



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

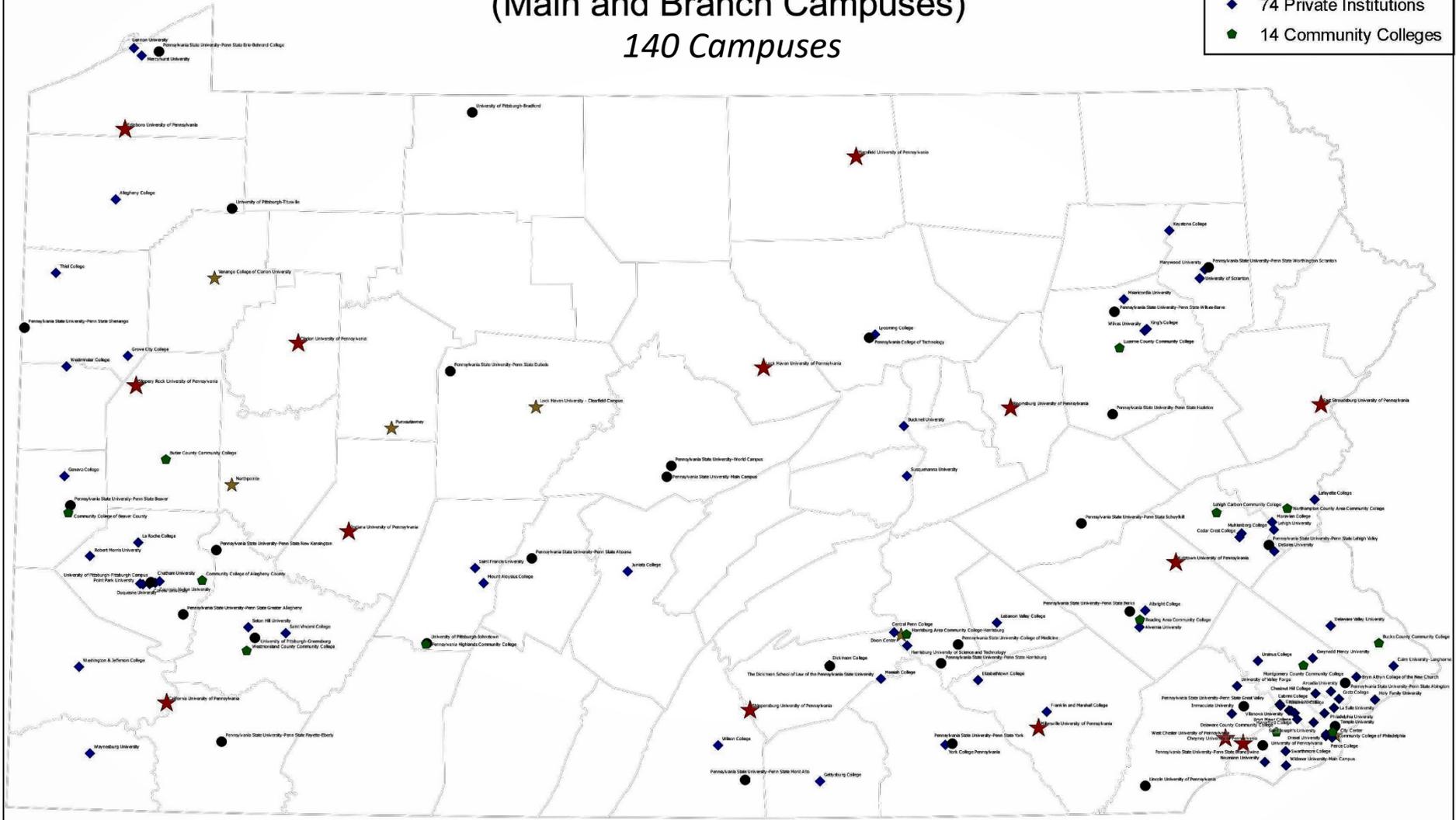


Pennsylvania's Higher Education Landscape

State System, State-Related, Private Universities and Community Colleges (Main and Branch Campuses)

140 Campuses

- ★ 14 State System
- ★ 6 State System - Offsite
- 32 State Related
- ◆ 74 Private Institutions
- ◆ 14 Community Colleges



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.

Master Plans developed in 1971, 1978, 1986, 2005.



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***.



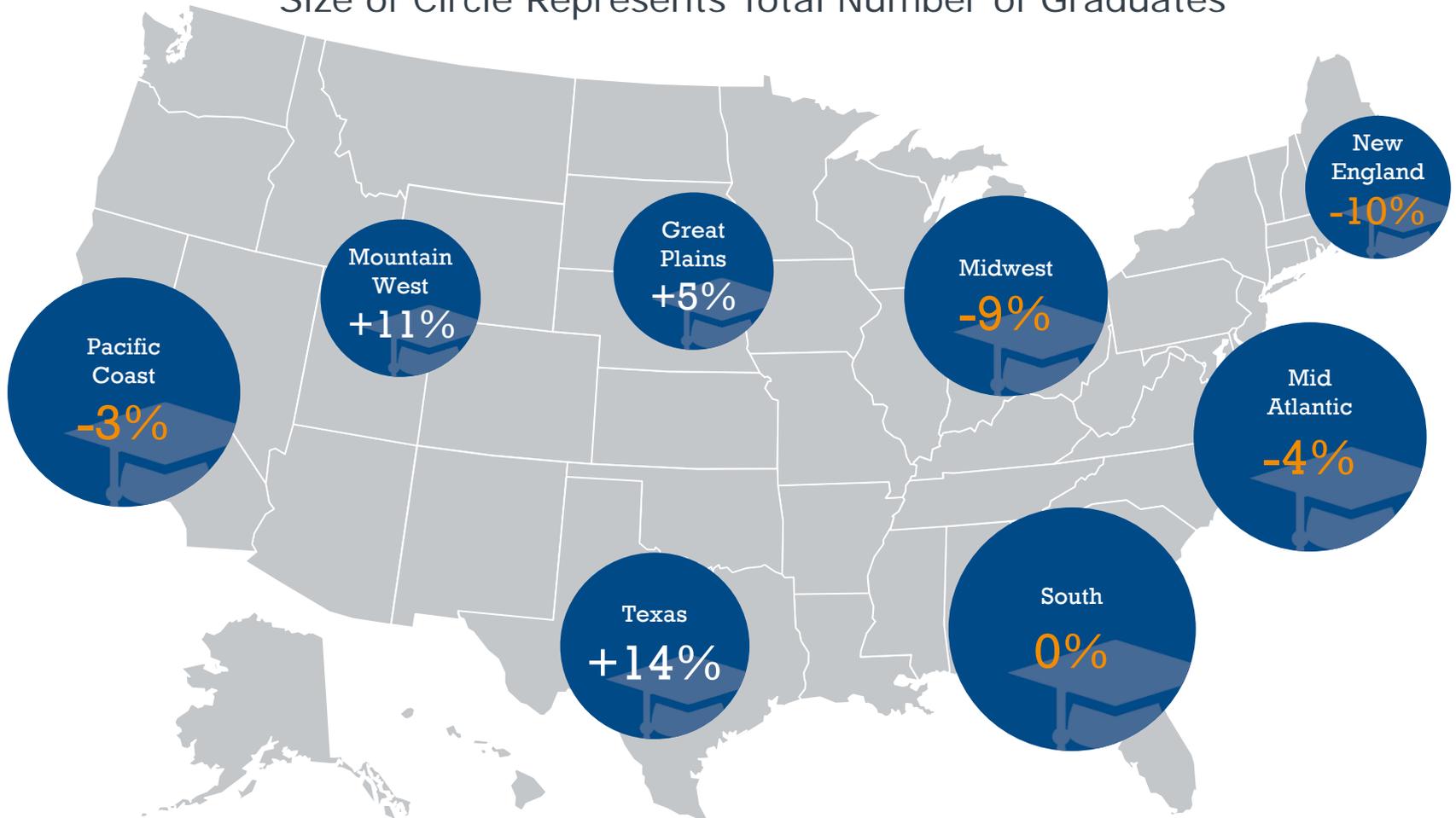
National and Pennsylvania Higher Education Landscape: *Enrollment and Funding*



