

Board of Governors
of the
Pennsylvania State System of Higher Education

Meeting Minutes

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131st Meeting
Thursday, July 13, 2006
Boardroom, First Floor
Administration Building
2986 North Second Street
Harrisburg, PA 17110-1201

9:00 a.m.

ATTENDING:

Board of Governors:

Representative Matthew E. Baker
Mr. John M. Brinjac (designee for Governor Edward G. Rendell)
Ms. Marie Conley Lammando
Mr. Paul S. Dlugolecki
Dr. James L. Gearity (designee for Secretary Gerald L. Zahorchak)
Representative Michael K. Hanna
Mr. David P. Holveck
Mr. Kenneth M. Jarin (*Chair*)
Mr. Kim E. Lyttle
Ms. Christine J. Toretti Olson
Ms. Allison C. Peitz
Mr. C.R. "Chuck" Pennoni
Mr. Guido M. Pichini
Mr. Aaron A. Walton

Mr. Daniel P. Elby, Senator Vincent J. Hughes and Senator James J. Rhoades were absent.

Office of the Chancellor:

Dr. Judy G. Hample (*Chancellor*)
Jeffrey Cooper, Esquire
Mr. James S. Dillon
Dr. Peter H. Garland
Mr. Thomas M. Krapsho
Mr. Kenneth D. Marshall
Dr. Khalil Yazdi

Also in attendance for participation or in support of committee/Board activities from the Office of the Chancellor were: Ira Blake, Lou Bohl-Fabian, Charmaine Clowney, Steven Dupes, Audrey Guistwhite, Robert Hails, Kathleen Howley, Lois Johnson, Lou Ann Kauffman, Jeff McCloud, Jim Moran, Donald Passmore, Steve Robinson and Bonnie R. Westhafer.

University Presidents in attendance: Madeleine Wing Adler, Angelo Armenti, Jr., Wallace C. Arnold, Tony Atwater, F. Javier Cevallos, Robert J. Dillman, Joseph P. Grunenwald, G. F. "Jody" Harpster, Jessica S. Kozloff, Maravene S. Loeschke, Keith T. Miller, Francine G. McNairy, Frank G. Pogue, Jr. and Robert M. Smith.

Chairman Jarin called the meeting to order. Attendance taken at the direction of the Chairman established that a quorum of the Board was present.

The Pledge of Allegiance was recited by those in attendance.

APPROVAL OF THE MINUTES OF THE APRIL 6, 2006 MEETING

Chairman Jarin noted that the minutes of the April 6, 2006 meeting were distributed prior to the meeting. The Chairman moved THAT THE MINUTES OF THE APRIL 6, 2006 MEETING BE APPROVED. Mr. Lyttle seconded the motion. The motion passed unanimously.

REMARKS OF THE CHAIR

Chairman Jarin welcomed fellow Board members, Chancellor Hample, University Presidents, staff, guests, and Dr. Maravene Loeschke, President of Mansfield University, to her first Board of Governors' meeting.

Chairman Jarin reported that the Governor signed the appropriation act for 2006-07. The 5% increase (or additional \$22.3 million) approved in that measure recognizes the vital role PASSHE and the 14 Universities play in the Commonwealth. He noted that beginning with Governor Rendell's proposed funding increase of 4.5%, and through the efforts of the Board Advocacy Committee (Marie Conley Lammando, Guido Pichini and Kim Lyttle), Chancellor Hample and her staff, University Presidents and Trustees, and the support of the General Assembly (including Senators Rhoades and Hughes and Representatives Baker and Hanna—and Senate Appropriations Committee Director Dlugolecki), PASSHE was able to secure the greatest increase in appropriations since 1998-99. He stated that he knew the Governor and members of the General Assembly recognized the ongoing efforts made by our Universities to cut costs, and collaborate with one another and the Commonwealth to improve efficiency, improve quality and service to students, and realign resources to meet student interests and Commonwealth needs.

The Chairman announced that Governor Rendell would join the Board meeting by telephone later in the morning.

The Chairman noted that the General Assembly took an unprecedented step in ensuring that students at community colleges will be better able to transfer their initial 30 credits of foundation courses toward degrees at PASSHE Universities. This bill, signed by Governor

Rendell, builds on successful articulation programs and policies already in place between PASSHE and community colleges. PASSHE Universities are prepared to go beyond the requirements of the act and continue to work with community colleges to ensure that up to an additional 30 credits, aligned with the student's intended major, will transfer.

The Chairman stated that he had the pleasure of speaking to graduating students at Shippensburg University in May.

Chairman Jarin reported that as a result of the Human Resources Committee meeting yesterday, one supplemental item was added to the agenda for consideration.

The Chairman called on Chancellor Judy Hample for her report.

REPORT OF THE CHANCELLOR

Chancellor Hample welcomed those in attendance. She welcomed Dr. Maravene Loeschke, the new president of Mansfield University, and acknowledged the service of Dr. David J. Werner, who served as Mansfield University's interim president from August 2005 through June 30, 2006.

