

MAN&C Quarterly

Massachusetts Association of Nonprofit Schools and Colleges

Winter '03

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Senate President to address MAN&C luncheon



MAN&C is pleased to announce that Massachusetts Senate President Robert E. Travaglini will speak at its March 24 Government Relations Luncheon, to be held at Suffolk University Law School. Senator Travaglini was recently elected president of the Massachusetts State Senate.

Now in his sixth term representing the Suffolk and Middlesex district, Travaglini is a resident of Boston. He most recently held the office of majority whip in the Massachusetts Senate. He is a 1970 graduate of St. Dominic Savio School in East Boston and received a B.S. degree in political science from Boston State College in 1974. He was a Boston city councilor from 1984-1993 and served as chair of the Children's Legislative Caucus in the Senate.

Travaglini is married and has three children. His key priorities

are health care, affordable child care and after-school opportunities, children's health and development, improving education, transportation, homeless services, community development, public safety and constituent services. For more information on the senator's accomplishments, please visit www.bobtravaglini.com.

The Government Relations Luncheon will provide a wonderful chance for colleges, universities and schools to hear the senator's advice and insights on issues that MAN&C members face as the legislature addresses the commonwealth's budget issues. It will also provide us an opportunity to share some of our concerns with him. The current legislative session will require our members, and non-profit institutions in general, to be vigilant about possible changes to the tax structures and Dover Amendment protections that govern the ways our institutions function. The MAN&C board of directors encourages members to invite their state senator, school leaders and trustees to the luncheon. Suffolk University Law School is a short walk from the statehouse. Please complete the reservation form on page 3 of this newsletter and return it at your earliest convenience.

Senator Robert O'Leary meets with Board of Directors

Senator Robert O'Leary, representing the Cape and Islands district, was elected to the Massachusetts Senate in 2000 and has been a friend to education during his tenure in the Legislature. Last year he sponsored legislation to bring the state's tax code into conformity with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), which now benefits us all.

The senator is a professor at Massachusetts Maritime Academy, where he teaches American history, and he also teaches at Cape Cod Community College. He has made education, affordable housing and the environment his legislative priorities. He is chairman of the Counties Committee and vice chairman of the Human Services and Elder Affairs Committee and serves on the Education,



MAN&C officers Debbie Martin, left, and Barry Monahan, right, present Senator O'Leary with a plaque of appreciation from the organization.

Arts and Humanities, Banks and Banking, and Natural Resources and Agriculture committees and the Arts, Sciences and

Humanities Legislative Leadership Committee. He has recently been appointed to chair the Senate Energy Committee.

Senator O'Leary has served as a Barnstable County commissioner and is a member of the Cape Cod Commission and the Cape Cod National Seashore Advisory Council.

He holds a Ph.D. degree from Tufts University, an M.P.A. degree from Harvard and a B.S. degree from Georgetown University.

Senator O'Leary met with MAN&C's Board of Directors in January to discuss legislative issues of concern as schools and colleges look to 2003. The MAN&C board thanked Senator O'Leary for his efforts and presented him with a plaque of appreciation.



From the President

Much as the commonwealth has been examining all aspects of its budget, these difficult economic times are causing each of our institutions to examine every detail of our operating budgets. In this climate, it is important that our volunteer board of directors and our legal counsel, John Spillane, continue to monitor the legislative process as it may affect our member institutions. We must all be aware of possible increases to our budgets from governmental actions. Fees, although a small part of our budgets, are slowly creeping up (e.g., registration fees for our vehicles). Another issue of concern is the current press for eliminating the exemption for charitable gifts. Each of us must follow these potential pressures on our budgets and respond to them diligently.

I would like to take this opportunity to welcome and congratulate those schools and colleges who have recently joined or rejoined MANS&C. Once again this year, we have over 80 members. It gives me great pleasure to be able to speak on behalf of so many prestigious institutions.

It is an honor that Senate President Robert E. Travaglini has agreed to address our annual government relations meeting Monday, March 24, at Suffolk University. We look forward to hearing his thoughts on the legislative pressures facing education in 2003 and to giving him the opportunity to learn more about our members. It should be an interesting and informative meeting. Please mail in your reservation using the form on page 3.

—Debbie Martin
President

Legislative update

The Massachusetts House of Representatives has elected Thomas Finneran as speaker of the house and Representative Bradley R. Jones as Republican minority leader.

The Senate has elected Senator Robert E. Travaglini of Boston as Senate president, succeeding Thomas Birmingham, who spoke to our Government Relations Luncheon in 2001. The Republican minority has elected Senator Brian Lees of Springfield as Senate minority leader. The Senate president and the House speaker have appointed their committees.

Governor Mitt Romney and Lt. Governor Kerry Healey are now in office and have recently sent their new budget message. More than 1,000 bills have been filed in the Senate, and over 3,000 have been filed in the House of Representatives. Currently, the House and Senate clerks are assigning those bills to their respective committees.

