



OFFICE OF THE CHANCELLOR

TO: Executive Leadership Group (University Presidents)
FROM: Chancellor Dan Greenstein 
DATE: February 13, 2020
RE: System Financial Sustainability Guidelines

Board of Governors [Policy 2019-01: University Financial Sustainability](#) was approved on October 16, 2019 to address the System's financial challenges and guide investment in essential strategic and growth opportunities that ensure the continued availability of affordable, high-quality education to all Pennsylvanians irrespective of their zip code.

Pursuant to the policy and [Procedure/Standard Number 2019-40](#), five-year sustainability plans will be prepared annually by universities deemed to be experiencing financial stress as defined in the procedure/standard. Plans will be prepared as part of the normal budget process and submitted each year for review by the Presidents and the Chancellor. Once approved, sustainability plans will be used to guide the Board's decisions about the allocation of state appropriated dollars, tuition setting, new program approvals, and where necessary, the use of system reserves in support of universities that have exhausted their own reserves and are temporarily unable to balance their budgets.

This year, draft sustainability plans were submitted by universities on January 17, 2020. Drafts incorporating feedback will be refined in an iterative process with universities. Revised plans will be due by May 22, 2020, and then finalized by September 4, 2020.

After our review of the first draft plans on February 10-11, 2020, it is clear we must take several immediate actions in order to more rapidly align university expenditure and workforce with current and anticipated enrollments. These actions will enable us to:

- reduce anticipated university deficits which, if not addressed promptly, will impact our ability to serve our students;
- ensure that unrestricted net assets are used to invest in strategic and growth opportunities rather than in balancing annual operating budgets; and
- ultimately enable us to expand the educational opportunities we provide to meet the rapidly changing needs of our students, their employers and our communities.



The following actions must be taken by all universities working together—and their anticipated results integrated into a subsequent draft of sustainability plans—to be available for review by the ELG by June 1, 2020.

- 1) Curtail the use of temporary faculty; for example, by striving to first engage permanent faculty to meet instructional needs, including permanent faculty at other universities.
- 2) Eliminate low-enrolled programs¹; for example, through consolidation of programs within a university and by consolidating programs at two or more universities.
- 3) Do not fill vacant staff and faculty positions (including executive level positions) or create new ones unless they meet essential needs as determined by the president. With this in view, it is expected that universities will:
 - give every opportunity to under-utilized faculty and staff from universities across the System when filling any new or vacant positions that are released for hire;
 - Consolidate staff and faculty lines (including executive level positions), for example by consolidating lines at two or more universities; and
 - Remove unfilled staff and faculty lines from university budget and budget estimates.
- 4) Ensure effective use of evidence-based practices in supporting and retaining students to and through their graduation, emphasizing the use of those practices that are recognized by national industry associations and professional societies.

In addition to the foregoing actions, all universities are expected to begin collaborating on a critical longer-term objective:

- 5) Implementing a Systemwide academic plan by which universities offer the educational program scope they can sustain based on current and anticipated enrollments without curtailing students' access to a comprehensive range of educational opportunities. Such a plan will require that universities focus programmatic scope in complementary ways, while significantly expanding the number of shared (multi-university) educational programs (including in the general education curriculum), and the use of cross-campus instruction.

I hope the above actions, coupled with staff and faculty retirements—including retirements resulting from this year's Enhanced Sick Leave Payout (ESLP) program—will reduce universities' reliance on furloughs and retrenchment.

Of course, any of the foregoing must be done in a manner that is consistent with the applicable collective bargaining agreements, State System policies, and enabling legislation. These actions are to be communicated to campus communities via (presidents/chancellor) no later than February 14, 2020.

¹ See [Procedure/Standard 2018-35, Appendix B](#) for minimum completions metrics after the five-to-seven year stand-up period: associate's degree programs – 30 completions over the most recent five-year period; bachelor's degree programs – 30 completions over the most recent five-year period; master's degree programs – 20 completions over the most recent five-year period; doctoral degree programs – 10 completions over the most recent five-year period.

As you continue the planning process, please work with your campus communities to engage in effective employee consultation, and to communicate ongoing progress and next steps.

Needless to say, our success requires the development of a supportive policy and systems infrastructure, for which planning has already begun, and will continue in consultation with key constituencies including, but not limited to, the Board of Governors, the Councils of Trustees, university leadership, our collective bargaining units, nonrepresented employees, and those employees who may be impacted by any resulting changes.