Many Regions Hit Harder than Others

High School Grads Stagnant or Declining in Most Major Population Centers

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



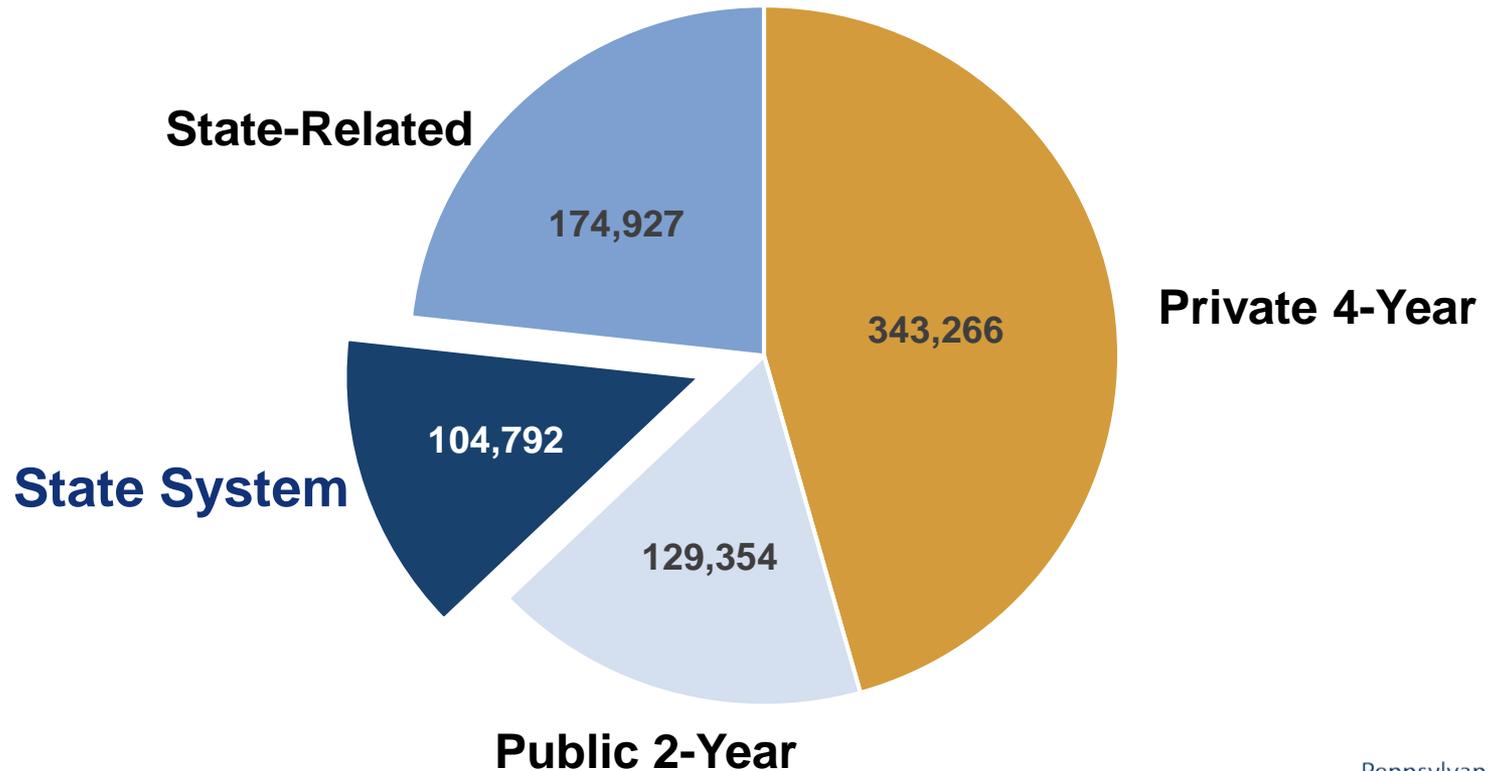
Source: Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates, 2016*, <http://www.wiche.edu/knocking>; EAB interviews and analysis.

2016 Fall Enrollments in Pennsylvania *by Sector*

Total Headcount Students

Undergraduate and Graduate

The State System is the largest provider of higher education in Pennsylvania.





