

## UMass Tuition Retention

### FY16 GAA Section by Section Summary

**FY16 GAA Section 73.** New section in chapter 75 that gives UMass Board of Trustees the exclusive authority to set tuition and fees at the University, allows the campuses to keep tuition paid for by in-state students that had been previously remitted to the General Fund and mandates that the University present a simple bill to students where the majority of the cost of attendance at the 5 campus system is tuition. It also solves other related issues with the move to a high tuition low fee model, fringe benefits for employees paid by state appropriation and existing tuition waivers.

**Subsection (a)**- Defines two new terms of art, “student charges” which is the cost of attendance at the campuses, minus any fee for auxiliary services or fee for special courses, programs or activities; and “student tuition credit”, a credit off of the total student bill for any existing tuition, fee and tuition and fee waiver in existing law or through collective bargaining. The existing tuition and fee waivers are such things as John and Abigail Adams scholarships, veteran tuition waivers, community college graduate tuition waivers, etc.

**Subsection (b)** - Gives the UMass BOT power over the setting of all tuition and fees at the University. The section makes clear the tuition and fee increases shall be done with consideration around the CPI index, HEP index, peer institutions, collective bargaining obligations and state support along with other relevant industry and financial factors.

**Subsection (c)** - All tuition and fees paid by students and parents shall be retained by the University. Obligates the University to provide a simple bill for our students where tuition makes up the majority of the cost of attendance at the campuses. The bill will reflect, for in-state students, in clear terms, the state subsidy they are receiving as a result of the Commonwealth’s commitment to higher education. The bill will reflect any student tuition credits (existing tuition, fee and tuition or fee waivers) that students are eligible for.

The section sets up a revolving fund to keep tuition at the campuses that had previously been remitted to the Commonwealth.

**Subsection (d)**- Provides that the state shall continue to pay the fringe benefits and collective bargaining costs of all employees whose salaries are paid from retained tuition. This language is modeled after section 25 of chapter 45 of the acts of 2005 that granted out of state tuition retention to the Amherst campus amongst others.

**Subsection (e)** - Turns all existing tuition, fee and tuition and fee waivers into student tuition credits and provides that those student tuition credits will continue to be honored to students at UMass.

**Subsection (f)**- Mandates that all future student tuition credits or other future tuition, fee or tuition and fee waivers passed after July 1, 2016 must be accompanied by a state appropriation that covers the full costs of the reduction.

**Subsection (i)** – Establishes that the amount of tuition remitted to the Commonwealth as of June 30, 2106 is the amount by which the State appropriation to the University will be reduced in FY17. It also caps, at the same amount, the total fringe benefits and collective bargaining costs that will be paid by the Commonwealth for employees paid from retained tuition.

**FY16 GAA Sections 36, 37 and 72.** Remove the power of the Board of Higher Education from approving tuition increases at the University, setting up a tuition and fee structure that is in line with peer institutions and that will provide students and their parents with a bill that is sensible and easy to understand.

**FY16 GAA Section 174.** Is an outside section that looks to value all our existing tuition and fee waivers as of July 1, 2016 and provides that UMass will honor all tuition and fee waivers in place moving forward.

**Subsection (a)** - Reiterates that all existing statutory and collectively bargained tuition, fee and tuition and fee waivers shall be known as student tuition credits.

**Subsection (b)** - On July 1, 2016 UMass will calculate exactly what each of the existing statutory or collectively bargained tuition waivers are worth.

**Subsection (c)** - States that UMass will honor all existing statutory and collectively bargained tuition, fee and tuition and fee waivers as student tuition credits for students at UMass.

**Subsection (d)**- Requires a one-time UMass report to the Joint Committee on Higher Education, the Senate and House Committees on Ways and Means and the Board of Higher Education that provides the value of the existing statutory and collectively bargained tuition, fee and tuition and fee waivers.

**FY16 GAA Section 175.** Provides that those tuition and fee waivers and reductions that are exclusive to the University of Massachusetts shall only require approval of the UMass Board of Trustees. This includes division 1 athletic scholarships and UMass Exchange Tuition Waivers Programs.

