



Board of Governors Meeting

October 2021



Pennsylvania's
STATE SYSTEM
of Higher Education



CAL U

CHEYNEY UNIVERSITY



Board of Governors Meeting

October 13-14, 2021

Members of the public who wish to offer comment may do so during the meeting, which will be held at Millersville University's Ware Center
42 N. Prince Street, Lancaster, PA 17603
(more details at www.pashe.edu)

Wednesday, October 13, 2021

2:00 p.m.

Board of Governors Meeting

1. Roll call
2. Pledge of Allegiance
3. Chairwoman's remarks
4. Remarks by union leaders
5. Remarks by PACT president
6. Public comment
7. Consent agenda
These items will be considered in one motion unless a member wishes to have an item removed for individual discussion
 - a. Meeting minutes
 - b. Committee assignments
 - c. Meeting calendar
8. Welcome by host university
9. Resolutions honoring the service of recent Board members
10. Student Success Committee
 - a. Revisions to Policy 1993-01-A: *General Education*
11. Diversity, equity, and inclusion quarterly update
12. Discussion – PASSHE and the Power of Public Higher Education



Thursday, October 14, 2021

9:00 a.m. Board of Governors meeting resumes

13. Discussion - Setting the stage for 2021-24: Progress and Priorities
14. University Success Committee
 - a. Fiscal year 2021/22 E&G budgets and 2022/23 appropriations request (including student affordability and university debt relief)
 - b. Fiscal year 2022/23 capital spending plan and capital budget authorization request
15. Board consideration
 - a. Consideration of committee actions
16. University Integrations
 - a. Quarterly update
 - b. Western integration name proposal
17. Other business
18. Adjournment

**(Executive Session may be called if needed;
sequence of agenda items may change as needed)**



CONSENT AGENDA



Pennsylvania's
STATE SYSTEM
of Higher Education

**Board of Governors
Pennsylvania's State System of Higher Education**

Meeting Minutes

Draft for Approval

284th Meeting
Wednesday, July 14, 2021

Via Zoom
10:32 a.m.

ATTENDING

Board of Governors:

| | |
|---|----------------------------|
| Robert W. Bogle | Alexander Roberts |
| Representative Timothy P. Briggs | Senator Judith L. Schwank |
| William A. Gindlesperger | Zakariya Scott |
| Secretary Allison Jones (Designee) | Cynthia D. Shapira (Chair) |
| Senator Scott Martin | Larry C. Skinner |
| David M. Maser (Vice Chair) | Samuel Smith (Vice Chair) |
| Marian D. Moskowitz | Stephen L. Washington, Jr. |
| Deputy Secretary Tanya I. Garcia (Designee) | Neil R. Weaver |
| Representative Brad Roae | Janet L. Yeomans |

In attendance was (non-voting) Board Faculty Liaison, Jamie L. Phillips.

Chairwoman Shapira called the meeting to order at 10:32 a.m.

Attendance taken at the direction of Chairwoman Shapira established that a quorum of the Board was present.

CHAIR'S REMARKS ([Full remarks in video archive](#))

Among her remarks, Chairwoman Shapira offered a special welcome to three new members of the Board of Governors, Mr. Robert Bogle, Mr. Alexander Roberts and Ms. Zakariya Scott, who each provided brief introductions. Chair Shapira thanked all who worked on the integrations plans this past year. To allow sufficient time for public comment, the order of business for today was changed to accommodate all those who planned to speak on the proposed implementation plans for the integration of the West and Northeast universities.

REMARKS BY UNION LEADERS (Full remarks in video archive)

APSCUF President – Dr. Jamie Martin
SCUPA President – Dr. Todd Spaulding

REMARKS BY PACT PRESIDENT (Full remarks in video archive)

PACT President – Mr. Jack Wabby

PUBLIC COMMENT (Full remarks in video archive)

A number of speakers provided comments on the proposed integration plans.

CONSENT AGENDA

Chairwoman Shapira moved that the Consent Agenda be approved as presented:

- Meeting Minutes April 15, 2021
- Meeting Minutes April 28, 2021
- Meeting Minutes June 30, 2021

Voice vote. The motion passed unanimously.

Meeting adjourned briefly for lunch at 11:34 a.m. and resumed at 12:15 p.m.

BOARD CONSIDERATION
(Full remarks in video archive)

Chancellor Greenstein presented an overview of the integrations plans, why integration is needed, and summarized the public comments that were received during the 60-day comment period from various stakeholder groups. The Chancellor addressed questions and comments from the Board of Governors. Remarks were offered from Presidents of integrated and non-integrated universities.

ROUNDTABLE DISCUSSION (Full remarks in video archive)

The Chairwoman noted that parliamentary procedures would be suspended to provide Governors an opportunity to speak freely and engage in a roundtable discussion before a motion is made regarding the proposed implementation plans to integrate the West and Northeast universities.

THE CHAIRWOMAN MOVED THAT THE RULES OF PARLIMENTARY PROCEDURE BE SUSPENDED TO ALLOW FOR SUFFICIENT DISCUSSION FOR THE BOARD MEMBERS TO SHARE THEIR THOUGHTS WITHOUT THE HINDERANCE OF PARLIAMENTARY PROCEDURES. SUSPENSION OF RULES WILL LAPSE AFTER EACH BOARD MEMBER WHO WISHES TO SPEAK WILL BE GIVEN THE OPPORTUNITY TO DO SO.

Voice vote. The motion passed unanimously.

Chairwoman called on each Governor to offer their comments on the proposed implementation plans.

CHAIRWOMAN SHAPIRA MOVED THAT THE BOARD OF GOVERNORS APPROVE THE UPDATED WEST AND NORTHEAST IMPLEMENTATION PLANS AS PROVIDED TO THE BOARD; FURTHER WITH THIS ACTION, THE BOARD EXPRESSLY PROHIBITS THE CLOSURE OF THE CAMPUSES AT BLOOMSBURG, CALIFORNIA, CLARION, EDINBORO, LOCK HAVEN AND MANSFIELD.

Roll Call vote. The motion passed. No opposition.

After the vote, Chairwoman Shapira called on Faculty Liaison to the Board of Governors, Dr. Jamie Phillips, to provide comments on behalf of the faculty, and Governor Stephen Washington to provide comments on behalf of the students.

A 10-minute break was held beginning 2:57 p.m. The Board reconvened at 3:10 p.m.

NEW BUSINESS (Full remarks in video archive)

Chair Shapira discussed the need for consistency in leadership as we move forward with the integrations in the West and Northeast, now that the implementation plans have been approved.

CHAIRWOMAN SHAPIRA MOVED THAT THE BOARD APPOINT DR. DALE-ELIZABETH PEHRSSON AS INTERIM PRESIDENT OF CALIFORNIA UNIVERSITY OF PENNSYLVANIA, AND DR. BASHAR HANNA AS INTERIM PRESIDENT OF MANSFIELD UNIVERSITY OF PENNSYLVANIA, AND AUTHORIZES THE CHAIR OF THE BOARD OF GOVERNORS AND CHANCELLOR TO EXECUTE THE NECESSARY DOCUMENTS. EACH APPOINTMENT SHALL BE EFFECTIVE NO LATER THAN AUGUST 1, 2021, AND WILL CONTINUE UNTIL SUCH TIME AS A PERMANENT PRESIDENT IS NAMED FOR EACH OF THE INTEGRATED SETS OF UNIVERSITIES.

Voice vote. The motion passed unanimously.

STUDENT SUCCESS COMMITTEE

(Full remarks in video archive)

Committee Chair David Maser reviewed Committee items as presented in the meeting materials. Roll call was conducted and the following committee members were present: Governors Moskowitz, Briggs, Designee Garcia, Skinner, Washington, and Shapira.

Dr. Donna Wilson, Vice Chancellor, Academic and Student Affairs, provided a review of the proposed revisions to Policy 1999-01-A: *Student Transfer*.

COMMITTEE CHAIR MASER MOVED THAT THE BOARD OF GOVERNORS APPROVES REVISIONS TO POLICY 1999-01-A: *STUDENT TRANSFER* AS SHOWN IN THE BOARD DOCUMENTS.

Voice Vote of Committee members. The motion passed.

COMMISSION ON DIVERSITY, EQUITY AND INCLUSION

(Full remarks in video archive)

Dr. Denise Pearson, Chief Diversity, Equity and Inclusion Officer, provided an update and progress report on the framework and priorities approved by the Board of Governors in April.

STATE SYSTEM FOUNDATION UPDATE

(Full remarks in video archive)

Ms. Cynthia Pritchard, CEO and President, Pennsylvania's State System of Higher Education Foundation, provided an overview of the Foundation's efforts to-date and the strategic vision in aligning its efforts with the priorities of the State System.

EXECUTIVE SESSION

The Board of Governors met in Executive Session on July 14, 2021, from 9:00 a.m. to 10:04 a.m. to discuss legal and personnel matters.

RECESSED

The meeting recessed at 4:21 p.m. and will reconvene tomorrow morning at 9:00 a.m. for another executive session with the public board meeting following at 10:00 a.m.

Day 1 of the meeting webcast is available here: [BOG Meeting 7-14-21 - YouTube](#)

284th Meeting (continued) Thursday, July 15, 2021

**Via Zoom
10:00 a.m.**

The Board of Governors reconvened at 10:00 a.m. and moved into Committee sessions of the Board.

GOVERNANCE AND LEADERSHIP COMMITTEE

([Full remarks in video archive](#))

Committee Chair, Sam Smith, reviewed the Committee's charge of appointing student council of trustee members, and Board student members. Roll call was conducted and the following committee members were present: Governors Martin, Schwank, Shapira. Not present was Governor Maser.

Based on input from their respective university presidents and from the Office of the Chancellor, the appointments of the following students are hereby recommended:

- Evan Santos, Kutztown University
- Julia Burcin, Bloomsburg University

COMMITTEE CHAIR SMITH MOVED THAT THE FULL BOARD APPROVE THE APPOINTMENT OF JULIA BURCIN, BLOOMSBURG UNIVERSITY AND EVAN SANTOS, KUTZTOWN UNIVERSITY, TO THEIR RESPECTIVE UNIVERSITY'S COUNCIL OF TRUSTEES.

Voice Vote. Motion passes.

UNIVERSITY SUCCESS COMMITTEE

(Full remarks in video archive)

Committee Chair Skinner reviewed the Committee's item for consideration. Roll call was conducted and the following committee members were present: Governors Gindlesperger, Rep. Roae, Secretary Jones, Yeomans, Shapira. Not present was Governor Weaver.

Molly Mercer, Chief Financial Officer, and Chancellor Greenstein each provided an overview of the distribution of one-time funding (SERS and one-time federal appropriation) in addition to the allocation of state appropriation for FY 2021-2022.

Additional discussion and questions were posed by several Committee and Board of Governors.