Chancellor Hample stated that PASSHE will receive \$467.6 million from the Commonwealth for 2006-07, an increase of \$22.3 million, or 5 percent more than it received in 2005-06. She noted that this was the largest amount of funding that PASSHE had received in the last 15 years. She thanked Governor Rendell and the General Assembly for their support of PASSHE and higher education, and for making 2006-07 the best year financially for PASSHE. She acknowledged and thanked legislators on the Board, the Board's Advocacy Committee, and Mr. Dlugolecki, Director of the Senate Appropriations Committee. Recognized also were Dr. Patricia Heilman, the Councils of Trustees, alumni, faculty and the Board of Student Government Presidents, all of whom were actively involved in supporting PASSHE's request for funding.

Chancellor Hample stated that PASSHE is committed to keeping tuition affordable. The \$5,038 tuition rate for this fall is the lowest rate among all four-year colleges and universities in Pennsylvania. Chancellor Hample thanked and commended the 14 University Presidents for their work and efforts to find cost-saving measures that helped the Board keep the tuition increase for students at a level that is the second lowest in eight years.

She stated that PASSHE Universities are involved in cost-saving initiatives and have realigned and redesigned academic programs to meet the changing needs of the workforce to ensure that graduates are well prepared for success.

Chancellor Hample's written report to the Board providing highlights on significant University accomplishments, student achievements, events and activities is attached (Attachment #1).

A video was shown highlighting commencement ceremonies at PASSHE Universities.

At 9:38 a.m., Governor Rendell joined the Board meeting via teleconference. He thanked Chairman Jarin and Chancellor Hample for their leadership. The Governor stated that he was

pleased with the tuition rate increase the Board was considering for in-state undergraduate students and thanked the University Presidents for making cuts in their budgets to help keep the cost of tuition down.

PUBLIC COMMENTS

Dr. Patricia Heilman, president of APSCUF, addressed the Board. Dr. Heilman was pleased that PASSHE's state appropriations had been increased for 2006-07, but expressed concern about the narrowing gap between appropriations for the stated-owned and state-related universities. Dr. Heilman shared data prepared by the APSCUF office on the appropriation disparity.

COMMITTEE REPORTS WITH RELATED ACTIONS

Chairman Jarin announced that one Board member was participating by telephone and that roll call votes would be taken.

A. Academic and Student Affairs Committee

Mr. Walton presented the report on behalf of the Academic and Student Affairs Committee. The Committee reviewed a summary of Academic Program Actions for the 2005-06 Academic Year. One new academic program was recommended to the Board for approval.

Mr. Walton moved THAT THE BOARD OF GOVERNORS APPROVE THE BACHELOR OF ARTS IN CRIMINOLOGY AND CRIMINAL JUSTICE DEGREE PROGRAM AT SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA. Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

B. Advancement Committee

Mr. Lyttle presented the report on behalf of the Advancement Committee. The Committee received information on recent legislative activity and related issues. There were no action items to report.

C. Audit Committee

Chairman Jarin presented the report on behalf of the Audit Committee. The Committee reviewed the Internal Review Group's 2005-06 Annual Report. Two items were recommended to the Board for approval.

Mr. Walton moved THAT THE BOARD OF GOVERNORS APPROVE THE INTERNAL REVIEW GROUP'S 2005-06 ANNUAL WORK PLAN (Attachment #2). Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

Mr. Walton moved THAT THE BOARD OF GOVERNORS APPROVE THE INTERNAL REVIEW GROUP'S 2005-06 ANNUAL BUDGET AND STAFFING LEVEL (Attachment #3). Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

D. Information Technology Committee

Mr. Holveck presented the report on behalf of the Information Technology Committee. He stated that the Committee received an update on various projects at SyTEC. There were no action items to report.

E. Finance, Administration, and Facilities Committee

Mr. Pennoni presented the report on behalf of the Finance, Administration, and Facilities Committee. Five items were recommended to the Board for approval.

Mr. Pennoni moved THAT THE BOARD OF GOVERNORS APPROVE RENOVATION AND EXPANSION OF SHIPPENSBURG UNIVERSITY'S REISNER DINING HALL AND FUTURE BOND FINANCING. Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

Mr. Pennoni moved THAT THE BOARD OF GOVERNORS APPROVE CONSTRUCTION OF A NEW STUDENT RECREATION CENTER AT WEST CHESTER UNIVERSITY AND FUTURE BOND FINANCING. Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

Mr. Pennoni moved THAT THE BOARD OF GOVERNORS APPROVE THE ALLOCATION OF FUNDS FROM PASSHE'S FISCAL YEAR 2006-07 PROGRAM INITIATIVES LINE ITEM (Attachment #4). Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

Mr. Pennoni moved THAT THE BOARD OF GOVERNORS APPROVE THE ALLOCATION OF FUNDS FROM PASSHE'S FISCAL YEAR 2006-07 E&G APPROPRIATION (Attachment #5). Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

Mr. Pennoni moved THAT THE BOARD OF GOVERNORS APPROVE THE FISCAL YEAR 2006-07 TUITION RATES (Attachment #6) AND TECHNOLOGY TUITION FEE RATES (Attachment #7). Chairman Jarin requested that a roll call vote be taken. The motion passed unanimously.

