



Massachusetts Board of Higher Education

FY2012 Budget Request

November 2010

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Overview

Massachusetts needs to have the best-educated citizenry and workforce in the nation. It is the quality of our workforce that attracts businesses to Massachusetts and makes homegrown businesses want to stay here. It is the educational level of our citizenry that makes Massachusetts a center for innovation, creativity, culture, and health care. On any short list of attributes that are critical to the state's recovery from the current economic crisis and to our long-term competitiveness, the educational attainment of our populace must rank high.

In today's world, national leadership in educational attainment means attainment at the college level. A majority of jobs in the high-growth sectors of the Massachusetts economy require college degrees. Massachusetts is a leader in K-12 reform, but a strong K-12 system is not enough. To possess the best-educated citizenry and workforce in the nation, we need a first-class system of public higher education. Our public campuses educate approximately 68 percent of Massachusetts residents who attend college within the state, and this percentage is steadily increasing. We must be pace setters in:

- college-going rates of our high school graduates and in the readiness of these students to do college-level work;
- graduation and student success rates for students attending our public campuses;
- the alignment of our programs with critical workforce needs and degree production in high-need fields;
- the level of knowledge and skill attained by students at our public campuses; and
- the elimination of educational disparities among population subgroups.

Achieving national leadership in each of these outcomes is the central focus of the Board and Department of Higher Education. We call this effort the Vision Project. Our premise is that we have much work to do to accomplish the goals we have articulated. While Massachusetts has historically ranked high in the proportion of high school graduates going on to college, there is much room for improvement in the success of students after they enroll, in the alignment of degrees awarded with workforce needs, in the assessment of knowledge and skill levels among our graduates, and in the elimination of educational disparities among subpopulations.

This budget request is framed as the second phase of focusing our resources on the five goals outlined above. A plan to achieve these goals has been developed and reviewed with all of the colleges and universities in the state who have whole-heartedly endorsed this project. In May 2010, the Board of Higher Education formally adopted the Vision Project, along with its goals and key outcomes, as well as the metrics. High-leverage programmatic interventions that can improve our performance are being identified through collaborative planning involving the DHE, the colleges, and the universities. This work is reflected in our budget request for the "Massachusetts Student Success and Graduation Initiative" and the "Enrollment Support Fund." It will be difficult to inspire the colleges to aim for excellent outcomes on challenging goals without some money to incentive new initiatives and experimental programs.

To help address our resource needs, we are emphasizing the importance of reducing the costs of operating our public campuses in parallel with our work on the Vision Project. Over the last several years, individual institutions have taken numerous steps to achieve greater operating efficiencies, and these are summarized in this budget request. At the system level, we have embarked on an ambitious and wide-ranging effort to identify economies that can be achieved through heightened collaboration and integration among our campuses. This budget request also describes this project.

In requesting an increase in state support during a time of significant financial constraint, we recognize the many claims on the state's limited resources. However, our public colleges and universities are a critical

resource that has experienced a steady erosion of capacity as state support has stagnated while enrollment has grown significantly. There are limits to what our campuses can accomplish without strong financial support from the Commonwealth. Cutting costs at a time of significant enrollment growth has meant replacing full-time faculty members with part-time instructors, increasing class sizes, and reducing support staff, steps that can be taken only so far without compromising educational quality. Moreover, the steady reduction of the state's contribution to the operations of our institutions has the effect of progressively increasing the proportion of campus operating costs borne by students and families.

DHE Central Accounts

New Initiatives

Massachusetts Student Success and Graduation Initiative

FY12 Request: \$3,000,000

This program would directly support the educational outcome goals of the Vision Project. The Massachusetts Student Success and Graduation Initiative would support pilot projects and best practice initiatives among our public campuses directed toward:

- partnering with K-12 to enhance the college readiness of high school students and improve the state's college-going rates;
- improving rates of degree and certificate completion among students enrolled at our public campuses;
- partnering with employers and state agencies involved in workforce development to enhance the alignment of our programs with workforce needs;
- developing a nationally normed system for assessing learning outcomes at our public campuses; and
- reducing disparities in educational attainment among population subgroups.

Funds appropriated to the DHE for this initiative would be allocated to the campuses through a program of competitive grants developed and administered by the DHE in collaboration with the colleges. No more than 10 percent of these dollars could be used to support the overall development of the Vision Project for such matters as purchase and administration of assessment instruments, support of research and acquisition of data, and program administration.

Enrollment Support Fund

FY12 Request: \$3,000,000

Enrollments at our public higher education institutions have been growing dramatically in recent years. Early enrollment estimates for fall 2010 show an additional 2,581 students are attending our community colleges as compared to just one year ago, representing more than 51 percent of the total fall enrollment increase within the public higher education system. Additionally, an estimated 2,558 additional students are attending our state universities and UMass. Almost all of these students are enrolled in academic and occupational training programs that provide a catalyst for economic growth.

Over a ten-year period, fall undergraduate public higher education enrollments have increased by over 35,000 students, a 22 percent increase, while state appropriations for the public higher education institutions have slightly decreased by \$36 million, or 4%, over the same time period, not adjusted for inflation. All of our public institutions are doing their job of maintaining accessible and affordable higher education for the rapidly increasing number of Massachusetts residents pursuing degrees and certificates, but the state has fallen behind in its support. The impact of this lack of support is particularly problematic to our community colleges as the gap between state support and actual cost continues to widen. Obviously, exponential enrollment increases only further exacerbate this problem.

In an effort to recognize the impact of rapidly increasing enrollments in our community colleges and state universities, the DHE is proposing a supplemental Enrollment Support Fund. The DHE is specifically requesting a pool of funds totaling \$3 million to be allocated proportionately based on enrollment increases. The goal will be to provide supplementary help to particularly hard-pressed institutions

throughout the system. Distributing \$3 million among the public institutions translates to approximately \$500 per new student.

