Thank you for making time for me on the agenda today. I wanted to talk with you mainly about the Senate Task Force on Higher Education’s Report. I do not know how many of you have actually had the opportunity to read it, either on paper or online. It is available online for those of you who would like to do so. If you go to the legislative website and then go to the Senate, you will find a listing for the report and you can just go to the report. You can see it all right there online.

Let me give you the thumbnail of what the heart of the report is. It comes as a result of Senate President Travaglini, in conversations with a number of us, indicating that he understood that we needed to make a higher priority of higher education. He appointed a Senate Task Force that I co-chaired with my colleague at the University of Lowell, Senator Panagiotakos, who is also the Vice Chair of the Ways and Means Committee, which is very convenient. There were eight of the Senators who participated in this, out of the forty, so it gives you a very good start in terms of trying to build a political base inside of the Senate.

Somewhere along the way, the new Speaker, DiMasi, and the Senate President Travaglini got together and started talking about possibly reorganizing committees, and they decided to listen to the pleadings of a number of us, and they accepted the idea of creating, for the first time ever, a Public Higher Education Committee. That was when we were about two-thirds of the way through the work of the hearings and the work to write the report. We were not about to stop and pull back, so we finished the work and submitted the report, which now will be the substance for a piece of legislation that I filed last year as a placeholder, which just has some gobbledygook about the future of public higher education, but does not actually have anything in it. The intention was to take this report when it was finished, turn it into legislation, and substitute it for the text, which was virtually nonexistent in the bill. That was the legislative strategy to make sure that Finneran could not block admitting the bill because, at that time, we still thought that we were still going to have Finneran as Speaker.

What is in the plan? The plan says we should fully fund the formulas that were developed by the Board of Higher Education for the state and community colleges and by the University Board of Trustees for the University. The gap is $400 million. We would propose to fill that gap over a five- to seven-year period. That would have to be adjusted by inflation and collective bargaining. The second component of the plan is to fund a Capital Plan. The Board of Trustees created a plan for the University which is a $1.7 billion five-year plan. The Board of Higher Education developed a $1.3 billion ten-year plan for the state and community colleges. Our Task Force proposes that we adopt those two plans for a $3 billion capital program with roughly half of it being for the University over a five-year period and the rest going to the state and community colleges over ten years. The one significant difference is that the University plan calls for the Commonwealth to put in approximately 18% of the cost with the institutions bearing the remainder of the cost. We are going to try to dramatically shift that ratio. The state and community college plan is two-thirds state, one-third campus based. We want to try to move the University plan closer to that number. In fairness, the University has the ability, through the federal government in some cases, through the kinds of research grants and contracts and things that you get through other kinds of public-private partnerships, to do somewhat more on its own, but we thought it was absolutely ridiculous for you folks to have to think about doing 83%-84% of it on your own. We are going to really try and increase that. We want to at least double that and get it up, if we can, closer to 50% or 60%. But only time will tell whether we can actually get that much of it. We want a multi-year commitment and we want to move it forward.

The Governor has recently proposed $300 million in total for public higher education. We do not know over what period of time that is, but that is woefully inadequate. Our argument is going to be that since the Commonwealth’s budget is $1.25 billion a year for capital to higher education, given that we have had so little attention for so long, that we should be able to get 8% to 10% of that over a ten-year commitment and make a ten-year commitment. You understand that if you do a ten-year program, you pay for it over thirty years. It’s like the mortgage on your house. You do not pay for your—most of, well, maybe some of you could afford that, but most of us cannot do a mortgage in ten years on a house. That was a joke! That was close to a joke! You can lighten up a little bit here! We are saying make a commitment over a ten-year period, but you are going to pay for it over thirty years. So, you need $125 million, roughly, a year over thirty years, and you can certainly find that in a $1.25 billion capital program.

We are calling for about a $25 million increase in need-based financial aid. As for the student charges, we think that we have basically more than capped or maxed out on what we should be doing in terms of student charges. We are calling for increasing student charges at a rate no greater than the rate of inflation, with the Commonwealth having then to come in with the $400 million, so that we can, in fact, achieve that goal.
We also are calling for the creation of a campus-based rainy day fund for each of our campuses. We have been through two recessions now where the Commonwealth has had substantial reserves because we have had very healthy rainy day funds, but in neither case have we been able to get any of the money out of it for public higher education. We are proposing that we need to create campus-based rainy day funds. We would ask that, in the first couple of years of the plan, no less than 5% of the growth in revenue from student charges and from the state appropriation should go into the rainy day fund. Then, in the years after that, the next four, five, six years, at least 10% should go in there so that, by the time the next recession comes, you will hopefully be sitting on a rainy day fund sufficiently large that you will be able to not see the kind of devastating erosion of your base on campus.

It is an experiment and to be sure there is a certain amount of risk with that. That said, what we have been doing has not been working so we have got to try something new. It seems to me that if we can pump in $400 million adjusted for inflation plus collective bargaining and we can reduce the amount of capital that you have to pay for yourself, you ought to be able to build some kind of a rainy day fund. I do not think that you would be protected in the future against cuts when we have a recession, and I am not convinced that having a rainy day fund will result in you getting even deeper cuts. We think it is worth trying.

There is a whole bunch of other bells and whistles around economic development and research and things of that nature. We are looking for $150 million for quick money into rehabbing labs and the Life Sciences Building and the NanoTech Building up in Lowell. We are looking for $20 million in matching money for endowed professorships. We are looking to fully fund the endowment incentive program. We gave you a $14 million down payment on a $100 million commitment that was made last summer. We want to see another $10, $14, $15, $20 million in the next final deficiency or supplemental budget in the next fiscal year, but we want to make sure that that $100 million program keeps moving. There is a bunch of bells and whistles—I call them bells and whistles—which go beyond the basic capital and operating budget money that is in the plan.

The Governor did not do very well by higher education when he filed his budget, although there was a lot of wing flapping and stuff, because everyone saw what looked like a 7% or 8% increase, but what they failed to note when they wrote that up was that a bunch of that was simply the payment of collective bargaining agreements that had not been built into the base, against which they compared the proposed spending against the actual spending. When you netted all of that out, it was, in fact, a cut for the University of Massachusetts system because they earmarked $21 million for the NanoTech Center in Lowell, and the state and community colleges did not fare much better.

The House came out of their Ways and Means Committee process with an increase of $10.7 million for the state and community colleges and a whopping $5 million net increase for the University of Massachusetts. For the first time in anybody’s memory there was actually a floor fight and an amendment adopted for public higher education in the budget on the floor of the House, and they added $3 million for UMass, bringing it up to $8 million increase. They added a couple of million more for the state and community colleges.

The Senate budget is coming out on Wednesday of this week and then will be debated next Monday and Tuesday. It usually takes us about two days because that is about how long it takes to say “No” 827 times. That was the second joke of the day! You guys really are tired. This is the end of the semester, I can tell. Wow. And still some of you are not laughing! I am going to buy you ice cream or something. How do you stand it? Okay, so let me think. Where was I? Our goal, even though the Senate plan has not been approved and put into law yet, was to at least double what the House did in their budget. I am happy to report to you that, in fact, we are getting twice as much in the Senate budget as in the House budget. The House has $8 million for the University, the Senate has $18 million and the House has about $12-$13 million for state and community colleges and it is going to be $23.5 million for the state and community colleges from the House. That is a really good down payment on the plan that has not even been approved. That is in addition to anything that might happen on the collective bargaining scene. I am pretty optimistic and pretty up about the fact that they have done that.

I think that is basically it for the moment. I would now be happy to answer any questions or tell you another joke!