



# Board of Governors' Quarterly Meeting Agenda

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Wednesday, October 5, 2011

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**1:30 p.m.**

**Committee Meetings (Boardroom)**

- Academic and Student Affairs
  - External Relations
  - Finance, Administration, and Facilities
  - Human Resources
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Thursday, October 6, 2011

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**9:00 a.m.**

**Meeting of the Board of Governors (Boardroom)**

**Adjournment**



# Board of Governors' Quarterly Meeting Agenda

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

## Agenda Summary

Wednesday, October 5, 2011  
1:30 p.m.

- **Academic and Student Affairs**
  - Approval of a New Doctor of Philosophy Degree Program in Safety Sciences at Indiana University of Pennsylvania (ACTION)
  - Bloomsburg University of Pennsylvania Presentation - The Bachelor of Applied Science Degree: A Collaborative Approach to Meeting the 21<sup>st</sup> Century Workforce Needs of the Commonwealth (INFORMATION)
  
- **External Relations**
  - Legislative Update (INFORMATION)
  
- **Finance, Administration, and Facilities**
  - Educational and General Operating Budgets for Pennsylvania State System of Higher Education (PASSHE) Entities (ACTION)
  - Fiscal Year 2012/13 Appropriation Request (ACTION)
  - Property Acquisition, East Stroudsburg University of Pennsylvania (ACTION)
  - Property Acquisition, Indiana University of Pennsylvania (ACTION)
  - Demolition of Cedarcrest Manor and Hemlock Manor, Mansfield University of Pennsylvania (INFORMATION)
  
- **Human Resources**
  - Board of Governors' Policy 2011-02: *Nonrepresented Employee Severance Program* (ACTION)



# Academic and Student Affairs Committee Meeting

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

Wednesday, October 5, 2011

## Agenda

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Committee Members: Aaron A. Walton (*Chair*), Representative Matthew E. Baker, Sarah C. Darling, Senator Jeffrey E. Piccola, Secretary Ronald J. Tomalis, and Guido M. Pichini (*ex officio*).

For further information, contact Peter H. Garland at (717) 720-4010.

**Academic and Student Affairs Committee Meeting**

October 5, 2011

**SUBJECT:** Approval of a New Doctor of Philosophy Degree Program in Safety Sciences at Indiana University of Pennsylvania (ACTION)

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**UNIVERSITIES AFFECTED:** Indiana University of Pennsylvania

**BACKGROUND:** Indiana University of Pennsylvania (IUP) proposes a Doctor of Philosophy (Ph.D.) degree program in Safety Sciences, a unique program in the Commonwealth and the nation. The proposed program will address a critical shortage of safety professionals that can apply the principles in the field, conduct research, and teach at the college and university level. The proposed Doctor of Philosophy in Safety Sciences will prepare safety professionals with advanced skills in the anticipation, recognition, evaluation, control, and prevention of safety, health, and environmental hazards in the work environment. Graduates from this degree program will be able to conduct independent research, understand state and federal policy that involves safety, health, and environmental issues, be knowledgeable of and involved in appropriate professional associations, and will be able to teach safety, health, and environmental content to adult audiences (industry or collegiate). Building upon the pedagogical delivery format of the master's degree in safety sciences, the Ph.D. program will be comprised of distance education coursework, on-site experiential learning, and summer courses to meet the needs of the working adult learners.

**MOTION:** That the Board of Governors approve the Doctor of Philosophy Degree Program in Safety Sciences at Indiana University of Pennsylvania.

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**Supporting Documents Included:** Executive Summary of Degree Proposal and Five-Year Budget Projection

**Other Supporting Documents Available:** Degree Proposal

**Reviewed by:** Indiana University of Pennsylvania Council of Trustees, May 5, 2011

**Prepared by:** Kathleen M. Howley

**Telephone:** (717) 720-4200

**Executive Summary of Degree Proposal  
Doctor of Philosophy in Safety Sciences  
Indiana University of Pennsylvania**

October 5, 2011

**1. Appropriateness to the Mission**

Indiana University of Pennsylvania (IUP) proposes a new Doctor of Philosophy (Ph.D.) degree program in Safety Sciences. The program closely aligns with the Pennsylvania State System of Higher Education's (PASSHE) mission to prepare students for professional success and to contribute to both the policy development and economic development of Pennsylvania's communities, the Commonwealth and the nation. Worker safety has been identified as a critical need in Pennsylvania as evidenced by the \$1.7 million Occupational Safety and Health Administration's (OSHA) safety program that is managed by the Department of Safety Sciences at IUP. According to Margaret Carroll, President of the Board of Certified Safety Professionals, which is the largest certification board for individuals in the safety, health and environmental field in the United States, "IUP's proposed doctoral program in Safety Sciences will be the first pure safety-related program...and we strongly encourage the University to move forward." The program design of distance education and on-site experiential learning will meet the needs of the working adult learners.

**2. Need**

Current workforce projections by the United States Bureau of Labor Statistics for 2008-2018 estimate that employment in occupational safety will increase by 11 percent. The peer review study that was published in 2008 by the American Society of Safety Engineers concerning advanced degree employment identified the lack of a doctorate in a safety or safety-related field as the number one reason for safety programs not being able to fill faculty positions nationwide, including the Commonwealth of Pennsylvania. While there are a few doctoral degree programs in the country that have some safety science coursework included, most of these programs are industrial engineering degree programs with an emphasis on providing engineers with some background in safety. This has created a critical shortage of safety professionals that can apply the principles in the field, conduct research, and teach at the university level. Compounding the problem is the substantial number of faculty expected to retire from universities across the country over the next ten years. IUP's proposed program will be unique because it focuses primarily on safety sciences and will facilitate dissertations that have safety and safety-related concerns as their major focus.

IUP's Safety Sciences program has been meeting the demand for professionals in safety through its undergraduate degree and its master's degree program in Safety Sciences for over 40 years and 25 years respectively. IUP alumni surveys reveal that over 90 percent of these graduates have been placed in safety and health-related positions.

### **3. Academic Integrity**

The proposed Doctor of Philosophy in Safety Sciences will prepare safety professionals with advanced skills in the anticipation, recognition, evaluation, control, and prevention of safety, health, and environmental hazards in the work environment. Graduates from this degree program will be able to conduct independent research, understand state and federal policy that involves safety, health, and environmental issues, be knowledgeable of and involved in appropriate professional associations and will be able to teach safety, health, and environmental content to adult audiences (industry or collegiate). Building upon the pedagogical delivery format of the master's degree in safety sciences, the Ph.D. program will be comprised of distance education coursework and summer courses. Given the program's emphasis on original and rigorous research, students will be expected to produce a flow of scholarly work while in the program and professionally upon graduation. The number of journal articles that are published within five years of program completion or the subsequent publication record of graduates or some other measure of the success of research activities by graduates will be included as an outcome measure.

### **4. Coordination/Cooperation**

Indiana University of Pennsylvania is the only PASSHE institution authorized to offer a Ph.D. program; therefore, the proposed degree will not duplicate any other existing PASSHE program. The proposed Ph.D. in Safety Sciences would be the only one of its kind in the United States designed to prepare the students for work as university professors and researchers in industry and government. The Department of Safety Sciences will create informal and formal linkages to other PASSHE graduate degree programs that can strengthen academic and research experiences for students.

The Department has a variety of partnerships with local industries such as PPG and Alcoa as well as governmental agencies such as the National Institute for Occupational Safety and Health that will assist students in obtaining advanced research skills and provide access to specialized equipment.

### **5. Assessment and Accreditation**

Assessment is a continuous process whereby the program students, alumni, and employers provide relevant input regarding program learning outcomes and success. Students will be assessed on a regular schedule using course-embedded measures to determine whether they are achieving competence in the targeted learning outcomes for the program. This data will be used to make changes to courses or the curriculum as appropriate to improve student performance, and will be systematically remeasured to ensure continuous progress in meeting desired outcomes. The department will monitor retention, time-to-degree, degree completion, and placement as key assessment variables. The Safety Sciences Advisory Board dedicates one meeting per year to outcomes assessment and is also a critical component of the overall assessment plan.

## **6. Resource Sufficiency**

Because of the presence of the existing bachelor's degree and master's degree programs in the Department of Safety Sciences, many of the resources and much of the infrastructure needed to implement this degree program are in place. Faculty members have extensive experience in course development and delivery that are necessary for this degree program and the educational backgrounds, skills, certifications, and research experience to deliver a quality degree program. The Ph.D. program would require two additional faculty members to deliver the courses, coordinate the degree program, and serve on dissertation committees. Laboratory space and classroom space needed for the on-campus portion of the program are acceptable. The cost-benefits analysis demonstrates that enrollment projects will result in revenue that exceeds expenses beginning in year three.

## **7. Impact on Educational Opportunity**

There is a documented need for safety professionals that possess doctorates, and the demand is growing. IUP's Department of Safety Sciences has the personnel and resources, and the commitment to offer a quality Ph.D. in a flexible format that will provide opportunity for those seeking an advanced degree in this field. The department strives to recruit, retain and graduate minority students and recruits under-represented faculty for vacated positions. The Department of Safety Sciences also actively recruits students from under-represented groups for its degree programs and will continue to do so with the doctoral degree program. Examples of activities the department is engaged in include acquiring funding through foundations to develop recruiting programs and disseminating scholarships specifically for students in under-represented groups. In the classroom, faculty members are encouraged to incorporate scholarships from under-represented groups into the curriculum. Two of the eight faculty members currently involved in the proposed program delivery are women.

