Board of Governors’ Quarterly Meeting Agenda

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

Tuesday, June 30, 2015
10:00 a.m.

Agenda

Committee Meetings

- Finance, Administration, and Facilities
  
  - Housing Acquisition and Financing, California University of Pennsylvania (ACTION)
  - Bond Issue (ACTION)
  - Request for Line of Credit, Cheyney University of Pennsylvania (ACTION)
  - Property Donation, Lock Haven University of Pennsylvania (ACTION)
  - Sullivan Hall Demolition, Lock Haven University of Pennsylvania (INFORMATION)
  - Bucks House Demolition, Millersville University of Pennsylvania (INFORMATION)
  - Fiscal Year 2015/16 Operating Budget Update (INFORMATION)
  - Shared Services (INFORMATION)
  - Pricing Flexibility Pilot Extension, Edinboro University of Pennsylvania (ACTION)*
  - Veterans’ In-State Tuition Policy (ACTION)*

*To be discussed in joint meeting of the Finance, Administration, and Facilities Committee and the Academic and Student Affairs Committee.
• Academic and Student Affairs
  • Strategic Discussions with the Finance, Administration, and Facilities Committee (INFORMATION)
  • Prior Learning Assessments for Active Duty and Veteran Service Members (INFORMATION)
  • Program Fees for New High-Cost Undergraduate Academic Programs (INFORMATION)

Board of Governors’ Meeting
  • Public Comments

Committee Meeting
  • Human Resources
    • Human Resources Committee Update (INFORMATION)

Board Members: Guido M. Pichini (Chair), Senator Richard L. Alloway II, Representative Matthew E. Baker, Marie Conley, Jane M. Earll, Christopher H. Franklin, Representative Michael K. Hanna, Ronald G. Henry (Vice Chair), Jonathan B. Mack, David M. Maser (Vice Chair), Daniel P. Meuser, Secretary of Education Pedro A. Rivera, Senator Judith L. Schwank, Robert S. Taylor, Aaron A. Walton, and Governor Thomas W. Wolf.

For further information, contact Randy A. Goin, Jr. at (717) 720-4010.
# Finance, Administration, and Facilities Committee

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

Tuesday, June 30, 2015

## Agenda

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* To be discussed in joint meeting of the Finance, Administration, and Facilities Committee and the Academic and Student Affairs Committee.

## Committee Members:
Ronald G. Henry (Chair), Representative Matthew E. Baker, Christopher H. Franklin, Sarah E. Galbally, David M. Maser, Aaron A. Walton, Guido M. Pichini (ex officio), and Dr. David L. Soltz (nonvoting president liaison)

For further information, contact James S. Dillon at (717) 720-4100.
ITEM #1

Finance, Administration, and Facilities Committee Meeting
June 30, 2015

SUBJECT: Housing Acquisition and Financing, California University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: California University of Pennsylvania

BACKGROUND: California University of Pennsylvania requests approval to acquire six student residence halls on campus property. The residence halls were constructed by Student Association, Incorporated (SAI), on property leased from the university using a privatized student housing development and finance model approved by the Board of Governors. At this point, it appears advantageous for the university to acquire the buildings with State System bond financing.

The residence halls were constructed in three phases from 2003 to 2007 to replace outdated and obsolete on-campus student housing. The six buildings total 566,000 square feet and contain 726 rental units with 1,500 beds.

The buildings were constructed at a cost of $84.4 million and currently have outstanding debt of approximately $78 million; acquisition of the buildings will require the university to use System bond funds to refinance the debt. By applying this strategy over the 25-year term, the university expects to reduce debt service payments by about $34 million, and avoid an estimated $18 million in operating costs, such as reductions in bond covenants, insurance, and payments in lieu of taxes. The university has frozen room rental rates for the last four years; the savings achieved from this transaction will allow the university to continue to mitigate room rental rates.

MOTION: That the Board of Governors approve California University of Pennsylvania’s acquisition of on-campus student residence halls from Student Association, Incorporated, and bond financing of the current debt.

Supporting Documents Included: Property map and photo

Other Supporting Documents Available: Real property acquisition planning data

Reviewed by: California University of Pennsylvania’s Council of Trustees, June 3, 2015

Prepared by: James S. Dillon

Telephone: (717) 720-4100

Board of Governors’ Meeting Agenda - Page 4
Finance, Administration, and Facilities Committee Meeting  
June 30, 2015

SUBJECT: Bond Issue (ACTION)

UNIVERSITIES AFFECTED: California University of Pennsylvania

BACKGROUND: The proposed bond issue, which is not expected to exceed project cash borrowing of $78 million, will provide fixed-rate tax-exempt financing for the following items:

1. Acquisition of on-campus student housing from California University of Pennsylvania’s affiliate, Student Association, Incorporated (SAI).
2. Contingency and issuance costs.

In keeping with the State System’s practice of minimizing expense and risk, the bond issue will be competitively bid. Because the System does not possess statutory bond authority, the bonds will be issued through the Pennsylvania Higher Educational Facilities Authority and will be a general obligation of the System. The attached Pennsylvania’s State System of Higher Education Taxable/Tax-Exempt Bond Issue History outlines the System’s bond issue financing history and plan for fiscal year 2015/16.

MOTION: That the Board of Governors adopt the attached Resolution Authorizing the Issuance of Bonds.

Supporting Documents Included: Resolution; Pennsylvania’s State System of Higher Education Taxable/Tax-Exempt Bond Issue History

Other Supporting Documents Available: Finance, Administration, and Facilities Committee Meeting Agenda Item #1

Reviewed by: N/A

Prepared by: James S. Dillon  
Telephone: (717) 720-4100
Resolution Authorizing the Issuance of Bonds
by the Pennsylvania Higher Educational Facilities Authority

WHEREAS, the State System of Higher Education of the Commonwealth of Pennsylvania (the “System”) desires that the Pennsylvania Higher Educational Facilities Authority (the “Authority”) issue its State System Revenue Bonds in one or more series of taxable or tax-exempt bonds (the “Bonds”) to finance up to $78 million of project cash to pay the costs of (1) acquiring on-campus student housing from Student Association, Incorporated (“SAI”), at California University of Pennsylvania; and (2) contingency and issuance costs (the “Project”); and

WHEREAS, the Authority will lend the proceeds of the Bonds to the System to finance the costs of the Project and pay the expenses incident to issuance of the Bonds; and

WHEREAS, the System may make expenditures relating to clauses (1) and (2) of the definition of the Project contained above prior to issuance of the Bonds, and the System desires to preserve the ability to reimburse itself with proceeds of the Bonds for any amounts expended for the Project; and

WHEREAS, the obligation of the System to repay the Bonds will be described in and evidenced by a Loan Agreement, as supplemented (the “Loan Agreement”), between the Authority, as lender, and the System, as borrower, pursuant to which the System will pledge the full faith and credit of the System as security for repayment of the obligation; and

WHEREAS, the Loan Agreement will be assigned by the Authority as security for the Bonds pursuant to a Trust Indenture, as supplemented (the “Indenture”), between the Authority and a trustee; and

WHEREAS, the Authority will, by public invitation, solicit and receive competitive bids from underwriters for the purchase of the Bonds, which bids will contain, among other terms, proposed interest rates on the Bonds.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors of the System (the “Board”) hereby approves the issuance of the Bonds by the Authority, in an amount in project cash not to exceed $78 million for the bonds, the proceeds of which will be used to undertake the Project and pay the costs of issuance of the Bonds; and be it

RESOLVED, that the Board hereby delegates to the chancellor or vice chancellor for administration and finance the power to accept bids for purchase of the Bonds from underwriters and to determine the principal amount of the Bonds to be issued by the Authority, but not in excess of the amount described above, the rates of interest, dates of maturity, provisions for optional or mandatory redemption, and other details, such approval to be evidenced by acceptance of the bid for purchase of the Bonds by the Authority and the System; and be it

RESOLVED, that the Board hereby authorizes the pledging of the System’s full faith and credit to repayment of the Bonds, as provided in the Loan Agreement, and does hereby authorize and direct the chancellor or vice chancellor for administration and finance to execute, acknowledge, and deliver, and any Responsible Officer to attest such signature to a supplement to the Loan Agreement in such form as the officers executing it may approve, such approval to be conclusively evidenced by execution thereof; and be it
RESOLVED, that any Responsible Officer is hereby authorized and empowered to approve the content of the Preliminary Official Statement and the Official Statement of the Authority relating to issuance of the Bonds as to information concerning the System and its affairs; and be it

RESOLVED, that any Responsible Officer is hereby authorized and directed to take such further action and to execute and deliver such other instruments and documents as may, in his or her judgment or upon advice of counsel, be necessary or advisable to effect issuance of the Bonds by the Authority, the intent of this Resolution, and the transactions contemplated.

