

Massachusetts Department of Higher Education

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Noe Ortega
Commissioner
Chris Gabrieli
Board Chair

Attachment A to BHE Motion 24-21

MEMORANDUM

TO: Noe Ortega, Commissioner

FROM: Board of Higher Education Members

DATE: December 12, 2023

SUBJECT: **FY2025 Funding Recommendations – Board of Higher Education Priorities**

The Board of Higher Education (BHE or Board) has historically voted on an annual budget recommendation covering all of the line items specific to BHE and the Department's responsibilities related to public and private higher education in the Commonwealth. The BHE budget includes recommendations for institutional support funds directed to the University of Massachusetts and each of the 9 state universities and 15 community colleges; funds for the costs and operations of the Department of Higher Education; funds for the Commonwealth's state-administered financial aid programs; and other special programs and supports related to post-secondary education included in the budget.

Beginning in 2020, the Board decided to enhance the preamble language of our budgetary recommendations to include multi-year, strategic and aspirational goals to contextualize the subsequent annual recommendations.

In 2022, the Board decided to pivot to advancing a budget recommendation memo with predominant emphasis on key line items and strategic directions in place of equally addressing every line item. *BHE Motion 23-30, February 14, 2023*. Additionally, in December 2022, the Board approved the Strategic Higher Education Financing Framework (SHEF) which provided a blueprint for the Commonwealth and recommendations for how to utilize a significant portion of the new Fair Share Act funding to further higher education in the state. *BHE Motion 23-23, December 13, 2022*. BHE Motion 23-23 called on the Commissioner and Department to work with all key stakeholders to advance the SHEF priorities and principles into as much action as possible.

Calendar year 2023 has marked multiple transitions including a new gubernatorial administration, the first full year of the new Commissioner, new members of the DHE team including a new Deputy Commissioner for Administration, Finance, and Operations who began work in late September. and new gubernatorial appointed members of the BHE. It also was the first year where the Governor and Legislature included, as part of the FY24 budget, \$229 million in new higher education spending from the Fair Share account called the Education and Transportation Fund.

As the Commonwealth moves towards the FY25 budget cycle, the BHE approves the following FY2025 Budget priorities for submission to the Secretary and for the purpose of guiding and informing the Department's budget development work:

- I. Fund all key ongoing accounts with maintenance recommendations that build on historical funding levels with a consistent, appropriate rate of increase for FY25 to reflect inflation and rising costs. Increase CDEP funding sufficiently to support desired growth of Early College participation and needed adjustment to rates paid to participating colleges; and
- II. Sustain and expand Education and Transportation Fund (previously referred to as the Fair Share Fund) investments in higher education in alignment with and in furtherance of the BHE's Framework for Strategic Public Higher Education Financing (SHEF), including:
 - i. Sustain and expand investments in financial aid that work to make college truly affordable for our lowest-income students, more affordable and less debt burdening for our moderate-income students, and more accessible for working adults with no degree yet
 1. Further, recommend unrestricted funding and flexibility within scholarship accounts wherever possible to allow the BHE and DHE to work with MA public colleges to optimize impact and equity.
 - ii. Invest more funding to institutions and their partners to provide and support student success through wraparound services; ideally through support of all Pell Grant-eligible students across the segments.
 - iii. Invest more in DHE initiatives designed to increase institution, segment and statewide capacity in support of innovation, infrastructure and systemwide collaboration; ideally in multi-year trust structure.
 - iv. Support financial stability and sustainability of colleges and for families and students.

The Board further directs the Commissioner to prepare a plan for discussion with the Finance and Administrative Policy (FAAP) Advisory Council and the full Board at the upcoming Board retreat on how the Board and Department can evolve and refine our current processes and timing of providing budgetary input to meet our statutory duties and provide effective annual, as well as multi-year, leadership on a timely basis and in conjunction with key stakeholders.