*Prepared by: Dr. Gerald Intemann, Provost and Vice President for Academic Affairs*

Implementation Date: Fall 2012

**FIVE YEAR BUDGET PROJECTION**  
**UNIVERSITY: Indiana University of Pennsylvania**  
**PROPOSED PROGRAM: Doctor of Philosophy in Safety Sciences**

ESTIMATED REVENUES	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New
Tuition or University E&G	\$ -	\$ 224,489	\$ -	\$ 251,818	\$ -	\$ 404,008	\$ -	\$ 453,788	\$ -	\$ 472,057	\$ -	\$ 460,641
External Grants and Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUE</b>	\$ 224,489		\$ 251,818		\$ 404,008		\$ 453,788		\$ 472,057		\$ 460,641	
ESTIMATED EXPENSES	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
Salaries and/or benefits (Faculty and Staff)	\$ -	\$ 162,853	\$ -	\$ 199,555	\$ -	\$ 266,559	\$ -	\$ 239,830	\$ -	\$ 326,034	\$ -	\$ 286,836
Learning resources	\$ -	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ 7,500
Instructional equipment	\$ -	\$ 6,964	\$ -	\$ 6,706	\$ -	\$ 9,028	\$ -	\$ 11,091	\$ -	\$ 9,415	\$ -	\$ 9,415
Facilities and/or modifications	\$ -	\$ 18,193	\$ -	\$ 17,519	\$ -	\$ 23,583	\$ -	\$ 28,973	\$ -	\$ 24,594	\$ -	\$ 24,594
Other	\$ -	\$ 125,035	\$ -	\$ 21,862	\$ -	\$ 49,557	\$ -	\$ 25,286	\$ -	\$ 54,613	\$ -	\$ 56,281
<b>TOTAL EXPENSES</b>	\$ 320,545		\$ 253,142		\$ 356,227		\$ 312,680		\$ 422,155		\$ 384,626	
<b>DIFFERENCE (Rev.-Exp.)</b>	\$ (96,056)		\$ (1,324)		\$ 47,781		\$ 141,108		\$ 49,902		\$ 76,015	
ESTIMATED IMPACT OF NEW PROGRAM	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
FTE Enrollment	13.50		13.00		17.50		21.50		18.25		18.25	
Projected Annual Credits Generated	324		312		420		516		438		438	
<b>Tuition Generated</b>	\$ 168,480		\$ 162,240		\$ 218,400		\$ 268,320		\$ 227,760		\$ 227,760	



**Academic and Student Affairs Committee Meeting**

October 5, 2011

**SUBJECT:** Bloomsburg University of Pennsylvania Presentation – The Bachelor of Applied Science Degree: A Collaborative Approach to Meeting the 21<sup>st</sup> Century Workforce Needs of the Commonwealth (INFORMATION)

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**UNIVERSITIES AFFECTED:** Bloomsburg University of Pennsylvania

**BACKGROUND:** Bloomsburg University of Pennsylvania, Lehigh Carbon Community College, and Lehigh Career & Technical Institute have partnered together to create an efficient curricular pathway designed to meet the needs of the 21<sup>st</sup> century workforce in the Commonwealth.

The Bachelor of Applied Science (BAS) Degree provides a seamless pathway for students who have earned an Associate of Applied Science (AAS) Degree. Traditionally viewed as a “terminal” degree, the AAS consists of basic and advanced career and technical coursework with a limited number of general education courses designed to prepare graduates for immediate employment. The Bachelor of Applied Science Degree provides additional general education courses plus discipline-specific and professional development coursework designed to prepare highly skilled technical professionals to assume leadership roles in high priority occupations in the Commonwealth.

Dr. Clyde Hornberger, Executive Director of Lehigh Career & Technical Institute, Donald Snyder Esq., President of Lehigh Carbon Community College, and Dr. David Soltz, President of Bloomsburg University, will provide an overview of their collaborative educational approach to meeting the 21<sup>st</sup> century workforce needs of the Commonwealth that will also serve as a model for the Bachelor of Applied Science Degree credential for PASSHE.

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**Supporting Documents Included:** N/A

**Other Supporting Documents Available:** N/A

**Reviewed by:** N/A

**Prepared by:** Kathleen M. Howley

**Telephone:** (717) 720-4200



# External Relations Committee Meeting

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

Wednesday, October 5, 2011

## Agenda

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Committee Members: Jonathan B. Mack (*Chair*), Marie Conley Lammando, Bonnie L. Keener, Joseph F. McGinn, Robert S. Taylor and Guido M. Pichini (*ex officio*).

For further information, contact Peter H. Garland at (717) 720-4010.

**External Relations Committee Meeting**

October 5, 2011

**SUBJECT:** Legislative Update (INFORMATION)

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**UNIVERSITIES AFFECTED:** All

**BACKGROUND:** A report on recent legislative activity will be provided at the Board meeting.

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**Supporting Documents Included:** N/A

**Other Supporting Documents Available:** N/A

**Reviewed by:** N/A

**Prepared by:** Karen S. Ball

Telephone: (717) 720-4053



# Finance, Administration, and Facilities Committee Meeting

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

October 5, 2011

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**Committee Members:** C.R. “Chuck” Pennoni (*Chair*), Leonard B. Altieri III, Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Representative Michael K. Hanna, Kenneth M. Jarin, Harold C. Shields, and Guido M. Pichini (ex officio)

For further information, contact Peter H. Garland at (717) 720-4010.

**Finance, Administration, and Facilities Committee Meeting**

October 5, 2011

**SUBJECT:** Educational and General Operating Budgets for Pennsylvania State System of Higher Education (PASSHE) Entities (ACTION)

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**UNIVERSITIES AFFECTED:** All

**BACKGROUND:** Act 188 of 1982 requires the Board of Governors to approve the operating budgets for PASSHE entities annually. This process is to be completed in accordance with the Board's approval of the operating budget requests for the ensuing fiscal year.

The Educational and General (E&G) budgets for each of the 14 Universities and the Office of the Chancellor are presented in the attached pages. This information includes anticipated revenues and expenditures by major category for the current and request years. The committee will also review the underlying assumptions regarding enrollment, human resources costs, and inflationary factors upon which the fiscal year 2011/12 and 2012/13 budget estimates are built.

Given that collective bargaining agreements have expired and successor agreements are currently being negotiated for approximately 60% of PASSHE employees, only salary and wage changes specified in existing agreements are included in compensation estimates for fiscal years 2011/12 and 2012/13. Universities submit unbalanced budgets for 2012/13 since they are instructed not to incorporate changes in appropriation levels or tuition rates. System-wide recommendations concerning PASSHE's appropriation request will be developed by the Finance, Administration, and Facilities Committee on October 5, 2011, in accordance with Agenda Item #2.

Based upon the committee's review, and with an appreciation that the revenue and expenditure assumptions are subject to revision, it is recommended that the Board approve the operating budgets for PASSHE entities.

**MOTION:** That the Board of Governors approve the attached Education and General operating budgets for PASSHE entities for fiscal year 2011/12.

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**Supporting Documents Included:** E&G Operating Budget Summaries for PASSHE Entities for Fiscal Years 2011/12 and 2012/13

**Other Supporting Documents Available:** None

**Reviewed by:** Office of the Chancellor

**Prepared by:** James S. Dillon

**Telephone:** (717) 720-4100

## **Educational and General Operating Budget Summaries for Pennsylvania State System of Higher Education Entities**

Act 188 of 1982 requires PASSHE's budget request to be developed based upon University needs. PASSHE Universities were provided with instructions to develop their 2012/13 Educational and General (E&G) budget requests, which include anticipated changes in salaries, benefits, and other cost categories. E&G budgets provide for the ongoing operations that support the general academic, administrative, and physical operations; restricted (sponsored programs and most financial aid) and auxiliary (dining, housing, recreation and student centers) activities are excluded. Universities provide budget estimates for the current year (2011/12) and the request year (2012/13).

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. Expenditure estimates and projections for University-based revenue sources are used to determine PASSHE's budget request parameters. Below are explanations of the revenue and expenditure expectations for PASSHE Universities and the Office of the Chancellor for 2011/12 and 2012/13, as submitted by the Universities and reviewed by the Office of the Chancellor. A summary for each entity is provided in the following pages.

### **Fiscal Year 2011/12 Highlights Revenue/Sources**

**Tuition**—The Board of Governors approved a 7.5% tuition rate increase for fiscal year 2011/12. At the same time, amendments to Board of Governors Policy 1999-02-A, *Tuition* (as approved January 20, 2011), required elimination of a graduate full-time tuition rate, beginning in fall 2011. These changes in rates are applied to projected enrollment for the upcoming academic year, and winter and summer sessions. After 15 straight years of enrollment growth, PASSHE's overall 2011/12 enrollment is anticipated to be level or possibly decline slightly. Several PASSHE Universities are anticipating increases in undergraduate enrollment, but are experiencing reductions in graduate enrollment that are largely due to state and local policy changes in the treatment of advanced degrees for teachers. University-specific enrollment projections vary, ranging from a 7.0% decrease at Mansfield University to a 3.6% increase at West Chester University.

**Fees**—The Universities' Councils of Trustees set 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 expected to generate \$43.4 million in revenue for instructional technology purposes.

**State Appropriation**—Prior to 2011/12, PASSHE received from the Commonwealth an E&G appropriation, several line item appropriations for specific purposes, and federal appropriations from the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Funds (SFSF). PASSHE's 2011/12 E&G appropriation of \$412.8 million represents an 18% reduction in total appropriations, with the elimination of all line items

and ARRA funds. The state appropriation is allocated to Universities through two methods: approximately 92% is distributed through PASSHE's allocation formula, and the remaining 8% is distributed based upon performance. Since 2011/12 performance funding awards have not yet been finalized, performance funding revenue reflected in 2011/12 and 2012/13 is estimated at the same proportion of performance funding received by each University in 2010/11. Universities will adjust their budgets accordingly when awards are made.

**All Other Revenue**—Included in this category are 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 tend to be nonrecurring. Most Universities do not anticipate increases and/or continuation of certain miscellaneous revenue sources until these revenues are received, but also limit expenditures supported by these specific revenue streams in their budget estimates.

**Use of Carryforward Fund Balance**—From time to time, some Universities may have the opportunity, either through greater than anticipated enrollment/revenue growth or through disciplined multiyear planning, to set aside revenues for future year activities. This is represented by a negative number in Use of Carryforward Fund Balance. When a University is using funds carried forward from a previous year, a positive number will appear on this line. This practice is an exceptional management tool allowing Universities to anticipate and fund large one-time purchases and multiyear projects. Typical initiatives funded in this manner tend to include new academic programs, major equipment purchases and upgrades, facilities improvements, and transitions through demographic changes. Since Carryforward funds are one-time in nature, a corresponding one-time expenditure is associated with the use of these funds. Due to the presence of one-time, nonrecurring funds in 2010/11 and the anticipated reduction of appropriations in 2011/12, most Universities limited spending, generating a negative Carryforward in the actual and/or current year, and many reflect a use of Carryforward in the current and/or request year.

### **Expenditures/Transfers**

**Compensation**—For approximately 60% of PASSHE's employees, salary and wage rates are unknown since collective bargaining agreements have expired and successor agreements are currently under negotiation. No wage adjustments effective after June 30, 2011, have been made for unions without existing agreements; this is not to be viewed as a bargaining position. Only adjustments required by the ratified AFSCME contract and a corresponding estimate for nonrepresented employees are budgeted for 2011/12 and 2012/13. Employee benefits allow multiple choices for health care and retirement programs. Each University's mix of employees among bargaining units, the benefits choices they make, and their years of service result in varying increases in personnel costs. Universities budget compensation expenses based upon anticipated filled positions, taking into consideration retirements, vacancies, and regular annual turnover in employee complement. In total, PASSHE Universities anticipate funding 165 fewer FTE positions in 2011/12 due to reductions in staffing.

**Salaries and Wages**—Compensation for 2011/12 reflects the residual fiscal impact of midyear pay increases that occurred in 2010/11. The 2011/12 fiscal impact of these increases ranges from 1.3% to 1.9% by bargaining unit. Salaries for AFSCME and nonrepresented employees have been frozen at 2010/11 levels. These increases are offset fully by projected savings from PASSHE's Separation Incentive Program that occurred in 2010 and reductions to University-budgeted complement.

