



# MANS&C

The Massachusetts Association of Nonprofit Schools and Colleges

## PRESIDENT'S LETTER

### We Must Stop Bills before They Get to Beacon Hill



The action on Beacon Hill will be fast and furious once the legislature reconvenes in January and committees are faced with a Feb. 7 deadline for reporting out bills.

Even more challenging this year is the fact that the federal Tax Reform bill that was recently passed by the U.S. Senate imposes taxes on some of our institutions that are similar to bills under consideration on Beacon Hill. The combination of the two bills could have very serious effects on our institutions.

Fortunately, MANS&C members have veteran Legislative Counsel John J. Spillane at the State House

to represent our interests. John is highly respected by legislators and understands the complex challenges that face our institutions. Through the years he has had an admirable record in stopping bills that have threatened our independence and economic wellbeing.

What could be better than that? In short, solving the problems these bills represent at the local level – before they escalate to the State House.

It is essential for nonprofit schools, colleges and universities to develop close working relationships with local officials before problems arise. It is equally important for local officials to understand the important contributions we make to our communities – and their monetary value.

They also must understand that, just like our communities, our funds are limited. PILOT programs, property taxes and the like would affect our bottom line and most likely necessitate curtailing the programs that benefit our cities and towns.

A Community Impact Statement is the single most important tool we have in presenting the services and other contributions we make to our communities. Every institution should have a CIS that they can hand to local officials when they ask, “What have you done for us lately?”

Future issues of this newsletter will focus on how you can put together a Community Impact Statement for your school, college or university. We'll also give you some examples of how they are used.

MANS&C will, of course, keep you informed of developments at the State House when the legislature reconvenes. If you have any questions or concerns, please feel free contact me any time.

Best Regards,  
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### Federal, State Lawmakers Take Aim at Higher Education

For nonprofit colleges and universities — particularly large institutions — the pressure these days is coming from all sides.

On Beacon Hill, Massachusetts legislators are considering a bill that would require institutions with endowments of more than \$1 billion to pay their local communities 25 percent of what they would have paid in property taxes if they were not tax-exempt.

In Washington the Tax Reform bill recently passed by the Senate requires nonprofit colleges and universities to pay a 1.4 percent excise tax on their net investment income if the aggregate fair market value of their assets — except for those used directly in carrying out their exempt purpose — exceed \$500,000 per student. Other criteria also must be met.

The Senate version is seen as an improvement over the House bill, as reported recently in the Boston Globe, which had set a limit of \$250,000 per student.

The article quoted Republican Rep. Darrell Issa of California as saying that some of the schools “simply want to have a tax-free investment.”

“We can all talk about the poor kid who gets a scholarship,” he continued, “but sometimes this is about the professors and the people running the endowment and their salaries.”

The Tax Reform bill also imposes a 20 percent excise tax on total compensation exceeding \$1 million paid to the five highest-paid employees, and on “excess parachute payments” made to certain departing employees.

As you can see in this issue's Legislative Report, Massachusetts State Rep. Nangle's bill also is targeting institutions, based on salaries.

The federal Tax Reform Bill has a number of other points that would have serious financial effects on nonprofit educational institutions and their students. It also stipulates that bonds issued to “advance refund” other bonds will no longer produce tax-free interest for bondholders. Tax-exempt financing for Section 501(c)(3) organizations is otherwise unaffected.

MANS&C will continue to keep our members informed regarding bills of interest at the State House.

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## LEGISLATIVE REPORT

### Sexual Violence Bill Is on the Move



*John J. Spillane*

Just before adjourning for its holiday recess on Nov. 15, the legislature took initial action on an important bill that would affect the policies and procedures of nonprofit colleges and universities in Massachusetts.

MANS&C Legislative Counsel John J. Spillane reports that Sen. Michael O. Moore's comprehensive bill to curb sexual violence on higher education campuses was amended and passed in the Senate and then sent to the House for debate.

Sen. Moore had outlined the bill to MANS&C members when he was the guest speaker at the organization's Annual Meeting on June 14.

Now called **Senate Bill 2191**, the measure aims to improve training, transparency and policy enforcement regarding sexual violence on campuses, and to eliminate the barriers that discourage students from reporting these incidents.