___________________________________  ____________________________________
Secretary to the Board  Chairman of the Board

__________________________________
Date
Pennsylvania’s State System of Higher Education

Taxable/Tax-Exempt Bond Issue History

July 2015
Current Debt Structure

Pennsylvania’s State System of Higher Education

Bond Issues

The Series A bonds were issued June 1, 1985, at a par value of $31 million to finance the Indiana University of Pennsylvania cogeneration plant. Scheduled amortization started in June 1988 and was to run through June 1994. Serial interest rates ranged from 6.50 percent to 8.20 percent.

The Series B bonds were issued June 1, 1986, for a par value of $25.9 million to finance 47 capital projects System-wide. Scheduled amortization started in June 1987 and concluded in June 1994. Serial interest rates ranged from 4.60 percent to 7.10 percent. Series B bonds called for a debt service reserve fund of $3.9 million to be used to pay the last principal and interest payment. This fund earned an interest rate higher than the cost of borrowing, resulting in realized investment income of $1 million. Universities with projects that participated in the bond issue received a prorated share of the debt service reserve fund investment income. The Series B issue allowed refinancing of existing capital leases for a savings of $1.2 million. Also, by financing capital projects, the universities could invest the operating capital in the Short-Term Investment Fund at an interest rate higher than the financing cost, providing investment income and flexibility.

The Series C bonds were issued July 1, 1987, for a par value of $38.2 million to finance residence halls at Bloomsburg and Kutztown Universities of Pennsylvania and to refund the Series A bonds. Serial interest rates ranged from 4.40 percent to 7.60 percent.

The Series D bonds were issued June 15, 1990, for a par value of $58.8 million to finance student unions at Clarion, Lock Haven, and Shippensburg Universities of Pennsylvania, and a residence hall at West Chester University of Pennsylvania. This bond issue also provided refinancing of State System internal loans for interest savings of $1.3 million. The Series D bonds launched the Reimbursement Program, which provided $17.7 million of capital financing. Serial interest rates ranged from 5.90 percent to 7.15 percent.

The Series E bonds were issued June 15, 1991, for a par value of $54.8 million to finance student unions at Bloomsburg, California, Clarion, East Stroudsburg, Edinboro, Kutztown, Lock Haven, Millersville, and Shippensburg Universities of Pennsylvania, and a residence hall at West Chester University of Pennsylvania. This bond issue included $12.3 million of capital reimbursement bonds. Serial interest rates ranged from 4.70 percent to 7.10 percent.

The Series F bonds were issued December 15, 1992, for a par value of $35.2 million to finance student unions, energy conservation equipment, and the renovation of dining halls at various State System universities. This bond issue provided $19 million of capital reimbursement bonds. Serial interest rates ranged from 2.70 percent to 6.15 percent.

The Series G bonds were issued December 15, 1992, for a par value of $14.2 million to refund the Series C bonds maturing on and after September 1, 1996. This refunding issue provided present value savings of $825,000 to Bloomsburg and Kutztown Universities of Pennsylvania for their student housing projects. Serial interest rates ranged from 2.70 percent to 6.15 percent.
The Series H bonds were issued May 18, 1993, for a par value of $15.9 million to finance a computer purchase and energy conservation equipment at various State System universities. This bond issue provided $13.6 million of capital reimbursement bonds. Serial interest rates ranged from 2.70 percent to 5.80 percent.

The Series I bonds were issued May 18, 1993, for a par value of $61.4 million to refund the Series D bonds maturing on and after June 15, 1993. This refunding issue provided present value savings of $2.4 million to various State System universities. Serial interest rates ranged from 2.70 percent to 5.80 percent.

The Series J bonds were issued March 16, 1994, for a par value of $28.3 million to finance a recreation center, a fiber-optic network, a smokestack and engine retrofit, and student unions at various State System universities. This bond issue provided $14.4 million of capital reimbursement bonds. Serial interest rates ranged from 3.35 percent to 5.75 percent.

The Series K bonds were issued March 16, 1994, for a par value of $55.4 million to refund the Series E bonds maturing on and after June 15, 1994. This refunding issue provided present value savings of $1.8 million to various State System universities. Serial interest rates ranged from 2.95 percent to 5.70 percent.

The Series L bonds were issued July 14, 1994, for a par value of $45.9 million to finance a recreation center, computer equipment, student housing, and student unions at various State System universities. This bond issue provided $26.8 million of capital reimbursement bonds. Serial interest rates ranged from 3.75 percent to 6.30 percent.

The Series M bonds were issued March 14, 1995, for a par value of $35.4 million to finance instructional equipment purchased at Clarion University of Pennsylvania, energy conservation measures at two universities, and renovations to various residence halls and dining facilities at Indiana University of Pennsylvania. This bond issue provided $29.3 million of capital reimbursement bonds. Serial interest rates ranged from 4.50 percent to 5.98 percent.

The Series N bonds were issued April 2, 1996, for a par value of $44.5 million to finance construction of a recreation center at Mansfield University of Pennsylvania, renovation of a residence hall at Kutztown University of Pennsylvania and a dining hall at Indiana University of Pennsylvania, installation of a campus-wide fiber-optic network at California University of Pennsylvania, and installation of a PBX phone system at Millersville University of Pennsylvania. This bond issue provided $30.5 million of capital reimbursement bonds. Serial interest rates ranged from 3.65 percent to 5.85 percent.

The Series O bonds were issued June 25, 1997, for a par value of $46.7 million to finance construction of a recreation center and student housing at Slippery Rock University of Pennsylvania; road and site utilities development at Indiana University of Pennsylvania; various computer and telecommunication purchases at Clarion, Kutztown, and Millersville Universities of Pennsylvania; and a property acquisition at West Chester University of Pennsylvania. This bond issue provided $17.7 million of capital reimbursement bonds. Serial interest rates ranged from 3.77 percent to 5.35 percent.

The Series P bonds were issued February 25, 1998, for a par value of $72.9 million to refund a portion of the Series F bonds and a portion of the Series L bonds maturing on and after December 15, 2002, and June 15, 2004, respectively. This refunding issue provided present
value savings of $3.9 million to the State System. Serial interest rates ranged from 3.50 percent
to 4.40 percent.

The Series Q bonds were issued June 30, 1998, for a par value of $22.7 million to finance
construction of a recreation center at Clarion University of Pennsylvania; a dining hall addition at
Millersville University of Pennsylvania; a comprehensive electrical upgrade at Shippensburg
University of Pennsylvania; various computer and telecommunication purchases at Millersville,
Indiana, and Shippensburg Universities of Pennsylvania; and facilities renovations and the
acquisition of equipment and furnishings by various State System universities. Serial interest
rates ranged from 3.82 percent to 5.05 percent.

The Series R bonds were issued June 17, 1999, for a par value of $31.1 million to finance an
addition to the student center at California University of Pennsylvania, renovation of and
addition to the dining facilities at Kutztown University of Pennsylvania, renovation of a library to
a student union at Mansfield University of Pennsylvania, purchase and installation of computer
and telecommunications equipment at Shippensburg and Clarion Universities of Pennsylvania,
purchase and installation of fiber-optic wiring at Clarion University of Pennsylvania, purchase of
a building to be used by the Culinary School at Indiana University of Pennsylvania, and facilities
renovations at various State System universities. Serial interest rates ranged from 3.40 percent
to 5.24 percent.

The Series S bonds were issued June 21, 2000, for a par value of $51.7 million to finance the
design and construction of on-campus apartments at Bloomsburg University of Pennsylvania;
design and construction of renovations and additions to the dining accommodations and student
union facilities at Kutztown University of Pennsylvania; renovations of student union facilities at
California University of Pennsylvania; design and renovation of academic facilities at System
universities; purchase and installation of computer and telecommunications equipment at
Bloomsburg, Edinboro, and Slippery Rock Universities of Pennsylvania; and purchase of lab
equipment at Mansfield University of Pennsylvania. Serial interest rates ranged from
4.54 percent to 5.81 percent.

The Series T bonds were issued July 12, 2001, for a par value of $69.6 million to finance the
design and construction of recreation centers at East Stroudsburg and Lock Haven Universities
of Pennsylvania; installation of a central chiller at Indiana University of Pennsylvania; renovation
and maintenance of facilities at California University of Pennsylvania; construction of student
housing at Bloomsburg University of Pennsylvania; technology initiatives at Clarion, Edinboro,
and West Chester Universities of Pennsylvania; installation of residence hall sprinklers; design
and renovation of academic facilities at System universities; and a shared administrative
computer system. Serial interest rates ranged from 2.50 percent to 5.09 percent.

The Series U bonds were issued August 8, 2002, for a par value of $14.4 million to finance the
Academic Facilities Renovation Program; renovation and maintenance of facilities at
Bloomsburg, California, Edinboro, and Mansfield Universities of Pennsylvania; expansion of the
fire detection system at Indiana University of Pennsylvania; and design and renovation of a
recreation center at East Stroudsburg University of Pennsylvania. Serial interest rates ranged
from 1.61 percent to 4.92 percent.

