

MANS&C Quarterly

Massachusetts Association of Nonprofit Schools and Colleges

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www.mansac.org

Spring '04

Senator offers advice to MANS&C

State Sen. John A. Hart had some advice for MANS&C members when they face questions about voluntary payment programs in their local communities: start a well-informed discussion.

“The average person on Main Street might think, Why isn’t Harvard paying its fair share?” Hart said. He suggested that rather than having an off-the-cuff reaction, the response should be, “I understand. Let’s talk about it.” Through an open discussion, he added, the public will come to understand the adverse impact that voluntary payment proposals have on nonprofit schools.

Hart made his remarks at the MANS&C board’s annual meeting on April 15 at the Wellesley College Club. One of the legislature’s most promising young members, he is a Democrat who represents his native South Boston, as well as Dorchester and parts of Hyde Park and Mattapan. He also serves as chairman of the powerful Joint Committee on

Commerce and Labor and has positions on several other key committees.

The senator noted that he is a product of private schools—Boston College High School, Worcester Academy, Tufts University and Harvard University.

Hart believes bills such as SB 1250 and SB 1174, which would severely affect our schools’ Dover Amendment rights, are quick fixes that have arisen because of the state’s economic crisis. (See page 3.) He expressed hope that these two bills, which would adversely affect nonprofit schools, won’t move any further in the legislature. MANS&C and our legislative counsel, John Spillane, have spoken out against both of these bills on behalf of our members.

While Massachusetts is in a very exciting time politically, it is a troubling time as well, the senator said. The economy has not fully recovered in its ability to create jobs, and the world is in turmoil. He predicted that, from a revenue perspective, it will take three to five years for the state to recover.

“This year we’re faced with a \$1 billion to \$1.5 billion deficit and we’re out of answers,” Hart said. Legislators are reluctant to raise taxes in an election year, but there is growing interest in legalized gaming, he said. Casino gambling is a contentious issue in the state.

Meanwhile, Massachusetts is working hard to sustain local business and attract new business to the state. One reason business relocates to Massachusetts is because of our educational system, Hart pointed out.

“We need an environment for educational institutions to flourish,” he said.

From the President

This edition of the MANS&C newsletter has some good news for you on three fronts.

Our first success is outlined in the Legislative Report from our legislative counsel, John Spillane, on page 3. Through John’s untiring efforts and his work with other groups that oppose it, Senate Bill 1250 has been contained in committee at the Statehouse.

The bill would have required nonprofit educational institutions to obtain site plan reviews for building projects and was a direct attack on our Dover Amendment rights.

Unfortunately, other troublesome legislation remains very much alive. Another Dover Amendment-related bill, SB 1174, is still in committee and has a chance to make it to the floor for discussion before the end of the current session July 31. If this is likely, we will alert our members to contact your state legislators in opposition to this bill.

Second, as you’ll see in the article on page 2, the Worcester Regional Research Bureau has published a report supporting our position on payment in lieu of taxes (PILOT) programs. The report not only points out the negative long-range implications of a PILOT program, it quantifies the contributions that Worcester colleges are making to the city.

Reports like this provide MANS&C members with hard facts and long-term analysis that will be critical in the coming months as the question of voluntary payments arises. At our annual board meeting in April, State Sen. John A. Hart’s remarks underscored the importance of enlightened dialog as our local communities and the state



MANS&C’s legislative counsel John Spillane, left, presents State Sen. John A. Hart a plaque in recognition of his support of nonprofit schools and colleges.

New board members elected

At their annual meeting on April 15, the MANS&C board of directors elected a new slate of officers for the coming year. They are:

President, Debbie Martin
Vice President, Bill Conley
Treasurer, Julaine McInnis
Secretary, Barry Monahan

The following are members of the Board of Directors:

Bruce T. Amsbary
Edward M. King
William Phinney
Deborah A. Rosser
Rosemarie Sansone
Maggie Striebel
Robertta Whiting
Lee Wicks

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Report casts doubt on Worcester PILOT proposal

A nonp ro fit research group in Worcester has concluded that the city would be better off by making colleges part of its economic development plan rather than requesting that they make payments in lieu of taxes.

The Worcester Regional Research Bureau recently released its findings in a report titled “Will PILOTs Fly in Worcester? Taxing Nonprofits and Other Options.”

Several Worcester neighborhood associations have asked the city council to institute a payment in lieu of taxes program to provide revenue for the cash-strapped city. A spokesman claimed the additional income would help the city maintain the proper level of public safety personnel and other amenities.

But a PILOT program would not be a windfall for Worcester, according to the research bureau’s findings. The report estimated that only \$90,000 to \$1.2 million would be generated, depending on how the program is structured.

