

MANS&C

QUARTERLY

Massachusetts Association of Nonprofit Schools and Colleges

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e-newsletter

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PRESIDENT'S LETTER

As you can see from the articles in this newsletter, the pressure on nonprofit schools and colleges to make involuntary payments to our communities has never been greater.

At the Statehouse, the Revenue Committee recently held a hearing on six bills, any one of which would have devastating effects on our institutions. Each, one way or another, would require us to make payments "in lieu of taxes"

based on our property – a property tax by another name – overlooking the fact that we have guidelines affording us tax-exempt status as 501 (c) (3) entities.

Legislative Counsel John J. Spillane and MANS&C board members Beth McWilliams of the Hillside School and Judi Seldin of Concord Academy testified against these measures at the hearing and outlined the damaging effect they would have on nonprofit schools and colleges.

For our communities, PILOTs would result in a quick cash infusion but the long-term effect would be negative. Our schools and colleges would be faced with the prospect of laying off staff, eliminating in-kind services that benefit so many community groups and reducing financial aid. If a school were to close, public schools would have to assume the cost of their education.

In order to prevent the passage of these bills, which will most certainly have long-term financial implications for our schools and colleges, I urge you to begin a dialog with your local selectmen and state legislators to inform them of the facts.

There are several things you can do now. First, create a Community Impact Statement that details the economic and social contributions you make to your cities and towns. Our website, www.mansac.org, has information that will help you through the process.

Second, with your Community Impact Statement in hand, call or write your local officials and state legislators. Invite them to your campus. Explain the effect the economy has had on your endowment and fundraising, and share with them the effect that PILOT programs or any form of taxes would have on your institution.

Your Community Impact Statement will be a valuable resource when local officials claim that your school, college or university uses town services and gives back nothing in return.

MANS&C is here to help if you have any questions or concerns. By working as a team, we can turn back these troublesome bills and ensure that our institutions can remain vital and contributing members of the community.

Best Regards,

Julaine McInnis

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MANS&C Legislative Counsel John J. Spillane and State Sen. Richard T. Moore with the Spillane Award

Health Care Reform Leader Shares Insight, Receives Spillane Award at Annual Meeting

State legislators will be tackling a major issue this session: how to improve health care in Massachusetts, pay for it and reduce costs by eliminating duplication, State Sen. Richard T. Moore said in an address May 10 to the MANS&C Annual Meeting.

"The focus has to be on the quality of health care, not just on saving money," Moore told the audience. "We need to make sure that what is delivered is a product worth having."

A former college administrator, Moore is Senate chairman of the influential Joint Committee on Health Care Financing and a key architect of the state's landmark health care reform law.

MANS&C honored the senator at the meeting by presenting him with the Spillane Award for Leadership in Education. The award is in memory of veteran MANS&C Legislative Counsel John W. Spillane and was presented by his son, the current legislative counsel, John J. Spillane.

Moore said that, as part of their health care focus, lawmakers will look at insurance plans that are offered to out-of-state students who board at nonprofit schools and colleges. Currently about 70 percent of the premiums in these plans goes to health care and the rest to marketing and administration, he noted. The so-called medical-loss ratio should be 88 percent.

"I hope private colleges [and boarding schools] will work with us on this," Moore said. "We want to move toward a plan that isn't outrageously priced."

(cont. on pg. 4)



Legislative Report

Activity is stepping up on Beacon Hill, as legislative committees begin hearings on a variety of bills – including several that would have serious financial impact on nonprofit schools and colleges.

MANS&C Legislative Counsel John J. Spillane recently testified against House Bill 2552, which authorizes cities and towns to negotiate payments in lieu of

taxes (PILOTS) with local charitable organizations based on their assessed property tax value, with an exemption for the first \$15 million.

Also testifying at the hearing were MANS&C board members Beth McWilliams, business manager for the Hillside School, and Judi Seldin, CFO of Concord Academy, who stressed the negative effects this bill would have on their schools.

The bill stipulates that the rate of the tax would be equal to the percentage of the community budget that is spent on police, fire, snow removal and other essential services as a proportion of the total municipal budget. The exemption would be capped at 25 percent of the institution's assessed property value.

Nonprofit schools and colleges could receive a credit of up to 50 percent of the PILOT payment based on the community benefits they provide, including scholarships, community access to the institution's facilities, job training initiatives, free medical care and community education.

