

**Board of Governors
of the
Pennsylvania State System of Higher Education**

122nd Meeting
Thursday, July 22, 2004
Boardroom, First Floor
Administration Building
2986 North Second Street
Harrisburg, PA 17110-1201

1:16 p.m.

ATTENDING:

Board of Governors

Charles A. Gomulka (*Chairman*)
John M. Brinjac
Mark E. Collins Jr. (*via phone*)
Marie A. Conley Lammando
Representative Jeffrey W. Coy (*via phone*)
Paul S. Dlugolecki
Regina M. Donato (*via phone*)
Daniel P. Elby (*via phone*)
David P. Holveck (*via phone*)
Senator Vincent J. Hughes (*via phone*)
Kim E. Lyttle
Secretary Vicki L. Phillips (*via phone*)
Senator James J. Rhoades
David M. Sanko (*via phone*)
John K. Thornburgh (*via phone*)
Christine J. Toretta Olson (*via phone*)

Office of the Chancellor

Judy G. Hample (*Chancellor*)
Dr. Michael K. Becker
Charmaine P. Clowney
Jeffrey Cooper
Dr. Peter H. Garland
Dr. Edward J. Nolan
Mary A. Soderberg (*via phone*)
Dr. Khalil Yazdi

Representative Matthew E. Baker and C.R. "Chuck" Pennoni were absent but were accounted for.

University Presidents in attendance were: Dr. Angelo Armenti, Dr. Joseph P. Grunenwald, Dr. F. Javier Cevallos, and Dr. Keith T. Miller.

Also in attendance for participation or in support of committee/board activities from the Office of the Chancellor were: Thomas Armstrong, Lou Bohl-Fabian, Jim Dillon, Brenda Foster, Thomas E. Gluck, Lorelee Isbell, Karen A. Madden, Kenn Marshall, Jeff Miller, Kelly Radcliffe, and Patricia White.

Chairman Gomulka called the meeting to order at 1:16 p.m. Attendance taken at the direction of the Chairman established that a quorum of the Board was present.

REMARKS OF THE CHAIRMAN

Chairman Gomulka welcomed fellow Board members, constituency leaders, university presidents, trustees, faculty, staff, and System friends in attendance.

Chairman Gomulka announced that the Board was meeting in special session today to consider items related to the State System's budget and tuition and technology tuition rates for fiscal year 2004-05. These agenda items were tabled two weeks ago during the Board's quarterly meeting to consider issues raised by the Governor. Representatives of the Board met with Governor Rendell and members of his staff to discuss tuition and budget matters. Chairman Gomulka expressed the Board's deep appreciation to Ms. Torette Olson and Mr. Brinjac for their efforts in this matter as well as to Senator Rhoades and Representative Coy. As a result of the discussion with Governor Rendell and his staff, the Board is recommending action at this time on tuition rates and management merit increases.

Chairman Gomulka announced that Board members might today want to discuss the memo from Secretary Cunningham regarding managerial efficiencies and productivity.

PUBLIC COMMENTS

No public comments were offered at this time.

COMMITTEE REPORTS AND BOARD ACTION

A. Finance, Administration, and Facilities Committee

Ms. Torette Olson reported on one informational item.

Ms. Torette Olson moved THAT THE BOARD OF GOVERNORS APPROVE THE FOLLOWING ALLOCATION OF FUNDS FROM THE STATE SYSTEM'S FISCAL YEAR 2004-05 EDUCATIONAL AND GENERAL APPROPRIATION:

ITEM	AMOUNT
SCUPA PROFESSIONAL DEVELOPMENT FUND	\$75,000
APSCUF PROFESSIONAL DEVELOPMENT FUND	\$150,000
DIXON UNIVERSITY CENTER	\$1,200,000
REPLENISHMENT OF SYSTEM RESERVE	\$975,000
MCKEEVER ENVIRONMENTAL LEARNING CENTER	\$301,433
PERFORMANCE FUNDING	\$21,671,750

The motion was seconded by Ms. Donato and a roll call vote was taken:

AYE

NAY

John M. Brinjac
Mark E. Collins Jr.
Marie A. Conley Lammando
Representative Jeffrey W. Coy
Paul S. Dlugolecki
Regina M. Donato
Daniel P. Elby
Charles A. Gomulka
David P. Holveck
Senator Vincent J. Hughes
Kim E. Lyttle
Secretary Vicki L. Phillips
Senator James J. Rhoades
David M. Sanko
John K. Thornburgh
Christine J. Torette Olson

The motion was carried unanimously.