F. Executive Committee

Chairman Jarin presented the report on behalf of the Executive Committee. One item was recommended to the Board for approval.

Mr. Walton moved THAT THE BOARD OF GOVERNORS APPROVE THE MEETING DATES AND HOLD DATES FOR CALENDAR YEAR 2009 AS INDICATED IN THE BOARD OF GOVERNORS' MEETING CALENDAR DATED JULY 12, 2006 (Attachment #8). The motion passed unanimously.

G. Human Resources Committee

Chairman Jarin presented the report on behalf of the Human Resources Committee. The Committee met in Executive Session on Wednesday, July 12, 2006, from 5:20 p.m. to 6:20 p.m., to discuss personnel matters.

Chairman Jarin moved that THE BOARD OF GOVERNORS APPROVE THE CONTRACT EXTENSION OF DR. JUDY G. HAMPLE AS CHANCELLOR OF THE PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION, BY ONE YEAR FROM AUGUST 1, 2008 TO JULY 31, 2009. The motion passed unanimously.

Board Action

Mr. Walton reported on behalf of the Nominating Committee. The Committee recommended a slate of officers for 2006-07: Mr. Kenneth Jarin, Chairman; Mr. Kim Lyttle, Vice Chair; and Mr. Chuck Pennoni, Vice Chair.

Mr. Walton moved that the BOARD OF GOVERNORS ACCEPT THE RECOMMENDATIONS OF THE NOMINATING COMMITTEE. The motion passed unanimously.

ANNOUNCEMENT

Chairman Jarin announced that the next quarterly Board of Governors' meeting is scheduled for October 11-12, 2006.

ADJOURNMENT

There being no further items of business to come before the Board, the Chairman adjourned the meeting at 10:35 a.m.

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

**Highlights from the
Pennsylvania State System of Higher Education
(PASSHE)
July 13, 2006**

Please allow me to welcome to her first meeting, Dr. Maravene S. Loeschke, the new president of **Mansfield University of Pennsylvania**. Dr. Loeschke comes to PASSHE from Wilkes University, where she had served as provost for the last four years. I also would like to acknowledge the service of Dr. David J. Werner, who served as Mansfield's interim president from last August through June 30.

I would like to congratulate **Clarion University of Pennsylvania** President Joseph P. Grunenwald, who has been appointed to the 15-member National Collegiate Athletic Association (NCAA) Division II Presidents Council. The Council serves as a leadership structure and forum for presidential interests in Division II athletics. Clarion University was recognized by the Pennsylvania State Athletic Conference (PSAC) on its 50th anniversary for having the most conference titles of any University since the conference began in 1951. Clarion also leads the PSAC in the percentage of athletes winning student-scholar status, requiring a 3.25 or higher grade-point average.

Edinboro University of Pennsylvania President Frank G. Pogue received the 2006 Distinguished Citizen Award presented by the French Creek Council, Boy Scouts of America. The award is presented annually to Erie County residents whose leadership in community endeavors has contributed significantly to the vitality of Northwestern Pennsylvania.

University Accomplishments and Other Noteworthy Activities

Congressman Chaka Fattah was the keynote speaker for the opening of the EFFORT Summer Academy program, which is being offered at **Cheyney University's** Urban Site as part of the Pennsylvania State GEAR UP Project. The Pennsylvania State System of Higher Education is a major participant in the project, having received a \$12.5 million GEAR UP grant from the U.S. Department of Education nearly four years ago.

Project EFFORT is an academic summer program developed by Cheyney and West Chester Universities of Pennsylvania. University professors and student assistants from **Cheyney, West Chester and Kutztown Universities** are delivering classes and tutoring students from the School District of Philadelphia to help prepare them for post secondary education. The three-week program includes classes in English, math and PSAT prep.

Several businesses have provided in-kind contributions to the project. They include WAWA Corp., Wal-Mart's Good Works Program, K-Mart Corporation, Dynamic Bookstore, Cheney University Bookstore and Oprah Winfrey's Read Across America Program. These contributions include 30 graphing calculators, books, school supplies and lunches.

Cheyney University of Pennsylvania will participate in five separate health research projects being funded through the Commonwealth Universal Research Enhancement Program. The projects will receive combined grant funding totaling nearly \$19 million from Pennsylvania's share of the national tobacco settlement for 2005-06. Cheyney

will work in collaboration with Temple University and **Bloomsburg University of Pennsylvania**, Geisinger Medical Center and Insight Telehealth, to test an Internet-based telemedicine system to determine if the system can, through self-monitoring, education, a supervised chat room, bulletin boards and e-mail, help overweight and obese individuals improve weight loss and insulin sensitivity. Cheyney also will participate in research projects with Thomas Jefferson University, the University of Pennsylvania, the University of Pittsburgh and Lincoln University.