A tax credit would be provided for real estate taxes paid on properties that would ordinarily qualify for a tax exemption based on use.

The bill, sponsored by State Rep. Michael J. Moran of Boston, is currently in the Joint Committee on Revenue.

House Bill 2552 is just one of an increasing number of measures that would require nonprofit schools and colleges to make financial payments to their communities. Other House and Senate bills that are problematic for us are:

- **SB 1555** – Appoints a special commission to study the implementation of uniform PILOT programs for Massachusetts nonprofits.
- **HB 2513** – Places a 2 ½ percent excise tax on private institutions of higher learning that have an endowment of more than \$1 billion.
- **HB 2514** – Requires private schools to make payments to their communities equal to what they would have paid in property taxes or to enter into an agreement that provides monetary or non-monetary benefits to their communities.
- **HB 3012** – Requires all private colleges and universities to pay taxes on all property dedicated to “non-academic uses.”
- **HB 3241** – Directs the Secretary of Human Services and the Massachusetts Municipal Association to develop a funding mechanism for the reimbursement of “lost taxes and municipal services to local municipalities by nonprofit entities.”

MANS&C also is carefully monitoring the following bills:

House Bills

HB 157 – Appoints a special commission to study the cost of mandatory school transportation to charter, private and regional schools, as well as special education transportation.

HB 175 – Mandates asthma screening in public and private schools.

HB 462 – Amends the CORI definition to include information collected by agencies that investigate the abuse or neglect of people with disabilities.

HB 669 – Requires school buses to be equipped with lap shoulder belt systems.

HB 739 – Allows public school teachers to receive retirement credit for work in nonprofit schools.

HB 763 – Authorizes an income tax deduction of up to \$10,000 per individual for qualified college savings plans.

HB 917 – Allows towns to use automated monitoring systems to capture speed-limit violations in school zones and violations in conjunction with school bus and van signals.

HB 1051 – Requires the state to reimburse local school committees for 100 percent of mandated transportation for students “entitled to attend public schools.”

HB 1059 – Repeals the anti-bullying law passed in 2010 and sets standards that establish local control and new parameters for bullying.

HB 1084 – Eliminates the requirement that communities provide transportation for students attending private schools.

HB 1480 – Establishes a high-containment biological research laboratory health and safety program under the Dept. of Public Health.

HB 1740 – Allows public inspection of records, reports, materials and data used by special state police officers at colleges and universities.

HB 2387 – States that 16-passenger school buses manufactured after Jan. 1, 2013 must have seat belts.

HB 2633 – Requires seat belts in school buses.

HB 3003 – Establishes tax transparency and requires public charities to have reporting requirements for trustees and directors.

Senate Bills

SB 219 – Strengthens the anti-bullying law regarding notification of parents.

SB 668 – Imposes liability on parents for bullying injuries.

SB 1086 – Creates a Sports Injury Commission to report on sports injuries in elementary, middle and high school.

SB 1163 – Requires coaches of interscholastic sports to complete CPR and first aid training.

SB 1440 – Gives local communities the right of first refusal when tax-exempt property is sold or converted for residential, commercial or industrial use.

SB 1847 – Gives local communities greater control over building or remodeling projects by nonprofit schools and colleges and adds a site plan review process.

PILOT News Wrapup: Communities Step Up Demands for Voluntary Payments

Amid growing demands for PILOT programs, the head of the Association of Independent Schools of New England (AISNE) recently underscored MANS&C's call for nonprofit schools and colleges to improve communication with their cities and towns.

Speaking at the spring AISNE Conference, Steve Clem said it is important that nonprofit schools and colleges recognize the difficult financial straits in which their cities and towns find themselves.

At the same time, he continued, our institutions must help communities understand two important points:

- They, too, have been hard hit by the financial crisis in many ways, including declining enrollments, teacher layoffs, investment losses and a tougher fundraising climate.
- They are good neighbors and good citizens that are already making a wide range of significant contributions in cash and in-kind to their communities – often to the tune of millions of dollars.

"I never hear towns acknowledge this, at least in their public statements," Clem said.

He noted that in Massachusetts approximately 10 percent of all K-12 students (about 10,000) are enrolled in private schools. With a median per-pupil expenditure of \$13,000, Massachusetts cities and towns collectively would have to spend an additional \$1.3 billion annually to educate these students without nonprofit schools.

