

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

126th Meeting
Thursday, July 14, 2005
Boardroom, First Floor
Administration Building
2986 North Second Street
Harrisburg, PA 17110-1201

10:50 a.m.

ATTENDING:

Board of Governors:

Representative Matthew E. Baker
Mr. John M. Brinjac (designee for Governor Edward G. Rendell)
Mr. Jude C. Butch
Mr. Mark E. Collins
Ms. Marie Conley Lammando
Mr. Paul S. Dlugolecki
Mr. Daniel P. Elby
Dr. James Gearity (designee for Secretary Francis V. Barnes)
Representative Michael K. Hanna
Mr. David P. Holveck
Senator Vincent J. Hughes
Mr. Kenneth M. Jarin
Mr. Kim E. Lyttle (*Acting Chair*)
Mr. C.R. "Chuck" Pennoni
Mr. Guido M. Pichini
Governor Edward G. Rendell
Senator James J. Rhoades
Mr. Aaron A. Walton

Ms. Christine J. Toretto Olson was absent, but was accounted for.

Office of the Chancellor:

Dr. Judy G. Hample (*Chancellor*)
Dr. Michael K. Becker
Jeffrey Cooper, Esquire
Dr. Peter H. Garland
James S. Dillon
Dr. Khalil Yazdi

Also in attendance for participation or in support of committee/board activities from the Office of the Chancellor were: Thomas Armstrong, Lou Bohl-Fabian, Steven R. Dupes, Brenda Foster, Thomas E. Gluck, Lois M. Johnson, Thomas M. Krapsho, Karen A. Madden, Kenn Marshall, Donald Passmore, Kelly M. Radcliffe, Steve Robinson, Joel Snaveley and Annette Wenck.

University Presidents in attendance included: Angelo Armenti Jr., Wallace C. Arnold, Tony Atwater, Joseph P. Grunenwald, Robert J. Dillman, Frank G. Pogue Jr., Keith T. Miller, John R. Halstead, Francine G. McNairy, Anthony F. Ceddia, Robert M. Smith and Madeleine Wing Adler.

Acting Chair Lyttle called the meeting to order. Attendance taken at the direction of the Chair established that a quorum of the Board was present.

APPROVAL OF THE MINUTES OF THE APRIL 14, 2005 MEETING

Acting Chair Lyttle noted that the minutes of the April 14, 2005 meeting were distributed prior to the July Board meeting. Mr. Collins noted one correction to the minutes as distributed. Mr. Lyttle moved THAT THE MINUTES OF THE APRIL 14, 2005 MEETING BE APPROVED AS REVISED. Mr. Collins seconded the motion and it was passed unanimously.

REPORT OF THE NOMINATING COMMITTEE

On behalf of the Nominating Committee, Mr. Holveck nominated Kenneth M. Jarin as Chair; Kim E. Lyttle as Vice Chair; and C.R. "Chuck" Pennoni as Vice Chair. Acting Chair Lyttle called for nominations from the floor. Hearing none, the nominations were closed. Acting Chair Lyttle moved THAT THE BOARD OF GOVERNORS ACCEPT THE NOMINATIONS OF KENNETH M. JARIN AS CHAIR OF THE BOARD OF GOVERNORS, KIM E. LYTTLE AS VICE CHAIR AND C.R. "CHUCK" PENNONI AS VICE CHAIR. The motion was seconded by Mr. Brinjac and passed unanimously.

REMARKS OF THE CHAIR

Acting Chair Lyttle thanked the Board members and presidents for their support during his brief term as chair. He then handed the gavel to Mr. Jarin.

Chairman Jarin stated that he was truly honored to be elected as the Board's new chairman. He said that he looks forward to working with the members of the Board, some of whom have been close friends for a long time, and others of whom he is just beginning to know. He noted that he has worked with Chancellor Hample for the past year-and-a-half. He said he looks forward to continuing to work with her, her staff, the University Presidents and both faculty and non-faculty employees of the State System; Governor Rendell and his staff; and members and staff of the General Assembly to continue to serve the best interests of students and the Commonwealth.

Chairman Jarin welcomed all those in attendance. He welcomed Guido Pichini and Aaron Walton, who are attending their first meeting of the Board. Mr. Pichini has been a great leader at Kutztown University and has been involved with State System for a long time. Mr. Walton has been involved with California University, where he endowed a scholarship.

Chairman Jarin extended the Board's best wishes to Jude Butch in this, his last meeting, and said that he hopes Mr. Butch returns to Pennsylvania after he completes his education in Illinois.

He announced that several Board Committee meetings have been held since the April Quarterly Board of Governors' meeting:

- the Academic and Student Affairs Committee met on June 9 to interview candidates for the student vacancy on the Board of Governors;
- the Finance, Administration and Facilities Committee held an informational conference call on June 27;
- the Finance, Administration and Facilities Committee held a workshop and public meeting on July 7; and
- the Information Technology Committee held a workshop and public meeting on July 7.

He noted that the Board met in Executive Session from approximately 8:40 until 9:40 this morning.

Chairman Jarin went on to say that he is very excited about this opportunity to serve the State System. While new to the Board, he has worked with the System for a long time, serving as labor counsel for the System, and working with former Chancellor McCormick. More recently, he worked with Chancellor Hample and the leadership of APSCUF to facilitate a settlement to that contract. Over the past several months, he has worked closely with Governor Rendell, Chancellor Hample and the University Presidents concerning the budget and tuition. Chairman Jarin said that he intends to visit each campus in the coming months and to meet with each of the Presidents individually. He concluded by saying that he is confident we can work together to keep tuition affordable.

REPORT OF THE CHANCELLOR

Chancellor Hample thanked Mr. Lytle for his service as acting chair. She said she looks forward to working with Chairman Jarin. She welcomed Mr. Pichini and Mr. Walton to the Board and said that she and her staff are here to serve the members of the Board and they should feel free to call upon us at any time.