**Benefits**—The vast majority of PASSHE's employees are enrolled in either the System's PPO health care plan or the Commonwealth's Pennsylvania Employees Benefit Trust Fund (PEBTF) program for health benefits. PASSHE's PPO costs increased 6.0%, while the PEBTF employer costs reflected in the new AFSCME agreement decreased 12.5%. PASSHE's retiree health care costs increased 12.7%, while the Commonwealth retirees' health care costs increased 25%. The most common rates for the State Employees' Retirement System (SERS) and Public School Employees Retirement System (PSERS), in which almost half of PASSHE employees participate, increased approximately 70% and 53%, respectively. In total, employee benefits expenses are projected to increase 6.8%.

**Utilities**—Each University's utilities costs vary widely, depending on mix of utilities (gas, coal, oil, electricity), local providers, expiration of electric generation rate caps, usage, energy savings projects, and changes in space. Due to the expiration of electric generation rate caps, four Universities and the Office of the Chancellor experienced significant increases in electricity rates beginning in January 2010. The remaining Universities began to experience rate increases in January 2011. Fiscal year 2011/12 utilities cost increases reflect various rate increases by utility and the continued implementation of electric deregulation, generating an average increase of 9.5%.

**Services and Supplies**—Expenditures in this category support all the day-to-day University operations, including professional services; teaching, office, and custodial supplies; travel; subscriptions and memberships; postage; student aid expenditures; and leases. Costs in several commodity areas were contained through System-wide strategically sourced procurements. In addition, Universities routinely purchase products and services from Commonwealth contracts to reduce costs. During 2011/12, service and supply expenditures are expected to increase on average 8.3%. Most of these increases are one-time activities associated with designated one-time fund sources; University experiences vary.

**Capital Expenditures and Transfers**—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. PASSHE budgets these expenditures on a cash basis, rather than budgeting depreciation. University transfers generally fund physical plant expenditures and debt. Some transfers may reflect a commitment for future projects. University capital expenditures and transfers can vary widely from year to year.



## **Fiscal Year 2012/13 Highlights Revenue/Sources**

PASSHE University 2012/13 expenditure estimates and projections for University-based revenue sources are used to determine the System's budget request parameters. The Universities are instructed to submit unbalanced budgets for the request year to allow for a candid assessment of resources and expenditure requirements. Based upon this review, an appropriation request will be developed. No attempt has been made to balance each University's budget, as they reflect no change in tuition rates or appropriations.

**Tuition**—Increases in tuition revenue reflect the impact of projected changes in annualized FTE enrollment. PASSHE's 2012/13 annualized FTE enrollment is anticipated to remain level or increase slightly; six Universities project enrollment increases. Changes in student mix (e.g., full-time versus part-time, residency, and student level) also affect tuition estimates for 2012/13. No assumptions are made concerning tuition rate increases at this time; however, a tuition increase of approximately 3.4% would be necessary to balance PASSHE's proposed 2012/13 budget with no change in appropriations.

**Fees**—Included in this category are the Technology Tuition Fee, which is established by the Board of Governors, and all University-based student fees. Since the Universities' Councils of Trustees set student fee rates each spring, changes in mandatory fees typically reflect only adjustments due to anticipated enrollment. Instructional support and technology tuition fee increases occur in concert with the general tuition rate.

**State Appropriation**—The 2012/13 state appropriation for each University reflects its current year allocation of the E&G appropriation through the allocation formula and its estimated portion of performance funding based upon 2010/11 awards. Although each University's allocation of the appropriations will change based upon the allocation formula and performance funding results, no adjustments have been made to anticipate the impact of those changes. The state appropriation reflects continued funding of the E&G appropriation at its current level. The Finance, Administration, and Facilities Committee of the Board of Governors will make a recommendation for consideration of an appropriation request that may differ from this appropriation assumption.

**All Other Revenue**—As in 2011/12, most Universities do not anticipate increases and/or continuation of certain miscellaneous revenue sources until these revenues are received. In addition, they limit expenditures supported by these specific revenue streams in their budget estimates.

**Use of Carryforward Fund Balance**—Some Universities have identified Carryforward funds to support one-time purchases and multiyear projects. Typical initiatives funded in this manner tend to include new academic programs, major equipment purchases and upgrades, facilities improvements, and transitions through demographic changes.

## Expenditures/Transfers

**Compensation**—In general, Universities are anticipating level employee complement in 2012/13, given the significant reduction of 339 FTE funded positions that has occurred since 2008/09 in light of ongoing financial challenges and work force planning efforts. PASSHE has over 900 funded positions (full-time and part-time) that have either been held vacant or eliminated in 2010/11 and/or 2011/12. Given the high level of retirements occurring—currently over 420 employees are expected to retire in the 2011 calendar year—it is anticipated that some vacant positions will be filled.

**Salaries and Wages**—Compensation requirements for approximately 60% of PASSHE's employees are established in collective bargaining agreements that ended June 30, 2011, for which successor agreements are currently being negotiated. Therefore, no changes in pay requirements for unknown contracts have been incorporated in these estimates; this is not to be viewed as a bargaining position. The 2012/13 wage requirements for AFSCME average 1.6% for a July 2012 general pay increase of 1% and an April 2013 increment. A 1% salary increase is also included for nonrepresented employees. Overall, a 0.6% increase in salaries and wages is anticipated.

**Benefits**—Preliminary health care rate changes for 2012/13 include increases in PASSHE's various health care options of almost 7.8% for faculty, coaches, and management. The Commonwealth's PEBTF health care costs will increase 0.1% in accordance with the AFSCME contract, while the Commonwealth's health care costs for retirees are anticipated to increase 6.3%. The most common pension contribution rates for SERS and PSERS are projected to increase 52% and 81%, respectively, as specified by the Commonwealth's budget instructions. Retirement rates associated with the alternative retirement programs remain constant, although retirement and social security costs increase as salaries and wages increase. Overall, an 8.6% increase in benefits costs is anticipated based on these rate assumptions. University experiences vary significantly based upon the benefits programs their employees choose and changes in complement.

**Utilities**—Each University's utilities costs vary, depending on mix of utilities (gas, coal, oil, electricity), local providers, usage, energy savings projects, and changes in space. By 2012/13, electric deregulation will be implemented fully, and utilities cost increases reflect normal rate increases by providers and continued energy savings initiatives. PASSHE's combined utilities costs are anticipated to increase 3.0%.

**Services and Supplies**—For 2012/13, Universities estimate relatively constant expenditures in services, supplies, and materials, with an overall reduction of 0.7%. This reduction is associated with those Universities that reflect a use of Carryforward in 2011/12 for one-time initiatives; the associated expenditures are discontinued in 2012/13. University experiences vary significantly, ranging from a 17% reduction to a 4% increase.

**Capital Expenditures and Transfers**—Capital Expenditures may increase or decrease, depending upon the level of one-time facilities improvements and equipment purchases in each year. Most Universities using Carryforward funds in 2011/12 for investments in specific capital projects show a reduction of capital expenditures and transfers in 2012/13. Most other institutions are continuing their current level of commitment to major physical plant, equipment, and library expenditures into 2012/13. Overall, PASSHE's 2012/13 capital expenditures and transfers are projected to decrease 0.2%, though University experiences vary significantly.

**Revenue/Sources Less Expenditures/Transfers**—As previously mentioned, Universities submit unbalanced budgets for 2012/13. No attempt was made to balance each University's budget, as no assumptions have been made regarding potential changes to appropriations and tuition rates. Based upon these submissions, a proposed appropriation request and corresponding tuition rate assumptions will be developed by the Finance, Administration, and Facilities Committee of the Board of Governors at its meeting on October 5, 2011. The shortfall reflected in each University's 2012/13 budget presentation on the following pages reflects each University's funding requirements, given the assumptions discussed in this overview.

Board of Governors Budget Request Summary  
 Bloomsburg University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$76,491,723	\$77,961,632	\$1,469,909	1.9%
Fees	14,212,228	14,275,581	63,353	0.4%
State Appropriation	32,406,374	32,406,374	0	0.0%
All Other Revenue	4,051,778	4,051,778	0	0.0%
Use of Carryforward Fund Balance	8,736,571	893,001	(7,843,570)	-89.8%
<b>Total Revenue/Sources</b>	<b>\$135,898,674</b>	<b>\$129,588,366</b>	<b>(\$6,310,308)</b>	<b>-4.6%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$65,526,574	\$65,937,842	\$411,268	0.6%
Benefits	27,717,251	30,207,061	2,489,810	9.0%
Subtotal, Compensation	\$93,243,825	\$96,144,903	\$2,901,078	3.1%
Utilities	2,943,417	3,023,535	80,118	2.7%
Services & Supplies	24,187,126	22,645,432	(1,541,694)	-6.4%
Capital & Transfers	15,524,306	10,648,011	(4,876,295)	-31.4%
<b>Total Expenditures and Transfers</b>	<b>\$135,898,674</b>	<b>\$132,461,881</b>	<b>(\$3,436,793)</b>	<b>-2.5%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$2,873,515)</b>		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary  
 California University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$69,553,319	\$70,097,420	\$544,101	0.8%
Fees	12,550,896	12,615,652	64,756	0.5%
State Appropriation	30,616,750	30,616,750	0	0.0%
All Other Revenue	5,863,965	5,863,965	0	0.0%
Use of Carryforward Fund Balance	0	0	0	n/a
<b>Total Revenue/Sources</b>	<b>\$118,584,930</b>	<b>\$119,193,787</b>	<b>\$608,857</b>	<b>0.5%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$58,032,805	\$57,953,228	(\$79,577)	-0.1%
Benefits	23,305,892	25,374,723	2,068,831	8.9%
Subtotal, Compensation	\$81,338,697	\$83,327,951	\$1,989,254	2.4%
Utilities	3,253,844	3,351,460	97,616	3.0%
Services & Supplies	25,065,217	26,065,217	1,000,000	4.0%
Capital & Transfers	8,927,172	8,929,847	2,675	0.0%
<b>Total Expenditures and Transfers</b>	<b>\$118,584,930</b>	<b>\$121,674,475</b>	<b>\$3,089,545</b>	<b>2.6%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>				
	\$0	(\$2,480,688)		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary  
 Cheyney University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$11,350,863	\$11,397,118	\$46,255	0.4%
Fees	2,328,244	2,339,361	11,117	0.5%
State Appropriation	12,981,585	12,981,585	0	0.0%
All Other Revenue	1,944,098	1,259,260	(684,838)	-35.2%
Use of Carryforward Fund Balance	0	0	0	n/a
<b>Total Revenue/Sources</b>	<b>\$28,604,790</b>	<b>\$27,977,324</b>	<b>(\$627,465)</b>	<b>-2.2%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$13,479,675	\$13,542,905	\$63,230	0.5%
Benefits	5,664,824	6,061,144	396,319	7.0%
Subtotal, Compensation	\$19,144,499	\$19,604,049	\$459,549	2.4%
Utilities	1,171,287	1,206,425	35,139	3.0%
Services & Supplies	6,643,922	6,303,902	(340,020)	-5.1%
Capital & Transfers	1,645,082	1,434,624	(210,458)	-12.8%
<b>Total Expenditures and Transfers</b>	<b>\$28,604,790</b>	<b>\$28,549,001</b>	<b>(\$55,790)</b>	<b>-0.2%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>				
	\$0	(\$571,676)		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary  
 Clarion University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$44,077,563	\$45,532,123	\$1,454,560	3.3%
Fees	11,325,880	11,662,952	337,072	3.0%
State Appropriation	22,761,309	22,761,309	0	0.0%
All Other Revenue	3,204,184	3,204,184	0	0.0%
Use of Carryforward Fund Balance	0	0	0	n/a
<b>Total Revenue/Sources</b>	<b>\$81,368,936</b>	<b>\$83,160,568</b>	<b>\$1,791,632</b>	<b>2.2%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$44,624,475	\$45,583,288	\$958,813	2.1%
Benefits	17,697,172	19,426,409	1,729,237	9.8%
Subtotal, Compensation	\$62,321,647	\$65,009,697	\$2,688,050	4.3%
Utilities	2,266,250	2,334,238	67,988	3.0%
Services & Supplies	14,625,759	14,863,218	237,459	1.6%
Capital & Transfers	2,155,280	2,177,761	22,481	1.0%
<b>Total Expenditures and Transfers</b>	<b>\$81,368,936</b>	<b>\$84,384,914</b>	<b>\$3,015,978</b>	<b>3.7%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$1,224,346)</b>		

