



Board Governors' Quarterly Meeting Agenda

Monday, July 7, 2014

- 1:30 p.m.** **Meeting of the Board of Governors (Boardroom)**
Committee Meetings (Boardroom)
- Academic and Student Affairs
 - Audit
 - External and Public Relations
 - Finance, Administration, and Facilities
 - Human Resources

Tuesday, July 8, 2014

- 9:00 a.m.** **Meeting of the Board of Governors (Boardroom)**
- Adjournment**



Board Governors' Quarterly Meeting

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

Monday, July 7, 2014
1:30 p.m.

Agenda

Board of Governors' Meeting

- Recommendations on Committee Structure (INFORMATION)
- Revisions to Board of Governors' Policy: *Bylaws* (ACTION)
- Election of Board Officers (ACTION)
- Special Resolution to Honor a Trustee (ACTION)

Committee Meetings

- **Academic and Student Affairs**
 - Summary of Academic Program Actions: January 1, 2014 – June 17, 2014 (INFORMATION)
 - Multi-University Electronic Admissions Application Update (INFORMATION)
 - Stop It Now! and Related Updates (INFORMATION)
 - Revisions to Board of Governors' Policy 1991-03-A: *Visiting Student Program* (ACTION)
 - Approval of Associate of Arts in Sustainability Studies Degree Program at Lock Haven University of Pennsylvania (ACTION)
- **Audit**
 - Office of Internal Audit and Risk Assessment(OIARA) Annual Report (INFORMATION)
- **External and Public Relations**
 - Communications Update (INFORMATION)
 - PASSHE Foundation Update (INFORMATION)



- **Finance, Administration, and Facilities**
 - Revisions to Board of Governors' Policy 1984-06-A: *Allocation Formula* (ACTION)
 - Fiscal Year 2014/15 Operating Budget Update (INFORMATION)
 - Fiscal Year 2014/15 Tuition and Technology Tuition Fee Rates (ACTION)
 - Fiscal Year 2014/15 Educational and General Appropriation Allocation (ACTION)
 - Pricing Flexibility Pilots (ACTION)
 - Proposed Board of Governors' Policy 2014-01: *Protection of Minors* (ACTION)
 - Fiscal Year 2014/15 Capital Spending Plan and Capital Budget Authorization Request (ACTION)
 - Bond Finance, Boiler Plant Upgrade/Energy Savings Project, Bloomsburg University of Pennsylvania (ACTION)
 - Magee Center Demolition, Bloomsburg University of Pennsylvania (ACTION)
 - Property Acquisition, Millersville University of Pennsylvania (ACTION)
- **Executive**
 - PASSHE Foundation Agreement (ACTION)
- **Human Resources**
 - Human Resources Committee Update (INFORMATION)

Board of Governors Meeting

Tuesday, July 8, 2014

9:00 a.m.

- **Board of Governors' Meeting**
 - Approval of Meeting Dates (ACTION)
 - Preliminary Report on External Review of Shared Services (INFORMATION)



Board Governors' Quarterly Meeting

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

Monday, July 7, 2014
1:30 p.m.

Agenda

Call to Order and Roll Call of Board Members

Remarks of the Chair Chairman Guido M. Pichini

Board Action

1. Recommendations on Committee Structure (INFORMATION)
2. Election of Board Officers (ACTION)
3. Revisions to Board of Governors' Policy: *Bylaws* (ACTION)
4. Special Resolution (ACTION)

Adjournment

Board Members: Guido M. Pichini (*Chair*), Senator Richard L. Alloway II, Representative Matthew E. Baker, Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Marie Conley, Acting Secretary of Education Carolyn C. Dumaresq, Laura E. Ellsworth (*Vice Chair*), Christopher H. Franklin, Todd M. Garrett, Chelsea E. Getsy, Representative Michael K. Hanna, Ronald G. Henry (*Vice Chair*), Jonathan B. Mack, David M. Maser, Joseph F. McGinn, Robert S. Taylor, Aaron A. Walton, and Senator John T. Yudichak.

For further information, contact Randy A. Goin, Jr. at (717) 720-4010.

Board of Governors' Meeting
July 7-8, 2014

SUBJECT: Recommendations on Committee Structure (INFORMATION)

UNIVERSITIES AFFECTED: None

BACKGROUND: In 2013, Chair Pichini requested that Governor Ellsworth, Governor Branstetter, and Chancellor Brogan serve as a special committee to review the Board of Governors' standing committee structure and make any recommendations deemed appropriate regarding composition or function.

In preparing recommendations, the special committee noted that a recent report from the Association of Governing Boards (AGB)—the nation's leading higher education governance association—shows that approximately 50 percent of all higher education boards restructured their committees in the last three years. Two-thirds of those boards say they restructured to align board work more closely to strategic priorities. Accordingly, the timing of this review within the Board of Governors is appropriate, given the approval of the State System's 2020 Strategic Plan in January.

The Board of Governors currently utilizes a committee structure comprised of six standing committees:

- Academic and Student Affairs
- Audit
- Executive
- External and Public Relations
- Finance, Administration, and Facilities
- Human Resources

AGB consultant Cecelia H. Foxley, former commissioner of the Utah System of Higher Education and chief executive officer to that state's Board of Regents, makes the case for boards to be judicious regarding the number of committees: "Fewer committees with more board members make them work together more as a team. Board members feel more a part of the overall discussion and are not just sitting back listening to it." She cautions that a Board with too many committees risks shifting its perspective from strategy to operations.

The Board of Governors' committee structure is similar to that of other governing boards around the country and—for the most part—serves the System well. However, below are three recommendations that are intended to further enhance that structure:

Recommendation #1: Dissolve the External and Public Relations Committee

As important staff functions, the Office of the Chancellor utilizes governmental relations, media relations, and communications strategies to ensure System stakeholders are informed and engaged. The special committee recommends eliminating the External and Public Relations Committee and, in its place, utilize the Executive Committee for reviewing external relations efforts. The membership of the Executive Committee includes the Board leadership and all committee chairs and can provide the widest possible perspective of all issues facing the Board and the System.

Assuming the committee is eliminated, its seat on the Executive Committee would also be eliminated. Therefore, the special committee recommends that Board Bylaws be updated to allow for an at-large member on the Executive Committee who could provide insights that are helpful to fulfilling its role. (This also preserves an odd number of members on the Executive Committee.) The at-large member would be appointed by the chair and be confirmed by majority vote of the board. This annual appointment would coincide with the annual committee appointments and officer elections.

Recommendation #2: Assign each aspect of the Strategic Plan to the respective committees

Now that the 2020 Strategic Plan has been approved, the Board is charged with ensuring the implementation of the plan. While one option is to create a new committee dedicated to strategic planning, a better solution is to make the entire Board responsible for the advancement of the plan. It is the recommendation of the special committee that the Board distribute the goals/strategies of the plan among the standing committees according to topic. Each committee would provide guidance to the Board regarding its part of the plan, and would be responsible for providing regular updates as to the committee's actions to advance its part of the plan.

A dashboard template should be created so that all committees use a common reporting framework for reporting on strategies, objectives, and results—thus enabling the Board to more easily track the progress of the entire strategic plan.

Recommendation #3: Rotate committee membership and leadership

Like the majority (60%) of all public institution boards, the Board of Governors is *not* subject to term limits. As such, the membership of the Board of Governors is considerably stable, which provides the benefit of remarkable institutional memory among the Board members. While the special committee would not recommend implementing term limits, it does encourage the Chair to consider periodic rotations in the membership and leadership of committees as a means to ensure different perspectives regarding the committees' work and to provide cross-pollination of issues among the Board's membership.

The special committee recommends the Chair use his/her discretion to take advantage of the interests and willingness of Board members to serve on and lead new committees in order to accomplish a periodic "refresh" of each committee's composition. As a rule of thumb, any member who serves more than four years on one committee should be consulted regarding possible rotation to a new committee.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: Executive Committee

Prepared by: Randy A. Goin, Jr.

Telephone: (717) 720-4010

Board of Governors' Meeting

July 7, 2014

SUBJECT: Revision to Board of Governors' Policy: *Bylaws* (ACTION)

UNIVERSITIES AFFECTED: None

BACKGROUND: The attached proposed revisions to Board of Governors' Policy: *Bylaws* are intended to bring them up-to-date with the current organizational needs of the Board of Governors and the Pennsylvania State System of Higher Education.

MOTION: That the Board of Governors approve the attached revisions to the Board of Governors' Policy: *Bylaws*

Supporting Documents Included: Revisions to Board of Governors' Policy: *Bylaws*

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Andrew C. Lehman

Telephone: (717) 720-4035



PA State System of Higher Education Board of Governors

Effective: April 26, 1983

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BYLAWS

See Also:

Adopted: April 26, 1983

Amended: October 21, 1986; July 19, 1988; October 17, 1991;
July 15, 1993; October 20, 1994; January 16, 1997; ~~and~~ April 10, 2003, and July 7, 2014

1. **Preamble:** These bylaws are established by the Board of Governors of the Pennsylvania State System of Higher Education (Board) for the internal organization, governance, and management of the Board and to facilitate the effective discharge of its powers and duties.
2. **General Powers:**
 - 2.1 **Membership:** The composition of the membership of the Board, the terms of office, and the conditions of membership are provided in Act 188, as amended.
 - 2.2 **Exercise of Powers:** Powers vested in the Board shall be discharged by the Board. No individual Board member shall speak nor act on behalf of the Board without formal authorization by the Board.
 - 2.3 **Executive Committee:** The Executive Committee of the Board shall be authorized to act for the Board between public meetings on matters of urgency requiring immediate action. Actions taken by the Executive Committee shall be subject to ratification by the full membership of the Board at the next regular meeting of the Board.
 - 2.4 **Expenses of Members:** Board business-related and travel expenses, including lodging and meals encountered in connection with meetings of the Board or duly constituted committees thereof, shall be reimbursable at rates established by Board policy.
3. **Meetings:**
 - 3.1 **Regular Meetings:** The Board shall meet at least quarterly each year, the dates and places of such meetings to be approved for each year at the last meeting of the preceding year.

- 3.2 Special Meetings:** Special meetings of the Board may be called for any purpose by the chairperson, the chancellor, or upon written request from six other members of the Board. Members shall state the purpose of the requested meetings.
- 3.3 Executive Sessions:** Executive sessions of the Board may be convened in accordance with the Sunshine Law (65 P.S. § 271, et seq.).
- 3.4 Meeting Schedules:** The chancellor shall prepare an annual schedule of regular meetings, conferences, and to the extent feasible, committee meetings, which shall be disseminated to Board members and published in accordance with the Sunshine Law. Board meetings shall normally be held at Dixon University Center in Harrisburg. A team of members of the Board shall periodically visit the campus of each university of the State System.
- 3.5 Notice:** The chancellor shall give each Board member at least seven days written notification of regularly scheduled meetings and 24 hours notification of special meetings. Notifications of special meetings may be made by any written or electronic means. Notifications of emergency meetings also may be disseminated by the same means.

The chancellor shall advertise public meetings in accordance with the Sunshine Law (65 P.S. § 271, et seq.).

- 3.6 Agendas:** The chancellor, in consultation with the Board, shall prepare written agendas for all meetings. Written agendas shall be transmitted along with notifications of regularly scheduled meetings and, to the extent feasible, shall be transmitted for special and emergency meetings as well. The chancellor shall transmit communications to Board members' official addresses.
- 3.7 Quorums:** Eleven members present shall constitute a quorum for transaction of business at public meetings of the full Board. A majority of members shall constitute a quorum for transaction of business at public meetings of Board committees.
- 3.8 Voting:**
- a. Proxy voting shall not be permitted.
 - b. ~~When~~ Votes by acclamation shall be permitted, unless otherwise requested by a Board member prior to the vote being taken.
 - c. Abstentions shall be permitted only when a member identifies a conflict of interest or a direct personal or pecuniary interest in connection with a vote on a matter before the Board; ~~he/she shall abstain from voting.~~

e.d. Formal votes shall be taken on all matters requiring Board action. Voice votes or roll call votes may be used at the discretion of the chairperson, or upon the motion of a majority of Board members.

de. Any Board member participating telephonically or by other remote modality shall have his/her vote recorded via roll call vote. ~~Roll call votes shall be taken on all votes taken during telephonic meetings.~~

3.9 Adjourned Meetings: The Board may adjourn any regular or special meeting to any date it may set. If a quorum is not present, any regular or special meeting may be adjourned by the members attending until a quorum shall be present.

3.10 Minutes: Written minutes of all public meetings shall be prepared and maintained by the chancellor in accordance with the Sunshine Law (65 P.S. § 271, et seq.). Minutes of each regular meeting and of subsequent special meetings shall be circulated for consideration of the members prior to the next regular meeting, at which time they shall be approved by the Board and attested to by the chancellor or the chancellor's designee.

3.11 Public Comment: A period of public comment shall be provided at any public meeting of the Board prior to the consideration of any item for action.

4. System Office: The System office, housing the Office of the Chancellor, shall be located at Dixon University Center, 2986 North Second Street, Harrisburg, Pennsylvania 17110-1200.

5. Committees of the Board:

In General: The Board shall create an Executive Committee, which shall have the authority to act for the Board, subject to ratification of all actions at the next regular meeting of the Board of Governors. The Executive Committee shall be composed of the officers of the Board and committee chairpersons. The Board shall also establish other standing and special committees as necessary to carry out its functions. Annually, following the election of officers, the chairperson ~~of the Board and the chancellor shall consult with each member~~ will make appointments to Board committees-including designation of committee chairperson-subject to approval of the Board ~~regarding committee preferences. Appointments~~ The chairperson may make interim appointments to Board committees ~~shall be subject to ratification by the full membership of the Board~~ as necessary when vacancies arise. Interim appointments shall be subject to approval of the Board at the next public meeting of the Board.

All Board members are eligible to participate in committee deliberations, but the offering of motions and voting on committee business shall be confined to committee members. A majority of the members of a committee shall constitute a quorum for the transaction of business. The Board or the chairperson may, from

time to time, authorize special committees with whatever membership is desired by the Board ~~or the chairperson~~. Each standing or special committee shall report to the Board periodically or at the request of the chairperson of the Board.

The chairperson of the Board shall be an *ex officio* member of all committees with the authority to vote. The chancellor shall be an *ex officio* member of all committees without the right to vote.

6. Officers and their Duties:

6.1 Officers: The officers of the Board of Governors shall be the chairperson and two vice chairpersons. The Board may, from time to time, establish other offices needed to carry out the functions of the Board. In accordance with the provisions of Act 188, neither the Governor, Secretary of Education, their designees, nor any member of the General Assembly may be elected to these offices.

6.2 Election and Term of Office: The term of office of each officer shall commence ~~on July 1st~~ upon election and continuing until his/her successor is chosen and assumes office. Officers shall be elected each year by the Board at the third quarterly meeting of each ~~fiscal~~ calendar year and may be re-elected.

Should either office of vice chairperson become vacant prior to the annual election of officers, the chairperson shall appoint a nominating committee of no fewer than three members of the Board, to report at the next regularly scheduled meeting.

6.3 Removal of Officers: Officers may be removed at any time by the Board by the affirmative vote of 11 members of the Board.

6.4 Chairperson: The chairperson shall preside at the meetings of the Board ~~and shall appoint the chairpersons and members of all committees, subject to the approval of the Board.~~ (NOTE: THIS WAS MOVED TO SECTION 5) The chairperson shall be an *ex officio* member of all committees with the authority to vote.

~~The chairperson, with the concurrence of the Board, shall appoint at the last regularly scheduled meeting of the fiscal year, four governors to serve on the Board of Directors of the Fund for the Advancement of the State System of Higher Education, Incorporated.~~

6.5 Vice Chairpersons: The vice chairpersons shall perform the duties and have the powers of the chairperson during the absence or disability of the chairperson.

The chairperson shall have the authority to designate a vice chairperson to act on his/her behalf when temporarily unable to discharge his/her official duties.

In the event that the chairperson is unable to make such a designation, or if a vacancy occurs prior to the annual election of officers, the vice chairperson who is senior in service to that position shall assume the position of acting chairperson and shall appoint a nominating committee of no fewer than three members of the Board, to report at the next regularly scheduled meeting.

If both vice chairpersons were elected at the same time, the vice chairperson who has seniority in service as a member of the Board shall assume the position of acting chairperson.

If both vice chairpersons were confirmed by the Senate of Pennsylvania at the same time, they shall act as co-chairs until an election can be held.

7. **Amendment of Bylaws:** These bylaws may be amended or repealed at any meeting by an affirmative vote of not less than 11 members of the Board.

The chancellor shall maintain a bylaws book in which all bylaws and any changes, additions, or deletions thereto shall be recorded.

8. **Parliamentary Authority:** The rules contained in Robert's Rules of Order, most recently revised, shall govern the Board in all cases to which they are not inconsistent with the bylaws or any special rules of order of this Board.

Board of Governors' Meeting
July 7-8, 2014

SUBJECT: Election of Board Officers (ACTION)

UNIVERSITIES AFFECTED: None

BACKGROUND: The Nominating Committee will offer a slate for Board Officers.

MOTION: That the Board of Governors approve the Nominating Committee's recommendation of Board Officers.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Randy A. Goin

Telephone: (717) 720-4010



Academic and Student Affairs Committee

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

July 7-8, 2014

Agenda

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Committee Members: Aaron A. Walton (*Chair*), Representative Matthew E. Baker, Chelsea E. Getsy, Acting Secretary of Education, Carolyn C. Dumaresq, Guido M. Pichini (*ex officio*), and Michael Fiorentino, Jr. (nonvoting presidential liaison)

For further information, contact Kathleen M. Howley at (717) 720-4207.

Academic and Student Affairs Committee Meeting
July 7–8, 2014

SUBJECT: Summary of Academic Program Actions for January 1, 2014 through June 17, 2014
(INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: During the period of January 1, 2014 through June 17, 2014, the Pennsylvania State System of Higher Education universities added one doctorate program, one master's program, five minors, five certificate programs, and four letters of completion programs to their curricular offerings. During the same period, 12 programs were reorganized, 33 programs were placed into moratorium, and one program was discontinued.

Reorganized academic programs reflect curricula and/or credentials that have been significantly revised to meet new market demands or revised program accreditation requirements.

Placing a program in moratorium means that students will no longer be admitted during the period of moratorium. Students currently enrolled or admitted will be allowed to complete the program. The university will assess the program's potential and either redesign or suspend the program. Normally the period of moratorium lasts no more than five years.

Discontinued academic programs should have no students currently enrolled and have been removed from the program inventory.

Supporting Documents Included: Academic Program Actions January 1, 2014 through June 17, 2014

Other Supporting Documents Available: N/A

Reviewed by: Chief Academic Officers

Prepared by: Kathleen M. Howley

Telephone: (717) 720-4200

PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION
ACADEMIC PROGRAM ACTIONS
January 1, 2014 – June 17, 2014

NEW ACADEMIC PROGRAMS

University	Academic Program Name	Award	Delivery Method
California	Autism Spectrum Disorders	Letter of Completion	Online
Clarion	Advanced Paralegal Studies	Letter of Completion	ITV
Edinboro	Customer Relations Management	Certificate	Face to Face
Edinboro	Autism Endorsement	Certificate	Face to Face
Edinboro	Art Therapy	Certificate	Face to Face
Kutztown	Bioethics	Minor	Face to Face
Kutztown	Coaching and Athletic Administration	Minor	Face to Face
Lock Haven	Health Science	Masters of Health Science	Online and ITV
Millersville	Writing	Certificate	Face to Face
Shippensburg	Nanotechnology	Certificate	Face to Face
Slippery Rock	Special Education	Doctorate of Education	Blended
Slippery Rock	Geophysics	Minor	Face to Face
Slippery Rock	Geographic Information Science	Letter of Completion	Face to Face
Slippery Rock	Teaching Online	Letter of Completion	Online
West Chester	Autism Education	Minor	Face to Face
West Chester	Contemplative Studies	Minor	Face to Face

REORGANIZED ACADEMIC PROGRAMS

University	Academic Program	Award	Change
Bloomsburg	Digital Forensics	Minor	Reorganization of Computer Forensics
California	Business	Master of Business Administration	Reorganization of Master of Science in Business Administration
Edinboro	Mathematics	Bachelor of Science	Reorganization of Bachelor of Arts in Mathematics
Kutztown	School Counseling	Master of Science	Reorganization of Master of Education in School Counseling
Kutztown	Professional Writing	Minor	Reorganization of Minor in Writing
Millersville West Chester (Joint Degree)	Languages and Cultures	Master of Arts	Joint program will replace the current individual Master of Arts and Master of Education degrees in French, Spanish, and German
Slippery Rock	Clinical Mental Health Counseling	Master of Arts	Reorganization of Community Counseling

Slippery Rock	History	Master of Arts	Reorganization of face to face delivery to online only
Slippery Rock	Science, Technology, Engineering and Mathematics (STEM)	Master of Education	Reorganization of Mathematics and Science Teaching
Slippery Rock	Digital Media Production	Bachelor of Science	Reorganization of Communication in Emerging Technology
West Chester	Languages and Cultures	Bachelor of Arts	Reorganization of language programs with separate degrees (French, German, Russian, and Spanish) to a Bachelor of Arts in Languages and Cultures with concentrations for each language
West Chester	School Nurse	Teacher Certification	Certification, previously placed in moratorium, has been revised and reactivated

Reorganized academic programs reflect curricula and/or credentials that have been revised to meet new demands or accreditation requirements.

ACADEMIC PROGRAMS PLACED IN MORATORIUM

University	Academic Program Name	Award
Cheyney	Nanofabrication Technology	Associate of Applied Science
East Stroudsburg	French	Bachelor of Arts
East Stroudsburg	French	Bachelor of Science
East Stroudsburg	French	Minor
East Stroudsburg	German Studies	Minor
East Stroudsburg	Music History and Literature	Minor
East Stroudsburg	Music Theory	Minor
Edinboro	Art History	Bachelor of Arts
Edinboro	German	Bachelor of Arts
Edinboro	World Languages and Cultures	Bachelor of Arts
Edinboro	Philosophy	Bachelor of Arts
Edinboro	Women's Studies	Bachelor of Arts
Kutztown	Mentally and Physically Handicapped	Certificate
Lock Haven	Philosophy	Bachelor of Arts
Mansfield	Art Education	Bachelor of Science Education
Mansfield	Psychology of Human Development	Minor
Mansfield	Spanish	Minor
Mansfield	Anthropology	Minor
Mansfield	Journalism	Minor
Millersville	French	Master of Arts
Millersville	German	Master of Arts

Millersville	Spanish	Master of Arts
Millersville	French	Master of Education
Millersville	German	Master of Education
Millersville	Spanish	Master of Education
West Chester	French	Master of Arts
West Chester	Spanish	Master of Arts
West Chester	French	Master of Education
West Chester	Spanish	Master of Education
West Chester	French	Bachelor of Arts
West Chester	German	Bachelor of Arts
West Chester	Russian	Bachelor of Arts
West Chester	Spanish	Bachelor of Arts

Placing a program in moratorium means that students will no longer be admitted during the period of moratorium. Students currently enrolled or admitted will be allowed to complete the program. The university will assess the program's potential and either redesign or suspend the program. Normally the period of moratorium lasts no more than five years.

DISCONTINUED ACADEMIC PROGRAMS

University	Academic Program Name	Award
Slippery Rock	Gerontology	Certificate

Discontinued academic programs should have no students currently enrolled and have been removed from the program inventory.

GLOSSARY OF TERMS:

Minor: An organized program of study that comprises the fundamental requirements of an academic major (core and cognate courses) equivalent to a minimum of 18 semester credit hours. As a secondary field of study, the academic minor should reflect a minimum of six credits of advanced standing coursework from the academic major. Exceptions to the advanced standing requirements may be granted on a case-by-case basis per request to the chancellor.

Certificate: A formal credit-based credential designated on the academic record and awarded by an educational institution to indicate completion of a program of study that does not culminate in a degree. Certificates are not the same as certifications or licenses, which are typically awarded by third party, standard-setting bodies (not academic institutions), based on an assessment process that recognizes competencies in a particular occupational specialty as measured against a set of standards.

Certificate (sub-baccalaureate): Requires completion of an organized program of study at the postsecondary level (below the baccalaureate degree) in at least one but less than two full-time equivalent academic years, or designed for completion in at least 30 but less than 60 credit hours, or in at least 900 but less than 1,800 contact hours.

Post-baccalaureate (graduate) certificate: An award that requires completion of an organized program of study equivalent to a minimum of 18 semester credit hours beyond the bachelor's degree, but does not meet the requirements of a master's degree.

Post-master's (graduate) certificate: An award that requires completion of an organized program of study equivalent to a minimum of 24 semester credit hours beyond the master's degree, but does not meet the requirements of academic degrees at the doctoral level.

Letter of Completion: A statement of recognition designated on the academic record to indicate completion of an organized set of courses or short program of study, not culminating in a certificate.

Post-Baccalaureate Letter of Completion: An award that requires completion of a minimum of nine graduate credits beyond the bachelor's.

Post-Master's Letter of Completion: An award that requires completion of a minimum of nine graduate credits beyond the master's.

Sub-Baccalaureate Letter of Completion: An award that requires completion of a minimum of 12 credits but less than 30 credits at the postsecondary level (below the sub-baccalaureate certificate) in less than one academic year (2 semesters or 3 quarters) or in at least 360 contact hours but less than 900 contact hours.

Academic and Student Affairs Committee Meeting
July 7–8, 2014

SUBJECT: Multi-University Electronic Admissions Application Update (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: An update and brief presentation on the Multi-University Electronic Admissions Application (MUEAA) will be provided at the Board meeting.

The goal of the MUEAA initiative is to provide increased service to prospective State System university students and families who wish to apply to more than one System university without having to re-enter common data. The MUEAA is designed for undergraduate degree-seeking freshmen, transfer, and international students. In addition, the MUEAA serves as a marketing tool for prospective students by showcasing the collective offerings of all 14 universities.

A staggered approach for going live with the MUEAA began August 1, 2013, with all 14 universities live by November 20, 2013.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Kathleen M. Howley

Telephone: (717) 720-4200

Academic and Student Affairs Committee Meeting

July 7-8, 2014

SUBJECT: *Stop It Now!* and Related Updates (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: At the October 16, 2013 Academic and Student Affairs Committee of the Board of Governors, an overview was provided of the new collaborative specialized pilot training program initiative between Stop It Now! and Pennsylvania State System of Higher Education university chief academic officers and chief student affairs officers.

This training program supports faculty, staff, and students becoming aware and being proactive resources on their campuses and in the community in preventing child sexual abuse. Involvement with this program places the System in a position of leadership relative to new regulations, laws, and policies connected to sexual misconduct and its impact on children.

The national attention currently focused on sexual assault occurring on college campuses, and recently enacted legislation focused on child sexual abuse and minors on college campuses are interconnected conversations. Compliance with new and existing federal and state laws and regulations will require training, education, and policy implementation across the System that effectively addresses these important topics. As a result, a presentation will be made identifying the various statutes, their interrelationship, and the status of PASSHE efforts.

Supporting Documents Included: N/A

Other Supporting Documents Available: Finance, Administration, and Facilities Committee Item #6, Proposed Board of Governors' Policy 2014-01: *Protection of Minors*.

Reviewed by: N/A**Prepared by:** Kathleen M. Howley**Telephone:** (717) 720-4200

Academic and Student Affairs Committee Meeting

July 7-8, 2014

SUBJECT: Revisions to Board of Governors' Policy 1991-03-A: *Visiting Student Program*
(ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: The purpose of the *Visiting Student Program* is to facilitate undergraduate student enrollment at institutions of the Pennsylvania State System of Higher Education to take advantage of courses available across the System, without loss of institutional residency, eligibility for honors or athletics, or credits toward graduation at the home institution. Under this policy, all credits and grades accrued at other System universities shall be accepted in full by the home university and thereafter treated as home university credits, residency, and grades.

The proposed revisions will provide opportunities for graduate students to enroll in graduate courses offered across the System. This flexibility is especially important in light of the increasing nature of System collaborative programs such as professional science master's degrees.

MOTION: That the Board of Governors approve the revisions to the Board of Governors' Policy 1991-03-A: *Visiting Student Program*.

Supporting Documents Included: Board of Governors' Policy 1991-03-A: *Visiting Student Program*

Other Supporting Documents Available: N/A

Reviewed by: Council of Presidents, June 11, 2014; Chief Academic Officers, June 12, 2014

Prepared by: Kathleen M. Howley

Telephone: (717) 720-4200



PA State System of Higher Education Board of Governors

Effective: July 18, 1991

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Policy 1991-03-A: Visiting Student Program

Adopted: July 18, 1991

Amended: April 18, 2010, [July 8, 2014](#)

A. Purposes

1. To facilitate undergraduate [and graduate](#) student enrollment at institutions of the Pennsylvania State System of Higher Education to take advantage of courses available across the System, without loss of institutional residency, eligibility for honors or athletics, or credits toward graduation at the home institution.

B. Undergraduate Student Standards

1. The student must be matriculated at the home university with a minimum of 12 college-level credits and be in good academic standing.
2. Students may take a maximum of 24 credits via the Visiting Student Policy.
3. The student who presents evidence of good standing at the home university will be allowed to register for courses at other PASSHE universities. The visiting student priority level for registration will be determined by each university.
4. All credits and grades accrued at other PASSHE universities shall be accepted in full by the home university and thereafter treated as home university credits, residency, and grades.
 - a. It is the responsibility of the student to work with the student's advisor at the home institution regarding applicability of credits toward graduation requirements at the home institution consistent with PASSHE procedures.
 - b. It is the responsibility of the student to complete the Visiting Student Notification Form and submit to the home institution prior to enrolling in courses at another PASSHE institution.
 - c. Students cannot use The Visiting Student Program to repeat courses.
 - d. Students cannot use the Visiting Student Program for internship or practica that are required for licensure or certification without the express written permission of their appropriate university officials at the home university and placement availability at the requested institution.
5. The student shall register at, and pay tuition and fees to, the State System University visited. A student wishing to divide a course load between two institutions during the same term shall register and pay appropriate tuition and fees at both universities.
6. The Office of the Chancellor will work with universities to establish and publish procedures to identify visiting students such that financial aid, residency, eligibility for honors, eligibility of athletics and credits to graduation are assured.

C. Graduate Student Standards

1. A graduate student must be accepted into a graduate program and be in good academic standing.
2. On a space available basis, students may take up to 12 credits from other PASSHE universities via the Visiting Student Policy. Exceptions to the maximum credits may be granted for students enrolled in a joint degree between two or more PASSHE universities.
3. All credits and grades earned at other PASSHE universities through this policy shall be accepted in full by the home university and thereafter treated as home university credits, residency, and grades.
 - a. It is the responsibility of the student to work with, and get approval from, their graduate advisor at the home institution regarding applicability of credits toward graduation requirements at the home institution consistent with PASSHE procedures.
 - b. It is the responsibility of the student to complete the Visiting Graduate Student Notification Form and submit to the home institution prior to enrolling in courses at another PASSHE institution.
 - c. Students cannot use the Visiting Student Program to repeat courses taken at the home institution.
 - d. Students cannot use the Visiting Student Program for internship or practica that are required for the program of study or for licensure or certification without the express written permission of the home university Dean of Graduate Study and placement availability at the host institution.
4. The student shall register at, and pay tuition and fees to, the State System University visited. A student wishing to divide a course load between two institutions during the same term shall register and pay appropriate tuition and fees at both universities.
5. The Office of the Chancellor will work with universities to establish and publish procedures to identify visiting students such that financial aid, residency, candidacy requirements, and credits to graduation are assured.

Academic and Student Affairs Committee Meeting

July 7–8, 2014

SUBJECT: Approval of an Associate of Arts in Sustainability Studies Degree Program at Lock Haven University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Lock Haven University of Pennsylvania.

BACKGROUND: Lock Haven University proposes an Associate of Arts in Sustainability Studies. Sustainability is an emerging field and roughly one out of every five companies in Pennsylvania employ workers in green jobs (*The Pennsylvania Green Jobs Survey Report*, produced by the Pennsylvania Department of Labor and Industry).

This interdisciplinary associate degree is unique within the Pennsylvania State System of Higher Education and will attract students to Lock Haven University, particularly at the Clearfield campus where the majority of their associate degree students are located. In Clearfield and Clinton counties, the percentage of the population that is at or below the poverty line is greater than the state average. Lock Haven University's Clearfield campus is often the only access to education for place-bound nontraditional students who want a college education.

Lock Haven University faculty repackaged existing capacity and coursework between the Clearfield campus and the main campus in creative ways to meet this emerging need. Additionally, the use of online/distance learning to maximize the resources at both campuses will increase access to the program for working adults.

MOTION: That the Board of Governors approve an Associate of Arts in Sustainability Studies at Lock Haven University of Pennsylvania.

Supporting Documents Included: Executive Summary of Degree Proposal and Five-Year Budget Projection.

Other Supporting Documents Available: Degree Proposal

Reviewed by: Lock Haven University Council of Trustees, February 6, 2014

Prepared by: Kathleen M. Howley

Telephone: (717) 720-4200

EXECUTIVE SUMMARY OF DEGREE PROPOSAL
Associate of Arts in Sustainability Studies
July 7, 2014

1) **Appropriateness to Mission**

Lock Haven University of Pennsylvania proposes a new Associate of Arts degree in Sustainability Studies. Sustainability studies prepare students to integrate the tools and perspectives of multiple disciplines to solve problems and create opportunities regarding the relationships and interactions of human society and the environment toward the end of sustainability. The proposed Associate of Arts degree in sustainability studies will combine ideas and methods from a variety of disciplines to prepare graduates for careers in sustainability, and to create pathways for further study in fields in which sustainability is especially relevant. The purpose of the program is to prepare graduates to enter the workforce in a variety of settings, including government, nonprofit organizations, and corporations. It will also allow for seamless transition into related baccalaureate degree programs at Lock Haven University.

This proposed associate degree program is unique within the Pennsylvania State System of Higher Education and is in alignment with the Strategic Plan 2020, *Rising to the Challenge*, strategic goal of “ensuring academic program excellence and relevance.” This program repackages existing capacity and coursework between the Clearfield campus and main campus of Lock Haven University in creative new ways to meet emerging workforce needs in Clearfield County and surrounding areas. Adding programs to the Clearfield campus, which serves a primarily commuter population, will provide Lock Haven University with the opportunity to attract, retain, and graduate students beyond the traditional 18-to 22-year-old, on-campus, residential population. Additionally, the use of online/distance learning to maximize the resources at both campuses will increase access to the program for working adults.

2) **Need**

Sustainability is an emerging field and one that is embedded across many industries, so data is not yet available on the number of workers involved in this discipline. However, a publication by James Hamilton of the Bureau of Labor Statistics (*Is A Sustainability Career on Your Green Horizon?* August, 2012), provides information on job opportunities for graduates of sustainability programs. Many large corporations, nonprofit organizations, and government agencies employ sustainability professionals. At the associate degree level these include general and operations managers and transportation, storage, and distribution managers. *The Pennsylvania Green Jobs Survey Report*, produced by the Pennsylvania Department of Labor and Industry, states "Overall, roughly one out of every five companies in Pennsylvania (20.6%) employed workers in green jobs." Many green jobs focus on construction and manufacturing, but employment opportunities also exist in education, the government, and nonprofit organizations.

A survey was administered to 59 high school students, 66 prospective students attending events at the Clearfield campus (spring 2013), and current Lock Haven University students.

These individuals were polled about their interest in the prospective program, the value of offering a program, and job opportunities available to graduates of the program.

Based on this data, the program will attract both prospective students and those currently enrolled at Lock Haven University.

3) **Academic Integrity**

The program will be coordinated by an interdisciplinary team of faculty from English, geology, biology, communications, economics, recreation management, and philosophy. In addition to the general education curriculum, students will take courses in environmental studies, conservation law enforcement, economics, management, ethics, and a seminar course in which they will explore environmental and sustainability issues beyond what is required in an introductory course. Seminars focus on elements of history, culture, and science that influence the continuing development of human value systems and endeavors. These seminars provide a context to examine interrelational aspects of knowledge and experience and will be important in meeting the student learning outcomes of the program. Students will be exposed to a variety of learning experiences including lectures, discussions, demonstrations, small group work, case studies, field trips, role playing, review and integration of existing research, as well as student research. Experiential learning will also be undertaken in the internship/capstone course.