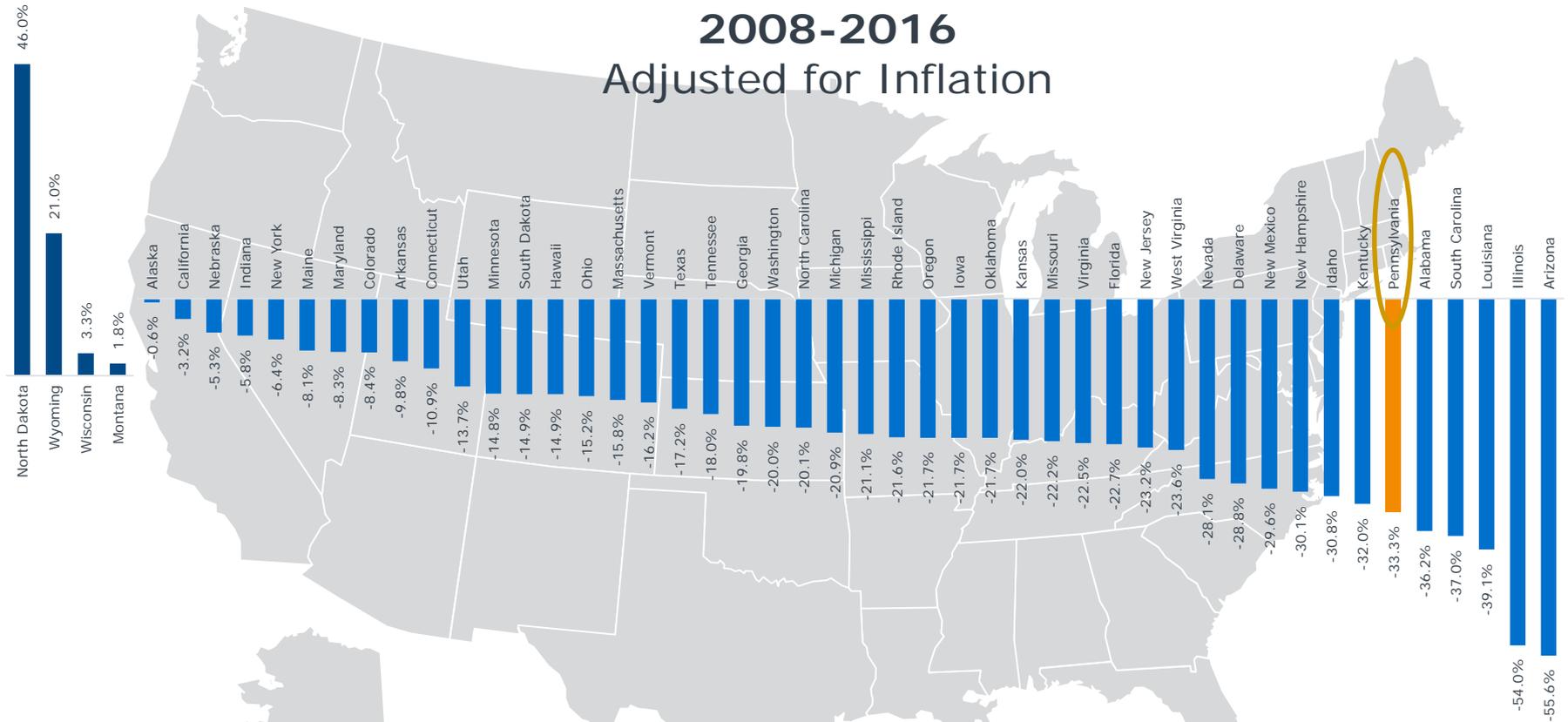
A Tough Funding Environment

State Funding Remains Below Pre-Recession Levels in Most States

Change in State Spending Per Student

2008-2016

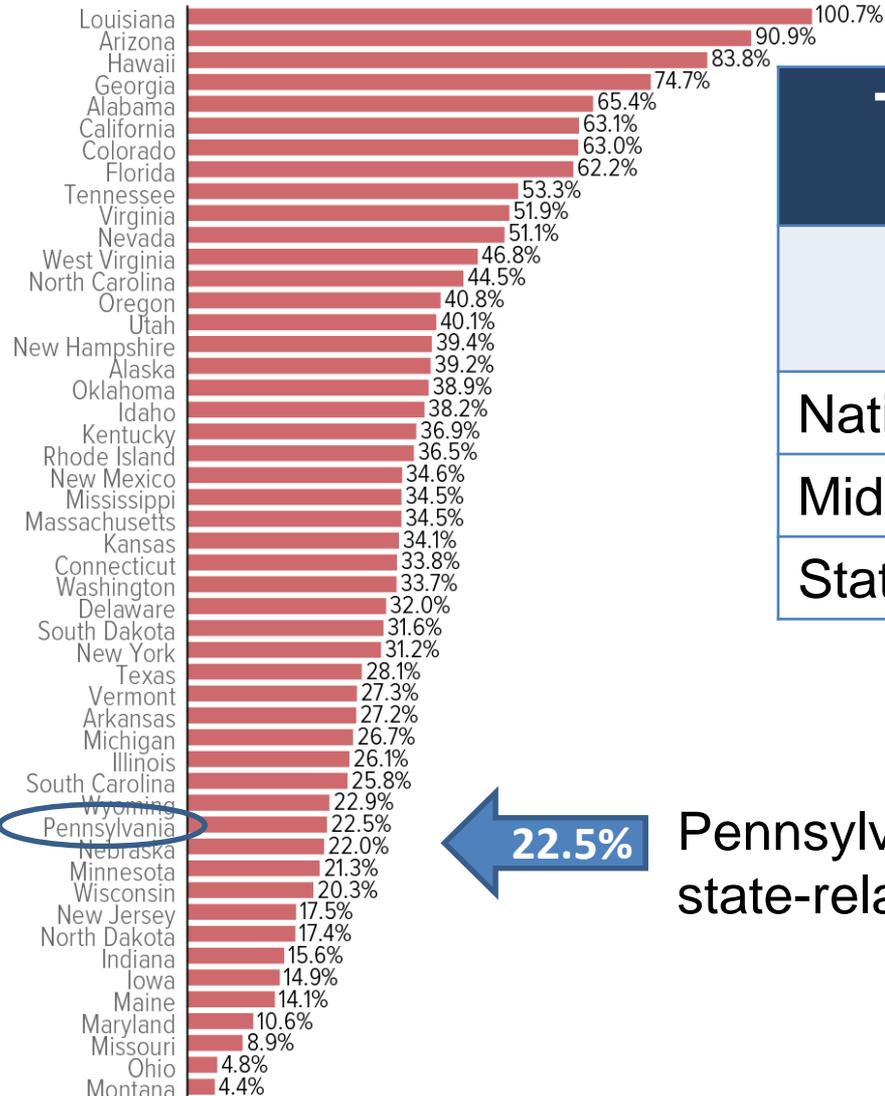
Adjusted for Inflation



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

United States: 2007/08–2016/17

Change in Average Tuition and Mandatory Fees at Four-Year Public Institutions, Adjusted for Inflation



Tuition and Mandatory Fees <i>In-State, Undergraduate</i>		
	2016/17	Change Since 2007/08
Nation	\$9,410	33%
Middle States*	\$10,098	22%
State System**	\$9,666	25%

*PA, NY, NJ, MD, DE, DC, and PR.