East Stroudsburg University of Pennsylvania's teacher education programs have received continuing accreditation by the National Council for Accreditation of Teacher Education (NCATE). The NCATE accreditation was renewed for a maximum seven years. ESU was one of the first institutions in the United States to be accredited by NCATE in 1954.

Indiana University of Pennsylvania's College of Education and Educational Technology also has received continuing accreditation from NCATE, which it has held for more than 50 years.

IUP, one of the first universities in the nation joining the disciplines of criminology and computer science in the information assurance field, has been designated as a Center for Academic Excellence in Information Assurance Education by the National Security Agency and the Department of Homeland Security. As a result of this designation, IUP students are eligible to apply for scholarships and grants through the federal Information Assurance Scholarship Program.

Slippery Rock University of Pennsylvania's Bachelor of Science degree program in safety and environmental management has become one of only three programs in the United States recognized by the Institute for Safety and Health Management for meeting its program standards. Also, the University's athletic training and social work programs both have received continuing accreditation and its theater program has received its initial accreditation.

Millersville University of Pennsylvania's Center for Counseling and Human Development has received continuing accreditation by the International Association of Counseling Services, Inc. (IACS), an Alexandria, Virginia, based organization of United States, Canadian and Australian counseling agencies. The Center was evaluated by IACS against high standards of counseling practice and was found to offer competent and reliable professional services to its clientele.

Millersville University's art and design programs have been accredited by the National Association of Schools of Art and Design (NASAD). The accreditation demonstrates the University's compliance with NASAD's procedures, standards and guidelines following a major self-study and intensive peer review.

The National League for Nursing Accrediting Commission has granted continuing accreditation to the master's degree nursing program offered jointly by Clarion, Edinboro and Slippery Rock Universities of Pennsylvania. The program was initially accredited in 1999 and has been reaccredited for eight years.

Kutztown University of Pennsylvania's Early Learning Center received National Association for the Education of Young Children (NAEYC) accreditation for the 15th

straight year. The Center is one of only three centers in Berks County to hold this accreditation.

Bloomsburg University of Pennsylvania's Institute for Interactive Technologies (IIT) was awarded a Ben Franklin Technology Partners of Northeastern Pennsylvania Innovation Award. The IIT played a pivotal role in the creation of the Greater Susquehanna Keystone Innovation Zone, which encourages companies to locate near universities to their mutual benefit and to spur economic development.

California University of Pennsylvania has signed an articulation agreement with A.W. Beattie Career Center that will allow graduates of the Robotics Engineering Technology Program at Beattie to receive advanced standing credit in associate degree programs offered by Cal U. The Technology Collaborative (TTC), a statewide economic development organization that supports the growth of Pennsylvania's world-class robotics, cyber-security and digital technologies industries, will receive \$160,000 from the Pennsylvania Department of Community and Economic Development (DCED) to continue the 2+2+2 Robotics Partnership into its second year. The funding will support program expansion at Beattie and Cal U. and bring the McKeesport Area Technology Center into the partnership.

Lock Haven University of Pennsylvania won the 2006 NCAA Division II softball title by defeating Emporia State University in the championship game played in Salem, Virginia. Freshman pitcher Kristin Erb pitched her second shutout of the tournament to lead Lock Haven to its first national championship.

Fundraising, Grants and Other Awards

Indiana University of Pennsylvania's recently completed "Gateways to Opportunity" capital campaign received gifts and pledges totaling more than \$20 million, significantly ahead of its \$14 million goal. The campaign raised \$7 million for student scholarships, compared with an original goal of \$2 million.

Ward Manufacturing Inc. has pledged \$800,000 to establish a new endowment for the children of employees at Ward and ACP Manufacturing LLP who attend **Mansfield University of Pennsylvania**. The endowment represents the single largest pledge to the first comprehensive campaign in MU history, "Our Special Mission – Our Future: The Campaign for Mansfield University." The Ward Manufacturing endowment will fund 16 scholarships per year in increasing amounts to continuing students who meet the established criteria.

East Stroudsburg University of Pennsylvania has officially kicked off its comprehensive capital campaign, "Today's Dream, Tomorrow's Reality," and is more than halfway to its \$15 million goal. The announcement was made at the groundbreaking of the University's new \$27 million Science and Technology Center. The capital campaign will raise money for the annual fund, athletic facilities renovations, scholarship endowments and the fine and performing arts endowment.

West Chester University of Pennsylvania's Poetry Center has successfully completed a National Endowment for the Humanities challenge grant that required the University to raise \$900,000 in private funding – a goal that was exceeded in May – to qualify for a \$300,000 grant for the Poetry Center. Since its inception in 2000, the

WCU Poetry Center has provided the nation's finest instruction in the traditional techniques of poetry while offering an international forum for the discussion of this art form. Each June, the Poetry Center hosts the largest annual all-poetry writing conference in the country, which this year included a delegation of poets from Russia.

