

**UNIVERSITY OF MASSACHUSETTS AT AMHERST  
OFFICE OF THE FACULTY SENATE**

From the 649<sup>th</sup> meeting of the Faculty Senate held on February 23, 2006.

**ADDRESS BY SENATOR STANLEY ROSENBERG  
(D-HAMPSHIRE AND FRANKLIN DISTRICTS)**

Good afternoon. So as usual, I will begin with an opening statement and then go into questions, answers, and comments from all of you assembled. I think that there is a fair amount of encouraging news in the land these days. The first big moving piece is that we are finally seeing sustained positive revenue growth in the Commonwealth, month after month, and now well into a second fiscal year. In fact, at the end of this fiscal year, as with last year, we will see a substantial surplus. This surplus is, in part, a result of growth in the economy, and partly as a result of the fact that we conservatively estimate revenues at this point so that we do not get into a bind halfway or partway or at the end of the fiscal year and find ourselves with revisions, budgets and all of that sort of thing. The other good piece of that is that we have begun to rebuild the state's rainy day fund. Two recessions in a row now were drained within the first, roughly 30 months of recessions that ended up lasting four to four and a half years. Without those rainy day funds, we would have been in a lot worse trouble and had much deeper budget cuts than we ended up having. Not that they were easy budget cuts or that they were small, but with \$2.4 billion in the bank at the beginning of the last recession, that really helped us get through the first, roughly 24 months with some cuts, but not disastrous cuts. Of course, the next two budgets were a disaster, as we all know, and we repeated what happened in the previous recession.

With that said, I just want to reinforce that the revenues are growing. The budget is now in structural balance. It does not mean that all needs are being met. It means that we have enough revenue coming in to meet the bottom line. When we allocate the budget, we can be confident that, at least at this point, we do not have to see reversions or revisions in the budget as the fiscal year goes on. That is encouraging and good news. The second major encouraging sign and area for discussion and consideration is the fact that, for the first time in the history of the Commonwealth, we now have a standing joint Legislative Committee on Higher Education. Legislation which Senator Steven Panagiotakos of Lowell and I filed as sort of a placeholder a year ago in December has now been approved. It has not only been approved by the committee but, on a unanimous roll-call vote, was approved by the State Senate. I think I described the outline of that plan when I appeared before this body last year, so I won't go into great detail, but the bottom line is a \$400 million commitment which would fully fund the formulas that were developed to answer the question how much does it cost to run each of the campuses in the public higher education system and what is the gap? The gap is \$400 million.

There are some policies that are intended to give the Trustees, Presidents, and Chancellors greater capacity to manage through the tough times. One way is by allowing campuses to set their own tuition and fees. Right now, tuition is set by the Board of Higher Education and fees are set on campuses. This creates strange aberrations in our system as compared to most of the rest of the country. Another thing is that most systems have, if not universal, significant pockets of tuition retention. That is, instead of sending the tuition to general fund and fighting to get it back in the budget process, you get to keep it. There are pros and cons, but the bill settles that debate at this point in favor of you keeping the tuition; you can set the tuition and fees. The other two major moving pieces, in terms of finance policy, are that student charges would grow at no greater than the rate of inflation, and, if a campus in the system needs to go above inflation for some reason, they have to go to the Board of Higher Education to get authorization to do that. This is so that there is transparency and there is a check and balance from the point of view of the Higher Education Committee.

The final piece of that puzzle is that a small percentage of the annual growth in state appropriation and student charges should go into a campus-based, campus-controlled rainy day fund to help manage the situation when we get into the next recession, so that student charges do not have to spike up again. We would rather have more gradual increases, put some money away for a rainy day, and hope that in the next recession that will not cause a repeat of what has happened the last two recessions, which were major spikes in the cost to the students. Some of those provisions are still quite controversial and there is still quite a bit of debate among administrators in higher education and between the House and the Senate on those points. As

we have all promised ourselves privately, this is too important to have the whole thing fall apart on the question of a couple of these moving pieces and we hope to get through them, come to some reasonable resolution, and move forward and get the \$400 million. That is what really is critical in this situation. There are a bunch of other bells and whistles. I am not going to spend more time on it. That has now passed the Senate. It presents the opportunity for something historic to occur, at least historic in the many, many years that quite a few of us have been watching the situation and the system. For the first time, the House may actually approve a multi-year strategy for public higher education. As most of you know, it has pretty much been that the Governor comes in with a low number, the House may or may not increase it, and whatever the House does, the Senate goes dramatically higher. We would like to share the responsibility and share the credit. We do not need all the credit. When we have to go two or three times the size of the House budget increase in order to give a reasonable budget to higher education, it means we have to short other areas of the state budget in the Senate version of the budget. We would like to have a more balanced picture, and so we would like the House and the Senate to be in agreement, hopefully with the Governor, about how much we should be putting aside each year for the next seven years in our budgets so that we do not have this crazy imbalance of the Senate having to come up with \$20, 30, 40, 50 million more in its budget and the House being able to spend it on a bunch of things, and then give in conference. They always yield to the Senate number or close. It is a real game and we want that game to stop and we want everybody to take shared responsibility for the funding of the system.

I am pretty optimistic that we could, by the end of this legislative session, have that bill in law and we could have another good budget in this budget cycle. The other piece that I am optimistic about is that you need new blood, new energy, new ideas, and new commitment from time to time injected into boards and commissions, etc. We have a very significant opportunity ahead of us, because there are five Trusteeships up for grabs in these next few months. We are hoping that we will continue to see what we have seen in recent appointments -- some pretty good people selected. They do not all stay with us. Things have gone a little wrong here and there but it is encouraging that we have the opportunity. The Governor is going to appoint five people. He could reappoint some of the same people. He could reappoint them all to the extent that they are eligible. It just presents an opportunity. There are four other positions available within less than a year after that. There could be dramatic new energy and vision and opportunity for this campus and the whole system with excellent appointments. As the Governor leaves, we hope that one of the legacies he will leave behind in his very short and distracted tenure will be an excellent University Board of Trustees.