The DHE will allocate Enrollment Support Funds based on most current enrollment data to help the institutions offset the added cost of educating the additional students.

College-Going Rates, Student Readiness, Student Success

Overview

Massachusetts is a leader in the college-going rates of our high school graduates and must retain this position to meet the needs of the state's knowledge-based economy. Doing so may very well require further increases in our rate of college attendance over the next ten years. A high college-going rate is of little value, however, without a comparatively high rate of completion of degrees and certificates. Far too many of our high school graduates who attend our public campuses need remedial courses before being ready for credit-bearing work, a situation that reduces the likelihood of graduation. In fact, graduation rates from our public campuses range from slightly below to slightly above average compared with peer institutions nationally. The current percentage of Massachusetts adults (ages 25-64) with a college degree is 49.6%. By 2018, the percentage of all jobs in the state which will require some postsecondary training beyond high school is 68%. Thus, there is a strong imperative for Massachusetts higher education institutions to significantly increase the number of students completing degrees. There is much work to be done if Massachusetts is to be a leader in graduation rates in public higher education. The Vision Project is focused on maintaining the state's leadership in the overall college-going rate, reducing the amount of remediation needed by entering students at our public campuses, and making significant progress in college completion and success rates at these institutions.

Two current programs of the Department of Higher Education can contribute to our success in achieving these goals:

- Financial Aid
- Commonwealth Dual Enrollment Program

Financial Aid: Massachusetts State Scholarship Program (7070-0065) FY12 Request: \$93,983,144

FY11 GAA: \$86,507,756

FY11 ARRA: \$3,000,000

Total FY11: \$89,507,756

% change: +5.0%

Foster Care Financial Aid (7070-0016)

FY12 Request: \$1,129,064

FY11 GAA: \$1,075,299

% change: +5.0%

Foster Care and Adopted Fee Waiver (7070-0021)

FY12 Request: \$982,170

FY11 GAA: \$935,400

% change: +5.0%

Summary

Like every other state, Massachusetts provides state-supported financial aid for resident students who enroll in college in Massachusetts. This aid supports attendance at both public and private institutions. Financial aid plays an essential role in making college affordable for many low- and moderate-income students and in enabling students to persist in college and complete degrees and certificates. It is our single most important program for ensuring access and encouraging persistence. The significance of financial aid in promoting student success cannot be overlooked. Recent data indicates that low-income students performing well on SAT tests graduate at a lower rate than high-income students with low SAT scores. Despite the importance of financial aid, Massachusetts ranks only 35th among the states in grant aid provided per FTE student, even though the cost of attending our public campuses is comparatively high (15th) in relation to median family income. This budget request provides a modest increase in support for a critically important aspect of our budget.

Explanation

Several converging factors make the need to protect financial aid critically important. First, as state funding for financial aid has declined, the value of each dollar appropriated has also declined. The combination of these two phenomena has resulted in a major decrease in the value of state aid awarded to individual students. (See Figure 1.)

This longstanding problem is exacerbated during the recession by declining family incomes. In the current academic year, the DHE saw a 64 percent increase in the number of on-time applicants for MASSGrant, the state's primary, need-based grant, who had an Expected Family Contribution (EFC) of zero. This increase translates to an additional 16,000 students who became eligible for the highest levels of state aid this year, resulting in a significant reduction in the amount of aid provided to each of these students.

An additional problem results from the declining purchasing power of the MASSGrant as a result of rising student charges. Since 1988, the contribution of the average MASSGrant to covering the cost of tuition and fees at public institutions has declined from 80 percent to about 11 percent. (See Figure 2.)

This unmet financial need of students is significant and is almost certainly a deterrent to the pursuit of postsecondary education for some. In the 2007-08 academic year, the total unmet need for students in our public institutions who completed a FAFSA and were eligible to receive financial aid was approximately \$180 million. This takes into account all sources of aid including loans. Without substantial state aid, students with significant need are left with few other options besides relying on loans or suspending or slowing their progress toward degree completion. Clearly, the Commonwealth's ability to increase degree production is directly tied to students' ability to pay for their education.

Figure 1: Present Day Value of 1988 MassGrant Appropriations Compared to Actual Annual Appropriation

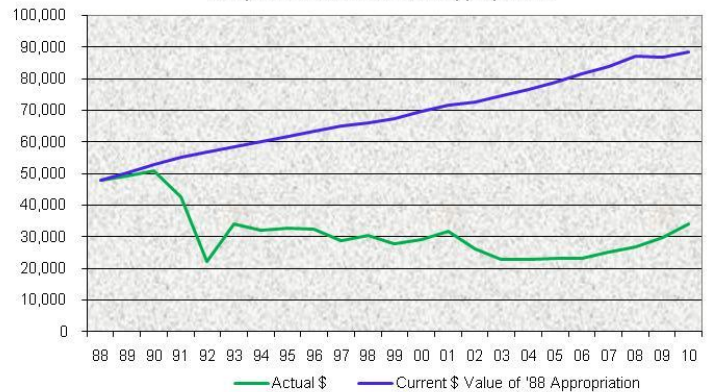
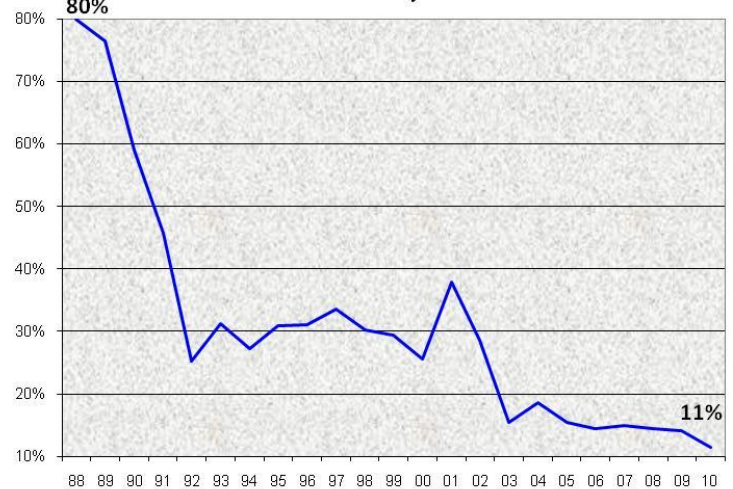