The proposed program is in alignment with Board of Governors' academic policies.

4) **Coordination/Cooperation/Partnerships**

The Associate of Arts in Sustainability Studies focuses on the concept of sustainability from an interdisciplinary perspective. This program will be coordinated by an interdisciplinary steering committee of faculty from English, geology, biology, communications, economics, recreation management, and philosophy. Faculty, department chairs and deans have engaged in this collaborative effort to repackage existing resources into an interdisciplinary program that meets emerging needs in Pennsylvania. This program involves collaboration across both campuses of Lock Haven University to address goals established in the strategic plan for Lock Haven University's Clearfield campus. Should students wish to complete a baccalaureate degree at Lock Haven University, the program allows for an easy transition into disciplines such as recreation management, business, and criminal justice, providing pathways for graduates to further their education. The process of developing the Associate of Arts in sustainability studies has involved frequent conversations with these departments. The department chairs and the deans of all three colleges have been eager to talk about ways to coordinate existing programs with the Associate of Arts, thus enabling Lock Haven University to repackage resources to meet emerging needs in creative new ways.

A likely source of collaboration and coordination exists through organizations committed to conserving natural resources. Lock Haven University is currently involved with the Susquehanna Greenway Partnership, Beech Creek Watershed Association, and Clinton County CleanScapes. In the Clearfield area, there is an opportunity to collaborate with Visit Clearfield County, which has expressed interest in collaborating with the Clearfield campus around sustainability issues. Letters of support for the proposed program have been provided by the Clearfield County Career and Technology Center, Headwaters Charitable Trust and Headwater Resource Conservation and Development Council, and the Northwest Savings Bank.

5) **Assessment**

As required by all programs at Lock Haven University, assessment of both program and student learning outcomes are required every year and submitted to the Office of the Provost. Such areas of review include retention, quality of student experience, and placement of students in career paths. Based on the analyses of these assessments, program improvements will be implemented as recommended by the Program Assessment Committee. Considering the interdisciplinary nature of the proposed associate degree, there is not a nationally recognized specific set of standards for sustainability studies.

6) **Resource Sufficiency**

The use of existing courses and existing faculty allows Lock Haven University to make use of existing resources and respond to the needs of the Commonwealth to offer this associate degree program with no start-up costs required. Director duties for the program will be assigned as overload to an existing faculty member. No additional equipment, software, supplies or facilities modifications are required for this program. Projected revenue generated from tuition will cover faculty, travel, and marketing expenses. Lock Haven University has state-of-the art distance learning facilities at both campuses that will enable the courses to be delivered with minimal expense. No new courses are required and those not currently offered at the Clearfield campus will be delivered via interactive television to the Clearfield campus.

7) **Contributions to Required and University-Specific Performance Indicators**

The Associate of Arts degree in Sustainability Studies contributes to required measures Success 1A: Number of Degrees Conferred, and Access 1A: Closing the Access Gap for Pell Recipients. It also contributes to optional stewardship measures 4 and 5: Instructional productivity and employee productivity. Adding a new associate degree program will attract new students to Lock Haven University, particularly at the Clearfield campus where the majority of our associate degree students are located. In Clearfield and Clinton counties, where the Lock Haven University campuses are located, the percentage of the population that is at or below the poverty line is 14.7% and 15.8%, respectively. These percentages are higher than the overall percentage of Pennsylvania (12.6%, U.S. Department of Commerce, 2012). The Clearfield campus is one of the few postsecondary opportunities in Clearfield County and is often the only access to education for place-bound nontraditional students who want a college education. Increasing the educational opportunities at Lock Haven University will increase access to higher education for low income students. By repackaging existing courses, the Associate of Arts degree in Sustainability Studies can be offered within existing capacity and, therefore, will contribute to those optional stewardship measures.

Prepared by: Robert Myers and Amy Way

Implementation date: Fall 2014

Date Approved by Council of Trustees: February 6, 2014

**Lock Haven University of Pennsylvania Associate of Arts in Sustainability Studies
Budget Narrative**

ESTIMATED REVENUES	NARRATIVE/ASSUMPTIONS
ESTIMATED STUDENT IMPACT OF NEW PROGRAM	
Headcount Enrollment	Assumes full-time students at 30 semester hours <i>per annum</i> and persistence rate of 55% based on historical data; year one: 8 new students, year two: 8 new students, year three: 10 new students, year four: 11 new students, and year five: 12 new students.
ESTIMATED REVENUE	
Tuition Generated	Assumes flat tuition for full-time Pennsylvania residents at \$6,622 annual.
Instructional Support Fee	Assumes \$699 per head.
External Grants & Contracts	Not applicable
Other	Not applicable
ESTIMATED EXPENSES	
Salaries and Benefits - Faculty	Assumes Overload for director duties (Professor, Step 9) for all 5 years, communications (Assistant, Step 2) for years 3-5, English composition (Assistant, Step 2) for years 2-5, natural science (Assistant, Step 2) for years 3-5. Existing capacity will be used for other general education courses. In addition to salary and benefits, this amount includes distance education stipend of \$15 per student and a site incentive of \$250 per site.
Salaries and Benefits (Staff, Grad Asst Stipend/Waiver, Teaching Assistances, etc.)	There are no salary and benefit expenses related to staff, graduate assistants or teaching assistants.
Learning Resources	There are no expenses related to learning resources.
Instructional Equipment	There are no expenses related to instructional equipment.
Impact to additional non-major course sections (e.g. General Education)	Projected enrollment will require an additional section of communication in years 3-5, an additional section of English composition in years 2-5, and an additional section of a natural science course in years 3-5. Expenses associated with this addressed above in salaries and benefits; therefore, there is no additional impact to nonmajor course sections.
Facilities and/or modifications	There are no expenses related to new facilities, and existing facilities do not need to be modified. This program will make use of existing resources.
Administrative Expense	20% of the tuition and instructional support fee is added to the expenses, and is charged annually for existing and new students.
Other	Not applicable

Lock Haven University of Pennsylvania Associate of Arts in Sustainability Studies

Five-Year Budget Projection

Associates Program

Estimated Student Impact of New Program	Year 1		Year 2		Year 3		Year 4		Year 5	
	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New
Resident Full-Time Headcount Enrollment		8	4	8	4	10	5	11	6	12
Nonresident Full-Time Headcount Enrollment										
Resident Part-Time Headcount Enrollment										
Nonresident Part-Time Headcount Enrollment										
Projected Annual Credits Generated	240		360		420		480		540	
Estimated Revenue										
Tuition Generated	\$52,976		\$79,464		\$92,708		\$105,952		\$119,196	
Instructional Support Fee	\$5,592		\$8,388		\$9,786		\$11,184		\$12,582	
External Grants and Contracts										
Other										
Estimated Total Revenue	\$58,568		\$87,852		\$102,494		\$117,136		\$131,778	
Estimated Expenses	Year 1		Year 2		Year 3		Year 4		Year 5	
	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New
Salaries and/or benefits (faculty and staff, grad assistant stipend/waiver)		\$4,012	\$4,012	\$10,388	\$14,400	\$18,326	\$32,726		\$32,726	
Learning Resources										
Instructional Equipment										
Impact to additional non-major course sections (e.g. General Education)										
New Facilities and/or Modifications to existing facilities										
Administrative Expense	\$11,714		\$17,570		\$20,499		\$23,427		\$26,356	
Other										
Estimated Total Expenses	\$15,726		\$31,970		\$53,225		\$56,153		\$59,082	
Estimated Financial Impact of New Program	\$42,842		\$55,882		\$49,269		\$60,983		\$72,696	



Audit Committee

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

July 7-8, 2014

Agenda

<u>Item</u>		<u>Page</u>
1.	Office of Internal Audit and Risk Assessment (OIARA) Annual Report (INFORMATION)	31

Committee Members: Joseph F. McGinn (*Chair*), Christopher H. Franklin, Jonathan B. Mack, Senator John T. Yudichak, Guido M. Pichini (*ex officio*), and Francis L. Hendricks (nonvoting president liaison).

For further information, contact James S. Dillon at (717) 720-4100.

Audit Committee Meeting

July 7-8, 2014

SUBJECT: Office of Internal Audit and Risk Assessment (OIARA) Annual Report
(INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Board of Governors' Policy 1991-06-A: *State System Audit Policy*, requires the Audit Committee to annually report to the Board of Governors on the Audit Committee's activities. The Office of Internal Audit and Risk Assessment Fiscal Year 2013/14 Annual Report is provided.

Supporting Documents Included: Office of Internal Audit and Risk Assessment Fiscal Year 2013/14 Annual Report (attached separately)

Other Supporting Documents Available: Board of Governors' Policy 1991-06-A: *State System Audit Policy*

Reviewed by: Board of Governors' Audit Committee, June 25, 2014

Prepared by: Dean A Weber

Telephone: (717) 720-4243



External and Public Relations Committee

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

July 7-8, 2014

Agenda

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1.	Communications Update (INFORMATION)	33
2.	PASSHE Foundation Update (INFORMATION)	34

Committee Members: Jonathan B. Mack (*Chair*), Marie Conley, David M. Maser, Joseph F. McGinn, Guido M. Pichini (*ex officio*), Julie E. Wollman (nonvoting president liaison).

For further information, contact Randy A. Goin, Jr. at (717) 720-4010.

External and Public Relations Committee Meeting

July 7-8, 2014

SUBJECT: Communications Update (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: An update will be provided at the Board meeting.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Randy A. Goin, Jr.

Telephone: (717) 720-4010

External and Public Relations Committee Meeting

July 7-8, 2014

SUBJECT: PASSHE Foundation Update (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: A report of the PASSHE Foundation will be provided at the Board meeting.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Jennifer S. Scipioni

Telephone: (717) 720-4056



Finance, Administration, and Facilities Committee

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

July 7–8, 2014

Agenda

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3.	Fiscal Year 2014/15 Tuition and Technology Tuition Fee Rates (ACTION).....	46
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5.	Pricing Flexibility Pilots (ACTION)	52
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7.	Fiscal Year 2014/15 Capital Spending Plan and Capital Budget Authorization Request (ACTION).....	72
8.	Bond Finance, Boiler Plant Upgrade/Energy Savings Project, Bloomsburg University of Pennsylvania (ACTION)	77
9.	Magee Center Demolition, Bloomsburg University of Pennsylvania (ACTION)	78
10.	Property Acquisition, Millersville University of Pennsylvania (ACTION)	80

Committee Members: Ronald G. Henry (Chair), Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Laura E. Ellsworth, Todd M. Garrett, Representative Michael K. Hanna, David M. Maser, Robert S. Taylor, Guido M. Pichini (ex officio), and Dr. David L. Soltz (nonvoting president liaison)

For further information, contact James S. Dillon at (717) 720-4100.

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Revisions to Board of Governors' Policy 1984-06-A: *Allocation Formula* (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: The State System's founding legislation specifies that "State funds appropriated to the System shall be allocated to the individual institutions on a formula based on, but not limited to, such factors as enrollments, degrees granted, and programs." The current allocation formula, approved by the Board of Governors in 2003, is highly enrollment driven, incorporating a two-year rolling average of in-state student enrollment and recognizing higher costs of certain programs and levels of study. The formula was designed for funding to follow the student, but still provide reasonable stability and predictability. It also includes other elements, such as adjustments for the lack of economies of scale at smaller universities, physical plant, and performance funding.

Board of Governors' Policy 1984-06-A: *Allocation Formula*, requires a periodic review of the allocation formula "to address changing conditions." The allocation formula was last reviewed in 2007. In October 2013, the Funding Review Task Force was established to review the allocation formula and develop technical funding solutions for the equitable distribution of resources and pricing flexibility enhancements that meet the principles and values of the System's leadership.

Based on the formula concepts and principles that were developed with input from the Board and university presidents, the task force developed a new allocation formula that consists of a fixed-cost component for all universities and variable components for instruction, support services, and physical plant. These variable components are similar to the current formula. Although still primarily enrollment driven, the proposed formula is designed to provide greater stability and predictability.

The attached proposed revisions to Board of Governors' Policy 1984-06-A: *Allocation Formula*, are the result of the work of the task force, as articulated in the attached *Funding Review Task Force, Allocation Formula Recommendations Report*. It is proposed that the formula be implemented over three years and funds be sought to mitigate the negative impact of the formula changes on some universities in the first year.

MOTION: That the Board of Governors approve the proposed revisions to Board of Governors' Policy 1984-06-A: *Allocation Formula*, as attached.

Supporting Documents Included: Board of Governors' Policy 1984-06-A: *Allocation Formula*; *Funding Review Task Force, Allocation Formula Recommendations Report* (Attached Separately)

Other Supporting Documents Available: N/A

Reviewed by: Council of Presidents, June 11, 2014; Chief Academic Officers, June 11, 2014; Council of Fiscal and Administrative Vice Presidents, June 18, 2014; Approved by Finance, Administration, and Facilities Committee of the Board of Governors, June 26, 2014

Prepared by: James S. Dillon

Telephone: (717) 720-4100



PA State System of Higher Education Board of Governors

Effective: May 15, 1984

Page 37 of 91

Policy 1984-06-A: *Allocation Formula*

See Also:

Adopted: May 15, 1984

Amended: July 26, 1985; April 18, 1991; October 20, 1994; April 9, 1998;
July 10, 2003; ~~and~~ July 19, 2007, and July 8, 2014

~~The Board of Governors establishes the method by which the Pennsylvania State System of Higher Education's Educational and General (E&G) appropriation is distributed to System entities and System-wide initiatives.~~

~~1. The Board of Governors Allocates a Portion of the E&G Appropriation for System-wide Initiatives and Entities.~~

~~Annually, the Board of Governors will determine what, if any, System-wide initiatives are to be funded from the E&G Appropriation. System-wide initiatives may include but are not limited to professional development funds, replenishment of the System Reserve, the Dixon University Center Academic Programs, McKeever Environmental Learning Center, and a performance funding pool.~~

~~The Office of the Chancellor will be funded annually at 0.5% of the E&G appropriation, as authorized in Act 188 of 1982.~~

~~2. The Remaining E&G Appropriation is Allocated to the System Universities through an Allocation Formula that Incorporates the Following Components:~~

~~**University Base Appropriation** = Adjustment for Small Universities + (Costs per Gross Square Footage = GSF + Percentage of Replacement Value) funded proportionately with remaining Instructional Costs per Resident FTE Student + Support Costs per Resident FTE Student + Plant Appropriation~~

~~**Adjustment for Small Universities**—The adjustment for small Universities provides an economies-of-scale adjustment of \$6.5 million for a University with 1,000 FTE Students. This factor, which is fully funded by appropriation, is gradually eliminated while enrollment is between 1,000 and 5,000 FTE Students in the following manner: a \$700 reduction for all enrollment between 1,000 and 2,000 FTE Students; a \$1,200 reduction for all enrollment between 2,000 and 3,000 FTE Students; a \$2,100 reduction for all enrollment between 3,000 and 4,000 FTE Students; and a \$2,500 reduction for all enrollment between 4,000~~

and 5,000 FTE Students.

~~Instructional Costs~~—Differences in instructional discipline costs will be recognized by the following proposed weights:

Lower Division, Normal Cost	1.0	\$4,073
Lower Division, High Cost	1.4	\$5,702
Upper Division, Normal Cost	1.5	\$6,109
Upper Division, High Cost	1.9	\$7,738
Master's, Normal Cost	1.7	\$6,924
Master's, High Cost	2.1	\$8,553
Doctoral, Low Cost	2.1	\$8,553
Doctoral, Normal Cost	5.2	\$21,179

High-cost for lower and upper divisions and master's levels refers to health, science, and fine arts programs. Doctoral low cost applies to professional programs where the accrediting agencies require post-master's degrees, such as audiology and physical therapy, unless the University provides a cost analysis that indicates a need to fund these programs at a higher level.

~~FTE Student~~—The average of the last two years of actual, resident FTE enrollment by discipline.

~~Support Costs~~—There is one support weight for all FTE students of \$4,175.

~~Plant Costs~~—This category will include 2.5% of the Educational and General facilities replacement value, 1.5% of the infrastructure replacement value, and \$6.00 per gross square foot of Educational and General space. The E&G square footage is the average of space guidelines estimated space required and University inventory space. Inventory space includes all leased and owned space, but only 50% of space that is off-line indefinitely.

~~3. The Allocation Formula will be Fully Implemented by July 2005.~~

Transition to this new method of allocation will occur over three fiscal years, with one-third of the adjustment occurring in fiscal year 2003/04, another third in fiscal year 2004/05, and full implementation in fiscal year 2005/06. Changes to the Adjustment for Small Universities will be implemented fully in fiscal year 2007/08.

The allocation formula will be adjusted annually to reflect changes in enrollment, physical plant space, and inflationary cost increases.

~~4. The Allocation Formula will be Reviewed Periodically, at Least Every Five Years.~~

The basic precepts on which this formula is built will not be altered annually. Rather, after five years of operation, a review of the allocation formula will be conducted to address changing conditions. Subsequent reviews should occur at least every five years.

A. Purpose

To establish the method by which the Board of Governors distributes the Pennsylvania State System of Higher Education's Educational and General (E&G) appropriation to System entities and System-wide initiatives.

B. Definitions

Educational and General—All activities and resources that support the educational mission of the System or university, including unrestricted functions of instruction, research, public service, academic support, institutional support, scholarship and fellowship, and operations and maintenance of plant activities. Auxiliary and restricted activities are excluded. For national comparisons, research, public service, and scholarship and fellowship activities also are excluded.

Full-Time Equivalent (FTE) Student—The total credit hours attempted, throughout all terms within a fiscal year, divided by 30 for undergraduate and 24 for graduate students. Clock-hour enrollment is converted to credit hours based upon national standards.

System Entity—A university of the Pennsylvania State System of Higher Education or the Office of the Chancellor.

Space Guidelines—A calculation, based upon national practices, used to estimate the square footage of space a university needs to reasonably meet its educational mission.

C. Funding of System-Wide Initiatives, Programs, and Entities

The Board of Governors annually allocates a portion of the E&G appropriation for System-wide initiatives, programs, and entities.

1. Annually, the Board of Governors will determine what, if any, System-wide initiatives are to be funded from the E&G appropriation. System-wide initiatives may include but are not limited to professional development funds, replenishment of the System Reserve, Dixon University Center academic programs, McKeever Environmental Learning Center, Office of Internal Audit and Risk Assessment, and a performance funding pool.
2. The Office of the Chancellor will be funded annually at 0.5 percent of the E&G appropriation, as authorized in Act 188 of 1982.

D. Base Allocation Formula

The remaining E&G appropriation is allocated to the System universities through a base allocation formula that recognizes fixed costs at all universities and allows for differing fixed costs based upon mission for the State System master's universities, doctoral/research university, and historically black university; and variable costs for instruction, administrative support services, and physical plant operations.

1. **Fixed Costs**—The fixed-cost value shall be established based upon an analysis of E&G costs and enrollment of public master's institutions, public doctoral/research

institutions, and public historically black institutions. This component is fully funded from the E&G appropriation.

2. **Instructional Costs**—Differences in instructional discipline costs will be recognized per FTE student by the following weights:

<u>Lower Division, Normal Cost</u>	<u>1.0</u>
<u>Lower Division, High Cost</u>	<u>1.3</u>
<u>Upper Division, Normal Cost</u>	<u>1.5</u>
<u>Upper Division, High Cost</u>	<u>2.4</u>
<u>Master's, Normal Cost</u>	<u>2.0</u>
<u>Master's, High Cost</u>	<u>2.4</u>
<u>Doctoral</u>	<u>2.6</u>

High-cost undergraduate and master's instruction refers to courses identified with the following federally defined Classification of Instructional Programs (CIP) codes.

<u>01</u>	<u>Agriculture and Agriculture Operations</u>
<u>03</u>	<u>Natural Resources and Conservation</u>
<u>04</u>	<u>Architecture and Related Services</u>
<u>10</u>	<u>Communication Technologies and Support Services</u>
<u>11</u>	<u>Computer and Information Sciences</u>
<u>14</u>	<u>Engineering</u>
<u>15</u>	<u>Engineering Technologies</u>
<u>25</u>	<u>Library Science</u>
<u>26</u>	<u>Biological and Biomedical Sciences</u>
<u>34</u>	<u>Health Related Knowledge and Skills</u>
<u>40</u>	<u>Physical Sciences</u>
<u>48</u>	<u>Precision and Productivity</u>
<u>50</u>	<u>Visual and Performing Arts</u>
<u>51</u>	<u>Health Professions and Related Clinical Sciences.</u>

FTE Student—The average enrollment for the previous two years of actual in-state FTE enrollment by course discipline; in-state and out-of-state doctoral enrollment is included.

3. **Support Costs**—There is one support cost value applied to FTE students based upon the System's average costs per student in the functional areas of academic support, student services, and institutional support. Each university's support costs are determined based upon the same FTE student used in the instructional component.
4. **Plant Costs**—This category includes 2.5 percent of the E&G facilities replacement value, 1.5 percent of the infrastructure replacement value, and a dollar amount per gross square foot of E&G space. The E&G square footage is the average of space guidelines' estimated space required and university inventory space. Inventory space includes all leased and owned space, but only 50 percent of space that is off-line indefinitely.

E. Implementation

Transition to this new method of allocation will occur over three fiscal years, with one-third of the adjustment occurring in fiscal year 2014/15, another third in fiscal year 2015/16, and full implementation in fiscal year 2016/17.

The allocation formula will be adjusted annually to reflect changes in enrollment, physical plant space, and inflationary cost increases. After three years, the formula's values for fixed costs and the instructional coefficients will be recalculated based upon national data and State System instructional cost data. After a total of six years, the allocation formula will be reviewed for its continued appropriateness.

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Fiscal Year 2014/15 Operating Budget Update (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: On June 30, 2014, the General Assembly passed a general appropriations bill for the Commonwealth's fiscal year 2014/15 general fund budget that provides for continuation of the State System's Educational and General (E&G) appropriation at \$412.8 million, the same as received in fiscal year 2013/14.

Attachment 1 summarizes the Commonwealth's anticipated 2014/15 funding for higher education. Attachments 2 and 3 summarize the State System's estimated fiscal year 2014/15 E&G budget requirements. A presentation on the System's budget will be provided during the Finance, Administration, and Facilities Committee meeting on July 7, 2014.

This information is necessary to support recommendations of the Committee concerning:

- Fiscal Year 2014/15 Tuition and Technology Tuition Fee Rates.
- Fiscal Year 2014/15 Educational and General Appropriation Allocation, including establishment of the performance funding pool.

Supporting Documents Included: Commonwealth FY 2014/15 Appropriations for Higher Education (Attachment 1); FY 2014/15 Educational and General Budget Overview (Attachment 2); Estimated FY 2013/14 and 2014/15 Educational and General Budgets as of June 26, 2014 (Attachment 3)

Other Supporting Documents Available: Fiscal Year 2014/15 Appropriations Request; Governor's Recommended Budget, Commonwealth's Fiscal Year 2014/15 Budget

Reviewed by: Finance, Administration, and Facilities Committee of the Board of Governors, June 4, 2014

Prepared by: James S. Dillon

Telephone: (717) 720-4100

Commonwealth FY 2014/15 Appropriations for Higher Education

As passed June 30, 2014

(amounts in thousands)

	FY 2013/14	FY 2014/15	<u>Change</u>	
			\$	%
GENERAL FUND TOTAL	\$28,596,601	\$29,098,996	\$502,395	1.8%
Pennsylvania State System of Higher Education (PASSHE)				
Educational and General	\$412,751	\$412,751	\$0	0.0%
Pennsylvania Priority Programs*	N/A	0	0	0.0%
Key '93 (Deferred Maintenance)**	13,590	14,229	639	4.7%
PASSHE Total, All Funds	\$426,341	\$426,980	\$639	0.1%
Pennsylvania Higher Education Assistance Agency (PHEAA)				
Grants to Students	\$344,888	\$344,888	\$0	0.0%
Institutional Assistance Grants (to private institutions)	24,389	24,389	0	0.0%
Ready to Succeed Scholarships	0	5,000	5,000	N/A
Cheyney Keystone Academy	1,525	1,525	0	0.0%
Matching Payment for Student Aid	12,496	12,496	0	0.0%
Bond-Hill Scholarships	534	534	0	0.0%
Pennsylvania Internship Program Grants	350	350	0	0.0%
Higher Education for the Disadvantaged	2,246	2,246	0	0.0%
Higher Education of Blind or Deaf Students	47	47	0	0.0%
PHEAA Total	\$386,475	\$391,475	\$5,000	1.3%
State-Related Institutions				
The Pennsylvania State University				
General Support	\$214,110	\$214,110	\$0	0.0%
Pennsylvania College of Technology	15,584	17,584	2,000	12.8%
The Pennsylvania State University Total	\$229,694	\$231,694	\$2,000	0.9%
University of Pittsburgh	136,293	136,293	0	0.0%
Temple University	139,917	139,917	0	0.0%
Lincoln University	13,163	13,163	0	0.0%
State-Related Institutions Total	\$519,067	\$521,067	\$2,000	0.4%
Community Colleges				
Community Colleges	\$212,167	\$215,667	\$3,500	1.6%
Transfer to Community College Capital Fund	48,869	48,869	0	0.0%
Regional Community Colleges Services	1,200	2,400	1,200	100.0%
Community Colleges Total	\$262,236	\$266,936	\$4,700	1.8%
Other Higher Education Initiatives				
Thaddeus Stevens College of Technology	\$10,332	\$12,295	\$1,963	19.0%
Community Education Councils	2,300	2,300	0	0.0%
Other Total	\$12,632	\$14,595	\$1,963	15.5%
Total Higher Education	\$1,606,751	\$1,621,053	\$14,302	0.9%
Percent of General Fund Expenditures	5.6%	5.5%		

*For FY 2014/15, PASSHE requested an \$18.0 million line item for the purpose of aligning academic program offerings to current and emerging high-priority occupations across the Commonwealth.

**Fund source: Realty Transfer Tax; not part of the General Fund.

**Pennsylvania State System of Higher Education
FY 2014/15 Educational and General Budget Overview**

At its meeting on October 17, 2013, the Board of Governors approved a fiscal year (FY) 2014/15 Educational and General (E&G) appropriations request of \$429.3 million, reflecting a \$16.5 million, or 4.0 percent, increase to partially fund a \$1.6 billion E&G budget. In addition, a line item of \$18.0 million was requested for the purpose of aligning academic program offerings to current and emerging high-priority occupations across the Commonwealth.

At the time of completion of these materials, the Commonwealth's FY 2014/15 budget has not yet been enacted. However, level funding for the State System is anticipated.

The State System's FY 2014/15 E&G budget of \$1.6 billion, as presented last October, was built within a cost control climate, addressing shifting enrollment trends and providing solely for limited mandatory increases in basic operating costs. Mandatory budget adjustments included the following.

- \$23.9 million in salary adjustments required by collective bargaining agreements and previous actions by the Board of Governors.
- \$12.6 million in health care rate increases.
- \$18.2 million in retirement cost increases, of which \$13.0 million is associated with statutory pension rate changes.
- \$4.5 million reduction in tuition and fee revenue due to an enrollment estimate of 103,815 full-time equivalent (FTE) students, which anticipates a decline of 0.7 percent, or approximately 800 FTE.

Each spring, the State System's budget estimates for the upcoming year are revised to reflect the most current information. Since the Board approved the appropriations request last fall, the following changes have been made to the System's FY 2014/15 budget.

- Assumes no change in appropriations or tuition rates.
- Health care contribution rates were finalized resulting in favorable changes from what was originally budgeted. In October 2013, estimated increases in health care costs for FY 2014/15 averaged 7 percent; finalized rates reflect an overall increase in health care rates of approximately 5 percent, lowering health care cost estimates by \$3.1 million.
- In total, it is anticipated that the State System will serve 103,428 FTE students in FY 2014/15, which is 387 less than originally estimated. Enrollment projections vary significantly by university. The corresponding reduction of \$2.3 million in tuition revenue is offset by university fee rate increases approved this spring by councils of trustees.
- Other minor changes have occurred to reflect actual expenditures in FY 2013/14.

The revised FY 2014/15 budget estimates reflect a funding gap of \$58.6 million, assuming no change in appropriations or tuition rates.

Pennsylvania State System of Higher Education
Estimated FY 2013/14 and 2014/15 Educational and General Budgets
As of June 26, 2014

Dollars in Millions

Revenue/Sources	FY 2013/14	FY 2014/15	\$ Change	% Change
Tuition	\$843.2	\$832.9	(\$10.4)	-1.2%
Fees	181.7	182.4	0.7	0.4%
State Appropriation	412.8	412.8	0.0	0.0%
All Other Revenue	70.2	69.7	(0.5)	-0.7%
Use of Carryforward	83.6	47.5	(36.1)	-43.2%
Total Revenue/Sources	\$1,591.4	\$1,545.2	(\$46.2)	-2.9%

Expenditures and Transfers				
<u>Compensation Summary:</u>				
Salaries & Wages	\$792.4	\$816.1	\$23.6	3.0%
Benefits	348.5	380.3	31.8	9.1%
Subtotal, Compensation	\$1,140.9	\$1,196.3	\$55.4	4.9%
Services & Supplies	309.7	313.3	3.6	1.2%
Capital Expenditures & Transfers	140.8	94.2	(46.6)	-33.1%
Total Expenditures and Transfers	\$1,591.4	\$1,603.8	\$12.4	0.8%
Savings Target		\$7.0		
Funding Gap	\$0.0	(\$58.6)		

Note: Numbers may not add due to rounding.

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Fiscal Year 2014/15 Tuition and Technology Tuition Fee Rates (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: In compliance with Board of Governors' Policy 1999-02-A: *Tuition*, it is recommended that the Board approve the proposed Fiscal Year 2014/15 Tuition Schedule (Attachment 1) and the Fiscal Year 2014/15 Technology Tuition Fee Schedule (Attachment 2).

MOTION: That the Board of Governors approve the fiscal year 2014/15 tuition and technology fee rates, as attached.

Supporting Documents Included: Fiscal Year 2014/15 Tuition Schedule (Attachment 1); Fiscal Year 2014/15 Technology Tuition Fee Schedule (Attachment 2)

Other Supporting Documents Available: Fiscal Year 2014/15 Appropriations Request; Board of Governors' Policy 1999-02-A: *Tuition*; University Nonresident Tuition Plans, as approved by the Board of Governors on January 23, 2014; Pricing Flexibility Pilot Programs, as approved by the Board of Governors on January 23 and April 10, 2014, and proposed in this agenda

Reviewed by: N/A

Prepared by: James S. Dillon

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Pennsylvania State System of Higher Education
Fiscal Year 2014/15 Tuition Schedule
Excludes Rates for Board-Approved Tuition Flexibility Pilots

Student Classification	2013/14	2014/15
Full-Time Academic Year		
In-State Undergraduate	\$6,622	
Out-of-State Undergraduate:		
150% (Minimum) (CA*, CL, EA*, ED, KU*, SH*, SL*, CBFS*)	\$9,934	
165% (CH, MA*)	\$10,928	
170% (IN*)	\$11,258	
175% (EA*, MI*, SH*)	\$11,590	
195% (CA*)	\$12,914	
200% (KU*, LO*, MI*, SL*)	\$13,244	
\$2,000 less than 250% rate (LO*)	\$14,556	
225% (SH*)	\$14,900	
250% (BL, EA*, IN*, KU*, LO*, MA*, MI*, WE, CBFS*)	\$16,556	
Full-Time Semester		
In-State Undergraduate	\$3,311	
Out-of-State Undergraduate:		
150% (Minimum) (CA*, CL, EA*, ED, KU*, SH*, SL*, CBFS*)	\$4,967	
165% (CH, MA*)	\$5,464	
170% (IN*)	\$5,629	
175% (EA*, MI*, SH*)	\$5,795	
195% (CA*)	\$6,457	
200% (KU*, LO*, MI*, SL*)	\$6,622	
\$2,000 less than 250% rate (LO*)	\$7,278	
225% (SH*)	\$7,450	
250% (BL, EA*, IN*, KU*, LO*, MA*, MI*, WE, CBFS*)	\$8,278	
Per Student Credit Hour**		
In-State Undergraduate	\$276	
In-State Graduate	\$442	
Out-of-State Undergraduate:		
150% (Minimum) (CA*, CL, EA*, ED, KU*, SH*, SL*, CBFS*)	\$414	
165% (CH, MA*)	\$455	
170% (IN*)	\$469	
175% (EA*, MI*, SH*)	\$483	
195% (CA*)	\$538	
200% (KU*, LO*, MI*, SL*)	\$552	
\$2,000 less than 250% rate (LO*)	\$607	
225% (SH*)	\$621	
250% (BL, EA*, IN*, KU*, LO*, MA*, MI*, WE, CBFS*)	\$690	
Out-of-State Graduate	\$663	
Out-of-State Undergraduate Distance Education, Minimum	\$282	
Out-of-State Graduate Distance Education, Minimum	\$451	

Note: Final 2014/15 tuition recommendations will be developed at the Board of Governors' Finance, Administration, and Facilities Committee meeting on July 7, 2014.

CBFS = Chincoteague Bay Field Station

**Applies to certain out-of-state students, based upon geographic location, academic program or term, or academic standing.*

***For graduate student charges; and for undergraduate part-time, summer, and interim session student charges.*

**Pennsylvania State System of Higher Education
Fiscal Year 2014/15 Technology Tuition Fee Schedule**

Student Classification	2013/14	2014/15
Full-Time Academic Year		<i>Note: Final 2014/15 technology tuition fee recommendations will be developed at the Board of Governors' Finance, Administration, and Facilities Committee meeting on July 7, 2014.</i>
In-State Undergraduate	\$368	
Out-of-State Undergraduate	\$558	
Full-Time Semester		
In-State Undergraduate	\$184	
Out-of-State Undergraduate	\$279	
Per Credit (part-time and graduate students)*		
In-State Undergraduate (less than 12 credits)	\$15	
Out-of-State Undergraduate (less than 12 credits)	\$23	
In-State Graduate	\$21	
Out-of-State Graduate	\$31	

**For graduate student charges; and for undergraduate part-time, summer, and interim session student charges.*

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Fiscal Year 2014/15 Educational and General Appropriation Allocation (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Board of Governors' Policy 1984-06-A: *Allocation Formula*, specifies the method by which the Educational and General (E&G) appropriation is allocated annually to the universities for their basic funding requirements. To determine the amount of the fiscal year 2014/15 E&G appropriation that is to be distributed to the universities through the allocation formula, certain items of System-wide significance must first be funded. These items and their recommended fiscal year 2014/15 funding levels are described in Attachment 1.

MOTION: That the Board of Governors approve the following allocation of funds from the State System's fiscal year 2014/15 E&G appropriation.

Item	Amount
Performance Funding	To be determined
Dixon University Center Academic Consortium	\$1,148,000
Office of Internal Audit and Risk Assessment	\$831,836
System Reserve	\$180,400
McKeever Environmental Learning Center	\$302,032
APSCUF Professional Development Fund	\$300,000
APSCUF New Tenure-Track Faculty Professional Development Fund	\$50,000
APSCUF Innovative Teaching Professional Development Fund	\$50,000

Supporting Documents Included: Funding of System-Wide Initiatives from the Fiscal Year 2014/15 E&G Appropriation (Attachment 1); Report of Expenditures from the System Reserve (Attachment 2)

Other Supporting Documents Available: Fiscal Year 2014/15 Appropriations Request; Commonwealth's Fiscal Year 2014/15 Budget (when enacted); Board of Governors' Policy 1984-06-A: *Allocation Formula*

Reviewed by: N/A

Prepared by: James S. Dillon

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**Pennsylvania State System of Higher Education
Funding of System-Wide Initiatives from the Fiscal Year 2014/15 E&G Appropriation**

Performance Funding..... To be determined

Consistent with the performance funding program revisions adopted by the Board of Governors at its January 2011 meeting, the performance funding pool is established at 2.4 percent of the System's 2014/15 E&G budget. The actual dollar amount will be established once the Commonwealth's fiscal year 2014/15 budget is known and 2014/15 tuition rates have been approved by the Board of Governors.