The Cyber Crime and Forensics Institute, a collaborative effort among **East Stroudsburg**, Drexel and Rider Universities, has received \$1 million in federal funds to support computer science education.

California University of Pennsylvania and **Millersville University of Pennsylvania** are coordinating a three-year effort to encourage more students to consider careers in advanced manufacturing technology. The program is being funded by an \$810,000 grant from the National Science Foundation (NSF) to the Pennsylvania State System of Higher Education (PASSHE). The project will help address the shortage of advanced manufacturing technology workers in the Commonwealth by increasing efforts to recruit students into related fields of study; providing student mentors; and updating the middle school, high school and college technology curriculum.

California University Professors Kevin Koury and Katherine Mitchem in conjunction with the University of Missouri-Columbia recently were awarded a \$398,791 grant from the U.S. Department of Education to conduct field research on the benefits of technology use in the public school system for students with disabilities.

Slippery Rock University of Pennsylvania has received a \$610,995 grant from the U.S. Transportation Hometown Streets and Safe Routes to School Program to construct lighted pedestrian paths in the southeastern corner of campus and along Harmony Road.

Lois Hamilton, a business owner and former art professor at a nearby college, has donated her “Sincerrey Andalusians” horse farm to the **Slippery Rock University Foundation** for conversion to student scholarship support. The farm is expected to generate in the neighborhood of \$300,000 to be used for scholarships.

Edinboro University of Pennsylvania, in partnership with the Northwest Tri-County Intermediate Unit, has received a \$261,000 grant through the U.S. Department of Education’s Teaching American History program. The three-year grant is designed to raise student achievement by improving teachers' knowledge and understanding of and appreciation for traditional U.S. history.

Student and Faculty Recognition

Kristin A. Juhasz of Indiana, a junior at **Indiana University of Pennsylvania**, has been awarded a Barry M. Goldwater Scholarship in a national competition. Juhasz is pursuing a double major in biology and anthropology in the Robert E. Cook Honors College. She was an intern last summer at Emory University in Atlanta, working in a primate lab to further Parkinson’s disease research.

Jason Grieshober of Erie, who received a biology degree from **Clarion University of Pennsylvania** in May, has been awarded an \$80,000 Academic Merit Award to attend

the Temple University Medical School. Grieshober was one of only 150 students accepted for admission to the medical school out of more than 8,000 applicants.

Maria Haverovich, a recent graduate of **Kutztown University of Pennsylvania**, has been awarded a Fulbright Scholarship to complete a teaching assistantship in Spain during the 2006-07 academic year. She will serve as a teaching assistant at a primary school in El Boalo, a suburb of Madrid. The Fulbright program, established in 1946 and funded by the U.S. Department of State, is the largest U.S. international exchange program, offering opportunities for students, scholars and professionals to undertake international graduate study, advanced research, university teaching, and teaching in elementary and secondary schools worldwide.

East Stroudsburg University of Pennsylvania political science graduate student Jehan Johnson was selected as one of 200 students to attend an international symposium, "Architects of the Future: Making Tomorrow Better Today," held in Washington, D.C., to discuss top goals of the United Nations. The event is sponsored by ATHGO International, a nonprofit organization, aimed at preparing future diplomats.

Joanna Salicki, who will graduate in August from **Bloomsburg University of Pennsylvania**, was selected as the winner of the XXXI National Lambda Alpha Scholarship by the National Collegiate Honors Society in Anthropology. She received a \$5,000 scholarship and the nation's highest honors. She is conducting archaeological fieldwork this summer in Majorca, Spain.

Bloomsburg University's National Student Speech Language Hearing Association (NSSLHA) Chapter has been recognized by the American Speech-Language-Hearing Association (ASHA) as NSSLHA Chapter of the Year and by the Pennsylvania Speech-Language-Hearing Association (PSHA) as recipient of NSSLHA Chapter Honors. The group also won the PSHA NSSLHA Chapter Membership Award.

The three-member **Slippery Rock University** financial planning team took third place in the national finals of the Ameriprise Financial Planning Invitational in Minneapolis.

Eight students from **Cheyney University of Pennsylvania** are participating in the Washington Center for Internships and Academic Seminars. The Center provides interns to thousands of organizations in government, business and the non-profit sector. The internships are valued at \$12,000 each. The students participating in the program are Devyn Swain, Garvin Reid, Nicole Kellem, Julbert Abraham, Whitney Jones, Omenihu Amachi, Cedric Perry and Jeremy Pittman.

Millersville University Professor Len S. Litowitz recently was named "Technology Teacher Educator of the Year" by the International Technology Education Association. The award is granted to one outstanding individual per year in recognition of sustained contributions to the field in the areas of teaching, scholarship and service at the local, state and national levels over a prolonged period of time. Litowitz was also awarded a Distinguished Service Citation by the International Honorary Fraternity of Epsilon Pi Tau.