Figure 2: Average MassGrant Award as a Share of Average Tuition and Mandatory Fees



Commonwealth Dual Enrollment Program (7066-0019)**FY12 Request: \$1,000,000****FY11 GAA: \$0****FY11 ARRA: \$750,000****FY11 Total: \$750,000****% change: +25.0%***Summary*

The Commonwealth Dual Enrollment Program (CDEP) makes it possible for high school students to take college courses while still enrolled in high school, thus providing them some experience of college-level expectations while also giving them a head start on a college degree. Experience has demonstrated that this kind of early exposure to college can significantly increase the likelihood that students, especially low-income students, will enroll in and succeed in college. For these reasons, CDEP plays a central role in our efforts to improve the overall educational attainment of our young people. Additionally, the Race to the Top Proposal submitted by Massachusetts significantly emphasized dual enrollment programs. This budget places a priority on maintaining this program by requesting a significant increase in its funding from FY2011 levels and a return to funding from state appropriation.

Explanation

CDEP is the only state-funded early college program in the Commonwealth. Participation in early college/dual enrollment programs has been shown to help reduce both high school dropout rates and the likelihood that students will place into remedial courses when they enter college, thus improving their chances of completing their degrees. CDEP also places an emphasis on providing these opportunities for students who would be the first in their families to attend college and students interested in STEM fields, thus contributing to the Vision Project goals of eliminating achievement disparities and improving degree production in areas of workforce need.

Massachusetts' state-funded dual enrollment was first established in FY1993 and was a popular and successful program through FY2001, after which it was eliminated due to an economic downturn. Revived as the Commonwealth Dual Enrollment Program in FY2009 with a \$2 million appropriation, CDEP experienced far greater enrollments and public interest than anticipated, serving 807 students in fall 2008, 1,645 in spring 2009, and 620 during the summer 2009 terms, with completion rates of approximately 80 percent.

In FY2010, despite the program's early success, the economic downturn resulted in the state funding being cut to \$750,000. Institutions supplemented the appropriation with their own resources to support and develop the program, but the reduction in state funding nonetheless reduced the program's reach and potential. The campuses enrolled 748 students in fall 2009 and 862 students in spring 2010, totaling 1,610 enrollments. Campuses exhausted their allocations by spring; therefore, there was no summer CDEP enrollment in 2010.

An expanded data collection in FY2010 indicated that students were successful and that CDEP was making an impact. Completion rates for CDEP students remained the same from the previous year at approximately 80 percent. Students earned on average a 3.0 GPA in the courses in which they were enrolled. Of the courses in which students enrolled, 33 percent were in the STEM-related courses (e.g. Computer Science, Engineering, Life Sciences, Mathematics, Physical Science, Technology). In fall 2009, 21% of CDEP students were eligible for free or reduced priced lunch, and 28% were eligible in spring 2010, indicating that the program was reaching the low-income students who benefit greatly from early exposure to college.

In FY2011, CDEP was not funded through state appropriation. Many campuses used their own institutional funds to maintain dual enrollment for fall 2010. Fortunately, the Governor allocated \$750,000 in one-time

ARRA funds on September 30, 2010, to continue the program for the upcoming terms. These funds will not be available in FY2012, so it is critically important that state appropriation for CDEP be restored.

Workforce Alignment

Overview

The Commonwealth's ability to sustain and grow our knowledge-based economy, particularly in high-growth industry segments, is critically dependent upon the availability of an educated and skilled workforce. According to projections made by CommCorp and the Health Resources and Services Administration (HRSA), job vacancies in health care, business and fields based on STEM (Science, Technology, Engineering, and Mathematics) disciplines are expected to continue and as the current workforce enters retirement, possibly increase. Although the Commonwealth's public institutions of higher education have seen significant increases in the award of health care degrees and certificates, HRSA projections suggest that these increases may not be enough to fully address critical unmet workforce needs over the next decade. A similar story is true for business degrees. Meanwhile, degree production in STEM programs has been relatively flat over the past eight years even though jobs in STEM fields, especially math and technology, have some of the highest vacancy rates. Massachusetts must place particular importance on its production of graduates in high-need, high-growth fields such as health care, life sciences and information technology in order to sustain growth in the 21st century economy.

The DHE sponsors three programs focused on enhancing the alignment of our educational programs with the needs of our workforce:

- Nursing and Allied Health Initiative
- STEM Pipeline Fund
- Community College Workforce Development Grants

Nursing and Allied Health Initiative (7066-0020)

FY12 Request: \$667,013

FY11 GAA: \$635,250

% change: +5.0%

Summary

The DHE's Nursing and Allied Health Initiative performs a critical intermediary role as facilitator and independent broker of public and private partnerships of higher education faculty and executives, health care employers, industry associations and other key stakeholders. This initiative also sponsors, leads and coordinates statewide and regional pilot innovation programs to increase the supply of qualified nurses and allied health professionals, increase the capacity of nursing faculty in our higher education institutions, and reform curriculum to address emerging industry requirements for healthcare quality improvements.