The Series V bonds were issued August 8, 2002, for a par value of $25.2 million to finance the
acquisition and installation of residence hall sprinklers at all the universities and the continued
implementation of the shared administrative computer system. This was the System’s first
variable rate issue, with terms of 20 years for the sprinklers and 7 years for the shared
administrative computer system. Weekly resets of interest rates and monthly payments of interest are established for this issue.

The Series W bonds were issued October 15, 2002, for a par value of $69.1 million to refund the Series H bonds, the Series J bonds, and the Series M bonds. This refunding issue provided present value savings of $3.8 million to the State System. Serial interest rates ranged from 1.70 percent to 4.41 percent.

The Series X bonds were issued May 29, 2003, for a par value of $80.9 million to refund the Series G bonds and the Series I bonds. The refunding issue provided a present value savings of $6.2 million to the State System. The Series X bonds also issued new money for auxiliary facilities renovations and construction at Bloomsburg, California, Indiana, Kutztown, Mansfield, Millersville, and Shippensburg Universities of Pennsylvania; academic facilities renovation and general campus improvements at Bloomsburg and California Universities of Pennsylvania; installation of fire alarm systems at Indiana University of Pennsylvania; and property acquisitions at East Stroudsburg University of Pennsylvania. Serial interest rates ranged from 0.99 percent to 4.33 percent.

The Series Y bonds were issued June 19, 2003, for a par value of $25.4 million to finance the acquisition and installation of residence hall sprinklers at all the universities and the continued implementation of the shared administrative computer system. This was the System's second variable rate issue, with terms of 20 years for the sprinklers and 7 years for the shared administrative computer system. Weekly resets of interest rates and monthly interest payments are established for this issue.

The Series Z bonds were issued March 17, 2004, for a par value of $71.8 million to refund the Series K bonds and the Series N bonds. The refunding issue provided a present value savings of $6.6 million to the State System. Serial interest rates ranged from 1.00 percent to 4.43 percent.

The Series AA bonds were issued July 8, 2004, for a par value of $28.8 million to finance auxiliary facilities renovations and construction at Bloomsburg, California, Indiana, Kutztown, Mansfield, Millersville, and Shippensburg Universities of Pennsylvania; academic facilities renovations and general campus improvements at Bloomsburg, California, and Kutztown Universities of Pennsylvania; energy savings improvements at Shippensburg University of Pennsylvania; installation of fire alarm systems at Indiana University of Pennsylvania; and property acquisitions at East Stroudsburg University of Pennsylvania. Serial interest rates ranged from 1.66 percent to 5.00 percent.

The Series AB bonds were issued July 8, 2004, for a par value of $21.0 million to finance the acquisition and installation of residence hall sprinklers at all the universities and the continued implementation of the shared administrative computer system. This was the System’s third variable rate issue, with terms of 20 years for the sprinklers and 7 years for the shared administrative computer system. Weekly resets of interest rates and monthly interest payments are established for this issue.

The Series AC bonds were issued July 7, 2005, for a par value of $52.7 million to finance auxiliary facilities renovations and construction at Bloomsburg, Cheyney, Edinboro, Indiana, Kutztown, Millersville, and Shippensburg Universities of Pennsylvania; academic facilities renovations and general campus improvements at California, Cheyney, Indiana, Kutztown, Shippensburg, and Slippery Rock Universities of Pennsylvania; network equipment upgrade at
Clarion University of Pennsylvania; continued installation of fire alarm systems at Indiana University of Pennsylvania; and property acquisitions at East Stroudsburg University of Pennsylvania. Serial interest rates range from 2.66 percent to 4.50 percent.

The Series AD bonds were issued July 7, 2005, for a par value of $7.3 million to finance the acquisition and installation of residence hall sprinklers at all the universities. This was the System's fourth variable rate issue, with a term of 20 years for the sprinklers. Weekly resets of interest rates and monthly interest payments are established for this issue.

The Series AE bonds were issued July 6, 2006, for a par value of $103.3 million to finance auxiliary facilities renovations and construction at Bloomsburg, Cheyney, East Stroudsburg, Edinboro, Kutztown, Lock Haven, Millersville, and Shippensburg Universities of Pennsylvania; academic facilities renovations and general campus improvements at East Stroudsburg, Kutztown, and Millersville Universities of Pennsylvania; and energy savings improvements at Edinboro and West Chester Universities of Pennsylvania. Serial interest rates range from 3.70 percent to 4.82 percent.

The Series AF bonds were issued July 10, 2007, for a par value of $68.2 million to finance auxiliary facilities renovations and construction at California, Clarion, East Stroudsburg, Kutztown, Shippensburg, and West Chester Universities of Pennsylvania; Academic Facilities Renovation Program and other academic facilities at East Stroudsburg, Indiana, and Kutztown Universities of Pennsylvania; and energy savings improvements at East Stroudsburg and West Chester Universities of Pennsylvania. Serial interest rates range from 3.80 percent to 4.60 percent.

The Series AG bonds were issued March 27, 2008, for a par value of $101.3 million to refund the Series O bonds, the Series P bonds, and the Series Q bonds. The refunding issue provided a present value savings of $6.9 million to the State System. Serial interest rates range from 2.10 percent to 4.70 percent.

The Series AH bonds were issued July 17, 2008, for a par value of $140.8 million to finance auxiliary facilities renovations and construction at Bloomsburg, California, Kutztown, Millersville, Shippensburg, Slippery Rock, and West Chester Universities of Pennsylvania; academic facilities at California, East Stroudsburg, Kutztown, and Millersville Universities of Pennsylvania; and energy savings improvements at Bloomsburg, Cheyney, Lock Haven, Mansfield, Millersville, and Slippery Rock Universities of Pennsylvania. Serial interest rates range from 1.75 percent to 4.77 percent.

The Series AI bonds were issued August 7, 2008, for a par value of $32.1 million to refund the System’s variable rate bonds: the Series V bonds, the Series Y bonds, the Series AB bonds, and the Series AD bonds. Serial interest rates range from 2.00 percent to 4.66 percent.

The Series AJ bonds were issued July 9, 2009, for a par value of $124.0 million to finance auxiliary facilities renovations and construction at Bloomsburg, California, Kutztown, Millersville, Shippensburg, Slippery Rock, and West Chester Universities of Pennsylvania; academic facilities at California, East Stroudsburg, Kutztown, and Millersville Universities of Pennsylvania; and energy savings improvements at Bloomsburg, Cheyney, Lock Haven, Mansfield, Millersville, and Slippery Rock Universities of Pennsylvania. Serial interest rates range from 0.49 percent to 5.17 percent.
The Series AK bonds were issued September 3, 2009, for a par value of $47.3 million to refund the Series R bonds and the Series S bonds. The refunding issue provided a present value savings of $4.8 million to the State System. Serial interest rates range from 0.70 percent to 4.00 percent.

The Series AL bonds were issued July 8, 2010, for a par value of $135.4 million to finance auxiliary facilities renovation and construction at Bloomsburg, Mansfield, Millersville, Shippensburg, Slippery Rock, and West Chester Universities of Pennsylvania; academic facilities renovation and construction at California, East Stroudsburg, Edinboro, Indiana, Kutztown, Millersville, and Shippensburg Universities of Pennsylvania; and student information systems purchase and implementation at California, Clarion, East Stroudsburg, Shippensburg, and Slippery Rock Universities of Pennsylvania. Serial interest rates range from 0.4 percent to 4.50 percent.

The Series AM bonds were issued July 12, 2011, for a par value of $119.1 million to finance auxiliary facilities renovation and construction at Bloomsburg, Indiana, Lock Haven, Millersville, Shippensburg, Slippery Rock, and West Chester Universities of Pennsylvania; academic facilities renovation and construction at California, East Stroudsburg, and Millersville Universities of Pennsylvania; and student information systems purchase and implementation at East Stroudsburg University of Pennsylvania. Serial interest rates range from 0.27 percent to 4.64 percent.

The Series AN bonds were issued March 20, 2012, for a par value of $76.8 million to refund the Series U bonds, the Series W bonds, and the Series X bonds. The refunding issue provided a present value savings of $13.8 million to the State System. Serial interest rates range from 0.25 percent to 2.22 percent.

The Series AO bonds were issued July 8, 2013, for a par value of $30.9 million to finance (taxable) auxiliary facilities renovation and construction at Indiana University of Pennsylvania, and (tax-exempt) academic facilities renovation and construction at California and Mansfield Universities of Pennsylvania. Taxable serial interest rates range from 0.80 percent to 5.20 percent, and tax-exempt serial interest rates range from 0.28 percent to 4.66 percent.

The Series AP bonds were issued May 7, 2014, for a par value of $46.1 million to refund the Series Z bonds and the Series AA bonds. The refunding provided a present value savings of $5.8 million to the State System. Serial interest rates range from 0.30 percent to 2.65 percent.

The Series AQ bonds were issued May 7, 2015, for a par value of $95.0 million to refund the Series AC bonds and to advance refund the Series AE bonds. The refunding provided a present value savings of $9.1 million to the State System. Serial interest rates range from 0.45 percent to 3.84 percent.