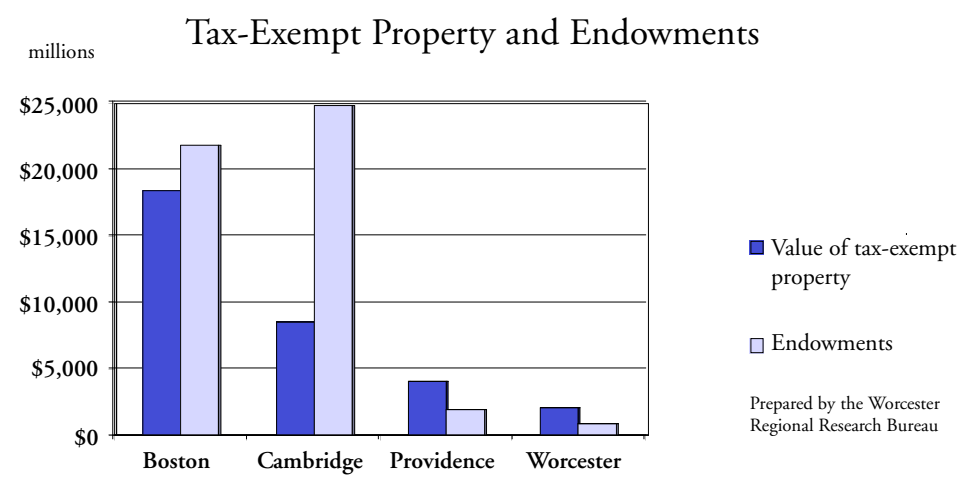
Even worse, a PILOT program most likely would cause colleges and universities to cut back or end their contributions to existing neighborhood and business development projects.

A PILOT program also could result in tuition and fee increases, which would adversely affect the colleges’ competitiveness. Ultimately, it could undermine Worcester’s ability to attract businesses.

Worcester-area colleges and universities currently make significant contributions to the city’s schools, neighborhoods and community services, the report noted.

In the past 10 years, colleges and universities have supported more than \$44 million in development projects that ultimately will generate thousands of jobs. The College of the Holy Cross, Clark University and Worcester Polytechnic Institute have contributed more than \$2 million to venture capital funds to support emerging businesses in Worcester.

The report also examined other benefits that colleges and universities provide to the city, including payments for water and sewer fees and taxes on properties that are not tax-exempt. Last year they contributed more than \$1.5 million in taxes and fees, as well as \$5.3 million in scholarships for Worcester-area students and teachers. Employees and businesses that serve the colleges added \$10.5 million in property taxes to the city coffers.



The report cited several important differences between Worcester and the cities of Boston, Cambridge and Providence, which have PILOT programs. Through their PILOT programs, Boston annually collects \$12 million, Cambridge \$3.3 million and Providence \$3.8 million.

Compared with the other three cities, however, Worcester has the smallest percentage of tax-exempt property, with a much lower assessed value, according to the report.

Worcester colleges also have much smaller institutional endowments than their counterparts in Boston, Cambridge and Providence. Endowments reflect a nonprofit institution’s ability to pay and are a key factor in determining the amount of money a PILOT program would generate, the report said. (See chart above.)

In Boston, the colleges and universities that make PILOT payments have combined endowments totaling \$21.7 billion. In Cambridge, the figure is \$24.8 billion, and in Providence it stands at \$2 billion.

President, continued from page 1

continue to struggle with tight budgets.

Beyond the report’s findings, it is important to acknowledge the reasoned response of the Worcester-area colleges to the PILOT proposal. The benefits of working as a consortium are the same benefits that we share as MANS&C members. Communities of interest exert more influence than individuals.

As board member Bruce Amsbary of the Weston School said at a recent AISNE meeting, “By joining together under the efforts of MANS&C, we can protect our

Worcester colleges and universities have combined endowments of \$896 million.

Instead of instituting a PILOT program, the report said, the city should consider increasing its tax base by collaborating with its colleges and universities.

“Colleges are an important economic force in Worcester, providing jobs and economic vitality to the city and region in addition to the cultural and educational contributions they make,” the report continued. “These institutions should be recognized as assets that should not be taxed, but instead should be a part of the city’s strategic plan to boost economic development.”

Several alternatives to PILOT programs used in other states are examined in the report. They include state reimbursement to communities for certain tax-exempt property and regional taxes that are distributed to municipalities and nonprofit institutions.

The full text of the Worcester Regional Research Bureau report can be found on www.MANS&C.org.

nonprofit status, preserve our rights under the Dover Amendment and eliminate unneeded regulations.”