This budget request will sustain the current, nationally recognized Nursing and Allied Health Initiative and maintain a platform from which further leadership contributions can be pursued and projects developed as incremental resources permit.

Explanation

There is no shortage of qualified students eager to pursue a nursing career, but there are tight constraints on the number of faculty, science and nursing laboratories, and clinical placements that make it difficult for higher education to meet this demand. Growing attention to patient safety and the quality of care means that existing nursing and allied health programs must simultaneously be enhanced to keep pace with

technological advances in the health care fields. While there has been a recent reduction in demand for nurses as a result of the country's current financial crisis, demand for new skills in allied health professions has increased. A long-term structural shortage of nurses is projected to manifest itself as soon as the economy recovers, health care providers are again able to add staff, and growing numbers of nurses opt to retire. Since 2005, the Nursing and Allied Health Initiative has developed programs to address these constraints and needs.

To decrease the administrative burden associated with clinical placements, the DHE has developed a web-based clinical placement system. The Centralized Clinical Placement (CCP) system is a stand-alone, Internet-based software tool designed to streamline the scheduling and management of clinical nursing education placements between health care organizations and nursing programs and to expand the number of clinical sites available to nursing students. In 2010 the system is managing more than 16,000 student-placements at 92 health care organizations and 76 nursing programs. Between 2008 and 2010, open placement listings increased by 66 percent. In 2009, an Online Orientation program was implemented to decrease the amount of time students spent in repetitive orientation sessions. Over 17,000 students have completed the Online Orientation since its introduction.

The Nursing and Allied Health Initiative has, to date, placed a priority on strengthening the nursing education pipeline. The DHE is very much aware of shortages in several allied health fields and believes that some of the partnership and program models developed for nursing could be adjusted to address prominent allied health shortages. For example, the DHE is working with stakeholders to develop a higher education/hospital partnership in the Boston area that will focus on widening access to higher education for incumbent workers seeking to advance in key allied health areas.

STEM Pipeline Trust Fund (7066-0109)

FY12 Request: \$525,000

FY11: \$500,000*

***Funding provided by MTC**

% change: +5.0%

Summary

The growing 21st century economy of Massachusetts depends heavily on innovation and global competitiveness and requires a substantial pool of workers with a strong educational background in STEM fields. The DHE's STEM Pipeline Fund seeks to increase student engagement in STEM fields through collaboration among K-12, higher education, industry, state government, and community organizations and to improve K-12 and higher education curricula and instruction in these areas.

The 2006 Economic Stimulus Act made a five-year, \$20 million commitment to STEM, and the Pipeline Fund received \$4 million in FY2007 and again in FY2008. No additional allotment was made in FY2009, and the FY2010 budget included a \$2 million reversion of funds appropriated earlier. The FY2011 budget included no state funding for this line item but did include a provision that the Massachusetts Technology Collaborative (MTC) would transfer \$500,000 into the Fund. The \$500,000 transfer from MTC has allowed the STEM Pipeline Fund to continue operations as the state coordinator of the PreK-16 Regional STEM Networks while also allowing the STEM Pipeline Fund to support the SAT Data Research and Massachusetts Statewide STEM Indicators (MASSIP) Projects, among other activities that promote the STEM Pipeline Fund goals.

This budget request will sustain the DHE's oversight of the STEM Pipeline Fund and involvement in the Governor's STEM Advisory Council and will position the DHE to initiate further programmatic innovations as incremental funds permit, pursue possible grant funding, and continue to promote STEM activities through collaboration with stakeholders and advocacy activities.

Explanation

The Legislature established the Massachusetts Science, Technology, Engineering and Mathematics Grant Fund (the STEM Pipeline Fund) in 2003. It was amended through the 2006 Economic Stimulus Act, which also created the Robert H. Goddard Council. The purpose of the STEM Pipeline Fund is threefold: 1) to increase student interest in STEM careers, 2) to increase the number of qualified STEM teachers, and 3) to improve STEM educational offerings. In pursuit of these goals, the Pipeline Fund supports seven regional STEM networks of educators, employers, and civic leaders across the Commonwealth and supported nine competitively awarded STEM student interest projects, which concluded within the last fiscal year. The Pipeline Fund seeks to scale up the best practices from these and other projects to achieve greater statewide coordination and student/teacher impact. These goals are in alignment with the just released state STEM report issued by the Governor’s STEM Advisory Council, which promotes a governance structure for identifying and scaling best practices. The Pipeline Fund has supported several state-level policy initiatives such as the introduction of STEM programs and teacher training to the After School Networks of the Department of Early Education and Care and developing programs to enhance the mathematics competence of elementary school teacher candidates.

Recent actions by STEM stakeholders have called attention to the urgency of the Commonwealth’s STEM needs. In June 2009, the Massachusetts Business Roundtable released its report, “Tapping Massachusetts Potential: The Massachusetts Employers’ STEM Agenda.” In October 2009, the Governor signed an Executive Order which established the Governor’s STEM Advisory Council. Citing the urgency of assuring the state’s national and international competitiveness, both of these documents call for a much greater effort by the Commonwealth to ensure the STEM preparedness of students, teachers, and college graduates and for greater coordination of STEM activities and policy initiatives. In response to a request from the Lieutenant Governor, the Department’s Associate Commissioner for Economic and Workforce Development has assumed a new responsibility as Executive Director of the Governor’s STEM Advisory Council and led the development of Massachusetts’ first statewide STEM plan, announced at the STEM Summit on September 28, 2010. With this plan now in place, continued support of the STEM Pipeline Fund in FY2012 will be vital to the Commonwealth’s capacity to achieve the outcomes necessary to its future economic development.