The Series AR bonds are tentatively scheduled to close in late July 2015, and will be issued to finance auxiliary facilities renovation and construction at Bloomsburg, California, and Millersville Universities of Pennsylvania, and a steam plant upgrade at Bloomsburg University of Pennsylvania.

Of the original $2.3 billion principal amount issued, through principal repayment and refunding of bond issues, $801 million is outstanding as of June 30, 2015.
## State System Bond Issue History

<table>
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<th>Issue</th>
<th>True Interest Cost</th>
<th>Originally Issued</th>
<th>Original BP Issue</th>
<th>Principal Paid Through 6/30/15</th>
<th>Balance Remaining on PASSHE’s Books 6/30/15</th>
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<td>Series A</td>
<td>7.99%</td>
<td>July 23, 1985</td>
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<td>6.67%</td>
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<td>Series C</td>
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<td>July 29, 1987</td>
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<td>Series D</td>
<td>7.19%</td>
<td>July 28, 1990</td>
<td>58,800,000</td>
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<td>Series E</td>
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<td>Series F</td>
<td>5.97%</td>
<td>December 15, 1992</td>
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<td>Series G</td>
<td>5.97%</td>
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<td>Series H</td>
<td>5.54%</td>
<td>May 18, 1993</td>
<td>15,940,000</td>
<td>15,940,000</td>
<td>0</td>
</tr>
<tr>
<td>Series I</td>
<td>5.54%</td>
<td>May 18, 1993</td>
<td>61,425,000</td>
<td>61,425,000</td>
<td>0</td>
</tr>
<tr>
<td>Series J</td>
<td>5.49%</td>
<td>March 16, 1994</td>
<td>28,285,000</td>
<td>28,285,000</td>
<td>0</td>
</tr>
<tr>
<td>Series K</td>
<td>5.49%</td>
<td>March 16, 1994</td>
<td>55,430,000</td>
<td>55,430,000</td>
<td>0</td>
</tr>
<tr>
<td>Series L</td>
<td>6.20%</td>
<td>July 14, 1994</td>
<td>45,855,000</td>
<td>45,855,000</td>
<td>0</td>
</tr>
<tr>
<td>Series M</td>
<td>5.93%</td>
<td>March 14, 1995</td>
<td>35,395,000</td>
<td>35,395,000</td>
<td>0</td>
</tr>
<tr>
<td>Series N</td>
<td>5.86%</td>
<td>April 2, 1996</td>
<td>44,455,000</td>
<td>44,455,000</td>
<td>0</td>
</tr>
<tr>
<td>Series O</td>
<td>5.37%</td>
<td>June 25, 1997</td>
<td>46,745,000</td>
<td>46,745,000</td>
<td>0</td>
</tr>
<tr>
<td>Series P</td>
<td>4.97%</td>
<td>February 25, 1998</td>
<td>72,880,000</td>
<td>72,880,000</td>
<td>0</td>
</tr>
<tr>
<td>Series Q</td>
<td>4.76%</td>
<td>June 30, 1998</td>
<td>22,675,000</td>
<td>22,675,000</td>
<td>0</td>
</tr>
<tr>
<td>Series R</td>
<td>5.01%</td>
<td>June 17, 1999</td>
<td>31,050,000</td>
<td>31,050,000</td>
<td>0</td>
</tr>
<tr>
<td>Series S</td>
<td>5.49%</td>
<td>June 21, 2000</td>
<td>51,720,000</td>
<td>51,720,000</td>
<td>0</td>
</tr>
<tr>
<td>Series T</td>
<td>4.66%</td>
<td>July 12, 2001</td>
<td>69,555,000</td>
<td>69,555,000</td>
<td>0</td>
</tr>
<tr>
<td>Series U</td>
<td>4.30%</td>
<td>August 8, 2002</td>
<td>14,400,000</td>
<td>14,400,000</td>
<td>0</td>
</tr>
<tr>
<td>Series V</td>
<td>Variable</td>
<td>August 8, 2002</td>
<td>25,200,000</td>
<td>25,200,000</td>
<td>0</td>
</tr>
<tr>
<td>Series W</td>
<td>4.31%</td>
<td>October 15, 2002</td>
<td>69,105,000</td>
<td>69,105,000</td>
<td>0</td>
</tr>
<tr>
<td>Series X</td>
<td>3.32%</td>
<td>May 29, 2003</td>
<td>80,910,000</td>
<td>80,910,000</td>
<td>0</td>
</tr>
<tr>
<td>Series Y</td>
<td>Variable</td>
<td>June 19, 2003</td>
<td>25,350,000</td>
<td>25,350,000</td>
<td>0</td>
</tr>
<tr>
<td>Series Z</td>
<td>3.88%</td>
<td>March 17, 2004</td>
<td>71,760,000</td>
<td>71,760,000</td>
<td>0</td>
</tr>
<tr>
<td>Series AA</td>
<td>4.45%</td>
<td>July 8, 2004</td>
<td>28,750,000</td>
<td>28,750,000</td>
<td>0</td>
</tr>
<tr>
<td>Series AB</td>
<td>Variable</td>
<td>July 8, 2004</td>
<td>20,970,000</td>
<td>20,970,000</td>
<td>0</td>
</tr>
<tr>
<td>Series AC</td>
<td>4.14%</td>
<td>July 7, 2005</td>
<td>52,650,000</td>
<td>52,650,000</td>
<td>0</td>
</tr>
<tr>
<td>Series AD</td>
<td>Variable</td>
<td>July 7, 2005</td>
<td>7,310,000</td>
<td>7,310,000</td>
<td>0</td>
</tr>
<tr>
<td>Series AE</td>
<td>4.57%</td>
<td>July 6, 2006</td>
<td>103,290,000</td>
<td>103,290,000</td>
<td>0</td>
</tr>
<tr>
<td>Series AF</td>
<td>4.66%</td>
<td>July 10, 2007</td>
<td>68,230,000</td>
<td>68,230,000</td>
<td>52,220,000</td>
</tr>
<tr>
<td>Series AG</td>
<td>3.97%</td>
<td>March 27, 2008</td>
<td>101,335,000</td>
<td>101,335,000</td>
<td>59,630,000</td>
</tr>
<tr>
<td>Series AH</td>
<td>4.43%</td>
<td>July 17, 2008</td>
<td>140,760,000</td>
<td>140,760,000</td>
<td>114,785,000</td>
</tr>
<tr>
<td>Series AI</td>
<td>4.13%</td>
<td>August 7, 2008</td>
<td>32,115,000</td>
<td>32,115,000</td>
<td>19,880,000</td>
</tr>
<tr>
<td>Series AJ</td>
<td>4.37%</td>
<td>July 9, 2009</td>
<td>123,985,000</td>
<td>123,985,000</td>
<td>100,450,000</td>
</tr>
<tr>
<td>Series AK</td>
<td>3.15%</td>
<td>September 3, 2009</td>
<td>47,310,000</td>
<td>47,310,000</td>
<td>28,445,000</td>
</tr>
<tr>
<td>Series AL</td>
<td>3.72%</td>
<td>July 8, 2010</td>
<td>135,410,000</td>
<td>135,410,000</td>
<td>82,355,000</td>
</tr>
<tr>
<td>Series AM</td>
<td>4.00%</td>
<td>July 12, 2011</td>
<td>119,085,000</td>
<td>119,085,000</td>
<td>103,970,000</td>
</tr>
<tr>
<td>Series AN</td>
<td>1.54%</td>
<td>March 20, 2012</td>
<td>76,810,000</td>
<td>76,810,000</td>
<td>71,365,000</td>
</tr>
<tr>
<td>Series AO-1 (Tax-Exempt)</td>
<td>4.20%</td>
<td>July 8, 2013</td>
<td>12,340,000</td>
<td>12,340,000</td>
<td>11,675,000</td>
</tr>
<tr>
<td>Series AO-2 (Taxable)</td>
<td>4.73%</td>
<td>July 8, 2013</td>
<td>18,575,000</td>
<td>18,575,000</td>
<td>17,280,000</td>
</tr>
<tr>
<td>Series AP</td>
<td>2.34%</td>
<td>May 7, 2014</td>
<td>46,110,000</td>
<td>46,110,000</td>
<td>43,425,000</td>
</tr>
<tr>
<td>Series AQ</td>
<td>2.88%</td>
<td>May 7, 2015</td>
<td>94,975,000</td>
<td>94,975,000</td>
<td>800,455,000</td>
</tr>
</tbody>
</table>

**Total:** 2,356,400,000, 1,555,945,000, 800,455,000
# State System of Higher Education

## Proposed 2015(B) Bond Issue Summary

### Tax-Exempt Bond Issue

<table>
<thead>
<tr>
<th>Project</th>
<th>Type</th>
<th>Term (Years)</th>
<th>BOG Approved</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>California On-Campus Student Housing</td>
<td>Auxiliary</td>
<td>25</td>
<td>July 2015</td>
<td>$76,770,000</td>
</tr>
<tr>
<td>Contingency and Issuance Costs Estimated at 1.6%</td>
<td></td>
<td></td>
<td></td>
<td>1,228,320</td>
</tr>
<tr>
<td><strong>Total Debt Issue</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$77,998,320</strong></td>
</tr>
</tbody>
</table>
System Debt Outstanding by Bond Issue
Fiscal Years Ending 2016–2040
Including Proposed Series