Dixon University Center Academic Consortium..... \$1,148,000

The academic programming performed at Dixon University Center has been partially funded through the E&G appropriation for many years. The appropriation provided for continuation of these academic services, and associated maintenance of the Dixon University Center site for 2013/14 was \$1,148,000. It is recommended that the allocation for Dixon University Center be continued at the same level.

Office of Internal Audit and Risk Assessment..... \$831,836

The Office of Internal Audit and Risk Assessment is responsible for facilitating risk assessment activities and, in turn, structuring and executing an internal audit plan based on high-risk areas. The office's fiscal year 2014/15 budget of \$964,280 was approved by the Audit Committee at its meeting on April 2, 2014. It is recommended that the Office of Internal Audit and Risk Assessment's budget be funded at \$831,836, as \$132,444 remains from the previous year's allocation.

Replenishment of the System Reserve..... \$180,400

The total recommended allocation to the System Reserve for fiscal year 2014/15 is \$180,400, which will replenish the System Reserve to the \$1,500,000 level required by Board of Governors' Policy 1984-07-A: *System Reserve Allocation and Expenditure Criteria*. Attachment 2 is a detailed list of expenditures for fiscal year 2013/14 and a list of projected expenditures for fiscal year 2014/15. The amount to be replenished differs from total expenditures due to interest earnings.

McKeever Environmental Learning Center..... \$302,032

The Commonwealth created the McKeever Environmental Learning Center in 1974 to assist citizens of all ages in becoming better stewards of the earth's resources. The environmental education programs offered by the McKeever Center meet the needs of students from preschool through, and beyond, college and provide student interns with valuable teaching experience while working in an outdoor setting. The McKeever Center is administered by Slippery Rock University of Pennsylvania and is funded through a portion of the State System's E&G appropriation and user fees. The appropriation provided for the Center in 2013/14 was \$302,032. It is recommended that the allocation for the McKeever Environmental Learning Center be continued at the same level.

Professional Development Funds..... \$400,000

The collective bargaining agreement with the Association of Pennsylvania State College and University Faculties (APSCUF) continued the Faculty Professional Development Program with a fiscal year 2014/15 funding requirement of \$300,000 for current faculty members, \$50,000 for probationary faculty members, and \$50,000 for programs and activities related to innovation in teaching and improvement of student learning outcomes.

**Pennsylvania State System of Higher Education
Report of Expenditures from the System Reserve**

Actual 2013/14 Expenditures

Chancellor Search	\$124,627
System Financial Audit (Fiscal Year 2012/13)	65,500
Property Appraisal (West Chester)	<u>1,000</u>
Total Actual Fiscal Year 2013/14 Expenditures	\$191,127

Anticipated 2014/15 Expenditures

Official Residences (California, Shippensburg)	\$1,179,500
Presidential Searches (California, Kutztown, Shippensburg)	255,000
System Financial Audit (Fiscal Year 2013/14)	<u>65,500</u>
Total Anticipated Fiscal Year 2014/15 Expenditures	\$1,500,000

Finance, Administration, and Facilities Committee Meeting

July 7–8, 2014

SUBJECT: Pricing Flexibility Pilots (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: The State System's founding legislation, Act 188 of 1982; and Board of Governors' Policies 1999-02-A: *Tuition*, and 1989-05-A: *Student Fees*, provide the framework in which the Board annually sets tuition and university councils of trustees set university fees.

At its meeting on January 23, 2014, the Board established a Pricing Flexibility Pilot Program, as described in the attached overview of program principles and conditions, to allow System universities to develop more market-driven pricing practices and assume the financial and operational risks of doing so. This requires Board approval of particular exceptions to existing policy. In January and April, approval was granted for a total of nine pricing pilots.

Nine additional pricing flexibility pilot proposals are presented to the Board for consideration, as noted below and described in the attached.

MOTION: That the Board of Governors approve the exceptions to Board of Governors' policies hereinafter noted to allow pricing flexibility pilots, as detailed in the attached.

- a. Exception to Board of Governors' Policy 1999-02-A: *Tuition*, to allow:
 - Cheyney University of Pennsylvania to reduce tuition to active duty military students, veterans, and eligible spouses; and to its PASSHE Center City students.
 - East Stroudsburg University of Pennsylvania to reduce tuition to its PASSHE Center City students.
 - Mansfield University of Pennsylvania to reduce tuition to active duty military students, and to meritorious out-of-state students enrolling in programs that currently have excess enrollment capacity.
 - Millersville University of Pennsylvania to charge all in-state undergraduate students on a per-credit basis, based on a three-year implementation plan.
- b. Exception to Board of Governors' Policy 1989-05-A: *Student Fees*, to allow the councils of trustees to establish program-specific instructional fees at Edinboro and Mansfield Universities of Pennsylvania and to charge the educational services fee on a per-credit basis at Lock Haven University of Pennsylvania.

Supporting Documents Included: Pricing Flexibility Pilot Program, Principles and Conditions; University Proposals

Other Supporting Documents Available: Act 188 of 1982; Board of Governors' Policies 1999-02-A: *Tuition*, and 1989-05-A: *Student Fees*; Board of Governors' meeting materials, January 23 and April 10, 2014; University Proposals

Reviewed by: University Councils of Trustees; Approved by Finance, Administration, and Facilities Committee of the Board of Governors, June 26, 2014

Prepared by: James S. Dillon

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**Pennsylvania State System of Higher Education
Pricing Flexibility Pilot Program
Principles and Conditions**

As Reviewed by the Board of Governors, January 23, 2014

As students provide a larger share of each university's revenue today, pricing flexibility is becoming a more important tool for PASSHE universities to be able to offer a high quality array of educational opportunities to Pennsylvania students at an affordable price and to more appropriately allocate costs of more expensive courses and programs. Currently, Board of Governors' Policy 1999-02-A: *Tuition*, establishes one undergraduate tuition rate for all in-state undergraduate students and allows for flexibility in tuition rates for out-of-state and graduate students, summer and/or winter sessions, and distance education courses. In addition, Board of Governors' Policy 1989-05-A: *Student Fees*, provides the framework for councils of trustees to establish fees.

Other higher education institutions in Pennsylvania and across the country, both public and private, employ a wide variety of pricing practices. As PASSHE universities operate in a competitive higher education market, options are being considered that would allow PASSHE and its universities to develop more market-driven pricing practices and to assume the financial and operational risks of doing so. As part of the charge for the Funding Review Task Force that is currently reviewing pricing practices and the formula that allocates state appropriations, a process has been developed to allow universities, with Board approval, to test methods of targeting the net costs borne by a student in an effort to promote increased enrollment and/or more closely reflect program costs.

While pilot proposals are university-specific, each proposal has been made available for review by other PASSHE universities. As a system, PASSHE recognizes that actions taken by one university can impact students and staff at other System institutions and this process has taken into account comments as to such possible consequences. Additional review will be made over the course of the pilots to assess their impacts on other PASSHE universities.

The following conditions apply:

- Approval by a university's council of trustees.
- Timeframe: Pilots will be conducted within a two-year period.
- Assessment Expectations:
 - Each pilot will specify deliverables by which success can be measured, which include:
 - Enrollment targets.
 - Net revenue targets.
 - Access, to include Pell recipients and underrepresented minority enrollment.
 - Each university will report on its progress toward pilot targets annually.
 - An assessment of the pilot's success will occur within the second year, and the process will include a schedule for a determination and implementation of orderly continuance or termination.
- Universities are committed to ensuring access for students of all socioeconomic backgrounds, which is typically measured as maintaining at least the same level of Pell recipients and/or underrepresented minority enrollment in the affected programs. Appropriate need-based financial aid will be made available for students whose new or continued enrollment would be adversely affected by the increase in the cost of attendance created by the initiative.

- If pilots are unsuccessful, existing students receiving reduced tuition rates through the pilot will be grandfathered at the pilot tuition rate until graduation (up to five years or the equivalent of 10 semesters) or withdrawal from the university.

Cheyney University of Pennsylvania Tuition Flexibility Pilot Proposal PASSHE Center City

For Consideration by the Board of Governors, July 7–8, 2014

Concept: To offer undergraduate and graduate tuition rates at 90 percent of the current applicable tuition rate to all Cheyney University of Pennsylvania students enrolled at PASSHE Center City; the proposed rate corresponds with the rate offered by other State System universities at this location. This rate would apply to both in-state and out-of-state students.

Justification/Rationale: As Cheyney expands program offerings at the Center City location, a lower market price will assist in attracting new students and gain enrollment within the highly competitive Philadelphia market. West Chester and Millersville Universities of Pennsylvania previously received approval for the same pricing strategy for programs at PASSHE Center City; a similar proposal is under consideration for East Stroudsburg University of Pennsylvania. This alternative tuition rate will allow consistent pricing among all State System universities with programs at PASSHE Center City, which will assist with marketing PASSHE programs to the Philadelphia market. Students taking all their course work at PASSHE Center City will not benefit from the full Cheyney experience and, therefore, can be served at a reduced price to the student.

Cost/Benefit Analysis: The Philadelphia market is highly competitive, with private universities pricing aggressively. This pilot project is intended to compete directly with these institutions and not State System institutions; however, consistent pricing among PASSHE Center City institutions may be advantageous to establishing a market presence. The pilot is intended to increase enrollment so at least the variable costs of instruction are covered by the tuition revenue generated. It is estimated that enrollment at this location will grow 20 percent per year. Enrollment of at least six students per course is necessary to break even.

Timeline: Fall 2014 through summer 2016.

Assessment Goals:

Enrollment—To build enrollment to 176 FTE by fall 2016; this is estimated to be the break-even point for the PASSHE Center City site. Once this level of enrollment is sustained, then the University intends to return to PASSHE's regular tuition rates.

Access—Cheyney University is committed to providing access to all students, especially those students with exceptional financial need, by providing institutional need-based scholarship assistance, other scholarship programs, and government-provided need-based aid to qualified students within this pilot program.

Tuition Revenue—Tuition revenue is expected to exceed instructional costs by spring 2016.

Program Viability: If the program ceases at the end of the pilot period, the University is committed to providing the reduced tuition rate to continually enrolled existing students until the completion of their course work.

Cheyney University of Pennsylvania Tuition Flexibility Pilot Proposal
Active Duty Military, Veterans, and Eligible Spouses and Dependents
For Consideration by the Board of Governors, July 7–8, 2014

Concept: To offer undergraduate tuition at the most recent Military Tuition Assistance (TA) reimbursement rate (currently \$250 per credit) and graduate tuition at a fixed rate of \$399 per credit to all active duty military, spouses and dependents of active duty members, veterans, and spouses and dependents of veterans of all branches of service (Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard, and Reserves) attending Cheyney University of Pennsylvania at PASSHE Center City and the main campus in Cheyney, Pennsylvania. This pilot would apply to both in-state and out-of-state students.

Justification/Rationale: Cheyney University has no marketing aimed at military personnel and, consequently, no representation from this segment in the student population. As 32 percent of current military personnel claim minority descent, Cheyney University believes that this student population would be receptive to marketing from a historically black university. Lowering the tuition rate for both in-state and out-of-state students would provide the University a marketing advantage for both online and on-campus programs.

Cost/Benefit Analysis: Current enrollment of military/veteran members, spouses, and dependents is negligible, with only one or two students enrolled per semester. Cheyney believes this tuition proposal would help attract 20 new students initially, and then grow at a rate of 50 percent over the next four years to a total of 100 students under this program. Once this level of enrollment is sustained, the pricing pilot would be reevaluated to determine whether or not it is feasible and necessary to continue the program.

Timeline: Fall 2015 through summer 2017.

Assessment Goals:

Enrollment—To build enrollment to 30 full-time equivalent students by summer 2017. This represents additional students who otherwise would not have attended Cheyney University.

Access—Cheyney University is committed to providing access to all students, especially those students with exceptional financial need, by providing institutional need-based scholarship assistance, scholarship programs, and government-provided need-based aid to qualified students within this pilot program.

Tuition Revenue—All students would generate increased net revenue for the University, as they would be served within existing capacity. The only additional expenses incurred that would need to be offset by the revenue are marketing expenses.

Program Viability: If the program ceases at the end of the pilot period, Cheyney University is committed to providing these rates to continually enrolled existing students until they have successfully completed their course work.

East Stroudsburg University of Pennsylvania Tuition Flexibility Pilot Proposal
PASSHE Center City

For Consideration by the Board of Governors, July 7–8, 2014

Concept: To offer undergraduate and graduate tuition rates at 90 percent of the current applicable tuition rate to all East Stroudsburg University of Pennsylvania students enrolled at PASSHE Center City; the proposed rate corresponds with the rate offered by other State System universities at this location. The tuition rate would apply to all East Stroudsburg University programs, both undergraduate and graduate.

Justification/Rationale: East Stroudsburg began offering programs at PASSHE Center City in fall 2013. This concept is designed to attract additional students who live/work in Philadelphia and is important to establishing a market presence. A strong market penetration price strategy is important to the overall success. Students taking all their course work at PASSHE Center City will not benefit from the full East Stroudsburg experience and, therefore, can be served at a reduced price to the student. Doing so will increase access to underserved populations and increase college completions in Philadelphia.

Cost/Benefit Analysis: The Philadelphia market is very competitive, with some private universities pricing aggressively. This pilot project is intended to compete directly with these institutions and not State System institutions; however, consistent pricing among PASSHE Center City institutions may be advantageous to establishing a market presence. The pilot is intended to increase enrollment so at least the variable costs of instruction are covered by the tuition revenue generated. On average, undergraduate classes require an enrollment of at least nine students to break even; graduate classes require six students. On average, one more student in each class is needed to cover the discount for the first nine.

Timeframe: Fall 2014 through summer 2016.

Assessment Goals:

Enrollment—By spring 2016, the University expects to increase overall Philadelphia site enrollment to at least fully fund instructional costs.

Access—The University is committed to providing access to all students, especially those students with exceptional financial need. Students enrolled will be eligible for the same institutional need-based aid as students at East Stroudsburg's main campus. Access will be measured as maintaining at least a similar profile of Pell grant recipients and underrepresented minority students within this pilot program.

Tuition Revenue—Tuition revenue is expected to exceed instructional costs by spring 2016.

Program Viability: If the program is unsuccessful at the end of the pilot period, the University is committed to providing the reduced tuition rate to students enrolled in the pilot who continually enroll until completion of their program.

Mansfield University of Pennsylvania Tuition Flexibility Pilot Proposal
Active Duty Military Tuition

For Consideration by the Board of Governors, July 7–8, 2014

Concept: To offer undergraduate tuition at the most recent military Tuition Assistance (TA) reimbursement rate (currently \$250 per credit) and graduate tuition at a fixed rate of \$399 per credit to the following individuals enrolled in Mansfield University of Pennsylvania's online programs: all active duty military, and dependents and spouses of active duty members of all branches of service (Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard, and Reserves).

Justification/Rationale: Mansfield University has a longstanding commitment to provide education to military students and is registered with GoArmy to do so. To remain competitive and increase market share, the University must provide competitive rates that are affordable to this market segment. The current in-state undergraduate tuition per-credit rate of \$276 is higher than the maximum TA reimbursement of \$250 per credit. By adjusting the tuition rate to the TA rate for students of all residencies, the University's programs will be more marketable to potential active duty military and their families. Lowering the graduate tuition rate to 90 percent of the in-state graduate tuition rate allows the University to have a marketing advantage among competitors who provide graduate online programs to military students and their families.

Cost/Benefit Analysis: Currently, Mansfield University has virtually no military members, dependents, or spouses enrolled solely in online programs. Any enrollment would generate new revenue and, to obtain positive net revenue, the only expenses that would need to be covered are marketing expenses. Each new full-time undergraduate student would generate approximately \$6,000 in tuition revenue annually. Aggressive marketing to military bases is expected to grow the online programs at Mansfield University.

Timeframe: Fall 2015 through summer 2017.

Assessment Goals:

Enrollment—The University expects to increase overall active duty military online enrollment. The University is currently marketing online programs to military bases.

Access—The University is committed to providing access to all students, especially those with exceptional financial need. Eligible students within this pilot program may qualify for institutional need-based aid. Access will be measured as maintaining at least a similar profile of Pell grant recipients and underrepresented minority students within this pilot program.

Tuition Revenue—All students would generate increased net revenue for the University as they would be served within existing capacity. The only additional expenses incurred that would need to be offset by the revenue are marketing expenses.

Program Viability: If the program is unsuccessful at the end of the pilot period, the University is committed to providing the reduced tuition rate, adjusted for annual tuition increases, to students enrolled in the pilot who continually enroll until completion of their program.

Mansfield University of Pennsylvania Tuition Flexibility Pilot Proposal
Tuition Enhanced Award for Merit Program

For Consideration by the Board of Governors, July 7–8, 2014

Concept: To establish the Tuition Enhanced Award for Merit (TEAM) Program—a merit-based tuition reduction program for new out-of-state full-time students in undergraduate degree programs that have enrollment capacity beyond the current enrollment. Currently, music, nursing, radiology, respiratory therapy, and all online programs are excluded from TEAM.

The out-of-state rate for students qualifying for the TEAM adjustment would range from 105 to 150 percent of the State System's in-state tuition rate. Reduced rates would be applicable for fall and spring semesters to students enrolling for the first time in fall 2015 and beyond, based on high school grade point average (GPA) and/or SAT scores, or a cumulative GPA of at least 3.25 for out-of-state transfer students. The program is renewable for a total of four years for students who stay in a program with capacity and obtain and sustain a minimum cumulative GPA of 3.25 after two semesters are completed at Mansfield University of Pennsylvania.

An example of the TEAM award eligibility levels follows.

Tuition as % of In-State Rate	Entering Freshmen		Transfer Student
	High School	SAT/ACT	College GPA
150%	3.0 GPA	1000/21	3.25
135%	3.3 GPA	1050/22	3.35
120%	3.5 GPA or top 10% of class	1150/24 1100/24	3.50
105%	3.7 GPA or top 5% of class	1300/26 1200/25	3.70

After four semesters are completed at Mansfield, a student with an eligible declared major and a minimum cumulative GPA of 3.5 could request a one-time further reduction in tuition. A TEAM adjustment also may be offered to out-of-state students who did not initially qualify for consideration but achieved a cumulative GPA of 3.25 after completing four semesters at Mansfield and have an eligible declared major. Students must maintain a corresponding college GPA after completing four semesters to maintain the TEAM award.

All requests for tuition waivers would be reviewed by a standing committee and be based on existing capacity within the requested academic program. The committee would forward its recommendations to the provost for review and approval.

Justification/Rationale: The pool of potential Pennsylvania students is declining; future demographic forecasts reflect a significant decline in projected graduates from the majority of the counties across Pennsylvania. There is potential for growth in out-of-state enrollment; offering reduced tuition rates to students who have demonstrated high academic success will increase enrollment of out-of-state, high achieving students. TEAM awards will be considered for undergraduate degree programs that have enrollment capacity beyond the current enrollment; the potential increase in enrollment from out-of-state students will ensure these programs remain viable for all students enrolled in the program. The additional revenue generated will also support academic and auxiliary services, benefiting all students. Additionally, granting merit-based tuition reduction awards will attract students of high scholastic record and improve retention.

Cost/Benefit Analysis: The proposal is to reduce undergraduate out-of-state tuition rates to between 105 and 150 percent of current in-state tuition. For cost analysis purposes, an average rate of 127.5 percent of in-state tuition was used. To break even on this program, Mansfield would need an additional .29 FTE for each current New York or New Jersey student in the TEAM pilot program, or an additional .96 FTE for each student from other states or countries. This program will not be used to justify additional faculty, and will be reviewed throughout the pilot for cost effectiveness and continuation or termination.

Timeline: Fall 2015 through summer 2017.

Assessment Goals:

Enrollment—Each student qualifying for the TEAM pilot program will enroll in a program that has capacity for additional enrollment; the goal is to grow all programs until they are fully subscribed.

Access—The University is committed to providing access to all students, especially those with exceptional financial need, by providing institutional need-based scholarship assistance to qualified students within this pilot program. Access will be measured as maintaining at least a similar profile of Pell grant recipients and underrepresented minority students within this pilot program. Out-of-state students will not displace Pennsylvania students of the same quality. The seats available in the TEAM pilot program will be calculated after the typical incoming freshman class is added to the calculation of the enrollment of any given program.

Tuition Revenue—Based on the assumption that affected students are in addition to Mansfield University's historical enrollment, each new student in the TEAM pilot program would generate, on average, an additional \$8,443 in tuition revenue to the University (based on an average of 127.5 percent of the in-state tuition rate).

Program Viability: If the program is unsuccessful at the end of the pilot period, the University is committed to providing reduced tuition rates to students enrolled in the pilot who continually enroll and, after two semesters are completed, sustain and maintain the required 3.25 cumulative GPA, until completion of their program, up to a total of four years.

**Millersville University of Pennsylvania Tuition Flexibility Pilot Proposal
Per-Credit Tuition for In-state Undergraduate Students**

For Consideration by the Board of Governors, July 7–8, 2014

Concept: To charge tuition on a per-credit basis for all in-state undergraduate students. This approach will replace the current hybrid model whereby students enrolled in 12–18 credits are charged a flat rate, and students who are not full-time are charged on a per-credit basis. The proposed pilot program is based on a three-year implementation plan. Millersville University of Pennsylvania will roll back the 2013/14 per-credit tuition rate for undergraduate in-state students 7 percent in year one, from \$276 to \$257. When the Board of Governors approves the 2014/15 tuition rate, Millersville will adjust the undergraduate in-state per-credit tuition rate by the same percentage.

In year two, the rollback will be 4 percent of the System's per-credit in-state undergraduate tuition rate, and in year three, the rollback will be 1 percent of the System's full per-credit in-state undergraduate tuition rate. In year four, in-state undergraduate students will be paying

the established State System in-state per-credit tuition rate. The University will assess the program annually and may make appropriate adjustments to this plan.

There will be no change to the current billing model for out-of-state students and graduate students. Out-of-state undergraduate students will continue to be charged using the hybrid model, and all graduate students will continue to be charged per-credit rates.

Justification/Rationale: Millersville University is embarking on its new strategic plan. Part of the new plan is to be more aggressive in the part-time adult education market. This pilot will enable the University to implement programs and initiatives developed as part of the strategic plan. The proposal works to align charges to students with instructional services delivered. An immediate focus of the change is to make the University's billing structure more transparent and easy for students and their families to understand. Per-credit pricing allows more flexibility for students to manage their financial obligations, minimizing the number of students forced to leave the University each year due to financial pressure. Per-credit pricing also will form a hospitable platform for pricing programs and courses of nontraditional length and scope as the University works to serve increasing numbers of adult learners returning to complete their degrees. The per-credit charge will aid in Millersville's concept of increasing the focus of adult and continuing education at the Ware Center (located in downtown Lancaster) to better serve the Lancaster community. The plan would enable Millersville to facilitate joint programs with other universities within PASSHE by clearly defining the tuition revenue attributed to the program.

The average in-state undergraduate Millersville student takes 14.3 credits each semester. Under the pilot, the undergraduate in-state student who takes 13 credits will pay \$26 more per semester (based on 2013/14 tuition rates). To assist students with financial need who are taking more than 13 credits, Millersville will set aside a minimum of 15 percent of net tuition revenue, based on student need, not to exceed \$1.1 million in financial aid for 2014/15. This will help alleviate the additional cost to affected students with unmet financial need. In addition, Millersville plans to continue to offer additional summer, winter, and online courses to meet the needs of students.

Cost/Benefit Analysis: Millersville's plan calls for a per-credit undergraduate in-state tuition rate of \$257, which is 7 percent below the State System rate. Although some students may enroll in fewer courses as a result of this plan, it is anticipated that increased course completion and student retention will offset any reduction in credits attempted. In addition, the University anticipates increasing its market share of adult, continuing education, and part-time learners.

Timeline: Fall 2014 through summer 2017. The University is actively preparing for this change. The bursar, information technology, financial aid, registrar, and public relations teams are working to ensure a successful transition to this model for the fall 2014 semester.

Assessment Goals:

Enrollment—Millersville University's overall enrollment will continue to meet current projected enrollment trends.

Access—The University is committed to providing access to all students, especially those with exceptional financial need, by providing institutional need-based scholarship assistance to qualified students within this pilot program. Access will be measured as maintaining at least a similar profile of Pell grant recipients and underrepresented minority students within this pilot program.

Tuition Revenue—The per-credit tuition rate model could generate approximately \$7 million in net tuition revenue over three years.

Program Viability: If the program is unsuccessful at the end of the pilot period, the University will assess the best alternatives for charging tuition for in-state undergraduate students. There is no anticipated negative impact to students if the pilot is discontinued.

**Edinboro University of Pennsylvania Student Fee Flexibility Pilot Proposal
Art and Nursing Instructional Fees**

For Consideration by the Board of Governors, July 7–8, 2014

Concept: To allow the Council of Trustees to establish course- or program-specific instructional fees for the high-cost instruction in Art and Nursing, as follows.

- **Art**—A fee of 5 percent of the per-credit tuition rate is proposed for all students enrolled in a course with an ART prefix. The fee is applied only to courses with an ART prefix; the average semester fee for a full-time student (typically taking 9 credit hours in ART courses) would be \$124 (based on 2013/14 tuition rates).
- **Nursing**—A fee of 25 percent of tuition is proposed for all students enrolled in an undergraduate nursing program. This represents an \$828 cost supplement (based on 2013/14 tuition rates), consistent with that previously approved for the Bachelor of Science in Nursing (BSN) Innovative program.

Justification/Rationale: The studio or clinical laboratory nature of the art courses and nursing program results in a higher cost of instruction per student, which significantly exceeds that covered by existing tuition and fees. The proposed fees are designed to assist Edinboro University of Pennsylvania in covering these higher costs, with the fees targeted directly to students benefiting from these courses/programs. The fees will assist in maintaining accreditation and will ensure the financial viability of Edinboro's high-demand, high-quality programs in art and nursing.

Cost/Benefit Analysis: The total costs for the art and nursing programs far exceed tuition revenue generated. In the case of art, current tuition revenue associated with the department meets 89 percent of its budget. Expenses for specialty materials, equipment, technology, and space associated with studio courses are approximately \$82,000 annually. The proposed art fee would generate approximately \$106,000 in revenue, assuming consistent enrollment, thereby covering these expenses and allowing further investment in this large, nationally recognized and accredited program. No notable impact on enrollment is expected. In nursing, tuition currently covers 67 percent of the department's budget. The proposed fee would generate approximately \$380,000 annually, partially addressing the revenue shortfalls in this program. Applications significantly exceed openings for this program; no impact on enrollment is expected.

Timeline: Art—fall 2014 through summer 2016. Nursing—fall 2015 through summer 2017.

Assessment Goals:

Enrollment—Edinboro anticipates this program will not affect projected enrollment.

Access—Edinboro University is committed to providing access to all students, especially those with exceptional financial need, by providing institutional need-based scholarship assistance to qualified students within this pilot program. Access will be measured as maintaining at least a

similar profile of Pell grant recipients and underrepresented minority students within each of the programs affected by this pilot.

Tuition and Fee Revenue—Net tuition revenue is expected to remain unchanged; instructional fee revenue is expected to increase by approximately \$486,000 per year.

Program Viability: If the program is unsuccessful at the end of the pilot period, the University is committed to reducing or eliminating the pilot. There is no anticipated negative impact to students if the pilot is discontinued.

**Lock Haven University of Pennsylvania Student Fee Flexibility Pilot Program
Per-Credit Educational Services Fee**

For Consideration by the Board of Governors, July 7–8, 2014

Concept: Lock Haven University of Pennsylvania currently charges undergraduate students an educational services fee on a per-credit basis of \$29.10 per credit (in-state students) up to 12 credits, at which point the fee is capped. The proposed change is to allow the Council of Trustees to eliminate the full-time cap and apply the per-credit charge to all credits attempted. The University proposes phasing in this program over two years, with a charge of \$15 per credit in excess of 12, beginning in fall 2014 and increasing to the full per-credit rate in fall 2015. This change would represent an increase of \$45 per semester in 2014/15 for an undergraduate student earning 15 credits.

Justification/Rationale: The educational services fee helps to cover general instructional operations, academic facilities' needs, instructional equipment, required course/university tests and examinations, laboratory supplies, course-required field trips, student teaching, clinical experiences, and related activities. These costs tend to be variable in nature and increase directly with student enrollment. Assessing the educational services fee on a per-credit basis better aligns the revenue and variable costs and will help ensure that students are provided adequate instructional materials, equipment, and facilities. Moreover, the per-credit approach also aligns the price with value received by the student.

Cost/Benefit Analysis: The proposed change would generate approximately \$360,000 in revenue in fiscal year 2014/15. No adverse effect on enrollment is anticipated, and the University would use its institutional student aid program to maintain the current student profile with respect to Pell grant recipients and underrepresented minority students.

Timeline: Fall 2014 through summer 2016.

Assessment Goals:

Enrollment—Lock Haven anticipates this program will not affect projected enrollment.

Access—The University is committed to providing access to all students, especially those with exceptional financial need, by providing institutional need-based scholarship assistance to qualified students within this pilot program. Access will be measured as maintaining at least a similar profile of Pell grant recipients and underrepresented minority students within this pilot program.

Tuition and Fee Revenue—No effect on tuition revenue; educational services fee revenue is anticipated to increase \$360,000 in fiscal year 2014/15.

Program Viability: If the program is unsuccessful at the end of the pilot period, the University is committed to reducing or eliminating the pilot. There is no anticipated negative impact to students if the pilot is discontinued.

**Mansfield University of Pennsylvania Student Fee Pilot Program
High-Cost Course Fees**

For Consideration by the Board of Governors, July 7–8, 2014

Concept: To allow the Council of Trustees to establish course-specific instructional fees for high-cost courses. Initially the fee would be \$100 per course for specific high-cost courses in art, biology, chemistry, respiratory therapy, nursing, nutrition, math, computer information systems, music, and psychology. The proposed fee and course costs would be reviewed annually; the fee would be adjusted as the review justifies.

Justification/Rationale: The cost of these courses exceeds the tuition revenues generated. Establishing an instructional fee for these courses will increase the programs' net revenue and align more appropriately with course costs. Implementation of instructional fees in these courses will not adversely affect enrollments.

Cost/Benefit Analysis: Using the academic year 2013/14 class schedule and enrollment as a model, \$298,000 in additional revenue would have been generated.

Timeframe: Spring 2015 through fall 2016.

Assessment Goals:

Enrollment—Enrollment will be only marginally affected, given the academic quality and high demand of the classes.

Access—The University is committed to providing access to all students, especially those with exceptional financial need, by providing institutional need-based scholarship assistance to qualified students within this pilot program. Access will be measured as maintaining at least a similar profile of Pell grant recipients and underrepresented minority students within this pilot program.

Tuition and Fee Revenue—Proposed changes will allow programs to generate an increase in fee revenue with no additional cost to the University. Strong demand and quality of programs make the risk low.

Program Viability: If the program is unsuccessful at the end of the pilot period, the University is committed to reducing or eliminating the fee(s). There is no anticipated negative impact to students if the fees are discontinued.

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Proposed Board of Governors' Policy 2014-01: *Protection of Minors* (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: As reported at the Board of Governors' meeting in January 2014, a work group was created in November 2013 and charged with collecting data, policies, and best practices related to minors on campuses, and providing recommendations for changes to current State System policies and practices. The attached draft policy was created by the work group using examples of best practices, including policies from The Pennsylvania State University, University of Michigan, Villanova University, and others. It also ensures compliance with recently enacted changes to state statutes related to protection of minors and anticipates new legislation regarding background checks.

The draft policy was reviewed with various university groups including the Council of Presidents, chief academic officers, fiscal and administrative vice presidents, student affairs officers, and other campus constituencies. Collective bargaining groups have been notified of the draft and in some cases provided input.

MOTION: That the Board of Governors approve proposed Policy 2014-01: *Protection of Minors*.

Supporting Documents Included: Draft Board of Governors' Policy 2014-01: *Protection of Minors*

Other Supporting Documents Available: Act 33 of 2014 (Senate Bill 21); best practice information from various sources

Reviewed by: Council of Presidents, April 23, May 21, and June 11, 2014; Fiscal and Administrative Vice Presidents, March 19, May 7, 2014, and June 19, 2014; Chief Academic Officers, April 11, 2014; Student Affairs Officers, May 20, 2014

Prepared by: James S. Dillon

Telephone: (717) 720-4100



DRAFT

As of June 6, 2014

PA State System of Higher Education Board of Governors

Effective: December 31, 2014

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Policy 2014-01: *Protection of Minors*

See Also:

Board of Governors' Policy 2009-01

Board of Governors' Policy 1991-04-A

Board of Governors' Policy 2009-03

Adopted: TBD

Amended:

A. Purpose and Scope

The purpose of this policy is to promote the safety and security of children who participate in programs held on Pennsylvania State System of Higher Education (PASSHE) university property. This policy applies to all PASSHE universities, their units, and the Office of the Chancellor. All PASSHE administrators, faculty, coaches, staff, students, contractors, and volunteers in PASSHE university-sponsored programs or in programs for minors held on university property must comply with this policy.

This policy applies to all programs and activities involving minors that fall within the scope of this policy, including graduate and undergraduate course offerings, programs operated by the university or non-university-sponsored programs on campus, and programs under the direction and authority of the university at locations off campus. This policy applies to such programs and activities whether they are limited to daily activities or involve the housing of minors. Examples of programs governed by this policy include, but are not limited to, summer camps, specialty camps (e.g., academic and patient camps), outreach activities, workshops, conferences, tutoring, educational programs, licensed child care facilities and programs, and affiliated entity activities. All programs subject to state licensure are required to comply with applicable laws and regulations. Program administrators should consult with the appropriate vice president and university legal counsel regarding licensure questions.

Except for the reporting of child abuse or child neglect, this policy does not apply to:

(1) events on campus that are open to the general public and which minors attend at the sole discretion of their parents or legal guardians, (2) private events where minors attend under parental or legal guardian supervision, or (3) other programs as may be designated by the university president or designated official in advance and in writing as exempt from this policy or specific provisions of this policy.

B. Definitions

Affiliated Entity: A private organization (typically classified as a 501(c) (3) nonprofit organization for federal tax purposes) that exists solely for the benefit of the university, including, but not limited to, foundations, alumni associations, and student associations.

Authorized Adults or Program Staff: Individuals, paid or unpaid, who may have direct contact, interact with, treat, supervise, chaperone, or otherwise oversee minors. This includes, but is not limited to, faculty, staff, volunteers, graduate and undergraduate students, interns, employees of temporary employment agencies, and contractors. Roles of authorized adults or program staff include, but are not limited to, positions as counselors, chaperones, coaches, instructors, health care providers, and outside providers running programs in leased facilities. This definition does not include temporary guest speakers, presenters, or other individuals who have no direct contact with program participants other than short-term activities supervised by program staff; or fellow students whose only role is as a participant in the education, services, or program offered.

Child Abuse: Child abuse is defined in 23 Pa. C.S. §6303. That definition includes nonaccidental actions or omissions that cause serious physical or mental injuries to a child, or sexual abuse/sexual exploitation of a child including:

1. Physical Abuse: Acts or omissions that cause, or fail to prevent, a serious physical injury to a child.
2. Sexual Abuse: Includes, but is not limited to, rape, sexual assault, molestation, incest, indecent exposure, or otherwise exploiting a child in a manner in which the child is used for gratification or sexual enjoyment by another person.
3. Emotional or Mental Abuse: Acts or omissions that have an actual or likely severe negative impact on a child's emotional and behavioral development, including those resulting from persistent or severe emotional mistreatment.
4. Neglect: A severe or persistent failure to provide for a child's physical, emotional, or basic needs.

Direct Contact: Providing care, supervision, guidance, or control; or routine interaction with minors.

Mandated Reporter: In a situation of suspected child abuse, all PASSHE administrators, faculty, coaches, staff, student workers, contractors, and volunteers are considered mandated reporters.