Community College Workforce Development Grants (7066-0015)	FY12 Request: \$1,312,500
	FY11 GAA: \$1,250,000
	% change: +5.0%

Summary

Community College Workforce Development Grants are used to ensure that each college has a full-time program administrator for workforce development activities focused on local employers; additional funds may be used to supplement other program costs. Because the community colleges serve local economies and local citizens, it is very important that the colleges remain responsive and engaged in training the local workforce. This program provides an incentive for colleges to meet this need aggressively. This budget request retains a modest allocation which will allow the colleges to keep local program staff in place so that outreach to the employer community can continue.

Explanation

Community College Workforce Development Grants were established in FY2000 to encourage 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. The DHE established guidelines for the distribution of community college workforce training incentive grants, providing matching funding—20 cents for every dollar in revenue. Each community college which is

eligible for grant awards in a fiscal year has received no less than \$50,000 each year since the program was established.

Elimination of Outcome Disparities

Overview

On almost every measure of educational attainment included in the Vision Project, a close look reveals deep disparities between different population groups in Massachusetts. On the college-going rate of 18-24 year olds, there is a 10 percent gap between whites and all minorities, with the largest gap (21 percent) being between whites and Hispanics. Both public and private higher education in Massachusetts has race/ethnic disparities with regard to graduation rates. In public higher education, there is a 9.3 percent gap in six-year graduation rates of whites and all minorities at the baccalaureate campuses.

Reducing and ultimately eliminating these disparities is an urgent priority for three reasons. First, these disparities deepen social and economic inequities that are at odds with our basic commitment to social justice and equal opportunity. Second, the ethnic groups that are faring least well in educational attainment are also the most rapidly growing segments of our population. We need these students to be mainstays of the future workforce. Third, eliminating these disparities is one of the most powerful steps we can take to raise Massachusetts to national leadership in the overall educational attainment of our citizenry.

While the DHE has no central account specifically directed to reducing disparities, developing such initiatives and seeking funding to support them are central goals of the Vision Project and is a key component of the additional line items requested in this budget. It is also important to underscore the way in which current programs for which we are seeking maintenance funding contribute to progress with respect to this goal:

- State-funded financial aid, most of which is need-based and therefore directed at students in the lowest income groups, which also includes high percentages of students of color.
- The Commonwealth Dual Enrollment Program, which places emphasis on enrolling students who would be the first in their families to attend college, nearly all of whom are from low-income families and/or the ethnic groups experiencing lower college-going and college completion rates.

Administration

DHE Administrative Account (7066-0000)

FY12 Request: \$1,649,533

FY11 GAA: \$1,570,984

% change: +5.0%

From FY2009 to FY2010, the DHE's administrative budget was reduced from \$2.5 million to \$1.9 million, a cut of 23 percent, and from FY2010 to FY2011 was level funded. The previous cuts to an already modest administrative budget for the DHE have had a significant impact on the operations of the DHE. The Department is at an all-time low in terms of staffing levels and is stretched thin in its efforts to sustain its operational duties of executing and overseeing over half a billion dollars in state support of higher education, maintaining policy analysis and reporting commitments, fulfilling its other statutory requirements, and implementing executive orders. The Department is operating zero to one staff person deep in many key areas. The severe constraints under which the DHE is operating have resulted in layoffs, the necessity to contract the CFO and General Counsel positions to retirees and other part-time personnel, no capacity to perform essential audit functions, and virtually zero dollars remaining in the other subsidiaries to perform basic functions. For these reasons this budget recommends a modest increase in the administrative budget of the department.

Commonwealth Commitments

Overview

In addition to managing the central accounts mentioned above, the DHE's budget includes several accounts that reflect commitments the state has made that generally relate to higher education but do not directly support the work of the Department.

Tufts Veterinary School (7077-0023)

FY12 Request: \$2,250,000

FY11 GAA: \$2,250,000

% change: 0.0%

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 149 Massachusetts residents. In the FY2010, TCSVM provided an average tuition subsidy of \$2,938 to Massachusetts's students. In addition, the TCSVM sponsors a number of research and development activities that have produced successful business enterprises and technological innovations that have enhanced the Massachusetts economy. TCSVM has indicated that it worked with 60 such companies and institutions in this way in FY2009. Tufts has identified the Massachusetts Department of Conservation and Recreation, the Massachusetts State Police, and the Massachusetts Department of Public Health as beneficiaries of services provided by the Tufts' Foster Hospital for Small Animals and by the Hospital for Large Animals. This program is a major example of a partnership between the state and private higher education.

We are recommending level funding of this line item and continue to work on developing a new contract with the Tufts Veterinary School to reflect the mutual interests of the Commonwealth and Tufts.

The Compact for Education (7066-0005)**FY12 Request: \$82,620****FY11 GAA: \$82,620****% change: 0.0%**

The Compact for Education, while falling under the umbrella of higher education line items in the Massachusetts General Appropriation Act, represents all education sectors in Massachusetts and funds the Education Commission of the States, a bipartisan, national education organization. This consortium of education leaders provides a forum for the sharing of best practices and information, as well as access to reports and research.

New England Board of Higher Education (7066-0009)**FY12 Request: \$367,500****FY11 GAA: \$367,500****% change: 0.0%**

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's origins stem from the commitment of the region's six governors in 1955 who were convinced that the future prosperity of New England rested on higher education. NEBHE was also approved by New England's six state legislatures and authorized by the U.S. Congress.

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. In AY2010, 1,913 Massachusetts residents participated in the RSP, realizing an average savings of \$7,200 per resident. Massachusetts is, by a notable amount, the largest net importer of students through the RSP. Consequently, both the Commonwealth's general fund and the institutions benefit financially. In AY2010, there were nearly 4,887 incoming RSP students enrolled at Massachusetts institutions, providing for a total of \$8.4 million in tuition revenue.