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Board of Governors Budget Request Summary  
 East Stroudsburg University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$61,837,949	\$62,380,729	\$542,780	0.9%
Fees	9,851,561	9,974,208	122,648	1.2%
State Appropriation	22,120,857	22,120,857	0	0.0%
All Other Revenue	4,531,007	4,620,408	89,401	2.0%
Use of Carryforward Fund Balance	(1,350,564)	0	1,350,564	n/a
<b>Total Revenue/Sources</b>	<b>\$96,990,809</b>	<b>\$99,096,202</b>	<b>\$2,105,392</b>	<b>2.2%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$48,453,625	\$48,621,531	\$167,906	0.3%
Benefits	18,981,742	21,322,396	2,340,655	12.3%
Subtotal, Compensation	\$67,435,366	\$69,943,927	\$2,508,560	3.7%
Utilities	2,089,615	2,152,303	62,688	3.0%
Services & Supplies	14,105,009	13,947,870	(157,139)	-1.1%
Capital & Transfers	13,360,819	13,572,575	211,756	1.6%
<b>Total Expenditures and Transfers</b>	<b>\$96,990,810</b>	<b>\$99,616,675</b>	<b>\$2,625,865</b>	<b>2.7%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>				
	\$0	(\$520,473)		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.



Board of Governors Budget Request Summary  
 Edinboro University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$54,161,040	\$53,780,869	(\$380,171)	-0.7%
Fees	11,237,531	11,153,264	(84,267)	-0.7%
State Appropriation	25,270,602	25,270,602	0	0.0%
All Other Revenue	5,483,000	5,483,000	0	0.0%
Use of Carryforward Fund Balance	1,183,295	1,183,295	0	0.0%
<b>Total Revenue/Sources</b>	<b>\$97,335,468</b>	<b>\$96,871,030</b>	<b>(\$464,438)</b>	<b>-0.5%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$49,625,771	\$49,749,925	\$124,154	0.3%
Benefits	20,537,783	22,090,780	1,552,997	7.6%
Subtotal, Compensation	\$70,163,554	\$71,840,705	\$1,677,151	2.4%
Utilities	2,382,069	2,453,531	71,462	3.0%
Services & Supplies	17,095,027	17,652,289	557,262	3.3%
Capital & Transfers	7,694,818	7,564,126	(130,692)	-1.7%
<b>Total Expenditures and Transfers</b>	<b>\$97,335,468</b>	<b>\$99,510,651</b>	<b>\$2,175,183</b>	<b>2.2%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>				
	\$0	(\$2,639,621)		

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Board of Governors Budget Request Summary  
 Indiana University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$103,388,896	\$103,388,896	\$0	0.0%
Fees	28,963,000	28,993,000	30,000	0.1%
State Appropriation	51,959,617	51,959,617	0	0.0%
All Other Revenue	11,482,658	11,516,751	34,093	0.3%
Use of Carryforward Fund Balance	(1,364,131)	3,900,000	5,264,131	n/a
<b>Total Revenue/Sources</b>	<b>\$194,430,040</b>	<b>\$199,758,264</b>	<b>\$5,328,224</b>	<b>2.7%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$104,201,365	\$104,567,850	\$366,485	0.4%
Benefits	42,321,859	46,184,518	3,862,659	9.1%
Subtotal, Compensation	\$146,523,224	\$150,752,368	\$4,229,144	2.9%
Utilities	5,945,293	6,123,652	178,359	3.0%
Services & Supplies	31,954,146	32,417,057	462,911	1.4%
Capital & Transfers	10,007,377	14,490,017	4,482,640	44.8%
<b>Total Expenditures and Transfers</b>	<b>\$194,430,040</b>	<b>\$203,783,094</b>	<b>\$9,353,054</b>	<b>4.8%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$4,024,830)</b>		

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Board of Governors Budget Request Summary  
 Kutztown University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$71,920,344	\$71,920,344	\$0	0.0%
Fees	12,743,884	12,821,429	77,545	0.6%
State Appropriation	34,030,092	34,030,092	0	0.0%
All Other Revenue	5,576,011	5,630,225	54,214	1.0%
Use of Carryforward Fund Balance	5,500,000	0	(5,500,000)	-100.0%
<b>Total Revenue/Sources</b>	<b>\$129,770,331</b>	<b>\$124,402,090</b>	<b>(\$5,368,241)</b>	<b>-4.1%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$62,206,210	\$62,772,791	\$566,581	0.9%
Benefits	25,570,970	27,814,729	2,243,759	8.8%
Subtotal, Compensation	\$87,777,180	\$90,587,520	\$2,810,340	3.2%
Utilities	3,168,465	3,265,167	96,702	3.1%
Services & Supplies	25,418,296	20,439,004	(4,979,292)	-19.6%
Capital & Transfers	13,406,390	13,968,055	561,665	4.2%
<b>Total Expenditures and Transfers</b>	<b>\$129,770,331</b>	<b>\$128,259,746</b>	<b>(\$1,510,585)</b>	<b>-1.2%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$3,857,656)</b>		

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Board of Governors Budget Request Summary  
 Lock Haven University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$39,383,701	\$39,383,701	\$0	0.0%
Fees	7,403,976	7,403,976	0	0.0%
State Appropriation	19,182,482	19,182,482	0	0.0%
All Other Revenue	1,372,228	1,372,228	0	0.0%
Use of Carryforward Fund Balance	0	0	0	n/a
<b>Total Revenue/Sources</b>	<b>\$67,342,387</b>	<b>\$67,342,387</b>	<b>\$0</b>	<b>0.0%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$36,089,099	\$36,485,630	\$396,531	1.1%
Benefits	14,836,277	16,089,857	1,253,580	8.4%
Subtotal, Compensation	\$50,925,376	\$52,575,487	\$1,650,111	3.2%
Utilities	1,456,327	1,500,017	43,690	3.0%
Services & Supplies	9,796,246	10,132,058	335,812	3.4%
Capital & Transfers	5,164,438	5,102,786	(61,652)	-1.2%
<b>Total Expenditures and Transfers</b>	<b>\$67,342,387</b>	<b>\$69,310,348</b>	<b>\$1,967,961</b>	<b>2.9%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>				
	\$0	(\$1,967,961)		

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Board of Governors Budget Request Summary  
Mansfield University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$22,550,000	\$22,550,000	\$0	0.0%
Fees	3,975,000	3,975,000	0	0.0%
State Appropriation	16,990,849	16,990,849	0	0.0%
All Other Revenue	1,714,609	1,714,600	(9)	0.0%
Use of Carryforward Fund Balance	536,600	0	(536,600)	-100.0%
<b>Total Revenue/Sources</b>	<b>\$45,767,058</b>	<b>\$45,230,449</b>	<b>(\$536,609)</b>	<b>-1.2%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$25,790,500	\$25,860,000	\$69,500	0.3%
Benefits	10,236,500	10,965,616	729,116	7.1%
Subtotal, Compensation	\$36,027,000	\$36,825,616	\$798,616	2.2%
Utilities	975,000	1,005,000	30,000	3.1%
Services & Supplies	6,505,000	6,634,000	129,000	2.0%
Capital & Transfers	2,260,058	2,293,384	33,326	1.5%
<b>Total Expenditures and Transfers</b>	<b>\$45,767,058</b>	<b>\$46,758,000</b>	<b>\$990,942</b>	<b>2.2%</b>
<b>Revenue/Sources Less</b>				
<b>Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$1,527,551)</b>		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary  
 Millersville University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$59,036,690	\$59,131,551	\$94,861	0.2%
Fees	13,427,925	13,482,105	54,180	0.4%
State Appropriation	30,619,912	30,619,912	0	0.0%
All Other Revenue	3,222,985	3,239,186	16,201	0.5%
Use of Carryforward Fund Balance	5,015,027	5,180,917	165,890	3.3%
<b>Total Revenue/Sources</b>	<b>\$111,322,539</b>	<b>\$111,653,671</b>	<b>\$331,132</b>	<b>0.3%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$58,938,744	\$59,062,480	\$123,736	0.2%
Benefits	23,743,838	25,954,099	2,210,261	9.3%
Subtotal, Compensation	\$82,682,582	\$85,016,579	\$2,333,997	2.8%
Utilities	2,469,941	2,544,474	74,533	3.0%
Services & Supplies	17,485,104	19,020,793	1,535,689	8.8%
Capital & Transfers	8,684,912	8,237,719	(447,193)	-5.1%
<b>Total Expenditures and Transfers</b>	<b>\$111,322,539</b>	<b>\$114,819,565</b>	<b>\$3,497,026</b>	<b>3.1%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$3,165,894)</b>		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary  
 Shippensburg University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$54,476,863	\$54,593,285	\$116,422	0.2%
Fees	11,778,852	11,778,852	0	0.0%
State Appropriation	28,292,977	28,292,977	0	0.0%
All Other Revenue	4,392,949	4,401,941	8,992	0.2%
Use of Carryforward Fund Balance	0	0	0	n/a
<b>Total Revenue/Sources</b>	<b>\$98,941,641</b>	<b>\$99,067,055</b>	<b>\$125,414</b>	<b>0.1%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$55,401,530	\$55,655,357	\$253,827	0.5%
Benefits	23,104,865	24,738,326	1,633,461	7.1%
Subtotal, Compensation	\$78,506,395	\$80,393,683	\$1,887,288	2.4%
Utilities	2,066,105	2,128,088	61,983	3.0%
Services & Supplies	12,835,042	13,047,042	212,000	1.7%
Capital & Transfers	5,534,099	5,571,356	37,257	0.7%
<b>Total Expenditures and Transfers</b>	<b>\$98,941,641</b>	<b>\$101,140,169</b>	<b>\$2,198,528</b>	<b>2.2%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>				
	\$0	(\$2,073,114)		

