Overview
Introduction

Since the passage of Act 50 in July 2020, the team conducted a financial review and alignment analysis in accordance with requirements.

From this analysis, the team recommends the integration of six institutions to form two new entities.

The following presentation provides an overview of the proposed integrations, opportunities for their futures, and projections of their combined financial viability.

This report concludes with high-level next steps to support the next phase of integration activities through April 2021.
July to October 2020: The Process We Followed

The integration process is defined in law and is deliberate, analytical, consultative and transparent.

**JULY 2020 TO OCTOBER 2020**
- Conduct review of financial impacts of potential integrations

**OCTOBER 2020 TO APRIL 2021**
- Develop implementation plan(s)

**APRIL 2021 TO JULY 2021**
- Submit plan(s) for public comment (April 2021) and Board approval (July 2021)

**JULY 2021 TO AUGUST 2022**
- Begin implementation activities per the plan
Recap on July 2020: What We Recommended

**Integration Goals**
1. Maintain or expand **high-quality educational opportunities** for students across Pennsylvania
2. Honor and engage **local identity and key stakeholders** (COTs, alumni, affiliates, donors, etc.)
3. Meet regional **economic and workforce needs**
4. Position **institutions for growth** including in new markets
5. Realize **cost-savings**
6. Leverage **talented faculty and staff**

**Integration Criteria**
1. Potential to **serve more students**, grow into **new markets**
2. Strong **regional proximity**
3. Opportunity for **cost savings and program alignment**

**Integration Assumptions**
1. One leadership team
2. A single faculty and staff
3. A single program array
4. A unified enrollment management strategy
5. A single, combined budget
6. One reporting relationship through the Chancellor to the Board of Governors
## July to October 2020: What We Learned During the Financial Review Process

### Expanded…

<table>
<thead>
<tr>
<th>Integration Goals</th>
<th>Integration Criteria</th>
<th>Integration Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Emphasize <strong>student success</strong></td>
<td>Responsive to regional <strong>community and economic development needs</strong></td>
<td>A <strong>single accredited</strong> entity</td>
</tr>
<tr>
<td>2. Recapture <strong>affordability advantage</strong></td>
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<tr>
<td>3. Re-think/enhance <strong>student supports and services</strong>, use of high-impact practices, career services, etc.</td>
<td></td>
<td></td>
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<tr>
<td>4. Establish <strong>robust program pathways</strong> among universities, schools and community colleges</td>
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<tr>
<td>5. Strengthen <strong>connections to workforce</strong> with pathways, experiential learning, career services, adult learning and post-traditional</td>
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<tr>
<td>6. Establish a <strong>path to growth</strong></td>
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Integrated Institutions
That Honor Local Identity
and Leverage Their Collective Strength

CALIFORNIA | CLARION | EDINBORO

BLOOMSBURG | LOCK HAVEN | MANSFIELD
### Institutional Fast Facts

<table>
<thead>
<tr>
<th>Institution</th>
<th>Official Fall 2020 Headcount</th>
<th>Credit Completion Ratio*</th>
<th>Second Year Persistence</th>
<th>6-Year Graduation Rate (All Students)*</th>
<th>Average Unmet Need*</th>
<th>Average Net Price*</th>
<th>Percentage of Undergraduate Pell Grant Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomsburg University</td>
<td>8,346</td>
<td>89.1%</td>
<td>77.2%</td>
<td>61.1%</td>
<td>$11,221</td>
<td>$15,188</td>
<td>32%</td>
</tr>
<tr>
<td>Lock Haven University</td>
<td>3,163</td>
<td>88.7%</td>
<td>73.2%</td>
<td>53.9%</td>
<td>$13,659</td>
<td>$14,849</td>
<td>28%</td>
</tr>
<tr>
<td>Mansfield University</td>
<td>1,792</td>
<td>87.9%</td>
<td>78.1%</td>
<td>54.4%</td>
<td>$13,730</td>
<td>$14,821</td>
<td>47%</td>
</tr>
<tr>
<td>California University of Pennsylvania</td>
<td>6,885</td>
<td>87.9%</td>
<td>71.4%</td>
<td>54.9%</td>
<td>$12,058</td>
<td>$13,285</td>
<td>42%</td>
</tr>
<tr>
<td>Clarion University</td>
<td>4,465</td>
<td>89.4%</td>
<td>77.23%</td>
<td>53.2%</td>
<td>$11,474</td>
<td>$15,329</td>
<td>39%</td>
</tr>
<tr>
<td>Edinboro University</td>
<td>4,319</td>
<td>88.9%</td>
<td>74.1%</td>
<td>48.9%</td>
<td>$13,567</td>
<td>$14,658</td>
<td>43%</td>
</tr>
</tbody>
</table>

* Data from CPP

Source: Percentage of undergraduate Pell Grant recipients sourced from IPEDS and reflects 2018-19 data. All other metrics provided by institutional CPP documents as of October 2020, showing 2018-19 data.
Challenges

- Expanding to New Markets
- Financial Reality
- Demographic Trends
- Supply has Outpaced Demand
Potential Benefits of Transformation

Through integration, PASSHE anticipates gains for the participating institutions on critical viability and student success metrics.