Chancellor Hample recognized Jude Butch as an outstanding student leader and said that we wish him the best in graduate school.

Chancellor Hample introduced the State System's newest president, Dr. Jody Harpster, Interim President of Shippensburg University. Dr. Harpster replaces Tony Ceddia, who retired in June.

Chancellor Hample expressed appreciation for the 2.75 percent increase in PASSHE's base budget and the line item appropriations that will allow PASSHE to continue its special projects. She thanked Governor Rendell who in his initial budget proposed additional increases for higher education, one of the few areas that he was able to propose additional increases. PASSHE is grateful to legislative members and legislative staff members, the appropriations chairs and caucus leadership. Chancellor Hample thanked Representative Baker and Mr. Dlugolecki for helping to deliver the funds for the PEBTF assessment. She thanked PASSHE's various constituent groups, including APSCUF and student leaders. All these efforts led to an opportunity for the Finance, Administration and Facilities Committee to recommend the lowest tuition increase in the last seven years. Chancellor Hample said that we are all indebted to Governor Rendell for keeping tuition increase at a low level and for helping us to keep costs down through strategic sourcing of contracts. PASSHE is grateful for the Governor's vision and for his personal interest in the State System and its students, and for his persistence in keeping tuition low.

Chancellor Hample announced that the Pennsylvania Association of Councils of Trustees (PACT) has elected Harry Thomas as president, replacing Carole Aichle. The PACT fall meeting will be held at Millersville University in October.

Chancellor Hample announced that the Commission of the Presidents, required under Act 188, recently elected Dr. Angelo Armenti as president. He replaces Dr. John Halstead, who served with distinction in that roll during the last two years.

Chancellor Hample announced that the James Hughes Scholarship Fund golf tournament and auction were a tremendous success. The event raised a great deal of money, which will allow even more students to attend PASSHE Universities who might not have access to higher education. Senator Hughes agreed, and thanked Mr. Lyttle and other Board members, Chancellor Hample and the University Presidents for their active support of the Scholarship Fund. He said that contributions are still being counted, but they are expected to top \$100,000, which will result in over 90 scholarships this September. Chairman Jarin said that he is very interested in development and fundraising activities and looks forward to increasing these activities in the future.

PUBLIC COMMENTS

Pat Heilman, president of APSCUF, welcomed the three new members of the Board and said that APSCUF looks forward to working with them. She congratulated Chairman Jarin on his election. She thanked Jude Butch for his service on the Board and wished him much success. Dr. Heilman said that the Board's efforts to hold tuition increases below the rate of inflation deserve to be commended. Having two sons in college, she empathizes with all parents who open tuition bills with fear and trepidation. She asked the Board to keep in mind the financial situation of the coaches. One year ago, APSCUF

asked for quick and fair resolution of the contract. One year later, they are seeking the same thing. Dr. Heilman prepared a comparison of the PASSHE and APSCUF proposals, which she shared with the Board. She said APSCUF again is offering to enter into binding arbitration. APSCUF is confident that it will yield a satisfactory settlement to the issues now in dispute.

At the conclusion of Public Comments, Chairman Jarin welcomed Governor Ed Rendell to the meeting. Governor Rendell congratulated Mr. Jarin on his election as Chair of the Board and expressed his deep appreciation to the former chairman, Charles A. Gomulka. Governor Rendell said that Mr. Jarin will be a strong leader for PASSHE. He pointed to Mr. Jarin's work with the Chancellor to help resolve the labor negotiations with APSCUF.

Governor Rendell expressed his appreciation to Chairman Jarin and Chancellor Hample for giving us a very positive day for the students and parents of State System Universities. He said this was a tremendous cooperative venture between members of the Board, Chancellor Hample's staff, University Presidents and members of the Governor's Office and administration. He extended a special thanks to the University Presidents, saying that they understand what is at stake—keeping college education affordable for our sons and daughters. Governor Rendell stated: "College education is not a luxury anymore. Forty years ago, you could make a good living with talent and commitment. Now there's nothing that can be done without education." He further noted that, working in a global economy, we must continue to respond by upgrading education while maintaining its affordability. We cannot price education out of the reach of middle class families.

COMMITTEE REPORTS WITH RELATED ACTIONS

A. Information Technology

Mr. Holveck reported on behalf of the Information Technology Committee. The Committee has recommended changes to the Technology Tuition Policy, which the Board will consider during the Board Action part of the agenda. There were no action items to report.

B. Finance, Administration and Facilities

In the absence of Mrs. Olson, Mr. Lyttle reported on behalf of the Finance, Administration and Facilities Committee. He advised that the Committee received reports on several information items this morning.

Mr. Lyttle moved THAT THE BOARD OF GOVERNORS APPROVE THE TUITION RECOMMENDATION IN ATTACHMENT 2, UNDERGRADUATE NONRESIDENT TUITION PLANS IN ATTACHMENT 3 AND TECHNOLOGY TUITION FEES IN ATTACHMENT 4. The motion was seconded by Mr. Collins and was passed unanimously.