Clem urges schools to use the term "voluntary payments" rather than "PILOTs." "When you are providing either cash or in-kind services to your town, NEVER identify what you provide as a PILOT or a SILOT [services in lieu of taxes]," he said. "Just using those terms suggests that you recognize some kind of tax obligation."

In Massachusetts, state law protects nonprofit schools and colleges from having to pay property taxes.

Channel 5 Report

Pressure is mounting in the media, as well. A news item on Channel 5 recently focused on St. Mark's School in Southborough and other nonprofit institutions that do not pay property taxes to their communities. Southborough officials have asked St. Mark's to make \$300,000 in voluntary contributions to the town, a figure the school says it could not afford.

"They essentially get free services without having to pay any property tax," according to one Southborough selectman.

The school has helped its town pay for a new police cruiser and fire truck, however, and regularly allows the community to use its facilities.

In Brookline, officials claim the town is losing \$4 million a year in property taxes it cannot collect from nonprofits and that gap gets worse when nonprofit schools buy more property to expand or house their faculty.

One Brookline official said the taxpayer is paying for the loss of revenue from property that goes off the tax rolls and also paying for the town services the nonprofit receives.

As a result, Brookline has secured PILOT agreements from 12 nonprofits, none of them schools or colleges.

Worcester PILOT

In Worcester, city officials and Clark University recently announced an agreement under which the university will pay \$262,000 in lieu of taxes to the city this year. This amount will increase by 2.5 percent annually for the next 20 years.

Clark already pays the city about \$75,000 annually in property taxes on non-exempt properties. The new agreement covers 20 tax-exempt Clark properties and will be used to support the Worcester Public Library and pay for improvements to the neighborhood where Clark is located.

Introducing State Sen. Daniel A. Wolfe

This is the second of a series of articles featuring new legislators on Beacon Hill.



A Harwich resident, State Sen. Daniel A. Wolfe is in his first term representing the Cape and Islands, which stretches from Provincetown across 11 Cape towns and much of the town of Barnstable. It includes Martha's Vineyard, Nantucket and the Elizabeth Islands (the town of Gosnold).

Wolfe was elected in November, 2010 after his first campaign. This is his first elected position. He graduated in 1980 from Wesleyan University and went on to become a private pilot and aircraft mechanic, and then a commercial pilot and flight instructor. After working as a community and union organizer in the Boston area, he returned to the Cape in the mid-1980s to manage the Chatham Municipal Airport, where he worked as a flight instructor and aircraft mechanic. In 1988, Wolfe was part of a group that founded what would become Cape Air and Nantucket Airlines. Twenty years later, Cape Air is one of the largest independent regional airlines in the country. Cape Air became employee-owned in 1995; Wolfe currently is the CEO.

On Beacon Hill, Wolfe is Senate chair of the Joint Committee on Labor and Workforce Development and vice chair of the Joint Committee on Municipalities and Regional Government. He also is a member of the Joint Committees on the Environment, Natural Resources and Agriculture; Health Care Financing; Public Service; Tourism, Arts and Cultural Development; Veterans and Federal Affairs; and the Special Joint Committee on Redistricting.

MANS&C Annual Meeting



(left to right)

Shaw McDermott, president of the Dexter-Southfield board; Stewart Tucker, Dexter assistant headmaster



State Sen. Richard T. Moore delivers his remarks at the Hampshire House



(left to right)

John C. Schneiter of HUB International; Diane Morris, business manager of the Commonwealth School; Kent Campbell of HUB International; MANS&C Board Member Bill Stephenson of Thayer Academy



MANS&C Board Member Beth McWilliams of Hillside School; Vice President Bill Conley Jr. of Holy Cross

Lobbying, Property Tax Information Now Available on MANS&C Website

An excerpt from a white paper focusing on current federal and Massachusetts lobbying regulations and a guide to local property tax exemptions are now available on the MANS&C website, www.mansac.org. They can be found in the Reports section under Downloads.

The article discusses lobbying on the federal level, the advantages of electing to register and limits on lobbying expenditures. It also includes information and updates to the Massachusetts laws and regulations in this area. The author is Joseph M. Giso, CPA, MST, director in the CBIZ Tofias Not-for-Profit & Education Tax Practice.