COMMITTEE CHAIR SKINNER MOVED THAT THE FULL BOARD OF GOVERNORS APPROVE THE ALLOCATION OF FUNDS FROM THE SYSTEM'S FISCAL YEAR 2021-2022 EDUCATIONAL AND GENERAL APPROPRIATION AS REFLECTED IN ATTACHMENT 1.

Voice Vote. Motion passes.

BOARD CONSIDERATION

(Full remarks in video archive)

Board of Governors:

| | |
|---|----------------------------|
| Robert W. Bogle | Alexander Roberts |
| Representative Timothy P. Briggs | Senator Judith L. Schwank |
| William A. Gindlesperger | Zakariya Scott |
| Secretary Allison Jones (Designee) | Cynthia D. Shapira (Chair) |
| Senator Scott Martin | Larry C. Skinner |
| Marian D. Moskowitz | Samuel Smith (Vice Chair) |
| Deputy Secretary Tanya I. Garcia (Designee) | Stephen L. Washington, Jr. |
| Representative Brad Roae | Janet L. Yeomans |

In attendance was (non-voting) Board Faculty Liaison, Jamie L. Phillips. Governors Maser and Weaver were not present.

Attendance taken at the direction of Chairwoman Shapira established that a quorum of the Board was present.

Chief Counsel, Andrew C. Lehman, and Compliance Counsel Attorney Susanne Williamson provided an overview of the changes to the Board Policy, 2009-03: *Non-Discrimination*, which were made to clarify legally protected categories through legislative or case law changes. It also requires the Office of the Chancellor to provide a template policy that can be adapted or adopted by individual universities, thus providing for best practices among the universities.

CHAIRWOMAN SHAPIRA MOVED THAT THE BOARD OF GOVERNORS APPROVE THE REVISION OF POLICY 2009-03: NON-DISCRIMINATION POLICY AS SHOWN IN THE BOARD DOCUMENTS.

Voice Vote. Motion passes unanimously.

RATIFICATION OF COMMITTEE ACTIONS (Full remarks in video archive)

- 10a Student Success Transfer Policy
- 11a Student Trustee Appointments
- 12a Fiscal Year 2021-22 Educational & General Appropriation Allocation

CHAIRWOMAN SHAPIRA MOVED THAT THE FULL BOARD APPROVE THE COMMITTEE ACTION ITEMS, 10A, 11A, AND 12A AS RECOMMENDED BY THEIR RESPECTIVE COMMITTEES.

Voice Vote. Motion passes unanimously.

ELECTION OF OFFICERS

Governor Jan Yeomans moderated this portion of the meeting for the election of officers as outlined in the Board of Governors bylaws, which calls for the annual election of officers at the third quarterly meeting of each calendar year.

GOVERNOR YEOMANS MOVED THAT THE OFFICERS FOR THE BOARD OF GOVERNORS FOR THE 2021-22 YEAR BE AS FOLLOWS:

- CHAIR: CYNTHIA SHAPIRA
- 1ST VICE CHAIR: DAVID MASER
- 2ND VICE CHAIR: SAM SMITH

Hearing no other motions for officers, a voice vote was conducted. The motion passes.

NEW BUSINESS

None

ADJOURNMENT

The meeting adjourned at 11:16 a.m.

ATTEST: _____

Randy A. Goin, Jr. Ph.D.
Deputy Chancellor

Day 2 of the meeting webcast is available here: [BOG Meeting 7-15-21 - YouTube](#)

Board of Governors Pennsylvania's State System of Higher Education

Meeting Minutes

Draft for Approval

285th Meeting
Wednesday, September 22, 2021

Via Zoom
8:30 a.m.

ATTENDING

Board of Governors:

| | |
|---|--|
| Robert W. Bogle | Zakariya Scott |
| Representative Timothy P. Briggs | Cynthia D. Shapira (Chair) |
| William A. Gindlesperger | Larry C. Skinner |
| Thomas Gombar (Senator Schwank Designee) | Samuel Smith (Vice Chair) |
| Senator Scott Martin | Stephen L. Washington, Jr. |
| David M. Maser (Vice Chair) | Neil R. Weaver |
| Deputy Secretary Tanya I. Garcia (Designee) | Tara Williams (Secretary Jones Designee) |
| Representative Brad Roae | Janet L. Yeomans |
| Alexander Roberts | |

In attendance was (non-voting) Board Faculty Liaison, Jamie L. Phillips.

Not in attendance were Secretary Allison Jones (Governor Designee), Governor Moskowitz, Secretary Noe Ortega, Senator Judith Schwank.

Chairwoman Shapira called the meeting to order at 8:32 a.m.

Attendance taken at the direction of Chairwoman Shapira established that a quorum of the Board was present.

CHAIR'S REMARKS ([Full remarks in video archive](#))

Chair Shapira thanked Dr. Martin, APSCUF President, the members of the General Assembly, the Governor and his team, for their leadership and collaborative approach everyone took in supporting the State System and co-creating sensible solutions as we move forward with the integration plans and redesign of the State System.

PUBLIC COMMENT ([Full remarks in video archive](#))

Mr. Nick Marcel, Graduate Assistant, West Chester University.

REMARKS BY UNION LEADERS (Full remarks in video archive)

APSCUF President – Dr. Jamie Martin

BOARD CONSIDERATION
(Full remarks in video archive)

MOTION: CHAIRWOMAN SHAPIRA MOVED THAT THE BOARD OF GOVERNORS RATIFIES THE ATTACHED SIDE LETTERS AND AUTHORIZES THE CHANCELLOR TO EXECUTE THE APPROPRIATE DOCUMENTS.

After much discussion and debate, motion to amend was introduced:

MOTION TO AMEND: REPRESENTATIVE ROAE MOVED THAT THE BOARD OF GOVERNORS VOTE ON ITEMS 1-6 SEPARATELY FROM ITEM 7. MOTION SECONDED BY GOVERNOR MASER.

Roll Call vote. Motion Failed. Governors Briggs, Gindlesperger, Designee Williams, Roberts, Shapira, Skinner, Weaver and Yeomans voted against the motion. Designee Garcia and Governor Moskowitz were not present.

MAIN MOTION: CHAIRWOMAN SHAPIRA MOVED THAT THE BOARD OF GOVERNORS RATIFIES THE ATTACHED SIDE LETTERS AND AUTHORIZES THE CHANCELLOR TO EXECUTE THE APPROPRIATE DOCUMENTS.

Roll Call Vote. Motion Passed. Governors Martin, Roae, and Scott voted against the motion. Designee Garcia and Governor Moskowitz were not present.

ADJOURNMENT

The meeting adjourned at 9:28 a.m.

ATTEST:

Randy A. Goin, Jr. Ph.D.
Deputy Chancellor

Meeting webcast is available here: [BOG Special Meeting 9-22-21 - YouTube](#)

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION



Board of Governors Standing Committee Assignments

Student Success

CHAIR – David M. Maser
VICE CHAIR – Marian D. Moskowitz
Representative Timothy P. Briggs
Secretary of Education Noe Ortega
Larry C. Skinner
Stephen L. Washington, Jr.
Cynthia D. Shapira
President Bashar W. Hanna (nonvoting president liaison)

Audit and Compliance

CHAIR – Janet L. Yeomans
Robert W. Bogle
William A. Gindlesperger
Senator Judith L. Schwank
Cynthia D. Shapira
President Christopher M. Fiorentino (nonvoting president liaison)

University Success

CHAIR – Larry C. Skinner
VICE CHAIR – Neil R. Weaver
William A. Gindlesperger
Secretary Allison Jones
Representative Brad Roae
Zakariya Scott
Janet L. Yeomans
Cynthia D. Shapira
President Charles E. Patterson (nonvoting president liaison)

Governance and Leadership

CHAIR – Samuel H. Smith
David M. Maser
Senator Scott Martin
Alexander C. Roberts
Senator Judith L. Schwank
Cynthia D. Shapira
President Kenneth Long (nonvoting president liaison)

Executive - Defined by the Board's bylaws as the officers and chairs of each standing committee

Cynthia D. Shapira
David M. Maser
Larry C. Skinner
Samuel H. Smith
Janet L. Yeomans

Effective Oct 14, 2021

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION



Board of Governors Proposed Meeting Calendar 2022

| January – December 2022 | | | |
|--------------------------------|-----------------------|--------------------------------|--------------------------|
| DATE | DAY | BOARD MEETING | TIME |
| February 2 February 3 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| April 13 April 14 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| July 13 July 14 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| October 19 October 20 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon. 9:00 a.m. |

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION



Board of Governors Proposed Meeting Calendar 2023

| January – December 2023 | | | |
|----------------------------|-----------------------|--------------------------------|--------------------------|
| DATE | DAY | BOARD MEETING | TIME |
| February 15 February 16 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| April 19 April 20 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| July 19 July 20 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| October 18 October 19 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon. 9:00 a.m. |

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION



Board of Governors Proposed Meeting Calendar 2024

| January – December 2024 | | | |
|--------------------------|-----------------------|--------------------------------|--------------------------|
| DATE | DAY | BOARD MEETING | TIME |
| February 7 February 8 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| April 10 April 11 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| July 10 July 11 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon 9:00 a.m. |
| October 9 October 10 | Wednesday Thursday | Board Meeting Board Meeting | 12:00 Noon. 9:00 a.m. |



STUDENT SUCCESS COMMITTEE



Pennsylvania's
STATE SYSTEM
of Higher Education

**Board of Governors Meeting
Student Success Committee**
October 13, 2021

SUBJECT: Revisions to Policy 1993-01-A: *General Education*

UNIVERSITIES AFFECTED: All

BACKGROUND:

Policy 1993-01-A: *General Education* affirms the value of general education, aligns the policy with Middle States Commission on Higher Education general education standards, and provides guidance on the transfer of general education courses and programs. At its July 2021 meeting, The Board approved revisions to Policy 1999-01-A: *Student Transfer*, which included changes to the policy on transfer of general education. The revisions now proposed to Policy 1993-01-A are intended to align the transfer section of the policy with the recent revisions to the student transfer policy.

Revisions are limited to the following:

- Add definition of Directed General Education, contained in the Student Transfer policy but previously inadvertently omitted from the General Education policy;
- Add definition of 'parallel program' to align with Student Transfer policy;
- Updates 'regional' accreditation to 'institutional' accreditation or 'institutions with CHEA-recognized accreditation', per changes in federal recognitions;
- Align the language of Policy section F with language in language in the Student Transfer policy as approved by the Board in July.

DRAFT MOTION: That the Board of Governors approves revisions to Board of Governors Policy 1993-01-A: *General Education* as marked up.