**Increased 1st to 2nd Year Retention**

- **Benefit:** Promote student success, enhance brand, capture lost tuition revenue

**Improved 4- and 6-Year Graduation Rates**

- **Benefit:** Promote student success, enhance brand, capture lost tuition revenue

**Stronger Operating Margin and Primary Reserve Ratios**

- **Benefit:** Strengthen financial viability, enhance competitive tuition pricing, reinvest in academic programming and financial aid

**Overall Debt Reduction**

- **Benefit:** Strengthen financial viability, enhance competitive tuition pricing, reinvest in academic programming and financial aid

**Maintain, Increase, and Enhance Academic Opportunities**

- **Benefit:** Strengthen academic program options available to students across the region, become more competitive and attractive to prospective students, enhance brand

**Improve Access and Affordability**

- **Benefit:** Promote mission of providing access to quality higher education opportunities, enhance brand
Early Indications of Integration Opportunities

• Provides regional postsecondary education access through traditional and digital delivery
• Delivers programming shaped by strong regional partnerships that meet regional priorities
• Leverages strengths of three institutions to operate at-scale and reinvest in programs
• Provides career-ready internship experiences with high-touch, student-focused on-campus and online undergraduate and graduate programs
• Offers legacy education, health and business programs with advanced level accreditations

• Builds upon on an existing strong foundation of collaboration and partnership to efficiently expand and deliver undergraduate and graduate programs across the region and beyond
• Enhances responsiveness to traditional workforce-aligned, nondegree, certificate and stackable credentialing programs to meet regional and statewide economic and workforce demands
• Continues offering high-touch, personal on-campus experiences that have historically reinforced the campus’ identity, brand, and value proposition
### Potential of Integrated Academic Program Arrays for Bloomsburg – Lock Haven – Mansfield

**Opportunities leveraging existing strengths, including in areas with strong workforce demand**
- Nursing
- Health Sciences and Health Professions
- Business, Finance, and Accounting
- Educator Preparation
- Early Childhood
- Social Work/Counseling
- Computer Science/ Information Technology/Data Science/Digital Forensics
- Music and Music Technology
- Psychology
- Biology

**Opportunities leveraging new/expanded delivery modalities and credential types**
- Remote education provided by synchronous, asynchronous, and multimodal delivery across multiple campuses
- Studio Arts – multiple campus residencies
- Expand graduate programs in areas of strength
- Guaranteed transferability model into an AACSB accredited Business College
- Guaranteed admission model for Physician Assistant Program
- Non-degree credentials

**Opportunities for pathways (2+2 Programs, etc.)**
- AA in Computer Information Systems to BS Computer Science/ Information Technology / Data Science / Digital Forensics
- Environmental Engineering to Environmental, Geographical, and Geological Sciences
- Pre-health Professions – multiple opportunities
- Liberal Studies – multiple opportunities

**Opportunities to sustain low-enrolled and at-risk programs in:**
- Physics
- Mathematics
- Chemistry
- Foreign Languages
Potential of Integrated Academic Program Arrays for California – Clarion – Edinboro

Opportunities leveraging existing strengths, including in areas with strong workforce demand
- Health sciences / professions including nursing and pre-professional school programs
- Business, finance, and accounting
- Data Science
- Engineering
- Education including secondary education, special education, and school administration
- Library Science
- Technology
- Social work/counseling/art therapy

Opportunities leveraging new/expanded delivery modalities and credential types
- Fully online undergraduate degrees in most academic areas
- Degree completion programs for adult learners
- Nondegree credentials
- Certificate programs
- 2+2 programs
- Educational agreements/consortia with corporations
- Accelerated bachelors to masters programs across campuses
- Associate to Doctorate Career ladders in Nursing, Education, Criminal Justice, Leadership, Health Sciences across all campuses

Opportunities to sustain low-enrolled and at-risk programs in:
- Social sciences
- Arts and humanities
- Chemistry
- Physics
- Foreign languages
- History
Ongoing Financial Sustainability Planning Strategies

Potential integration institutions have identified, implemented, and continue to explore broad, institution-wide initiatives to bolster institutional financial sustainability.

