New Trustee Orientation

Peter H. Garland
Executive Vice Chancellor

Lois M. Johnson
Associate Vice Chancellor
Administration and Finance

April 12, 2018
Four Topics for Today

• Pennsylvania’s Higher Education Landscape
• State System Trends
• Roles and Responsibilities of Trustees
• System Redesign and the RAND Report
Pennsylvania’s Higher Education Landscape
State System, State-Related, Private Universities and Community Colleges
(Main and Branch Campuses)

140 Campuses
Institutions of Higher Education
Recognized by Pennsylvania, September 2017

242 IHEs authorized to grant degrees:

- 14 Community Colleges
- 14 State-Owned Universities
- 4 State-Related Universities and 1 Affiliate
- 8 Private State-Aided Institutions
- 1 State College of Technology (Thaddeus Stevens)
- 1 Rural Regional College
- 88 Private Colleges and Universities
- 13 Theological Seminaries
- 6 Private 2-Year Colleges
- 61 Specialized Associate Degree-Granting Institutions
- 2 Other Approved Schools
- 29 Non-Pennsylvania Colleges and Universities
Governance

- State Board of Education/Council of Higher Education
- Pennsylvania Department of Education/Deputy Secretary for Postsecondary and Higher Education
- State System Board of Governors—Local Councils of Trustees
- Boards of Trustees (CCs, State-Relateds, Independents)
- State Board of Private Licensed Schools
- Regional Accrediting Agencies
Planning for Higher Education

Every five (5) years, the State Board of Education shall adopt a master plan for higher education which shall be for the guidance of the Governor, the General Assembly, and all institutions of higher education financed wholly or in part from state appropriations. The master plan shall:

1. Define the role of each type of institution in this Commonwealth.
2. Recommend enrollment levels for each such institution.
3. Recommend methods for governance.
4. Recommend methods for the distribution of state funds.
5. Evaluate the status of physical plants/equipment and project needs.
6. Evaluate the status of and projection of manpower needs.
7. Evaluate enrollment accessibility to institutions of higher learning.
8. Otherwise provide for an orderly development of institutions of higher education in this Commonwealth.

Higher Education Studies

- **Rising Tide** (2006)
  Concluded that affordability is not an issue generally, but found pockets where higher education had priced certain students out.

- **Governor’s Advisory Commission on Postsecondary Education** (2012)
  1. Affirm opportunities for lifelong learning.
  2. Ensure greater public access, affordability, and usability of postsecondary education.
  3. Recognize and support the diversity and richness of the postsecondary education system.
  4. Enhance Pennsylvania’s economic vitality and the ability for the Commonwealth to compete globally.

- **Senate RAND Report** (2018)
Conclusions about PA Higher Education

• The **footprint is actually larger** when you take into account all of the extensions/campuses of parent institutions.

• The organization and delivery of higher education is due more to **default** than **design**.

• Funding for higher education has been categorized as **maintenance** not **strategic investment**.

• Alignment with statewide economic/workforce development is **tenuous**.
National and Pennsylvania Higher Education Landscape: Enrollment and Funding
High School Grads Stagnant or Declining in Most Major Population Centers

Many Regions Hit Harder than Others

Change in High School Graduates, 2013-2023
Size of Circle Represents Total Number of Graduates

- Pacific Coast: -3%
- Mountain West: +11%
- Great Plains: +5%
- Midwest: -9%
- Mid Atlantic: -4%
- New England: -10%
- Texas: +14%
- South: 0%

The State System is the largest provider of higher education in Pennsylvania.
A Tough Funding Environment

State Funding Remains Below Pre-Recession Levels in Most States

Change in State Spending Per Student

2008-2016

Adjusted for Inflation

Pennsylvania includes state-owned, state-related, community colleges, and PHEAA grants

Source: Center for Budget and Policy Priorities

https://www.cbpp.org/research/state-budget-and-tax/funding-down-tuition-up
Pennsylvania data includes state-owned, state-related, and community colleges. 22.5%

Tuition and Mandatory Fees
*In-State, Undergraduate*

<table>
<thead>
<tr>
<th>Region</th>
<th>2016/17</th>
<th>Change Since 2007/08</th>
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<tbody>
<tr>
<td>Nation</td>
<td>$9,410</td>
<td>33%</td>
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<tr>
<td>Middle States*</td>
<td>$10,098</td>
<td>22%</td>
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<tr>
<td>State System**</td>
<td>$9,666</td>
<td>25%</td>
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</table>

*PA, NY, NJ, MD, DE, DC, and PR.
**System’s full-time tuition, technology tuition fee, and university mandatory fees.