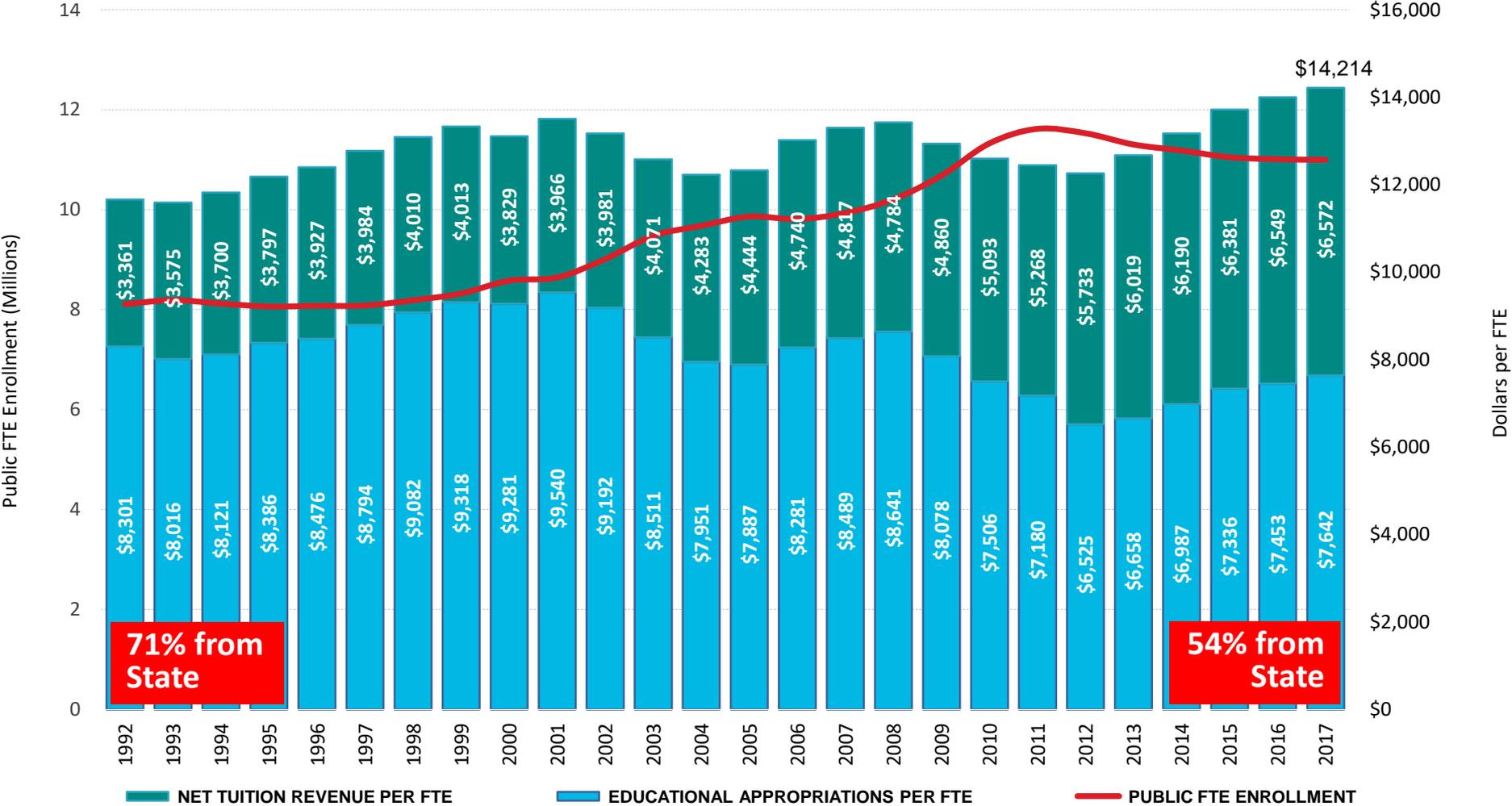
**System's full-time tuition, technology tuition fee, and university mandatory fees.