Pennsylvania State System of Higher Education
2005-06 Tuition Schedule

Student Classification	2004-05	2005-06	Increase	Percent
Full-Time Academic Year				
Resident Undergraduate	4,810	4,906	96	2.0%
Resident Graduate	5,772	5,888	116	2.0%
Nonresident Undergraduate, Maximum (250%)*	12,026	12,266	240	2.0%
Nonresident Undergraduate, \$2,000 less than Maximum (LO)	10,026	10,266	240	2.4%
Nonresident Undergraduate, 200% (CH**, CL, ED**)	9,620	9,814	194	2.0%
Nonresident Undergraduate, 165% (MA**)	7,938	8,096	158	2.0%
Nonresident Undergraduate, 150% (CA, EA**, ED**, IN**, SH**, SL**)	7,216	7,360	144	2.0%
Nonresident Graduate	9,236	9,422	186	2.0%
Full-Time Semester				
Resident Undergraduate	2,405	2,453	48	2.0%
Resident Graduate	2,886	2,944	58	2.0%
Nonresident Undergraduate, Maximum (250%)*	6,013	6,133	120	2.0%
Nonresident Undergraduate, \$2,000 less than Maximum (LO)	5,013	5,133	120	2.4%
Nonresident Undergraduate, 200% (CH**, CL, ED**)	4,810	4,907	97	2.0%
Nonresident Undergraduate, 165% (MA**)	3,969	4,048	79	2.0%
Nonresident Undergraduate, 150% (CA, EA**, ED**, IN**, SH**, SL**)	3,608	3,680	72	2.0%
Nonresident Graduate	4,618	4,711	93	2.0%
Per Student Credit Hour ***				
Resident Undergraduate	200	204	4	2.0%
Resident Graduate	321	327	6	1.9%
Nonresident Undergraduate, Maximum (250%)*	501	511	10	2.0%
Nonresident Undergraduate, \$2,000 less than Maximum (LO)	418	428	10	2.4%
Nonresident Undergraduate, 200% (CH**, CL, ED**)	401	409	8	2.0%
Nonresident Undergraduate, 165% (MA**)	331	337	6	1.8%
Nonresident Undergraduate, 150% (CA, EA**, ED**, IN**, SH**, SL**)	301	307	6	2.0%
Nonresident Graduate	513	523	10	1.9%
Nonresident Undergraduate Distance Education, Minimum	204	208	4	2.0%
Nonresident Undergraduate Distance Education, Maximum	500	510	10	2.0%
Nonresident Graduate Distance Education, Minimum	327	334	6	1.9%
Nonresident Graduate Distance Education, Maximum	803	818	15	1.9%

*All international students are charged the maximum nonresident rate.

**Applies to certain nonresident students, based on geographic location, academic program or academic standing, as detailed in Attachment 3, "Undergraduate Nonresident Tuition Plans."

***For part-time student charges, and summer and interim sessions.

Pennsylvania State System of Higher Education
Undergraduate Nonresident Tuition Plans
Approved for Fall 2004; Recommended for Fall 2005 (*In Bold*)

July 14, 2005

California University	Fall 2004—Charge 150% of resident rate to nonresidents from all states. Fall 2005—Continue same in 2005-06.
Cheyney University	Fall 2004—Charge 200% of resident rate to nonresidents from Delaware, Maryland, New Jersey, and New York. Fall 2005—Continue same in 2005-06.
Clarion University	Fall 2004—Charge 200% to nonresidents from all states in 2004-05. Fall 2005—Continue same in 2005-06.
East Stroudsburg University	Fall 2004—Charge 150% to high-achieving nonresident science and technology majors (biology, chemistry, computer science, mathematics, and physics). Fall 2005—Continue same in 2005-06.
Edinboro University	Fall 2004—Charge 200% to nonresidents from all states in 2004. Grandfather continuing students at 150% until spring 2007. Fall 2005—Continue same in 2005-06.
Indiana University	Fall 2004—Charge 150% of resident rate to Ohio, Virginia, and West Virginia residents. Charge 150% for branch campus students from any state. Fall 2005—Continue same in 2005-06.
Lock Haven University	Fall 2004—Charge \$2,000 less than the maximum rate to all nonresidents. Fall 2005—Continue same in 2005-06.
Mansfield University	Fall 2004—Charge 165% of resident rate to New York residents in 16 counties. Fall 2005—Charge 165% of resident rate to all New York residents.
Shippensburg University	Fall 2004—Charge 150% of resident rate to transfer students from five neighboring Maryland community colleges with dual admission agreements. Fall 2005—Continue same in 2005-06.
Slippery Rock University	Fall 2004—Charge 150% of resident rate to nonresidents from all states with GPA of at least 3.0 out of 4.0. Fall 2005—Continue same in 2005-06.

NOTE: All Universities will charge the maximum rate of 250% to international students.

Student Classification	2004-05	2005-06	Increase	%
Full-Time Academic Year				
Resident Undergraduate	100	125	25	25%
Nonresident Undergraduate	150	188	38	25%
Resident Graduate	100	125	25	25%
Nonresident Graduate	150	188	38	25%
Full-Time Semester				
Resident Undergraduate	50	62.50	13	25%
Nonresident Undergraduate	75	94	19	25%
Resident Graduate	50	62.50	13	25%
Nonresident Graduate	75	94	19	25%
Part-Time (Flat rate for all part-time students)**				
Resident Undergraduate (less than 12 credits)	25	31	6	24%
Nonresident Undergraduate (less than 12 credits)	38	47	9	24%
Resident Graduate (less than 9 credits)	25	31	6	24%
Nonresident Graduate (less than 9 credits)	38	47	9	24%

*To be used specifically to increase the investment in instructional technology.

**For part-time student charges, and summer and interim sessions.

Mr. Lytle moved THAT THE BOARD OF GOVERNORS APPROVE THE FOLLOWING ALLOCATION OF FUNDS FROM THE STATE SYSTEM'S FISCAL YEAR 2005-06 E&G APPROPRIATION.

Item	Amount
SCUPA Professional Development Fund	\$75,000
APSCUF Professional Development Fund	\$150,000
Dixon University Center	\$1,400,000
System Reserve	\$565,000
McKeever Environmental Learning Center	\$315,134
Performance Funding	\$22,267,700

The motion was seconded by Mr. Brinjac and was passed unanimously.