Supporting Documents Included: Board of Governors Policy 1993-01 A General Education with mark-up

Other Supporting Documents Available: N/A

Reviewed by: David Maser, Chair, Student Success Committee

Prepared by: Donna Wilson

Contact: DWilson@passhe.edu



DRAFT FOR DISCUSSION PURPOSES

~~Red-strikethrough~~ = deleted text

Green = added text

Black = existing text

PA State System of Higher Education Board of Governors

Effective: January 21, 1993

Page 1 of 4

Policy 1993-01-A: General Education at State System of Higher Education Universities

Adopted: January 21, 1993

Amended: October 6, 2016, and October 15, 2021

A. Purposes

1. To reaffirm the significance and value of General Education and to strengthen its assessment through measurable outcomes;
2. To align the Board of Governors policy with ~~regional~~ institutional accreditation standards related to General Education and assessment of student learning outcomes.

B. Introduction

General Education is aligned with the liberal education approach to learning and it is the part of a university undergraduate curriculum that is shared by all students. It ensures that students acquire breadth of knowledge and provides a basis for developing essential learning outcomes. Learning across traditions and disciplines fosters integration of knowledge and develops skills in diversity, civic and cultural awareness, communication, problem solving, and critical analysis. Within General Education, student learning outcomes consist less in mastery of disciplinary content than in the acquisition of the skills, values, awareness, understanding, perspective and appreciation that are the foundation for informed citizenship in a democratic society, innovation, and career readiness. General Education is also a foundational component of employability skills.

C. Definitions

Directed General Education (Prescribed General Education): General Education courses that are required for the major are considered "directed general education" or "prescribed general education." Therefore, directed (prescribed) General Education courses are counted in the General Education requirements/credits, not in the major or cognate requirements.

Employability Skills are the foundational academic, practical and interpersonal skills required across industries and career paths.

General Education is a subset of Liberal Education, which is shared by all students at a particular university

Liberal Education is “an approach to college learning that empowers individuals and prepares them to deal with complexity, diversity and change. This approach emphasizes broad knowledge of the wider world (e.g. science, culture, and society) as well as in depth achievement in a specific field of interest. It helps students develop a sense of social responsibility; strong intellectual and practical skills that span all major fields of study, such as communication, analytical, and problem-solving skills; and the demonstrated ability to apply knowledge and skills in real world settings” (AAC&U LEAP).

Pa Public School Code, 24 Section 20-2002-C refers to legislation that directs Pennsylvania public institutions of higher education to accept for transfer foundation courses and accept with full junior standing the Associate of Arts or the Associate of Science degree into parallel baccalaureate programs.

P2P refers to the legislative Pennsylvania statewide program to program articulation agreements that provide clear transfer pathways into a State System university for community college students who have selected a transferable major program. **Universities may designate additional programs as precursor or parallel programs by reason of articulation agreement or similarity in disciplinary content or student outcomes, as indicated by 4-digit CIP code.**

Pa. Statewide Transfer Credit Framework refers to the 30 credit hours of foundational liberal arts in 6 categories of study which was developed to implement the legislation (Pa Public School Code, 24 Section 20-2002-C) related to transfer among public institutions of higher education.

Prior Learning refers to students learning that occurred prior to enrollment at a State System university. Prior learning includes credits earned elsewhere as well as the assessment of skills, knowledge, and competencies acquired outside the classroom against a set of standards or learning outcomes. Prior learning may include documented learning such as (but not limited to) Advanced Placement, International Baccalaureate, DANTES, CLEP, military experience, and credit by exam.

D. Compliance with Middle States Commission on Higher Education and University responsibilities

Middle States Commission on Higher Education (MSCHE) provides the common ground for General Education and its assessment for all State System universities. The State System of Higher Education institutions will meet the Middle States Requirements and Standards. The current standards are listed below:

1. As institutions that offer undergraduate education, each will

provide a general education program either free standing or integrated into academic disciplines that:

- a. offers a sufficient scope to draw students into new areas of intellectual experience, expanding their cultural and global awareness and cultural sensitivity, and preparing them to make well-reasoned judgements outside as well as within their academic field;
 - b. offers a curriculum designed so that students acquire and demonstrate the essential skills including at least:
 - oral and written communication
 - scientific and quantitative reasoning
 - critical analysis and reasoning
 - technological competency
 - information literacy
 - c. consistent with mission, the general education program also includes the study of values, ethics, and diverse perspectives (MSCHE standard III).
2. With regard to assessment of student learning and achievement, an **regionally** accredited institution will have clearly stated educational goals; organized and systematic assessment conducted by faculty and/or appropriate professionals evaluating the extent of student achievement of institutional and degree/program goals. Institutions will articulate how they prepare students in a manner consistent with their mission for successful careers, meaningful lives and where appropriate, further education.

They will support and sustain assessment of student achievement and communicate the results of this assessment to stakeholders and will use assessment results for improvement of educational effectiveness. (MSCHE Standard V)

3. Within the **institutional regional** accreditation framework listed above, institutions will identify student learning outcomes. Consistent with their mission, institutions will design their general education programs and requirements to assure their students achieve the desired student learning outcomes. In addition to those student learning outcomes indicated by MSCHE, this policy enables system universities to identify additional learning outcomes.

E. General Education Requirements

Every student who graduates from an undergraduate degree program will satisfy the General Education requirements through learning experiences at the university, course-based transfer, core to core transfer, prior learning, and/or demonstration of competency.

Baccalaureate degrees. The BOG Policy 1990-06A: Academic Degrees requires

a minimum of 40 General Education credits for a baccalaureate degree; the maximum shall not exceed 48 credits. The credit hours will be focused on competencies that are consistent with liberal arts learning outcomes. General Education requirements will be consistent with the requirements of the statewide Transfer Credit Framework.

Professional bachelor's degrees such as the BFA, BM, BSN, BSW, BSEd, and BS in Business Administration identified in BOG policy 1990-06A are permitted to have General Education requirements specifically adapted to the profession but which must be consistent with the General Education competencies for all students.

Associate degrees. The BOG policy 1990-06A: Academic Degrees requires a minimum of 30 General Education credits for an Associate of Arts degree, 24 credits of General Education ~~are required~~ for an Associate of Science, and 21 for an Associate of Applied Science. The General Education requirements should be consistent with requirements of the statewide Transfer Credit Framework.

Associate degrees designed for transfer must be aligned with the requirements identified in the parallel P2P articulation agreements.

F. Transfer

Middle States Commission on Higher Education standards (Standard IV) indicates that prior learning applicable to General Education will be recognized either through transfer of course credits or other transcribed equivalents.

The Board of Governors Student Transfer policy requires that State System institutions recognize the integrity, design, and validity of general education at other institutions with Council for Higher Education Accreditation (CHEA) recognized accreditation and fully accept ~~any completed~~ general education coursework when comparable. ~~(though perhaps not identical) to general education at the receiving state system institution. There shall not be a course to course equivalency analysis or requirement.~~ General Education credits aligned with the PA Statewide Transfer Credit Framework will transfer toward the general education requirements at the receiving institution.

The following apply to students who matriculate at a State System institution after attending another institution(s) of higher education:

- Students who transfer ~~from one State System institution to another~~ State System institution from a postsecondary institution with CHEA-recognized accreditation with an Associate of Science or an Associate of Arts degree, or having completed general education requirements for a bachelor's degree, or for an Associate of Science or an Associate of Arts degree, shall have satisfied the general education requirements at the receiving university. Exceptions may be made for the following, provided that these exceptions do not extend the student's time to the degree: ~~with their general education program completed will have their general education requirements met.~~

~~Universities with unique signature general education requirements may expect students to satisfy those requirements if doing so does not extend the student's time to degree.~~

- (a) One signature general education course (up to 3 credits), if applicable;
- (b) Any prescribed general education course required for the major, if not satisfactorily completed;
- (c) General education overlays satisfied in advanced courses in the major.

- Undergraduate students who transfer into the State System of Higher Education from a postsecondary institution with CHEA-recognized accreditation with an Associate of Arts or an Associate of Science degree ~~degree (either an AA or AS) identified~~ in a parallel academic program or as part of the ~~Program to Program (P2P) Statewide agreements as part of the Commonwealth Statewide College Credit Transfer system~~ will be awarded full junior standing and shall not be required to satisfactorily complete more than 60 credits to earn a 120-credit baccalaureate degree in a P2P or other parallel program, regardless of the courses they took to earn the Associate degree; they will have the same requirements for admission to a particular academic program and for retention as students who began their education at a State System university. Students transferring into a program with accreditation or licensing/certification standards may be required to take limited additional credits to meet those standards. ~~These students will be expected to satisfy the remaining general education requirements at the receiving institution.~~
- Students who transfer into the State System of Higher Education with an Associate degree ~~which is not identified as a P2P program~~ other than an Associate of Arts or Associate of Science will be expected to satisfy any remaining general education requirements.
- Students who matriculate at a State System institution without first earning an Associate of Science or Associate of Arts degree or completing general education requirements for an Associate of Science or Associate of Arts degree ~~in a transfer program~~ will be required to complete any remaining requirements of that institution's general education program. This does not apply to students who engage in "reverse transfer" by transferring their State System institution courses and credits back to a prior institution for the purpose of earning an Associate degree.

G. Prior learning

In addition to transfer credits, students' learning may occur outside the college classroom. Students entering a State System institution who have met General Education student learning outcomes and competencies through mechanisms such as (but not limited to) Advanced Placement, International Baccalaureate, DANTES, CLEP, military experience, and credit by exam will have that learning transcribed.

All such learning will be indicated through transcription of academic credit or an alternative method to document learning.

H. Implementation

This policy will become effective no later than start of ~~Fall 2018~~ Spring 2022.

Board of Governors Meeting
October 13-14, 2021

SUBJECT: Diversity, equity, and inclusion quarterly update

UNIVERSITIES AFFECTED: All

BACKGROUND: Dr. Denise Pearson will present a progress report on the State System's Diversity, Equity, and Inclusion (DEI) Strategic Framework including: strategic priority charges, the Working Group on the First Amendment and Title VI of the Civil Rights Act to Improve Campus Climates, systemwide DEI training, and a system wide climate survey.

Supporting Documents Included: None

Other Supporting Documents Available: www.passhe.edu/DEI

Reviewed by: N/A

Prepared by: Denise Pearson

Email: dpearson@passhe.edu



UNIVERSITY SUCCESS COMMITTEE



Pennsylvania's
STATE SYSTEM
of Higher Education

Board of Governors
University Success Committee Meeting
 October 14, 2021

SUBJECT: Fiscal Year 2022-23 Educational and General Appropriation Request, et al.

UNIVERSITIES AFFECTED: All

BACKGROUND: As part of System Redesign, the System has created a comprehensive, strategic planning toolset that aligns multiyear System and university goals, net price strategies, budgets, and academic planning to ensure results and underpin individual and institutional accountability and sustainability. The Comprehensive Planning Process (CPP) streamlined the work performed by the universities, supports Systemwide planning cycles, including the appropriations request process, and aligns to the Board's University Financial Sustainability Policy.