Also on the website is the "Taxpayer's Guide to Local Property Tax Exemptions," which was created by the state Department of Revenue in conjunction with the Massachusetts Association of Assessing Officers. The fact sheet provides general information about local property tax exemptions for religious and charitable organizations.

Spillane Award cont. from pg. 1

State lawmakers also are looking at simplifying processes so health care providers can lower their administrative costs.

Moore praised the benefits of wellness programs but cautioned that the programs' components need to be examined to ensure they have the desired effect.

"We need to reward [health care providers] for keeping people healthy to lower the cost of care, which will lower the cost of premiums," he added.

On the federal level, Moore said he is "very much opposed" to US Rep. Paul Ryan's proposal to overhaul Medicare by providing vouchers that people would use to buy health insurance on their own. "The plan is good for the federal government but very bad for the states," he said.

Moore, who has been a college administrator, professor and trustee, is an Uxbridge resident currently serving his seventh term in the Massachusetts Senate. His district includes Bellingham, Blackstone, Douglas, Dudley, Hopedale, Mendon, Milford, Millville, Northbridge, Oxford, Southbridge, Sutton, Uxbridge and Webster.

Moore also currently serves as president of the National Conference of State Legislatures, a post he was elected to by state legislators nationwide.

MANS&C Expands Board, Welcomes New Members

MANS&C members elected a new slate of officers and board members, including eight new members, at its Annual Meeting on May 10:

Officers

President, Julaine McInnis
Business Manager
Inly School

Vice President, William J. Conley, Jr.
Director of Administrative Services,
Acting Affirmative Action Officer
College of the Holy Cross

Treasurer, Bruce T. Amsbary
Director of Finance & Operations
The Rivers School

Secretary, Christine Rosell
Chief Financial Officer
Cambridge Friends School

New Board Members

Richard S. Bernasco
Chief Financial Officer
The Winsor School

Linda C. Deasy
Director of Finance & Business
Operations
Lawrence Academy

Robert Donahue
Associate Vice President, Govt. &
Community Affairs
Boston University

Jeanne Finlayson
Vice President for Finance
Stonehill College

Beth McWilliams
Business Manager
Hillside School

Timothy Parson
Director of Finance & Operations
Beaver Country Day School

Bill Stephenson
Business Manager
Thayer Academy

Todd A. Vincent
Headmaster
Dexter & Southfield Schools

Returning Members

John Alden
Chief Financial Officer
The Berkshire School

Leslie M. Brown
Director of Finance & Operations
Stoneleigh-Burnham School

Robert P. Gittens
Vice President for Public Affairs
Northeastern University

Judi B. Seldin
Chief Financial Officer
Concord Academy

James R. Tracy
Headmaster
Cushing Academy

Roberta B. Whiting
Chief Financial Officer
Shore Country Day School



Retiring MANS&C Board Member Bill Phinney of Dexter Southfield, former President Peter McCone and President Julaine McInnis of Inly School



MANS&C Treasurer Bruce T. Amsbary of the Rivers School, retiring Board Member Ed King of Boston University and President Julaine McInnis of Inly School

Veteran MANS&C Board Members Retire

MANS&C saluted two retiring board members, Bill Phinney and Ed King, at the Annual Meeting on May 10.

Former MANS&C President Peter McCone presented Phinney with the Founder's Award for his "wise counsel, good friendship and unflagging support of the MANS&C mission."

Phinney joined the staff at Dexter School in 1954 and became headmaster in 1964 of what is now Dexter and Southfield Schools. His more than 40 years on the MANS&C board, including terms as president and treasurer, make him one of the organization's longest-serving members.

King retired June 30 from the MANS&C board and from his post as vice president of Government and Community Affairs at Boston University, which he has held for more than 20 years.

He has been called "the backbone of the university's external relations with our neighboring communities, cities and the state" by BU President Robert A. Brown.

King has said that the key to his success was engaging directly with the community and earning people's trust.

In presenting him with the Distinguished Service Award, MANS&C Treasurer and former President Bruce T. Amsbary said King has been "one of the mainstays of the MANS&C board."

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The mission of MANS&C is to monitor and respond to legislative and regulatory activity by the Commonwealth that has a direct impact on the welfare of our membership.