Mr. Lyttle moved THAT THE BOARD OF GOVERNORS APPROVE THE ALLOCATION OF FUNDS FROM THE STATE SYSTEM'S FISCAL YEAR 2005-06 PROGRAM INITIATIVES LINE ITEM, AS SHOWN IN ATTACHMENT 1. The motion was seconded by Mr. Collins and was passed unanimously.

Attachment 1

Allocation of the Fiscal Year 2005-06 Program Initiatives Line Item

July 14, 2005

Performance Funding.....\$8,907,000

The Board of Governors has rewarded performance at the System Universities for the past five years. In fiscal year 2004-05, 5% of the Educational and General (E&G) appropriation was distributed to the Universities based upon performance. It is proposed that \$8,907,000 of the Program Initiatives line item, combined with \$22,267,700 of the E&G appropriation, create a fiscal year 2005-06 Performance Funding pool of \$31,174,700, the equivalent of 7% of the E&G appropriation. Universities must use these line item performance funding dollars for academic program accreditation and library resources.

Educator Excellence\$2,000,000

Within the Academic Excellence component of the Board's fiscal year 2005-06 Program Initiatives line item request, \$2.0 million was requested for Educator Excellence. Building on the strengths of the Universities and PASSHE's Academy for the Profession of Teaching and Learning, this funding will support the following initiatives.

Urban and Rural Teacher Preparation Initiatives \$1,450,000

To (1) enhance the quality of preparation for elementary and early childhood educators, (2) increase the number of qualified teachers and other professionals for urban and rural school districts, (3) support novice teachers in their first years of teaching to reduce attrition, and (4) enhance the skills of current teachers through professional development and instructional coaching.

Labor Education Institute..... \$350,000

The Labor Education Institute is a cooperative educational venture of the State System and labor organizations across the Commonwealth, which provides varied learning programs so labor can be an active partner to ensure greater productivity and equity in the emerging workplace. This is a collaborative program involving all 14 System Universities that has previously been funded with

allocations from Program Initiatives line items. It is proposed that \$350,000 be allocated from the Program Initiatives line item to continue this program at the same level as in previous years.

Center for Excellence in Teacher Preparation in Pennsylvania.... \$200,000

For the last five years, all 14 System Universities have been participating in the System's five-year, \$5 million grant from the National Science Foundation (NSF) entitled *Collaborative for Excellence in Teacher Preparation in Pennsylvania*, which is targeted to improve science and mathematics teacher preparation. Its work has included the creation of a Math/Science Center to provide resources and over 300 professional development activities for K-16 and pre-service teachers, and the revision of curriculum in over 150 courses to meet state and national content standards of science or mathematics. Funding for this program is suggested to continue at \$200,000 for fiscal year 2005-06 while alternative funding sources are sought to continue the work of this Center in the future.

Integrated Information Systems\$5,000,000

PASSHE is in the midst of implementing an integrated System-wide decision support system that will maximize student services, instructional support, and administrative productivity. This system will help Universities to maximize efficiencies in administrative processes, such as procurement, data storage and retrieval, room scheduling, and student registration. Funding for this project will support additional functionality, upgrades to hardware and operating systems, and additional capacity for disaster recovery.

Diversity and Equal Opportunity.....\$139,000

The Commonwealth funded Diversity and Equal Opportunity activities at the same level as in previous years: \$1.541 million. PASSHE had requested \$1.8 million to expand vital System-wide initiatives designed to achieve and promote diversity by serving the educational needs of historically underrepresented minority students, faculty, and staff populations. It is proposed that this increased funding level, combined with University support of \$120,000, will fully fund the expansion of these initiatives.

Mr. Lyttle moved THAT THE BOARD OF GOVERNORS APPROVE EAST STROUDSBURG UNIVERSITY'S PROPOSED PURCHASE OF 407 AND 432 NORMAL STREET. The motion was seconded by Representative Hanna and was passed unanimously.

Mr. Lyttle moved THAT THE BOARD OF GOVERNORS APPROVE WEST CHESTER UNIVERSITY'S PROPOSED PURCHASE OF 701 SOUTH HIGH STREET, 703 SOUTH HIGH STREET, AND 8 SOUTH WALNUT STREET USING BOND FINANCING. The motion was seconded by Mr. Collins and was passed unanimously.

Mr. Lyttle moved THAT THE BOARD OF GOVERNORS APPROVE EAST STROUDSBURG UNIVERSITY'S REQUEST TO GRANT AN EASEMENT AT THE CORNER OF EAST BROWN AND SMITH STREETS FOR IMPROVEMENTS TO THE INTERSECTION, CONTINGENT UPON APPROVAL BY THE EAST STROUDSBURG UNIVERSITY COUNCIL OF TRUSTEES. The motion was seconded by Representative Hanna and was passed unanimously.

Mr. Lyttle moved THAT THE BOARD OF GOVERNORS APPROVE MILLERSVILLE UNIVERSITY'S REQUEST FOR ADDITIONAL SYSTEM BOND FINANCING IN THE AMOUNT OF \$3,300,000 FOR THE EDUCATION INSTRUCTIONAL BUILDING RENOVATION AND SYSTEM BOND FUNDING IN THE AMOUNT OF \$1,915,000 FOR MCCOMSEY HALL. The motion was seconded by Mr. Collins and was passed unanimously.

C. Academic and Student Affairs

Mr. Pennoni reported that the Academic and Student Affairs Committee received a status report on the R. Benjamin Wiley Partnership Program and a report on academic program actions for the 2004-05 academic year. There were no action items to report.

D. Advancement

Mr. Lyttle reported that the Advancement Committee received an update on governmental relations. There were no action items to report.