← **22.5%**

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

Public FTE Enrollment and Funding Per FTE

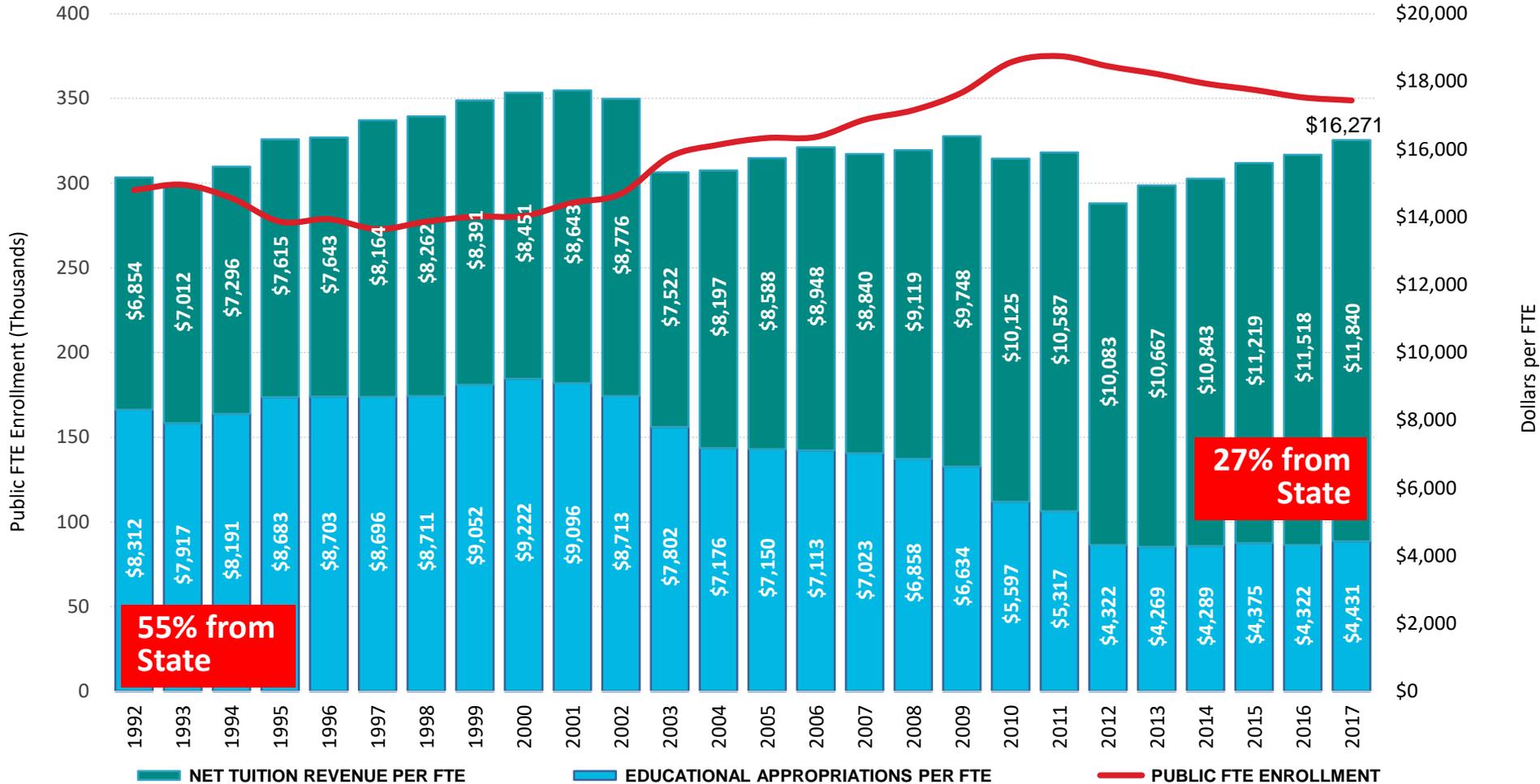
United States, FY 1991/92 – 2016/17



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



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

*State-owned, State-related, Community Colleges, PHEAA



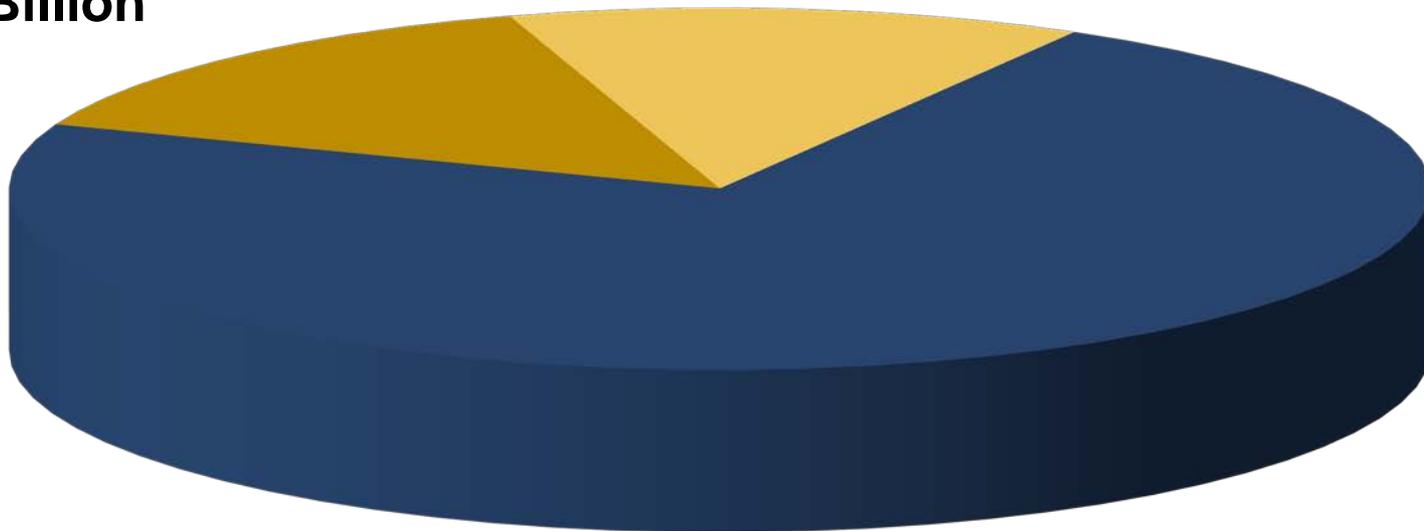