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Board of Governors Budget Request Summary  
 Slippery Rock University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$62,274,031	\$62,424,727	\$150,696	0.2%
Fees	13,009,247	13,034,182	24,935	0.2%
State Appropriation	32,876,797	32,876,797	0	0.0%
All Other Revenue	4,619,783	4,619,783	0	0.0%
Use of Carryforward Fund Balance	0	0	0	n/a
<b>Total Revenue/Sources</b>	<b>\$112,779,858</b>	<b>\$112,955,489</b>	<b>\$175,631</b>	<b>0.2%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$60,085,459	\$60,748,871	\$663,412	1.1%
Benefits	24,802,203	26,696,966	1,894,763	7.6%
Subtotal, Compensation	\$84,887,662	\$87,445,837	\$2,558,175	3.0%
Utilities	2,876,810	2,963,114	86,304	3.0%
Services & Supplies	20,635,316	20,810,316	175,000	0.8%
Capital & Transfers	4,380,070	4,451,271	71,201	1.6%
<b>Total Expenditures and Transfers</b>	<b>\$112,779,858</b>	<b>\$115,670,538</b>	<b>\$2,890,680</b>	<b>2.6%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$2,715,049)</b>		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.



Board of Governors Budget Request Summary  
 West Chester University of Pennsylvania

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$110,624,450	\$112,699,309	\$2,074,859	1.9%
Fees	21,384,581	21,795,452	410,871	1.9%
State Appropriation	48,040,083	48,040,083	0	0.0%
All Other Revenue	6,891,499	6,936,966	45,467	0.7%
Use of Carryforward Fund Balance	0	0	0	n/a
<b>Total Revenue/Sources</b>	<b>\$186,940,613</b>	<b>\$189,471,810</b>	<b>\$2,531,197</b>	<b>1.4%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$96,443,594	\$97,376,784	\$933,190	1.0%
Benefits	36,692,643	39,404,927	2,712,284	7.4%
Subtotal, Compensation	\$133,136,237	\$136,781,711	\$3,645,474	2.7%
Utilities	3,868,838	3,984,903	116,065	3.0%
Services & Supplies	27,778,174	28,240,000	461,826	1.7%
Capital & Transfers	22,157,364	22,189,290	31,926	0.1%
<b>Total Expenditures and Transfers</b>	<b>\$186,940,613</b>	<b>\$191,195,904</b>	<b>\$4,255,291</b>	<b>2.3%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>	<b>\$0</b>	<b>(\$1,724,094)</b>		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary  
Office of the Chancellor (1/2 of 1%)

<b>Educational &amp; General Budget</b>				
<b>Revenue/Sources</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$0	\$0	\$0	n/a
Fees	0	0	0	n/a
State Appropriation	2,059,604	2,059,604	0	0.0%
All Other Revenue	6,140,649	6,287,963	147,314	2.4%
Use of Carryforward Fund Balance	1,022,217	850,000	(172,217)	-16.8%
<b>Total Revenue/Sources</b>	<b>\$9,222,470</b>	<b>\$9,197,567</b>	<b>(\$24,903)</b>	<b>-0.3%</b>
<b>Expenditures and Transfers</b>				
Compensation Summary				
Salaries & Wages*	\$4,492,970	\$4,458,129	(\$34,841)	-0.8%
Benefits	1,504,433	1,581,861	77,428	5.1%
Subtotal, Compensation	\$5,997,403	\$6,039,990	\$42,587	0.7%
Utilities	4,000	4,120	120	3.0%
Services & Supplies	2,371,067	2,442,199	71,132	3.0%
Capital & Transfers	850,000	850,000	0	0.0%
<b>Total Expenditures and Transfers</b>	<b>\$9,222,470</b>	<b>\$9,336,309</b>	<b>\$113,839</b>	<b>1.2%</b>
<b>Revenue/Sources Less Expenditures/Transfers</b>				
	\$0	(\$138,742)		

\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

**Finance, Administration, and Facilities Committee Meeting**

October 5, 2011

**SUBJECT:** Fiscal Year 2012/13 Appropriation Request (ACTION)

---

**UNIVERSITIES AFFECTED:** All

**BACKGROUND:** Educational and General (E&G) budget projections for fiscal year 2012/13 have been developed to support the ongoing operations of PASSHE Universities based upon the most accurate information available. Given that collective bargaining agreements have expired and successor agreements are currently being negotiated for approximately 60% of PASSHE employees, only salary and wage changes specified in existing agreements are included in compensation estimates. Benefits rate increases have been incorporated, including changes in health care costs ranging from 0.1% to 7.8% and increases in state retirement program rates ranging from 52% to 81%.

Excluding any future compensation requirements that are unknown at this time, it is anticipated that System-wide E&G budget requirements will increase \$31.6 million, or 2.1%. Enrollment projections for this time period reflect somewhat stable enrollment, although estimates vary by University. Therefore, minimal change in University-based revenue is anticipated. Details on PASSHE's operating budget requirements are provided in the attached *2012/13 Educational and General Budget Overview*. This summary includes PASSHE's current E&G appropriation of \$412.8 million in both 2011/12 and 2012/13.

System-wide recommendations concerning PASSHE's appropriation request will be developed by the Finance, Administration, and Facilities Committee on October 5, 2011.

**MOTION:** That the Board of Governors approve a fiscal year 2012/13 Educational and General appropriation request of \$xxx,xxx,xxx (to be determined).

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**Supporting Documents Included:** *2012/13 Educational and General Budget Overview***Other Supporting Documents Available:** Budget Request Summaries for PASSHE Entities for Fiscal Years 2011/12 through 2012/13**Reviewed by:** Council of Presidents, September 21, 2011**Prepared by:** James S. Dillon**Telephone:** (717) 720-4100

**Pennsylvania State System of Higher Education**  
**2012/13 Educational and General Budget Overview**  
*October 5, 2011*

PASSHE's 2012/13 proposed E&G budget recognizes the significant economic challenges facing Pennsylvania's economy and revenue outlook. The state's fiscal recovery is closely tied to national economic activity; historically, state revenues lag behind the national economic recovery. The impact of Pennsylvania's sluggish economy on projected Commonwealth revenues is compounded by costs from recent hurricanes and flooding and the continued strain those disasters place on economic recovery.

Limited Commonwealth resources, mandatory cost increases, continued pressures on state retirement programs, and pending collective bargaining agreement negotiations all indicate the potential for a challenging budget for fiscal year 2012/13. PASSHE continues to operate in a recession recovery mode, limiting growth in operating costs through strategic redirection of resources; embracing efficiency initiatives; and aggressively managing its physical, financial, and human resources. The 2012/13 operating budget builds upon this cost control climate and provides for limited increases in basic operating costs. The System's budget is developed based upon University budgets submitted in adherence to specific guidelines, as articulated in Agenda Item #1.

The following basic adjustments are reflected in the 2012/13 E&G budget, as presented in Table 1.

**Enrollment Growth**—Fall 2010 generated record enrollment, with overall enrollment growth of approximately 2%. However, this overall System growth was inconsistent across the constituent Universities and marked a slower growth than experienced in recent years. In light of the continued struggling economy, uncertainty of the impact of potential cuts in state funding on PASSHE's tuition pricing through last spring, and state and local policy changes that have reduced graduate enrollment in teacher education, PASSHE's enrollment for 2011/12 and 2012/13 is anticipated to remain stable at approximately 112,000 annualized full-time equivalent (FTE) students. Enrollment projections vary by University. Projected 2012/13 enrollment increases at six Universities is anticipated to generate \$7.2 million in tuition and fee revenue. The remaining eight Universities project level or decreasing enrollment.

**Employee Complement**—PASSHE has worked diligently in recent years to manage its human resources, filling only essential positions as they become vacant. With annual work force cost increases outpacing anticipated revenue increases, PASSHE embraced work force planning in 2009/10, to ensure the proper alignment of human and fiscal resources with the strategic directions and operational responsibilities of the System. PASSHE implemented the Separation Incentive Program during the spring of 2010 for all employees except faculty and coaches. This program had two components: the Voluntary Retirement Incentive Program encouraged retirement-eligible employees to retire; the second

component allowed for the abolishment of positions filled with employees who were not eligible for retirement. This program was highly successful, resulting in over 270 positions being vacated, of which approximately 20% have been eliminated. Annual cost savings of greater than \$10.8 million will be realized in fiscal year 2011/12 and beyond, due to fewer positions and replacements at lower compensation levels.

This program has been one of several tools used by Universities to manage their employee complement. Through a combination of retirements, voluntary separations, and furloughs, PASSHE has 339 fewer full-time equivalent (FTE) positions funded in today's budget than were funded in 2008/09. Throughout the System, over 900 funded positions (full-time and part-time) have either been held vacant or eliminated in 2010/11 and/or 2011/12.

**Salaries**—Compensation requirements for approximately 60% of PASSHE's employees are established in collective bargaining agreements that ended June 30, 2011, for which successor agreements are currently under negotiation. Therefore, most 2012/13 wage requirements are unknown at this time. No pay adjustments have been made in these budget estimates for the six bargaining units for which there are no existing collective bargaining agreements. This is not to be viewed as a bargaining position. However, 2012/13 compensation incorporates pay increases for AFSCME and nonrepresented employees. These increases, combined with projected complement adjustments, will generate an estimated increase in employee salaries and wages of \$5.0 million, or 0.6%.

**Employee Benefits**—Of those employees who receive health benefits, approximately 63% are enrolled in PASSHE's health care program. PASSHE continues to experience record enrollment in Healthy U, the System's wellness program. Employees who do not participate in the wellness program pay a larger portion of their health care premiums. PASSHE projects the employer share of health care costs to increase an average of 7.8% next year based upon a combination of national trends, PASSHE's health care experience, and participation in the wellness program. These estimates also include additional costs required by federal health care reform. The remaining 37% of PASSHE's employees receive health care through the Pennsylvania Employees Benefit Trust Fund (PEBTF). These rates are established in the AFSCME collective bargaining agreement, which reflects an employer cost increase of 0.1% for 2012/13. In addition, the Commonwealth's retiree's health care costs are anticipated to increase 6.3%, according to the Commonwealth budget guidelines. Combined health care costs are anticipated to increase \$13.7 million, or 8.4%.