Educational and General (E&G) projections for FY 2021-22, 2022-23 and 2023-24 have been developed through this year's CPP process to support the ongoing operations of State System universities based upon the most accurate information available. As part of University Financial Sustainability Policy requirements, universities have engaged in a variety of cost cutting measures. In combination with these measures, universities are also focused on student affordability as evidenced by the Board's actions over the past three years to freeze tuition and the universities' actions to increase direct student aid. Consistent with Act 188, as amended, the Board of Governors approves the universities' FY 2021-22 annual operating budgets and the appropriation request. The System's projections are also provided in the attached for FY 2022-23 and FY 2023-24.

The Board of Governors at its October 2019 meeting approved that the System request funds for a System Redesign investment of \$100 million over five fiscal years. While no such general funds were appropriated, the System was able to fund FY 2021-22 Redesign efforts through the receipt of one-time federal funding of \$50 million from the Commonwealth and through System cost savings initiatives, specifically SERS pre-funding savings of \$25 million. The System will continue to seek the receipt of \$150 million associated with a \$200 million commitment to the System for its Redesign efforts.

Finally, the System encourages the Commonwealth's efforts to improve access to public higher education across Pennsylvania, specifically by increasing funding directly to students as well as working on long term strategies to reduce System debt associated with student housing, which impacts overall costs for the students we serve.

DRAFT MOTION: That the Board of Governors approves:

1. The fiscal year 2021-22 E&G annual operating budgets for the State System universities and Office of the Chancellor, reflected in Attachment 1.
2. A fiscal year 2022-23 E&G appropriation request of \$ (TBD).
3. Continued advocacy for increases from the Commonwealth for direct support to students and for university debt relief.

Supporting Documents Included: Fiscal Year 2021-22 Educational and General Budgets for State System Entities; Fiscal Year 2022-23 Educational and General (E&G) Appropriation Request Overview; Fiscal Year 2022-23 and 2023-24 Education and General Projections

Other Supporting Documents Available: October 2019 Board of Governors' meeting minutes

Prepared by: Molly Mercer

Email: mmercerc@passhe.edu

Attachment 1
Fiscal Year 2021-22 Educational and General Budgets
for State System Entities
As of October 14, 2021

As part of System Redesign, the System has created a multiyear planning process that integrates academic program planning, university goals and the strategies to achieve them, and the financial projections to support programs, goals, and sustainability. This integrated approach allows the System and universities to clearly articulate the objectives and strategies aligned to Board-affirmed metrics, to allow visibility into implementation and progress toward those objectives, and to inform accountability to align with the University Sustainability Policy. This information is also utilized, in part, to inform and provide context for academic planning and budgeting, and to support the Commonwealth's annual appropriations request process.

The following information, provided through this year's Comprehensive Planning Process (CPP), supports the Board of Governors' fiduciary responsibilities. In accordance with Act 188 of 1982, the Board of Governors approves the current fiscal year (FY 2021-22) Educational and General (E&G) budgets of the universities and the Office of the Chancellor as the basis for the development of the System's FY 2022-23 E&G appropriation request.

The implementation of the CPP reflects the establishment of several new System procedures/standards and definitions to ensure the consistent application of terms, guidelines, and expectations by all universities to result in reliable, consistent, and realistic projections. These new budget and planning processes provide for more consistent alignment of operating and plant funds, a greater focus on the dependencies between the E&G and Auxiliary Enterprises, clarity in employee complement reporting, and a focus on ongoing financial sustainability rather than the annual operating results.

E&G budgets support ongoing general academic, administrative, and physical operations including use of institutional aid to students. Restricted (sponsored programs and most external financial aid) and auxiliary (dining, housing, recreation centers, and student centers) activities are excluded. University budgets vary from one another due to the unique nature of each university's enrollment, employee complement, instructional offerings, physical plant, and strategic direction.

Below are explanations of the enrollment, revenue, and expenditure expectations for System universities and the Office of the Chancellor for FY 2021-22, as submitted by the universities in September 2021 and reviewed by the Executive Leadership Group (the universities' presidents as convened by the Chancellor). University budgets were developed in consultation with key university constituencies. Projections are primarily financial; however, data components which impact financials also include enrollment, workforce, and Board-affirmed metrics. A summary for each entity is provided in Table 1 at the end of this overview.

As part of financial sustainability efforts, the System universities have been developing and implementing plans focused on cost control, increasing efficiencies, and aggressive management of their workforce. The System is supporting its universities in these efforts through a variety of means including offering shared services, debt refinancing and retirement incentive programs.

Fiscal Year 2021-22 Highlights

COVID-19 Budgetary Impacts

During fiscal 2020-21, the System universities made significant changes to modify their learning and living environments and addressed requirements for health monitoring and social distancing due to the COVID-19 pandemic. As a result of the changes in modality and limited students living on campus at many universities, the fiscal 2019-20 and 2020-21 years saw significant losses in revenue and increased costs associated with responding to the pandemic.

Universities were awarded several rounds of COVID-19 relief funds to assist with these losses and expenses. State System universities have received funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the American Rescue Plan (ARP) Act of 2021, in response to costs and revenue losses associated with the impacts of COVID-19.

Below is a summary of funds received by the State System to date through the CARES, CRRSA, and ARP Acts, collectively referred to in this document as Higher Education Emergency Relief Funding, or HEERF.

Federal Stimulus Funds Available to System Universities

| | <i>(\$ in millions)</i> | | |
|--|-------------------------|------------------|----------------|
| | CARES Act | CRRSA Act | ARP Act |
| Emergency Aid to Students ¹ | \$40.0 | \$40.0 | \$110.7 |
| Institutional Share ¹ | 40.0 | 85.3 | 109.0 |
| Strengthening Institutions Program ¹ | 2.6 | 3.8 | 9.7 |
| State Appropriated Coronavirus Relief Funds ² | 30.0 ² | 0.0 | 0.0 |
| Governor's Education Emergency Relief Funds ³ | 4.2 | 5.0 | 0.0 |
| Total Funds Available | \$116.8 | \$134.0 | \$229.4 |
| Funds Available for University Use (less Emergency aid) | \$76.8 | \$94.1 | \$118.7 |

¹ Higher Education Emergency Relief Funds, U.S. Department of Education

² Title V, Assistance for State, Local and Tribal Governments, U.S. Treasury

³ U.S. Department of Education, as distributed by Pennsylvania Department of Education

Universities are at varying stages with determining the use of their COVID relief funding, drawing down funds, and recognizing those aid funds in their financial information, in accordance with the relevant regulations. For universities that drew down funds for fiscal 2020-21 expenses or losses, but were required to record these as unearned revenue as of June 30, 2021, a section has been added within the financial report to show the impact to financial results and budgets had those funds been recognized in the same period as the expenses and losses for which they were designated.

The System and its universities continue to monitor and assess the effects of the COVID-19 pandemic and its impact on operations. Universities have assessed their net COVID-19 impacts to be \$72.8 million, \$257.7 million, and \$75.8 million, for FY 2019-20, FY 2020-21, and FY 2021-22,

respectively. The \$289.6 million of funds described above have provided significant relief of the financial burdens associated to date with the pandemic, but universities continue to support the response to the pandemic as it continues.

Additionally, affiliate housing operations have experienced estimated losses of \$106.1 million in total across the three fiscal years, and those entities are not eligible to be supported through these relief funds.

At this time, all System universities have proceeded with a return of normal campus operations and instruction for the start of the Fall 2021 semester. However, Fall 2021 enrollment levels have dropped lower than in the most recent years, with an overall headcount loss of 5.4 percent, with the highest declines concentrated in undergraduate enrollment.

The continued financial impact for the current year (FY 2021-22) and beyond will be dependent upon continued enrollment impacts, needs for social distancing, ongoing response efforts to mitigate COVID-19, and future actions by other governmental entities.

Revenue/Sources

Tuition—At its April 2021 meeting, the Board of Governors froze tuition for FY 2021-22 (the third year in a row), recognizing the importance of affordability to student success. FY 2021-22 tuition revenue projections reflect the impact of changes in enrollment. Most System universities—like others in Pennsylvania—continue to experience declines in annualized full-time equivalent (FTE) enrollment with a corresponding adverse effect on tuition and fee revenues. The decline experienced for FY 2021-22 is planned to be greater than recent years, with an annualized student FTE drop of 5.2 percent or 4,449 students. The experience with enrollment drops vary by university and are in part associated with continued impacts of COVID-19 on incoming student enrollment. As a result, System-wide, tuition revenue is expected to decrease \$36.4 million, or 4.5 percent.

Fees—The universities' councils of trustees also froze most institution-based student fee rates. Student fees include mandatory fees charged to all students, such as instructional support fees and health center fees, as well as optional fees charged to students for specific services or privileges, such as parking fees.

Also included in this revenue category is the Technology Tuition Fee, set by the Board of Governors, which is budgeted to generate \$44.3 million in revenue for instructional technology purposes. All fee revenue reflects the combined impact of enrollment changes.

University fee practices vary significantly, with the overall E&G fee revenue increased by \$27.8 million or 16.6 percent from the prior year. This increase reflects the return to normal on-campus operations, as compared to the FY 2020-21 year where universities may have lower fees in light of changes in campus operations due to COVID-19. Fees of \$195.5 million in FY 2021-22 are comparable to \$201.7 million received in the FY 2019-20 year, with a slight decrease due to enrollment declines.

State Appropriation—The System's FY 2021-22 E&G appropriation of \$477.5 million remains unchanged from the prior year. The budget information at each university reflects the steps the Board took to address differences between the frozen appropriation allocation and the existing appropriation formula calculation. The availability of one-time funds provided the opportunity to address this disparity by restoring 50 percent of the variances from the frozen allocations compared to the formula; therefore, no university lost funding due to this adjustment, and five universities saw their allocation increase compared to prior years. This adjustment serves as a transitional measure to address the growing disparity since the last usage of the allocation formula in 2018. A new

appropriation allocation formula policy recommendation and implementation plan is being created during FY 2021-22.

All Other Revenue—Included in this category for E&G funds is the use of Higher Education Emergency Relief Funds (HEERF) awards in FY 2020-21 and FY 2021-22 of \$64.6 million and \$54.1 million, respectively. These revenue sources are driving the growth in All Other Revenue in both years to \$135.5 million and \$142.2 million, as compared to the FY 2018-19 year of \$107.1 million, where no HEERF awards are recorded.

Additionally, this category includes unrestricted gifts, contracts, and grants; investment income; educational fees for noncredit activity; parking and library fines; corrections from prior years; and other miscellaneous revenue sources. Activities generating these revenues vary widely by university and most universities do not anticipate increases and/or continuation of certain miscellaneous revenue sources, and limit expenditures supported by these specific revenue streams in their budget estimates accordingly.