E. Audit

Mr. Jarin reported that the Audit Committee received annual reports of Committee activities and Internal Review Group activities for 2004-05. He moved THAT THE BOARD OF GOVERNORS APPROVES THE INTERNAL REVIEW GROUP ANNUAL WORK PLAN 2005-06, DATED JULY 14, 2005 (Attachment #1). The motion was seconded by Mr. Collins and was passed unanimously.

F. Human Resources

Ms. Conley Lammando presented the report of the Human Resources Committee. She advised that one action item included in the Board's agenda—*Revised Sick Leave Payout Benefit for Senior Policy Executives and Managers Effective August 1, 2005*—has been pulled from today's agenda and will be considered at a future date.

Senator Rhoades moved THAT THE BOARD OF GOVERNORS APPROVE AN INCREASE IN THE MILITARY STIPEND FROM \$500 TO \$520 PER MONTH EFFECTIVE JULY 1, 2005. The motion was seconded by Representative Hanna and was passed unanimously.

Ms. Conley Lammando presented a motion for the creation of a performance-based merit salary pool. Mr. Pennoni moved that the motion be amended to reflect the amount of the salary pool. Ms. Conley Lammando presented a revised motion: THAT THE BOARD OF GOVERNORS: (1) AUTHORIZE THE CHANCELLOR TO ESTABLISH A 3% PERFORMANCE-BASED MERIT SALARY POOL OF \$2.9 MILLION FOR ALL STATE SYSTEM MANAGERS IN PAY GRADES 140 THROUGH 260 TO BECOME EFFECTIVE IN FISCAL YEAR 2005-06 AT THE DISCRETION OF THE CHANCELLOR AFTER CONSULTATION WITH, AND CONCURRENCE OF, THE HUMAN RESOURCES COMMITTEE AND THE CHAIR OF THE BOARD OF GOVERNORS; (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 MANAGERS AT THEIR UNIVERSITY IN PAY GRADES 140 THROUGH 250 AND THE CHANCELLOR THE AUTHORITY TO SET INDIVIDUAL MANAGEMENT SALARIES FOR MANAGERS IN THE OFFICE OF THE CHANCELLOR IN PAY GRADES 140 THROUGH 260; (3) AUTHORIZE THE CHANCELLOR, IN CONSULTATION WITH THE HUMAN RESOURCES COMMITTEE OF THE BOARD OF GOVERNORS, TO SET THE SALARIES OF PRESIDENTS; AND (4) REQUIRE UNIVERSITY PRESIDENTS TO REPORT TO THE CHANCELLOR ON THE OVERALL DISTRIBUTION OF MERIT INCREASES FOR MANAGERS USING THE CRITERIA PROVIDED. The motion was seconded by Mr. Butch and was passed unanimously.

G. Executive

Chairman Jarin reported on several items on behalf of the Executive Committee.

BOARD ACTION

Chairman Jarin presented several items for Board action.

Ms. Conley Lammando moved THAT THE BOARD OF GOVERNORS APPROVES THE CONTRACT EXTENSION OF DR. JUDY G. HAMPLE AS CHANCELLOR OF THE

PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION BY ONE YEAR FROM JUNE 30, 2007 TO JUNE 30, 2008 AND AUTHORIZES THE CHAIR TO EXECUTE THE NECESSARY DOCUMENTS. The motion was seconded by Senator Rhoades and was passed unanimously.

Mr. Lyttle moved THAT, IN THE EVENT OF A VACANCY IN THE PRESIDENCY AT A PASSHE UNIVERSITY BETWEEN TODAY AND THE NEXT QUARTERLY MEETING OF THE BOARD OF GOVERNORS, THE EXECUTIVE COMMITTEE OF THE BOARD IS AUTHORIZED TO HIRE AN INTERIM PRESIDENT IN ACCORDANCE WITH APPLICABLE BOARD POLICY. The motion was seconded by Mr. Elby and was passed unanimously.

Chairman Jarin moved THAT THE BOARD OF GOVERNORS APPROVE (1) A CHANGE IN THE OCTOBER 2005 QUARTERLY BOARD MEETING DATE TO THURSDAY, OCTOBER 27 AND (2) MEETING DATES FOR CALENDAR YEAR 2008 ON THE SECOND THURSDAY OF THE MONTHS OF JANUARY, APRIL, AND JULY, AND THE FIRST THURSDAY OF THE MONTH OF OCTOBER AS INDICATED IN THE BOARD OF GOVERNORS' MEETING CALENDAR DATED July 14, 2005. (Attachment #2) The motion was seconded by Mr. Lyttle and was passed unanimously.

Mr. Holveck moved THAT THE BOARD OF GOVERNORS APPROVE THE CHANGES TO SECTION VI OF BOARD OF GOVERNORS' POLICY 1999-02-A, *TUITION*, AS SHOWN IN THE ATTACHMENT. (Attachment #3) The motion was seconded by Senator Rhoades and was passed unanimously.

OTHER BUSINESS

Clarion University President Joseph P. Grunenwald recognized Ms. Courtney Brown, the recipient of the fifth annual Syed R. Ali-Zaidi Award for Academic Excellence. Ms. Brown will graduate with two degrees. While a student, she has had professional consultations with physicians at several locations, published four papers, and presented two at national conferences. She did all this as an undergraduate student, all in four years. She is involved in many extracurricular activities and very involved in the community. She is an outstanding young woman who embodies excellence in everything she does.

Mr. Lyttle to read into the record the proposed resolution honoring the contributions of former chair, Charles A. Gomulka. (Attachment #4). Mr. Walton moved THAT THE BOARD OF GOVERNORS ACCEPT THE RESOLUTION. The motion was seconded by Mr. Holveck and passed unanimously.