The two primary Commonwealth retirement programs, State Employees' Retirement System (SERS) and Public School Employees' Retirement System (PSERS), continue to experience financial stress that is resulting in significant rate increases. Approximately 47% of PASSHE's employees have chosen SERS or PSERS as their retirement vehicle. In accordance with Commonwealth budget guidelines, the most common SERS employer contribution rate is projected to increase from 7.0% of salaries to 10.6% of salaries, or an increase of 52%. PSERS

rates are expected to increase 81%. Retirement rates associated with the alternative retirement programs remain the same. Combined retirement costs are expected to increase in 2012/13 by \$13.1 million, or 20.5%.

This growth in health care and retirement costs is partially offset by small increases in social security expenditures, since future pay increases are not anticipated at this time in the 2012/13 budget. Overall, employee benefits expenditures are expected to increase \$27.2 million, or 8.6%.

**Utilities**—In recent years, PASSHE Universities experienced higher than normal electricity rate increases due to the phased implementation of electric deregulation. Now fully deregulated, PASSHE's 2012/13 utilities costs are anticipated to increase at a more reasonable rate of \$1.1 million, or 3.0%, to address anticipated rate adjustments and additions to University square footage. Rate increases are partially offset by energy conservation efforts derived, in part, through the use of energy savings corporations (ESCOs). University utilities cost increases vary significantly, depending on the mix of utilities, changes in space, and status of ESCO projects.

**All Other Basic Operating Expenditures**—Given the current fiscal environment, Universities continue to limit all nonmandatory spending. Therefore, anticipated expenditures for services, supplies, and materials are reduced by 0.7%. This is made possible partially through the use of strategic sourcing contracts, which combine the purchasing power of PASSHE's Universities to obtain optimal pricing on services, supplies, and equipment. Capital expenditures and transfers, which represent PASSHE's investment in its physical resources from the E&G budget, are projected to decrease at some Universities that experienced higher capital expenditures in 2011/12 due to the availability of one-time resources that were dedicated to specific projects. In total, noncompensation expenditures are estimated to decrease \$1.0 million, or 0.2%.

These combined adjustments result in an overall 2012/13 E&G expenditure requirement of \$1.55 billion, an increase of \$31.2 million, or 2.1%. Assuming no change in PASSHE's E&G appropriation, University revenue and sources reveal a \$7.6 million reduction in one-time resources. This change more than offsets the \$7.2 million increased revenue attributed to enrollment changes. The net loss in revenue, combined with PASSHE's expenditure requirements, results in an overall new revenue requirement of \$31.6 million.

On October 5, 2011, the Board of Governors' Finance, Administration, and Facilities Committee will develop recommendations for an E&G appropriation request. Although no decision will be made concerning tuition rate increases at that time, a tuition assumption will be necessary to balance the budget request. The Board will consider addressing the remaining budgetary requirements in the spring through a tuition increase or other means.

**Table 1**

**Pennsylvania State System of Higher Education  
FY 2012/13 Educational and General Budget Summary**

<b>Educational &amp; General Budget</b>	<b>Current Year FY 2011/12</b>	<b>Budget Request FY 2012/13</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Tuition	\$841,127,432	\$847,241,704	\$6,114,272	0.7%
Fees	174,192,804	175,305,014	1,112,210	0.6%
State Appropriation	412,751,000	412,751,000	0	0.0%
All Other Revenue	70,491,403	70,202,238	(289,165)	-0.4%
Use of Carryforward Fund Balance	19,336,884	12,007,213	(7,329,671)	-37.9%
<b>Total Revenue/Sources</b>	<b>\$1,517,899,523</b>	<b>\$1,517,507,169</b>	<b>(\$392,354)</b>	<b>0.0%</b>

**Expenditures and Transfers**

<b>Compensation Summary</b>				
Salaries & Wages*	\$783,926,578	\$788,917,029	\$4,990,451	0.6%
Benefits	316,912,505	344,117,140	27,204,635	8.6%
Subtotal, Compensation	\$1,100,839,083	\$1,133,034,169	\$32,195,086	2.9%
Utilities	36,937,261	38,040,028	1,102,767	3.0%
Services & Supplies	257,808,179	255,994,280	(1,813,898)	-0.7%
Subtotal, Services & Supplies	\$294,745,439	\$294,034,308	(\$711,132)	-0.2%
Capital Expenditures & Transfers	122,315,000	122,043,637	(271,363)	-0.2%
Subtotal, Noncompensation	\$417,060,439	\$416,077,945	(\$982,494)	-0.2%
<b>Total Expenditures and Transfers</b>	<b>\$1,517,899,523</b>	<b>\$1,549,112,114</b>	<b>\$31,212,592</b>	<b>2.1%</b>

<b>Revenue/Sources Less</b>				
<b>Expenditures/Transfers</b>	\$0	(\$31,604,945)		

*\*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.*

**Finance, Administration, and Facilities Committee Meeting**

October 5, 2011

**SUBJECT:** Property Acquisition, East Stroudsburg University of Pennsylvania (ACTION)

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**UNIVERSITIES AFFECTED:** East Stroudsburg University of Pennsylvania

**BACKGROUND:** East Stroudsburg University requests approval to purchase property located at 156 Marguerite Street, East Stroudsburg, Pennsylvania. This property is contiguous with University property and zoned Institutional University.

Valued at approximately \$145,000, the 0.27-acre property contains a 1,300-square-foot ranch-style home. The house was constructed in 1956 and is wood frame with wood and aluminum siding. The site contains an underground storage tank used for home heating oil that will be evaluated for leaks prior to closing.

The University intends to use the building for temporary office space; the long-term plan is to demolish the building and develop the site for other University uses. The acquisition of this property and others nearby was identified in the University's Facilities Master Plan and is consistent with other property purchases in the area.

**MOTION:** That the Board of Governors approve East Stroudsburg University's request to purchase property at 156 Marguerite Street, East Stroudsburg, Pennsylvania.

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**Supporting Documents Included:** Map and photo of property

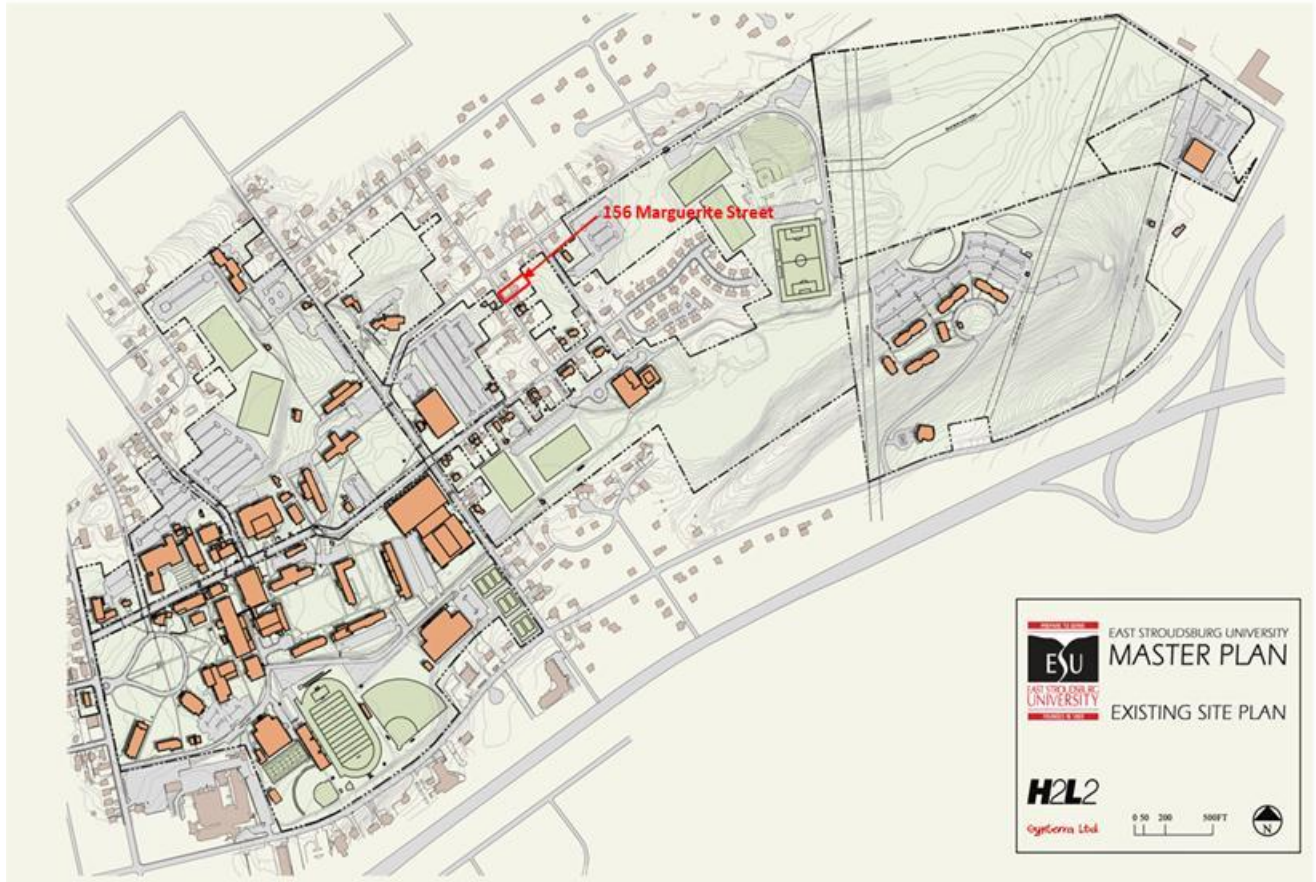
**Other Supporting Documents Available:** Project Planning Documentation

**Reviewed by:** East Stroudsburg University's Council of Trustees, September 15, 2011

**Prepared by:** James S. Dillon

**Telephone:** (717) 720-4100





**East Stroudsburg University of Pennsylvania**



**156 Marguerite Street  
East Stroudsburg, Pennsylvania**

**Finance, Administration, and Facilities Committee Meeting**

October 5, 2011

**SUBJECT:** Property Acquisition, Indiana University of Pennsylvania (ACTION)

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**UNIVERSITIES AFFECTED:** Indiana University of Pennsylvania**BACKGROUND:** Indiana University of Pennsylvania (IUP) requests approval to purchase from the Commonwealth of Pennsylvania 3.35 acres of property located at Pratt Drive and Wayne Avenue in White Township, Indiana County.

The Commonwealth's Department of General Services (DGS) purchased approximately 33 acres on January 8, 2007, to be used as the site for a convocation/events center and other uses for IUP. That facility is now complete and in use.

