

Board of Governors Meeting

Special Meeting - July 17, 2024



Pennsylvania's
STATE SYSTEM
of Higher Education



Board of Governors Meeting

Wednesday, July 17, 2024

Via Remote Technology

Visit www.passhe.edu/meeting for more details.

Agenda

1. Roll call
2. Public comment
3. Remarks by union leaders
4. Consent agenda
 - a. Fiscal Year 2024-25 Educational & General Appropriation Allocation
5. Board Consideration
 - a. 2024-25 Tuition and Technology Tuition Fee Rates and Tentative 2025-26 Tuition Rates
6. Other business
7. Adjournment

Executive Session may be called as needed; agenda is subject to change.

CONSENT AGENDA



Pennsylvania's
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of Higher Education

Board of Governors Meeting
July 17, 2024

SUBJECT: Fiscal Year 2024-25 Educational & General Appropriation Allocation

UNIVERSITIES AFFECTED: All

BACKGROUND: 24 P.S. Section 20-2002-A(b) and Board of Governors' Policy 1984-06-A: *Allocation Formula* provides for the Educational and General (E&G) appropriation allocated annually to the universities for their basic funding requirements, provides for the Board to allocate appropriations for Systemwide initiatives, and funds the Office of the Chancellor at 0.5 percent of the appropriation.

In June 2022, the Board approved revisions to the policy that distributes PASSHE state appropriations to the universities based on two components: core operations and enrollment. The core operations portion provides funding to cover expenses associated with running a university—regardless of the number of students and is scaled to reflect a higher core funding component for universities with fewer students and a lower component for universities with higher enrollments, recognizing some economy of scale as well as balancing the enrollment-driven components of the formula.

The remainder of the formula is enrollment driven, recognizing PASSHE's mission to support all students. The enrollment component also layers additional funding in an additive manner to support student success around several categories: under-represented minority (URM) students, Pell eligible students, progress toward degree, and program level.

PASSHE is greatly appreciative of the General Assembly and Governor's support in the fiscal year 2024-25 budget that upon enactment provides an appropriation increase of \$35.1 million (or 6 percent) funding the State System's Educational and General appropriation for a total of \$620.8 million. Attachment 1 reflects the proposed FY 2024-25 appropriation allocation distribution to each university and funding requirements for Systemwide initiatives. Attachment 2 provides a brief overview of each Systemwide initiative for which appropriations are allocated. As established in the Allocation Formula Methodology procedure, one-time funds will be utilized for integrating universities transitioning to the new model as they achieve planned efficiencies.

MOTION: That the Board approves the appropriation allocation for the State System's fiscal year 2024-25 Educational and General appropriation, as reflected in Attachments 1 and 2.

Supporting Documents Included: Proposed FY 2024-25 E&G Appropriation Allocation (Attachment 1); Funding of Systemwide Initiatives from FY 2024-25 E&G Appropriation (Attachment 2)

Other Supporting Documents Available: FY 2024-25 Appropriation Request; Commonwealth FY 2024-25 Spending Plan; Board of Governors' Policy 1984-06-A: *Allocation Formula*; Procedure/Standard Number 2022-55 Allocation Formula Methodology

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Attachment 1

Pennsylvania's State System of Higher Education FY 2024-25 Educational and General (E&G) Appropriation Allocation

	FY 2023-24 Appropriation, As Approved July 20, 2023	Proposed FY 2024-25 Appropriation
E&G Appropriation	\$585,618,000	\$620,755,000
Off-the-Top Systemwide Initiatives:		
Office of the Chancellor	\$2,928,000	\$3,104,000
Internal Audit	400,000	470,731
Faculty Professional Development ¹	0	375,000
Chincoteague Bay Field Station	880,550	882,550
Strategic Initiatives	1,619,339	0
System Reserve	151,442	1,147,050
Subtotal, Systemwide Initiatives	<u>\$5,979,331</u>	<u>\$5,979,331</u>
University Allocation (see below)	<u>\$579,638,669</u>	<u>\$614,775,669</u>
 University Allocations		
Cheyney	\$20,772,066	\$21,764,561
Commonwealth	88,426,567	90,935,307
East Stroudsburg	41,362,083	45,534,944
Indiana	59,388,623	63,536,272
Kutztown	50,002,413	53,604,314
Millersville	44,437,263	46,655,866
PennWest	89,443,889	93,791,705
Shippensburg	41,146,102	42,349,276
Slippery Rock	54,858,813	58,908,895
West Chester	89,800,850	97,694,529
Subtotal, Universities	<u>\$579,638,669</u>	<u>\$614,775,669</u>

¹ Faculty Professional Development Funds are provided based on the APSCUF Faculty collective bargaining agreement, which expires on June 30, 2027.

Attachment 2

Pennsylvania's State System of Higher Education Funding of Systemwide Initiatives from Fiscal Year (FY) 2024-25 E&G Appropriation

Internal Audit..... \$470,731

The internal audit and risk assessment function oversees the structure and execution of an internal audit plan based on high-risk areas. This function operates as an out-sourced model with a focus on high-risk and value-added reviews. The FY 2024-25 funding is higher than the prior year, but down approximately 40 percent from historical levels.