Pennsylvania data includes state-owned, state-related, and community colleges.

NOTES: Data adjusted for inflation using the Higher Education Cost Adjustment (HECA). Full-time equivalent (FTE) enrollment equates student credit hours to full-time, academic year students, but excludes medical students. Educational appropriations are a measure of state and local support available for public higher education operating expenses including ARRA funds, and exclude appropriations for independent institutions, financial aid for students attending independent institutions, research, hospitals, and medical education. Net tuition revenue is calculated by taking the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. Net tuition revenue used for capital debt service is included in the net tuition revenue figures above.

SOURCE: State Higher Education Executive Officers
**Public FTE Enrollment and Funding Per FTE Pennsylvania,** *FY 1991/92 – 2016/17*

Data adjusted for inflation using the Higher Education Cost Adjustment (HECA). Full-time equivalent (FTE) enrollment equates student credit hours to full-time, academic year students, but excludes medical students. Educational appropriations are a measure of state and local support available for public higher education operating expenses including ARRA funds, and exclude appropriations for independent institutions, financial aid for students attending independent institutions, research, hospitals, and medical education. Net tuition revenue is calculated by taking the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. Net tuition revenue used for capital debt service is included in the net tuition revenue figures above.

**NOTES:**

**SOURCE:** State Higher Education Executive Officers

*State-owned, State-related, Community Colleges, PHEAA*
State System Trends
2018/19 System Budget

Total Budget
$2.3 Billion

Educational and General
$1.7 Billion

Auxiliary
$.3 Billion

Restricted
$.3 Billion
System History of E&G Revenue/FTE Student
1991/92 through 2016/17
Adjusted for Inflation—In 2016/17 Dollars

*FY 2008/09 E&G Appropriation is net of midyear budget cuts.
2017/18 Price of Attendance
For Typical New In-State Undergraduate Living on Campus

*Averages are for public four-year institutions.
**Estimated room and board rates based on change in national average.
Projected System Headcount Enrollment
Based on Public High School Graduates*

Fall Headcount Enrollment in Top Five Areas of Study

<table>
<thead>
<tr>
<th>Year</th>
<th>Business</th>
<th>STEM*</th>
<th>Health Professions</th>
<th>Education</th>
<th>Parks, Recreation, and Fitness</th>
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Change since Fall 2007:
- Business: 14%
- STEM*: 17%
- Health Professions: 49%
- Education: -34%
- Parks, Recreation, and Fitness: -6%

Enrollment Demand by Program: Response to student demand and career opportunities.
Levels of education for Pennsylvania residents, ages 25-64

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Total</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Less than ninth grade</td>
<td>172,152</td>
<td>2.56%</td>
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<tr>
<td>Ninth to 12th grade, no diploma</td>
<td>405,220</td>
<td>6.03%</td>
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<tr>
<td>High school graduate (including equivalency)</td>
<td>2,262,635</td>
<td>33.65%</td>
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<tr>
<td>Some college, no degree</td>
<td>1,141,836</td>
<td>16.98%</td>
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<tr>
<td>Associate degree</td>
<td>607,137</td>
<td>9.03%</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>1,330,040</td>
<td>19.78%</td>
</tr>
<tr>
<td>Graduate or professional degree</td>
<td>805,746</td>
<td>11.98%</td>
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</tbody>
</table>

A 3.4 million student opportunity!