State System Trends



2018/19 System Budget

**Auxiliary
\$.3 Billion**

**Restricted
\$.3 Billion**

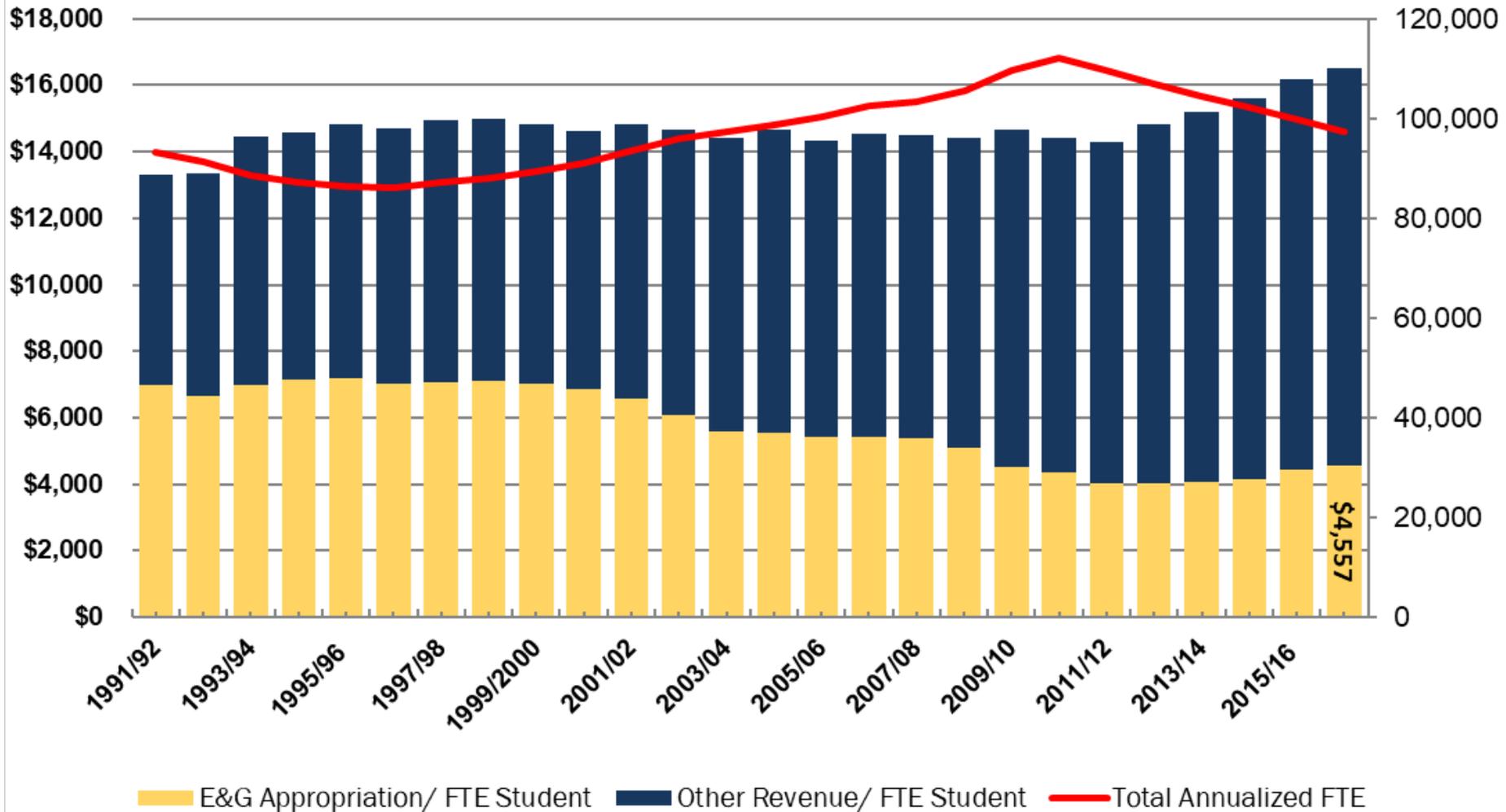


**Educational and General
\$1.7 Billion**

**Total Budget
\$2.3 Billion**

System History of E&G Revenue/FTE Student 1991/92 through 2016/17

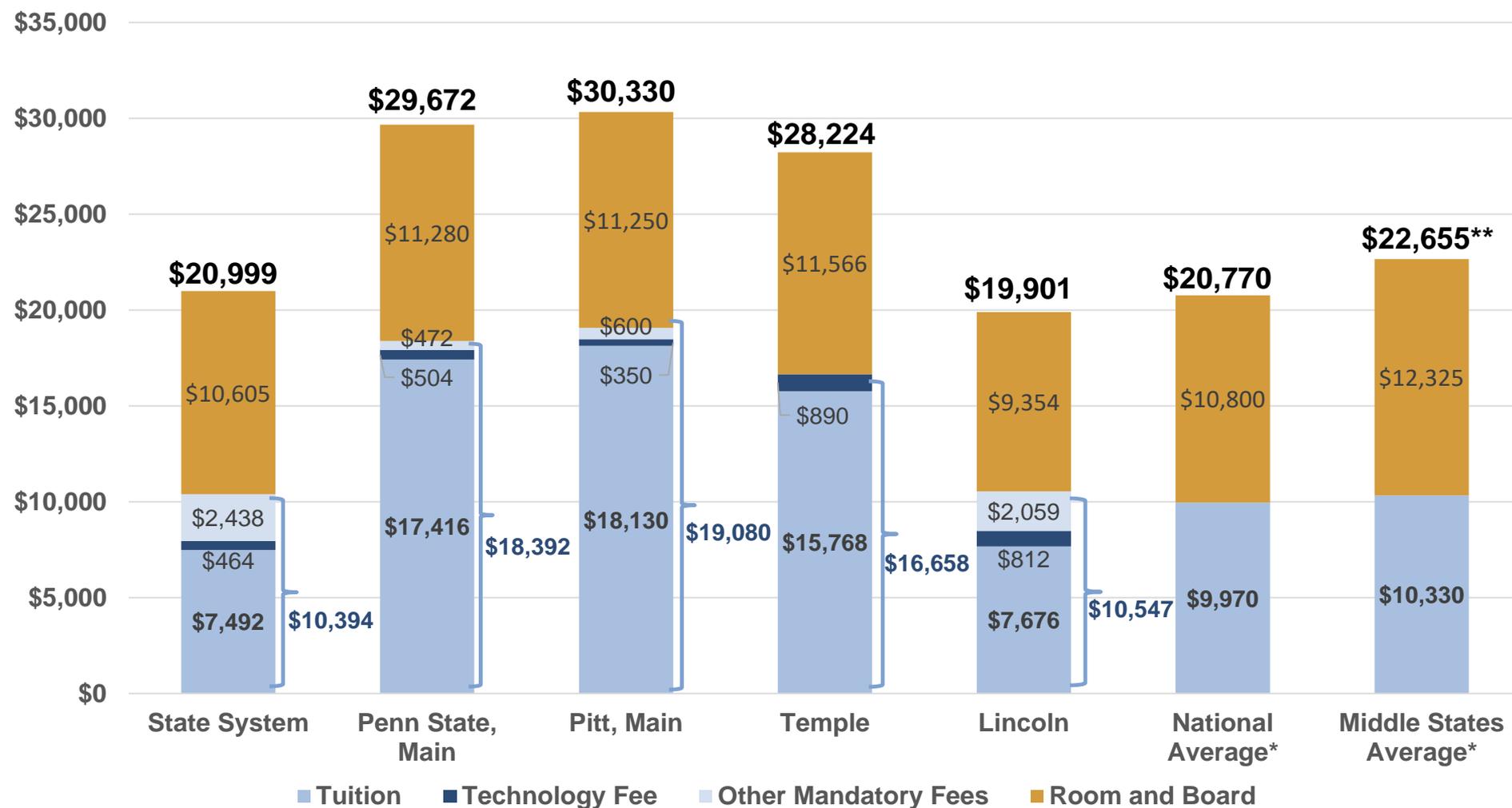
Adjusted for Inflation—In 2016/17 Dollars