College Health and Welfare Account (7520-0424)**FY12 Request: \$5,709,044****FY11 GAA: \$5,494,616****% change: 3.9%**

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 participation. We are requesting a 3.9% increase over the FY2011 GAA in order to cover these costs in FY2012.

Collective Bargaining Costs**FY12 Request: \$11,443,753****FY11 Supp: \$4,725,000****% change: 142.0%**

The FY2012 request includes the FY2011 annualized costs plus the new funds needed in FY2012 for the collective bargaining contracts at the individual institutions. In addition, the requested amount includes funding for AFSCME Grievances and Drug and Alcohol Testing.

The State Universities and Community Colleges

Overview

Fall 2010 enrollment estimates show increases in enrollment at the public institutions, with the system enrolling approximately 193,145 undergraduates, a 2.7 percent increase from the previous year and a 22 percent increase from ten years ago. Enrollment increases in the community college segment over this timeframe appear to be especially high, with an increase of 2.6 percent from the previous year and of 30 percent from fall 2000. Combined with an estimated graduate enrollment this fall of 25,644, the system is today serving approximately 218,789 students. Making sure this increased number of students receives a high-quality educational experience represents a major challenge to campuses that are simultaneously coping with a significant reduction in state support. The Commonwealth can be proud of the way in which faculty and staff are doing their jobs with a high level of commitment and professionalism in the face of exceptionally difficult circumstances.

State Universities and Community Colleges (not incl. UMass)	FY12 Request: \$456,273,153
	FY11 GAA: \$400,812,501
	FY11 ARRA: \$33,733,359
	FY11 Total: \$434,545,860
	% change: +5.0%

For the state universities and community colleges, FY2012 seems likely to continue the pattern of the recent past: continued enrollment growth combined with modest increases in state support. The state universities and colleges will continue to look into cost-saving measures and will modestly raise student fee rates to meet inflationary requirements. The institutions understand that the state's financial pressures continue, and they are committed to their mission of educating students. They will find a way to make this work.

Historically the state universities and community colleges have utilized a comprehensive budget formula as the foundation for determining total resource requirements to meet basic, core operating functions based on national standards, peer comparisons, and fundamental quality targets. The budget formula captures the unique characteristics of each institution, including program focus and mission, demographics, enrollment, location, and facilities. The formula is updated annually, reflecting changes in enrollment (both FTE and headcount), program offerings and demand, national peer comparison data, physical plant changes, and utility consumption patterns, as well as significant changes in business practices. For the past decade, there has been a wide gap between total institutional need and total institutional revenues. The total revenue gap for the state and community college has grown to approximately \$439 million. The budget formula informs the budget request process, but for the FY2012 budget it will not be applied to individual institutions unless the Legislature would like to do so.

The total change in state support (general appropriation, ARRA, and collective bargaining) between FY2010 and FY2011 was a decrease of \$67.0 million or 6.0%.

We are requesting an overall 5% increase for the state universities and community colleges but fully recognize that the absence of federal stimulus funds will make this a difficult task for the state.

University of Massachusetts

The Department of Higher Education has not received a budget from the University, and therefore the DHE is not including any of its figures in the DHE budget request.

Cost-Saving Initiatives

Given the challenge of serving more students in an environment of severely limited resources, it is crucial that our public colleges use existing resources efficiently and, at the same time, relentlessly seek new ways to lower costs and improve productivity. This section of the budget summarizes steps that we are taking at both the college and the system level to achieve economies.

College-Level Initiatives

The past few years have presented enormous challenges to our public higher education institutions. As a result of the two 9C reductions experienced in FY2009, colleges were forced to make many mid-year decisions that reduced operating costs while attempting to preserve academic quality. While many strategies such as consolidation of services, joint purchasing, and energy initiatives represent sound business practices and on the surface are fiscally prudent, other unfavorable strategies such as the implementation of furlough programs, deferred compensation strategies, reductions in staff, realignments of positions, hiring freezes, and fee increases have already negatively affected access, service, and affordability. For example, the shift from the use of full-time tenured faculty to adjunct or part-time faculty—coupled with larger class sizes and the elimination of programs—has resulted in significant erosion of quality.

As the colleges looked ahead to FY2011 without knowing what the potential impact of ARRA (federal stimulus) funding would be on their operating budgets, they were compelled not only to continue the cost-savings strategies implemented in FY2010 but to expand them to hedge against the inevitable structural deficit that would occur with the disappearance of ARRA funds in FY2012. The community colleges and state universities have used the one-time infusion of ARRA in a strategic manner to help mitigate the impact of the continued decline in state support. For example, approximately 6 percent of the funds received were targeted to scholarships and other entitlements, roughly 10 percent were utilized to address energy conservation and related utility costs, and an additional 13 percent were targeted for deferred maintenance, renovation, and modernization of academic and support facilities. These strategies helped offset fee increases, provided ongoing cost savings to hedge against the impending structural deficit, and improved services to students while creating construction jobs as specifically targeted by the ARRA legislation.

On a positive note, even while colleges are operating at the margin, they will continue strategically reducing their overall operating expenses and searching for new revenue streams. There will be sustained attempts at energy conservation and low-cost ways to increase efficiencies in a college's physical plant and in the backbone of its information technology system. All of these investments will focus on near-term savings and in improvements that yield long-term benefits.

Commissioner's Task Force on Collaboration and Efficiency

Under current circumstances, we continue to take a close look at ways to husband precious state dollars by coming together across campus lines for the purpose of leveraging the potential of the total system to achieve cost savings. Exploring the possibilities associated with this type of effort is the essential charge of the Commissioner's Task Force on Collaboration and Efficiency.