Ms. Torette Olson moved THAT THE BOARD OF GOVERNORS APPROVE THE ALLOCATION OF FUNDS FROM THE STATE SYSTEM'S FISCAL YEAR 2004-05 PROGRAM INITIATIVES LINE ITEM, AS SHOWN IN *ALLOCATION OF THE FISCAL YEAR 2004-05 PROGRAM INITIATIVES LINE ITEM* DATED JULY 22, 2004. The motion was seconded by Mr. Thornburgh and a roll call vote was taken:

AYE

NAY

John M. Brinjac
Mark E. Collins Jr.
Marie A. Conley Lammando

Representative Jeffrey W. Coy
Paul S. Dlugolecki
Regina M. Donato
Daniel P. Elby
Charles A. Gomulka
David P. Holveck
Senator Vincent J. Hughes
Kim E. Lyttle
Secretary Vicki L. Phillips
Senator James J. Rhoades
David M. Sanko
John K. Thornburgh
Christine J. Torette Olson

The motion was carried unanimously.

Ms. Torette Olson moved THAT THE BOARD OF GOVERNORS APPROVE THE 2004-05 TUITION SCHEDULE DATED JULY 22, 2004; THE UNDERGRADUATE NONRESIDENT TUITION PLANS DATED JULY 22, 2004; AND THE 2004-05 TECHNOLOGY TUITION FEE SCHEDULE DATED JULY 22, 2004. The motion was seconded by Ms. Conley Lammando and a roll call vote was taken.

AYE

John M. Brinjac
Mark E. Collins Jr.
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Charles A. Gomulka
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David M. Sanko
John K. Thornburgh
Christine J. Torette Olson

NAY

Senator James J. Rhoades

The motion was carried.

Senator Rhoades expressed concerns about the affordability of higher education and the rising costs at the state-related institutions, the State System, and other institutions as well as PHEAA. He said that the rising costs affect all citizens of Pennsylvania and that his vote is not a protest of the motion currently before the Board, but a protest of higher education costs in general. He stated that we must keep higher education affordable for our middle class. Senator Rhoades also

expressed appreciation for the job that others have done to attempt to control costs, but said that the Commonwealth is putting our citizens in jeopardy because we are not putting enough funding into higher education.

Chairman Gomulka thanked the Board members who participated in the discussions on tuition. He said that those who attended the quarterly Board meeting recognized that the Board felt an obligation to the Governor and his staff to explain why the Board was taking the action we anticipated on taking. He stated that he agrees with Senator Rhoades and that he too has concerns about future state funding for the System.

Ms. Torette Olson expressed appreciation for the Chairman's leadership and said that she is proud to be associated with the Board.

B. Human Resources Committee

Chairman Gomulka moved THAT THE BOARD OF GOVERNORS:

1. ESTABLISH A PERFORMANCE-BASED MERIT POOL OF 2.5% FOR ALL ELIGIBLE MANAGEMENT EMPLOYEES, EXCEPT FOR UNIVERSITY PRESIDENTS, VICE CHANCELLORS, AND THE CHANCELLOR, TO BE EFFECTIVE JULY 1, 2004;
2. ACCOMPLISH SALARY ADJUSTMENTS CONSISTENT WITH THE PROVISIONS OF THE NEW PAY SCHEDULE AND GUIDELINES TO BE ISSUED BY THE OFFICE OF THE CHANCELLOR GIVING UNIVERSITY PRESIDENTS THE AUTHORITY TO SET INDIVIDUAL MANAGEMENT SALARIES FOR THEIR EMPLOYEES; AND
3. REQUIRE UNIVERSITY PRESIDENTS TO REPORT TO THE CHANCELLOR ON THE DISTRIBUTION OF MERIT INCREASES FOR MANAGERS, BASED ON THE CRITERIA PROVIDED.

The motion was seconded by Mr. Elby and a roll call vote was taken.

AYE

John M. Brinjac
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Charles A. Gomulka
David P. Holveck
Senator Vincent J. Hughes

NAY

Senator James J. Rhoades

Kim E. Lyttle
Secretary Vicki L. Phillips
David M. Sanko
John K. Thornburgh
Christine J. Toretto Olson

The motion was carried unanimously.

ANNOUNCEMENTS

Chairman Gomulka reminded Board members that the regular quarterly meeting of the Board is scheduled for October 14. He also asked that they keep the Board hold date of September 9 marked on their calendars; we will know shortly whether we will be using that date for any Committee or Board meetings.

Chairman Gomulka said for the record that the Chancellor is taking a well-earned vacation. On behalf of the Board and the Presidents, he extended best wishes for a relaxing break from business. Senator Hughes also extended his best wishes and said that he is proud to be part of the team that selected Chancellor Hample.

ADJOURNMENT

There being no further items of business to come before the Board, the Chairman adjourned the meeting at 1:35 p.m.

ATTEST:



Peter H. Garland
Secretary to the Board