Bond Series Indicated by Letter
Series AR estimated to close in July 2015
Finance, Administration, and Facilities Committee Meeting
June 30, 2015

SUBJECT: Request for Line of Credit, Cheyney University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Cheyney University of Pennsylvania

BACKGROUND: Cheyney University of Pennsylvania is requesting an additional line of credit in an amount not to exceed $6.5 million. This request follows the previous lines of credit established for Cheyney University, as follows:

<table>
<thead>
<tr>
<th>Line of Credit</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Line of Credit</td>
<td>August 2013</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Second Line of Credit</td>
<td>June 2014</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Third Line of Credit</td>
<td>August 2014</td>
<td>$2,500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$6,500,000</strong></td>
</tr>
</tbody>
</table>

The additional line of credit will follow the same structure as previously used, to include a five-year term, with drawdowns taken on an as-needed basis and paid back on an as-available basis. The interest rate is based on the five-year government rate plus 25 basis points, currently 1.75 percent, as directed in Board of Governors’ Policy 1986-02-A: Investment. The University currently has $6.5 million outstanding on three previous lines of credit; therefore, if fully utilized, the total outstanding debt would be $13.0 million. The Office of the Chancellor is working closely with the university to manage the lines of credit. This additional line of credit is projected to sustain operations until early 2016. It is expected that Cheyney University will be able to reduce its debt as its revitalization plan is implemented (see attached).

This request is partially due to the long-standing issues surrounding untimely financial aid drawdowns from both the U.S. Department of Education (DOE) and Pennsylvania Higher Education Assistance Agency (PHEAA). The delayed receipt of restricted revenue and continued enrollment declines have resulted in a severe drop in revenue that has not been matched with a corresponding drop in expenses, thus continuing a negative cash flow environment.

Since the Board of Governors last approved an increase in Cheyney’s line of credit in August 2014, the following actions have been taken to stabilize Cheyney’s operations.

- Dr. Frank Pogue has been appointed as interim president.
- Cheyney’s financial aid for the past three years is being reconciled for both the state and federal programs. PHEAA has restored its funding, and the DOE’s funding will be received on a timely basis.
- Fiscal year 2014/15 federal financial aid for Cheyney students was correctly packaged and awarded by outsourcing the financial aid operations to Financial Aid Services (FAS). FAS will administer financial aid services for Cheyney for the upcoming academic year, providing for timely drawdowns of financial aid in fiscal year 2015/16.

MOTION: That the Board of Governors approve an additional line of credit for Cheyney University of Pennsylvania in the amount of $6.5 million.

Supporting Documents Included: June 15, 2015, email from Chancellor Brogan

Other Supporting Documents Available: Board of Governors’ Policy 1986-02-A: Investment

Reviewed by: N/A

Prepared by: James S. Dillon

Telephone: (717) 720-4100
Dr. Pogue:

First, let me thank you for providing the extensive information you compiled for your Sustainability Plan for Cheyney University. The following is my perspective on the highest priorities contained within your document, which will help to guarantee the development and implementation of significant and substantial change in the next 12 months. You will agree that it is urgent that Cheyney University, the nation’s oldest HBCU, determine its long term viability in terms of size (student enrollment, facilities and academic offerings) and how it meets its obligations in the following areas:

**Ensure the academic program array builds on program quality and current and emerging market demands**

- Three general academic clusters appear to be key themes: Natural Sciences/Math, Professional Programs, and Education:
  - 18 Undergraduate majors
  - 12 Undergraduate minors
  - 5 Graduate majors
- Review each existing program based on degree productivity, course offerings, faculty resources, and market need. Eliminate under-enrolled programs through program consolidation and closure.
- Identify 3 new applied and professional academic programs to be developed in 2015-2016 that leverage existing academic program strengths (courses and faculty) and market interest (e.g., criminal justice, actuarial science, and a graduate program in the sciences).
- Revise the general education program for clarity, coherence, and relevance.

**Build enrollment management capacity**

- Build expected university enrollments (on-campus and in Center City) around key academic programs by recruiting and retaining academically qualified students (e.g., 700 for 2015-16; 800 for 2016-17).
- Expand Keystone Honors Academy enrollments as a strategy to rebrand Cheyney University around its academic quality.
- Continue to outsource student financial aid (Financial Aid Services-FAS), the re-installation of PowerCampus enterprise software (Ellucian), and explore solutions external to Cheyney with the capacity for effective student administrative and support services.

**Implement a new business model for efficient and effective administrative operations aligned with university needs (size and scope)**

Analyze each business function to determine the most effective delivery method (outsourced, in-sourced to another State System university). For example:

- Student Health Services
Collaborative opportunities

As is the case with many universities (public and private) across the country more collaboration will be necessary to enable implementation of significant and substantial change at Cheyney University (e.g., academic program offerings, facilities usage, and shared services).

Urgency

Coming to terms with an actionable plan for Cheyney’s continued long term viability is vital. Such a plan is essential as we seek a continued revenue stream—provided by the System on a loan basis to be approved by the Board of Governors—for operational purposes for the next fiscal year.

Thank you for your continued leadership, Frank. If we are going to guarantee a long term future for the university and those to be served by it, it is essential that we move forward immediately with the critical components that I have outlined above.

I look forward to our next conversation.

Best regards,

Frank T. Brogan
Chancellor
SUBJECT: Property Donation, Lock Haven University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Lock Haven University of Pennsylvania

BACKGROUND: Lock Haven University of Pennsylvania requests approval to accept a donation from the Lock Haven University Foundation of property at 524 West Church Street, Lock Haven, Pennsylvania, known as Campus Village Apartments.

The one-acre property is adjacent to the university and includes a student housing complex, two-story storage building, and parking. Constructed in 1992, the complex contains 93 units within two three-story buildings.

The buildings have been leased and maintained by the university since they were purchased by the foundation in 1999. The housing units are configured as apartments with kitchenettes and are in high demand by students. The property generates approximately $850,000 in revenue annually, with direct operating expenses of approximately $390,000. These expenses do not include life cycle maintenance expenses, which will include replacement of the roofs and floor coverings within the next five years at an estimated cost of $750,000. The depreciated book value of the property is approximately $3.3 million.

MOTION: That the Board of Governors approve Lock Haven University of Pennsylvania’s acceptance of a donation from the Lock Haven University Foundation of property at 524 West Church Street, Lock Haven, Pennsylvania, known as Campus Village Apartments.

Supporting Documents Included: Property map and photo

Other Supporting Documents Available: Real property acquisition planning data

Reviewed by: Lock Haven University of Pennsylvania’s Council of Trustees, May 8, 2015

Prepared by: James S. Dillon

Telephone: (717) 720-4100

Board of Governors’ Meeting Agenda – Page 22
Finance, Administration, and Facilities Committee Meeting
June 30, 2015

SUBJECT: Sullivan Hall Demolition, Lock Haven University of Pennsylvania (INFORMATION)

UNIVERSITIES AFFECTED: Lock Haven University of Pennsylvania

BACKGROUND: In its ongoing effort to eliminate excess space, Lock Haven University of Pennsylvania intends to demolish Sullivan Hall.

Sullivan Hall is a three-story, 16,200-square-foot building constructed in 1938 as the university’s main library. It was last renovated in 1970 when it was converted to administrative office space. The university has an excess of space, and recent renovations of other buildings on campus and related office relocations have left this building vacant and obsolete. The building is in poor condition and would require substantial investment to continue usage.

Demolition of the building will require approval from the Department of General Services and the Pennsylvania Historical and Museum Commission.

Supporting Documents Included: Property map and photo

Other Supporting Documents Available: Project planning documentation

Reviewed by: Lock Haven University of Pennsylvania’s Council of Trustees, May 8, 2015

Prepared by: James S. Dillon

Telephone: (717) 720-4100
Sullivan Hall
Lock Haven University of Pennsylvania
ITEM #6

Finance, Administration, and Facilities Committee Meeting
June 30, 2015

SUBJECT: Bucks House Demolition, Millersville University of Pennsylvania (INFORMATION)

UNIVERSITIES AFFECTED: Millersville University of Pennsylvania

BACKGROUND: Millersville University of Pennsylvania intends to demolish the building at 110 North Prince Street known as the Bucks House.

The building is a 2,000-square-foot, two-story, log and wood frame, single-family dwelling; the exact date of construction is unknown. It is well beyond its useful life, in a poor location, and of no use to the university.

Demolition of the building will require approval from the Department of General Services and the Pennsylvania Historical and Museum Commission.