IUP seeks to ground lease 3.35 acres of the property next to the events center to a nonprofit foundation for the development of a hotel, which will complement events center operations and benefit the University's hospitality and culinary programs. Given the apparent commercial nature of the hotel, DGS desires to transfer title to the property to the University at market value. Act 117 of 2010 granted DGS authority to transfer the property to IUP at a cost of \$600,000.

The 33-acre site was formerly a salvage yard, and the Commonwealth's initial purchase was completed under the Land Recycling and Environmental Remediation Standards Act of May 19, 1995, also known as the "Land Recycling Act" or "Act 2." The Act included contamination cleanup, testing, and site management responsibilities, which are being fulfilled by and will remain the responsibility of the Department of Environmental Protection and the Department of General Services.

**MOTION:** That the Board of Governors approve Indiana University's request to purchase from the Commonwealth of Pennsylvania 3.35 acres of property located at Pratt Drive and Wayne Avenue in White Township, Indiana County.

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**Supporting Documents Included:** Map and photo of property**Other Supporting Documents Available:** Project Planning Documentation**Reviewed by:** Indiana University's Council of Trustees, September 15, 2011**Prepared by:** James S. Dillon**Telephone:** (717) 720-4100

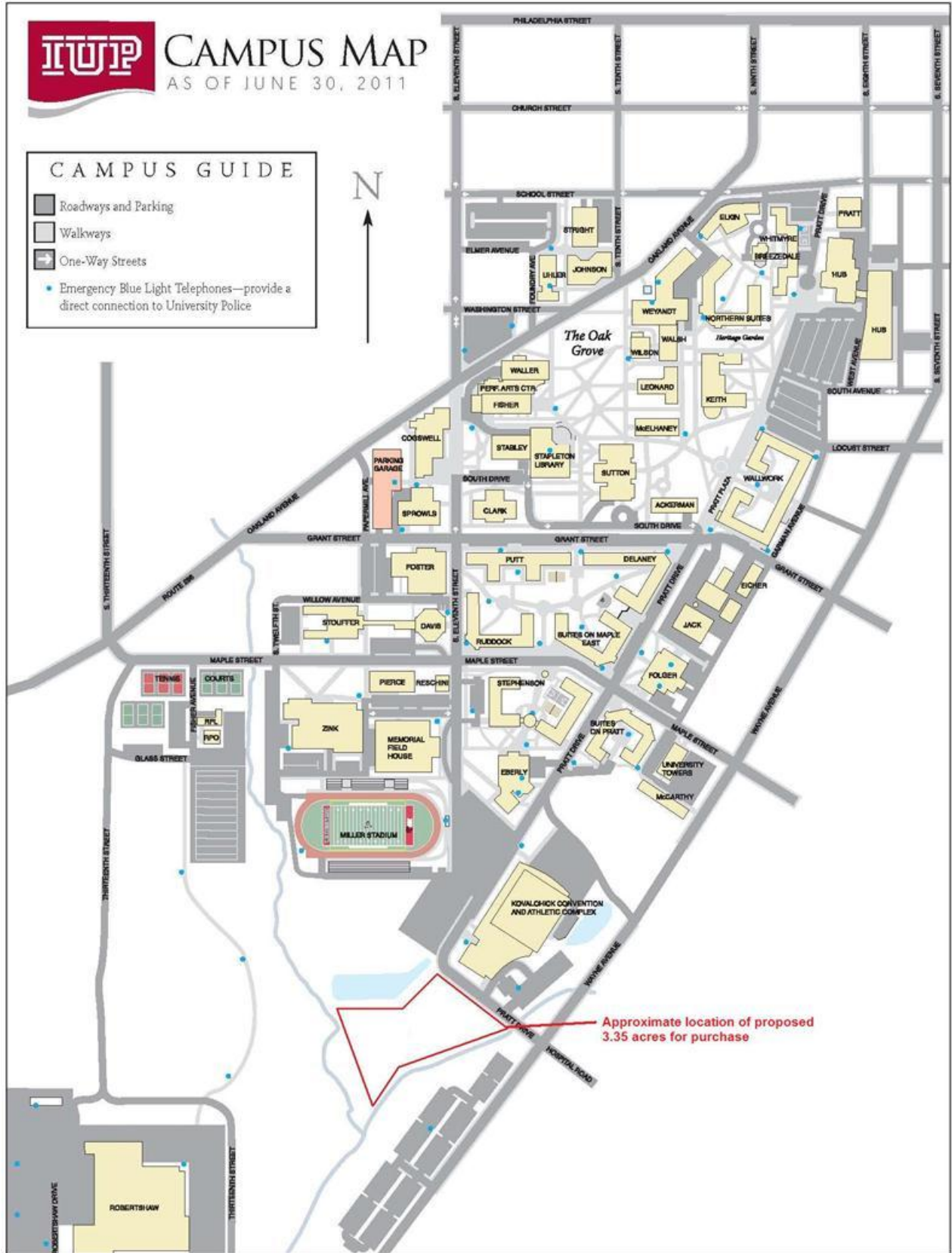


# CAMPUS MAP

AS OF JUNE 30, 2011

## CAMPUS GUIDE

- Roadways and Parking
- Walkways
- One-Way Streets
- Emergency Blue Light Telephones—provide a direct connection to University Police



Indiana University of Pennsylvania



**View of Proposed Site Facing Northeast  
Toward Kovalchick Conference and Events Center  
Indiana, Pennsylvania**

**Finance, Administration, and Facilities Committee Meeting**

October 5, 2011

**SUBJECT:** Demolition of Cedarcrest Manor and Hemlock Manor, Mansfield University of Pennsylvania (INFORMATION)

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**UNIVERSITIES AFFECTED:** Mansfield University of Pennsylvania

**BACKGROUND:** Mansfield University intends to demolish Cedarcrest Manor and Hemlock Manor as part of the on-campus student housing replacement program. These buildings are proposed for demolition in the implementation of Phase 1 of Mansfield University's Housing Master Plan. The existing residence halls are outdated, beyond their useful life, and undesirable to prospective students. Construction of replacement housing units is underway. It is not economical to repurpose these buildings for other uses.

Cedarcrest Manor consists of two wings, which are connected to form one building totaling 136,000 gross square feet. The building was constructed in 1976 and is planned for demolition after the first phase of new housing is complete this winter.

Hemlock Manor is currently vacant, with most utilities disconnected. This building was constructed in 1964 and totals 53,000 gross square feet. Demolition will occur as soon as possible after necessary approvals are received.

Demolition of the buildings will require approval from the Department of General Services.

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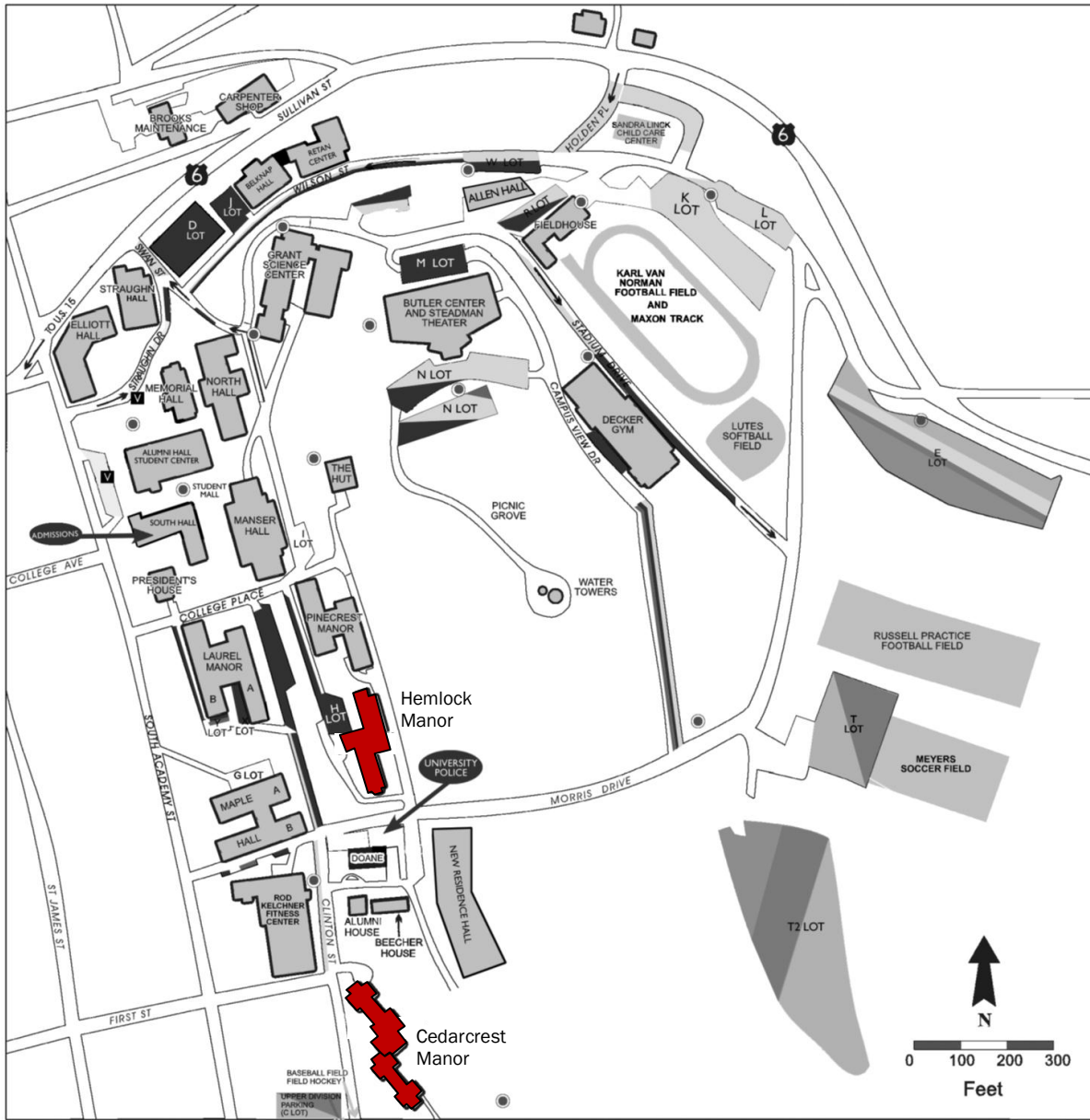
**Supporting Documents Included:** Map and photos of property

**Other Supporting Documents Available:** Project Planning Documentation

**Reviewed by:** Mansfield University's Council of Trustees, July 27, 2011

**Prepared by:** James S. Dillon

**Telephone:** (717) 720-4100



Mansfield University Department of Geography and Geology

**Mansfield University of Pennsylvania**



**Cedarcrest Manor, Wing A**



**Cedarcrest Manor, Wing B  
Mansfield University of Pennsylvania**



**Hemlock Manor  
Mansfield University of Pennsylvania**





# Human Resources Committee Meeting

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

Wednesday, October 5, 2011

## Agenda

<u>Item</u>	<u>Page</u>
1. Board of Governors' Policy 2011-02: <i>Nonrepresented Employee Severance Program (ACTION)</i> .....	50



Committee Members: Marie Conley Lammando (*Chair*), Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Ronald G. Henry, Kenneth M. Jarin, Harold C. Shields, Aaron A. Walton, and Guido M. Pichini (*ex officio*).