- **Program Array Alignment**
  - Focused set of program offerings in-line with combined institutional mission and the students it serves

- **Physical Footprint Reduction**
  - Identified physical assets no longer required for the combined institutions’ educational delivery

- **Student Success Improvements**
  - Increased focus on retention and graduation rates to support student success outcomes

- **Operational Alignment**
  - Identified set of administrative and non-student facing functions for potential future consolidation

- **Pricing Strategy Implementation**
  - Targeted pricing models and/or financial aid optimization strategies to increase net tuition revenue

- **Workforce Alignment**
  - Tailored workforce to new program array and changing administrative and operational needs

- **Instructional Modalities**
  - Redesigned educational delivery mechanisms (e.g., online) to improve access and affordability

- **Revenue Generation**
  - Continued expansion of local partnerships, including rental income, parking, etc.
Financial Review
Integrations Analysis Summary

Per Act 50, integration impact analyses were performed as part of initial institutional integration diligence, specifically:

**Enrollment Projections**

Review of annualized FTE enrollment based on historical trends, demographic shifts, and institutional enrollment management initiatives.

New growth opportunities for enrollment, as well as associated financial impacts will be part of the Implementation Planning process reflecting integration decisions per Act 50.

**Financial Viability**

Analysis of revenues, expenditures, and net assets to determine both standalone and integrated institutional financial viability.

Each institutional integration set has projected a net positive financial viability in outer years (2023-24 through 2025-26).
Enrollment Trends

Enrollment projections of the proposed institutional integration sets suggest that integration may mitigate standalone enrollment (and attendant gross tuition revenue) declines.

Source: PASSHE institutional CPP submissions as of October 2020

1. ED enrollment in FY 2025-26 was modified to a cumulative 3% growth and adjusted accordingly in FY 2021-22 through FY 2025-26. Enrollment-related revenue (tuition, fees, auxiliary sales) and student aid expenses were also adjusted accordingly in each year.
Financial Viability

Coupled with projected enrollment increases, financial projections suggest that outer-year financial viability potentially can be achieved by virtue of institutional integration.

Source: PASSHE institutional CPP submissions as of October 2020
1: Operating Margin Ratio = (Total Revenues – Total Expenditures) / Total Revenues
2: Primary Reserve Ratio = (EOY Net Asset Balance) / Total Expenditures
3: 2023-2025 financial viability metrics include operational savings in combined institution set
Accreditation Impacts

The integrating institutions will continue to work with institutional and program-specific accrediting bodies as they construct a single academic program array.

Accreditation impacts are dependent on detailed, combined program arrays that will be further defined between October 2020 and April 2021.

To-date
Establish awareness with accrediting bodies and integration institutions

October 2020 – April 2021
Identify accreditation requirements and establish implementation plan as per the combined program array

Strategic Direction
Align program array based on dynamic student and labor market demands

April 2021+
Execute accreditation implementation plan
### Additional Impact Considerations

<table>
<thead>
<tr>
<th>Community Impacts</th>
<th>Given the individual financial situation of many universities, if there is no action on integrations there will be the continuation of financial distress without the ability to reinvest in student success. It will also limit the ability to address growth needed to position universities for the next demographic decline. Integration leads to longer term sustainability. Additional analysis will be part of the Implementation Planning process.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliate / Donor Impacts</td>
<td>Given the need for detailed analysis to occur as part of the Implementation Planning process, the impacts on alumni, foundations, affiliate organizations will be part of the Next Steps.</td>
</tr>
</tbody>
</table>

Additional impacts are dependent on detailed, combined program arrays that will be further defined between October 2020 and April 2021.
Next Steps
**What happens next?**

**OCTOBER 2020 TO APRIL 2021**

<table>
<thead>
<tr>
<th>What happens next?</th>
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</thead>
<tbody>
<tr>
<td><strong>Vision and Mission Alignment</strong></td>
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<tr>
<td><strong>Guiding Principle Development</strong></td>
</tr>
<tr>
<td><strong>Future State Design Sessions</strong></td>
</tr>
<tr>
<td><strong>Current and Future State Impact Analysis</strong></td>
</tr>
<tr>
<td><strong>Organization Design and Build</strong></td>
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</tbody>
</table>

**Anticipated Design Session Topics:**
1. Academic program array and curricular alignment and accreditation including impacts of program actions on enrollment/student population
2. Student supports and services, including athletics (PSAC, NCAA, Other)
3. Nonacademic operations (finance, budget, facilities)
4. Shared governance
5. Community and alumni relations
6. Debt
7. Affiliate relationships
8. Organizational considerations

**Anticipated Impact Areas:**
1. Academic programs and nonacademic units
2. Financial Aid
3. Students
4. Community
5. Governance
6. Policy, procedure and legal changes
7. Space planning
8. Technology
9. Legal and financial structure
10. Asset allocation and distribution

**Implementation Plan and Timeline (aligned to MSCHE requirements)**

**Financial Analysis Refresh**

**BOG Approval**
1. Leadership and Organizational Structure Design (Implementation and Steady State)
2. Organizational Chart Development (Before and After)

**ONGOING**

1) *Middle States Accreditation, Complex Substantive Change Process, and Other Accreditors Alignment and Planning*
2) *Change Management & Communications*
## Shifts in the Planning Process

The transition from the financial review to implementation planning will entail higher level of engagement of and support for university-level effort.