Supporting Documents Included: Property map and photo

Other Supporting Documents Available: Project planning documentation

Reviewed by: Millersville University of Pennsylvania’s Council of Trustees, June 17, 2015

Prepared by: James S. Dillon

Telephone: (717) 720-4100

Board of Governors' Meeting Agenda – Page 26
ITEM #7

Finance, Administration, and Facilities Committee Meeting
June 30, 2015

SUBJECT: Fiscal Year 2015/16 Operating Budget Update (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Additional information regarding the State System’s fiscal year 2015/16
budget requirements will be presented at the Board of Governors’ meeting.

Supporting Documents Included: N/A

Other Supporting Documents Available: Board of Governors’ meeting materials, October 8–9, 2014, and April 8–9, 2015; Governor’s budget recommendations as provided March 3, 2015

Reviewed by: N/A
Prepared by: James S. Dillon  Telephone: (717) 720-4100
ITEM #8

Finance, Administration, and Facilities Committee Meeting
June 30, 2015

SUBJECT: Shared Services (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: At the request of the chair of the Finance, Administration, and Facilities Committee, an update will be provided regarding current shared services and discussions of other potential shared services that are under consideration.

Supporting Documents Included: N/A


Reviewed by: N/A

Prepared by: James S. Dillon  Telephone: (717) 720-4100
ITEM #9

Finance, Administration, and Facilities Committee Meeting
June 30, 2015

SUBJECT: Pricing Flexibility Pilot Extension, Edinboro University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Edinboro University of Pennsylvania

BACKGROUND: In January 2014, the Board of Governors approved a tuition flexibility pilot for Edinboro University to charge 105 percent of in-state tuition to newly enrolled domestic out-of-state undergraduate students. The pilot is effective fall 2014 through summer 2016.

The first year of the pilot did not provide sufficient lead time to effectively promote the new tuition rates to out-of-state markets. As a result, enrollment increased minimally (nine students, or an increase of 4 percent). Nevertheless, the pilot’s first year yielded significant increases in the percentages of both Pell recipients and nonmajority students. In addition, the university gained students (rather than experiencing summer enrollment “melt”) after May 2014: 201 students had paid deposits as of May 29, 2014; 230 students had enrolled by fall 2014. Based on this first year, the pilot did not meet its goal of revenue neutrality.

Now in its second year and the first full enrollment cycle for the pilot, enrollment results are consistent with Edinboro’s expectations. As of May 29, 2015, deposits are 50 percent higher than the prior year. With more than double the number of students planning to attend New Student Orientations (NSO), it is expected that last year’s summer growth pattern will continue this year. The university estimates a yield of at least 311 students in the fall 2015 tuition pilot cohort, which will result in the pilot nearing its goal of revenue neutrality and maintaining improved access. In addition, most of these students will live in the university’s privatized housing, which will contribute to meeting occupancy goals and increasing auxiliary revenue.

Recognizing that the recruitment cycle for the fall 2016 class begins soon, the university requests a one-year extension to the pilot, through summer 2017, with continued annual assessments of the pilot’s outcomes. This will allow for marketing the pilot to prospective students for fall 2016, while the university assesses the 2015/16 pilot outcomes.

MOTION: That the Board of Governors approves a one-year extension of Edinboro University of Pennsylvania’s tuition flexibility pilot for out-of-state tuition, through summer 2017.

Supporting Documents Included: Edinboro University of Pennsylvania’s Tuition Flexibility Pilot Assessment; Summary of Pricing Flexibility Pilots Approved by the Board of Governors

Other Supporting Documents Available: Board of Governors’ meeting materials, January 2014

Reviewed by: Edinboro University of Pennsylvania’s Council of Trustees, June 9, 2015

Prepared by: James S. Dillon

Telephone: (717) 720-4100
Pilot/Title: Reduced Out-of-State Tuition (105% of In-State Rate)

Brief Synopsis of Pilot, as Approved by Board of Governors

Edinboro University proposes to undertake a pilot project for the State System by adjusting out-of-state tuition and mandatory fees to match in-state tuition plus a 5% out-of-state tuition and fee surcharge. Effective fall 2014 through summer 2016.

Changes Sought Since Pilot’s Approval

To extend the pilot for one additional year, through summer 2017.

<table>
<thead>
<tr>
<th>Assessment Criteria</th>
<th>Prior Year (Fall 2013)</th>
<th>Current Year (Fall 2014)</th>
<th>Projected Year (Fall 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cohort Access</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headcount Pell Recipients</td>
<td>84</td>
<td>113</td>
<td>153</td>
</tr>
<tr>
<td>Percent Pell Recipients</td>
<td>38.0%</td>
<td>49.1%</td>
<td>49.2%</td>
</tr>
<tr>
<td>Headcount Nonmajority Students</td>
<td>50</td>
<td>62</td>
<td>86</td>
</tr>
<tr>
<td>Percent Nonmajority</td>
<td>22.9%</td>
<td>27.8%</td>
<td>27.7%</td>
</tr>
<tr>
<td><strong>Cohort Enrollment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall FTE Students</td>
<td>210.93</td>
<td>219.13</td>
<td>296.26</td>
</tr>
<tr>
<td>Fall Headcount Students</td>
<td>221</td>
<td>230</td>
<td>311</td>
</tr>
<tr>
<td>Deposits as of May 29 each year*</td>
<td>257</td>
<td>201</td>
<td>289</td>
</tr>
</tbody>
</table>

*As of May 29, 2015, there is a trend toward increased deposits associated with New Student Orientations (NSO). To date, Edinboro has seen a 115% increase (808 in 2015 compared to 376 in 2014) in registrations for NSOs with 12 sessions to go.

E&G Revenue Associated with Cohort

<table>
<thead>
<tr>
<th>E&amp;G Fee Revenue</th>
<th>Prior Year (Fall 2013)</th>
<th>Current Year (Fall 2014)</th>
<th>Projected Year (Fall 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Revenue</td>
<td>$1,053,915</td>
<td>$779,976</td>
<td>$1,054,498</td>
</tr>
<tr>
<td>E&amp;G Fee Revenue</td>
<td>238,337</td>
<td>230,288</td>
<td>311,341</td>
</tr>
<tr>
<td>Institutional Financial Aid (negative number)</td>
<td>(7,837)</td>
<td>(15,557)</td>
<td>(251,500)</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$1,284,415</td>
<td>$994,707</td>
<td>$1,114,339</td>
</tr>
<tr>
<td>Revenue Increase Due to Normal Rate Changes</td>
<td>$7,150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pilot Revenue Change Over (Under) Base Year</td>
<td>($296,858)</td>
<td>($170,076)</td>
<td></td>
</tr>
</tbody>
</table>

Observations

Edinboro’s recruitment cycle, including marketing and outreach to both rising high school juniors and seniors, extends beyond 18 months. In its first year (fall 2014), the pilot was in effect too late in the recruitment cycle to have a significant impact on enrollment. For fall 2015, with the benefit of a full annual recruitment cycle to promote the new pricing, out-of-state deposits are up 50% compared to the prior year. Edinboro anticipates this trend will continue into fall 2016.
## Tuition Policy Pilots