**FY16 GAA Section 211.** Establishes an effective date of July 1, 2016 (Fiscal Year 2017) giving the University time to implement the plan.

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### FY16 GAA Language

**SECTION 36.** Section 9 of said chapter 15A, as so appearing, is hereby amended by striking out, in lines 75 to 79, inclusive, the words “In the case of the university, the council shall review the recommendations of the board of trustees relative to tuition rates at said university and its campuses. Said tuition rates shall be subject to the approval of the council” and inserting in place thereof the following words:- Tuition rates shall be subject to the approval of the council; provided, however, that tuition rates at the University of Massachusetts shall be subject to sections 1A and 1B of chapter 75 and shall not require the approval of the council.

**SECTION 37.** Said section 9 of said chapter 15A, as so appearing, is hereby further amended by striking out, in line 84, the words “public institution of higher education” and inserting in place thereof the following words:- state university and community college.

**SECTION 72.** Section 1A of chapter 75 of the General Laws, as so appearing, is hereby amended by striking out, in lines 150 and 151, the words “; (p) submit recommendations to the council for approval for tuition rates at the university”.

**SECTION 73.** Said chapter 75 is hereby further amended by inserting after section 1A the following section:-

Section 1B. (a) For the purposes of this section, the following words shall have the following meanings unless the context clearly requires otherwise:

“Student charges”, in-state and out-of-state tuition and fees that are charged to students for general attendance at the university; provided, however, that “student charges” shall not include any fee or other charge established by the university that is specific to a particular course, program or activity or any charges for room, board or student health insurance.

“Student tuition credit”, a reduction in student charges for an eligible student.

(b) The board of trustees shall fix and establish student charges for the university. In-state tuition and mandatory student charges shall preserve affordability for residents of the commonwealth. Out-of-state student charges shall appropriately balance the financial needs of the university with the need to be competitive with peer institutions and, to the extent possible, cover, at a minimum, the actual cost of a student’s education. Tuition shall comprise the majority portion of student charges. In establishing student charges, the board of trustees shall consider factors including: (i) the Consumer Price Index published by the Bureau of Labor Statistics in the United States Department of Labor; (ii) the Higher Education Price Index calculated by Commonfund; (iii) tuition and fee rates at peer institutions; (iv) collective bargaining costs; (v) total support from the commonwealth, including direct appropriations and support for capital construction and maintenance; and (vi) other relevant data and measures. The board shall increase in-state student charges by no more than is necessary to adequately fund the university.

(c) All student charges received by the university under this section shall be retained by the university in a revolving trust fund and shall be expended as the board of trustees directs for the operation and support of the university. Any balance remaining in the trust fund at the close of a fiscal year shall continue to be held in the trust fund, shall remain available for expenditure in subsequent fiscal years and shall not revert to the General Fund. The trust fund shall be subject to audit by the state auditor.

(d) The university shall provide to each student a detailed statement of all student charges. The statement shall be in a form approved by the board of trustees and shall include a breakdown of the student charges and show the discount rate for in-state students and the discount for a student who is eligible for a tuition credit.

(e) For employees of the university whose salaries are paid from tuition retained under subsection (c), fringe benefits

and collective bargaining shall be funded as if those employees' salaries were supported by state appropriations and the funds shall not be assessed as fringe. This subsection shall apply only to fringe benefits and collective bargaining costs associated with salaries paid from retained tuition.

(f) All tuition waivers, grants and scholarships identified in chapter 15A or any other general or special law and reductions collectively bargained for that are in the form of tuition or fee waivers shall be student tuition credits. Students that are eligible for a tuition credit shall have their student charges reduced by the amount of the tuition credit.

(g) The board of trustees shall not accept any tuition waivers, grants or scholarships identified in chapter 15A or any other general or special law or reductions collectively bargained for that are in the form of tuition or fee waivers established on or after July 1, 2016 unless the reduction is accompanied with an appropriation that fully supports the reduction or the reduction is approved by the board of trustees.