Ms. Conley Lammando read into the record the proposed resolution honoring the contributions of Jude C. Butch. (Attachment #5). Mr. Collins moved THAT THE BOARD OF GOVERNORS ACCEPT THE RESOLUTION. The motion was seconded by Mr. Walton and passed unanimously.

Mr. Butch expressed his appreciation to the Board, saying that serving on the Board has been a wonderful experience.

ANNOUNCEMENTS

Chairman Jarin announced that the next quarterly Board of Governors' meeting is scheduled for October 27, 2005.

ADJOURNMENT

There being no further items of business to come before the Board, the Chairman adjourned the meeting at 12:00 noon.

ATTEST:

A handwritten signature in cursive script, appearing to read "Peter H. Garland", written over a horizontal line.

Peter H. Garland
Secretary to the Board

PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION
INTERNAL REVIEW GROUP
ANNUAL WORK PLAN *
2005-06

EXECUTIVE SUMMARY

PLANNED REVIEWS

- System Accountability Plan
- Shared Administrative System
- Technology Fee
- Information Systems Security

SPECIAL PROJECTS AND INVESTIGATIONS

- As Requested and Approved

The Director of the Internal Review Group shall provide the Audit Committee of the Board of Governors with written quarterly updates summarizing progress toward completion of the annual work plan, including special projects and investigations as approved in accordance with Board Policy 1991-06-A, *State System Audit Policy*.

Annually, the Director shall provide the Audit Committee with a formal report documenting the Internal Review Group's activities.

* Approved by the Board of Governors' Audit Committee on July 14, 2005.

PLANNED REVIEWS

System Accountability Plan

Objective

Continue an ongoing formal review process of State System Universities' reported progress toward achieving quantitative measures and qualitative accomplishments defined by the System Accountability Plan.

Scope

The Internal Review Group will conduct reviews of the System Accountability Plan at Universities where the President is undergoing a formal evaluation in fiscal year 2005-06. The review will include a campus visit and cover selected aspects of the Plan.

The purpose of the review is twofold. First, we will confirm the accuracy of the University's results for fiscal year 2004-05 by comparing reported data to appropriate supporting documentation regarding System values, goals, and standards outlined in the accountability matrix, as well as institution-specific initiatives and accomplishments. Second, University officials responsible for establishing and achieving the respective quantitative measures and goals will be interviewed to ensure the institution's reported progress is consistent with comments received and documentation reviewed during the campus visit.

At the conclusion of the audit, the Internal Review Group will meet with the University President and/or designated personnel to share the results of the review and findings. Subsequently, a formal report will be issued to the Board of Governors with copies to the Chancellor and University President.

Shared Administrative System

Objective

Ensure proper internal controls and appropriate checks and balances are included as each phase of the shared administrative system project is designed and implemented. Also, review compliance with detailed requirements contained in the Unisys/SAP contract.

Scope

Conduct ongoing reviews of progress and testing performed by Unisys and the State System in accordance with contract requirements regarding the implementation of each SAP module. Additionally, we will perform other special reviews related to the shared administrative system when requested and approved by appropriate State System officials.

Technology Fee

Objective

Ensure State System Universities' uses and expenditures of technology fee revenue are consistent with requirements of Board of Governors' Policy 1999-02-A, *Tuition*.

Scope

The Internal Review Group will perform compliance reviews of the State System's technology fee at selected Universities in fiscal year 2005-06. The institution's approved strategic planning, monitoring, and tracking plans, along with the University President's annual report detailing expenditures of technology fee revenue for 2004-05 will serve as the principal documents for conducting the audit.

Information Systems Security

Objective

Review and analyze current policies and procedures regarding security measures related to State System computer networks.

Scope

The Internal Review Group will complete a risk assessment of information systems at the Universities and the Office of the Chancellor via a System-wide survey to identify and evaluate current practices followed in monitoring and securing electronic data and related information.

SPECIAL PROJECTS AND INVESTIGATIONS

Objective

Board of Governors Policy 1991-06-A, *State System Audit Policy*, specifies a committee comprised of the State System's Chief Counsel, Director of the Internal Review Group, and the appropriate Vice Chancellor shall review and approve requests for assistance to conduct special projects and investigations. Requests may come from the Audit Committee, the Chancellor, University Presidents, and outside entities such as the Commonwealth's Auditor General and Inspector General.

Scope

Based on past experience, an estimate of time required to conduct special projects and investigations was budgeted as part of the Internal Review Group's 2005-06 annual

work plan. Included under this category are special assignments, including the Internal Review Group's performance of proactive limited scope reviews.

Periodically, the Director of the Internal Review Group identifies and selects specific business processes or financial information for conducting proactive limited scope reviews. The purpose is to ensure compliance with existing statutes, regulations, and policies. The projects also include an assessment on the economy, efficiency, and effectiveness of the audited area or operation.

Linked to Board Policy 1991-06-A, *State System Audit Policy*, are two Internal Review Group administrative directives related to special projects and investigations. The directives, identified below, provide specific guidance and procedures for conducting such reviews.

1. Administrative Directive 1991-06.01, *Procedures for Conducting Investigations*, outlines the State System's responsibilities for the investigation of alleged fraudulent or irregular activities and provides specific instructions regarding appropriate action in cases of suspected improprieties.
2. Administrative Directive 1991-06.02, *Procedures for Conducting Limited Scope Reviews*, defines the Internal Review Group's protocol for conducting proactive limited scope reviews. The procedures provide a uniform structure for conducting the review, communicating its purpose and scope, and reporting results.



PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION
BOARD OF GOVERNORS
MEETING CALENDAR

2005

Thursday, July 14, 2005	Administration Building, Harrisburg
Thursday, September 8, 2005 *	Administration Building, Harrisburg
Thursday, October 27, 2005	Administration Building, Harrisburg

2006

Thursday, January 12, 2006	Administration Building, Harrisburg
Thursday, February 9, 2006 *	Administration Building, Harrisburg
Thursday, April 6, 2006	Administration Building, Harrisburg
Thursday, May 11, 2006 *	Administration Building, Harrisburg
Thursday, June 8, 2006 *	Administration Building, Harrisburg
Thursday, July 13, 2006	Administration Building, Harrisburg
Thursday, September 14, 2006 *	Administration Building, Harrisburg
Thursday, October 12, 2006	Administration Building, Harrisburg

2007

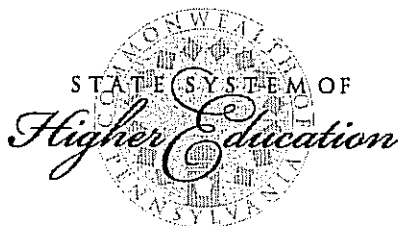
Thursday, January 11, 2007	Administration Building, Harrisburg
Thursday, February 8, 2007 *	Administration Building, Harrisburg
Thursday, April 12, 2007	Administration Building, Harrisburg
Thursday, May 10, 2007 *	Administration Building, Harrisburg
Thursday, June 14, 2007 *	Administration Building, Harrisburg
Thursday, July 12, 2007	Administration Building, Harrisburg
Thursday, September 13, 2007 *	Administration Building, Harrisburg
Thursday, October 11, 2007	Administration Building, Harrisburg

2008

Thursday, January 10, 2008	Administration Building, Harrisburg
Thursday, February 14, 2008 *	Administration Building, Harrisburg
Thursday, April 10, 2008	Administration Building, Harrisburg
Thursday, May 8, 2008 *	Administration Building, Harrisburg
Thursday, June 12, 2008 *	Administration Building, Harrisburg
Thursday, July 10, 2008	Administration Building, Harrisburg
Thursday, September 11, 2008 *	Administration Building, Harrisburg
Thursday, October 2, 2008	Administration Building, Harrisburg

* Please hold these dates in reserve for special meetings of the Board, committee meetings, conferences, or workshops.

Proposed: July 14, 2005



PA State System of Higher Education Board of Governors

Effective: Part II is effective April 1999; Part III is effective fall 2003
Part IV is effective fall 1999; Part V is effective fall 1998; Part VI is
effective fall 2002

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POLICY 1999-02-A: TUITION

See Also:

Adopted: April 8, 1999
Amended: July 14, 2005

* * *

VI. Technology Fee Policy

A. Background

The importance of technology and its applications continue to grow throughout society. To be competitive in the workplace, university students need access to state-of-the art technology integrated with their educational program. Additional and dedicated resources are necessary to ensure greater infusion of technology.

B. Purpose

The purposes of the technology fee are: (1) to acquire, install, and maintain up-to-date and emerging technologies for the purpose of enhancing student-learning outcomes; (2) to provide equitable access to technology resources; and (3) to ensure, ultimately, that state system graduates are competitive in the technologically sophisticated workplace. All hardware, software, databases, and other capital equipment procured with these revenues are strictly limited to clearly articulated learning experiences for students.

C. Policy

1. The technology fee is not a user fee but is instead a fee that is paid by all students, proportional to their enrollment status (full-time/part-time) and to their residency status (in-state/out-of-state).

2. Revenues generated from the technology fee must augment or supplement funds already expended on technology. Revenues may not be used to supplant or replace current or future technology allocations or technology revenue sources. Universities should provide evidence that expenditures of technology fee revenues are above and beyond normal levels.
3. Technology fee revenues shall be expended only on academic or instructional technology and shall not be expended for administrative applications. These revenues shall be used for the direct benefit of students to help them to achieve the learning objectives of their academic programs.
4. Technology fee revenues may be expended on the following:
 - General-use student technology-enhanced laboratories;
 - Specialized (i.e., field-specific) student technology-enhanced laboratories;
 - Scientific equipment with significant digital technology components;
 - Experimental technology-enhanced laboratories;
 - Specialized software, hardware (including servers) and databases, and technologies that provide secure student access to software, databases, courseware, and other course-related content;
 - Access and licensing fees for educational products and services;
 - Student access to laptop and desktop computers;
 - Dedicated-use network equipment and other infrastructure technologies, including wireless access technologies (for controlled access and limited use only);
 - Technology-augmented classrooms;
 - Some SSHEnet expenses (portions of bandwidth used for distance education, internet2 charges, etc.);
 - Specific costs associated with the installation of technologies (cabling, conduits, servers, dedicated power, etc.);
 - Personnel expenditures to a maximum of 15% of university annual fee revenues to provide for: the installation of equipment purchased with fee revenues; the operational support and maintenance of equipment; and, the training of student and faculty users of equipment; and
 - Student personnel working to support technologies covered by this section, not to exceed 5% of the total revenues annually.

5. Technology fee revenues may not be expended on the following:
 - General-use network infrastructure (hardware, software, switches, cables, etc.) That is used for administrative and general communications purposes;
 - Technologies for use by non-students;
 - Permanently assigned technology equipment;
 - Personnel (full/part-time staff, full/part-time faculty, consultants, and other workers) beyond that permitted in C.4.; and
 - Capital projects, furniture, carpentry, renovations, etc.
6. Equipment originally purchased with fee revenues that has been replaced or upgraded after three or more years of use may be redeployed to other uses or disposed of at the discretion of the university (redployment to uses in support of student learning is strongly encouraged).