<table>
<thead>
<tr>
<th>University</th>
<th>Approved Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomsburg</td>
<td>January 2015</td>
<td>Charge tuition on a per-credit basis to all in-state undergraduate students. The tuition rate for in-state undergraduate students will lag one year behind the System’s established per-credit rate set by the Board of Governors. Charge out-of-state undergraduate students 200% of the in-state undergraduate per-credit tuition rate. Effective fall 2015–summer 2018. Implementation postponed until fall 2016.</td>
</tr>
<tr>
<td>California</td>
<td>January 2014</td>
<td>Charge 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 the Global Online Program: all active duty military (Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard, and Reserves); and dependents and spouses of active duty members. Undergraduates taking 12–18 credits are charged the 12-credit rate. Effective summer 2014–summer 2016.</td>
</tr>
<tr>
<td>Cheyney</td>
<td>July 2014</td>
<td>Charge 90% of the applicable tuition rate to students attending the System’s Center City location in downtown Philadelphia. The tuition rate would apply to all Cheyney Center City programs, both undergraduate and graduate. Effective fall 2014–summer 2016.</td>
</tr>
<tr>
<td>Cheyney</td>
<td>July 2014</td>
<td>Charge 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 at any location. Effective fall 2015–summer 2017. Implementation postponed.</td>
</tr>
<tr>
<td>Clarion</td>
<td>April 2014</td>
<td>Charge all undergraduate students on a per-credit basis, in a revenue-neutral manner, by charging 90.5% of the System’s per-credit rate to all undergraduate students. Effective fall 2015–summer 2018. Implementation postponed until fall 2016.</td>
</tr>
<tr>
<td>East Stroudsburg</td>
<td>July 2014</td>
<td>Charge 90% of the applicable tuition rate to students attending the System’s Center City location in downtown Philadelphia. The tuition rate would apply to all East Stroudsburg Center City programs, both undergraduate and graduate. Effective fall 2014–summer 2016.</td>
</tr>
<tr>
<td>Edinboro</td>
<td>Approved January 2014</td>
<td>Charge 105% of the in-state tuition rate to all newly enrolled domestic out-of-state undergraduate students. Effective fall 2014–summer 2016.</td>
</tr>
<tr>
<td>Indiana</td>
<td>January 2015</td>
<td>Charge tuition on a per-credit basis to all in-state undergraduate students. The university will phase in this program over three years, with a 7% rollback (charge 93%) of the System’s per-credit tuition rate in year 1, a 4% rollback (charge 96%) of the System’s per-credit tuition rate in year 2, and a 1% rollback (charge 99%) of the System’s per-credit tuition rate in year 3. The university will assess the program annually and may make appropriate adjustments to this plan. Effective fall 2015–summer 2018. Implementation postponed until fall 2016.</td>
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<tr>
<td>Institution</td>
<td>Action</td>
<td>Details</td>
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<tr>
<td>Mansfield</td>
<td>Charge undergraduate tuition at the most recent <strong>Military Tuition Assistance</strong> (TA) reimbursement rate (currently $250 per credit) and graduate tuition at a fixed rate of $399 per credit to the following individuals enrolled in online programs: all active duty military (Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard, and Reserves); and dependents and spouses of active duty members. Undergraduates taking 12–18 credits are charged the 12-credit rate. Effective fall 2015–summer 2017.</td>
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<tr>
<td>Mansfield</td>
<td>Charge105–150% of the in-state tuition rate to new <strong>out-of-state, meritorious</strong> full-time students in undergraduate degree programs that have enrollment capacity beyond the existing enrollment (currently music, nursing, radiology, respiratory therapy, and all online programs are excluded). The university will set merit eligibility criteria applicable for specific tuition rates within this range, including eligibility for rate renewal. Effective fall 2015–summer 2017.</td>
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<tr>
<td>Millersville</td>
<td>Charge 90% of the applicable tuition rate to students attending the System’s <strong>Center City</strong> location in downtown Philadelphia. The tuition rate would apply to all Millersville Center City programs, both undergraduate and graduate. Effective summer 2014–summer 2016.</td>
<td>Charge tuition on a <strong>per-credit</strong> basis to all in-state undergraduate students. The university will phase in this program over three years, with a 7% rollback (charge 93%) of the System’s per-credit tuition rate in year 1, a 4% rollback (charge 96%) of the System’s per-credit tuition rate in year 2, and a 1% rollback (charge 99%) of the System’s per-credit tuition rate in year 3. The university will assess the program annually and may make appropriate adjustments to this plan. Effective fall 2014–summer 2017. Year 2 implementation is postponed until fall 2016.</td>
</tr>
<tr>
<td>Slippery Rock</td>
<td>Charge undergraduate tuition at 85% of the current applicable tuition rate to the following individuals enrolled exclusively in undergraduate online programs: all active duty <strong>military</strong> (Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard, and Reserves); and spouses of active duty members. Undergraduates taking 12–18 credits are charged the 12-credit rate. Effective fall 2015–summer 2017.</td>
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<tr>
<td>West Chester</td>
<td>Charge 90% of the applicable tuition rate to students attending the System’s <strong>Center City</strong> location in downtown Philadelphia. The tuition rate would apply to all West Chester Center City programs, both undergraduate and graduate. Effective fall 2014–summer 2017.</td>
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<tr>
<td><strong>Student Fee Policy Pilots</strong></td>
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<tr>
<td>Clarion</td>
<td>Charge course-specific instructional fee for the high-cost/high-demand undergraduate degree programs of <strong>nursing and communication and speech disorders</strong> (CSD). If successful, expand to other high-cost/high-demand undergraduate programs in future years based on cost/benefit analysis. The differential would be a 10% annual increase until the course is fully funded: 3 years for nursing; 1–2 years for CSD. Effective fall 2015–summer 2017.</td>
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<tr>
<td>East Stroudsburg</td>
<td>Charge a course- and/or semester-specific instructional fee of approximately 25% of the applicable tuition rate to all students in the Bachelor of Science in <strong>nursing</strong> (BSN) program. If successful, may expand to speech language-pathology and athletic training or similar programs in year 2. Effective fall 2014–summer 2017. Note: fee is charged to new students in clinical sessions; first instance of fee assessment occurs to sophomores in academic year 2015/16.</td>
<td>Charge a course- or program-specific instructional fee of 25% of the undergraduate tuition rate to all students in the BSN in <strong>innovative nursing</strong> program. If successful, expand to other high-cost/high-demand undergraduate</td>
</tr>
<tr>
<td>Edinboro</td>
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<tr>
<td>Institution</td>
<td>Date Approved</td>
<td>Description</td>
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<tr>
<td>Edinboro</td>
<td>July 2014</td>
<td>Charge a course-specific instructional fee of 5% of the per-credit tuition rate for all students enrolled in a course with an ART prefix. Charge a program-specific instructional fee of 25% of the applicable tuition rate to all students enrolled in an undergraduate nursing program. ART is effective fall 2014–summer 2016; nursing is effective fall 2015–summer 2017.</td>
</tr>
<tr>
<td>Lock Haven</td>
<td>July 2014</td>
<td>Charge the educational services fee on a per-credit basis for all undergraduate students. The university will phase in this program over two years, with a charge of $15 per credit for all credits in excess of 12, beginning in fall 2014, and increasing to the full per-credit rate in fall 2015. Effective fall 2014–summer 2016.</td>
</tr>
<tr>
<td>Lock Haven</td>
<td>October 2014</td>
<td>Charge a course-specific fee for all students enrolled in nursing courses. The fee will be phased in over two years, with a charge of $45 per credit hour in the first year, and increasing to 30% of the undergraduate tuition rate in year 2. The instructional fee and course costs will be reviewed annually, and the fee could be adjusted, if warranted by the review. Effective fall 2015–spring 2017.</td>
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<tr>
<td>Mansfield</td>
<td>July 2014</td>
<td>Charge a course-specific instructional fee 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. Effective spring 2015–fall 2017. Implementation postponed to fall 2015.</td>
</tr>
<tr>
<td>Millersville</td>
<td>April 2014</td>
<td>Charge a differential fee for the following undergraduate high-cost/high-demand STEM-H programs: applied engineering, safety and technology; biology; chemistry; computer science; earth science; industrial technology; mathematics; physics; nursing; medical technology; and respiratory therapy. The differential fee would be $100 per semester for a full-time student and $8 per credit for part-time. The fee would begin once a student has declared a major and has obtained at least 30 earned credit hours. Effective fall 2014–summer 2016.</td>
</tr>
<tr>
<td>Slippery Rock</td>
<td>January 2015</td>
<td>Charge a differential fee for the following undergraduate high-cost/high-demand STEM-H courses: applied engineering, safety and technology; biology; chemistry; computer science; earth science; mathematics; physics; and medical technology. The differential fee would be $90 for each specialized 100- and 200-level lab course and $30 per credit for selected specialized 300- and 400-level STEM-H courses. The fees will be phased in over four years, with fees for 100-level courses beginning in year 1, 200-level courses in year 2, 300-level courses in year 3, and 400-level courses in year 4. The proposed fee would be reviewed annually; the fees would be adjusted as the review justifies. Effective fall 2015–summer 2018.</td>
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Highlighted pilots have been in place since summer or fall 2014.
SUBJECT: Veterans’ In-State Tuition Policy (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Beginning July 1, 2015, the Veterans Access, Choice, and Accountability Act of 2014 (Choice Act) requires all public postsecondary institutions to offer in-state tuition rates to qualified veterans and other covered individuals (such as spouses and dependents) who live in the state of the attending university, regardless of residency status. The Department of Veterans Affairs will deny benefits payment requests for education courses under the Post-9/11 GI Bill and Montgomery GI Bill Active Duty at public institutions that charge qualifying veterans and other covered individuals out-of-state tuition and fees.

These revisions to federal statute prompted the reintroduction of HB 131 (Barrar) to ensure that the state is in compliance with the Choice Act. The current draft of HB 131 is more generous than the Choice Act, as it requires in-state tuition eligibility for a longer period of time and expands the definition of a veteran.

In the event that HB 131 is not enacted by July 1, 2015, the State System will need to take steps to ensure compliance with the Choice Act, as follows:

1. It is proposed that the Board of Governors approve the attached draft Policy 2015-xx: Veterans’ In-State Tuition Benefits. This policy is designed to ensure System compliance with the Choice Act and any Commonwealth legislation that may be enacted. It also requires the chancellor to promulgate procedures and standards for the consistent implementation of this policy, a draft of which is attached.

2. If the Board does not take action prior to July 1, 2015, in the interim, presidents may waive the out-of-state tuition differential for any eligible veterans or covered individuals, based on their existing authority in Board of Governors’ Policy 1983-18-A: Waiver of Fees (Section A.8.).

MOTION: That the Board of Governors approves proposed Policy 2015-xx: Veterans’ In-State Tuition Benefits.