Expenditures/Transfers Compensation— Universities estimate budgeted FTE positions based upon anticipated filled positions, taking into consideration retirements, vacancies, enrollment changes, programmatic requirements, efficiency and productivity efforts, and regular annual turnover in employee complement. Universities review all vacated positions to determine if they must be refilled, eliminated, or repurposed to meet a more critical function. System universities are planning to continue to reduce positions in FY 2021-22, assisted in part by the System's Enhanced Sick Leave Program (ESLP). In total, 9,350 E&G FTE positions are budgeted for FY 2021-22, representing a decrease of 224 FTE positions, or 2.3 percent, over the FY 2020-21 E&G actual complement, net of turnover. FY 2021-22 reflects the continued actions by universities to align their expenses to their revenue and follows E&G employee decreases of 757 FTE in FY 2020-21 and a total decline of 10.7 percent or 1,119 E&G positions since FY 2018-19.

Salaries and Wages— Personnel expenditures are projected based on the anticipated annualized FTE employees comprising the workforce for the year, and the current pay requirements for each employee group. These rates include compensation adjustments for all employee groups as required in existing collective bargaining agreements and in accordance with previous actions by the Board of Governors.

The reductions in employee FTE are offsetting the pay rate increases that range among employee groups of approximately 3 percent for FY 2021-22. Additionally, in FY 2020-21, salary expenses reflected additional COVID-19 related compensation, including additional Distance Education payments. With a resumption of typical levels of face-to-face instruction, similar levels of these expenses are not planned for FY 2021-22. In addition, FY 2020-21 reflected higher than normal leave payouts associated with employees taking advantage of the ESLP, as well as reductions in employee FTE.

Collectively, these changes result in an overall decrease in E&G salary and wage expenditures of \$30.6 million or 3.7 percent in FY 2021-22, as compared to the prior year.

Benefits—The vast majority of System employees are enrolled in either the System's healthcare program or the Commonwealth's Pennsylvania Employees Benefit Trust Fund (PEBTF) program for health benefits. Recent plan changes helped to reduce the System's healthcare costs over the last several years. In FY 2021-22, the System's plan experienced an overall rate increase of approximately 8.0-9.0 percent; the PEBTF rates increased 6.79 percent. Commonwealth retiree healthcare rates are set by the Commonwealth and have fluctuated significantly in the FY 2020-21

timeframe and again decreased by 47.8 percent for FY 2021-22, while the System's retiree rates decreased 4.8 percent.

The most common employer contribution rates for the State Employees' Retirement System (SERS) and Public School Employees' Retirement System (PSERS), in which approximately half of the System's eligible employees participate, increased approximately 1.7 percent and 1.2 percent, respectively. In total, employee benefits expenses are projected to increase 0.3 percent due to the rate increases, partially offset by reductions in employee FTE.

Student Financial Aid—Given the emphasis on affordability, retention, enrollment management, and the net price to the student, E&G expenditures for student financial aid are reflected as a separate category in the budget summary. The use of institutional unrestricted resources for student aid increased \$16.1 million, or 19.3 percent, in FY 2021-22 as compared to the prior year.

The growth in institutional aid has been a trend for several years and the FY 2021-22 budget reflects growth of \$36.7 million or 58 percent since FY 2018-19.

Other Services and Supplies—Expenditures in this category support all of the day-to-day university operations, including utilities; professional services; teaching, office, and custodial supplies; travel; subscriptions and memberships; postage; and noncapital equipment. Costs in several commodity areas were contained through Systemwide strategically sourced procurements. In addition, universities routinely purchase products and services under Commonwealth and other governmental contracts to reduce costs. During FY 2021-22, other services and supplies expenditures are expected to increase \$57.2 million, or 24.6 percent, in total. Much of this increase is associated with 1) COVID-19-related expenses for mitigation, social distancing, and remote learning/working; and 2) the one-time reduction of expenditures in the prior year, due to minimum on-campus operations and limited travel, reduced utilities, and other reductions associated with the adjustments to campus operations in FY 2020-21.

Capital Expenditures and Debt Principal Payments—Included in this category are purchases of items such as equipment, furniture, and library materials, as well as land and building improvements that have a useful life that is depreciated over time. The System budgets these expenditures on a cash basis, rather than budgeting depreciation. University capital expenditures vary widely from year to year. Please note: Commonwealth capital funding provided for projects listed in the System's Five-Year Capital Plan are not reflected in the System's revenue or expenses. Debt Principal Payments includes all university principal debt payments owed for outstanding System bonds associated with university-funded E&G facility projects. Debt interest payments are contained in the Other Services and Supplies section.

Transfers to Plant Fund—Although not a direct expenditure, transfers represent the institution's continued annual planned investment in its physical resources from its E&G Operating budget to its Plant Fund, from which major capital projects are managed. This transfer reflects the university's ongoing annual financial commitment to maintain its capital infrastructure (physical plant and major capitalized equipment), so that the university can execute necessary multiyear capital projects, addressing deferred maintenance and life-cycle renewal. University transfers to the plant fund vary widely from year to year.

Revenues Less Expenditures and Transfers—This item represents the annual financial plan's surplus or deficit—the difference between anticipated revenue and planned expenditures and transfers. A positive number reflects a surplus, which typically would result in a positive operating margin and increasing unrestricted net assets—both of which are Board-approved financial metrics. A negative number reflects a deficit, indicating that planned expenditures/transfers exceed anticipated revenue. It is important to note that a deficit may reflect the intended use of resources that had been saved over years for specific one-time strategic investments and are now being used

for that intended purpose, such as funding start-up costs for new programs or major capital equipment purchases. Universities have identified the planned use of their reserved funds to support these one-time strategic investments within the Supplemental Resources section noted below.

Revenues & Use of Supplemental Resources/Adjustments Less Expenditures & Transfers—

This item is new for this year and incorporates the results of Revenues Less Expenditures and Transfers and reserve funds that have been directed towards a one-time expenditure. In addition, for FY 2020-21 and FY 2021-22, several universities drew down COVID-19 relief funds to apply towards their current year losses and expenses; however, accounting rules dictated that those funds could not be recognized for financial statement purposes until the following year when they released their associated student emergency aid. This section accounts for those universities that completed such a draw down and matches it with the expense or loss for that given year, producing a clearer view of the current year's net results.

Loans To/From Auxiliary Fund—The enrollment challenges experienced by most universities in recent years, coupled with housing debt, are resulting in some critical financial challenges in Auxiliary Enterprises. In limited circumstances, and in accordance with Board of Governors' Policy 2019-01: *University Financial Sustainability*, intra-university loans between the different unrestricted E&G and Auxiliary operations may be necessary.

Unrestricted Net Assets, Estimated End of Year Balance and Cash, Estimated End of Year Balance—

The CPP financial model incorporates a multiyear approach to financial sustainability. Sound financial practice results in positive operating margins, where revenue exceeds expenditures and transfers, in order to create a financial position with net assets that may be used for reinvestment into the institution. Providing the available unrestricted net assets affords the reader an understanding of the university's ability to withstand year-to-year financial challenges, maintain its physical plant, and to invest in its future. When universities deplete unrestricted net assets, the availability of cash is critical for a university to maintain operations with its own resources. Based on the information provided, two universities may not have enough of their own resources to meet their FY 2021-22 anticipated obligations.

Fiscal Year 2021-22 Educational and General (E&G) Budget

Table continues on next page

| | East | | | | | | | |
|---|----------------------|----------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|
| | Bloomsburg | California | Cheyney | Clarion | Stroudsburg | Edinboro | Indiana | Kutztown |
| Revenues | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 |
| Tuition | \$69,421,894 | \$57,018,881 | \$5,038,239 | \$29,673,712 | \$47,393,721 | \$35,087,422 | \$81,077,338 | \$62,181,167 |
| Fees | 19,870,695 | 13,055,819 | 1,512,061 | 10,153,089 | 10,449,376 | 10,009,297 | 25,330,062 | 16,755,705 |
| State Appropriation | 39,050,145 | 33,410,386 | 13,324,853 | 26,237,620 | 29,378,925 | 27,424,855 | 53,876,647 | 37,496,250 |
| All Other Revenue | 7,513,573 | 6,735,489 | 12,230,055 | 9,448,651 | 11,930,152 | 7,636,487 | 29,761,478 | 7,992,180 |
| Total Revenues | \$135,856,307 | \$110,220,575 | \$32,105,208 | \$75,513,072 | \$99,152,174 | \$80,158,061 | \$190,045,525 | \$124,425,302 |
| Expenditures | | | | | | | | |
| Compensation Summary: | | | | | | | | |
| Salaries and Wages | \$67,597,217 | \$53,225,199 | \$8,509,521 | \$38,320,662 | \$46,373,787 | \$42,714,036 | \$86,123,706 | \$59,204,194 |
| Benefits | 33,540,949 | 23,830,043 | 3,783,949 | 18,707,822 | 20,343,252 | 20,603,025 | 42,124,862 | 29,213,921 |
| Subtotal, Compensation | \$101,138,166 | \$77,055,242 | \$12,293,470 | \$57,028,484 | \$66,717,039 | \$63,317,061 | \$128,248,568 | \$88,418,115 |
| Student Financial Aid | 7,261,421 | 7,867,605 | 1,007,499 | 6,039,480 | 4,502,403 | 4,283,556 | 21,550,021 | 10,354,750 |
| Other Services and Supplies | 25,230,467 | 22,467,228 | 14,346,888 | 19,437,527 | 20,797,844 | 15,550,665 | 42,468,963 | 20,439,906 |
| Subtotal, Services and Supplies | \$32,491,888 | \$30,334,833 | \$15,354,387 | \$25,477,007 | \$25,300,247 | \$19,834,221 | \$64,018,984 | \$30,794,656 |
| Capital Expenditures and Debt Principal | 2,059,661 | 3,857,426 | 1,879,443 | 965,864 | 3,876,809 | 417,434 | 3,547,627 | 1,677,142 |
| Total Expenditures | \$135,689,715 | \$111,247,501 | \$29,527,300 | \$83,471,355 | \$95,894,095 | \$83,568,716 | \$195,815,179 | \$120,889,913 |
| Revenues Less Expenditures | \$166,592 | (\$1,026,926) | \$2,577,908 | (\$7,958,283) | \$3,258,079 | (\$3,410,655) | (\$5,769,654) | \$3,535,389 |
| Transfers to Plant Fund | 806,085 | 0 | 0 | 0 | 644,158 | 0 | 425,000 | 79,457 |
| Expenditures and Transfers to Plant | \$136,495,800 | \$111,247,501 | \$29,527,300 | \$83,471,355 | \$96,538,253 | \$83,568,716 | \$196,240,179 | \$120,969,370 |
| Revenues Less Expenditures and Transfers | (\$639,493) | (\$1,026,926) | \$2,577,908 | (\$7,958,283) | \$2,613,921 | (\$3,410,655) | (\$6,194,654) | \$3,455,932 |
| Supplemental Resources/Adjustments | | | | | | | | |
| Planned Use of Reserves for One-Time Needs/Strategic Initiatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| One-Time COVID Funds (revenue recognition adjustment) | (2,135,000) | (500,000) | (1,172,639) | (672,676) | 0 | 0 | 0 | (3,455,932) |
| Revenues and Use of Supplemental Resources/Adjustments Less Expenditures & Transfers | (\$2,774,493) | (\$1,526,926) | \$1,405,269 | (\$8,630,959) | \$2,613,921 | (\$3,410,655) | (\$6,194,654) | \$0 |
| Loans To/From Auxiliary Fund | \$0 | \$0 | \$0 | \$0 | \$0 | (\$3,550,318) | \$0 | \$0 |
| Total E&G/Plant Net Assets, Estimated End of Year Balance | \$32,856,517 | \$17,649,865 | (\$3,129,167) | (\$13,664,570) | \$47,860,900 | \$9,076,331 | \$64,439,004 | \$39,270,475 |
| E&G and Plant Cash, Estimated End of Year Balance | \$55,080,327 | \$23,858,504 | \$5,736,672 | (\$6,271,057) | \$52,612,904 | \$18,828,213 | \$63,084,192 | \$53,602,327 |
| Annualized FTE Enrollment | | | | | | | | |
| Undergraduate | 6,927.63 | 4,034.00 | 626.00 | 2,815.37 | 4,058.00 | 2,692.43 | 6,991.44 | 6,212.98 |
| Graduate | 605.28 | 1,784.00 | 0.00 | 528.95 | 590.73 | 927.31 | 1,270.29 | 686.26 |
| Total Annualized FTE Enrollment | 7,532.91 | 5,818.00 | 626.00 | 3,344.32 | 4,648.73 | 3,619.74 | 8,261.73 | 6,899.24 |
| Annualized FTE E&G Employees, Net of Turnover | | | | | | | | |
| Faculty | 391.38 | 265.00 | 41.35 | 199.44 | 258.57 | 227.63 | 432.86 | 373.00 |
| Nonfaculty | 421.33 | 317.25 | 53.96 | 266.39 | 342.56 | 226.79 | 518.28 | 325.32 |
| Total Annualized FTE Budgeted Employees | 812.71 | 582.25 | 95.31 | 465.83 | 601.13 | 454.42 | 951.14 | 698.32 |