D. Policy Administration

1. Universities should procure technologies collaboratively, when appropriate. Universities must make continuing allocations for maintenance, support, upgrades, and replacement of technologies purchased with technology fee revenues.
2. Each university is accountable for ensuring that technology fee revenues are expended in accordance with this policy. Technology fee revenues cannot be expended until the university's strategic and monitoring and tracking plans have been approved. There are four accountability phases: planning, monitoring and tracking, reporting, and auditing.
3. Each university must submit a plan for the use of the revenues that addresses the following topics:
 - a. Strategic imperative (curricular impact, fit of plan with state system strategic goals and university goals, and other appropriate information);
 - b. Purpose(s) to be achieved through expenditure of revenues, including information on primary beneficiaries among the student population;
 - c. Descriptions and projected costs of proposed technologies; and
 - d. Maintenance, renewal, and replacement plan.

The strategic plan must be reviewed and approved by the chancellor and the information technology committee of the Board

of Governors prior to the implementation of the plan and/or any expenditure of technology fee revenues. In the first year, plans should be submitted by November 1, 2002. Thereafter, plans and amendments to approved plans should be submitted by August 1 of each year.

4. Monitoring and tracking: each university must submit a plan describing how it will audit the expenditure of technology fee revenues. The monitoring and tracking plan must be reviewed and approved by the chancellor and the information technology committee of the board of governors prior to the implementation of the plan and/or any expenditure of technology fee revenues. In the first year, plans should be submitted by November 1, 2002. Thereafter, plans and amendments to approved plans should be submitted by August 1.
5. University presidents shall submit to the chancellor an annual report detailing expenditures of technology fee revenues (as per the university's approved plan) from July 1 through June 30, including planned vs. actual expenditures and any modifications to original plans. Annually, at the fall Board of Governors' quarterly meeting, the chancellor will present a summary report of fee expenditures by the universities.
6. The universities' uses of the revenues shall be audited to ensure that all expenditures are consistent with this policy. Such audits shall be conducted at the request of the chancellor or the Board of Governors.

This section of the policy will be reviewed immediately after the second year that it has been in force and thereafter as deemed appropriate by the chancellor or the Board of Governors.

E. Implementation Date

Fall 2002.

***Resolution Honoring the Contributions
of
Charles A. Gomulka***

WHEREAS, Charles A. Gomulka provided distinguished service as a member of the Board of Governors of the Pennsylvania State System of Higher Education (PASSHE) since his appointment in May 1997; and

WHEREAS, since July 2000, Charles A. Gomulka displayed outstanding leadership as chairman of the Board of Governors, helping to raise the stature of the Pennsylvania State System of Higher Education; and

WHEREAS, Charles A. Gomulka led the Pennsylvania State System of Higher Education in a systemic change initiative designed to create a culture of accountability for excellence, effectiveness, and efficiency within the Universities and the System; and

WHEREAS, Charles A. Gomulka encouraged campus and system leadership excellence through enhancing the rigor of the process of executive appointments and evaluations and through nurturing an entrepreneurial spirit among executive leadership, including raising expectations for private fundraising efforts; and

WHEREAS, Charles A. Gomulka presided over the development and implementation of the System Accountability Plan, Performance Funding Program, and System Strategic Plan, all of which were designed to enhance excellence and ensure effective and efficient use of resources; and

WHEREAS, Charles A. Gomulka was instrumental in the implementation of the 21st Century Capital Improvement Program designed to support Pennsylvania's needs in the areas of science, advanced technology, and workforce development and to promote community, economic, and cultural development; and

WHEREAS, Charles A. Gomulka promoted a student-centered agenda focused on enhancing academic quality in all areas of study, improving student retention and graduation rates, and expanding students' educational opportunities by increasing the level of program collaboration among the 14 PASSHE Universities; and

WHEREAS, Charles A. Gomulka throughout his tenure on the Board of Governors served as a valued adviser to the Chancellor and the staff of the Pennsylvania State System of Higher Education as academic, financial, administrative, advancement, and human resources policies were developed to guide PASSHE within the mission and strategic direction identified by the Board;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors of the Pennsylvania State System of Higher Education expresses its sincere appreciation to Charles A. Gomulka for the extraordinary contributions he made to PASSHE and to the citizens of this Commonwealth, and

BE IT FURTHER RESOLVED, that the Board of Governors extends its best wishes to him in all of his future endeavors.

Unanimously adopted by the Board
July 14, 2005

Kenneth M. Jarin, Chair

***Resolution Honoring the Contributions
of
Jude C. Butch***

WHEREAS, Jude C. Butch has provided excellent service as a member of the Board of Governors of the Pennsylvania State System of Higher Education (PASSHE) since his appointment in September 2004; and

WHEREAS, Jude C. Butch will graduate with a Bachelor of Arts degree in History from Slippery Rock University of Pennsylvania in July 2005; and

WHEREAS, Jude C. Butch has distinguished himself as a leader among PASSHE's broad student population, serving as president of the Slippery Rock University Student Government Association; and as a regular and active participant in both campus projects as well as the activities of the Board of Student Government Presidents; and

WHEREAS, Jude C. Butch has served the Slippery Rock University community in a variety of ways, including as a member of the University Hearing & Appeals Board, the Slippery Rock University Academic Forum, the Recreation Center Advisory Board, and the Board of Directors of Co-operative Activities; and

WHEREAS, Jude C. Butch has been a thoughtful, loyal, and accessible member of the Board of Governors of the Pennsylvania State System of Higher Education, serving as a member of the Board's Human Resources Committee, and as an advocate for all PASSHE students throughout his tenure on the Board;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors of the Pennsylvania State System of Higher Education does acknowledge the many fine contributions of Jude C. Butch to the Board and to the entire Pennsylvania State System of Higher Education and wishes him well in the future as an outstanding alumnus of Slippery Rock University of Pennsylvania and in his pursuit of a career in the field of higher education, and

BE IT FURTHER RESOLVED, that the Board of Governors extends best wishes to him in all of his future endeavors.

Unanimously adopted by the Board
July 14, 2005

Kenneth M. Jarin, Chair