Supporting Documents Included: Draft Board of Governors’ Policy 2015-xx: Veterans’ In-State Tuition Benefits; Draft Procedure/Standard Number 2015-xx: Veterans’ In-State Tuition Benefits

Other Supporting Documents Available: N/A

Reviewed by: Council of Presidents, May 20, 2015; Chief Academic Officers, June 12, 2015; Fiscal and Administrative Vice Presidents, May 6 and June 10, 2015

Prepared by: James S. Dillon

Telephone: (717) 720-4100
Policy 2015-xx: Veterans’ In-State Tuition Benefits

A. Purpose and Scope
The purpose of this policy is to ensure compliance with Section 702 of the federal Veterans Access, Choice, and Accountability Act of 2014 (Choice Act) and other laws as adopted by the Commonwealth of Pennsylvania regarding the charging of in-state tuition to qualified veterans and other covered individuals, such as spouses and dependents.

B. Policy
In-state tuition shall be charged for programs of education for individuals who have been or will be eligible for benefits under the Post-9/11 GI Bill (Chapter 33 of Title 38 of the United States Code, which includes the Fry Scholarship) and the Montgomery GI Bill (Chapter 30 of Title 38 of the United States Code).

The chancellor shall establish procedures, standards, and guidelines—to include definitions—that will ensure compliance with the Choice Act and other applicable laws regarding veterans’ educational benefits, including state laws as adopted by the Commonwealth of Pennsylvania.

C. Effective Date
July 1, 2015.
I. Introduction

Pennsylvania’s State System of Higher Education offers a wide variety of services to military members, veterans, their spouses, and dependents. Effective July 1, 2015, the Board of Governors approved charging in-state tuition for programs of education under the Post-9/11 GI Bill (Chapter 33 of Title 38 of the United States Code, which includes the Fry Scholarship) and the Montgomery GI Bill (Chapter 30 Title 38 of the United States Code) for eligible veterans and their dependents who are “covered individuals” in compliance with Section 702 of the Veterans Access, Choice, and Accountability Act of 2014 (Choice Act). See Board of Governors’ Policy 2015-xx: Veterans’ In-State Tuition Benefits, which permits the chancellor to establish procedures, standards, and guidelines in compliance with Section 702 of the Choice Act and Commonwealth law.

II. Definitions

A. Covered Individual

1. A veteran who lives in the Commonwealth of Pennsylvania (regardless of his/her formal state of residence) and enrolls in a State System university within three years of discharge from a period of active duty service of 90 days or more.
2. An individual (typically a spouse or child) using transferred benefits who lives in the Commonwealth of Pennsylvania (regardless of his/her formal state of residence) and enrolls in a State System university within three years of the transferor’s discharge from a period of active duty of 90 days or more.

3. An individual (typically a spouse or child) using benefits under the Marine Gunnery Sergeant David Fry Scholarship who lives in the Commonwealth of Pennsylvania (regardless of his/her formal state of residence) and enrolls in a State System university within three years of the service member’s death in the line of duty following a period of active duty service of 90 days or more.

B. Veteran—An individual who served in the active military, naval, or air service, or an individual who performed certain full-time service in, or was called up from, the reserve components or the United States National Guard and commissioned corps of the Public Health Service or National Oceanic and Atmospheric Administration and who has been discharged from a period of active duty of 90 days or more.

III. Universities Shall Charge In-State Tuition for Covered Individuals

A. Beginning with terms that start after July 1, 2015, covered individuals who enroll in State System universities shall be charged in-state tuition and fees.

B. Covered individuals who are not veterans must use educational benefits until exhausted, with the exclusion of summer and winter sessions, in order to receive in-state tuition.

C. Students shall maintain status of a covered individual as long as they remain continually enrolled in any State System university in one or more programs, even if they have exhausted their educational benefits.

D. Covered individuals shall be eligible for in-state tuition and fees provided that the student lives in Pennsylvania on the first day of the semester or term, which can include student housing.

E. All covered individuals charged in-state tuition will be considered in-state for all other student billing purposes, enrollment reports by residency, and allocation formula calculations, and may be considered for institutional in-state financial aid. Universities must be able to track these students separately, as required by the System Research Office.

F. A veteran does not have to be using educational benefits in order to receive in-state tuition. Veteran active duty of 90 days or more for eligibility may be established based on one, or more than one, period of honorable qualifying active duty service, and qualifying service may be earned in the various branches of the armed forces and uniformed services.
IV. Documentation

A. Veterans shall provide the following:

1. A Member 4 copy of the veteran’s DD Form 214 (DD214) in order to establish the veteran’s discharge date and a period of honorable active duty of 90 days or more (multiples of the veteran’s DD214 may be used to establish qualifying time period and service status).

2. A copy of the federal Veterans Affairs Certificate of Eligibility (COE) that establishes eligibility for veterans’ educational benefits.

3. Evidence that the veteran lives in Pennsylvania; however, there is no requirement that the veteran live in Pennsylvania for a specific amount of time in order to be eligible for in-state tuition and fees.

B. Individuals (typically a spouse or child) using transferred benefits or benefits under the Marine Gunnery Sergeant David Fry Scholarship shall provide:

1. A copy of the COE that establishes the transferred benefits or eligibility for the Marine Gunnery Sergeant David Fry Scholarship.

2. A Member 4 copy of the transferor’s or veteran’s DD214 in order to establish the discharge date and a period of honorable active duty of 90 days or more (multiples of the veteran’s DD214 may be used to establish qualifying time period and service status).

3. Evidence that the covered individual lives in Pennsylvania; however, there is no requirement that the covered individual live in Pennsylvania for a specific amount of time in order to be eligible for in-state tuition and fees.

V. Effective Date

Effective for terms beginning after July 1, 2015.
**Academic and Student Affairs Committee**

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

Tuesday, June 30, 2015

**Agenda**

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<td>3. Program Fees for New High-Cost Academic Programs (INFORMATION)</td>
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Committee Members: Marie Conley (Chair), Jane M. Earl, Representative Michael K. Hanna, Jonathan B. Mack, Secretary of Education Pedro Rivera, Senator Judith L. Schwank, Guido M. Pichini (ex officio), and Julie Wollman (nonvoting presidential liaison).

For further information contact Kathleen M. Howley at (717) 720-4200.
SUBJECT: Strategic Discussions with the Finance, Administration, and Facilities Committee (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: At the request of the chair of the Academic and Student Affairs Committee and with full support of the chair of the Finance, Administration, and Facilities Committee, there will be a strategic discussion between the two committees regarding issues of mutual interest for the strategic advancement of the System.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Kathleen M. Howley

Telephone: (717) 720-4200
SUBJECT: Prior Learning Assessments for Active Duty and Veteran Service Members (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: In continued efforts to provide quality support services to active duty and veteran service members at State System universities, it is critical to ensure the consistent interpretation and application of military credits and prior learning. There will be a strategic discussion to determine how we can further advance the System in recruiting, retaining, and graduating active duty and veteran service members.

Supporting Documents Included: N/A

Other Supporting Documents Available: N/A

Reviewed by: N/A

Prepared by: Kathleen M. Howley

Telephone: (717) 720-4200
SUBJECT: Program Fees for New High-Cost Academic Programs (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: The State System universities continue to align their academic offerings to meet the current and emerging demands of both students and the Commonwealth. In some cases, new high demand undergraduate program areas are equipment-intensive and may also require renovation of facilities in order to ensure the curriculum is aligned with employer and industry needs as well as program accreditation requirements. In addition, a dependable revenue stream is needed to ensure continuing modernization of equipment, instructional laboratories, and resources so that graduates enter their respective fields with the knowledge, skills, and competencies that employers expect. To that end, in limited situations, a program fee for new high-cost undergraduate academic programs is a viable solution.

Supporting Documents Included: Executive Summary of Degree Proposal Bachelor of Science in Petroleum and Natural Gas Engineering from Slippery Rock University

Other Supporting Documents Available: N/A

Reviewed by: Slippery Rock Council of Trustees, June 5, 2015

Prepared by: Kathleen M. Howley
Board of Governors’ Quarterly Meeting Agenda

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

Tuesday, June 30, 2015
12:00 p.m.

Agenda

Call to Order and Roll Call of Board Members
Pledge of Allegiance
Public Comments
Committee Report with Related Actions

University Action Plan Presentations
  1. Millersville University
  2. Indiana University
  3. East Stroudsburg University

Adjournment
## Human Resources Committee

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

Tuesday, June 30, 2015  

### Agenda

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<td>4. Human Resources Committee Update (INFORMATION)</td>
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**Committee Members:** Aaron A Walton (*Chair*), Senator Richard L. Alloway II, Ronald G. Henry, David M. Maser, Robert S. Taylor, Guido M. Pichini (*ex officio*), and Karen M. Whitney (*nonvoting presidential liaison*).

For further information, contact Peter H. Garland at (717) 720-4010.
Human Resources Committee Meeting  
June 30, 2015

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