The Task Force was convened in April 2009. In the first phase of its work, the Task Force was asked to undertake two major assignments:

- First, building on the work of the Readiness Project Finance Commission, to develop specific plans to take advantage of the joint purchasing power of the system to significantly reduce administrative costs at individual campuses;
- Second, to identify and summarize current best practices at the campus level with respect to cost saving across a range of administrative functions and to make this information available to all campuses in the system.

Over the past year and a half, the Task Force has undertaken a comprehensive review of current cost-savings initiatives at the colleges and has developed an inventory of data on procurement and service-related functions at each of the 24 institutions. Initial analysis reveals considerable potential for cost savings throughout the system from both of these efforts. A final Phase I and II report was completed in February 2010 and was endorsed by all state university and community college presidents. The group identified truly “game-changing” initiatives involving shared administrative functions and closer collaboration in offering educational programs. A review of systemic arrangements in other states has already begun to identify possibilities, including system-level or regional rather than campus-level offices for specific administrative functions and greater specialization of campuses with respect to program offerings. Implementation of all recommendations contained in the report is proceeding. A survey of early efforts indicated that savings of over \$3 million had already been achieved.

In conjunction with the goal of sharing best practices, several colleges have taken the initiative to organize and host Best Practices conferences. Approximately 100 campus professionals from the state universities and community colleges have come together to share and discuss innovative and pioneering approaches to everything from operating the most cost-effective travel management system to ways in which campuses have successfully implemented a variety of energy conservation measures and retro-commissioning of energy management systems and streamlined their business workflow processes.

Phase III of the Task Force’s work began in spring 2009. The Phase III work has been completed and a final report, including organizational changes, has been prepared and is awaiting final approval. The Task Force is continuing its work with an emphasis on academic savings and continued monitoring of the Phase I and II recommendations.

Appendix A: FY2012 Budget Request – DHE Central Accounts

Strategic Budget Priorities	Account	FY2010	FY2011			FY2012	% Change		
		FY10 GAA less 9C	FY11 GAA	FY2011 ARRA	FY11 Total	FY12 Request	% Change FY10 GAA less 9C - FY11 GAA	% Change FY11 GAA - FY12 Request	% Change FY11 Total - FY12 Request
COLLEGE-GOING RATES, STUDENT READINESS, STUDENT SUCCESS									
7070-0065	State Scholarship Program	\$87,860,982	\$86,507,756	\$3,000,000	\$89,507,756	\$93,983,144	-1.5%	8.6%	5.0%
7070-0016	Foster Care Financial Aid	\$1,149,561	\$1,075,299	\$0	\$1,075,299	\$1,129,064	-6.5%	5.0%	5.0%
7070-0021	Foster Care and Adopted Fee Waiver	\$1,000,000	\$935,400	\$0	\$935,400	\$982,170	-6.5%	5.0%	5.0%
7066-0019	Commonwealth Dual Enrollment Program	\$750,000	\$0	\$750,000	\$750,000	\$1,000,000	-100.0%	100.0%	33.3%
WORKFORCE ALIGNMENT									
7066-0020	Nursing and Allied Health Initiative	\$497,974	\$635,250	\$0	\$635,250	\$667,013	27.6%	5.0%	5.0%
7066-0109	STEM Pipeline Trust Fund (funded by MTC in FY11)	\$0	\$500,000	\$0	\$500,000	\$525,000	100.0%	5.0%	5.0%
7066-0015	Community College Workforce Development Grants	\$1,250,000	\$1,250,000	\$0	\$1,250,000	\$1,312,500	0.0%	5.0%	5.0%
NEW INITIATIVES									
New Item	MA Student Success and Graduation Initiative	\$0	\$0	\$0	\$0	\$3,000,000	N/A	100.0%	100.0%
New Item	Enrollment Support Fund	\$0	\$0	\$0	\$0	\$3,000,000	N/A	100.0%	100.0%
DHE ADMINISTRATION									
7066-0000	Department of Higher Education*	\$1,890,529	\$1,570,984	\$0	\$1,570,984	\$1,649,533	-16.9%	5.0%	5.0%
COMMONWEALTH COMMITMENTS									
7077-0023	Tufts Veterinary School	\$1,686,584	\$2,250,000	\$0	\$2,250,000	\$2,250,000	33.4%	0.0%	0.0%
7066-0005	The Compact for Education	\$91,800	\$82,620	\$0	\$82,620	\$82,620	-10.0%	0.0%	0.0%
7066-0009	New England Board of Higher Education	\$300,000	\$367,500	\$0	\$367,500	\$367,500	22.5%	0.0%	0.0%
HEALTH AND WELFARE/ COLLECTIVE BARGAINING									
7520-0424	College Health and Welfare	\$5,494,616	\$5,494,616	\$0	\$5,494,616	\$5,709,044	0.0%	3.9%	3.9%
Additional Item	Collective Bargaining Costs	\$0	\$0	\$0	\$4,725,000	\$11,443,753	N/A	0.0%	142.2%
TOTALS		\$101,972,046	\$100,669,425	\$3,750,000	\$109,144,425	\$127,101,340	-1.3%	26.3%	16.5%