*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

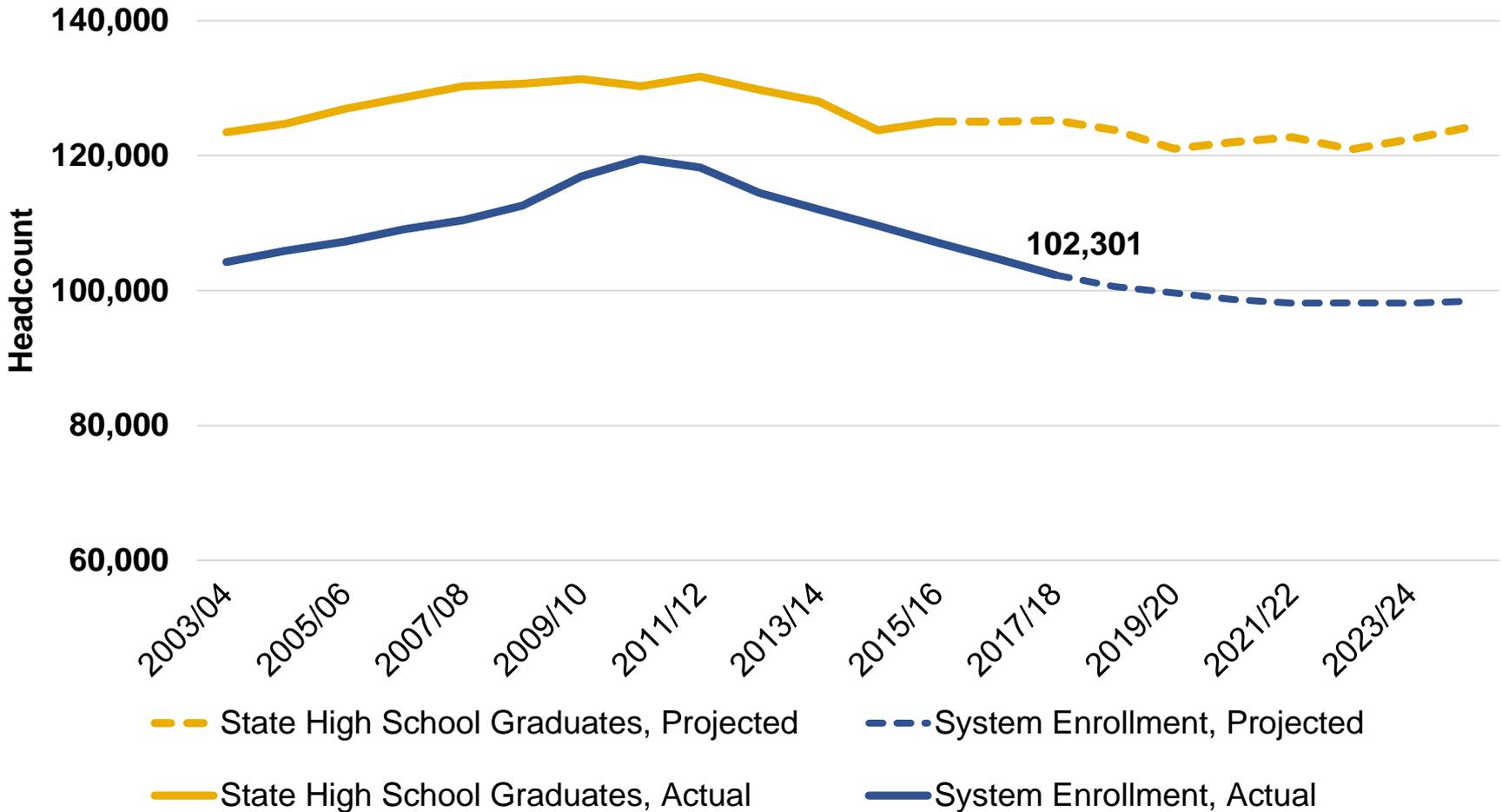


*Averages are for public four-year institutions.

**Estimated room and board rates based on change in national average.

Projected System Headcount Enrollment

*Based on Public High School Graduates**

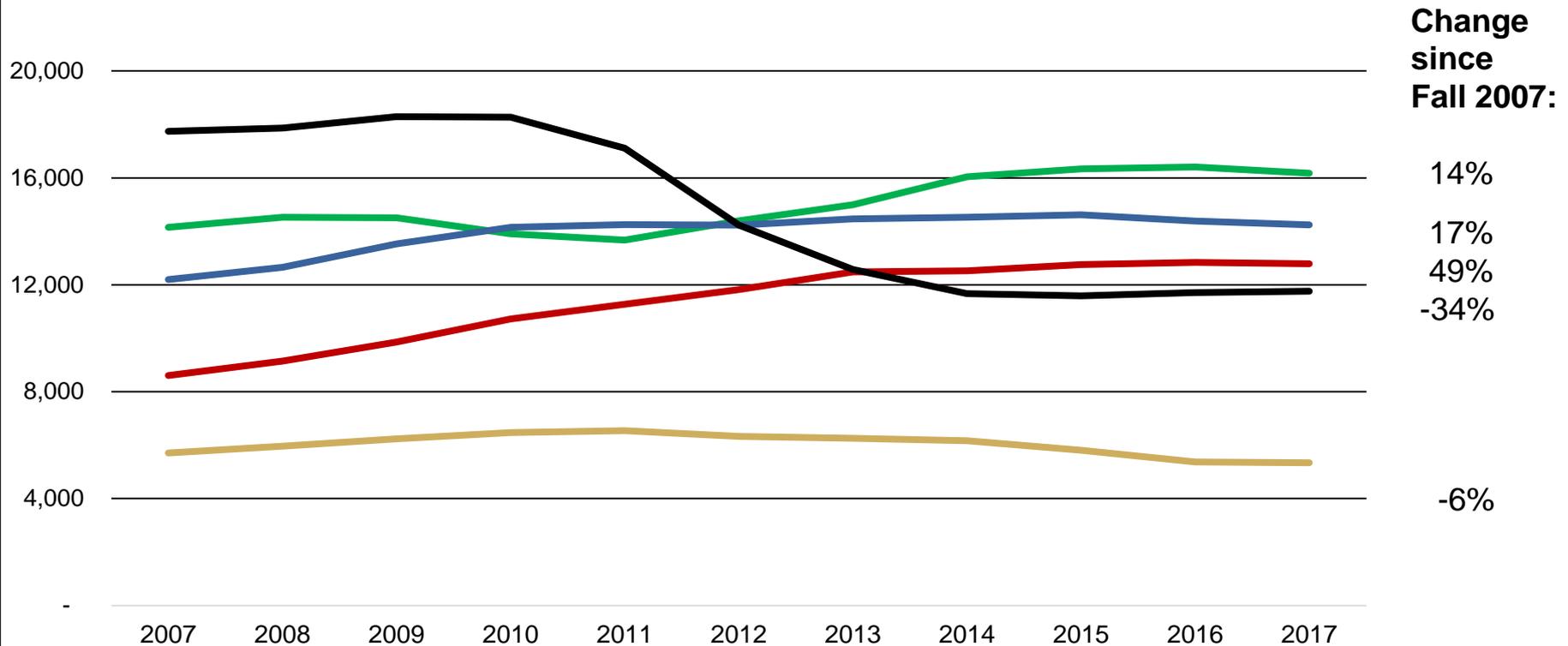


**Projected by Office of the Chancellor. No change estimated for out-of-state enrollment. Source for high school graduate estimates: Pennsylvania Departments of Health and Education. Methods based on Western Interstate Commission for Higher Education; updated by Office of Educational Intelligence, January 2018.*