For further information, contact Peter H. Garland at (717) 720-4010.

**Human Resources Committee Meeting**

October 5, 2011

**SUBJECT:** Board of Governors' Policy 2011-02: *Nonrepresented Employee Severance Program* (ACTION)

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**UNIVERSITIES AFFECTED:** All

**BACKGROUND:** The establishment of a severance policy is intended to provide standard severance payments for eligible non-represented staff based on years of service.

In the case of separation where a non-represented employee has been involuntarily terminated by the Office of the Chancellor or a University without cause, including but not limited to furlough, position restructure, and position elimination/abolishment, the employee will be eligible for a severance payment. The eligibility determination is based on the employee's length of service and other criteria in the policy's procedure. The payment of severance is in addition to other monies due the employee, such as earned leave balances.

The Office of the Chancellor and PASSHE Universities maintain standards of conduct, work rules, and performance expectations that apply to non-represented employees. The violation of certain work rules and standards may result in immediate suspension or dismissal. Employees separated from employment for cause will not be eligible for a severance payment under the provisions of this policy.

In all cases of termination, the supervisor must consult with the University's Office of Human Resources before taking action to terminate and offer and pay severance.

**MOTION:** That the Board of Governors approve Board Policy 2011-02: *Nonrepresented Employee Severance Program*.

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**Supporting Documents Included:** Board of Governors' Policy 2011-02: *Nonrepresented Employee Severance Program*; Draft Procedures and Standards for University Operations

**Other Supporting Documents Available:** N/A

**Reviewed by:** Council of Presidents, September 21, 2011

**Prepared by:** Gary K. Dent

**Telephone:** (717) 720-4158



## ***POLICY 2011-02: Nonrepresented Employee Severance Program***

**See Also:** Procedure and Standards for University Operations for Nonrepresented Staff Reduction in Force and Severance Plan **Adopted:** October 6, 2011

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### **A. Purpose**

Each University and the Office of the Chancellor is responsible for workforce planning as part of its strategic planning process. Through this process it may become necessary to facilitate a reduction in force. This policy defines severance eligibility for nonrepresented employees.

### **B. Definitions**

**Furlough** - the termination of an employee's employment either for a specified period of time or permanently as part of a reduction in workforce effort. For the purpose of this Severance Plan, the term furlough only includes employees who have completely separated their employment at the University or Office of the Chancellor. Employees whose work schedules are reduced, resulting in a reduction in their full-time equivalent (FTE), shall not be deemed eligible for the Severance Plan.

**Job abolishment** – the elimination of a position at the University or the Office of the Chancellor with no intent to fill the position in the future (typically for a minimum of two years).

**Severance** – lump sum payment made to a nonrepresented furloughed employee whose position is abolished.

### **C. Procedures**

- I. Through workforce planning processes, Universities or the Office of the Chancellor may identify the positions to be abolished that will result in furloughs of nonrepresented employees.

- II. The Chancellor will establish and maintain a Severance Plan for nonrepresented employees based upon years of service. Participants will be required to sign a release and settlement agreement prepared by the PASSHE Office of Legal Counsel.

**D. Effective Date**

July 1, 2011



## DRAFT

### Pennsylvania State System of Higher Education

#### Procedures and Standards for University Operations

##### Procedure/Standard Number 2011 -

**Title:** Nonrepresented Staff Reduction in Force and Severance Plan

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

##### See Also:

##### Topics by which this Procedure/Standard will be listed in index:

**History:** Revised –

##### Related Policies, Procedures or Standards:

**Key Words** (for search capabilities): Personnel

##### Additional References:

### I. Introduction

Each University and the Office of the Chancellor are responsible for workforce planning as part of its strategic planning process. Through this process it may become necessary to facilitate a reduction in force. The Board of Governors has delegated to the Chancellor the authority to develop a Severance Plan as part of workforce planning. These guidelines provide direction in furloughing nonrepresented staff subject to job abolishment at the 14 universities and the Office of the Chancellor.

### II. Definitions

**Furlough** - the termination of an employee's employment either for a specified period of time or permanently as part of a reduction in workforce effort. For the purpose of this Severance Plan, the term furlough only includes employees who have completely separated their employment at the University or the Office of the Chancellor. Employees whose work schedules are reduced, resulting in a reduction in their full-time equivalent (FTE), shall not be deemed eligible for the Severance Plan.

**Job abolishment** – the elimination of a position at the University or the Office of the Chancellor with no intent to fill the position in the future (typically for a minimum of two years).

**Severance** – lump sum payment made to a nonrepresented furloughed employee whose position is abolished.

- III. As part of a reduction of workforce effort, Universities and the Office of the Chancellor may identify the positions to be abolished. This determination is made based on the necessity of the position and not on the identity of the incumbent or his/her job performance.
- IV. The University or the Office of the Chancellor abolishing the position(s) will work with its Human Resource Office to identify the nonrepresented staff to be furloughed. The University or the Office of the Chancellor shall consider the furloughed employee for positions within that University or the Office of the Chancellor as follows:
  - a. If vacancies exist in other departments of the University or the Office of the Chancellor, and the affected employee is qualified to perform the duties, preference will be given to the affected employee. The Human Resource Office will work with the sending and receiving departments to facilitate the transfer and any necessary professional development.
  - b. If the University or the Office of the Chancellor is currently employing staff through temporary staffing agencies and the affected employee is deemed qualified to perform the work with or without training, the temporary employee will be discontinued, and the affected employee will be transferred to the position.
- V. If an alternate position is not available, the affected employee will be furloughed. The University or the Office of the Chancellor and its Human Resource Office will determine the effective date of the separation. Employees should be given notice of the furlough date.
- VI. Severance payments to nonrepresented employees are based on years of credited service. Furloughed employees who participate in this program will be required to execute a release and settlement agreement prepared by the PASSHE Office of Legal Counsel, which releases all past and present claims against PASSHE, one or more of its universities and its employees acting in their official capacity.

**VII.** Severance will be paid as a lump sum payment based on the following schedule:

- Less than 1 year of service:  
Ineligible
- 1 to less than 5 years of service:  
2 weeks base salary
- 5 to less than 10 years of service:  
4 weeks base salary
- 10 to less than 15 years of service:  
6 weeks base salary
- 15 or more years of service:  
8 weeks base salary

**VIII. Separation Processing**

The Office of Human Resources should process the furlough pursuant to the usual separation process (i.e., annual leave payout, collect keys, etc.). The employee’s last day on active pay status should be the separation date.

**IX. Position Replacement**

An abolished position should not be recreated for two years. Exceptions may be granted by the Chancellor or Chancellor's designee upon the recommendation of the University President.

**X. Reassignment of Duties and Responsibilities**

If duties and responsibilities are reassigned to other position(s) within the organization, a desk audit should be performed to ensure proper classification of the revised position(s).

**XI. Rehire/Repayment**

Furloughed employees who return to a position at the University or the Office of the Chancellor from which they were furloughed, or another PASSHE institution, within two months from the date of separation, and who received a severance payment under this Plan, shall be required to pay back the severance based upon a week for week basis.

For example, if the furloughed employee was eligible for, and received the maximum eight weeks of severance, but was rehired by the same University, the Office of the Chancellor, or another PASSHE institution after three weeks of displacement, the employee would be required to repay the difference of five weeks of severance. Repayment may be processed via payroll deduction.

## **XII. Outplacement Services**

Furloughed employees may apply for vacancies on campus and/or within PASSHE. Additionally, PASSHE will provide outplacement services to furloughed employees.

- XIII. Implementation** –All nonrepresented employees who are furloughed on or after July 1, 2011, are eligible to participate in this voluntary Severance Plan. However, should an employee have a separate agreement in consideration that is in excess of what would be due to the employee pursuant to section VII above, that employee shall not be eligible for any payments pursuant to Board of Governors' Policy 2011-xx, *Nonrepresented Employee Severance Program* and these procedures and standards.





# Board of Governors

Quarterly Meeting of the Board of Governors  
Pennsylvania State System of Higher Education

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

Thursday, October 6, 2011  
9:00 a.m.

## Agenda

Call to Order and Roll Call of the Members

Pledge of Allegiance

Approval of the Minutes of the June 29, 2011, June 30, 2011, and September 16, 2011 Meetings

Remarks of the Chair ..... Chairman Guido M. Pichini

Report of the Chancellor ..... Dr. John C. Cavanaugh

Public Comments

Committee Reports with Related Actions

- A. Academic and Student Affairs** ..... Mr. Aaron A. Walton
  - 1. Approval of a New Doctor of Philosophy Degree Program in Safety Sciences at Indiana University of Pennsylvania
  - 2. Bloomsburg University of Pennsylvania Presentation – The Bachelor of Applied Science Degree: A Collaborative Approach to Meeting the 21<sup>st</sup> Century Workforce Needs of the Commonwealth
  
- B. External Relations** ..... Mr. Jonathan B. Mack
  - 1. Legislative Update

- C. Finance, Administration, and Facilities**.....Mr. C.R. “Chuck” Pennoni
1. Educational and General Operating Budgets for Pennsylvania State System of Higher Education (PASSHE) Entities
  2. Fiscal Year 2012/13 Appropriation Request
  3. Property Acquisition, East Stroudsburg University of Pennsylvania
  4. Property Acquisition, Indiana University of Pennsylvania
  5. Demolition of Cedarcrest Manor and Hemlock Manor, Mansfield University of Pennsylvania

- D. Human Resources** ..... Ms. Marie Conley Lammando
1. Board of Governors' Policy 2011-02: *Nonrepresented Employee Severance Program*

- Board Action** ..... Chairman Guido M. Pichini
1. Standing Committee Assignments
  2. Recognition:
    - Vincent J. Hughes
    - Maravene S. Loeschke
    - Robert M. Smith

**Other Business** ..... Chairman Guido M. Pichini

**Announcements**

**Adjournment**



**Board Members:** Guido M. Pichini (*Chair*), Leonard B. Altieri III, Representative Matthew E. Baker, Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Marie Conley Lammando (*Vice Chair*), Governor Thomas W. Corbett, Sarah C. Darling, Representative Michael K. Hanna, Ronald G. Henry, Kenneth M. Jarin, Bonnie L. Keener, Jonathan B. Mack, Joseph F. McGinn, C.R. “Chuck” Pennoni, Senator Jeffrey E. Piccola, Harold C. Shields, Robert S. Taylor, Secretary Ronald J. Tomalis, Aaron A. Walton (*Vice Chair*), and Senator John T. Yudichak.

For further information, contact Peter H. Garland at (717) 720-4010.