Faculty Professional Development \$375,000

The collective bargaining agreement with the Association of Pennsylvania State College and University Faculties (APSCUF) reinstates the Faculty Professional Development Program with a FY 2024-25 funding requirement of \$375,000.

Chincoteague Bay Field Station..... \$882,550

The Chincoteague Bay Field Station, founded in 1968, is managed by a consortium that is primarily comprised of System universities. It provides students with field experiences across a variety of disciplines. The Field Station's main campus, located at Wallops Island, Virginia, underwent a \$15 million revitalization, financed with State System bonds as approved by the Board of Governors on April 10, 2008. Its debt service was paid by three State System universities through FY 2017-18. As these facilities have supported various academic and research initiatives of most State System universities, the associated debt service has been funded directly from the State System's E&G appropriation since FY 2018-19; it is recommended that this practice continue in FY 2024-25.

Strategic Initiatives \$0

The strategic initiatives line item varies by year to maintain a level amount for Systemwide initiatives allowing for predictability for university appropriation planning. Due to a larger amount required for replenishment of the System Reserve account, funding for strategic initiatives is not available this year.

Replenishment of the System Reserve \$1,147,050

Board of Governors' Policy 1984-07-A, *System Reserve Allocation and Expenditure Criteria*, establishes a \$1.5 million Board reserve for items of Systemwide importance and value. The reserve must be fully replenished annually. Expenses against the reserve include presidential searches, presidential evaluation, transition support, official residence renovations, and property appraisals paid for by the State System. The amount required to fully replenish the System Reserve for FY 2024-25, net of anticipated interest earnings, is \$1,147,050.

FY 2023-24 System Reserve Expenditures

Official Residence Renovations (PE, SL, and WE)	\$1,040,461
Presidential Search (PE)	<u>125,000</u>
Total Projected FY 2023-24 Expenditures	\$1,165,461
Interest Earnings, net of fees and investment expenses	(82,805)
Adjustment for final actual expenditures in FY 2022-23	<u>64,394</u>
Total Amount to be Replenished	\$1,147,050

Anticipated FY 2024-25 System Reserve Expenditures

Transition support for new president (PE)	\$40,000
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BOARD CONSIDERATION



Pennsylvania's
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Board of Governors Meeting

July 17, 2024

SUBJECT: 2024-25 Tuition and Technology Tuition Fee Rates and Tentative 2025-26 Tuition Rates

UNIVERSITIES AFFECTED: All

BACKGROUND: PASSHE universities provide high-quality educational experiences while continuing to be among the most affordable four-year institutions in Pennsylvania — striving to provide every student the opportunity to achieve success and upward mobility. It is critical to both student success and university success that the State System universities control costs and use tuition and institutional aid strategically to keep tuition as low as possible for those with the greatest financial challenges.

To further improve student affordability and access to high-quality educational opportunities, the State System is proposing to freeze tuition and the technology tuition fee for a sixth consecutive year in 2024-25. As outlined in the policy, the tentative tuition rate for 2025-26 will be calculated based on the most current three-year average increase in the State System's basic tuition rate. The State System will continue to monitor its funding sufficiency and propose a 2025-26 tuition rate for Board consideration in 2025.

MOTION: The Board approves the 2024-25 Tuition and Technology Tuition Fee and Tentative 2025-26 Tuition Schedule, as attached.

Supporting Documents Included: 2024-25 Tuition and Technology Tuition Fee and Tentative 2025-26 Tuition Schedule

Other Supporting Documents Available: Board of Governors' Policy 1999-02-A: *Tuition*

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Pennsylvania's State System of Higher Education
Proposed 2024-25 and Tentative 2025-26 Tuition Rates
Summary for Typical System Student
Excludes Rates for Board-Approved Alternative Tuition Pricing

Student Classification	2023-24		Proposed 2024-25 Rates				Tentative 2025-26 Rates			
	Per Credit ¹	Full-Time	Per Credit ¹	Full-Time	Change		Per Credit ¹	Full-Time	Change	
		Academic Year		Academic Year	\$	%		Academic Year	\$	%
Typical Undergraduate In-State Rate										
In-State	\$322	\$7,716	\$322	\$7,716	\$0	0.0%	\$322	\$7,716	\$0	0.0%
Typical Graduate In-State Rate	\$516	n/a	\$516	n/a	\$0	0.0%	\$516	n/a	\$0	0.0%
Technology Tuition Rate²										
Undergraduate In-State	\$20	\$478	\$20	\$478	\$0	0.0%	n/a	n/a	\$0	0.0%
Undergraduate Out-of-State	\$30	\$728	\$30	\$728	\$0	0.0%	n/a	n/a	\$0	0.0%
Graduate In-State	\$28	n/a	\$28	n/a	\$0	0.0%	n/a	n/a	\$0	0.0%
Graduate Out-of-State	\$40	n/a	\$40	n/a	\$0	0.0%	n/a	n/a	\$0	0.0%

¹For graduate student charges and undergraduate part-time, summer, interim session student charges. In addition, Shippensburg University charges in-state undergraduate students on a per-credit basis.

²Beginning in academic year 2025-26, rate-approving authority of the Technology Tuition Fee will be delegated to the universities' Councils of Trustees.