Enrollment Demand by Program

Response to student demand and career opportunities

Fall Headcount Enrollment in Top Five Areas of Study

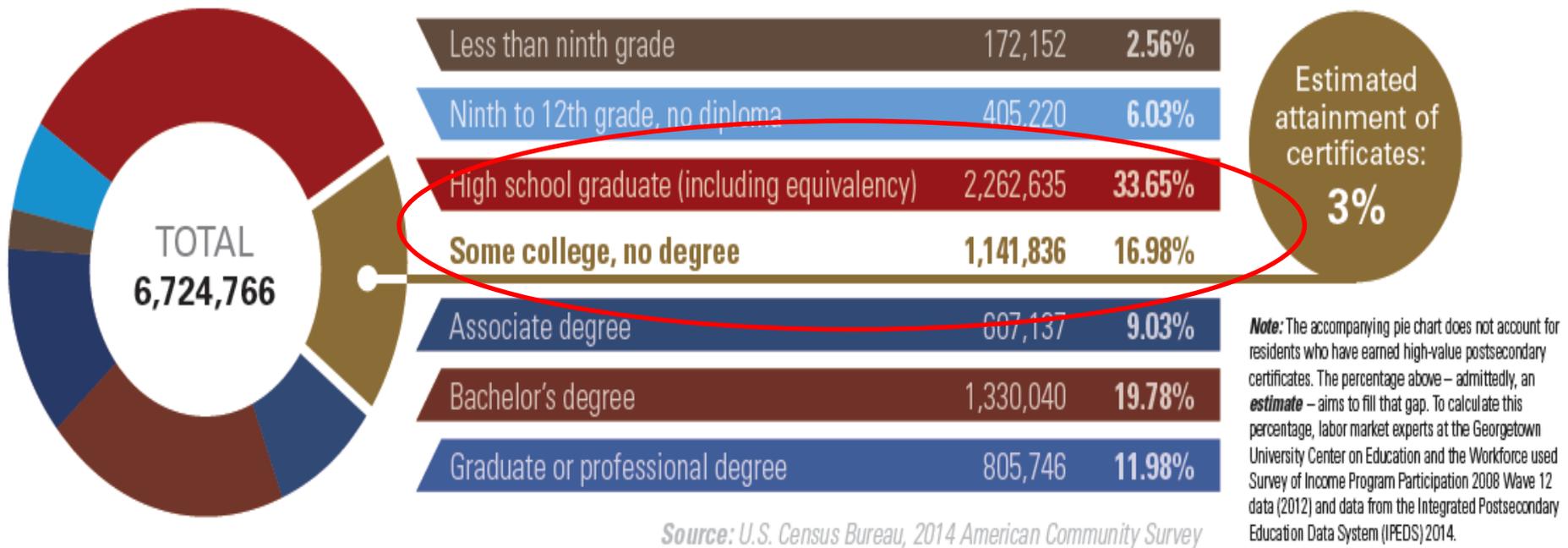


Business STEM* Health Professions Education Parks, Recreation, and Fitness

Adult Students

A Stronger Nation Through Higher Education: Annual Report from Lumina Foundation (2016)

Levels of education for Pennsylvania residents, ages 25-64



A 3.4 million student opportunity!



Roles and Responsibilities of Trustees

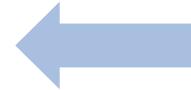
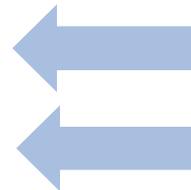


System's Founding Legislation

Act 188 of 1982

Identifies Governance Bodies

- Board of Governors
- Councils of Trustees
- Presidents
- Chancellor



Most appointed by Governor with Senate confirmation
(Senate does not confirm student trustees)

Appointed by Board of Governors

Outlines Roles and Responsibilities of Each Governance Body

Highlights of Statutory Authority

As Specified in Act 188

	Board	Chancellor	Trustees	Presidents
Presidential Appointment & Evaluation	Employs/evaluates presidents and chancellor	Assists in appointment; establishes professional development plan; assesses performance	Recommend president; establish professional development plan; evaluate president	
Academic Programs	Sets policies/criteria governing all new academic programs; approves or delegates to chancellor approval of new degree programs	Administers academic policies/criteria governing new academic programs; approves some new degree programs	Approve new academic degree programs to move forward to Board for final approval (<i>associate degree or higher</i>); approve/notified of other academic program changes	Approve curriculum consistent with law and collective bargaining agreements; recommend to chancellor and trustees per Board policies/criteria

Highlights of Statutory Authority *(cont'd)*

	Board	Chancellor	Trustees	Presidents
Procurement Contracts		Administers System-wide business procedures	Review and approve negotiated/awarded contracts/purchases	Negotiate and award contracts and purchases
Budget—Operating and Capital	Approves budget request; sets tuition; allocates state funding	Recommends the System's overall budget	Review and approve president's recommended budget; set fees	Prepare/manage capital and operating budget requirements; set activity fees
Collective Bargaining	Enters into agreements	Negotiates contracts		Administer contracts; employ personnel
Policies	Sets policy	Develops policy and ensures compliance; Board studies; etc.	Approve university standards and certain policies	Set standards/policies for students, instruction, research, service, etc.
Relationships with Affiliates	Sets policy	Establishes procedures and standards	Annually certify compliance of all affiliates; annually review affiliates' benefit to university	Enter into agreements; delineate between affiliate and university; joint fundraising



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.*



From SYSTEM REVIEW to
SYSTEM REDESIGN



System Redesign

System Redesign | PA Sta x

systemredesign.pashe.edu

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PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION

Bloomsbu University CALU CHEYNEY UNIVERSITY CLARION UNIVERSITY ESU EDINBORO IUPUI KUTZTOWN LOCK HAVEN MANSFIELD UNIVERSITY Millersville University SHIPPENSBURG UNIVERSITY Slippery Rock University WCU WEST CHESTER UNIVERSITY

From SYSTEM REVIEW to SYSTEM REDESIGN

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**:

From System Review to System R...

They are:

2. Leveraging university strengths

- 1 Ensuring student success
- 2 Leveraging university strengths
- 3 Transforming the governance/leadership structure

[View Video](#) (IE)



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!