*Reduction in FY11 GAA for line item 7066-0000 reflects IT consolidation

Appendix B: FY2012 Budget Request – State Universities and Community Colleges

INSTITUTION	FY2010			FY2011			FY2012	% Change			
	FY10 GAA less 9C	FY10 ARRA	FY10 Total	FY11 GAA	FY11 ARRA	FY11 Total	FY12 Request	% Change FY10 GAA less 9C - FY11 GAA	% Change FY10 Total - FY11 Total	% Change FY11 GAA - FY12 Request	% Change FY11 Total - FY12 Request
Bridgewater State University	\$30,444,308	\$9,090,981	\$39,535,289	\$33,942,246	\$2,853,999	\$36,796,245	\$38,636,057	11.5%	-6.9%	13.8%	5.0%
Fitchburg State University	\$21,414,936	\$6,394,718	\$27,809,654	\$23,875,432	\$2,007,541	\$25,882,973	\$27,177,122	11.5%	-6.9%	13.8%	5.0%
Framingham State University	\$19,137,468	\$5,714,643	\$24,852,111	\$21,336,291	\$1,794,041	\$23,130,332	\$24,286,848	11.5%	-6.9%	13.8%	5.0%
Massachusetts College of Art	\$11,706,484	\$3,495,676	\$15,202,160	\$13,054,515	\$1,095,893	\$14,150,408	\$14,857,928	11.5%	-6.9%	13.8%	5.0%
Massachusetts College of Liberal Arts	\$11,067,778	\$3,304,952	\$14,372,730	\$12,339,425	\$1,037,548	\$13,376,973	\$14,045,822	11.5%	-6.9%	13.8%	5.0%
Massachusetts Maritime Academy	\$10,840,503	\$3,237,085	\$14,077,588	\$12,086,036	\$1,016,242	\$13,102,278	\$13,757,392	11.5%	-6.9%	13.8%	5.0%
Salem State University	\$30,667,259	\$9,157,556	\$39,824,815	\$34,190,813	\$2,874,899	\$37,065,712	\$38,918,998	11.5%	-6.9%	13.8%	5.0%
Westfield State University	\$17,882,753	\$5,339,972	\$23,222,725	\$19,884,626	\$1,703,354	\$21,587,980	\$22,667,379	11.2%	-7.0%	14.0%	5.0%
Worcester State University	\$18,225,835	\$5,442,420	\$23,668,255	\$20,319,915	\$1,708,580	\$22,028,495	\$23,129,919	11.5%	-6.9%	13.8%	5.0%
STATE COLLEGE SUBTOTALS	\$171,387,324	\$51,178,003	\$222,565,327	\$191,029,299	\$16,092,097	\$207,121,396	\$217,477,466	11.5%	-6.9%	13.8%	5.0%
Berkshire Community College	\$7,224,971	\$2,158,244	\$9,383,215	\$8,055,655	\$677,423	\$8,733,078	\$9,169,732	11.5%	-6.9%	13.8%	5.0%
Bristol Community College	\$12,455,643	\$3,720,749	\$16,176,392	\$13,887,717	\$1,167,857	\$15,055,574	\$15,808,353	11.5%	-6.9%	13.8%	5.0%
Bunker Hill Community College	\$16,076,213	\$4,802,287	\$20,878,500	\$17,924,560	\$1,507,326	\$19,431,886	\$20,403,481	11.5%	-6.9%	13.8%	5.0%
Cape Cod Community College	\$8,909,231	\$2,661,366	\$11,570,597	\$9,933,561	\$835,341	\$10,768,902	\$11,307,347	11.5%	-6.9%	13.8%	5.0%
Greenfield Community College	\$7,100,561	\$2,121,080	\$9,221,641	\$7,916,941	\$665,758	\$8,582,699	\$9,011,834	11.5%	-6.9%	13.8%	5.0%
Holyoke Community College	\$14,438,282	\$4,313,003	\$18,751,285	\$16,098,308	\$1,353,752	\$17,452,060	\$18,324,663	11.5%	-6.9%	13.8%	5.0%
Massachusetts Bay Community College	\$10,813,329	\$3,230,157	\$14,043,486	\$12,056,580	\$1,013,872	\$13,070,452	\$13,723,974	11.5%	-6.9%	13.8%	5.0%
Massasoit Community College	\$15,666,138	\$4,679,788	\$20,345,926	\$17,467,335	\$1,468,878	\$18,936,213	\$19,883,023	11.5%	-6.9%	13.8%	5.0%
Middlesex Community College	\$15,460,591	\$4,618,388	\$20,078,979	\$17,238,156	\$1,449,605	\$18,687,761	\$19,622,150	11.5%	-6.9%	13.8%	5.0%
Mt. Wachusett Community College	\$9,882,766	\$2,952,180	\$12,834,946	\$11,019,027	\$926,621	\$11,945,648	\$12,542,930	11.5%	-6.9%	13.8%	5.0%
North Shore Community College	\$15,864,039	\$4,738,906	\$20,602,945	\$17,687,990	\$1,487,433	\$19,175,423	\$20,134,194	11.5%	-6.9%	13.8%	5.0%
Northern Essex Community College	\$14,756,413	\$4,408,037	\$19,164,450	\$16,453,017	\$1,383,581	\$17,836,598	\$18,728,428	11.5%	-6.9%	13.8%	5.0%
Quinsigamond Community College	\$11,730,750	\$3,504,210	\$15,234,960	\$13,079,480	\$1,099,891	\$14,179,371	\$14,888,340	11.5%	-6.9%	13.8%	5.0%
Roxbury Community College	\$8,755,736	\$2,615,514	\$11,371,250	\$9,762,418	\$820,949	\$10,583,367	\$11,112,536	11.5%	-6.9%	13.8%	5.0%
Springfield Technical Community College	\$19,016,100	\$5,680,485	\$24,696,585	\$21,202,457	\$1,782,974	\$22,985,431	\$24,134,703	11.5%	-6.9%	13.8%	5.0%
COMMUNITY COLLEGE SUBTOTALS	\$188,150,763	\$56,204,394	\$244,355,157	\$209,783,202	\$17,641,262	\$227,424,464	\$238,795,687	11.5%	-6.9%	13.8%	5.0%
TOTAL STATE UNIVERSITIES AND COMMUNITY COLLEGES	\$359,538,087	\$107,382,397	\$466,920,484	\$400,812,501	\$33,733,359	\$434,545,860	\$456,273,153	11.5%	-6.9%	13.8%	5.0%