Minor/Child: A person under 18 years of age. Minors may be enrolled undergraduate/graduate students; students "dually enrolled" with the university and in elementary, middle, or high school; employees; or participants in program activities.

One-on-One Contact: Personal, unsupervised interaction between any authorized adult or program staff and a participant without at least one other authorized adult or program staff, parent, or legal guardian being present.

PASSHE Entity: One of the PASSHE universities or the Office of the Chancellor.

Program: Programs or activities offered by various academic or administrative units of the university, or by nonuniversity groups using university facilities where the parents or legal guardians are not responsible for the care, custody, or control of their children. This includes, but is not limited to, workshops, services, camps, conferences, campus visits, and similar activities. These do not include organized events where parents or legal guardians are responsible for minors.

Program Administrator: The person(s) who has primary and direct operational responsibility for managing a program.

Registry: An official record or list of authorized adults or programs.

Sponsoring Unit: The academic or administrative unit of the university that offers a program or gives approval for the use of university facilities.

University Facilities: Facilities owned by or under the control of a PASSHE entity, including spaces used for education, athletics, dining, recreation, university housing, and on-campus affiliate-owned housing.

University-Sponsored Programs: Programs that are directly managed by university faculty, staff, and affiliated entities on behalf of the university. All university-sponsored programs must be registered.

Non-University-Sponsored Programs: Programs that are not operated on behalf of the university or under the university's control.

C. Policy

Each PASSHE entity offering or approving programs that involve minors within the scope of this document will establish and implement policies and procedures consistent with this policy by December 31, 2014. The locally established policies and procedures will, at a minimum, include the following requirements.

1. Authorized Adults and Program Registration

Each university is responsible for establishing and maintaining a registry of university-authorized adults, program staff, and programs for minors. All programs must be registered within sufficient time to meet the requirements of this policy, and policy requirements should be met no later than 30 days before the program start date. Programs must be registered annually.

2. Program Registration Requirements

The following topics must be addressed in planning and evaluating registered programs:

- a. Identification, selection, and screening of authorized adults or program staff, including criminal background checks.
- b. Training for authorized adults or program staff.
- c. Supervision ratio.
- d. Safety and security planning.
- e. Participation requirement forms.

- f. Transportation.
- g. Housing.
- h. Response protocols when there is an injury or illness.
- i. Response protocols when an authorized adult or program staff is accused of misconduct.
- j. Response protocols when a participant is accused of misconduct.
- k. Program orientation or information for minors and parents.
- l. Insurance requirements.
- m. Record retention.

3. Authorized Adults or Program Staff Code of Conduct

Authorized adults or program staff should be positive role models for minors and act in a responsible manner that is consistent with the mission of the PASSHE entity.

Authorized adults or program staff are required to comply with all applicable laws and PASSHE Board of Governors' and university policies. Authorized adults or program staff working in programs covered by this policy must follow these expectations.

- a. Do not engage in any sexual activity, make sexual comments, tell sexual jokes, or share sexually explicit material with minors or assist in any way to provide access to such material to minors.
- b. Do not engage or allow minors to engage you in romantic or sexual conversations or related matters. Similarly, do not treat minors as confidantes; refrain from sharing sensitive personal information about yourself. Examples of sensitive personal information that should not be shared with minors are information about financial challenges, workplace challenges, drug or alcohol use, and romantic relationships.
- c. Do not touch minors in a manner that a reasonable person could interpret as inappropriate. All personal contact should generally only be in the open, and in response to the minor's needs, for a purpose that is consistent with the program's mission and culture, or for a clear educational, developmental, or health-related purpose (e.g., treatment of an injury). Any refusal or resistance from the minor should be respected.
- d. Do not use harassing language that would violate Board of Governors' Policy 2009-03: *Social Equity*, or university harassment policies.
- e. Do not be alone with a minor. If one-on-one contact is required, meet in open, well-illuminated spaces or rooms with windows observable by other authorized adults or program staff, unless the one-on-one contact is expressly authorized by the program administrator or is being undertaken for medical care.
- f. Do not meet with minors outside of established times for program activities. Any exceptions require written parental authorization and must include more than one authorized adult or program staff.
- g. Do not invite individual minors to your home or other private locations. Any exceptions require authorization by the program administrator and written authorization by a parent/guardian.

- h. Do not provide gifts to minors or their families independent of items provided by the program.
- i. Do not engage or communicate with minors except for an educational or programmatic purpose; the content of the communication must be consistent with the mission of the program and the university.
- j. Do not engage in any abusive conduct of any kind toward, or in the presence of, a minor, including, but not limited to, verbal abuse, striking, hitting, punching, poking, spanking, or restraining. If restraint is necessary to protect a minor or other minors from harm, all incidents must be documented and disclosed to the program administrator and the minor's parent/guardian.
- k. Do not use, possess, or be under the influence of alcohol or illegal drugs while on duty, or in the presence of minors involved in a program, or when responsible for a minor's welfare.
- l. Do not provide alcohol or illegal substances to a minor.
- m. Do not provide medication to a minor unless authorized by the program's medication management guidelines.
- n. When transporting minors, more than one authorized adult or program staff from the program must be present in the vehicle, except when multiple minors will be in the vehicle at all times through the transportation. Avoid using personal vehicles if possible and comply with the program's transportation guidelines.
- o. Possession of or use of any type of weapon or explosive device is prohibited unless authorized in advance by campus law enforcement.

Violations of any of the forgoing shall be reported to the program administrator.

4. Criminal Background Screening

At a minimum, universities will establish and implement criminal background screening policies and procedures consistent with applicable law and Board of Governors' Policy 2009-01: *Criminal Background Investigations*, for all employees. Before being allowed to use or lease university facilities, program administrators of non-university-sponsored programs or nonuniversity groups providing services to university-sponsored programs are required to certify that they have conducted criminal background checks and determined the fitness of all authorized adults and program staff.

5. Participant Requirements

Minors and parents or legal guardians of minors must submit required forms before minors will be allowed to participate. These forms may include, but are not limited to, a participation agreement, health form, emergency contact form, proof of medical insurance, photo and recording release, and participant code of conduct.

6. Training

All authorized adults or program staff working with minors are required to be trained on policies and issues related to minor safety and security. The training should be completed annually and may vary based on the role of the authorized adult.

Documentation of training completion is required to be maintained by the program administrator. Program administrators of non-university-sponsored programs or nonuniversity groups providing services to university-sponsored programs are required to certify that they have satisfactorily completed required training before being allowed to use university facilities. Training should address the following topics.

- a. Detecting and reporting abuse or neglect.
- b. First aid/CPR and medication management.
- c. Participant conduct management and disciplinary procedures.
- d. Authorized adult or program staff code of conduct.
- e. Sexual and other unlawful harassment.
- f. Safety and security protocols.
- g. Crime reporting procedures.

7. Reporting Obligations

In a situation of suspected child abuse, all members of the university community, contractors, and volunteers are mandated reporters under this policy.

All mandated reporters shall make an immediate report of suspected child abuse or cause a report to be made if they have reasonable cause to suspect that a child is a victim of child abuse under any of the following circumstances:

- a. The mandated reporter comes into contact with the child in the course of employment, occupation, and practice of a profession or through a regularly scheduled program, activity, or service.
- b. The mandated reporter is directly responsible for the care, supervision, guidance, or training of the child, or is affiliated with an agency, institution, organization, school, regularly established church or religious organization, or other entity that is directly responsible for the care, supervision, guidance, or training of the child.
- c. A person makes a specific disclosure to the mandated reporter that an identifiable child is the victim of child abuse.
- d. An individual 14 years of age or older makes a specific disclosure to the mandated reporter that the individual has committed child abuse.

The minor is not required to come before the mandated reporter in order for the mandated reporter to make a report of suspected child abuse. The mandated reporter does not need to determine the identity of the person responsible for the child abuse to make a report of suspected child abuse.

Mandated reporters must immediately make an oral report of suspected child abuse to the Department of Public Welfare (DPW) by calling **1-800-932-0313**, or a written report to DPW using electronic technologies when available. If an oral report is made, a written report shall also be made within 48 hours to DPW or the county agency assigned to the case as prescribed by DPW.

Immediately following the report to DPW, the mandatory reporter must notify the designated person in charge at the university who will assume responsibility for facilitating the university's cooperation with the investigation of the report. More than one report of the suspected abuse is not required.

8. Facilities Use Agreements

Universities licensing, leasing, or allowing the use of university facilities for non-university-sponsored programs or events primarily serving minors are required to include language in the agreement requiring identification of authorized adults or program staff, supervision ratios, adult code of conduct, training, and background screening consistent with this policy.

D. Effective Date: December 31, 2014.

Finance, Administration, and Facilities Committee Meeting

July 7–8, 2014

SUBJECT: Fiscal Year 2014/15 Capital Spending Plan and Capital Budget Authorization Request (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: For a Commonwealth-funded capital project to start design and construction, funding must be allocated in the Capital Spending Plan, and the project must have specific authorization from the General Assembly in a capital bill. The spending plan is a rolling five-year plan wherein the Board of Governors approves the execution of projects in the first year of the plan and tentatively approves the remaining four years, subject to annual reviews and updates. Projects not currently authorized by the General Assembly must be submitted for approval in the next capital bill. The General Assembly's authorization in a capital bill does not guarantee project funding.

Capital Spending Plan—Earlier this year, the universities provided input for the Capital Spending Plan in accordance with Board of Governors' Policy 2000-02-A: *Capital Facilities Planning, Programming, and Funding*, and the procedures in Volume IV of the State System's *Facilities Manual*. Over 60 projects were submitted with an estimated cost of \$1.0 billion. The universities submitted project justifications with specific information on academic benefit; space, ADA, safety, and code compliance deficiencies; new revenue or matching funds potential; cost savings potential; and impact on the deferred maintenance backlog. The projects have been evaluated, prioritized, sorted, and compiled to form the attached spending plan.

Capital Authorization Bill—Based on submissions for the Capital Spending Plan, lists of projects requiring legislative authorization have been developed. With Board approval, the Office of the Chancellor plans to submit the attached lists of projects for authorization in the next capital bill.

MOTION: That the Board of Governors approve the fiscal year 2014/15 Capital Spending Plan and submission of the lists of projects for legislative authorization.

Supporting Documents Included: Capital Spending Plan; Capital Budget Authorization Request for Public Improvement Projects and Original Furniture and Equipment

Other Supporting Documents Available: University-submitted project justifications

Reviewed by: Council of Presidents, June 11, 2014; Fiscal and Administrative Vice Presidents, June 19, 2014

Prepared by: James S. Dillon

Telephone: (717) 720-4100

**Subject to Board of Governors' Approval
Capital Spending Plan
Fiscal Years 2014/15 through 2018/19**

Financial Summary in Current Year Dollars (\$000)						
University	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Five-Year Total
Bloomsburg		\$2,100			\$18,500	\$20,600
California	\$10,900	1,100				12,000
Cheyney	\$500		\$6,800		34,000	41,300
Clarion	3,000	5,000				8,000
East Stroudsburg	34,900	2,300				37,200
Edinboro		3,500		\$12,100		15,600
Indiana	1,600	13,800	37,600	24,300	3,000	80,300
Kutztown		13,100	1,300			14,400
Lock Haven	6,000					6,000
Mansfield		4,500				4,500
Millersville	1,200			10,400		11,600
Shippensburg	7,100			10,000		17,100
Slippery Rock		1,800	16,200		1,600	19,600
West Chester		16,500		3,600		20,100
Five-Year Total	\$65,200	\$63,700	\$61,900	\$60,400	\$57,100	\$308,300

Historical Funding Analysis (\$000) ¹				
Total Capital Funding FY1996/97 to FY 2013/14	Including Cheyney		Not Including Cheyney	
	Over- or Underfunded Before Spending Plan ²	Over- or Underfunded After Spending Plan ³	Over- or Underfunded Before Spending Plan ²	Over- or Underfunded After Spending Plan ³
\$93,574	(\$489)	(\$3,422)	\$7,406	\$6,867
65,157	(14,207)	(22,063)	(7,545)	(13,381)
143,970	99,725	129,956		
104,921	33,271	23,345	39,285	31,183
78,234	3,052	21,443	9,363	29,667
80,805	568	(3,906)	7,303	4,871
98,039	(62,186)	(21,971)	(48,736)	(4,445)
68,923	(28,776)	(38,818)	(20,575)	(28,131)
58,095	(7,991)	(18,524)	(2,444)	(11,295)
54,566	5,277	(2,554)	9,415	2,838
94,195	3,774	(7,247)	11,364	2,643
82,644	(7,961)	(13,528)	(355)	(3,617)
78,374	(17,283)	(21,615)	(9,254)	(11,151)
130,809	(6,776)	(21,097)	4,773	(6,047)
\$1,232,305	\$0	\$0	\$0	\$0

Financial Summary (\$000) Allowing for Inflation at 2% Annually						
University	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Five-Year Total
Bloomsburg		\$2,200			\$20,400	\$22,600
California	\$10,900	1,100				12,000
Cheyney	\$500		\$7,100		37,500	45,100
Clarion	3,000	5,100				8,100
East Stroudsburg	34,900	2,400				37,300
Edinboro		3,600		\$13,000		16,600
Indiana	1,600	14,100	39,500	26,200	3,300	84,700
Kutztown		13,400	1,400			14,800
Lock Haven	6,000					6,000
Mansfield		4,600				4,600
Millersville	1,200			11,200		12,400
Shippensburg	7,100			10,800		17,900
Slippery Rock		1,800	17,000		1,800	20,600
West Chester		16,900		3,900		20,800
Five-Year Total	\$65,200	\$65,200	\$65,000	\$65,100	\$63,000	\$323,500

Notes

¹ Parentheses () indicate underfunded.

² Compares funding received from FY1996/97 to FY 2013/14 to funding if distributed by the plant portion of the allocation formula.

³ Compares funding received from FY1996/97 to FY 2018/19 to funding if distributed by the plant portion of the allocation formula.

Numbers may not add due to rounding.

Subject to Board of Governors' Approval
Project Execution Schedule
Fiscal Years 2014/15 Through 2018/19

Proposed Execution Year	University	Project Description	Original Furniture and Equipment OF&E?	Authorization Act	Total Authorization (\$000)	Facility Use	University Funds (\$000)	Commonwealth Funding Adjusted for Inflation (\$000)
2014/15	California	Coover Hall Renovation		82/10	14,500	Science and Technology		\$10,900
	Cheyney	Brown Hall Additional Funds		83/06, 41/08	1,300	General Education		500
	Clarion	Tippin Gymnasium Renovation and Expansion	OF&E	131/02, 82/100	3,095	Athletics		3,000
	East Stroudsburg	Information Commons Construction, Phase 2 (Construction)		82/10	40,000	Mixed Usage	\$36,000	34,900
	Indiana	Leonard Hall Renovation (Demolition)		83/06, 131/02, 41/08, 82/10	1,800	General Education		1,600
	Lock Haven	Electrical Infrastructure Renovation		85/13	16,000	Utilities Infrastructure		6,000
	Millersville	Addition to/Renovation of School of Education, Phase 2		131/02	6,600	General Education		1,200
	Shippensburg	Electrical Distribution and Telecommunication Systems Renovation		40/04, 82/10	12,730	Utilities Infrastructure	2,800	7,100
2014/15 Total								\$65,200
2015/16	Bloomsburg	Waller Administration Building Renovation	OF&E	82/10	2,200	Mixed Usage		\$2,200
	California	Coover Hall Renovation	OF&E	131/02, 85/13	2,000	Science and Technology		1,100
	Clarion	ADA Compliance Upgrades, Phase 1		40/04, 41/08	6,600	General Education		5,100
	East Stroudsburg	Information Commons Construction, Phase 2	OF&E	85/13	5,100	Mixed Usage		2,400
	Edinboro	Porreco Center Renovation		85/13	5,000	Science and Technology		3,600
	Indiana	Weyandt/Walsh Hall Renovation or Replacement (Design)		82/10	90,000	Science and Technology		14,100
	Kutztown	DeFrancesco Education Building Renovation		82/10, 85/13	18,000	Business Education		13,400
	Mansfield	Morris Drive Safety Enhancement		85/13	6,000	Utilities Infrastructure		4,600
	Slippery Rock	McKay Building Renovation/Addition		22/00, 82/10, 85/13	14,360	General Education		1,800
	West Chester	Sturzebecker Health Science Center Addition		131/02, 85/13	55,768	Science and Technology	15,000	16,900
2015/16 Total								\$65,200
2016/17	Cheyney	Cope Hall Renovation/Addition (Design)		82/10	45,000	Athletics		\$7,100
	Indiana	Weyandt/Walsh Hall Renovation or Replacement, Phase 1 (Addition Construction)		82/10	76,200	Science and Technology	9,700	39,500
	Kutztown	DeFrancesco Education Building Renovation	OF&E	131/02	494	Business Education		1,400
	Slippery Rock	Student Success Center Renovation		82/10	15,000	Administration		17,000
2016/17 Total								\$65,000
2017/18	Edinboro	B.F. Library Addition and Renovation				Mixed Usage	6,400	\$12,500
		Porreco Center Renovation	OF&E	131/02, 85/13	500	General Education		500
	Indiana	Weyandt/Walsh Hall Renovation or Replacement, Phase 2 (Renovation Construction)		82/10	38,600	Science and Technology		20,800
		Weyandt/Walsh Hall Renovation or Replacement, Phase 1	OF&E	82/100	9,000	Science and Technology		5,400
	Millersville	Stayer (Jefferson Hall) Building Renovation		41/08, 82/10	13,000	Athletics		11,200
	Shippensburg	Franklin Science Center Renovation (Design)		82/100, 85/13	40,000	Science and Technology		10,800
	West Chester	Sturzebecker Health Science Center Addition	OF&E			Science and Technology		3,900
2017/18 Total								\$65,100
2018/19	Bloomsburg	McCormick Center Renovation		82/10	19,000	General Education		\$20,400
	Cheyney	Cope Hall Renovation/Addition (Construction)		82/10	38,000	Athletics		37,500
	Indiana	Weyandt/Walsh Hall Renovation or Replacement, Phase 2	OF&E	82/100	4,000	Science and Technology		3,300
	Slippery Rock	Student Success Center Renovation	OF&E	85/13	2,800	Administration		1,800
2018/19 Total								\$63,000
Grand Total								\$323,500

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Bond Finance, Boiler Plant Upgrade/Energy Savings Project, Bloomsburg University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Bloomsburg University of Pennsylvania

BACKGROUND: Bloomsburg University requests approval to bond finance \$7 million of a project to upgrade its campus steam plant to accommodate a biomass/natural gas combined heating/power plant.

The University's central heating plant contains three anthracite coal boilers that are near the end of their useful life and need extensive upgrades or replacement. Initial analysis indicates that the most cost-effective approach would be to replace these boilers with natural gas and/or biomass boilers. The plant also contains two natural gas boilers and a biomass (wood chip) boiler that are in good condition.

The upgrades are estimated to cost about \$11 million, and the University is requesting to bond finance \$7 million of the project. The remainder will be funded with a \$2 million Commonwealth Financing Authority—Alternate Energy Investment Act grant and University funds.

The conversion to alternate steam production methods with combined heat and power is expected to reduce the University's annual energy cost by about \$200,000 and avoid an additional \$600,000 in annual operating and maintenance costs. These savings will be used to pay the debt service on this investment. Including all costs, the simple payback for this project is about 13.5 years.

MOTION: That the Board of Governors approve Bloomsburg University's request to bond finance approximately \$7 million to upgrade its central boiler plant.

Supporting Documents Included: N/A

Other Supporting Documents Available: Project planning, feasibility study, and grant agreement

Reviewed by: Bloomsburg University's Council of Trustees, June 18, 2014

Prepared by: James S. Dillon

Telephone: (717) 720-4100

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Magee Center Demolition, Bloomsburg University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Bloomsburg University of Pennsylvania

BACKGROUND: Bloomsburg University requests approval to demolish the building at 700 West Main Street known as the Magee Center. The building is located in a high-risk floodway along Pennsylvania Route 11 and Fishing Creek and was severely damaged from flooding in 2006 and 2011.

The Magee Center was formerly the home of Mr. and Mrs. Harry L. Magee, who donated the property to Bloomsburg University in 1988. Since then, the University has used the building for meeting, conference, and administrative space.

Flooding in 2006 resulted in about \$900,000 in flood damage repairs and flood mitigation efforts. Unfortunately, flooding in 2011 resulted in the site being inundated again, this time with about three feet of standing water and mud resulting in at least \$700,000 in damage.

As an alternative to repairing the facility again, the University has received full funding from PEMA/FEMA to demolish the 28,000-square-foot building and other site improvements, and to return the site to its natural state. This action is consistent with other buildings along that area of Fishing Creek. The demolition has also been reviewed and approved by the Trustees of the Magee Foundation and the Pennsylvania Historical and Museum Commission.

MOTION: That the Board of Governors approve Bloomsburg University's request to demolish the Magee Center at 700 West Main Street, Bloomsburg, Pennsylvania.

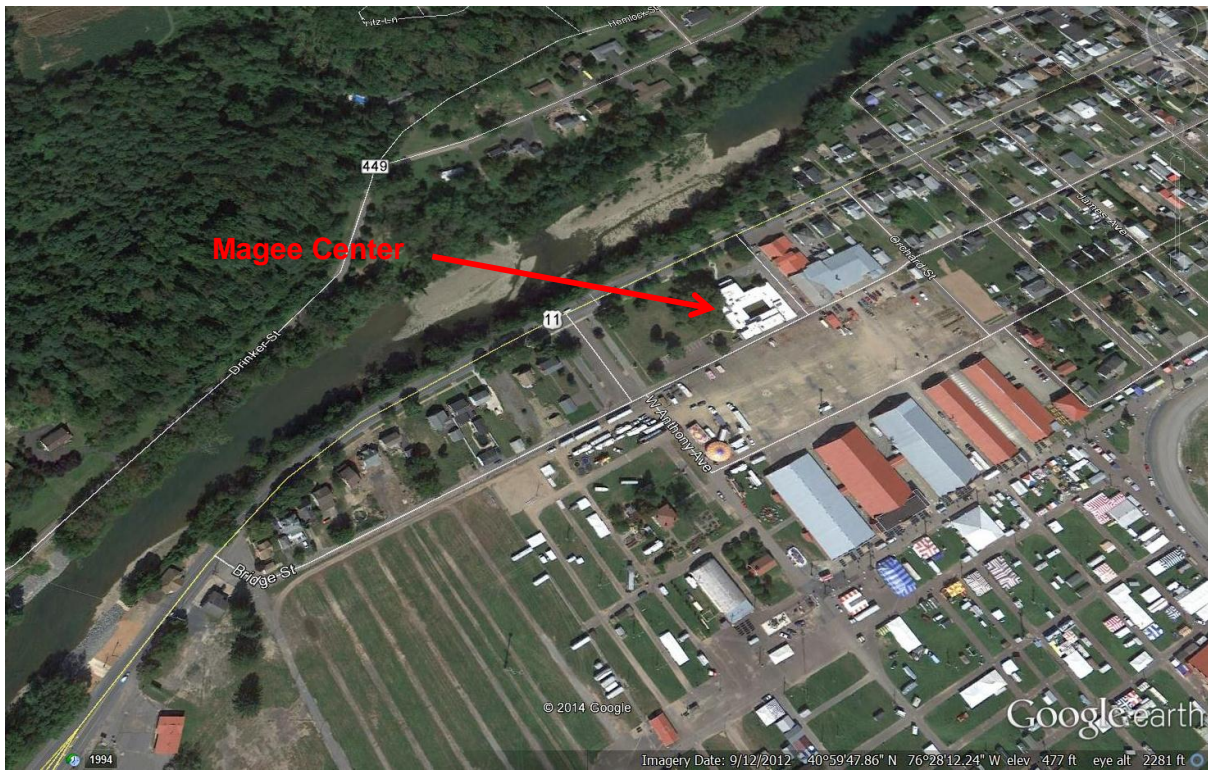
Supporting Documents Included: Property Map and Photo

Other Supporting Documents Available: Demolition Planning Documentation

Reviewed by: Bloomsburg University's Council of Trustees, June 18, 2014

Prepared by: James S. Dillon

Telephone: (717) 720-4100



700 West Main Street (Magee Center)
Bloomsburg, Pennsylvania

Finance, Administration, and Facilities Committee Meeting
July 7–8, 2014

SUBJECT: Property Acquisition, Millersville University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Millersville University of Pennsylvania

BACKGROUND: Millersville University requests approval to acquire property at 198 Creek Drive, Millersville, Pennsylvania. The property is located on the east side of campus near Pucillo Gymnasium and University athletic fields. The property is bounded by University land, a University-affiliated organization (Student Services Incorporated), a small stream along the east, and the Conestoga River to the south.

The property consists of 2.05 acres with a 4,169-square-foot, two-story, single-family log house, a three-car garage, and two sheds. One of the sheds is a 360-square-foot log shed with electricity and plumbing. The buildings were constructed around 1989 and are in very good condition. Millersville University will use part of this property for science and research facilities, and part for University conferences and events.

The estimated sales price is \$325,000, which is supported by two appraisals.

MOTION: That the Board of Governors approve Millersville University's request to purchase 198 Creek Drive, Millersville, Pennsylvania.

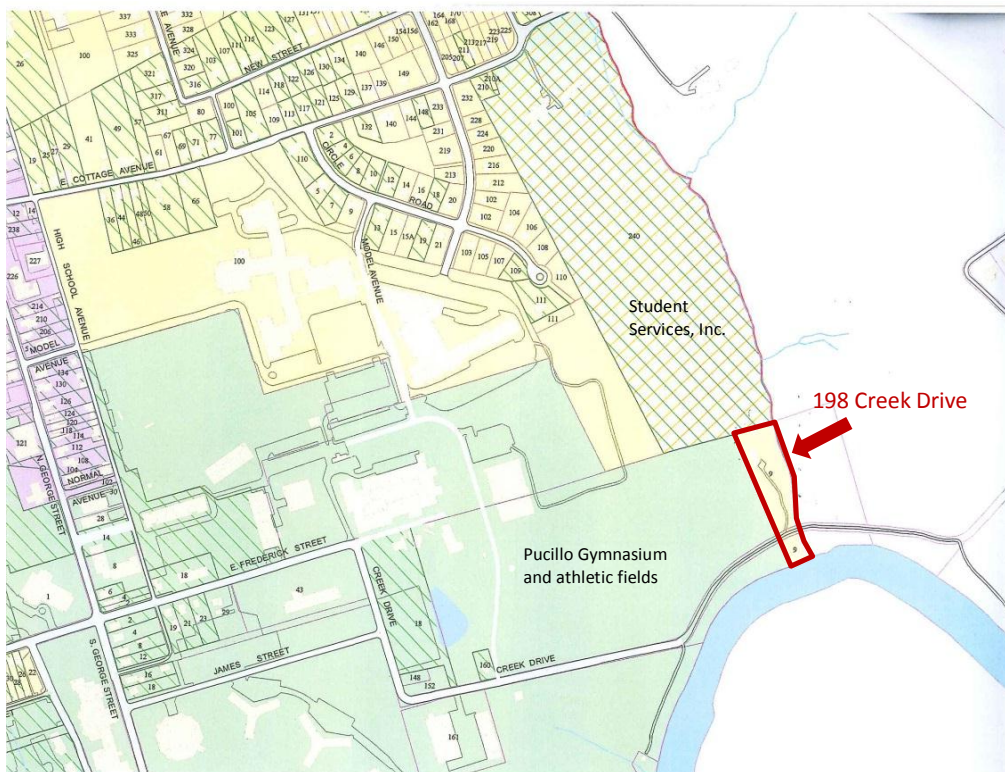
Supporting Documents Included: Property Map and Photo

Other Supporting Documents Available: Real Property Acquisition Planning Data

Reviewed by: Millersville University's Council of Trustees, June 18, 2014

Prepared by: James S. Dillon

Telephone: (717) 720-4100



198 Creek Drive
Millersville, Pennsylvania



Executive Committee

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

July 7-8, 2014

Agenda

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Committee Members: Guido M. Pichini (*Chair*), Marie Conley, Laura E. Ellsworth, Ronald G. Henry, Jonathan B. Mack, Joseph F. McGinn, and Aaron A. Walton.

For further information, contact Randy A. Goin, Jr. at (717) 720-4010.

Executive Committee Meeting

July 7-8, 2014

SUBJECT: PASSHE Foundation Agreement (INFORMATION)

UNIVERSITIES AFFECTED: None

BACKGROUND: The Memorandum of Understanding between the Board of Governors and the PASSHE Foundation requires renewal. It outlines the services that the foundation provides to the Board.

Documentation and other details to follow.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Peter H. Garland

Telephone: (717) 720-4010



Human Resources Committee

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

July 7-8, 2014

Agenda

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1. Human Resources Committee Update (INFORMATION),,,,,,,,,,,,,,,,,,,,,,	85

Committee Members: Marie Conley (*Chair*), Senator Richard L. Alloway II, Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Ronald G. Henry, Aaron A. Walton, Guido M. Pichini (*ex officio*), and Karen M. Whitney (nonvoting president liaison).

For further information, contact Peter H. Garland at (717) 720-4010.

Human Resources Committee Meeting

July 7-8, 2014

SUBJECT: Human Resources Committee Update (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: A report of Committee work will be provided at the Board meeting.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Peter H. Garland

Telephone: (717) 720-4010



Board Governors' Quarterly Meeting

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

Tuesday, July 8, 2014
9:00 a.m.

Agenda

Call to Order and Roll Call of Board Members

Pledge of Allegiance

Approval of the Minutes of the April 9, 2014 and April 10, 2014 meetings.

Public Comments

Remarks of the Chair Guido M. Pichini

Report of the Chancellor Frank T. Brogan

Committee Reports with Related Actions

A. Academic and Student Affairs Aaron A. Walton

1. Summary of Academic Program Actions: January 1, 2014 – June 17, 2014
2. Multi-University Electronic Admissions Application Update
3. Stop It Now! and Related Updates
4. Revisions to Board of Governors' Policy 1991-03-A: *Visiting Student Program*
5. Approval of Associate of Arts in Sustainability Studies Degree Program at Lock Haven University of Pennsylvania

B. Audit Joseph F. McGinn

1. Office of Internal Audit and Risk Assessment (OIARA) Annual Report

C. External and Public Relations Jonathan B. Mack

1. Communications Update
2. PASSHE Foundation Update

- D. Finance, Administration, and Facilities** Ronald G. Henry
1. Revisions to Board of Governors' Policy 1984-06-A: *Allocation Formula*
 2. Fiscal Year 2014/15 Operating Budget Update
 3. Fiscal Year 2014/15 Tuition and Technology Tuition Fee Rates
 4. Fiscal Year 2014/15 Educational and General Appropriation Allocation
 5. Pricing Flexibility Pilots
 6. Proposed Board of Governors' Policy 2014-01: *Protection of Minors*
 7. Fiscal Year 2014/15 Capital Spending Plan and Capital Budget Authorization Request
 8. Bond Finance, Boiler Plant Upgrade/Energy Savings Project, Bloomsburg University of Pennsylvania
 9. Magee Center Demolition, Bloomsburg University of Pennsylvania
 10. Property Acquisition, Millersville University of Pennsylvania
- E. Executive**Chairman Guido M. Pichini
1. PASSHE Foundation Agreement
- F. Human Resources**Marie Conley
1. Human Resources Committee Update
- Board Action**Chairman Guido M. Pichini
1. Approval of Meeting Dates
 2. Preliminary Report on External Review of Shared Services
- Other Business**Chairman Guido M. Pichini
- Announcements**
- Adjournment**

Board Members: Guido M. Pichini (*Chair*), Senator Richard L. Alloway II, Representative Matthew E. Baker, Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Marie Conley, Acting Secretary of Education Carolyn C. Dumaresq, Laura E. Ellsworth (*Vice Chair*), Christopher H. Franklin, Todd M. Garrett, Chelsea E. Getsy, Representative Michael K. Hanna, Ronald G. Henry (*Vice Chair*), Jonathan B. Mack, David M. Maser, Joseph F. McGinn, Robert S. Taylor, Aaron A. Walton, and Senator John T. Yudichak.

For further information, contact Randy A. Goin, Jr. at (717) 720-4010.

Board of Governors' Meeting
July 8, 2014

SUBJECT: Approval of Meeting Dates (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Board of Governors' meeting calendar through 2017. Please note that this calendar includes a number of "hold dates" that could be used for committee meetings or Board workshops in between regularly called meetings. These "hold dates" are provided as a courtesy at this time and are intended to be used if and when the need arises throughout the year.

MOTION: That the Board of Governors approve the meeting dates in the attached Board of Governors' Meeting Calendar 2014-2017.

Supporting Documents Included: Board of Governors' Meeting Calendar 2014-2017

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Randy A. Goin, Jr.

Telephone: (717) 720-4010



2014-2017 Board of Governors' Meeting Calendar

Unless otherwise noted, all meetings will be scheduled in the Boardroom of the Administration Building, Dixon University Center, 2986 North Second Street, Harrisburg, Pennsylvania.

YEAR	DATE	DAY	BOARD MEETING / HOLD DATE	TIME
2014	September 17-18	Wednesday and Thursday	Board Retreat	TBD
	October 8	Wednesday	Board Meeting	1:30 p.m.
	October 9	Thursday	Board Meeting	9:00 a.m.
	November 6	Thursday	Hold Date	TBD
	December 11	Thursday	Hold Date	TBD
YEAR	DATE	DAY	BOARD MEETING / HOLD DATE	TIME
2015	January 21	Wednesday	Board Meeting	1:30 p.m.
	January 22	Thursday	Board Meeting	9:00 a.m.
	February 19	Thursday	Hold Date	TBD
	March 19	Thursday	Hold Date	TBD
	April 8	Wednesday	Board Meeting	1:30 p.m.
	April 9	Thursday	Board Meeting	9:00 a.m.
	May 7	Thursday	Hold Date	TBD
	June 18	Thursday	Hold Date	TBD
	July 6 and 7	Monday and Tuesday	Previous Dates for Board Meeting	
	July 8	Wednesday	Board Meeting	1:30 p.m.
	July 9	Thursday	Board Meeting	9:00 a.m.
	August 20	Thursday	Hold Date	TBD
	September 9-10	Wednesday and Thursday	Board Retreat	TBD
	October 7	Wednesday	Board Meeting	1:30 p.m.
	October 8	Thursday	Board Meeting	9:00 a.m.
	November 19	Thursday	Hold Date	TBD
	December 10	Thursday	Hold Date	TBD
YEAR	DATE	DAY	BOARD MEETING / HOLD DATE	TIME
2016	January 20	Wednesday	Board Meeting	1:30 p.m.
	January 21	Thursday	Board Meeting	9:00 a.m.
	February 18	Thursday	Hold Date	TBD
	March 17	Thursday	Hold Date	TBD
	April 6	Wednesday	Board Meeting	1:30 p.m.
	April 7	Thursday	Board Meeting	9:00 a.m.
	May 12	Thursday	Hold Date	TBD
	June 16	Thursday	Hold Date	TBD
	July 6	Wednesday	Board Meeting	1:30 p.m.
	July 7	Thursday	Board Meeting	9:00 a.m.
	August 18	Thursday	Hold Date	TBD
	September 7-8	Wednesday and Thursday	Board Retreat	TBD
	October 5	Wednesday	Board Meeting	1:30 p.m.
	October 6	Thursday	Board Meeting	9:00 a.m.
	November 10	Thursday	Hold Date	TBD
	December 15	Thursday	Hold Date	TBD
YEAR	DATE	DAY	BOARD MEETING / HOLD DATE	TIME
2017	January 18	Wednesday	Board Meeting	1:30 p.m.
	January 19	Thursday	Board Meeting	9:00 a.m.
	February 16	Thursday	Hold Date	TBD
	March 16	Thursday	Hold Date	TBD
	April 5	Wednesday	Board Meeting	1:30 p.m.
	April 6	Thursday	Board Meeting	9:00 a.m.
	May 18	Thursday	Hold Date	TBD
	June 22	Thursday	Hold Date	TBD
	July 5	Wednesday	Board Meeting	1:30 p.m.
	July 6	Thursday	Board Meeting	9:00 a.m.
	August 17	Thursday	Hold Date	TBD
	September 20 - 21	Wednesday and Thursday	Board Retreat	TBD
	October 11	Wednesday	Board Meeting	1:30 p.m.
	October 12	Thursday	Board Meeting	9:00 a.m.
	November 16	Thursday	Hold Date	TBD
	December 14	Thursday	Hold Date	TBD

Revised: July 8, 2014

Board of Governors' Meeting
July 7-8, 2014

SUBJECT: Preliminary Report on External Review of Shared Services (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Chancellor Brogan commissioned the firm of ParenteBeard to undertake a high level assessment of the State System's shared services model as a follow up to an extensive 2011 study that was conducted by the State System. While the 2011 study provided cost/benefit analysis of the System's shared services, the ParenteBeard review was designed to supplement (rather than repeat) that report and provide national context regarding shared services and an updated local perspective from State System university leaders.