<table>
<thead>
<tr>
<th></th>
<th><strong>FINANCIAL REVIEW PHASE</strong></th>
<th><strong>IMPLEMENTATION PLANNING PHASE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRATEGIC LEADERSHIP</strong></td>
<td>• Framed and led and executed at the State System / Chancellor’s Office</td>
<td>• Led by the State System comprising leads from each of the integration teams</td>
</tr>
<tr>
<td><strong>OPERATIONAL TEAMS</strong></td>
<td>• Largely comprised of OOC staff (with peer CAO and CFO), with input on early stage vision/mission considerations through facilitated meetings of university leadership</td>
<td>• Led by university relying on functional teams commissioned and charged by a university-level integration team and involving expert informants, conducting planning according to a common System-supplied framework</td>
</tr>
<tr>
<td></td>
<td>• Consultation focused narrowly on CoTs, statewide collective bargaining units, members of the General Assembly</td>
<td>• Consultation focused more broadly on key statewide as well as university and community constituencies based on topics</td>
</tr>
<tr>
<td><strong>PLANNING SUPPORTS</strong></td>
<td>• Focused on the OOC</td>
<td>• Focused on university-level work</td>
</tr>
</tbody>
</table>
# Planning Governance Structure

<table>
<thead>
<tr>
<th>Team Name</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sponsor</strong>&lt;br&gt;Chancellor</td>
<td>Sets strategic direction, objectives, and funding for integrations; “face” for System of integration effort</td>
</tr>
<tr>
<td><strong>System Leadership Team (SLT)</strong>&lt;br&gt;Lead presidents, OOC staff</td>
<td>Creates &amp; oversees implementation of integration deliverables from planning framework adopted by ULTs; escalation point for ULT-identified risks, issues and decisions</td>
</tr>
<tr>
<td><strong>University Leadership Teams (ULTs)</strong>&lt;br&gt;2 teams: one north east and one west; each with 3 presidents (one as lead and represented on SLT); and lead for each of the underlying functional teams</td>
<td>Input to SLT in developing planning framework and implementation approach; oversees implementation in integration group, including populating, overseeing, and integrating deliverables produced by and acting as escalation point for risks, issues, recommendations generated by underlying FTs; packages deliverables for and transmits to SLT, engaging with SLT in resolving questions and issues arising therefrom</td>
</tr>
<tr>
<td><strong>Functional Teams (FT)</strong>&lt;br&gt;Several teams (north east and west), each with a dedicated lead (represented on ULT) and populated with experts and/or key-stakeholders (as determined by ULT)</td>
<td>Input to ULT in developing implementation approach; engages in planning and analysis in key functional planning areas (e.g., academic programming, student supports, leadership/governance, etc.); packages deliverables for and transmits to ULT, engaging iteratively with ULT, resolving questions and issues arising</td>
</tr>
<tr>
<td><strong>Functional sub-teams</strong>&lt;br&gt;Number, focus, and membership tbd by functional or ULT</td>
<td>Participate in functional teams on specific work products based on subject matter expertise, topic under review</td>
</tr>
</tbody>
</table>

Clear communication up and down the governance structure is critical for integration success.
Planning Governance Structure

At every level, teams will have:

- **Charters** defining:
  - Membership including team lead and member roles, responsibilities, and RACI obligations
  - Expectations about timelines, milestones, and deliverables including specific planning parameters or targets
  - How their work relates to the integrated entity’s ability to achieve its integration goals
  - Consultation paths (with whom to consult, when, for what purpose)
  - Consultation related to System or Integration coordination

- **Supports and resources** required to conduct and complete their work in a timely fashion

Each integration plan will:

- **Be expected to develop concrete multi-year, measurable goals** anchoring on:
  - Expanded student opportunity
  - Student success and affordability
  - Responsiveness to regional and Commonwealth needs
  - Institutional operating effectiveness and sustainability
Next Steps

- Kick off Implementation Planning phase activities targeted to complete for April 2021 BOG review
- Stand up governance structure, including integration operations teams at participating institutions
- Begin stakeholder consultation path based on implementation planning activities