Millersville University's computer science Cyber Defense Team captured second place in the first National Collegiate Cyber Defense Contest. The eight-member team

competed against teams from the University of North Carolina at Charlotte, the University of Texas at Austin, Southern Illinois University at Carbondale and a combined team from the U.S. Military, Air Force, Merchant Marine and Coast Guard Academies and the Air Force Institute of Technology.

Shippensburg University of Pennsylvania's Students in Free Enterprise (SIFE) team finished among the top 20 teams in the 2006 SIFE USA National Exposition held in Kansas City, Missouri. SIFE teams organize community service projects that teach market economics, success skills, entrepreneurship, financial literacy and business ethics. The Shippensburg team advanced to the SIFE USA National Exposition by winning at the regional level in late March. At the national competition, the team finished ahead of such schools as Syracuse University, Carnegie Mellon University, Washington State University, Virginia Tech and Indiana University-Bloomington.

Grad Techs LLC, a computer security start-up company founded by **East Stroudsburg University** graduate Brian Pedone and ESU senior Michael P. Moynihan III, won first place in the 4th Annual Great Valley Business Plan competition. They received \$20,000 in cash and well as in-kind services valued in excess of \$28,000.

Five **East Stroudsburg University** students received scholarships totaling \$100,000 from the U.S. Department of Defense Information Assurance program. They were among 50 students selected nationwide from more than 400 applicants. ESU is one of 67 National Centers for Academic Excellence in Information Assurance Education. The scholarships ultimately lead to employment at the Department of Defense.

PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION
INTERNAL REVIEW GROUP
ANNUAL WORK PLAN *
2006-07

EXECUTIVE SUMMARY

PLANNED REVIEWS

- System Accountability Program
- Shared Administrative System
- Technology Fee

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 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 July 13, 2006.***

PLANNED REVIEWS

System Accountability Program

Objective

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

Scope

Conduct audits of the System Accountability Program at Universities where the President is undergoing a formal evaluation in fiscal year 2006-07. The review will include a campus visit and cover selected aspects of each component of the Program: accountability measures, Narrative Assessment Statement and University Performance Plan.

The purpose of the review is to confirm the accuracy of the University's results for fiscal year 2005-06 by comparing reported data to appropriate supporting documentation regarding System values, goals and standards outlined in the accountability measures, as well as institution-specific initiatives and accomplishments. Additionally, University officials 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 SAP contract.

Scope

Conduct ongoing reviews of progress and testing performed by PASSHE regarding implementation of each SAP module. Additionally, we will perform other special reviews related to the shared administrative system requested by System officials.

Technology Fee

Objective

Ensure 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 System's technology fee at selected Universities in fiscal year 2006-07. 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 2005-06 will serve as the principal documents for conducting the audit.

SPECIAL PROJECTS AND INVESTIGATIONS

Objective

Board of Governors Policy 1991-06-A, *State System Audit Policy*, specifies that a committee comprised of the System's Chief Counsel, Director of Internal Review 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 and University Presidents as well as outside entities, e.g., the Commonwealth's Auditor General or 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 2006-07 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.

Attachment #3

BUDGET SUMMARY							
Function: Internal Review Group							
Cost Proration Basis: Allocated to the Universities and the Office of the Chancellor based on pro rata share of Educational and General expenses.							
		FY 2004/05 Actual	FY 2005/06 Projected	% Change	FY 2005/06 Budget	FY 2006/07 Budget Request	% Change
FTE Complement:	Authorized	3.00	3.00	0.0%	3.00	3.00	0.0%
	Filled	3.00	3.00	0.0%	3.00	3.00	0.0%
Revenue		\$1,839	\$0	—	\$0	\$0	—
Personnel Expenditures:							
Salary		203,458	210,108	3.3%	210,108	222,208	5.8%
Benefits		66,610	79,628	19.5%	79,628	83,156	4.4%
Total Personnel Expenditures		270,068	289,736	7.3%	289,736	305,364	5.4%
Operating Expenditures:							
Postage/Freight		199	125	-37.2%	125	125	0.0%
Telecommunications Charges		2	0	—	0	0	—
Advertising		0	0	—	0	0	—
Subscriptions		171	200	17.0%	200	200	0.0%
Memberships		530	520	-1.9%	520	520	0.0%
Printing and Duplicating		0	0	—	200	0	—
Travel and Transportation		3,885	8,000	105.9%	7,700	8,000	3.9%
Computing and Data Processing		0	0	—	0	0	—
Professional Services		0	0	—	0	0	—
Other Services		164	600	265.9%	600	600	0.0%
Insurance		0	0	—	0	0	—
Utilities		0	0	—	0	0	—
Rental and Lease (Excluding Vehicles)		244	0	—	550	0	—
Miscellaneous Services		0	20	—	0	0	—
Supplies		515	515	0.0%	760	600	-21.1%
Other Current Charges (Includes Overhead)		32,894	10,356	-68.5%	10,356	55,268	433.7%
Expensed Assets		3,619	5,298	46.4%	2,027	0	—
Renewal and Replacement Transfer		0	1,206	—	1,206	2,806	132.7%
Total Operating Expenditures		42,223	26,840	-36.4%	24,244	68,119	181.0%
Capital Expenditures		0	0	—	0	0	—
Total Expenditures		312,291	316,576	1.4%	313,980	373,483	19.0%
Less Renewal and Replacement Released		(19,080)	(6,986)	-63.4%	(2,027)	0	—
Net Expenditures		\$291,372	\$309,590	6.3%	\$311,953	\$373,483	19.7%