ParenteBeard focused on 1) the cost allocation methodology and 2) the prevalence of a "shared service" vs "distributed service" model at universities and systems around the country. The firm conducted external interviews with university and system leaders, research of literature, and internal interviews/surveys with all 14 State System universities regarding the areas listed below:

1. Payroll systems and administration
2. Benefit plans management and administration
3. Collective bargaining agreements negotiation and administration
4. Contracts procurement and administration or construction contracts
5. Online library system
6. Enterprise software applications
7. Online education
8. Internal audit

ParenteBeard will share preliminary findings from its work prior to finalizing its report for the Board of Governors.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Randy A. Goin, Jr.

Telephone: (717) 720-4010

Pennsylvania State System of Higher Education



Office of Internal Audit and Risk Assessment
FY2013/14 Annual Report

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Bloomsburg University Husky



Clarion University Golden Eagle

MESSAGE FROM THE DIRECTOR

On behalf of the Office of Internal Audit and Risk Assessment (OIARA), I am pleased to present our fiscal year (FY) 2013/14 annual report. The purpose of this report is to demonstrate accountability to the Board of Governors' Audit Committee, chancellor, and Pennsylvania State System of Higher Education (PASSHE) universities that the internal audit and risk assessment function is operating as intended. The OIARA is governed by Board of Governors' Policy 1991-06-A: *State System Audit Policy*. The OIARA conducts audits in accordance with the professional practices of internal auditing.

The OIARA has concluded a productive year. I want to thank the staff for their hard work and dedication to this office and the PASSHE System. Likewise, I want to acknowledge support of the Board of Governors, chancellor, presidents, and university leadership affording for our effective completion of projects.

Throughout the year, staff worked on a variety of audits, risk assessments, consultations, and special projects. Efforts resulted in the issuance of 18 reports reflective of defined work plan engagements, providing 111 recommendations for the consideration of leadership to strengthen operations and enhance internal controls. As of June 30, 2014, work is underway on an additional nine work plan engagements anticipated to conclude early in the first quarter of fiscal year 2014/15.

In addition to defined work plan responsibilities, the OIARA assumed 20 special project assignments. Special projects supplement OIARA work load and arise from requests to address current needs, evaluate and assess specific matters, and perform investigations of credible accusations.

A departmental goal this year was to formalize a follow-up assessment process to evaluate and document closure to audit findings/recommendations identified in prior assessments. This resulted in the department's authenticating resolution of 236 (75%) of prior years' identified recommendations, bringing closure to the audit-cycle.

During the year, the OIARA provided several in-house training opportunities at various System events. The department works to share experiences and general audit observations from System projects among all PASSHE institutions for over-all awareness of potential internal control concerns, providing an opportunity for self-assessment. Additionally, the OIARA was again invited to present at the Association of College and University Auditors Annual Conference. This year's presentation focused on the topic of Jeanne Clery Act Compliance. The Association is the collective resource for higher education auditing, regulatory compliance, and risk management.

Moving forward into fiscal year 2014/15, the OIARA will continue to provide quality internal audit and risk assessment services to the PASSHE organization. Our efforts will employ a risk-based strategy ensuring departmental resources support the organization's strategic plan through a responsive and flexible audit plan. Thank you for your confidence and support in our work.

Dean A. Weber, CIA, CRMA
Director, Office of Internal Audit and Risk Assessment

MISSION STATEMENT

The mission of the Office of Internal Audit and Risk Assessment is to provide independent, objective assurance, and consulting services designed to add value and improve operations of the 14 PASSHE universities and the Office of the Chancellor. The OIARA helps the universities and the Office of the Chancellor accomplish their objectives in bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control structures, and governance processes.

The Office of Internal Audit and Risk Assessment is responsible for establishment of an ongoing, collaborative risk assessment process including each of the System universities and the Office of the Chancellor.

The Office of Internal Audit and Risk Assessment reports functionally to the Audit Committee of the Pennsylvania State System of Higher Education Board of Governors and administratively to the System's chancellor.



Edinboro University Fighting Scot

The Risk Assessment Process

In fiscal year 2013/14, the Office of Internal Audit and Risk Assessment (OIARA) concluded a multi-year process of conducting initial university-based risk assessments at each of the Pennsylvania State System of Higher Education universities. The risk assessment process was a collaborative approach facilitated by the OIARA with process ownership maintained by the universities. The assessments comprised a layered format involving senior leadership and management level personnel at each university and was inclusive of university-wide activities.

Project deliverables to the universities included results of participant surveys, summary reporting, presentations regarding risk management, and descriptive project outcomes.

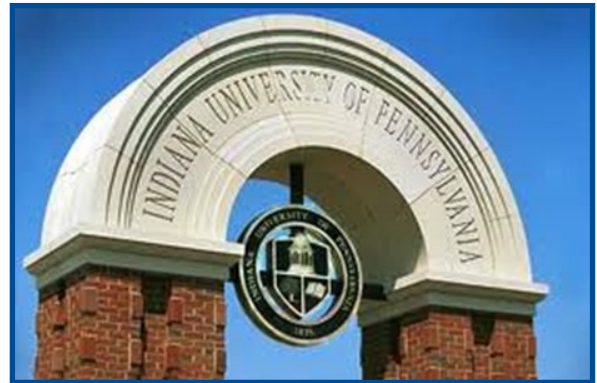
A System-wide summation of results was developed providing a tool for the OIARA to focus audit priorities on areas where risk exposure is potentially the greatest. This information provides the OIARA with data for use in risk-based audit planning.

OVERVIEW OF FY2013/14 PROJECTS

The Office of Internal Audit and Risk Assessment works to reduce PASSHE's risk, or exposure to loss, ensure the adequacy of internal controls, assess compliance, and evaluate economies and efficiencies of operations. To that end, an annual audit plan is collaboratively developed each year through consultation with executive leadership, evaluation of risk assessment outcomes, and an awareness of the System's current operating environment. The work plan includes both broad departmental reviews as well as assessments of specific processes or controls. The Board of Governors' Audit Committee evaluates proposed engagements and approves the final version of the plan.

Our FY2013/14 work plan defined 37 projects. Additionally, six engagements ongoing as of June 30, 2013, carried forward providing 43 initiatives proposed for completion. Separately, 20 special projects were received during the course of the year, supplementing departmental workload.

The following chart summarizes this fiscal year's projects by new engagements, carry-over, and special projects. The number of projects concluded, underway, and not initiated, along with resulting percentages are shown.



*Kutztown University
Golden Bear*

Results

The department achieved initiation of 73% of proposed FY2013/14 engagements as well as 100% of prior year carry-over projects. Of the 20 special projects requests received during the course of the year, 17 are concluded with work on the remaining three projects on-going.

Project Source	Total Engagements	Number Concluded	Number Underway	Number Not Initiated	Percent Concluded/Underway
FY2013/14 Work Plan	37	18	9	10	73%
Prior Year Carry-over	6	6	--	--	100%
Work Plan Totals:	43	24	9	10	77%
Special Projects	20	17	3	--	100%
Cumulative Total:	63	41	12	10	84%

WORK PLAN PROJECTS COMPLETED/UNDERWAY

Accounts Payable

Review and assess the operating procedures and internal control environment surrounding the accounts payable office's invoice processing and payment functions.

Campus Cash Collection

Obtain an understanding of miscellaneous cash/fund collections occurring on campus, the management and safeguarding of such funds, and the application of cash handling procedures supportive of appropriate internal controls.

Campus Safety/Security

Assess existing practices and internal controls supporting necessary precautions and safeguards to protect students, personnel, and visitors while on university property.

Classroom Space Utilization

Analysis to determine if instructional spaces were properly utilized (at targeted rates) as compared to recommended space guidelines as defined within the *PASSHE Facilities Manual, Volume VI*.

Facilities Inventory

Evaluate operating procedures and the internal control environment surrounding supplies and inventory maintained in storage within the facilities department. Inventory is used to handle routine maintenance duties and campus facilities emergencies.

Flexible Spending Program

Assess PASSHE's management and contract compliance of the flexible spending employee benefit elective, affording personnel the option to enroll in a pre-tax benefit program providing reimbursement for certain approved expense.

IT General Controls

Assess and identify potentially significant risks and control weaknesses associated with the university's information technology control environment.

International Education

Provide reasonable assurance that controls associated with processes and transactions related to international students are adequate and compliance with applicable regulations, laws, and university policies is maintained.

FY2013/14 Work Plan Projects by PASSHE Location

Bloomsburg

Campus Cash Collection
International Education
IT General Controls Review

California

Accounts Payable Audit

Cheyney

IT General Controls Review

Clarion

Campus Cash Collection
IT General Controls Review

East Stroudsburg

Jeanne Clery Act Review

Edinboro

NCAA Agreed-upon Procedures
IT General Controls Review
Campus Cash Collection

Indiana

Campus Cash Collection
NCAA Compliance

Kutztown

NCAA Agreed-upon Procedures
IT General Controls Review

Lock Haven

IT General Controls Review

Mansfield

Campus Cash Collection

Millersville

Classroom Space Utilization

Shippensburg

NCAA Agreed-upon Procedures
IT General Controls Review

Slippery Rock

Campus Safety/Security
IT General Controls Review

West Chester

IT General Controls Review
Accounts Payable Audit

Office of the Chancellor

IT General Controls Review
System-wide Leave Usage
Flexible Spending Program

WORK PLAN PROJECTS COMPLETED/UNDERWAY

Jeanne Clery Act Compliance

Review institutional compliance against key provisions of the *Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Act*, a federal law which requires colleges and universities participating in federal student financial aid funding to disclose information about crime occurring on and surrounding the campus.

Leadership Transition

Review of the executive office when a change in executive leadership occurs, in order to provide assurance for the transitioning senior leader that assets managed and maintained under their direct authority have been properly accounted for and utilized.

National Collegiate Athletic Association - Agreed-upon Procedures

Assess Division II participants, through an independent audit, whether the Statement of Revenues and Expenses-Intercollegiate Athletics Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3. Required once every three-year period.

National Collegiate Athletic Association - Compliance

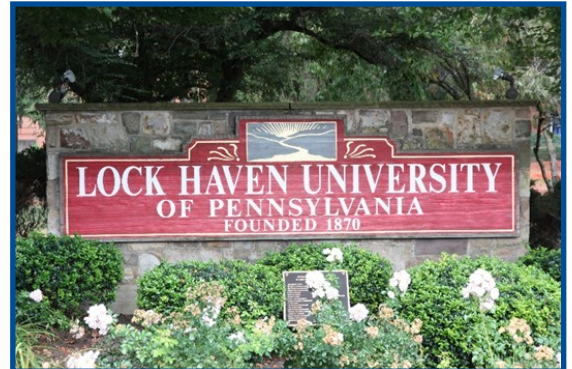
Evaluate university compliance related to select articles of the *2011-12 NCAA Division II Manual* including eligibility, playing and practice seasons, and institutional control.

Risk Assessment

Develop a university-specific risk dictionary defining potential risk events of departmental operations and facilitating participant ranking of risk events resulting in a weighted risk events synopsis based on level of impact, probability of occurrence, existing internal controls, and past history.

System-wide Leave Usage

Analysis to evaluate compliance with existing policies and procedures governing leave entitlements afforded to PASSHE personnel.



FY2013/14 Carry-over Projects by PASSHE Location

California

Jeanne Clery Act Review

Cheyney

NCAA Compliance

Clarion

Jeanne Clery Act Review

Edinboro

Facilities Inventory Audit

Lock Haven

University Risk Assessment

Shippensburg

Leadership Transition



SPECIAL PROJECT REQUESTS

In addition to specifically identified annual work plan engagements, the Office of Internal Audit and Risk Assessment completes special project requests presented by the chancellor, university presidents, chief legal counsel, and Board of Governors' members. Additionally, special projects can result from information received through PASSHE's Incident Reporting System deemed to be most appropriately addressed by the OIARA. Special project requests supplement project efforts of those identified within the formally approved annual departmental work plan.

During fiscal year 2013/14, the OIARA assumed responsibility for the completion of 20 special project requests. Of this total, 16 projects were representative of matters presented through the Incident Reporting System and four were university generated.



FY2013/14 Special Project Requests Comprised Projects Occurring at:

California University of Pennsylvania

Cheyney University of Pennsylvania

East Stroudsburg University of Pennsylvania

Kutztown University of Pennsylvania

Slippery Rock University of Pennsylvania

West Chester University of Pennsylvania

Office of the Chancellor



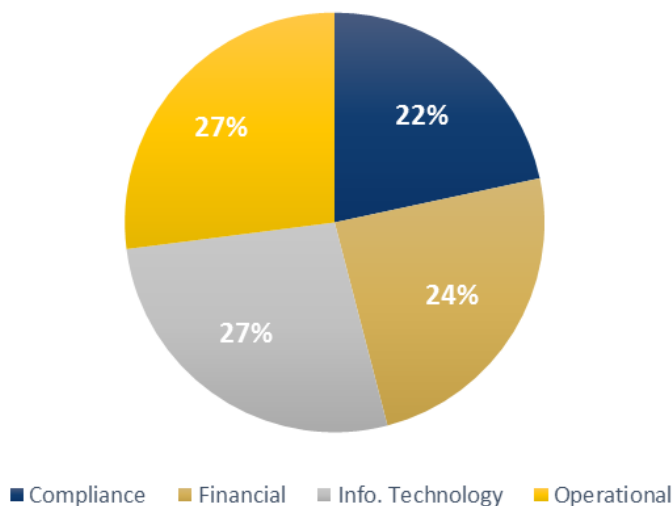
OIARA INTERNAL AUDIT CATEGORIES DEFINED

Following guidelines supportive of professional internal audit planning, the Office of Internal Audit and Risk Assessment (OIARA) work plan defines project engagements within four distinct categories. The OIARA benchmarks project planning against the *Institute of Internal Auditor's* global internal audit planning perspective, providing industry standards of strategic business risk areas as related to annual work plan composition. In this regard, PASSHE's internal audit work plan encompasses projects defined within the following four strategic risk-based categories.

Compliance	Comprehensive review of adherence to regulatory guidelines
Financial	Verification of monetary reporting and accounting of transactions that have occurred
Information Technology	Examination of the electronic management system over particular information/assets
Operational	Systematic assessment of an organizational process evaluating effectiveness and efficiencies

Within the fiscal year 2013/14 work plan, proposed audit engagements by project category comprised a proportional spread among the four identified project categories.

Engagement Percentage by Project Category

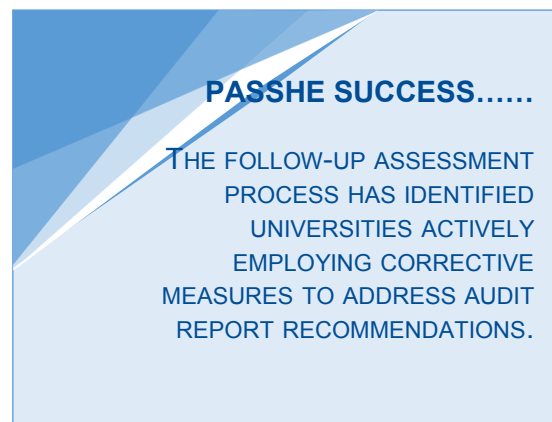


MANAGEMENT CORRECTIVE ACTIONS

Beginning in fiscal year 2013/14, the Office of Internal Audit and Risk Assessment (OIARA) instituted a formalized process to follow-up on prior audit report recommendations and actions regarding implementation of management responses addressing completed engagements. Each PASSHE entity is now provided a quarterly statement defining open audit items as well as those closed during the period. This provides a management tool for each entity to use in managing outstanding issues.

Under this newly implemented process, OIARA staff work collaboratively with university personnel through discussion and review regarding actions taken to improve internal controls, enhance operations, and provide for effective utilization of resources.

Since the OIARA's restructuring in FY2009/10, 427 recommendations to enhance internal controls, provide compliance with governing policies/procedures, and strengthen operations were provided.



Results

Cumulatively through the end of FY2013/14, 236 of the 316 prior-years audit recommendations have been documented as closed. With a formalized process now in place, future efforts will continue focusing on the evaluation of preceding report recommendations to determine if corrective actions have been successfully implemented to address issue resolution.

Summary of Corrective Action Activity FY2013/14

Total Recommendations Unverified as of July 1, 2013	316
New Recommendations Added FY2013/14	111
Prior Recommendations Verified as Resolved during FY2013/14	236
Total Recommendations Unverified as of June 30, 2014	191

PASSHE FRAUD/WASTE/ABUSE INCIDENT REPORTING SYSTEM

PASSHE's Commitment...

The Pennsylvania State System of Higher Education is committed to high ethical standards and the enforcement of policies, procedures, and legal requirements. The concerns of employees, students, and others within the university communities regarding matters of wrongdoing are important; therefore, an Incident Reporting System has been established as a means to confidentially identify situations believed to be inappropriate. Individuals can make an anonymous report electronically through the website of each PASSHE entity or may speak with an independent representative by calling the toll-free number, 855-298-5316.



The Pennsylvania State System of Higher Education Board of Governors' Audit Committee approved creation of an automated Incident Reporting System to receive, record, and track alleged instances of fraud, waste, and abuse of resources perceived as occurring with regard to PASSHE operations. A contract for services was executed with NAVEX Global/EthicsPoint providing an automated solution with the process becoming effective July 2013.

The Office of Internal Audit and Risk Assessment, with support of the PASSHE Office of Chief Legal Counsel, is responsible for administration of the Incident Reporting System. Each university and the Office of the Chancellor has appointed a liaison to manage case reports at the respective locations. Access to the Incident Reporting System and information on how to report allegations can be accessed from the website home page of each System university, as well as from the PASSHE website.

In support of uniform protocol addressing investigation of reports received through the Incident Reporting System, the OIARA participated in the creation of PASSHE Procedure/Standard Number 2013-17: *Conducting Investigations Received through PASSHE's Incident Reporting System*, approved August 7, 2013.

Cumulatively for FY2013/14, 89 user reports were filed through the Incident Reporting System related to various matters of System operations. As of June 30, 2014, 62 reports have been investigated and closed while 27 remain in process of review.



West Chester University Golden Ram

PASSHE BOARD OF GOVERNORS' AUDIT COMMITTEE

The primary mission of the Audit Committee is to assist the Board of Governors in exercising its due care and diligence in discharging System-wide oversight and monitoring responsibilities. An important objective of the Audit Committee is to support and oversee the activities of the Office of Internal Audit and Risk Assessment, maximizing the functions' operations and value across the State System.

The Audit Committee:

- Promotes the development of an effective and continuously improving control environment.
- Oversees the System's internal control environment and risk assessment practices.
- Serves as a voice on the Board of Governors and other standing committees by relaying an audit perspective when related issues are brought before the committees.
- Provides a direct channel of communication to the Board for the System's independent public accounting firm and Office of Internal Audit and Risk Assessment.

GOVERNANCE....

"THE AUDIT COMMITTEE IS A PERMANENT COMMITTEE CONSISTING OF SIX MEMBERS OF THE BOARD OF GOVERNORS. THE CHAIRMAN OF THE BOARD SHALL APPOINT THE CHAIR AND OTHER MEMBERS OF THE AUDIT COMMITTEE. THE AUDIT COMMITTEE SHALL MEET AT LEAST TWICE A YEAR. THE CHAIR OF THE AUDIT COMMITTEE, HOWEVER, SHALL HAVE THE AUTHORITY TO CALL A MEETING WHENEVER NECESSARY. THE SYSTEM'S CHIEF COUNSEL AND DIRECTOR OF THE OFFICE OF INTERNAL AUDIT AND RISK ASSESSMENT SHALL SERVE AS STAFF TO THE AUDIT COMMITTEE."

Policy 1991-06-A: *State System Audit Policy*

Board of Governors' Audit Committee Composition for fiscal year 2013/14 included:

Joseph F. McGinn, *Chair*
 Christopher H. Franklin
 Jonathan B. Mack
 Senator John T. Yudichak
 Guido M. Pichini, (*ex officio*)
 Karen M. Whitney (July—May)
nonvoting president liaison
 Francis L. Hendricks, (June)
nonvoting president liaison

OIARA STAFF

Dean Weber, CIA, CRMA Director

Dean has been with PASSHE for 21 years. He is a Certified Internal Auditor and Certified in Risk Management Assurance. Dean is a graduate of Saint Francis College.

Kimberly Greco, CPA Audit Senior

Kim has been with PASSHE for 9 years. She is a Certified Public Accountant. Kim earned her undergraduate and graduate degrees at Slippery Rock University of Pennsylvania.

Shannon Keith, CPA Audit Senior

Shannon has been with PASSHE for 8 years. She is a Certified Public Accountant. Shannon is a graduate of Wilmington College and a veteran of the U.S. Air Force.

Laurie Malatesta, CPA, CIA, CRMA Audit Senior

Laurie has been with PASSHE for 10 years. She is a Certified Public Accountant, Certified Internal Auditor, and Certified in Risk Management Assurance. Laurie is a graduate of Pennsylvania State University.

Marianne Pollack Administrative Assistant

Marianne joined PASSHE in April 2014. She is a skilled professional assisting departmental staff. Marianne is a graduate of Central Pennsylvania Business College.

David Shissler, CPA, CISA, CISSP Audit Senior

David has been with PASSHE for 5 years. He is a Certified Public Accountant, Certified Internal System Auditor, and Certified Information System Security Professional. David is a graduate of Oral Roberts University and Shippensburg University of Pennsylvania.

Sylvia Thompson, CIA, CRMA Audit Senior

Sylvia has been with PASSHE for 5 years. She is a Certified Internal Auditor and Certified in Risk Management Assurance. Sylvia is a graduate of Shippensburg University of Pennsylvania and Temple University.

Staff/Professional Certifications

- 4 - - Certified Public Accountant (CPA)
- 3 - - Certified Internal Auditor (CIA)
- 3 - - Certified in Risk Management Assurance (CRMA)
- 1 - - Certified Information System Security Professional (CISSP)
- 1 - - Certified Information Systems Auditor (CISA)

Student Internship

The PASSHE Board of Governors' Audit Committee sponsored a summer 2014 student internship opportunity with the Office of Internal Audit and Risk Assessment. Students attending any of the 14 Pennsylvania State System of Higher Education universities and majoring in accounting were eligible to apply.

Based on a pool of qualified candidates, this year's internship opportunity was presented to Benjamin Hayhurst. Benjamin completed his junior year of study at Shippensburg University of Pennsylvania and is working toward a planned May 2015 graduation with dual majors in Accounting and Management Information Systems. Benjamin exhibits the high quality of PASSHE's students, leading the way in becoming tomorrow's leaders.

Summary OIARA Professional Staff Qualifications

Total Years OIARA Auditor Experience	94
Total Years OIARA PASSHE Auditor Experience	58
Percent of Audit Staff with Bachelor's Degree	100%
Percent of Audit Staff with Advanced Degree	67%
Percent of OIARA Staff holding Professional Certifications	100%

Pennsylvania State System of Higher Education



www.passhe.edu

Pennsylvania State System of Higher Education
Office of Internal Audit and Risk Assessment
Board of Governors
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201
(717) 720-4000

Pennsylvania State System of Higher Education

Funding Review Task Force

Allocation Formula Recommendations Report

June 23, 2014



**Funding Review Task Force
Allocation Formula Recommendations Report**
June 23, 2014

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Funding Review Task Force Allocation Formula Recommendations Report *June 23, 2014*

Executive Summary

The Pennsylvania State System of Higher Education's (PASSHE) founding legislation specifies that "State funds appropriated to the System shall be allocated to the individual institutions on a formula based on, but not limited to, such factors as enrollments, degrees granted, and programs." In October 2013, the Funding Review Task Force was established to review the current allocation formula and develop technical funding solutions for the equitable distribution of resources to meet the principles and values articulated by PASSHE's leadership.

As such, the following formula is recommended to distribute PASSHE's state appropriations to the universities based on fixed and variable costs in a way that is stabilizing and predictable, especially through periods of change. It is intended to align with both System and university strategic goals and uses university historical data and national comparisons in a multifaceted approach of recognizing instruction, support, and plant costs in a relatively straightforward manner.

The result is a new formula that is intended to better serve the Commonwealth, the Board of Governors, university leadership, and the students in several ways. First and foremost, the introduction of a fixed-cost factor provides more stability and predictability. This formula should provide more predictable results much earlier in the universities' annual budget planning process. Therefore, it is anticipated that university leadership will be able to utilize this formula as a tool for improving campus planning, management, and effectiveness.

The formula is predominantly enrollment driven, distributing approximately two-thirds of state appropriations based on the number of students at an institution. It also recognizes the higher costs associated with certain academic disciplines, especially in high-technology-related and health care fields, encouraging growth in courses that better meet the workforce resource requirements of the Commonwealth.

Finally, because this formula is the tool used to distribute state appropriations, it takes into consideration only Pennsylvania students (except at the doctoral level), affirming that taxpayer dollars are being used to educate Pennsylvania students.

Formula Recommendations

Effective fiscal year 2014/15, the following allocation formula is recommended to be used for distribution of PASSHE's Educational and General (E&G) appropriation to the System universities. Transition to this new method of allocation will occur over three fiscal years, with full implementation in fiscal year 2016/17. The formula will be updated annually to reflect changes in enrollment, physical plant inventory, and inflation, but the basic precepts on which this formula are built will not be altered annually. Rather, after the formula is fully implemented (three years), the underlying calculations will be updated. After six years, a full review of the formula will be conducted to address changing conditions.

Prior to distribution of the appropriation to the universities, the Board of Governors annually will determine what, if any, System-wide initiatives are to be funded from the E&G appropriation, in addition to the operations of the Office of the Chancellor and the universities. Currently, items



that are funded before allocation to the universities include professional development funds, replenishment of the System Reserve, McKeever Environmental Learning Center, the Office of Internal Audit and Risk Assessment, Dixon University Center academic programs, and the performance funding pool. In addition, the Board of Governors and chancellor shall continue to be funded annually at 0.5 percent of operating funds, as defined in Act 188 of 1982. The remaining portion of the E&G appropriation is the allocable base funding to be distributed to the System universities through this allocation formula.

Formula Description

University Base Appropriation = Fixed Costs + (Instructional Costs per In-State FTE Student + Support Costs per In-State FTE Student + Plant Costs per Gross Square Foot + Percentage of Replacement Value) funded proportionately with remaining appropriation.

Fixed Costs—All universities experience significant fixed costs that do not vary as enrollment changes. The fixed-cost component, which is fully funded from the E&G appropriation, is established based upon an analysis of E&G costs and enrollment of public institutions, resulting in the following fixed-cost values.

- \$8.1 million for master's institutions
- \$11.1 million for doctoral/research institutions
- \$8.3 million for public historically black institutions

Instructional Costs—Differences in instructional discipline costs will be recognized by the following weights.

<u>Instructional Discipline Category</u>	<u>Weight</u>	<u>2014/15 Value</u>
Lower Division, Normal Cost	1.0	\$4,490
Lower Division, High Cost	1.3	\$5,837
Upper Division, Normal Cost	1.5	\$6,735
Upper Division, High Cost	2.4	\$10,776
Master's, Normal Cost	2.0	\$8,980
Master's, High Cost	2.4	\$10,776
Doctoral	2.6	\$11,674

High-cost undergraduate and master's instruction refers to courses identified with the following federally defined Classifications of Instructional Programs (CIP) codes.

- 01 Agriculture and Agriculture Operations
- 03 Natural Resources and Conservation
- 04 Architecture and Related Services
- 10 Communication Technologies and Support Services
- 11 Computer and Information Sciences
- 14 Engineering
- 15 Engineering Technologies
- 25 Library Science
- 26 Biological and Biomedical Sciences
- 34 Health Related Knowledge and Skills
- 40 Physical Sciences
- 48 Precision and Productivity
- 50 Visual and Performing Arts
- 51 Health Professions and Related Clinical Sciences

FTE Student—The average enrollment for the previous two years of actual in-state FTE enrollment by course discipline; in-state and out-of-state doctoral enrollment is included.

Support Costs—There is one support cost value applied to FTE students based upon the System’s average costs per student in the functional areas of academic support, student services, and institutional support. Each university’s support costs are determined based upon the same FTE student used in the instructional component.

Plant Costs—This category includes 2.5 percent of the E&G facilities replacement value, 1.5 percent of the infrastructure replacement value, and a dollar amount per gross square foot of E&G space. The E&G square footage is the average of space guidelines’ estimated space required and university inventory space. Inventory space includes all leased and owned space, but only 50 percent of space that is off-line indefinitely.

Other Recommendations

Performance Funding—PASSHE has an obligation to demonstrate accountability and stewardship to Pennsylvania’s policymakers, parents, students, and taxpayers. Distributing a portion of funding to the universities based on performance is an effective way to be transparent and produce positive results. PASSHE should continue to recognize and reward performance through its performance funding program.

Alternate Source for Future Strategic Direction—Today, more than ever before, PASSHE universities must adapt to an ever-changing student population; align academic programs with Commonwealth workforce needs; and provide greater flexibility in how, when, and where students learn. In these challenging economic times, with declining or flat state support and limited tuition increases, a new alternative source of revenue should be developed to assist universities in aligning programs and services to ensure continued excellence and relevance.

Funding Review Task Force Allocation Formula Recommendations Report June 23, 2014

Introduction

Changing Conditions

The State System's founding legislation specifies that "State funds appropriated to the System shall be allocated to the individual institutions on a formula based on, but not limited to, such factors as enrollments, degrees granted, and programs." The current allocation formula, approved by the Board of Governors in 2003, is highly enrollment-driven, incorporating a two-year rolling average of in-state student enrollment and recognizing higher costs of certain programs and levels of study. The formula was designed for funding to follow the student, but still provide reasonable stability and predictability. Other elements, such as adjustments for the lack of economies of scale at smaller universities and performance funding, account for a larger portion of the general allocation pool as the appropriation has diminished in recent years.

Board of Governors' Policy 1984-06-A: *Allocation Formula*, requires a periodic review of the allocation formula "to address changing conditions." The allocation formula was last reviewed in 2007. The following realities denote changing conditions that warrant a comprehensive review of the System's allocation formula, pricing policies and practices, and integration of performance funding.

- The fiscal year 2013/14 E&G appropriation distribution to the 14 PASSHE universities generated the greatest shift in funding among institutions (ranging from a 5.4 percent decrease to 4.4 percent increase in a university's state appropriation allocation) that has been experienced since the allocation formula was last modified in 2007.
- At \$412.8 million, PASSHE's 2013/14 E&G appropriation is less than the System received in 1997/98. State appropriations have shrunk from 41 percent of PASSHE's E&G budget when the formula was created, to 26 percent of today's budget.
- After more than a decade of record-setting enrollment growth, most PASSHE universities have been experiencing declines in recent years, primarily as a result of the decreasing number of high school graduates in the Commonwealth. The System's experience tracks national trends, reflected in U.S. Census Bureau data that show almost 500,000 fewer college students nationally in 2012 than the previous year. The number of high school graduates in Pennsylvania is expected to decrease by almost 10 percent between 2011/12 and 2014/15. The overall decline is projected to continue until 2016, with varying experiences by region.
- An immediate and visible impact of this trend on the System has been financial, given that PASSHE universities garner more than 70 percent of their E&G budget revenues from tuition and fees. Coupled with an allocation formula that is highly enrollment driven, today an average of 85 percent of a university's funding is derived from enrollment, leading to greater instability in annual funding during periods of varying enrollment changes across the System.

- The ongoing enrollment and financial challenges faced by PASSHE universities appear to have compromised the formula's capacity to provide stability and predictability in the midst of multiple years of stagnant or reduced enrollment at most PASSHE universities and level or declining appropriations.

Task Force Charge

In October 2013, the Funding Review Task Force was established to review the allocation formula and develop technical funding solutions for the equitable distribution of resources and enhancements to pricing flexibility that meet the principles and values articulated by PASSHE's leadership. (See Appendix A.)

Essential to the work of the task force was guidance from Board of Governors' members and System and university leaders. They identified values and principles that should be exemplified in PASSHE's distribution of resources and pricing practices, and provided an assessment of the current formula's strengths and weaknesses. The task force studied PASSHE's current funding and pricing practices, and those of other systems and institutions of higher education across the country, in order to develop recommendations for (1) the methodology by which PASSHE allocates state appropriations to the universities, and (2) pricing policies and practices.

Early recommendations from the task force focused on pricing practices and led to the implementation of a pricing flexibility pilot program adopted by the Board of Governors in January 2014 and greater opportunities for institutional financial aid adopted by the Board in April 2014. The majority of the work of the task force, however, has focused on PASSHE's allocation formula, as articulated herein.

The Funding Review Task Force, representing leadership from presidents and the financial and academic functional areas of the universities, met twice a month for eight months. During this time period, progress was shared routinely with and influenced by the Council of Fiscal and Administrative Vice Presidents, Chief Academic Officers, Council of Presidents, and Board of Governors. The work group developed a conceptual framework for the new formula, with the intention that the financial impact of the new methodology would not be calculated until the Council of Presidents reviewed and supported the principles of the new formula.

Overview of University Costs Addressed in Formulas

Consistent with national practices and previous formulas used by the System, development of the allocation formula focused on the basic costs necessary for a university to meet its educational and general mission. This excludes costs associated with providing auxiliary functions, such as student housing, dining services, student unions, and recreation centers, as well as restricted activities associated with student financial aid and contract and grant activities. The basic university costs addressed in the formula were identified according to higher education's standard functional categories as they relate to the System's cost structure. These functional categories were grouped in the following manner.

Instruction—This category reflects the costs associated with teaching courses and running academic departments. Instructional costs include the costs of faculty, department chairs and staff, departmental supplies and equipment, instructional technology specific to certain academic disciplines, and limited research and public service activities performed by faculty members.

Support Programs—This category combines academic support, student services, and institutional support. Academic support includes functions associated with supporting the teaching mission of the universities, such as libraries, academic computing, faculty professional development, curriculum development, and college administration (e.g., deans). Student services includes activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, student newspapers, athletics, student organizations, counseling and career guidance, financial aid administration, and student health services. Institutional support includes activities concerned with management and long-range planning for the institution. This category includes central executive-level activities, planning and programming, fiscal operations, administrative computing support, space management, human resources management, procurement, safety, security, activities concerned with community and alumni relations, and institutional advancement/development.

Plant—The operation and maintenance of physical plant consists of those E&G activities related to maintaining grounds and facilities; providing utility services; and planning, designing, and constructing plant expansions and modifications. Development of the formula also took into consideration the impact of physical plant size and replacement on total university cost. Physical plant size is measured by gross square feet of E&G facilities, which includes space that is assignable to people or purposes, as well as space that is not, such as hallways, mechanical rooms, and thickness of walls.

Enrollment—Enrollment is reflected as full-time equivalent students, or FTE students, which is a nationally accepted definition of enrollment that more accurately reflects workload associated with students, rather than the number of people being taught. It is calculated for undergraduates by adding all credit hours attempted in undergraduate courses in one fiscal year and dividing by 30, assuming a normal course load for one student would be 15 credits in each of the fall and spring semesters in one academic year. A similar calculation is done for enrollment in graduate courses, but divided by 24, since the full-time course load for graduate students is estimated at 12 credits a semester.