Fiscal Year 2021-22 Educational and General (E&G) Budget

Table continued from previous page

| | Lock Haven | Mansfield | Millersville | Shippensburg | Slippery Rock | West Chester | OOCC ¹ | System Total ² |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|---------------------|---------------------------|
| | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 | FY 2021-22 |
| Revenues | | | | | | | | |
| Tuition | \$25,785,228 | \$12,338,059 | \$65,393,287 | \$50,868,626 | \$77,973,606 | \$153,443,205 | \$0 | \$772,694,385 |
| Fees | 6,789,195 | 2,557,404 | 14,089,381 | 12,217,677 | 17,481,140 | 35,263,103 | 0 | 195,534,004 |
| State Appropriation | 24,266,719 | 17,199,122 | 36,008,794 | 31,163,034 | 41,536,545 | 62,256,371 | 2,384,000 | 477,470,000 |
| All Other Revenue | 4,851,668 | 2,893,260 | 10,778,152 | 9,288,851 | 12,338,303 | 8,448,066 | 5,408,437 | 142,205,955 |
| Total Revenues | \$61,692,810 | \$34,987,845 | \$126,269,614 | \$103,538,188 | \$149,329,594 | \$259,410,745 | \$7,792,437 | \$1,587,904,344 |
| Expenditures | | | | | | | | |
| Compensation Summary: | | | | | | | | |
| Salaries and Wages | \$33,317,500 | \$18,857,485 | \$63,923,190 | \$54,759,239 | \$77,366,580 | \$140,282,879 | \$3,496,821 | \$805,336,957 |
| Benefits | 17,088,359 | 9,250,966 | 29,775,330 | 25,785,431 | 35,081,410 | 61,644,349 | 1,250,393 | 377,810,211 |
| Subtotal, Compensation | \$50,405,859 | \$28,108,451 | \$93,698,520 | \$80,544,670 | \$112,447,990 | \$201,927,228 | \$4,747,214 | \$1,183,147,168 |
| Student Financial Aid | 4,233,418 | 4,600,000 | 3,315,263 | 7,560,881 | 6,263,983 | 10,844,001 | 0 | 99,684,281 |
| Other Services and Supplies | 8,747,944 | 6,971,179 | 19,223,712 | 14,545,297 | 22,202,537 | 54,055,515 | 3,009,492 | 290,154,498 |
| Subtotal, Services and Supplies | \$12,981,362 | \$11,571,179 | \$22,538,975 | \$22,106,178 | \$28,466,520 | \$64,899,516 | \$3,009,492 | \$389,838,779 |
| Capital Expenditures and Debt Principal | 1,597,851 | 1,252,469 | 1,922,026 | 887,340 | 3,086,170 | 3,627,988 | 122,482 | 30,844,432 |
| Total Expenditures | \$64,985,072 | \$40,932,099 | \$118,159,521 | \$103,538,188 | \$144,000,680 | \$270,454,732 | \$7,879,188 | \$1,603,830,379 |
| Revenues Less Expenditures | (\$3,292,262) | (\$5,944,254) | \$8,110,093 | \$0 | \$5,328,914 | (\$11,043,987) | (\$86,751) | (\$15,926,035) |
| Transfers to Plant Fund | 0 | 229,971 | 4,906,214 | 0 | 4,552,566 | 13,395,216 | (135,452) | 25,575,692 |
| Expenditures and Transfers to Plant | \$64,985,072 | \$41,162,070 | \$123,065,735 | \$103,538,188 | \$148,553,246 | \$283,849,948 | \$7,743,736 | \$1,629,406,071 |
| Revenues Less Expenditures and Transfers | (\$3,292,262) | (\$6,174,225) | \$3,203,879 | \$0 | \$776,348 | (\$24,439,203) | \$48,701 | (\$41,501,727) |
| Supplemental Resources/Adjustments | | | | | | | | |
| Planned Use of Reserves for One-Time Needs/Strategic Initiatives | 0 | 0 | 0 | 0 | 0 | 24,450,564 | 0 | 25,195,704 |
| One-Time COVID Funds (revenue recognition adjustment) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (7,936,247) |
| Revenues and Use of Supplemental Resources/Adjustments Less Expenditures & Transfers | (\$3,292,262) | (\$6,174,225) | \$3,203,879 | \$0 | \$776,348 | \$11,361 | \$48,701 | (\$24,242,270) |
| Loans To/From Auxiliary Fund | \$0 | \$0 | (\$227,064) | \$0 | \$0 | \$0 | \$0 | (\$3,777,382) |
| Total E&G/Plant Net Assets, Estimated End of Year Balance | \$32,414,624 | (\$16,544,364) | \$42,861,755 | \$12,252,080 | \$74,443,834 | \$47,481,899 | \$11,779,220 | \$410,058,901 |
| E&G and Plant Cash, Estimated End of Year Balance | \$37,599,936 | (\$2,887,195) | \$51,906,372 | \$21,707,018 | \$89,906,758 | \$110,083,907 | \$12,955,840 | \$595,001,823 |
| Annualized FTE Enrollment | | | | | | | | |
| Undergraduate | 2,255.66 | 1,525.59 | 5,494.22 | 4,478.59 | 7,094.37 | 13,940.70 | 0.00 | 69,146.98 |
| Graduate | 506.00 | 5.02 | 690.68 | 509.90 | 1,439.97 | 2,067.95 | 0.00 | 11,612.34 |
| Total Annualized FTE Enrollment | 2,761.66 | 1,530.61 | 6,184.90 | 4,988.49 | 8,534.34 | 16,008.65 | 0.00 | 80,759.32 |
| Annualized FTE E&G Employees, Net of Turnover | | | | | | | | |
| Faculty | 179.00 | 98.55 | 311.65 | 277.96 | 425.47 | 923.96 | 0.00 | 4,405.82 |
| Nonfaculty | 233.61 | 149.85 | 448.47 | 282.88 | 464.95 | 736.68 | 23.62 | 4,943.98 |
| Total Annualized FTE Budgeted Employees | 412.61 | 248.40 | 760.12 | 560.84 | 890.42 | 1,660.64 | 23.62 | 9,349.80 |

¹ One-half of One Percent Budget. ² Includes Systemwide initiatives and shared service employees.

Attachment 2
Pennsylvania's State System of Higher Education
Fiscal Year 2022-23 Educational and General (E&G) Appropriation Request Overview
As of October 14, 2021

E&G Appropriation Request Highlights

The System's fiscal year (FY) 2022-23 Educational and General (E&G) appropriation request reflects a more comprehensive consideration of its needs. This request builds upon the Commonwealth's commitment to funding higher education, while addressing real affordability constraints experienced by Pennsylvania's low- and middle-income students.

The request is built upon reliable and realistic budget information, reflective of the System's significant efforts to strengthen accountability, heighten transparency, and operate in a financially stable manner.

The request should:

- ✓ More fully respond to repeated requests about PASSHE's real running cost
- ✓ Create the ability to fully fund a FY 2022-23 tuition freeze and normal inflationary costs (estimated at \$20M)
- ✓ Eliminate internal cross-subsidies, allowing one-time funds to be utilized for strategic investments (estimated at \$15M)
- ✓ Assist universities addressing affordability through increasing institutional aid (estimated at \$30M)

Attachment 3
Pennsylvania's State System of Higher Education
Fiscal Year 2022-23 Educational and General Budget (E&G) Requirements
As of October 14, 2021

Educational and General Budget Highlights

While the System is requesting an amount necessary to fund operations, the System's budget process for FY 2022-23 and 2023-24 is built upon conservative assumptions.

The projected budgets (FY 2022-23 and 2023-24), are reflective of the first year of integration, with now ten universities and the Office of the Chancellor, as presented in Table 1.

Impact of COVID-19 on Financial Plans

The financial projections for FY 2022-23 reflect the assumption of normal campus operations and density levels of on-campus residents. All System universities have proceeded with a return of normal campus operations and instruction for the start of the Fall 2021 semester, and the continued financial impact for the current year (FY 2021-22) and beyond will be dependent upon ongoing response efforts to mitigate COVID-19. University financial plans will continue to be modified as circumstances warrant in consideration of further pandemic developments and university responses.

FY 2022-23 Anticipated Revenue

Enrollment—Estimates for a FY 2022-23 annualized FTE enrollment of approximately 81,933 reflect a slight increase of approximately 1,174 FTE students, or 1.5 percent; however, enrollments are at a lower level overall than in recent years due to the FY 2021-22 annualized FTE estimates, which are serving to lower the point of comparison for the FY 2022-23 enrollment. The experience with enrollment varies by university and is in part associated with continued impacts of COVID-19 on incoming student enrollment.

