithstanding any general or special law to the contrary, unless the state appropriation
73 is less than the previous fiscal year's appropriation, the rate of increase for in-state tuition and
74 general fees shall not exceed the 3-year average of the consumer price index for Massachusetts
75 (CPI). The university may request a higher rate of increase within parameters and procedures set
76 by the secretary of education, in conjunction with the board of trustees of the university and the
77 president of the university and upon the approval of the secretary of education. In determining
78 approval, the secretary shall take into consideration the overall well-being of the institution, the

79 quality of the academic programs, multiple years of underfunding of the institutions, any 9C
80 cuts, so-called, that may have been instituted, and the additional financial burden on the student
81 population of the institution. Should the state appropriation be less than the previous fiscal year
82 appropriation, the university shall first utilize not less than 25% of the combined total of their
83 unrestricted reserve funds, including the student charges stabilization fund established pursuant
84 to this act. For the purposes of this section, unrestricted reserves shall not include funds from
85 auxiliary enterprise activities, grants and contracts, continuing education programs, gifts or plant
86 funds. Following this, should their funding level still fall short of the previous year's
87 appropriation, the institutions may increase student charges to attain the level of the previous
88 fiscal year's appropriation plus the 3 year average of the consumer price index.

89 Insofar as is practicable, the final rates of student charges shall be established for the
90 subsequent academic year no later than 15 days prior to the deadline for the submission of state
91 and federal financial aid applications by students attending institutions of higher education as set
92 forth in section 5.

93 For employees of the university who, after July 1, 2009, are paid from tuition retained
94 pursuant to this section, fringe benefits shall be funded as if those employees' salaries were
95 supported by state appropriations. This paragraph shall apply only to fringe benefits associated
96 with salaries paid from tuition retained by the board of trustees as a direct result of the authority
97 granted by the preceding paragraph of this section.

98 Notwithstanding the provisions of this section to the contrary, the board of trustees of the
99 university may fix and establish a tuition rate and charges reduction for residents of bordering
100 states to not less than 1 and ½ times the institution's in-state tuition and fee rates if it determines

101 that the institution is below enrollment capacity and the projected cost to the institution and the
102 commonwealth of the reduction would be minimal when taking into account the projected
103 enrollment growth associated with such adjustment. The board of trustees shall seek reciprocal
104 arrangements from bordering states where no such tuition reduction is available for residents of
105 Massachusetts.

106 (d) Said chapter 15A is hereby amended by adding, after section 41, the following section: -

107 Section 42. (a) Notwithstanding any general or special law to the contrary, each
108 community college, each state college and the university of Massachusetts shall create at
109 the institution a reserve fund, hereinafter referred to as the "student charges stabilization
110 fund", for their respective institution. There shall be deposited annually into the student
111 charges stabilization fund of each institution the following: (1) any moneys which, within
112 60 days following the end of the fiscal year, the institution certifies to the state
113 comptroller are moneys that were appropriated to the institution for that fiscal year and
114 that were not expended during, and remain unencumbered for expenditure in respect of,
115 that fiscal year; provided, that notwithstanding any general or special law to the contrary,
116 all such moneys shall remain available for expenditure, without further appropriation, in
117 subsequent fiscal years and shall not revert to the General Fund; and provided further that
118 the state comptroller shall transfer any such moneys remaining in the state treasury to the
119 institution within 30 days of receipt of the institution's certification; (2) moneys that are
120 appropriated to an institution which are required by the legislature to be deposited into
121 the institutions student charges stabilization fund; and (3) other moneys that an institution
122 may elect to deposit into its student charges stabilization fund, including student tuition

123 and fee revenue. Student charges stabilization fund moneys shall be deposited in an
124 interest bearing account credited to its respective institution.

125 (b) Each institution shall deposit 5 per cent of any growth in state appropriation and
126 tuition and fees from the prior year into their student charges stabilization fund.

127 (c) The board of trustees at each community college, state college and the university may,
128 in a fiscal year and upon the vote of the board, expend moneys in its student charges
129 stabilization fund whenever in any such fiscal year the moneys made available to the
130 institution do not meet the commonwealth's annual full funding obligations with respect
131 to the operating requirements of the institution set forth in section 1. Among the uses as
132 the boards of trustees of each state or community college or the university, shall direct for
133 the operation and support of the institution, the moneys shall first be used to reduce the
134 need for increases in tuition and fees and to mitigate such increases should they become
135 necessary.

136 (e) Section 19 of chapter 15A, as so appearing, is hereby amended by inserting after the second
137 paragraph the following: -

138 The commonwealth shall bear the cost of providing any waivers granted under this section;
139 provided further, that institutions shall not be required, on a year to year basis to grant waivers
140 of a total value greater than those granted during the 2007 academic year.

141 (f) Notwithstanding the provisions of this section to the contrary, the Massachusetts College of
142 Art and Design and the Massachusetts Maritime Academy shall be governed by section 25 of
143 chapter 45 of the acts of 2005.

144 (g) The secretary of education shall undertake a review of the tuition retention program not later
145 than July 1, 2014. Within said review, the secretary shall make any recommendations as to
146 legislative changes to the program, including but not limited to, the repeal of said program.