(h) The university shall report annually not later than March 1 to the senate and house committees on ways and means, the joint committee on higher education, the secretary of administration and finance and the secretary of education on: (i) the status of the percentage of student education costs placed upon the student and subsidized by the commonwealth; and (ii) a comprehensive document articulating the efficiencies and effectiveness of initiatives and programs at the university that save the commonwealth and students money and make the 5-campus system more efficient.

(i) For the purposes of calculating and funding the fringe benefits for employees whose salaries are paid from retained tuition at the university as provided for in subsection (e), all fringe benefits and collective bargaining costs of employees paid from retained tuition shall not exceed the amount of tuition remitted to the commonwealth as reported in the university's audited financial statements for fiscal year end June 30, 2016 and provided that said amount shall continue to be paid annually under said subsection (e).

**SECTION 174.** (a) Notwithstanding any general or special law to the contrary, the University of Massachusetts shall classify as a student tuition credit as defined in section 1B of chapter 75 of the General Laws all tuition waivers, grants and scholarships identified in chapter 15A of the General Laws or any other general or special law and all reductions collectively bargained for that are in the form of a tuition or fee waiver available to students as student tuition credits.

(b) The University of Massachusetts shall calculate the value of all tuition waivers authorized under section 19 of chapter 15A of the General Laws, or any other general or special law, and all collectively bargained for reductions existing on July 1, 2016.

(c) The University of Massachusetts shall credit to eligible students the calculated value of the tuition waivers, grants and scholarships identified in chapter 15A of the General Laws, or any other general or special law, and reductions collectively bargained for in the form of a tuition or fee waiver calculated in subsection (b) as a student tuition credit on the student's statement of student charges as defined in section 1B of chapter 75 of the General Laws.

(d) The University of Massachusetts shall report to the senate and house committees on ways and means, the joint committee on higher education and the board of higher education on the existence and the calculated value of all tuition waivers, grants and scholarships identified in chapter 15A of the General Laws or any other general or special law and reductions collectively bargained for in the form of a tuition or fee waiver at the University of Massachusetts. The report shall be submitted not later than August 1, 2016.

**SECTION 175.** Notwithstanding any general or special law to the contrary, all tuition and fee waivers that are exclusive to the University of Massachusetts shall require only the approval by the board of trustees of the University of Massachusetts.

**SECTION 195.** Not later than January 31, 2016, the president of the University of Massachusetts shall study and report to the secretary of administration and finance, the secretary of education, the university's board of trustees and the house and senate committees on ways and means on the following matters related to tuition retention and the implementation of sections 36, 37, 72, 73, 174 and 175:

(a) Calculations and recommendations relative to the value of all tuition waivers authorized under section 19 of chapter 15A of the General Laws, or any other general or special law, and all collectively bargained for reductions existing on July 1, 2016 and recommendations for procedures and approval mechanisms for changes in the value of student tuition credits;

(b) Recommendations for specific budgetary and financial information that may be included in an annual report to be used to develop the annual university budget and increase transparency; provided, further that the recommendations shall include, but not be limited to, (i) a list of required reporting and auditing of revenue and expenditures supporting operation of the university, as presented in the university's consolidated audited financial statements, the 5-year capital plan, all auxiliary functions and quasi-public entities that provide service or support to the university or its campuses in fulfillment of the requirements of section 10 of chapter 75 of the General Laws and (ii) the annual reporting required to monitor progress in meeting the goals of and fidelity to such plans, as required pursuant to said section;

(c) The feasibility and relative benefits of including the total cost of fringe benefits for employees of the university paid with state appropriations in the base appropriation of the university beginning on July 1, 2016, and shifting the associated obligation of paying the university's actual fringe benefit costs for all employees of the university to the university beginning on July 1, 2016; and

(d) Recommendations for any reduction or increase to the university's base appropriation in fiscal year 2017

**SECTION 211.** Sections 36, 37, 38, 44, 72, 73, 119, 174 and 175 shall take effect on July 1, 2016.