Tuition and Fees—The System's FY 2022-23 tuition and fee revenues are estimated at rates that maintain the current level of affordability, at a 1 percent increase, which follows three consecutive years of a price freeze. The Board will set tuition for FY 2022-23 in April 2022. Tuition and fee revenue projections also include the estimated 1.5 percent overall increase in enrollment and changes in the mix of students (e.g., full-time versus part-time, residency, and student level). The result is an increase of \$32.2 million in gross tuition and fee revenue.

State Appropriation—The state appropriation in Table 1 reflects a basic budgetary assumption of the E&G appropriation at \$487.0 million, an increase of \$9.5 million, or 2.0 percent, to reflect an inflationary increase of the current level of state appropriation, now in its third year at \$477.5 million.

All Other Revenue—In FY 2022-23, this category no longer includes HEERF awards in support of E&G-related COVID-19 mitigation efforts, which has been encompassed within the FY 2019-20, FY 2020-21, and FY 2021-22 financial projections. The conclusion of this federal funding, combined with adjustments to other miscellaneous revenue sources, results in an overall decrease \$66.6 million, or 46.8 percent from FY 2021-22, but reflects other revenues returning to historical levels.

Anticipated Expenditures

Projected expenditures reflect the cost to continue operations into the ensuing years for the anticipated enrollment, referred to as the “cost to carry” budget, coupled with continued university efforts to address the structural gap between revenues and expenses through strategic changes to their business model to ensure financial sustainability.

Employee Complement—The System has worked diligently in recent years to manage its human resources, filling only essential positions as they become vacant. Continuing to align human and fiscal resources remains a priority, as evidenced by the use of retirement incentive programs, efforts to eliminate redundancy through shared academic and administrative services, and a focus on increasing efficiency. In addition, the annual impact of normal employee turnover is applied to both employee complement and compensation cost estimates. The resulting effect is a FY 2022-23 expected reduction in E&G annualized FTE employees of 293, or 3.1 percent. These steps continue the multi-year efforts the universities have been conducting in their efforts to achieve financial sustainability, resulting in a drop in E&G employee FTE of 1,412 or 13.5 percent since FY 2018-19.

Salaries and Wages—Personnel expenditures are projected based on the anticipated annualized FTE employees comprising the workforce for the year, and the projected pay and benefit rates provided. These rates include compensation adjustments for all collective bargaining units in accordance with their collective bargaining agreements; a similar adjustment is projected for nonrepresented employees, and historical averages as planning assumptions for years beyond the bargaining agreements. Salaries and wages, as well as associated benefits, are adjusted annually to reflect the historical savings due to employee turnover throughout the fiscal year.

Given these assumptions, salary and wage expenditures are projected to increase \$14.1 million, or 1.8 percent, in FY 2022-23. These pay adjustments also generate a corresponding fiscal impact on social security and retirement benefit costs.

Employee Benefits—Overall, FY 2022-23 employee benefits expenditures are expected to increase \$16.7 million, or 4.4 percent.

Social security and retirement expenses are planned to change with known salary/wage changes and plan contribution rates. Approximately half of the System’s employees have chosen one of the two primary Commonwealth pension programs—State Employees’ Retirement System (SERS) and Public School Employees’ Retirement System (PSERS)—as their retirement vehicle. In accordance with Commonwealth budget guidelines, pension rates affecting all employee participants in the SERS and PSERS plans are projected to increase approximately 2.2 percent and 1.85 percent, respectively. The alternative retirement plan rates remain unchanged. Total retirement costs are expected to increase \$4.6 million or 3.1 percent.

Of those employees who receive health benefits, approximately 65 percent are enrolled in the System’s healthcare program. The employer share of healthcare rates for active and annuitant employees within the System-managed programs is projected to increase an average of 6.0 percent next year for employees and retirees, based upon a combination of national trends, the System’s healthcare experience, participation in the wellness program, and the anticipated change in complement. The remaining 35 percent of System employees receive healthcare through the Pennsylvania Employees Benefit Trust Fund (PEBTF). The Commonwealth budget guidelines include a 3.28 percent increase in the FY 2022-23 employer contribution rates, and contribution rates for the Commonwealth’s retiree healthcare program are projected to almost

double for 2021-22, returning to the rates charged in the early part of fiscal year 2020-21. Combined healthcare costs are anticipated to increase \$3.6 million, or 3.2 percent.

Student Financial Aid—In April 2019, the Board of Governors approved a new framework for pricing that focuses on the net price to the student to ensure affordability. These actions, building upon existing university practices, support the use of institutional financial aid to reduce financial barriers to higher education. Given the growing emphasis on affordability, access, retention, enrollment management, and the net price to the student, growth has occurred in the use of institutional unrestricted resources and additional state appropriations for student aid. E&G student aid expenditures in FY 2022-23 are expected to be at similar levels to the FY 2021-22 budget, at \$96.9 million, which overall reflects significant growth over the past several years, increasing by \$33.9 million, or approximately 54 percent since FY 2018-19.

All Other Basic Operating Expenditures—Universities continue to limit nonmandatory spending and seek further efficiencies through strategic sourcing. In addition, estimates are lower than the FY 2021-22 year where certain expenses are still reflected associated with the response to the pandemic, and in many cases were offset with a corresponding portion of HEERF aid. Anticipated expenditures for utilities and all other services, supplies and materials are projected to decrease for FY 2022-23 by \$25.9 million, or 8.9 percent and return to pre-pandemic levels.

Capital Expenditures and Debt Principal Payments—Included in this category are purchases of items such as equipment, furniture, and library materials, as well as land and building improvements that have a useful life that is depreciated over time. The System budgets these expenditures on a cash basis, rather than budgeting depreciation. Please note: Commonwealth capital funding provided for projects listed in the System's Five-Year Capital Plan are not reflected in the System's revenue or expenses. Debt Principal Payments includes all university principal debt payments owed for outstanding System bonds associated with university-funded E&G facility projects. Combined capital and debt expenditures are projected to remain fairly level.

Transfers to Plant Fund—Although not a direct expenditure, transfers represent the institution's continued annual planned investment in its physical resources from its E&G operating budget to its plant fund, from which major multiyear capital projects (physical plant and major capitalized equipment) are managed, addressing deferred maintenance and life-cycle renewal. University transfers vary widely from year to year. FY 2022-23 projections reflect an overall decrease in plant investment of \$12.3 million or 48.3 percent. While the transfer to plant varies by university and over time, this reduction reflects the reduced capacity of the universities to budgetarily support these expenditures.

Table 1
Pennsylvania's State System of Higher Education
Fiscal Year 2022-23 Educational and General Budget Requirements
 With Proposed E&G Appropriation Request
 As of October 14, 2021

| | Prior Year FY 2020-21 | Current Year FY 2021-22 | Percent Change | Request Year FY 2022-23 | Percent Change | Future Year FY 2023-24 | Percent Change |
|---|--------------------------|----------------------------|-------------------|----------------------------|-------------------|---------------------------|-------------------|
| Revenues | | | | | | | |
| Tuition | \$809,056,136 | \$772,694,385 | -4.5% | \$797,486,880 | 3.2% | \$825,565,224 | 3.5% |
| Fees | 167,695,907 | 195,534,004 | 16.6% | 202,936,921 | 3.8% | 207,572,026 | 2.3% |
| State Appropriation | 477,470,000 | 477,470,000 | 0.0% | 487,019,000 | 2.0% | 496,759,000 | 2.0% |
| All Other Revenue | 135,513,989 | 142,205,955 | 4.9% | 75,646,839 | -46.8% | 72,905,085 | -3.6% |
| Total Revenues | \$1,589,736,032 | \$1,587,904,344 | -0.1% | \$1,563,089,640 | -1.6% | \$1,602,801,335 | 2.5% |
| Expenditures | | | | | | | |
| Compensation Summary: | | | | | | | |
| Salaries and Wages | \$835,960,092 | \$805,336,957 | -3.7% | \$819,466,672 | 1.8% | \$838,109,480 | 2.3% |
| Benefits | <u>376,828,402</u> | <u>377,810,211</u> | 0.3% | <u>394,491,245</u> | 4.4% | <u>402,696,227</u> | 2.1% |
| Subtotal, Compensation | \$1,212,788,494 | \$1,183,147,168 | -2.4% | \$1,213,957,917 | 2.6% | \$1,240,805,707 | 2.2% |
| Student Financial Aid | 83,573,806 | 99,684,281 | 19.3% | 96,937,478 | -2.8% | 98,875,849 | 2.0% |
| Other Services and Supplies | <u>232,918,608</u> | <u>290,154,498</u> | 24.6% | <u>264,221,632</u> | -8.9% | <u>267,565,115</u> | 1.3% |
| Subtotal, Services and Supplies | \$316,492,414 | \$389,838,779 | 23.2% | \$361,159,110 | -7.4% | \$366,440,964 | 1.5% |
| Capital Expenditures and Debt Principal Payments | <u>32,372,090</u> | <u>30,844,432</u> | -4.7% | <u>27,593,003</u> | -10.5% | <u>25,857,322</u> | -6.3% |
| Total Expenditures | \$1,561,652,997 | \$1,603,830,379 | 2.7% | \$1,602,710,030 | -0.1% | \$1,633,103,993 | 1.9% |
| Revenues Less Expenditures | \$28,083,035 | (\$15,926,035) | | (\$39,620,390) | | (\$30,302,658) | |
| Transfers to Plant Fund | 13,566,742 | 25,575,692 | 88.5% | 13,233,200 | -48.3% | 12,959,804 | -2.1% |
| Expenditures and Transfers to Plant | \$1,575,219,739 | \$1,629,406,071 | 3.4% | \$1,615,943,230 | -0.8% | \$1,646,063,797 | 1.9% |
| Revenues Less Expenditures & Transfers | | | | | | | |
| | \$14,516,293 | (\$41,501,727) | | (\$52,853,590) | | (\$43,262,462) | |
| Supplemental Resources/Adjustments | | | | | | | |
| Planned Use of Reserves for One-Time Needs/Strategic Initiatives | | | | | | | |
| | \$7,900,100 | \$25,195,704 | | \$9,708,158 | | \$7,106,976 | |
| One-Time COVID Funds (revenue recognition adjustment) | | | | | | | |
| | \$7,936,247 | (\$7,936,247) | | \$0 | | \$0 | |
| Revenues & Use of Supplemental Resources/Adjustments Less Expenditures & Transfers | | | | | | | |
| | \$30,352,640 | (\$24,242,270) | | (\$43,145,432) | | (\$36,155,486) | |
| Annualized FTE Enrollment | | | | | | | |
| Undergraduate | 73,403.25 | 69,146.98 | -5.8% | 69,778.66 | 0.9% | 70,883.20 | 1.6% |
| Graduate | 11,805.24 | 11,612.34 | -1.6% | 12,154.17 | 4.7% | 12,494.42 | 2.8% |
| Total Annualized FTE Enrollment | 85,208.49 | 80,759.32 | -5.2% | 81,932.82 | 1.5% | 83,377.63 | 1.8% |
| FTE of Budgeted E&G Employees, Net of Turnover | | | | | | | |
| | | | <i>Change</i> | | <i>Change</i> | | <i>Change</i> |
| Faculty | 4,593.00 | 4,405.82 | (187.18) | 4,248.84 | (156.98) | 4,221.84 | (27.01) |
| Nonfaculty | 4,981.17 | 4,943.98 | (37.19) | 4,807.96 | (136.02) | 4,796.91 | (11.05) |
| Total FTE of Budgeted Employees | 9,574.16 | 9,349.80 | (224.36) | 9,056.81 | (292.99) | 9,018.75 | (38.06) |

Board of Governors
University Success Committee Meeting
October 14, 2021

SUBJECT: Fiscal Year 2021/22 Capital Spending Plan and Capital Budget Authorization Request

UNIVERSITIES AFFECTED: All

BACKGROUND: For a Commonwealth-funded capital project to start design and construction, funding must be allocated in the Capital Spending Plan, and the project must have specific authorization from the General Assembly in a capital bill. The spending plan is a rolling five-year plan, totaling approximately \$70 million annually when adjusted for inflation, wherein the Board of Governors approves the execution of projects in the first year of the plan and tentatively approves the remaining four years, subject to annual reviews and updates. Projects not currently authorized by the General Assembly must be submitted for approval in the next capital bill. The General Assembly's authorization in a capital bill does not guarantee project funding. Funding for the Capital Spending Plan is determined by the Governor.

