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November 4, 2019

Dear Trustees,

On October 16th and 17th I attended the Board of Governors meeting in Kutztown. It was very interesting and produced some major outcomes that will impact all of us.

One of the key actions was the approval of a new financial sustainability policy for our universities. Hopefully your university shared a copy of the draft policy with you.

The new policy uses a series of metrics to measure the financial health of our universities. In those cases where a university's performance is below par, the university will be required to develop a sustainability plan and present it to the Council of Trustees for consideration and acceptance. This is another example of the trustee's growing role in the governance of the system.

The Governors also authorized the Chancellor to seek a five-year total of \$100 million to help fund the system's transformation. There are a number of legislators who serve on the Board of Governors and they all seemed supportive of this effort. Hopefully they will be able to convince the rest of the House and Senate to also support this effort.

During my PACT update to the Board of Governors, I spoke about the importance of appointing or reappointing the sixty-five trustees who are now serving on expired terms as well as filling the six vacancies. I told the Board that it is difficult to remain engaged when you know that you may get a call informing you that you have been replaced. I also suggested that the Governor's office consider distributing the PACT trustee job description and evaluation

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information packet to prospective trustees so that they have a better idea of what it means to be a fully engaged trustee. Although I don't believe that the names have been sent to the Senate yet, I have been told that there should be an announcement in the very near future.

Recently I have heard from a couple of trustees regarding their role in the development of university specific tuition pricing models. Their concern was that if the university created an unpopular tuition pricing model without any trustee oversight, the trustees would feel the wrath of the public despite not being responsible for the policy.

This unease stems from the Board of Governors action, early this year, authorizing University presidents to submit university specific tuition pricing recommendations. The policy language states that these models are to be developed with the "consultation" of the council of trustees.

When this policy was first proposed, I advocated for changes in the language that would have required the "advice and consent" of the councils to any locally developed tuition pricing models. Since ACT 188 gives budgetary approval to the councils of trustees, I felt that it made sense for councils to have final approval over any recommendations impacting the revenue side of the budget as well as the expense side.

Without that oversight, a council strongly objecting to a president's tuition pricing model could refuse to approve a budget containing the revenues generated by the pricing model. Obviously, that kind of conflict would be unfortunate for all involved.

However, with the belief that everyone would work together, no changes were made to the policy and the current policy states that presidents are only required to consult with their councils before submitting pricing proposals.

I shared these latest concerns about the tuition pricing model process with the Chancellor's Office. I believe they may consider better defining what is required by the presidents as part of the consultation process. I will keep you informed if there are any new developments in this area.

However, if your university is planning on submitting a tuition pricing recommendation this fall or winter, I recommend that you request a special workshop or meeting to understand how the new pricing recommendation will work *before* it is finalized. That will give the trustees time to ask questions and make suggestions prior to it being finalized. With that type of involvement, the president and trustees should be able to show solidarity in their support for the proposal.

And while not required, I also suggest that each council votes its approval or disapproval of the pricing model and share the results of the vote with the Chancellor's office. In the vast majority

of the cases, this will demonstrate to the Board of Governors that there is university-wide support for the proposal. But in the unlikely situation where this is an honest disagreement about the proposed model, the vote will raise a warning flag before the new tuition plan is implemented.

That's it for this month, let me know your thoughts on these issues or any other concerns you may have.

JEFF