Work Process for Allocation Formula Review

Review of Other States

The task force employed several methods to obtain information on allocation formulas used for higher education in other states. A review of national studies on allocation formulas produced the following two documents with recent inventories of funding practices throughout the United States of America.

In support of Hawaii's 2008 statutory requirement to develop a higher education funding formula, MGT of America developed the report: *Funding Formula Use in Higher Education*. More recently, the Nevada Legislature established a Committee to Study the Funding of Higher Education in 2011. Its report¹ provided an overview of each state's use of funding formulas.

These reports served as the basis for identifying states with different practices worth a more extensive review by the task force. The following states were chosen for further study: Indiana,

¹ *State's Methods of Funding Higher Education*, SRI International, August 2012

Oregon, Minnesota, South Carolina, Tennessee, California, Georgia, North Carolina, and Ohio. To better understand their formulas, a survey was conducted, and the materials received from those states that responded (the first five listed above) were reviewed. Several concepts emerged from this research for consideration, including the following.

- Should fixed costs be funded for every university? (PASSHE's current practice is to fund fixed costs for only the smallest universities, to address diseconomies of scale.)
- Should performance be recognized in the base allocation formula? Examples included completion, retention, graduation, service to at-risk students, etc.
- Should mission differences, such as research and public service, be recognized?
- Should enrollment bands, enrollment expectations, or actual enrollment be funded?
- Should all appropriations be redistributed annually, or only new appropriations?

These concepts, combined with the concepts and principles on which PASSHE's current formula was built, served as a basis for development of a survey instrument for PASSHE leadership to obtain guidance for the principles and concepts on which a new allocation formula should be based.

PASSHE Leadership Survey

The task force employed the assistance of West Chester University's Center for Social and Economic Policy Research in developing a survey instrument, administering the survey to the members of the Board of Governors and the presidents, and compiling and reporting the results. The survey was developed by the task force through the leadership of Dr. Jeffery Osgood, Director of the Center. The survey was conducted in January 2014; all presidents and most Board members participated. The results (see Appendix B) led to development of the concepts and principles listed below.

Concepts and Principles

The following concepts and principles were the result of the PASSHE leadership survey. These principles were reviewed and supported by the Council of Presidents at its February 2014 meeting and served as the basis for development of the allocation formula recommendations.

The formula should:

- Recognize fixed costs and enrollment at all universities.
- Allocate only state appropriations.
- Incorporate both university current/historical data, as well as future objectives.²
- Align with System and university goals.
- Be stabilizing for all institutions.
- Provide stability through periods of change.
- Continue to recognize instruction, support programs, and plant formula costs separately, similar to current practices.
- Focus on simplicity rather than include a more detailed or complex methodology.
- Be implemented over two or three years, if there will be significant changes in funding.

²Since the allocation formula distributes appropriations based on actual data, it is difficult to build future objectives into the formula. Therefore, the task force recommends a separate pool of funds be identified to provide one-time funds periodically to institutions to assist in alignment to ensure future relevance and excellence.

The formula should not:

- Allocate tuition or other fund sources.
- Include performance funding or performance incentives.
- Fund instructional modalities differently.
- Restrict presidents' ability to manage their universities within the resources provided.

Review of National Data on Public Institutions

The above concepts and principles asked for a formula based on analysis of real data and called for recognition of both fixed and variable costs at all institutions. To do so, the task force needed to understand the basis for fixed and variable costs. MGT of America explains these two cost components as follows.

For a college or university to operate at all, it must have some faculty, a few administrative officers, some buildings and grounds, books, and equipment whether the college enrolls five students or 5,000. These costs to operate an institution or program no matter how many students are involved are called "fixed costs." The cost per student for these initial overhead items or fixed costs decreases as the number of students increases, until a point is reached when the staff and facilities are fully employed and an additional student would require additional resources. The costs that are added for additional students or additional outputs are called "variable costs."³

IPEDS—To understand the cost structure of higher education institutions in general and PASSHE's institutions specifically, the task force relied upon data on public higher education institutions from the U.S. Department of Education's Institutions of Postsecondary Education Data Survey (IPEDS). This is a consistent source of financial, student, and employee data for every institution in the country. Data were selected by functional cost categories that, combined, approximate E&G expenditures. These data were reviewed in many different ways for all public universities within Carnegie classification groups of Master's Colleges and Universities and Doctoral/Research Universities (excluding those with high research activity). In addition, data were reviewed separately for public historically black institutions. Also reviewed were the state appropriations compared to enrollment and the cost per student by functional categories. Examples of the data results are available in Appendix C.

Analysis of IPEDS data provided the following observations:

- PASSHE universities have very similar cost structures.
- PASSHE university costs are about average compared to their national peers.
- PASSHE universities' current distribution of state appropriations is relatively consistent and does not require a large adjustment in funding between the universities.

The IPEDS data analysis also led to an understanding of the fixed costs associated with these institutional groups based on the mathematical equation for the line of best fit. For each set of institutions, the regression analysis resulted in a highly predictable equation with a constant and a variable cost based on number of students enrolled. The constant reflects the cost of operating a hypothetical zero-student university as reflected in the data.

³*Funding Formula Use in Higher Education*, MGT of America, 2008, page 10

The use of fixed costs in allocation formulas was also reviewed, as found in the information provided by other states. In general, practices vary widely: some states include a fixed-cost component; others do not. Of those that do, a wide variety of ways to derive the cost exists, and the overall fixed-cost amount included in the formula differs. In addition, the task force created a theoretical construct of fixed costs for any university before enrolling one student. The results were very similar to those of the IPEDS data analysis and are included in Appendix D.

National Study of Instructional Productivity—Although the IPEDS data was very helpful in reviewing university cost structures, it could not provide more detailed instructional data regarding differing costs of academic programs. The National Study of Instructional Costs and Productivity (also known as the Delaware Study) provides a comparison of similar institutions and the cost per student or per credit of academic programs. PASSHE has been participating in this study for the past three years, during which the level of reliability in the data reported has improved consistently. Participation in this study replaced PASSHE's previous use of the Common Cost Accounting Report, which was the basis for the instruction and support components of the current formula. This new data source utilizes PASSHE instructional data in a slightly different manner, resulting in some minor differences in results.

The National Study of Instructional Costs and Productivity data provided some peer comparisons of instructional costs by academic department, organized based on the national definitions for the Classification of Instructional Programs (CIP) codes. However, these data did not differentiate by academic level (lower division, upper division, master's, or doctoral). Therefore, the task force requested that the underlying data, used for developing PASSHE's reports, be analyzed at a lower level. This was a major effort of the task force, in conjunction with the System Research Office, that was necessary to determine the relative cost differences in instructional activity between academic departments and course levels. An example of the resulting data is available in Appendix E.

The instructional cost data was reviewed at two different levels: the two-digit and four-digit CIP codes. In the development of the previous formula, cost and course data were only available at the two-digit CIP code level; now university course and cost data are available at the more granular four-digit level. For example, Nursing is a four-digit CIP within the two-digit CIP of Health Professions and Related Clinical Sciences; similarly, Accounting is a four-digit CIP within the two-digit CIP of Business Management. The task force reviewed data at both levels and agreed that using the more aggregate data of the two-digit CIP level was meaningful, easier to understand, and aligned with System and university goals in meeting workforce needs, especially in sciences, technology, and health care fields.

The review of the PASSHE instructional cost data by academic department CIP code and course level resulted in changes to the formula instructional cost coefficients and in the array of academic offerings that are considered high cost.

Doctoral/Research

Significant time was spent understanding the costs associated with doctoral/research programs. Universities with doctoral programs experience additional instructional costs due to faculty release time for scholarly research and dissertations. In addition, there are nonteaching costs such as reduced workload standard, teaching associate mentoring, and a doctoral coordinator for each program. Other increased nonacademic costs include graduate assistantship stipends and waivers, enhanced library materials, more extensive laboratories and other facilities, administration and operations, and marketing and recruitment. In addition, a broad research



mission has additional costs not accounted for in the cost of doctoral education. The task force recommends addressing only the direct instructional costs of doctoral education in the variable instruction component of the formula, and addressing the additional noninstructional costs unique to a doctoral/research university through the fixed-cost component of the formula based on national comparisons of public doctoral/research institutions.

Formula Components

Based on the formula concepts and principles that resulted from the PASSHE leadership survey, the task force agreed that the new allocation formula will consist of a fixed-cost component for all universities and variable components for instruction, support services, and physical plant. These variable components are similar to the current formula.

The following allocation formula components, recommended by the Funding Review Task Force, were reviewed by the Council of Presidents on June 11, 2014.

University Base Appropriation = Fixed Costs + (Instructional Costs per In-State FTE Student + Support Costs per In-State FTE Student + Plant Costs per Gross Square Foot + Percentage of Replacement Value) funded proportionately with remaining appropriation.

Fixed Costs—All universities experience significant fixed costs that do not vary as enrollment changes. The fixed-cost component, which is fully funded from the E&G appropriation, is established based upon an analysis of 2011/12 IPEDS data on E&G costs and enrollment of public institutions, resulting in the following fixed-cost values.

\$8.1 million for master's institutions
 \$11.1 million for doctoral/research institutions
 \$8.3 million for public historically black institutions

Instructional Costs—Differences in instructional discipline costs, based on PASSHE's Fall 2012 data, will be recognized by the following weights.

<u>Instructional Discipline Category</u>	<u>Weight</u>	<u>2014/15 Value</u>
Lower Division, Normal Cost	1.0	\$4,490
Lower Division, High Cost	1.3	\$5,837
Upper Division, Normal Cost	1.5	\$6,735
Upper Division, High Cost	2.4	\$10,776
Master's, Normal Cost	2.0	\$8,980
Master's, High Cost	2.4	\$10,776
Doctoral	2.6	\$11,674

High-cost undergraduate and master's instruction refers to courses identified with the following federally defined CIP codes.

- 01 Agriculture and Agriculture Operations
- 03 Natural Resources and Conservation
- 04 Architecture and Related Services
- 10 Communication Technologies and Support Services

11	Computer and Information Sciences
14	Engineering
15	Engineering Technologies
25	Library Science
26	Biological and Biomedical Sciences
34	Health Related Knowledge and Skills
40	Physical Sciences
48	Precision and Productivity
50	Visual and Performing Arts
51	Health Professions and Related Clinical Sciences

FTE Student—The average end-of-term enrollment for the previous two years of actual in-state FTE enrollment by course discipline; in-state and out-of-state doctoral enrollment is included. The end-of-term data will ensure that all enrollment is final and reflects all credits attempted in all regular and late-starting courses. Attempted credits will be collected for all terms (Summer 2, Fall, Winter, Spring, Summer 1) and include withdrawals, failures, remedial courses, and clock-hour courses. Clock-hour enrollment will be converted to credit hours based on national standards and will be reflected as lower division, normal cost instruction. There will be a one-year lag in the enrollment used in the formula, compared to current practices. This will allow formula results to be provided to universities in conjunction with the Governor’s budget recommendations (annually in February) supporting university budget planning efforts. The actual enrollment from 2011/12 and 2012/13 will be used for the fiscal year 2014/15 allocation.

Support Costs—This category addresses the combined costs associated with the academic support, student services, and institutional support functions. In developing this component, the task force considered data and concepts regarding cost drivers associated with supporting various groups of students, such as underprepared students, at-risk students, or students with disabilities. Given the access mission of all PASSHE universities to meet the needs of all students and the lack of consistent data to isolate such costs or to identify significant differences across the universities in these cost categories, there will continue to be one support cost value per FTE student for all universities. Through this analysis, the task force recognized the unique mission and responsibilities of Cheyney University and, therefore, recommends addressing this mission within the fixed-cost component of the formula based on national comparisons of public historically black institutions.

The support cost value is based upon the System’s average support costs, as reflected in 2011/12 IPEDS. For the fiscal year 2014/15 allocation, the support-cost value is \$5,732 per FTE student. Each university’s support costs are determined based upon the same FTE student used in the instructional component.

Plant Costs—This category includes 2.5 percent of the E&G facilities replacement value, 1.5 percent of the infrastructure replacement value, and a dollar amount per gross square foot of E&G space. The E&G square footage is the average of space guidelines’ estimated space required and university inventory space. Inventory space includes all leased and owned space, but only 50 percent of space that is off-line indefinitely. The dollar amount per gross square foot is derived from PASSHE’s operation and maintenance of plant cost as reflected in 2011/12 IPEDS. For the fiscal year 2014/15 allocation, the value is \$8.22 per gross square foot.

Formula Implementation

The task force recommends that this allocation formula be used for distribution of PASSHE's E&G appropriation to the System universities effective fiscal year 2014/15. Transition to this new method of allocation will occur over three fiscal years, with full implementation in fiscal year 2016/17. The formula will be updated annually to reflect changes in enrollment, physical plant inventory, and inflation, but the basic precepts upon which this formula is built will not be altered annually. Rather, after the formula is fully implemented (three years), the underlying calculations will be updated. After six years, a full review of the formula will be conducted to address changing conditions.

Conclusion

Through this process, a new formula was developed (see Appendix F) that is intended to better serve the Commonwealth, the Board, university leadership, and the students in several ways. First and foremost, the introduction of a fixed-cost factor provides more stability and predictability.

This formula will equip the System to better assist the Board in setting direction for the universities. For instance, by recognizing the higher costs associated with certain academic disciplines, the new formula will encourage universities to increase enrollment in courses that better meet the workforce resource requirements of the Commonwealth, especially in high-technology-related and health care fields. In addition, the formula will encourage increased enrollment of students transferring from community colleges since it recognizes the higher costs associated with upper division courses. This formula also recognizes greater differences in institutional mission through a greater recognition of the cost of doctoral programs and research and the unique challenges of being a historically black university.

It is anticipated that university leadership will be able to utilize this formula as a tool for improving campus planning, management, and effectiveness. This formula should provide more predictable results much earlier in the annual budget planning process to assist in university planning efforts. It also provides a clear explanation of how and why a university receives its funding, providing an opportunity to adjust its university profile in ways that may prove to be financially rewarding.

Finally, its focus is solely on in-state (Pennsylvania) students. Since this formula is the tool used to distribute state appropriations and it takes into consideration only Pennsylvania students (except at the doctoral level), it affirms that taxpayer dollars are being used to support Pennsylvania students.



APPENDICES

Appendix A

Pennsylvania State System of Higher Education

Funding Review Task Force Overview

November 7, 2013

1. Purpose

The Pennsylvania State System of Higher Education (PASSHE) is required by statute to distribute state appropriations to the universities through a formula. Board of Governors' Policy 1984-06-A: *Allocation Formula*, requires a periodic review of the allocation formula "to address changing conditions." The allocation formula was last reviewed in 2007. The following realities denote changing conditions that warrant a comprehensive review of the System's allocation formula, pricing policies and practices, and integration of performance funding.

- The fiscal year 2013/14 Educational and General (E&G) appropriation distribution to the 14 PASSHE universities generated the greatest shift in funding among institutions (ranging from a 5.4 percent decrease to 4.4 percent increase) that has been experienced since the allocation formula was last modified in 2007.
- At \$412.8 million, PASSHE's 2013/14 E&G appropriation is less than the System received in 1997/98. State appropriations have shrunk from 41 percent of PASSHE's E&G budget when the formula was created, to 26 percent of today's budget.
- As students generate a larger share of each university's revenue today, pricing flexibility is becoming a more important tool for PASSHE universities to be able to offer a high quality array of educational opportunities at an affordable price to Pennsylvania students.
- Calls for increased accountability among colleges and universities have come from various sources across the nation, including Governor Tom Corbett's Advisory Commission on Postsecondary Education. PASSHE, having introduced performance funding in 2000/01, continues to be one of the few public university systems in the nation to voluntarily implement this type of performance program. PASSHE's commitment to accountability and performance funding must be the cornerstone for PASSHE's funding structure.

2. Objectives

To study PASSHE's current funding and pricing practices, and those of other systems and institutions of higher education.

To seek input from Board of Governors members and System and university leaders on their perceptions of the current formula's strengths and weaknesses, as well as values and principles that should be exemplified in PASSHE's distribution of resources and pricing practices.

To develop technical funding solutions for the equitable distribution of resources and enhancements to pricing flexibility that meet the principles and values articulated by PASSHE's leadership.

To recommend changes to (1) the methodology by which PASSHE allocates state appropriations to the universities, and (2) pricing policies and practices.

To provide input to PASSHE leadership for the overall implementation of proposed recommendations resulting from the study.

3. Powers and Duties

The task force is advisory to the Board of Governors through the chancellor. The task force members will also assist in communications about this project with the Council of Presidents and with their respective university leadership and functional colleagues within PASSHE.

4. Composition

The task force membership will be as follows.

- Project Lead, Vice Chancellor for Administration and Finance (*James Dillon*)
- Presidential Liaison to the Finance, Administration, and Facilities Committee of the Board of Governors (*David Soltz, Bloomsburg*)
- President from a large university (*Michael Driscoll, Indiana*)
- President from a small university (*Michelle Howard-Vital, Cheyney*)
- Provost from a large university (*Linda Lamwers, West Chester*)
- Faculty member from a small university (*Cori Myers, Lock Haven*)
- Two fiscal and administrative vice presidents from midsize universities (*Roger Bruszewski, Millersville; Kenneth Long, East Stroudsburg*)
- Office of the Chancellor staff (*Lois Johnson, Georgia Prell, Ginger Coleman*)

5. Timeline

October 30, 2013—Task force is established.

November 2013—Finance, Administration, and Facilities Committee of the Board of Governors will review the existing allocation formula.

November to December 2013—Board of Governors is surveyed regarding principles and objectives to be met through funding allocations and pricing practices.

January 2014—Finance, Administration, and Facilities Committee is updated on the task force's progress.

April 2014—Finance, Administration, and Facilities Committee is updated on the task force's progress.

June 2014—A Finance, Administration, and Facilities Committee workshop is held to review the task force's preliminary recommendations.

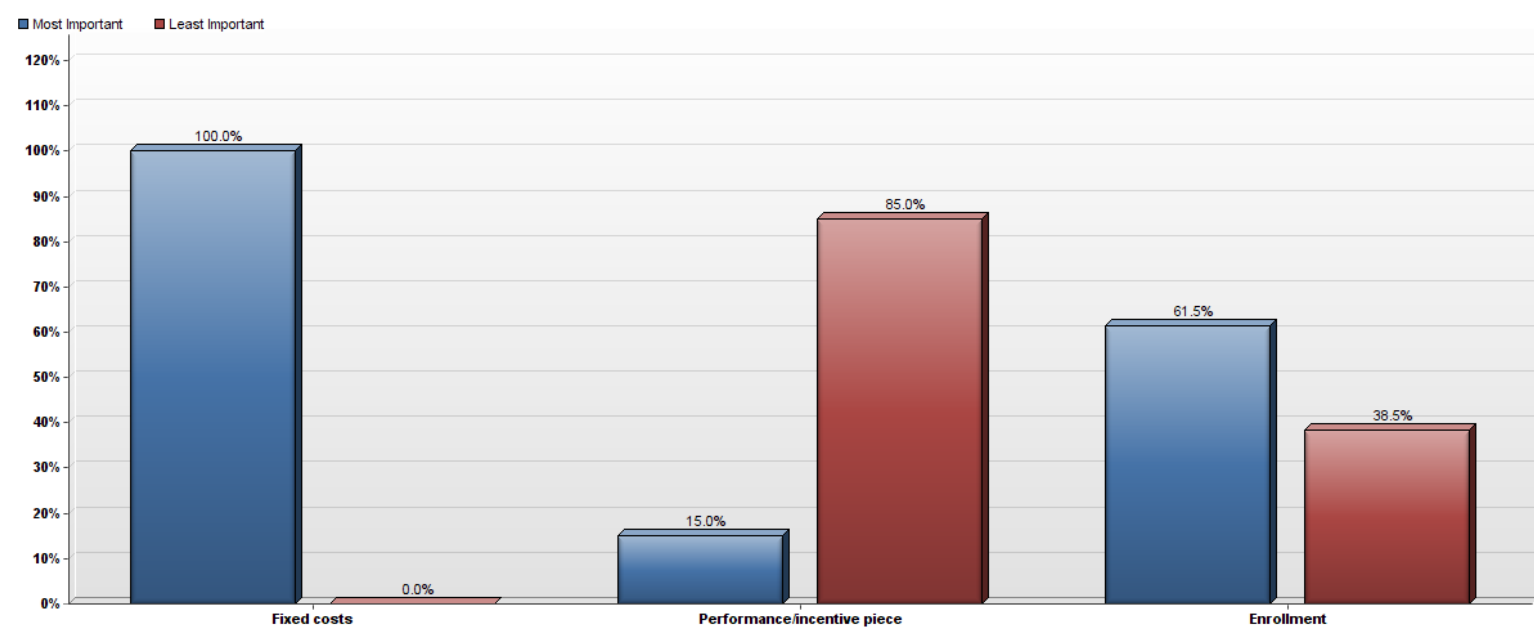
July 2014—Task force's final recommendations are presented to the Finance, Administration, and Facilities Committee.



PASSHE ALLOCATION FORMULA: Survey Results

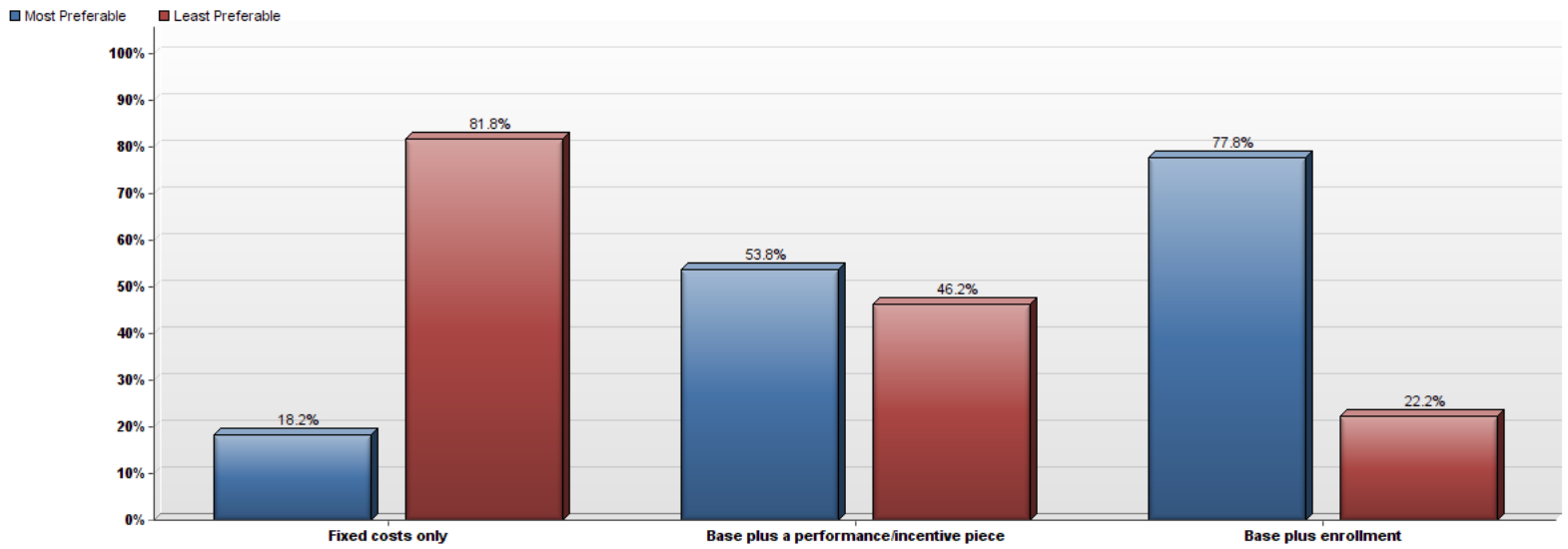
2/14: Working Document

1.1 Which of the following components are most and least important to include when determining university funding?



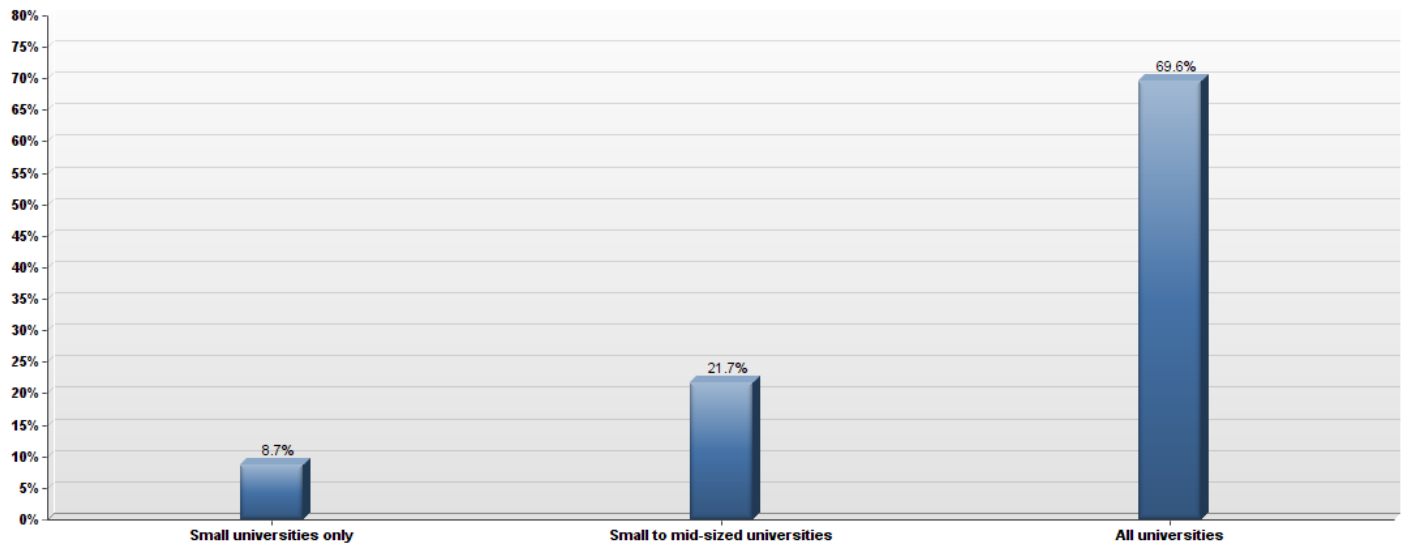
Question	Most Important	Least Important	Total Responses
Fixed costs	100.0%	0.0%	12
Performance/incentive piece	15.0%	85.0%	20
Enrollment	61.5%	38.5%	13

1.2 Which of the following approaches to allocating funding is most preferable, and which is least preferable?



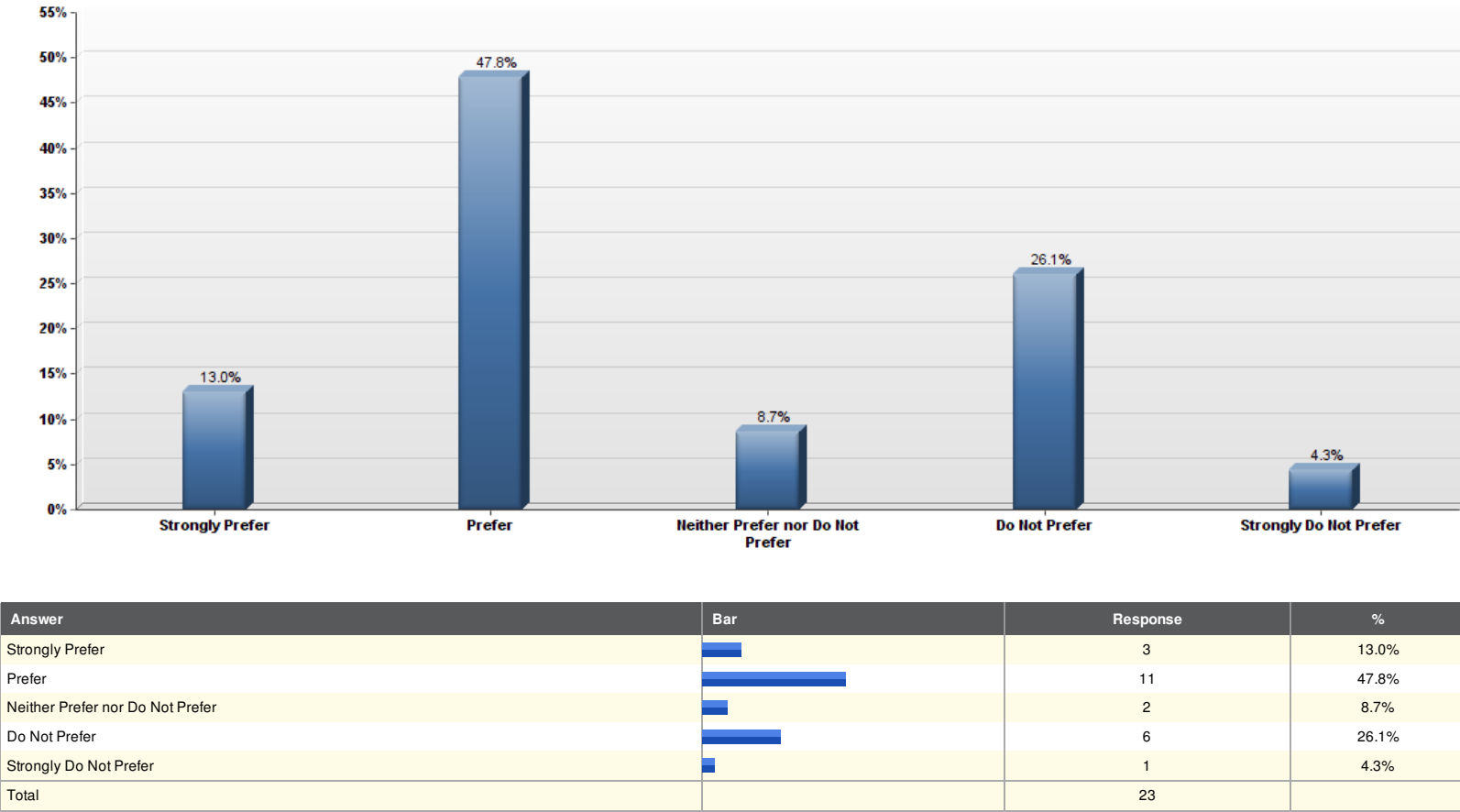
Question	Most Preferable	Least Preferable	Total Responses
Fixed costs only	18.2%	81.8%	11
Base plus a performance/incentive piece	53.8%	46.2%	13
Base plus enrollment	77.8%	22.2%	18

1.3 Should the formula include a fixed cost factor to provide a minimum guaranteed funding base for:

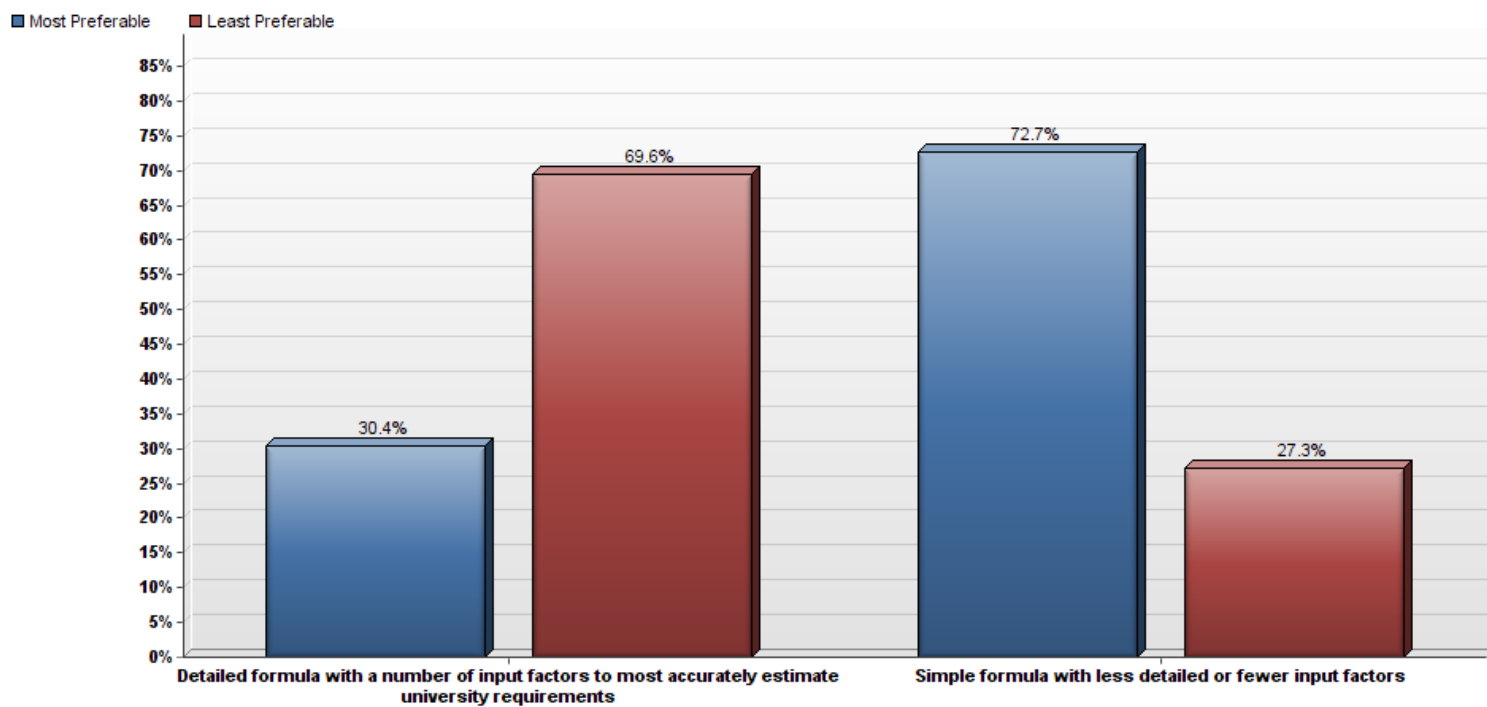


Answer	Bar	Response	%
Small universities only	<div></div>	2	8.7%
Small to mid-sized universities	<div></div>	5	21.7%
All universities	<div></div>	16	69.6%
Total		23	

1.4 Please indicate your level of preference for a base-plus model, where the base is frozen at current levels and only new funds are distributed as a result of the formula:

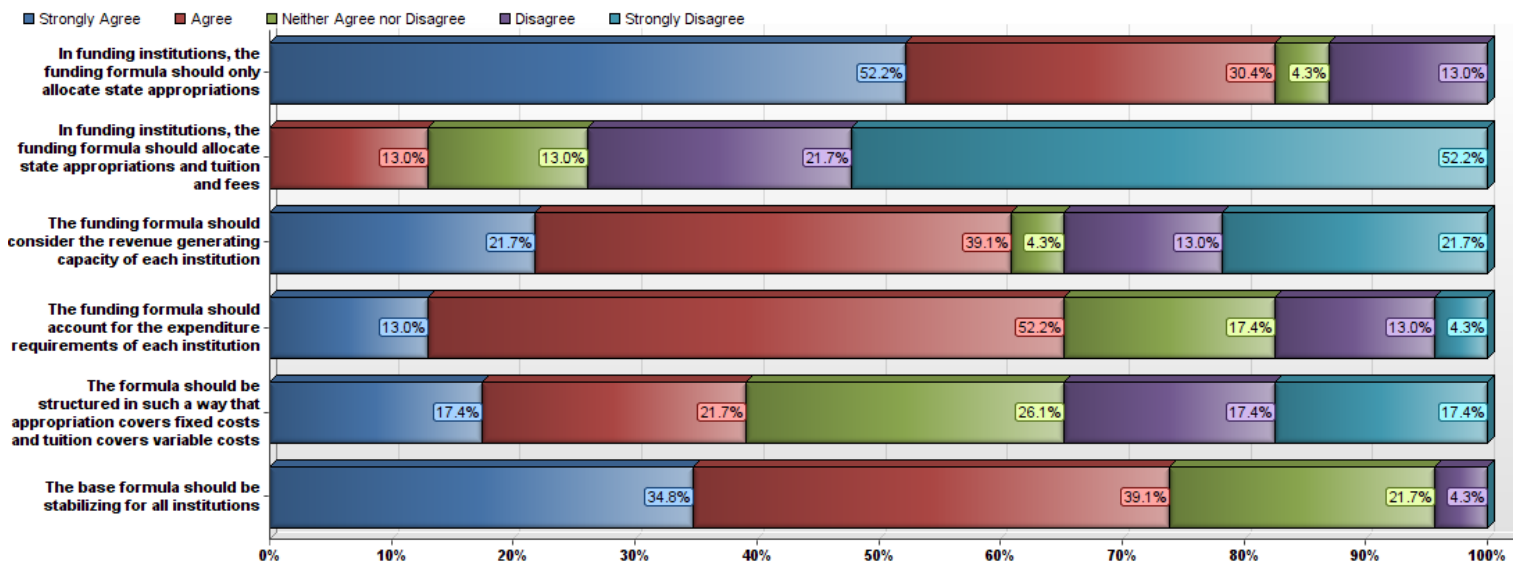


1.5 With regard to the number of input factors included in the model, which of the following is most preferable, and which is least preferable?