Source: U.S. Census Bureau, 2014 American Community Survey

Note: The accompanying pie chart does not account for residents who have earned high-value postsecondary certificates. The percentage alone – admittedly, an estimate – aims to fill that gap. To calculate this percentage, labor market experts at the Georgetown University Center on Education and the Workforce used the Survey of Income Program Participation 2008 Wave 12 data (2012) and data from the Integrated Postsecondary Education Data System (IPEDS) 2014.
Roles and Responsibilities of Trustees
System’s Founding Legislation
Act 188 of 1982

Identifies Governance Bodies

• Board of Governors
  - Most appointed by Governor with Senate confirmation
    *(Senate does not confirm student trustees)*

• Councils of Trustees

• Presidents

• Chancellor
  - Appointed by Board of Governors

Outlines Roles and Responsibilities of Each Governance Body
<table>
<thead>
<tr>
<th>Highlights of Statutory Authority</th>
<th>Board</th>
<th>Chancellor</th>
<th>Trustees</th>
<th>Presidents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Presidential Appointment &amp; Evaluation</strong></td>
<td>Employs/evaluates presidents and chancellor</td>
<td>Assists in appointment; establishes professional development plan; assesses performance</td>
<td>Recommend president; establish professional development plan; evaluate president</td>
<td></td>
</tr>
<tr>
<td><strong>Academic Programs</strong></td>
<td>Sets policies/criteria governing all new academic programs; approves or delegates to chancellor approval of new degree programs</td>
<td>Administers academic policies/criteria governing new academic programs; approves some new degree programs</td>
<td>Approve new academic degree programs to move forward to Board for final approval (associate degree or higher); approve/notified of other academic program changes</td>
<td>Approve curriculum consistent with law and collective bargaining agreements; recommend to chancellor and trustees per Board policies/criteria</td>
</tr>
<tr>
<td>Highlights of Statutory Authority</td>
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<tr>
<td><strong>Procurement Contracts</strong></td>
<td></td>
<td>Administers System-wide business procedures</td>
<td>Review and approve negotiated/awarded contracts/purchases</td>
<td>Negotiate and award contracts and purchases</td>
</tr>
<tr>
<td><strong>Budget—Operating and Capital</strong></td>
<td>Approves budget request; sets tuition; allocates state funding</td>
<td>Recommends the System’s overall budget</td>
<td>Review and approve president’s recommended budget; set fees</td>
<td>Prepare/manage capital and operating budget requirements; set activity fees</td>
</tr>
<tr>
<td><strong>Collective Bargaining</strong></td>
<td>Enters into agreements</td>
<td>Negotiates contracts</td>
<td></td>
<td>Administer contracts; employ personnel</td>
</tr>
<tr>
<td><strong>Policies</strong></td>
<td>Sets policy</td>
<td>Develops policy and ensures compliance; Board studies; etc.</td>
<td>Approve university standards and certain policies</td>
<td>Set standards/policies for students, instruction, research, service, etc.</td>
</tr>
<tr>
<td><strong>Relationships with Affiliates</strong></td>
<td>Sets policy</td>
<td>Establishes procedures and standards</td>
<td>Annually certify compliance of all affiliates; annually review affiliates’ benefit to university</td>
<td>Enter into agreements; delineate between affiliate and university; joint fundraising</td>
</tr>
</tbody>
</table>
System Redesign and RAND Report
System Review
Fiscal Year 2016/17

• Board of Governors has adopted a System redesign strategy that is informed by the System review*
  • Establish System priorities
  • Model strategic leadership within existing statute
  • Develop work plan to implement priorities

*System review included an independent study by a national higher education research firm, NCHEMS, commissioned by the Board of Governors.
PENNSYLVANIA’S STATE SYSTEM OF HIGHER EDUCATION

From SYSTEM REVIEW to SYSTEM REDESIGN

Preparation for System Review
June 2016 – January 2017

System Review
February 2017 – July 2017

Analysis of Recommendations
July 2017 – October 2017

Board Adopts 3 Strategic Priorities for System Redesign
October 2017

Task Groups Launched
December 2017

Task Groups Working
January 2018 - present
More than a year ago, the State System undertook a strategic review of all of its operations, from top to bottom. The goal: to identify areas of necessary change to help ensure the long-term success of the 14 universities within the State System. The review resulted in recommendations based on input from students, faculty, staff, university and system leaders, legislators, community leaders, and a national consultant. Coming out of the review, the Board established three priorities:

1. Ensuring student success
2. Leveraging university strengths
3. Transforming the governance/leadership structure
Another Study of the State System and Higher Education in PA

- Study was commissioned in fall 2017 by the Legislative Budget and Finance Committee pursuant to a Senate Resolution
- Conducted by the RAND Corporation
- Recommendations due any day!