Spillane will continue to monitor the bill's progress once the legislature reconvenes in January to ensure that the interests of MANS&C members are maintained.

Another bill of interest resembles part of a last-minute amendment that State Rep. David Nangle had tacked onto the House version of the governor's Municipal Modernization bill during the 2016 session. When the Senate took up the bill the amendment was withdrawn – thanks to Spillane's quick action.

In this legislative session, however, the ghost of that amendment has reappeared as **House Bill 3526**, which would allow communities to impose PILOTs on nonprofits whose five highest-compensated officers, directors, trustees, employees, independent contractors and others earn more than \$2.5 million annually in total compensation. The bill is currently in the Revenue Committee.

Two other bills of concern also are in the Revenue Committee: **House Bill 1565**, which would require institutions to pay their communities 25 percent of what they would have paid in property taxes if they were not tax-exempt; and **Senate Bill 1533**, which would place an excise tax on institutions whose endowments exceed \$1 billion.

In written testimony at a hearing of the Community Development and Small Business Committee, Spillane outlined MANS&C's objections to a bill that would gut the Dover Amendment. **Senate Bill 92** would impose a site plan review on our institutions' building projects.

Spillane also is watching a number of bills relating to school bus safety, including the installation of video monitoring systems and seatbelts, and drug tests and medical exams for drivers.

Other bills he is following also may have unintended consequences for MANS&C members:

- **Senate Bill 194** – establishing a commission to study the “use and effectiveness” of the zoning approval process under the Dover Amendment
- **Senate Bill 1379** – relating to accessibility of buildings and their roads, walkways and parking lots
- **House Bill 2594** – requiring that local communities be given the right of first refusal when tax-exempt property is converted to residential, industrial or commercial use



*Alan Clarence*

## **MANS&C Welcomes New Treasurer**

The MANS&C board named Alan Clarence of the Fay School as the organization's new treasurer at its October meeting. He takes over from interim treasurer Julaine McInnis, who stepped in when Rick Saul retired in June.

Clarence has been Director of Finance and Operations at the Fay School since 2011. He oversees the school's business operations, including finance, facilities, dining services, safety and security, nursing operations and auxiliary programs. He also coaches boys' 5th and 6th basketball in the winter term and heads a Lower School lunch table.

Clarence came to Fay after serving as the first Chief Financial Officer at Year Up, a nonprofit enterprise whose mission is to close the opportunity divide for young urban adults.

Previously, Clarence worked in finance for various private companies, including Price Waterhouse Coopers, Saint-Gobain, Monster.com and Shawmut Bank. Clarence is a Chartered Accountant (ACA) and was born, raised and educated in England, receiving an honors degree in economics from the University of Essex.

He is an avid bicyclist and has successfully completed 15 Pan-Mass Challenges, leading teams that have raised more than \$3.5 million for cancer research.

Clarence came to the United States in 1990 and lives in Framingham. He has five children, the youngest of whom is in Upper School at Fay.



*Rep. Jeffrey Sánchez*

## **Meet Rep. Jeffrey Sánchez**

### **NEW HOUSE WAYS & MEANS CHAIRMAN**

State Rep. Jeffrey Sánchez is the new chairman of the Joint Committee on Ways and Means, a key fiscal affairs and policy-making post on Beacon Hill.

Ways and Means handles all bills relating to finances in the commonwealth, including many that affect MANS&C members.

When naming him to the post, House Speaker Robert DeLeo called Sánchez a consensus-builder who understands the finer points of policy and can translate them into workable solutions.

Sánchez promotes a practical progressive agenda, with priorities that include access and retention in education, public infrastructure development, workforce development, public health and affordable housing. He also supports early childhood education and public school initiatives that close the achievement gap for minorities, English language learners and students with disabilities.

A Democrat from Jamaica Plain, Sánchez was first elected to the House in 2003 to represent the Fifteenth Suffolk/Norfolk District, which also includes Mission Hill, Roslindale and part of Brookline. From 1995 to 2001 he worked in the Boston Mayor's office.

He has a B.A. in Legal Education from the University of Massachusetts Boston and an M.P.A. from the Harvard University Kennedy School of Government. In addition to his State House duties, Sánchez is an instructor at the Center for Public Health Leadership at Harvard's T.H. Chan School of Public Health.

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