Our final piece of good news is that Bill Conley of the College of the Holy Cross has agreed to serve as vice president for the coming year. As you know, Bill is a veteran board member who is hard-working, insightful and dedicated to the MANS&C cause. We know he will represent our organization well as vice president and as president when he assumes that office a year from now.

—Debbie Martin

LEGISLATIVE REPORT

SENATE BILL 1174:

An Act to Promote Land Use Reform in Massachusetts

This bill jeopardizes our rights under the Dover Amendment. SB 1174 expands the power of municipalities in regulating building construction proposed by churches and schools. In addition to the bulk and height of buildings, the bill gives municipalities the power to regulate frontage, floor area ratios, access and egress, lighting, drainage, landscaping, buffering and undefined “similar matters.”

The bill also adds language relating to site plan reviews but does not define the jurisdiction of the town.

Status

Senate Bill 1174 is now in the hands of the Committee on Local Affairs and Regional Government. We will continue working with other groups that oppose this bill in the hope it will die in committee when the legislature ends its formal session July 31.

SENATE BILL 1250:

An Act to Promote Livable Communities and Zoning Reform Act

One of three bills that attack the Dover Amendment, SB 1250 would require religious groups and nonprofit educational institutions to go through a site plan review to obtain a special permit for construction projects. Currently, the Dover Amendment exempts churches and schools from having to obtain permits such as this.

MANS&C believes such a law would be applied inconsistently statewide and probably would result in costly lawsuits.

Status

MANS&C has been successful in containing SB 1250 in the Committee on Natural Resources. Although this bill may be refiled next year, we intend to continue to maintain a close working relationship with other groups that oppose it.

SENATE BILL 2063:

An Act Relative to the Real Estate Tax Exemption

This attack on the Dover Amendment would require nonprofit colleges to pay property taxes or enter into payment in

lieu of taxes (PILOT) agreements with local communities on all real estate not used strictly for academic purposes. It represents a significant financial burden for our members, many of whom already make voluntary payments to their communities. In addition, the bill disregards the many services nonprofit colleges provide and the positive economic impact they have locally.

Status

SB 2063 is currently with the Committee on Joint Rules. No public hearings have been scheduled.

SENATE BILL 84:

An Act Relative to Adult Fitness Facility Services

The for-profit fitness club industry proposed this bill in the belief that nonprofit colleges, universities and hospitals were unfairly competing with them for members. Its proponents fail to recognize that the primary purpose of college and university fitness facilities is to attract and benefit students, not to raise revenue.

The bill would subject colleges and hospitals to a cumbersome and time-consuming regulatory process that would be a waste of money for both colleges and taxpayers alike.

Status

MANS&C has been successful in having this bill moved to a study committee from the Committee on Commerce and Labor. This effectively killed the bill for the year.

HOUSE BILL 79:

An Act Relative to Motor Vehicles Used to Transport School Children and

HOUSE BILL 411:

An Act Relative to Amending the Law Relative to School Buses and the Operation Thereof

In 1996, MANS&C worked with other interested organizations on the passage of a bill that allows our members to operate 14-passenger vehicles for school field trips and other activities. When used by nonprofit schools and colleges, these vehicles are exempt from the state operating and registration requirements imposed on larger

buses, except for those relating to seat belts.

Questions arose over the enforcement of this law, however, and the Registry of Motor Vehicles filed HB 79 earlier this year. This bill would change the existing law by reducing the capacity of eligible vehicles to 10 passengers.

Replacing 14-passenger vehicles with smaller, 10-passenger models would represent a major expense for our members without adding to the safety of the students being transported.

HB 411 would remove the special status given to nonprofit schools and colleges in the law and would make additional sweeping changes.

Status

Despite the Public Safety Committee’s support for this bill, MANS&C has been able to keep HB 79 contained in the House Ways and Means Committee. HB 411 was with the Public Safety Committee, had a public hearing and was set aside for further study.

HOUSE BILL 1699:

Bill Relative to Group Insurance for Certain Small Business

This bill was introduced at the urging of the Association of Independent Schools of New England (AISNE) and has MANS&C’s full support.

Until seven years ago all AISNE members, large and small, could save money on health care expenses by joining AISNE’s Health Care Plan. At that time, however, the legislature passed a bill requiring schools with fewer than 50 employees to drop out of the AISNE plan and join a large, heterogeneous small business pool with premiums negotiated by the commonwealth. HB 1699 would correct this situation.

Data collected by AISNE showed that premiums under the AISNE consortium are significantly lower than comparable plans under state regulations. Some AISNE members pay as much as 35 percent more than they would if they were still covered by the AISNE plan.

Status

HB 1699 has been reported favorably by the Insurance Committee and remains on the House calendar for action.