Allocation of the Fiscal Year 2006-07 Program Initiatives Line Item

Performance Funding\$9,352,000

For the past six years, the Board of Governors has rewarded performance at PASSHE Universities. In Fiscal Year 2005-06, \$22.3 million of the E&G appropriation and \$8.9 million of the Program Initiatives line item, for a total of \$31.2 million or the equivalent of 7% of the E&G appropriation, were distributed to the Universities based upon performance. It is proposed that a Performance Funding pool of \$37.4 million—the equivalent of 8% of the E&G appropriation—be established for Fiscal Year 2006-07, with \$9.4 million from the Program Initiatives line item and \$28.1 million from the E&G appropriation. Universities must use these line item performance funding dollars for academic program accreditation and library resources.

Integrated Information Systems\$7,346,000

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 maximize efficiencies in administrative processes, e.g., procurement, data storage and retrieval, room scheduling and student registration. Full funding for this project is necessary to support additional functionality, upgrades to hardware and operating systems and additional capacity for disaster recovery.

Educator Excellence\$1,350,000

The Educator Excellence component of the Program Initiatives line item will build upon the strengths of PASSHE Universities, the Pennsylvania Academy for the Profession of Teaching and Learning, and the Labor Education Institute. This funding will continue efforts to (1) enhance the quality of preparation for elementary and early childhood educators, (2) improve preparation of education students for the PRAXIS test, (3) increase the number of qualified teachers and other professionals for urban school districts, (4) increase the number and quality of science and mathematics teachers and (5) enhance the skills of current teachers and administrators through professional development.

Total Program Initiatives Line Item \$18,048,000

Funding of System-Wide Initiatives from the Fiscal Year 2006-07 E&G Appropriation

Professional Development Funds—It is anticipated that the new collective bargaining agreement between PASSHE and the State College and University Professional Association (SCUPA) will continue to require \$75,000 for its professional development program. In addition, the collective bargaining agreement with the Association of Pennsylvania State College and University Faculties (APSCUF) continues the Faculty Professional Development Program, with a Fiscal Year 2006-07 funding requirement of \$150,000.

Dixon University Center Academic Programs—The academic programming performed at the Dixon University Center has been funded partially through the E&G appropriation for many years. The total appropriation recommended for continuation of these academic services and associated maintenance of the Dixon University Center site is \$1,400,000. This represents level funding for these activities from the previous year.

Replenishment of the System Reserve—The total recommended allocation to the System Reserve for Fiscal Year 2006-07 is \$705,000, which will replenish the System Reserve to the \$1,500,000 level required by Board of Governors' Policy 1984-07-A. Estimated Fiscal Year 2006-07 expenditures include \$150,000 for presidential searches at Shippensburg, Edinboro and Cheyney Universities and \$68,692 for the System audit. Attachment 2 is a detailed list of expenditures in Fiscal Year 2005-06.

McKeever Environmental Learning Center—An allocation of \$327,731 is recommended for operation of the McKeever Environmental Learning Center by Slippery Rock University. This funding level augments its \$216,000 line item appropriation and represents a total increase in McKeever's appropriations similar to PASSHE's anticipated overall E&G budget growth.

Performance Funding—Over the last six years, the Board has embraced the concept of performance funding through implementation of a program that has experienced annual increases in the amount of funding distributed to the Universities based upon performance. In Fiscal Year 2005-06, 5% of the E&G appropriation was distributed through performance funding, along with 2% from the Program Initiatives line item. The Board had requested an increase in matching funding in the Fiscal Year 2006-07 Program Initiatives line item to fund this program at a combined level equivalent to 8% of the E&G appropriation. In a separate Board action item, it is proposed that \$9,352,000 of the 2006-07 Program Initiatives line item be used for performance funding, in conjunction with 6% of the E&G appropriation, for a total pool equal to 8% of the E&G appropriation, or \$37,409,800. Therefore, it is proposed that \$28,057,800 of the E&G appropriation be allocated for performance funding.

MOTION: That the Board of Governors approve the following allocation of funds from PASSHE's Fiscal Year 2006-07 E&G appropriation.