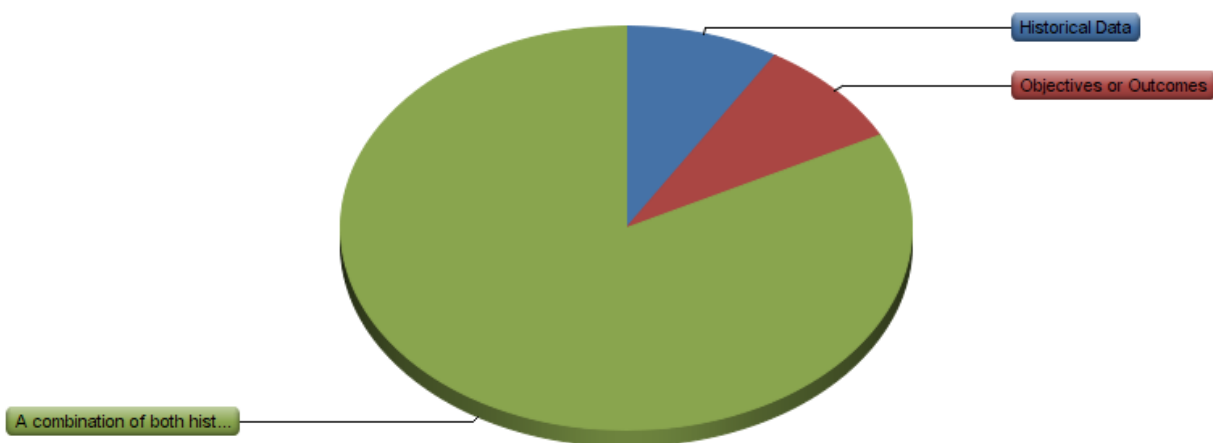
Question	Most Preferable	Least Preferable	Total Responses
Detailed formula with a number of input factors to most accurately estimate university requirements	30.4%	69.6%	23
Simple formula with less detailed or fewer input factors	72.7%	27.3%	22

1.6 Please indicate your level of agreement with the following statements:



Question	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Total Responses
In funding institutions, the funding formula should only allocate state appropriations	52.2%	30.4%	4.3%	13.0%	0.0%	23
In funding institutions, the funding formula should allocate state appropriations and tuition and fees	0.0%	13.0%	13.0%	21.7%	52.2%	23
The funding formula should consider the revenue generating capacity of each institution	21.7%	39.1%	4.3%	13.0%	21.7%	23
The funding formula should account for the expenditure requirements of each institution	13.0%	52.2%	17.4%	13.0%	4.3%	23
The formula should be structured in such a way that appropriation covers fixed costs and tuition covers variable costs	17.4%	21.7%	26.1%	17.4%	17.4%	23
The base formula should be stabilizing for all institutions	34.8%	39.1%	21.7%	4.3%	0.0%	23

1.7 Should the funding model be driven by:

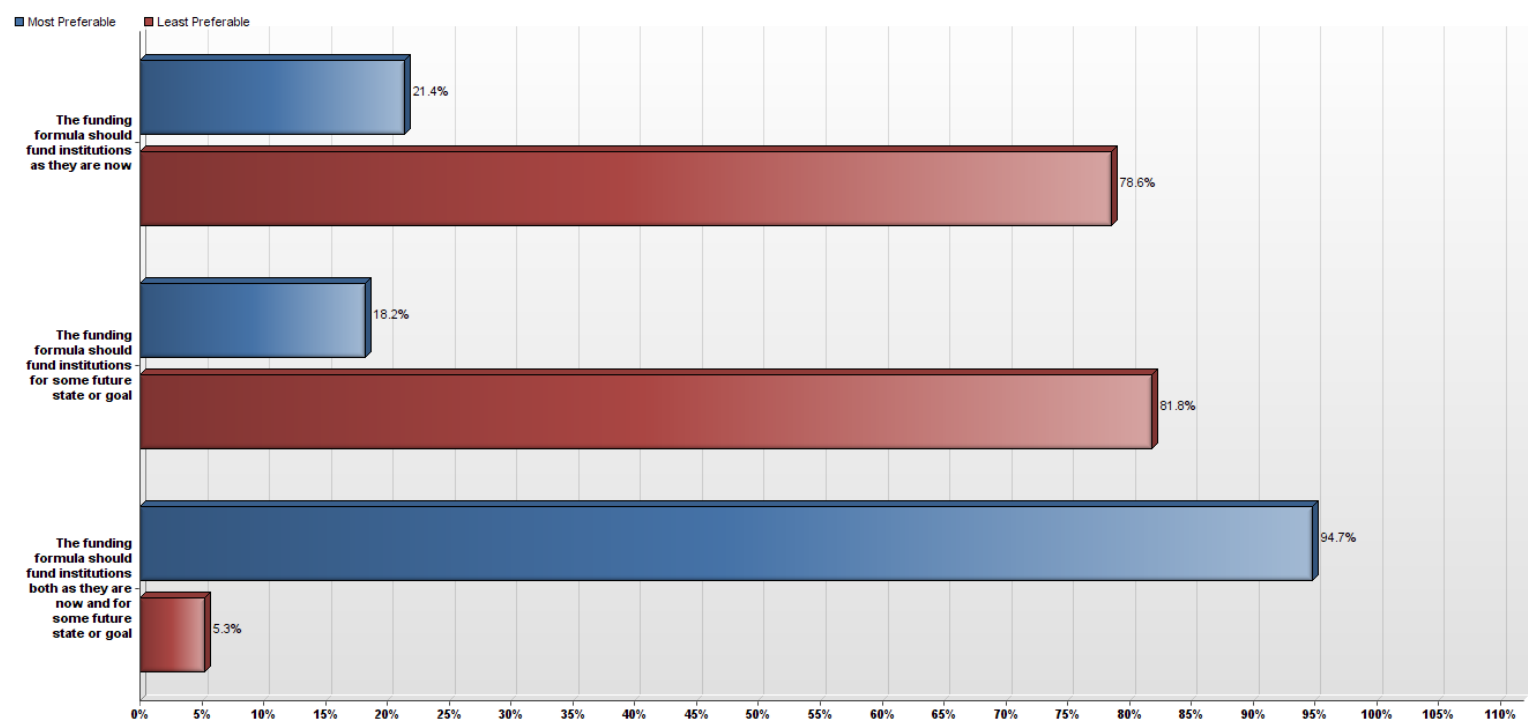


Answer	Bar	Response	%
Historical Data	<div></div>	2	8.7%
Objectives or Outcomes	<div></div>	2	8.7%
A combination of both historical data and objectives/outcomes	<div></div>	19	82.6%
Total		23	

1.8 The following are a number of possible goals and objectives for a new funding formula. Please indicate for each how important it is that the new funding formula:

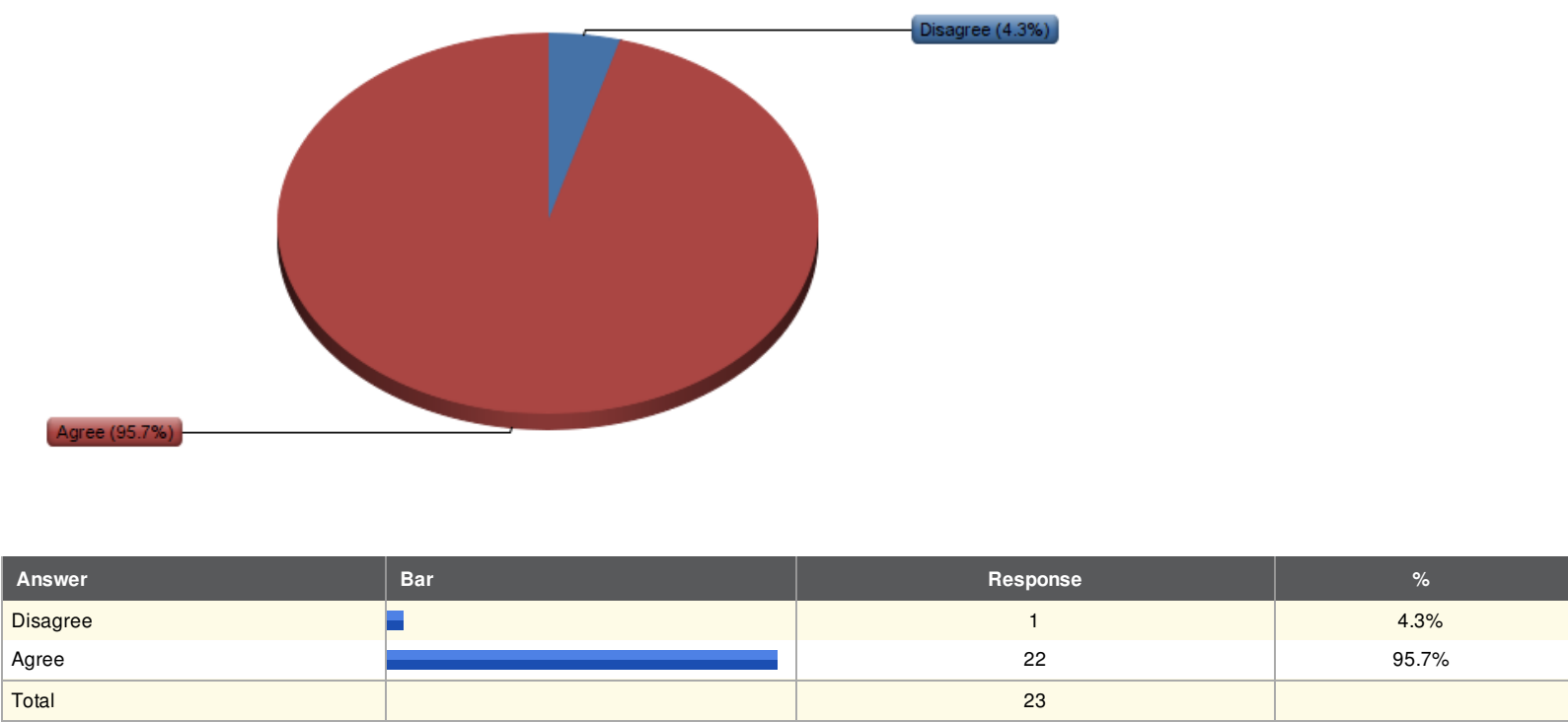
Question	Extremely Important	Very Important	Neither Important nor Unimportant	Very Unimportant	Not at all Important	Total Responses
Serves as a request preparation tool	8.7%	39.1%	34.8%	13.0%	4.3%	23
Aligns with the State System goals	34.8%	47.8%	13.0%	0.0%	4.3%	23
Allows for mission differentiation or mission similarity	26.1%	47.8%	17.4%	4.3%	4.3%	23
Allows for institutions with declining enrollment to be supported for a sufficient amount of time to retool	26.1%	52.2%	8.7%	13.0%	0.0%	23
Provides stability when universities change programmatic mission or offerings in response to workforce demands or Commonwealth needs	39.1%	39.1%	13.0%	8.7%	0.0%	23
Treats institutions of similar mission, student population, and enrollment equally	8.7%	52.2%	21.7%	13.0%	4.3%	23
Treats institutions that are dissimilar in terms of mission, student population, and enrollment differently	13.0%	39.1%	30.4%	13.0%	4.3%	23
Supports or rewards economic and workforce development	17.4%	47.8%	26.1%	4.3%	4.3%	23
Supports or rewards institutional collaboration	17.4%	30.4%	34.8%	8.7%	8.7%	23
Supports or rewards research	13.0%	26.1%	21.7%	26.1%	13.0%	23
Provides a fixed cost component for all universities, so less is distributed on a per student basis	21.7%	34.8%	26.1%	17.4%	0.0%	23
Funds mandatory cost increases (e.g., salary increases mandated by collective bargaining agreements; retirement rate increases)	56.5%	30.4%	8.7%	4.3%	0.0%	23
Includes stability protections such as stop-loss (limit cuts in any given year) or hold-harmless provisions	30.4%	34.8%	13.0%	13.0%	8.7%	23
Does not penalize universities with stable enrollment	36.4%	40.9%	18.2%	4.5%	0.0%	22
Aligns with individual university goals	43.5%	47.8%	4.3%	0.0%	4.3%	23

1.9 Which of the following approaches to allocating funding is most preferable, and which is least preferable?

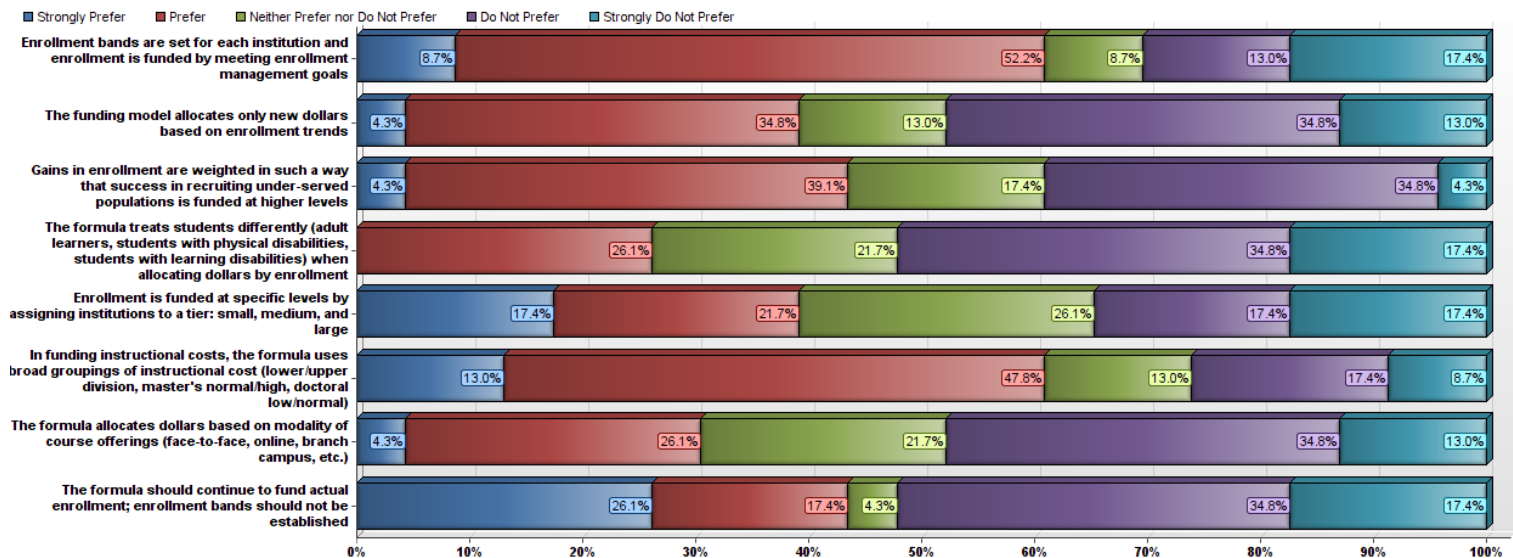


Question	Most Preferable	Least Preferable	Total Responses
The funding formula should fund institutions as they are now	21.4%	78.6%	14
The funding formula should fund institutions for some future state or goal	18.2%	81.8%	11
The funding formula should fund institutions both as they are now and for some future state or goal	94.7%	5.3%	19

1.10 If a new formula is adopted that significantly adjusts university funding, its implementation should be phased in over time.

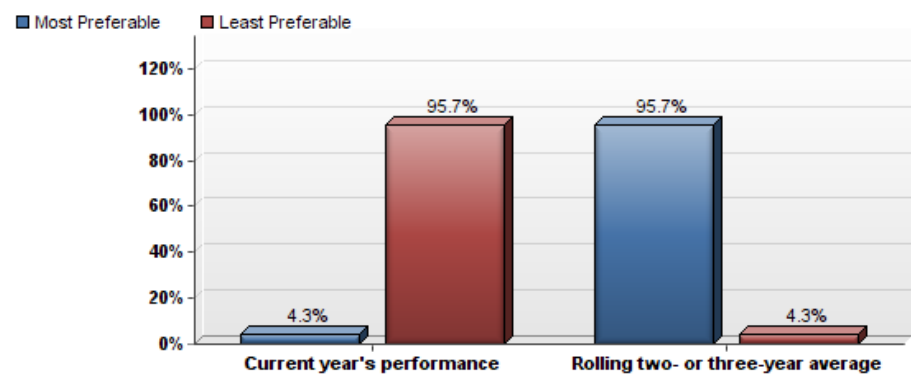


2.1 Please indicate your level of preference for the following modifications:



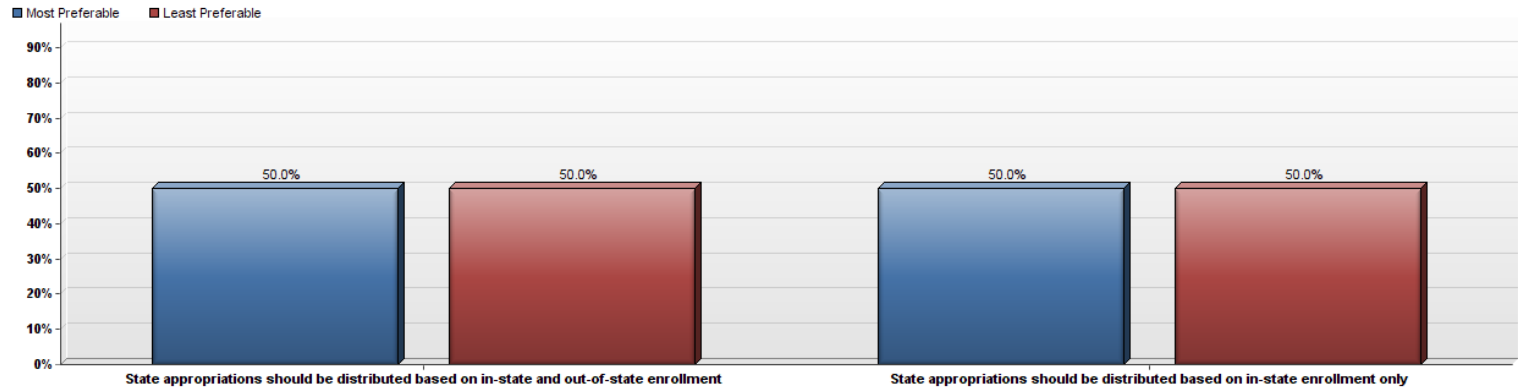
Question	Strongly Prefer	Prefer	Neither Prefer nor Do Not Prefer	Do Not Prefer	Strongly Do Not Prefer	Total Responses
Enrollment bands are set for each institution and enrollment is funded by meeting enrollment management goals	8.7%	52.2%	8.7%	13.0%	17.4%	23
The funding model allocates only new dollars based on enrollment trends	4.3%	34.8%	13.0%	34.8%	13.0%	23
Gains in enrollment are weighted in such a way that success in recruiting under-served populations is funded at higher levels	4.3%	39.1%	17.4%	34.8%	4.3%	23
The formula treats students differently (adult learners, students with physical disabilities, students with learning disabilities) when allocating dollars by enrollment	0.0%	26.1%	21.7%	34.8%	17.4%	23
Enrollment is funded at specific levels by assigning institutions to a tier: small, medium, and large	17.4%	21.7%	26.1%	17.4%	17.4%	23
In funding instructional costs, the formula uses broad groupings of instructional cost (lower/upper division, master's normal/high, doctoral low/normal)	13.0%	47.8%	13.0%	17.4%	8.7%	23
The formula allocates dollars based on modality of course offerings (face-to-face, online, branch campus, etc.)	4.3%	26.1%	21.7%	34.8%	13.0%	23
The formula should continue to fund actual enrollment; enrollment bands should not be established	26.1%	17.4%	4.3%	34.8%	17.4%	23

2.2 Which of the following approaches to using specific data in the model is most preferable, and which is least preferable?



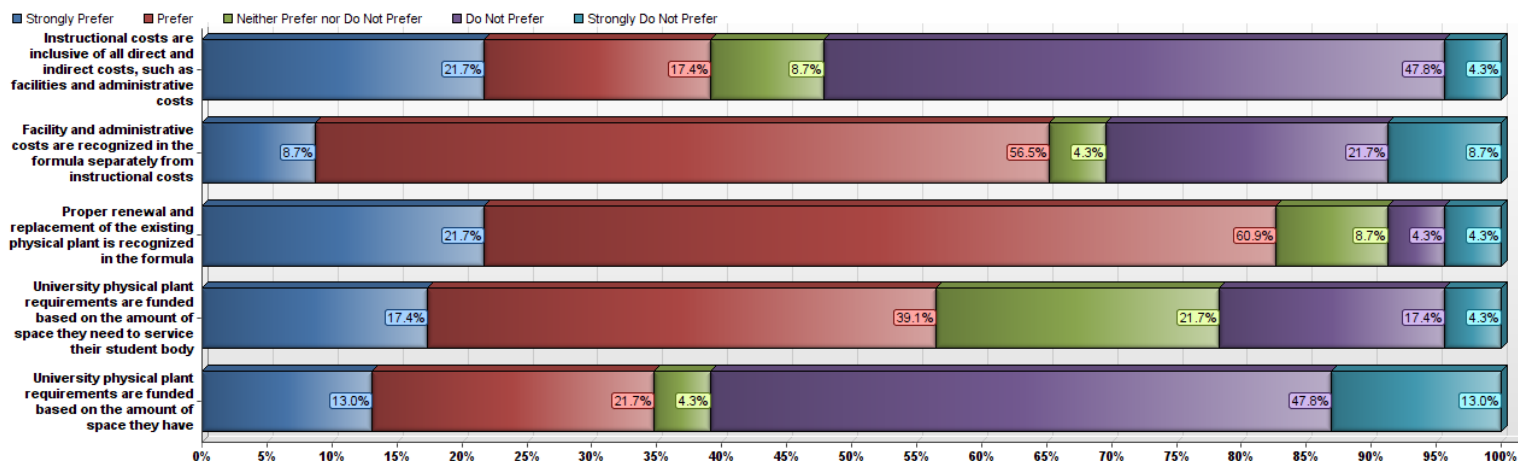
Question	Most Preferable	Least Preferable	Total Responses
Current year's performance	4.3%	95.7%	23
Rolling two- or three-year average	95.7%	4.3%	23

2.3 Which of the following approaches to funding enrollment is most preferable, and which is least preferable?



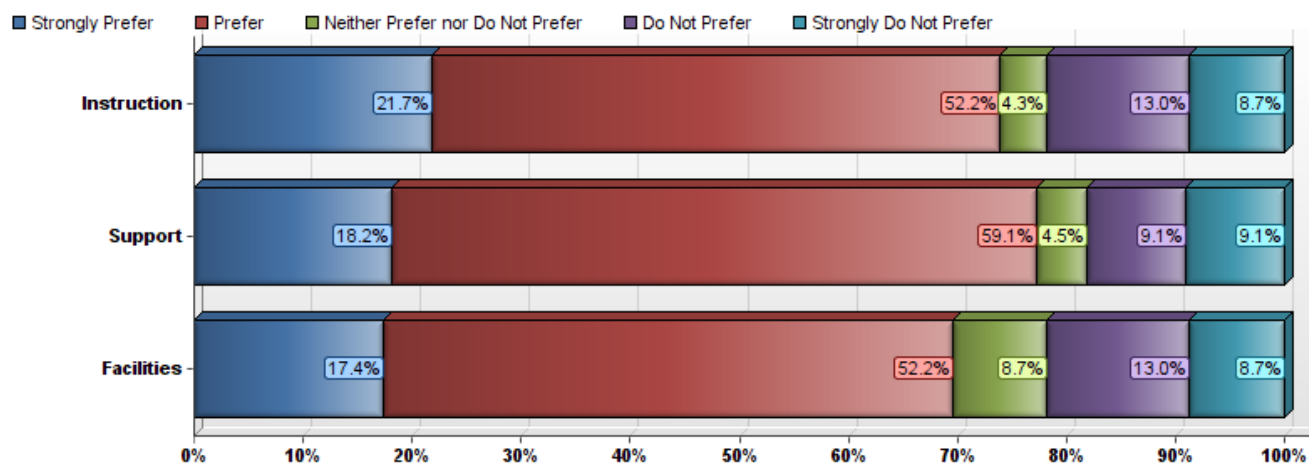
Question	Most Preferable	Least Preferable	Total Responses
State appropriations should be distributed based on in-state and out-of-state enrollment	50.0%	50.0%	22
State appropriations should be distributed based on in-state enrollment only	50.0%	50.0%	22

2.4 Please indicate your level of preference for the following modifications:



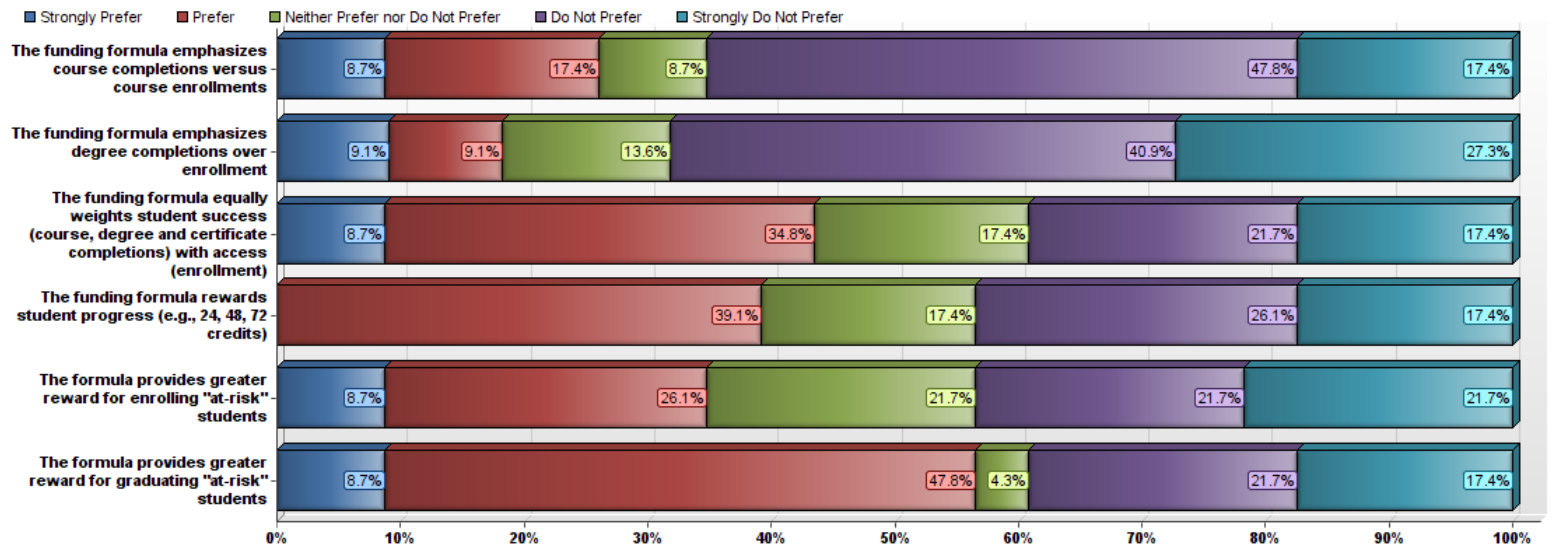
Question	Strongly Prefer	Prefer	Neither Prefer nor Do Not Prefer	Do Not Prefer	Strongly Do Not Prefer	Total Responses
Instructional costs are inclusive of all direct and indirect costs, such as facilities and administrative costs	21.7%	17.4%	8.7%	47.8%	4.3%	23
Facility and administrative costs are recognized in the formula separately from instructional costs	8.7%	56.5%	4.3%	21.7%	8.7%	23
Proper renewal and replacement of the existing physical plant is recognized in the formula	21.7%	60.9%	8.7%	4.3%	4.3%	23
University physical plant requirements are funded based on the amount of space they need to service their student body	17.4%	39.1%	21.7%	17.4%	4.3%	23
University physical plant requirements are funded based on the amount of space they have	13.0%	21.7%	4.3%	47.8%	13.0%	23

2.5 Please indicate your level of preference for continuing the current practice of separately addressing the following functional cost components in the formula:



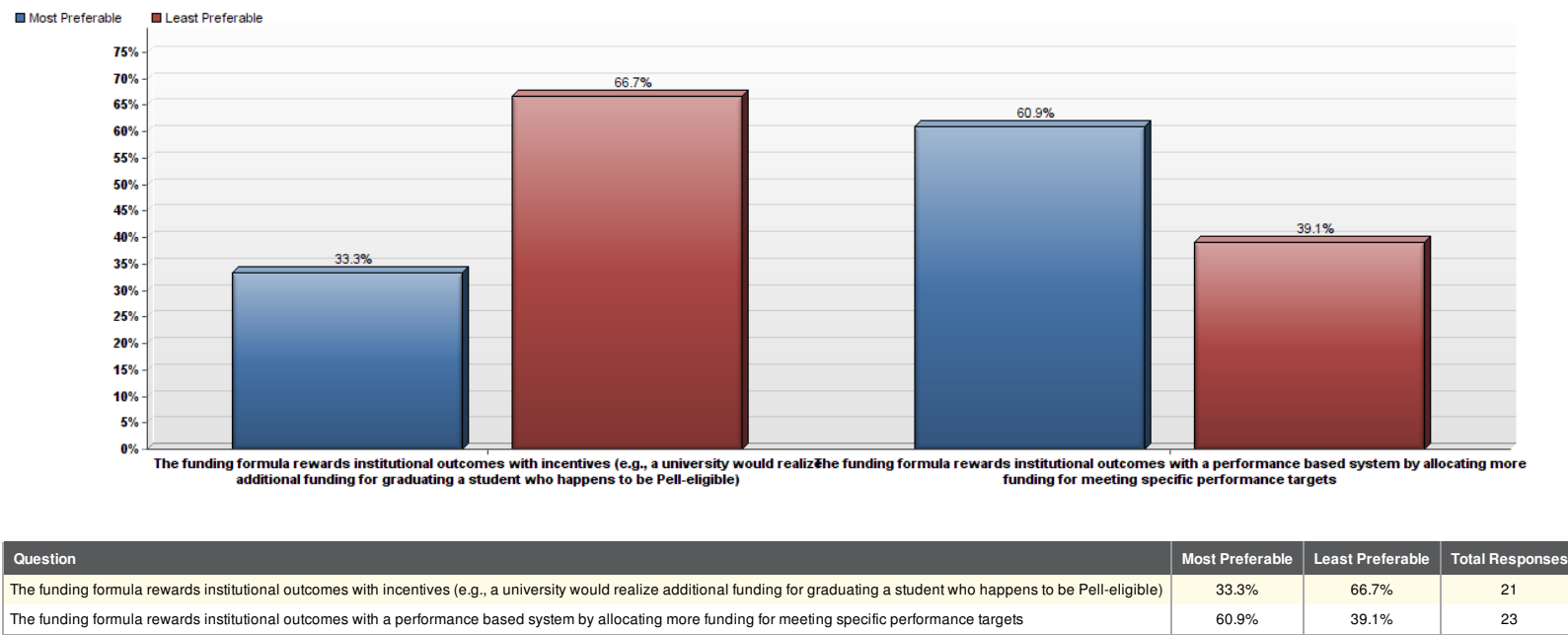
Question	Strongly Prefer	Prefer	Neither Prefer nor Do Not Prefer	Do Not Prefer	Strongly Do Not Prefer	Total Responses
Instruction	21.7%	52.2%	4.3%	13.0%	8.7%	23
Support	18.2%	59.1%	4.5%	9.1%	9.1%	22
Facilities	17.4%	52.2%	8.7%	13.0%	8.7%	23

2.6 The following are a number of possible modifications to the way in which the formula accounts for course enrollments and degree progress/completions. Please indicate your level of preference for the following items:

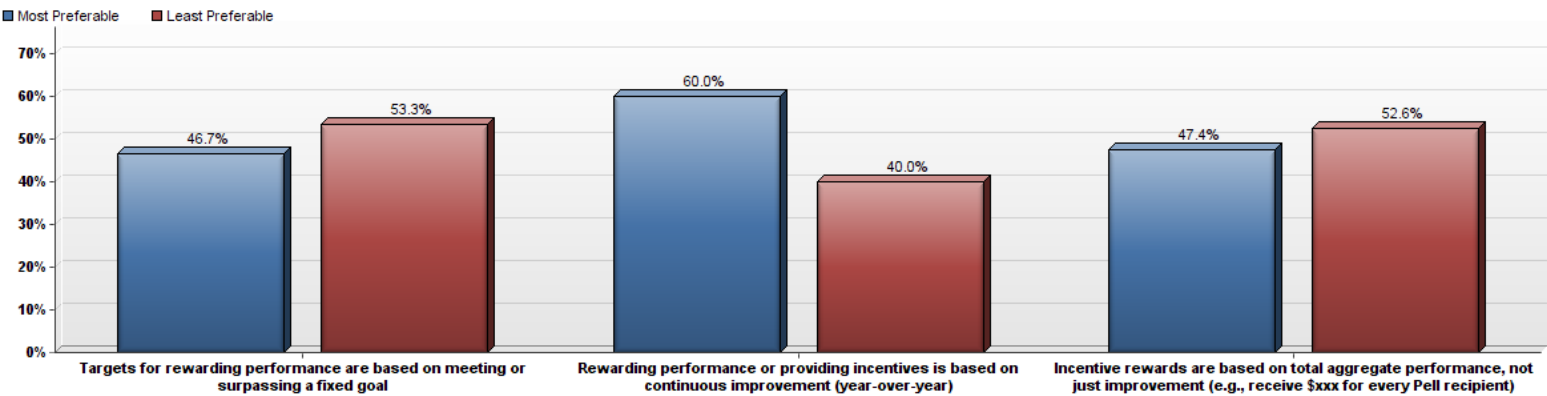


Question	Strongly Prefer	Prefer	Neither Prefer nor Do Not Prefer	Do Not Prefer	Strongly Do Not Prefer	Total Responses
The funding formula emphasizes course completions versus course enrollments	8.7%	17.4%	8.7%	47.8%	17.4%	23
The funding formula emphasizes degree completions over enrollment	9.1%	9.1%	13.6%	40.9%	27.3%	22
The funding formula equally weights student success (course, degree and certificate completions) with access (enrollment)	8.7%	34.8%	17.4%	21.7%	17.4%	23
The funding formula rewards student progress (e.g., 24, 48, 72 credits)	0.0%	39.1%	17.4%	26.1%	17.4%	23
The formula provides greater reward for enrolling "at-risk" students	8.7%	26.1%	21.7%	21.7%	21.7%	23
The formula provides greater reward for graduating "at-risk" students	8.7%	47.8%	4.3%	21.7%	17.4%	23

3.1 If a performance piece is included in the funding formula, which of these is most preferable, and which is least preferable?

