

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

Meeting Minutes

196th Meeting
Friday, September 20, 2013
via Conference Call
Boardroom, First Floor
Administration Building
2986 North Second Street
Harrisburg, PA 17110-1201

9:00 a.m.

ATTENDING

Board of Governors:

Ms. Marie Conley
Ms. Sara J. Dickson
Ms. Laura E. Ellsworth
Representative Michael K. Hanna
Mr. Jonathan B. Mack
Mr. Guido M. Pichini (Chair)
Mr. Harold C. Shields
Mr. Robert S. Taylor
Mr. Aaron A. Walton
Senator John T. Yudichak

Senator Richard L. Alloway II, Representative Matthew E. Baker, Ms. Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Dr. Carolyn C. Dumaresq (Acting Secretary), Mr. Ronald G. Henry, and Mr. Joseph F. McGinn were absent.

Office of the Chancellor:

Ms. Karen S. Ball
Dr. Peter H. Garland
Ms. Lois M. Johnson
Mr. Andrew C. Lehman
Dr. James D. Moran

In attendance from the Office of the Chancellor: Ginger S. Coleman, Audrey J. Guistwhite, Kenn D. Marshall, and Thomas C. Zipfel.

In attendance via conference call: Frank T. Brogan, Mr. Mark S. Grochocki (Senator Yudichak's designee), Ms. Angela C. Stalnecker (Representative Hanna's designee)

University Presidents in attendance via conference call: Francis L. Hendricks, Cheryl J. Norton, and David L. Soltz.

Chairman Pichini called the meeting to order at 9:05 a.m.

Attendance taken at the direction of the Chairman established that a quorum of the Board was present.

Public Comments

No public comments.

Remarks of the Chair

Chairman Pichini welcomed everyone to the special meeting of the Board of Governors.

Chairman Pichini said the Board of Governors will consider one action item regarding the allocation of appropriations to the universities for this fiscal year (2013/14).

Chairman Pichini mentioned that on September 5 the Finance, Administration, and Facilities Committee of the Board of Governors met to consider establishing limits to the annual fluctuation in the share of state appropriations allocated to each university. This committee meeting resulted in the recommendation that is under consideration by the Board.

Chairman Pichini asked Acting Chancellor Peter Garland, on behalf of Mr. Henry, Chair of the Finance Committee, who could not participate in today's meeting, to provide an overview of the process and rationale that led to this recommendation.

Acting Chancellor Peter Garland's Overview

- Every July, the Board takes action on items that facilitate the distribution of PASSHE's appropriation to the universities. As required by law and Board policy, appropriations are distributed to the universities through an allocation formula and performance funding.
- The fiscal year 2013/14 allocation formula results generated the greatest change among institutions (ranging from a 5.4 percent decrease to 4.4 percent increase) that has been seen since the formula was last modified in 2007. Coupled with changes in Pennsylvania demographics that are creating enrollment challenges at most PASSHE universities, these formula results exacerbated the unusual financial circumstances some of our universities are facing today.

- The Committee considered various solutions during the summer, but waited to make any recommendations until September 5—after the results of performance funding were known—to make decisions with full knowledge on the potential combined fiscal impact of allocation formula and performance funding results.
- The resulting recommendation continues to reward performance—both in recognition of enrollment and performance on certain key indicators—yet limits the amount any institution can gain in one year to two percent. This creates a mechanism to limit the most significant decreases to what would otherwise occur at some institutions. In total, the recommended adjustment affects five universities.

Chairman Pichini moved **THAT THE BOARD OF GOVERNORS APPROVE AN ADJUSTMENT TO UNIVERSITY APPROPRIATIONS AS REFERENCED IN THE ATTACHED TABLE.** (Attachment #1)

The motion passed unanimously.

Chairman Pichini moved to go into a brief executive session to discuss personnel and legal issues.

Executive Session convened at 9:15 a.m.

Executive Session adjourned at 9:55 a.m.

The Board meeting reconvened at 9:56 a.m.

There being no further items of business to come before the Board, Chairman Pichini adjourned the meeting at 9:57 a.m.

ATTEST: _____
Lois M. Johnson
Secretary to the Board

Pennsylvania State System of Higher Education
Possible Alternative to Limit 2013/14 Appropriation Allocation Fluctuation
As of August 29, 2013

	2012/13 Total Appropriations*	2013/14 Total Appropriation Results			Alternative: 2% Cap		
		2013/14 Total Appropriations*	Difference from 2012/13 Total		Adjusted 2013/14 Total Appropriations	Difference from 2012/13	
			Amount	Percent		Amount	Percent
Bloomsburg	\$33,525,055	\$32,994,559	(\$530,496)	-1.58%	\$32,994,559	(\$530,496)	-1.58%
California	30,478,134	28,725,965	(1,752,169)	-5.75%	29,751,310	(726,824)	-2.38%
Cheyney	12,842,370	13,098,158	255,788	1.99%	13,098,158	255,788	1.99%
Clarion	22,596,328	22,261,739	(334,589)	-1.48%	22,261,739	(334,589)	-1.48%
East Stroudsburg	20,806,735	21,160,935	354,200	1.70%	21,160,935	354,200	1.70%
Edinboro	25,571,584	24,114,315	(1,457,269)	-5.70%	24,963,085	(608,499)	-2.38%
Indiana	52,981,220	52,382,984	(598,236)	-1.13%	52,382,984	(598,236)	-1.13%
Kutztown	33,787,934	33,046,563	(741,371)	-2.19%	33,105,442	(682,492)	-2.02%
Lock Haven	19,571,752	20,263,009	691,257	3.53%	19,963,187	391,435	2.00%
Mansfield	16,949,857	16,702,905	(246,952)	-1.46%	16,702,905	(246,952)	-1.46%
Millersville	30,277,192	30,872,019	594,827	1.96%	30,872,019	594,827	1.96%
Shippensburg	28,013,306	28,164,791	151,485	0.54%	28,164,791	151,485	0.54%
Slippery Rock	31,710,459	32,274,771	564,312	1.78%	32,274,771	564,312	1.78%
West Chester	48,935,460	51,547,341	2,611,881	5.34%	49,914,169	978,709	2.00%
University Total	\$408,047,386	\$407,610,054	(\$437,332)	-0.11%	\$407,610,054	(\$437,332)	-0.11%

*Base formula allocations plus performance funding.

Note: All universities with adjusted appropriations are highlighted.