Item	Amount
SCUPA Professional Development Fund	\$75,000
APSCUF Professional Development Fund	\$150,000
Dixon University Center Academic Programs	\$1,400,000
System Reserve	\$705,000
McKeever Environmental Learning Center	\$327,731
Performance Funding	\$28,057,800

Attachment 1
Pennsylvania State System of Higher Education
Fiscal Year 2006-07 Tuition Schedule

Student Classification	2005-06	2006-07	Change	Percent
Full-Time Academic Year				
Resident Undergraduate	4,906	5,038	132	2.7%
Resident Graduate	5,888	6,048	160	2.7%
Nonresident Undergraduate:				
Maximum (250%)*	12,266	12,598	332	2.7%
\$2,000 less than Maximum (LO)	10,266	10,598	332	3.2%
200% (CH**, CL**)	9,814	10,078	264	2.7%
165% (MA**)	8,096	8,314	218	2.7%
150% (CA, CL**, EA**, ED**, IN**, SH**, SL**)	7,360	7,558	198	2.7%
Nonresident Graduate	9,422	9,678	256	2.7%
Full-Time Semester				
Resident Undergraduate	2,453	2,519	66	2.7%
Resident Graduate	2,944	3,024	80	2.7%
Nonresident Undergraduate:				
Maximum (250%)*	6,133	6,299	166	2.7%
\$2,000 less than Maximum (LO)	5,133	5,299	166	3.2%
200% (CH**, CL**)	4,907	5,039	132	2.7%
165% (MA**)	4,048	4,157	109	2.7%
150% (CA, CL**, EA**, ED**, IN**, SH**, SL**)	3,680	3,779	99	2.7%
Nonresident Graduate	4,711	4,839	128	2.7%
Per Student Credit Hour***				
Resident Undergraduate	204	210	6	2.9%
Resident Graduate	327	336	9	2.8%
Nonresident Undergraduate:				
Maximum (250%)*	511	525	14	2.7%
\$2,000 less than Maximum (LO)	428	442	14	3.3%
200% (CH**, CL**)	409	420	11	2.7%
165% (MA**)	337	346	9	2.7%
150% (CA, CL**, EA**, ED**, IN**, SH**, SL**)	307	315	8	2.6%
Nonresident Graduate	523	538	15	2.9%
Nonresident Undergraduate Distance Education, Minimum	208	214	6	3.0%
Nonresident Undergraduate Distance Education, Maximum	510	525	15	2.9%
Nonresident Graduate Distance Education, Minimum	334	343	9	2.6%
Nonresident Graduate Distance Education, Maximum	818	840	22	2.7%

*Charged to all nonresidents not specifically addressed by an University-based Nonresident Tuition Plan, including all international students who are charged the maximum nonresident rate.

**Applies to certain nonresident students, based upon geographic location, academic program or academic standing.

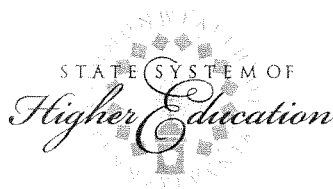
***For part-time student charges, and summer and interim sessions.

Attachment 2
Pennsylvania State System of Higher Education
Fiscal Year 2006-07 Technology Tuition Fee Schedule*

Student Classification	2005-06	2006-07	Increase	Percent
<i>Full-Time Academic Year</i>				
Resident Undergraduate	\$125	\$125	0	0%
Nonresident Undergraduate	\$188	\$188	0	0%
Resident Graduate	\$125	\$125	0	0%
Nonresident Graduate	\$188	\$188	0	0%
<i>Full-Time Semester</i>				
Resident Undergraduate	\$62.5	\$62.5	0.0	0%
Nonresident Undergraduate	\$94	\$94	0	0%
Resident Graduate	\$62.5	\$62.5	0.0	0%
Nonresident Graduate	\$94	\$94	0	0%
<i>Part-Time (Flat rate for all part-time students)**</i>				
Resident Undergraduate (less than 12 credits)	\$31	\$31	0	0%
Nonresident Undergraduate (less than 12 credits)	\$47	\$47	0	0%
Resident Graduate (less than 9 credits)	\$31	\$31	0	0%
Nonresident Graduate (less than 9 credits)	\$47	\$47	0	0%

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

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



Pennsylvania State System of Higher Education Board of Governors' Meeting Calendar

Unless otherwise noted, all meetings will be scheduled in the Administration Building, Dixon University Center, 2986 North Second Street, Harrisburg, Pennsylvania.

2006	Wednesday and Thursday Thursday Wednesday and Thursday	July 12 and 13 September 14* October 11 and 12
2007	Wednesday and Thursday Thursday Wednesday and Thursday Thursday Thursday Wednesday and Thursday Thursday Wednesday and Thursday	January 10 and 11 February 8* April 11 and 12 May 10* June 14* July 11 and 12 September 6* October 10 and 11
2008	Wednesday and Thursday Thursday Wednesday and Thursday Thursday Thursday Wednesday and Thursday Thursday Wednesday and Thursday	January 9 and 10 February 14* April 9 and 10 May 8* June 12* July 9 and 10 September 11* October 1 and 2
2009	Wednesday and Thursday Thursday Wednesday and Thursday Thursday Thursday Wednesday and Thursday Thursday Wednesday and Thursday	January 14 and 15 February 12* April 1 and 2 May 14* June 11* July 8 and 9 September 10* October 8 and 9

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