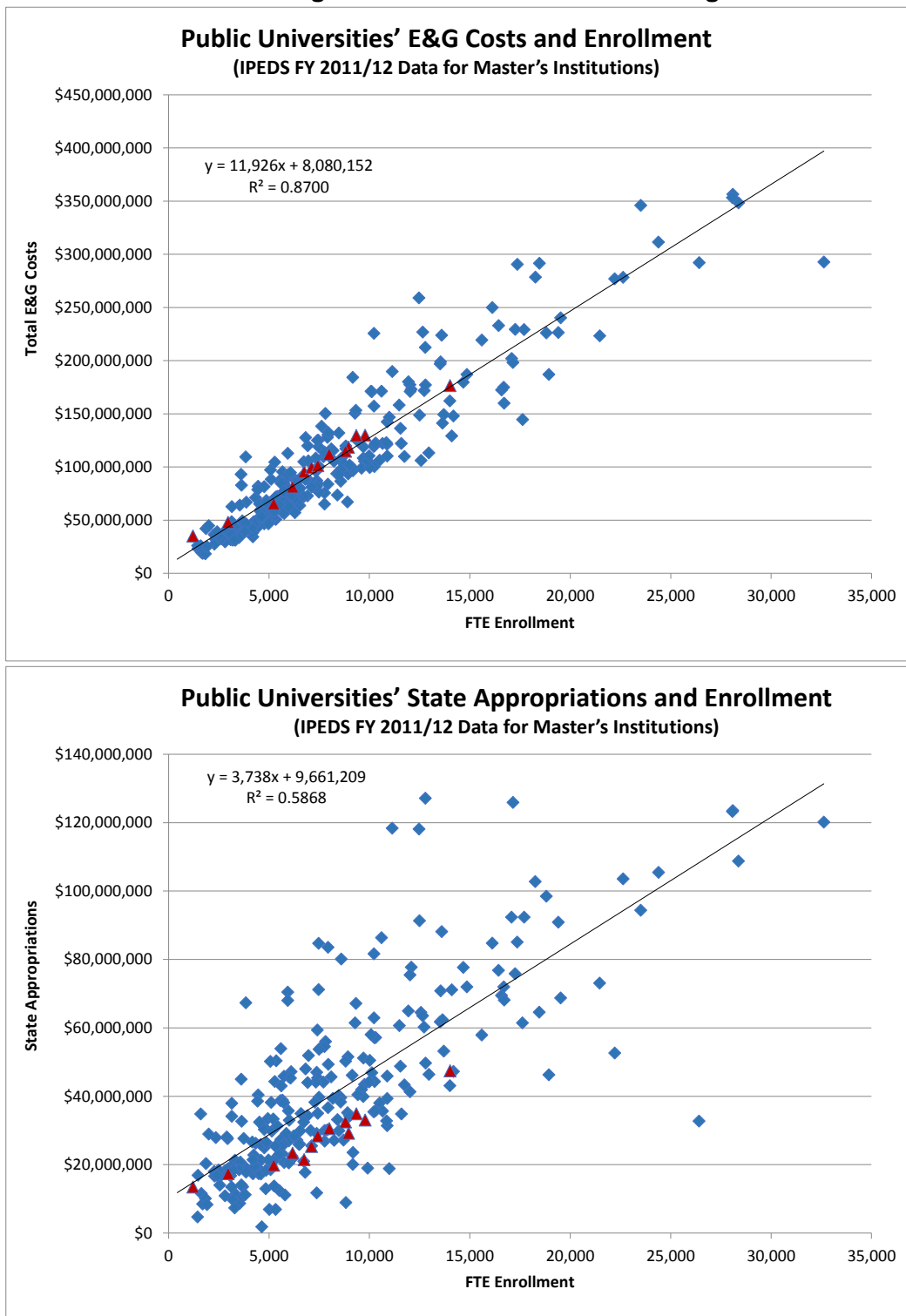


3.2 If a performance or incentive piece is included in the funding formula, which of these is most preferable, and which is least preferable?



Appendix C

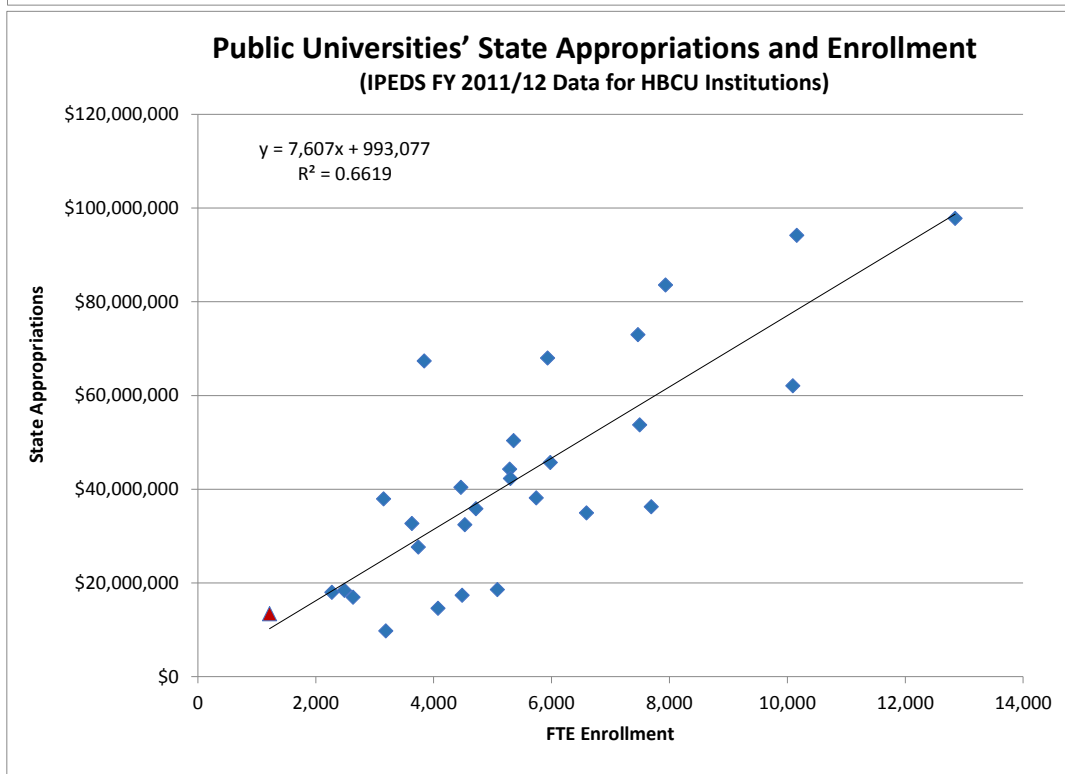
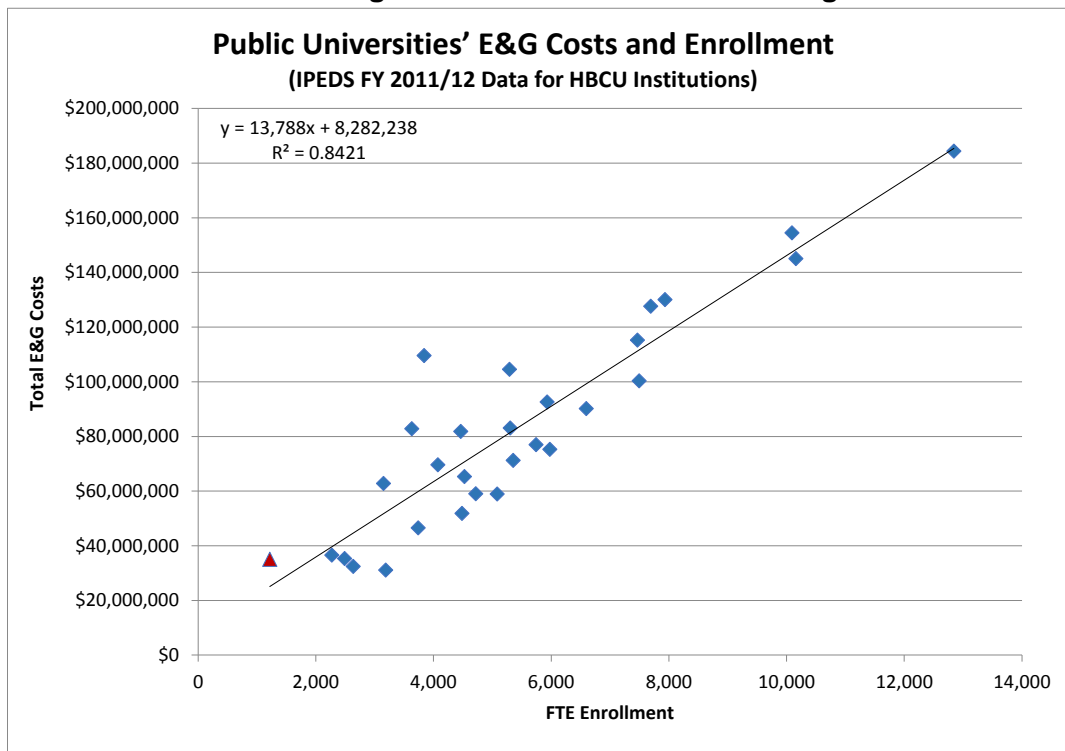
Pennsylvania State System of Higher Education IPEDS Public Higher Education Cost and Funding Charts



Note: PASSHE Universities are denoted with a red triangle marker.



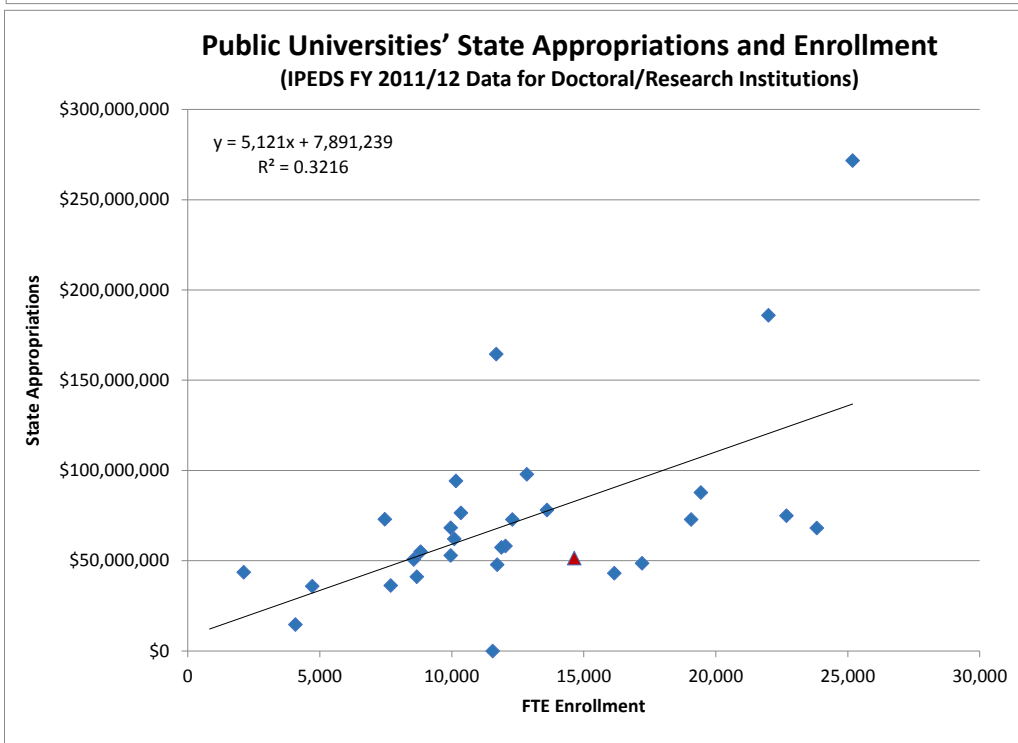
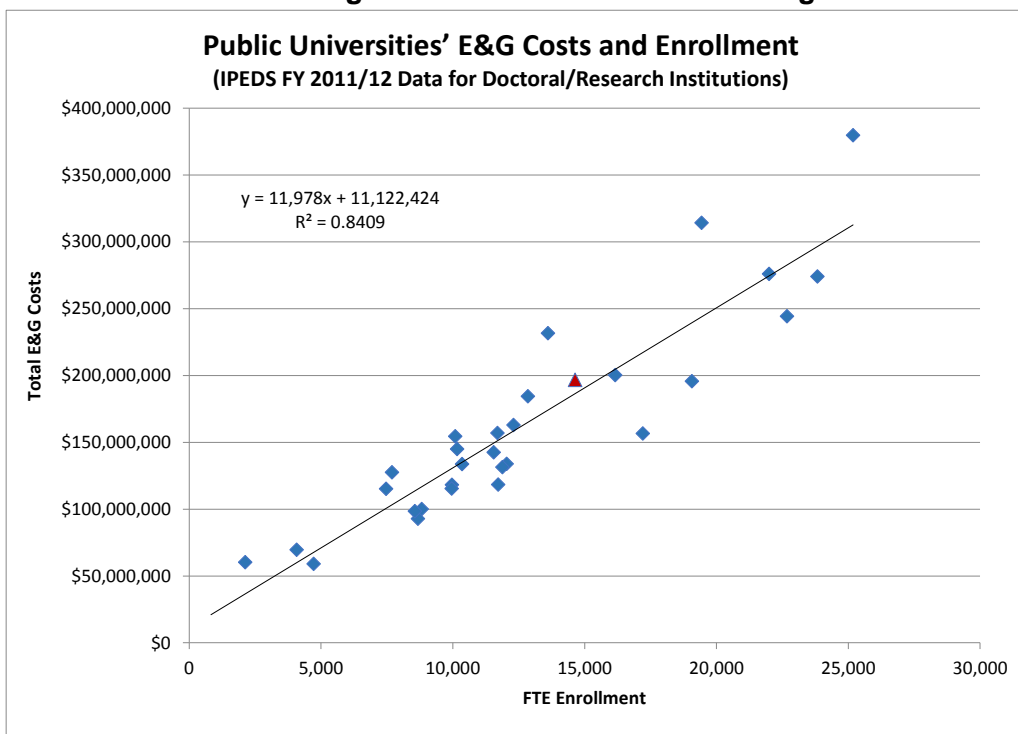
Appendix C (continued)
 Pennsylvania State System of Higher Education
 IPEDS Public Higher Education Cost and Funding Charts



Note: PASSHE University is denoted with a red triangle marker.



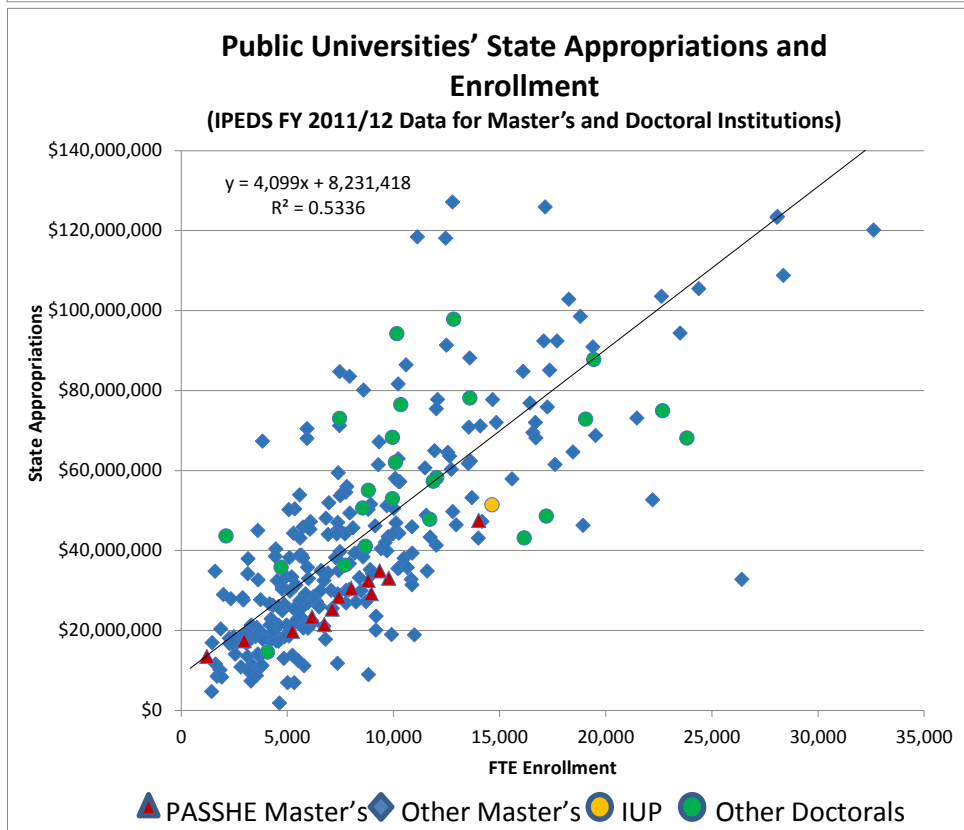
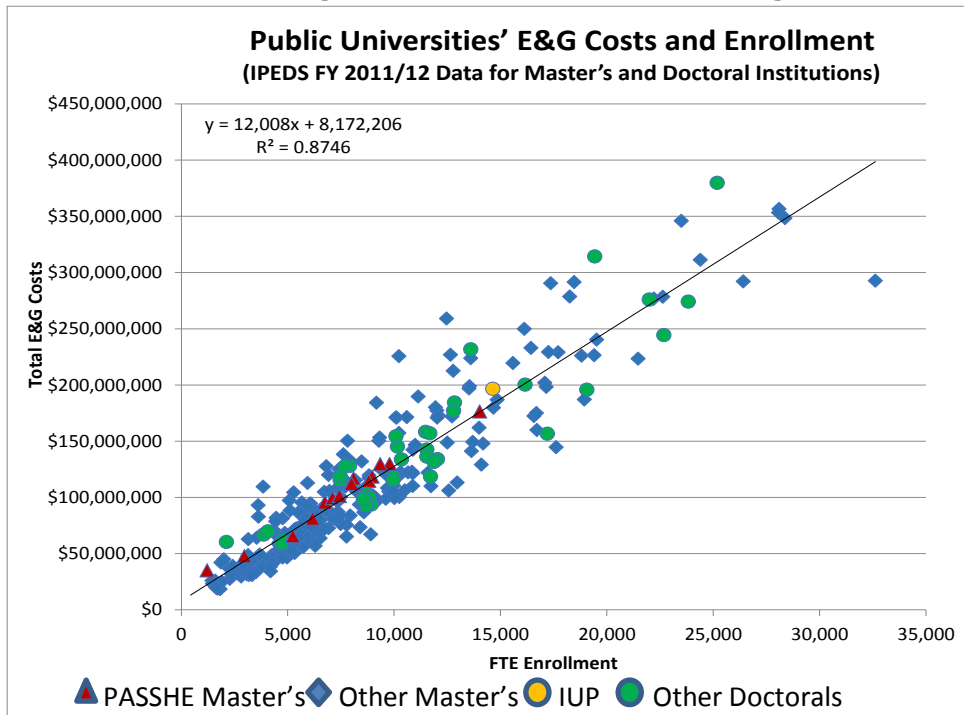
Appendix C (continued)
Pennsylvania State System of Higher Education
IPEDS Public Higher Education Cost and Funding Charts



Note: PASSHE University is denoted with a red triangle marker.



Appendix C (continued)
 Pennsylvania State System of Higher Education
 IPEDS Public Higher Education Cost and Funding Charts





Appendix D
Pennsylvania State System of Higher Education
Calculated Fixed Costs for Minimum-Size University
Estimated as of April 15, 2014

Estimated Fixed Costs for No Students

	Fixed Cost	Description
Complement Compensation	\$4,681,850	56 FTE Employees (see below)
Operating Expenses	468,185	10% of Compensation
Plant Life Cycle	1,291,390	121,000 GSF* based on Space Guidelines
Operation and Maintenance of Plant	1,002,078	\$8.25 per GSF,* per current formula
Shared Services	685,300	Minimum cost of PASSHE consolidated administrative services
Total Estimated Fixed Costs	\$8,128,803	

*Gross square feet

Complement

The following 17 administrative positions were considered essential to ensure appropriate expertise in all functional areas. The cost estimates, above, were based on national average salaries for public baccalaureate institutions and include PASSHE's estimated benefits.

- President (salary adjusted for PASSHE)
- Chief academic affairs officer/provost
- Chief financial officer
- Chief facilities officer
- Chief public relations officer
- Chief accounting officer/controller
- Chief purchasing officer
- Chief student admissions officer
- Chief student financial aid officer
- Chief student registrar
- Deputy chief library officer
- Deputy chief, student affairs
- Deputy chief human resources officer
- Bursar
- Chief campus security/police
- Chief campus telecommunications/network administrator
- Chief campus academic computing

In addition, the following are included, based on average PASSHE compensation.

34 staff were added, assuming a 2:1 staff/administrator ratio.

5 faculty were added, to allow for curriculum development prior to any students enrolling.

Note: Faculty generally are a variable cost.

Some physical plant staff are funded through the \$8.25-per-square-foot allowance, above.



Appendix E

Pennsylvania State System of Higher Education

PASSHE Enrollment and Instructional Cost

Undergraduate Cost Per Department, Fall 2012

CIP	Department	Number of Lower Division FTE Students	Lower Division Cost Per FTE Student	Number of Upper Division FTE Students	Upper Division Cost Per FTE Student	Number of Undergraduate FTE Students	Undergraduate Cost Per FTE Student
05	AREA, ETHNIC, CULTURAL, GENDER, AND GROUP STUDIES	54.20	\$1,288.67	0.00	\$0.00	54.20	\$1,288.67
09	COMMUNICATION, JOURNALISM, AND RELATED PROGRAMS	3,167.60	\$2,557.32	1,231.73	\$3,899.57	4,399.33	\$2,933.12
10	COMMUNICATIONS TECHNOLOGIES/TECHNICIANS AND SUPPORT SERVICES	53.00	\$3,338.41	42.00	\$4,993.60	95.00	\$4,070.18
11	COMPUTER AND INFORMATION SCIENCES AND SUPPORT SERVICES	1,224.00	\$2,781.54	425.40	\$4,265.26	1,649.40	\$3,164.21
13	EDUCATION	2,747.67	\$2,732.06	5,036.73	\$3,594.20	7,784.40	\$3,289.89
15	ENGINEERING TECHNOLOGIES AND ENGINEERING-RELATED FIELDS	360.00	\$3,890.47	387.67	\$4,956.91	747.67	\$4,443.42
16	FOREIGN LANGUAGES, LITERATURES, AND LINGUISTICS	1,936.40	\$2,785.46	605.70	\$3,596.38	2,542.10	\$2,978.67
19	FAMILY AND CONSUMER SCIENCES/HUMAN SCIENCES	384.53	\$2,335.73	224.60	\$2,961.52	609.13	\$2,566.48
22	LEGAL PROFESSIONS AND STUDIES	0.00	\$0.00	82.60	\$1,441.33	82.60	\$1,441.33
23	ENGLISH LANGUAGE AND LITERATURE/LETTERS	6,135.07	\$2,971.08	1,455.57	\$3,611.31	7,590.63	\$3,093.85
24	LIBERAL ARTS AND SCIENCES, GENERAL STUDIES AND HUMANITIES	159.13	\$2,905.58	0.00	\$0.00	159.13	\$2,905.58
25	LIBRARY SCIENCE	22.60	\$3,820.20	76.80	\$4,082.50	99.40	\$4,022.86
26	BIOLOGICAL AND BIOMEDICAL SCIENCES	3,339.83	\$2,855.80	1,006.60	\$5,474.94	4,346.43	\$3,462.37
27	MATHEMATICS AND STATISTICS	5,721.07	\$2,139.32	894.07	\$3,842.57	6,615.13	\$2,369.53
30	MULTI/INTERDISCIPLINARY STUDIES	210.27	\$2,904.28	90.00	\$2,401.49	300.27	\$2,753.58
31	PARKS, RECREATION, LEISURE, AND FITNESS STUDIES	1,451.80	\$2,741.46	1,480.87	\$3,260.59	2,932.67	\$3,003.60
32	BASIC SKILLS AND DEVELOPMENTAL/REMEDIATION EDUCATION	252.80	\$2,987.97	0.00	\$0.00	252.80	\$2,987.97
38	PHILOSOPHY AND RELIGIOUS STUDIES	1,740.53	\$1,867.62	257.40	\$3,216.75	1,997.93	\$2,041.43
40	PHYSICAL SCIENCES	5,278.10	\$2,689.08	1,026.70	\$6,261.14	6,304.80	\$3,270.77
42	PSYCHOLOGY	3,618.27	\$1,719.96	1,939.57	\$3,254.03	5,557.83	\$2,255.32
43	HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING AND RELATED PROTECTIVE SERVICES	609.50	\$1,782.88	974.53	\$2,547.37	1,584.03	\$2,253.21
44	PUBLIC ADMINISTRATION AND SOCIAL SERVICE PROFESSIONS	420.60	\$2,185.34	688.67	\$3,252.43	1,109.27	\$2,847.82
45	SOCIAL SCIENCES	7,759.00	\$1,799.69	2,414.20	\$3,331.72	10,173.20	\$2,163.26
50	VISUAL AND PERFORMING ARTS	5,313.90	\$3,228.39	1,792.03	\$6,111.04	7,105.93	\$3,955.36
51	HEALTH PROFESSIONS AND RELATED PROGRAMS	2,401.37	\$2,702.00	2,812.87	\$4,291.11	5,214.23	\$3,559.27
52	BUSINESS, MANAGEMENT, MARKETING, AND RELATED SUPPORT SERVICES	3,836.13	\$2,110.78	5,121.93	\$3,268.67	8,958.07	\$2,772.82
54	HISTORY	3,025.07	\$1,942.92	866.80	\$3,725.36	3,891.87	\$2,339.91
	TOTAL	61,222.43	\$2,451.82	30,935.03	\$3,837.14	92,157.47	\$2,916.84



Appendix E (continued)
Pennsylvania State System of Higher Education
PASSHE Enrollment and Instructional Cost

Graduate Cost Per Department, Fall 2012

CIP	Department	Number of Master's FTE Students	Masters Cost Per FTE Student	Number of Doctoral FTE Students	Doctoral Cost Per FTE Student	Number of Graduate FTE Students	Graduate Cost Per FTE Student	Number of Total FTE Students	Total Cost Per FTE Student
05	AREA, ETHNIC, CULTURAL, GENDER, AND GROUP STUDIES	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	54.20	\$1,288.67
09	COMMUNICATION, JOURNALISM, AND RELATED PROGRAMS	90.92	\$4,559.93	19.67	\$3,937.15	110.58	\$4,449.56	4,509.91	\$2,970.31
10	COMMUNICATIONS TECHNOLOGIES/TECHNICIANS AND SUPPORT SERVICES	17.25	\$6,615.87	0.00	\$0.00	17.25	\$6,615.87	112.25	\$4,461.39
11	COMPUTER AND INFORMATION SCIENCES AND SUPPORT SERVICES	124.50	\$2,422.89	0.00	\$0.00	124.50	\$2,422.89	1,773.90	\$3,112.18
13	EDUCATION	2,388.50	\$5,041.81	88.00	\$6,293.09	2,476.50	\$5,086.28	10,260.90	\$3,723.45
15	ENGINEERING TECHNOLOGIES AND ENGINEERING-RELATED FIELDS	68.25	\$3,809.80	0.00	\$0.00	68.25	\$3,809.80	815.92	\$4,390.42
16	FOREIGN LANGUAGES, LITERATURES, AND LINGUISTICS	43.00	\$4,948.56	6.25	\$5,382.14	49.25	\$5,003.58	2,591.35	\$3,017.16
19	FAMILY AND CONSUMER SCIENCES/HUMAN SCIENCES	11.38	\$7,933.50	0.00	\$0.00	11.38	\$7,933.50	620.51	\$2,664.91
22	LEGAL PROFESSIONS AND STUDIES	100.00	\$2,145.50	0.00	\$0.00	100.00	\$2,145.50	182.60	\$1,826.96
23	ENGLISH LANGUAGE AND LITERATURE/LETTERS	141.00	\$5,001.73	61.58	\$4,921.91	202.58	\$4,977.47	7,793.21	\$3,142.82
24	LIBERAL ARTS AND SCIENCES, GENERAL STUDIES AND HUMANITIES	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	159.13	\$2,905.58
25	LIBRARY SCIENCE	300.50	\$2,687.93	0.00	\$0.00	300.50	\$2,687.93	399.90	\$3,019.75
26	BIOLOGICAL AND BIOMEDICAL SCIENCES	79.75	\$5,816.51	0.00	\$0.00	79.75	\$5,816.51	4,426.18	\$3,504.79
27	MATHEMATICS AND STATISTICS	90.42	\$4,661.72	3.50	\$6,277.36	93.92	\$4,721.93	6,709.05	\$2,402.46
30	MULTI/INTERDISCIPLINARY STUDIES	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	300.27	\$2,753.58
31	PARKS, RECREATION, LEISURE, AND FITNESS STUDIES	500.00	\$3,096.03	0.00	\$0.00	500.00	\$3,096.03	3,432.67	\$3,017.06
32	BASIC SKILLS AND DEVELOPMENTAL/REMEDIAL EDUCATION	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	252.80	\$2,987.97
38	PHILOSOPHY AND RELIGIOUS STUDIES	16.00	\$6,973.56	0.00	\$0.00	16.00	\$6,973.56	2,013.93	\$2,080.61
40	PHYSICAL SCIENCES	47.50	\$5,330.76	0.00	\$0.00	47.50	\$5,330.76	6,352.30	\$3,286.17
42	PSYCHOLOGY	452.08	\$5,351.37	81.58	\$5,588.58	533.67	\$5,387.53	6,091.50	\$2,529.73
43	HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING AND RELATED PROTECTIVE SERVICES	59.00	\$4,725.28	0.00	\$0.00	59.00	\$4,725.28	1,643.03	\$2,341.98
44	PUBLIC ADMINISTRATION AND SOCIAL SERVICE PROFESSIONS	510.75	\$4,604.33	0.00	\$0.00	510.75	\$4,604.33	1,620.02	\$3,401.60
45	SOCIAL SCIENCES	330.42	\$4,384.24	35.50	\$7,211.59	365.92	\$4,658.54	10,539.12	\$2,249.89
50	VISUAL AND PERFORMING ARTS	124.33	\$6,781.40	0.00	\$0.00	124.33	\$6,781.40	7,230.26	\$4,003.96
51	HEALTH PROFESSIONS AND RELATED PROGRAMS	1,110.00	\$4,982.99	251.25	\$4,915.74	1,361.25	\$4,970.58	6,575.48	\$3,851.44
52	BUSINESS, MANAGEMENT, MARKETING, AND RELATED SUPPORT SERVICES	585.83	\$3,965.02	8.08	\$7,257.40	593.92	\$4,009.74	9,551.99	\$2,849.73
54	HISTORY	105.50	\$4,495.81	0.00	\$0.00	105.50	\$4,495.81	3,997.37	\$2,396.81
	TOTAL	7,296.88	\$4,608.99	555.42	\$5,393.37	7,852.29	\$4,664.48	100,009.76	\$3,054.05



Appendix F

Pennsylvania State System of Higher Education

Proposed New Formula for Distribution of Educational & General (E&G) Appropriation

Proposed FY 2014/15 Formula Results

Assumes Governor's Recommended Appropriation and Adjustments to Funding for System-Wide Initiatives

System-Wide Educational & General (E&G) Funding Available to Fund Total Calculated University Cost	
E&G State Appropriation	\$412,751,000
System-Wide Initiatives*	42,221,864
Fixed Cost Component	116,366,486
For distribution through calculated university cost categories	254,162,650
Total University Allocation	\$370,529,136
System's Calculated University Cost	\$1,417,437,031
Percentage of Need Funded	17.9%

	Fixed Cost Component	Calculated University Cost Categories (Funded at 17.9% of Cost)				Formula Base E&G Appropriation
		Instruction	Support	Plant	Total	
Bloomburg	\$8,080,152	\$50,582,707	\$48,949,790	\$21,161,873	\$120,694,370	\$29,722,031
California	8,080,152	47,001,701	39,820,213	17,840,415	104,662,329	26,847,303
Cheyney	8,282,238	5,902,609	6,114,554	9,957,508	21,974,671	12,222,548
Clarion	8,080,152	33,893,683	31,355,244	16,089,988	81,338,915	22,665,149
East Stroudsburg	8,080,152	30,232,205	27,652,372	17,442,909	75,327,486	21,587,231
Edinboro	8,080,152	39,044,538	34,643,434	17,590,750	91,278,722	24,447,469
Indiana	11,122,424	79,422,925	74,265,569	36,511,418	190,199,912	45,227,441
Kutztown	8,080,152	50,720,769	47,029,856	22,218,776	119,969,401	29,592,036
Lock Haven	8,080,152	28,548,240	27,168,038	14,540,776	70,257,054	20,678,044
Mansfield	8,080,152	14,563,304	13,128,802	11,126,879	38,818,985	15,040,839
Millersville	8,080,152	46,064,836	42,508,426	20,446,191	109,019,453	27,628,585
Shippensburg	8,080,152	39,818,511	39,056,759	20,667,139	99,542,409	25,929,243
Slippery Rock	8,080,152	48,706,856	42,994,356	21,624,916	113,326,128	28,400,821
West Chester	8,080,152	78,503,973	71,231,745	31,291,478	181,027,196	40,540,396
University Total	\$116,366,486	\$593,006,857	\$545,919,158	\$278,511,016	\$1,417,437,031	\$370,529,136

*Includes Performance Funding, Office of Internal Audit and Risk Assessment, Office of the Chancellor, System Reserve, Dixon University Center Academic Consortium, McKeever Environmental Learning Center, and Faculty Professional Development funds.



Appendix F (continued)
Pennsylvania State System of Higher Education
Proposed New Formula for Distribution of Educational & General (E&G) Appropriation
Proposed FY 2014/15 Formula Results Compared to FY 2013/14 Funding
Assumes Governor's Recommended Appropriation and Adjustments to Funding for System-Wide Initiatives

	FY 2013/14 Formula Distribution with Adjustment*	FY 2014/15 Proposed Formula Distribution	Difference**	% Change from Formula Distribution with Adjustment*	FY 2013/14 E&G Revenue from BUDRPT	% Change in Total E&G Revenue	Proposed Implementation: 3-year Annual Adjustment***
Bloomburg	\$30,148,443	\$29,722,031	\$(426,412)	-1.4%	\$138,796,765	-0.3%	\$(142,137)
California	27,106,754	26,847,303	(259,451)	-1.0%	110,615,200	-0.2%	(86,484)
Cheyney	12,627,393	12,222,548	(404,845)	-3.2%	25,186,957	-1.6%	(134,948)
Clarion	20,191,777	22,665,149	2,473,372	12.2%	86,135,079	2.9%	824,457
East Stroudsburg	19,435,970	21,587,231	2,151,261	11.1%	97,298,415	2.2%	717,087
Edinboro	23,313,608	24,447,469	1,133,861	4.9%	97,880,788	1.2%	377,954
Indiana	48,172,224	45,227,441	(2,944,783)	-6.1%	218,586,157	-1.3%	(981,594)
Kutztown	30,351,621	29,592,036	(759,585)	-2.5%	127,669,070	-0.6%	(253,195)
Lock Haven	18,333,932	20,678,044	2,344,112	12.8%	68,937,669	3.4%	781,371
Mansfield	15,929,031	15,040,839	(888,192)	-5.6%	47,455,700	-1.9%	(296,064)
Millersville	27,591,936	27,628,585	36,649	0.1%	110,855,457	0.0%	12,216
Shippensburg	25,015,998	25,929,243	913,245	3.7%	99,584,591	0.9%	304,415
Slippery Rock	28,401,879	28,400,821	(1,058)	0.0%	114,505,815	0.0%	(353)
West Chester	44,009,488	40,540,396	(3,469,092)	-7.9%	207,149,170	-1.7%	(1,156,364)
Total	\$370,630,054	\$370,529,136	\$(100,918)	0.0%	\$1,550,656,833	0.0%	\$(33,639)

*Includes funding allocation adjustment approved by the Board of Governors, September 2013.

**Allocable base is reduced due to changes in funding for System-wide initiatives.

***Combined value of all reductions:

\$(3,051,139)