As of this writing, we have not been able to analyze all the legislation that has been filed, because much of the legislation has not been printed, but that review should be finished shortly. Members of MANS&C who become aware of pending legislation of possible interest or concern to our institutions should bring that information to a member of the board of directors as soon as possible. Hearings will be scheduled on new legislation for the 2003-04 legislative session beginning in late February.

It is expected that the anticipated multibillion-dollar shortfall and its effect on the budget will occupy the governor and members of the General Court (Senate and House of Representatives) as a priority matter in the short term. In the first week of this legislative session, the governor was given authority to reduce unilaterally the amounts of money under the reimbursement pool to cities and towns.

Senate President Travaglini has made the following appointments of interest:

- ◆ Senator Frederick E. Berry as majority leader;
- ◆ Senator Therese Murray as chair of the Ways and Means Committee;
- ◆ Senator Robert A. Antonioni, continuing as chair of the Committee on Education, Arts and Humanities;
- ◆ Senator John Hart of South Boston as chair of the Commerce and Labor Committee, which last year handled Senate 99, now refiled as Senate 84 (Health and Fitness Facilities);
- ◆ Senator Cynthia Stone Creem of Newton as chair of the Committee on Taxation;
- ◆ Senator Robert Creedon, continuing as chair of the Committee on Judiciary;
- ◆ Senator Susan C. Fargo as chair of the Committee on Local Affairs, which handles zoning and other land-use issues;
- ◆ Senator Jarrett Barrios as chair of the Committee on Public Safety, which also deals with bus regulations;
- ◆ Senator Charles E. Shannon Jr. as chair of the Committee on Bills in Third Reading; and
- ◆ Senator Cheryl A. Jacques as chair of the Committee on Steering and Policy.

Speaker of the House Finneran has made the following appointments:

- ◆ Representative John H. Rogers as chair of the Ways and Means Committee;
- ◆ Representative Shirley Owens-Hicks as chair of the Committee on Local Affairs;
- ◆ Representative William G. Greene as chair of the Committee on Natural Resources; and
- ◆ Representative Michael J. Rodrigues as chair of the Commerce and Labor Committee.

Why not-for-profit?

People often ask why many not-for-profit schools, colleges, hospitals and churches don't pay property taxes and, for the most part, don't pay taxes on their revenues. The question comes up over and over again in various forums as cities, towns and the state legislature look for more revenue sources. MANS&C should have a concise statement about the tax status of not-for-profits in Massachusetts. Perhaps the following statements can be used by our membership:

- ◆ Not-for-profits are set up as corporations of the commonwealth, with charters to perform specific activities for the good of the commonwealth. However, unlike for-profit corporations, they have no public shareholders. (The state would take any residual assets upon dissolution of the organization.) Tax status was taken into consideration in organizing these corporations.
- ◆ Not-for-profit corporations are established for the benefit of the citizens of the commonwealth. Most originated around voluntary efforts for various causes.

Absent not-for-profits, the commonwealth, cities and town would have to perform many of the functions of these unique corporations. For example, if not-for-profit hospitals paid income and property tax, as do for-profit corporations, it would make what is now a high-cost industry almost cost-prohibitive, and quality services could not be provided. The citizen's benefit is similar with schools and colleges receiving tax relief. Tax relief to not-for-profits directly benefits the communities they serve.

- ◆ These corporations exist because they are fulfilling a need that government would otherwise have to meet. For example, private schools provide K through 12 education for town children without burdening the communities' tax base. If these private schools did not exist, the tax burden on the citizens of these cities and towns would be much higher as they would be responsible for the cost of educating those children.
- ◆ Not-for-profits are not accountable to shareholders. They are required to report

MANS&C Economic Impact Survey Results*

- \$1.7 billion—Capital expenditures in the past five years
- \$1.5 billion—Annual payrolls
- Over 100,000—Students educated each year in private schools
- Over 22,000—Full-time employees
- Over 10,000—Part-time employees
- Over \$3 billion—Annual combined operating budgets
- Over 50,000—Students from out of state spending their tuition and living expense dollars in Massachusetts

* 80 percent of 85 members responding

certain activities to the commonwealth, federal government and regulatory agencies, and they pay taxes on unrelated trade or business taxable income, such as facilities rental income received from outside groups. Additionally, some not-for-profits make additional contributions to municipalities on a negotiated basis in the form of payments in lieu of taxes (PILOTs) or services in lieu of taxes (SILOTs).

Reservation Form MANS&C Government Relations Luncheon Remarks by Senate President Robert E. Travaglini

Suffolk University Law School
120 Tremont Street
Boston, Massachusetts

Monday, March 24, 2003
12-2 p.m.
Lunch will be served

Mail with payment to
Deborah Martin
President, MANS&C
Phillips Academy
180 Main Street
Andover MA 01810

_____ # of attendees (Individual, \$30; table of eight, \$240)

Name(s) of Attendees	Institution
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____