Capital Spending Plan—Earlier this year, the universities provided input for the Capital Spending Plan in accordance with Board of Governors' Policy 2000-02-A: *Capital Facilities Planning, Programming, and Funding*, and the procedures in Volume IV of the State System's *Facilities Manual*. Projects submitted were evaluated, prioritized, and compiled into the spending plan considering the following elements:

- University priority.
- Prior year position in the spending plan.
- Academic benefit.
- Space, ADA, safety, and code compliance deficiencies.
- New revenue or matching funds potential.
- Cost savings potential.
- Impact on the deferred maintenance backlog.

The funding distribution was also compared to the plant portion of the allocation formula to attempt to maintain equitable distribution.

Capital Authorization Bill—All projects in the 2021/22 spending plan were previously authorized by the General Assembly in capital itemization acts.

DRAFT MOTION: That the Board of Governors approve the fiscal year 2021/22 Capital Spending Plan.

Supporting Documents Included: Capital Spending Plan

Other Supporting Documents Available: University-submitted project justifications

Reviewed by: Executive Leadership Group, September 17, 2021, and Fiscal and Administrative Vice Presidents, September 8, 2021

Prepared by: Molly Mercer

Contact: mmercerc@passhe.edu

**DRAFT—Subject to Board of Governors Approval
 Pennsylvania’s State System of Higher Education Capital
 Spending Plan—Financial Summary**

| Financial Summary in Current Year Dollars (\$000) | | | | | | | Historical Funding Analysis ¹ (\$000) Not Including Cheyney | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|---|--|---|
| University | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | Five-Year Total | Total Capital Funding FY1996/7 - FY2020/21 | Over- or Underfunded Before Spending Plan ² | Over- or Underfunded After Spending Plan ³ |
| Bloomsburg | | \$3,700 | | | \$23,500 | \$27,200 | \$118,324 | \$1,120 | \$4,427 |
| California | \$41,200 | | | \$3,500 | | 44,700 | 89,357 | (10,345) | 14,267 |
| Cheyney | | | | 14,500 | 9,000 | 23,500 | 200,240 | – | – |
| Clarion | | 9,700 | | | | 9,700 | 124,421 | 28,091 | 20,084 |
| East Stroudsburg | | | \$5,800 | | | 5,800 | 116,034 | 20,229 | 4,860 |
| Edinboro | | | 14,600 | | | 14,600 | 112,357 | 8,356 | 3,973 |
| Indiana | 9,050 | | 24,500 | | | 33,550 | 192,139 | (15,377) | (22,719) |
| Kutztown | | 22,100 | | 21,400 | | 43,500 | 89,692 | (31,417) | (12,759) |
| Lock Haven | | 1,600 | 20,500 | | | 22,100 | 87,977 | 6,262 | 12,476 |
| Mansfield | | 24,000 | | | | 24,000 | 63,116 | (4,097) | 7,152 |
| Millersville | | 1,000 | | 3,100 | | 4,100 | 106,395 | (5,916) | (25,229) |
| Shippensburg | | 4,800 | | | | 4,800 | 138,044 | 24,716 | 7,428 |
| Slippery Rock | | | | | 27,500 | 27,500 | 118,941 | 402 | 3,499 |
| West Chester | 20,000 | | | 21,000 | | 41,000 | 150,709 | (22,025) | (17,460) |
| Five-Year Total | \$70,250 | \$66,900 | \$65,400 | \$63,500 | \$60,000 | \$326,050 | \$1,707,744 | (0) | (0) |

Notes

¹ Parentheses () indicate underfunded.

² Compares funding received from FY1996/97 to FY 2020/21 to funding if distributed by the plant portion of the allocation formula.

³ Compares funding received from FY1996/97 to FY 2025/26 to funding if distributed by the plant portion of the allocation formula.

Annual totals add to less than annual allocation to allow for future adjustments and inflation. Numbers may not add due to rounding.

**DRAFT—Subject to Board of Governors Approval
Project Execution Schedule**

| Execution Year | University | Project Description | Facility Use | Original Furniture and Equipment | Authorization Act | Total Authorization (\$000) | University Funds (\$000) | Total |
|----------------------|------------------|--|------------------------|----------------------------------|----------------------|-----------------------------|--------------------------|------------------|
| 2021/22 | California | Replace Science Building (Construction) | Science and Technology | — | 40/04, 52/17 | \$65,093 | — | \$39,200 |
| | | Utility Plant Boiler Upgrade | Infrastructure | — | 36/20 | 22,000 | — | 2,000 |
| | Indiana | Demolition of Vacant Buildings | General Education | — | 52/17 | 6,500 | — | 2,000 |
| | | Upgrade Campus Utilities Infrastructure, Phase 1 | Infrastructure | — | 36/20 | 25,000 | — | 7,050 |
| | West Chester | Sturzebecker Health Science Center Renovation (Additional Funds) | Science and Technology | — | 131/02, 85/13, 52/17 | 26,600 | — | 20,000 |
| 2021/22 Total | | | | | | | | \$70,250 |
| 2022/23 | Bloomsburg | Demolition of Underutilized and Obsolete Buildings | General Education | — | 52/17 | 7,000 | — | 3,700 |
| | Clarion | Deferred Maintenance Repairs | Infrastructure | — | 82/10 | 10,000 | — | 9,700 |
| | Kutztown | Poplar House Renovation | Business Education | OF&E | 52/17 | 600 | — | 600 |
| | | Keystone Hall/Fieldhouse Upgrade | Athletics | — | 40/04, 41/08, 52/17 | 29,034 | — | 21,500 |
| | Lock Haven | Robinson Learning Center | General Education | OF&E | 52/17 | 2,000 | — | 1,600 |
| | Mansfield | Campus Utility Infrastructure | Infrastructure | — | 85/13, 52/17 | 25,000 | — | 24,000 |
| | Millersville | Brooks Hall Renovation | Business Education | OF&E | 82/10 | 1,000 | — | 1,000 |
| | Shippensburg | Franklin Science Center Renovation | Science and Technology | OF&E | 52/17 | 9,000 | — | 4,800 |
| 2022/23 Total | | | | | | | | \$66,900 |
| 2023/24 | East Stroudsburg | Renovate Kemp Library | Libraries | — | 85/13 | 45,000 | — | 5,800 |
| | Edinboro | Hamilton Hall Renovation | Arts and Music | — | 22/00, HB449/SB292 | 30,550 | — | 14,600 |
| | Indiana | Academic Building Replacement | General Education | — | 36/20 | 50,000 | — | 24,500 |
| | Lock Haven | Stevenson Library Renovation | Libraries | — | 52/17 | 30,000 | — | 20,500 |
| 2023/24 Total | | | | | | | | \$65,400 |
| 2024/25 | California | Replace Science Building | Science and Technology | OF&E | 52/17 | 5,000 | — | 3,500 |
| | Cheyney | Ada Georges Dining Hall Renovation | Mixed Usage | — | 36/20 | 19,000 | — | 14,500 |
| | Kutztown | Keystone Hall/Fieldhouse Upgrade | Athletics | OF&E | 36/20 | 1,500 | — | 1,900 |
| | | Educational Building (Lytle Hall) Replacement | Mixed Usage | — | 41/08 | 30,000 | 6,500 | 19,500 |
| | Millersville | Replace Science Center (Design) | Science and Technology | — | 36/20 | 60,000 | 3,000 | 3,100 |
| | West Chester | FH Green Library Renovation | Libraries | — | 40/04, 52/17 | 50,400 | — | 21,000 |
| 2024/25 Total | | | | | | | | \$63,500 |
| 2025/26 | Bloomsburg | Facilities Complex Construction | Administration | — | 85/13, 52/17 | 34,000 | — | 23,500 |
| | Cheyney | Tubman Hall Renovation | Auxiliary | — | 36/20 | 21,000 | — | 9,000 |
| | Slippery Rock | Morrow Field House Renovation | Athletics | — | 131/02, 41/08, 52/17 | 41,800 | — | 27,500 |
| 2025/26 Total | | | | | | | | \$60,000 |
| Grand Total | | | | | | | | \$326,050 |

Board of Governors

October 13-14, 2021

SUBJECT: University Integrations

UNIVERSITIES AFFECTED: All

BACKGROUND: In July 2021, the Board of Governors approved the integration of two sets of universities as part of the broader System Redesign effort that was launched by the Board in 2016 to ensure the State System's 14 universities continue serving their vital historical roles as engines of social mobility and economic development by offering affordable postsecondary pathways for all Pennsylvanians.

By bringing California, Clarion, and Edinboro together in the west and Bloomsburg, Lock Haven, and Mansfield together in the northeast, university integrations are designed to provide students greater access to a comprehensive range of postsecondary degrees and credentials, including a wide range of majors, minors, and areas of concentration.

At its quarterly meetings, the Board receives progress updates regarding the integrations efforts—information that is also shared with the General Assembly per reporting requirements in Act 50.

As part of this quarter's update, the Board will be asked to approve the name for the western integrated university, which will be presented during the meeting. (Note: the northeast integration will present a recommended name to the Board at a later date, when its market analysis is completed.)

DRAFT MOTION: That the Board of Governors approves the name for the western integration as presented.

Supporting Documents Included: N/A

Other Supporting Documents Available: www.passhe.edu/integrations

Reviewed by: N/A

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