



# Board of Governors' Meeting

Boardroom, First Floor  
Administration Building  
Dixon University Center  
2986 North Second Street  
Harrisburg, PA 17110-1201

February 22, 2017

via conference call – 3:00 p.m.

## Agenda

Call to Order and Roll Call of Board Members

Public Comments

Board Action

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Other Business

Adjournment

**Board Members:** Cynthia D. Shapira (*Chair*), Senator Ryan P. Aument, Representative Matthew E. Baker, Audrey F. Bronson, Secretary Sarah E. Galbally (Governor Wolf's designee), Representative Michael K. Hanna, Donald E. Houser, Jr., Jonathan B. Mack, David M. Maser (*Vice Chair*), Barbara McIlvaine Smith, Daniel P. Meuser, Thomas S. Muller, Guido M. Pichini, Secretary of Education Pedro A. Rivera, Senator Judith L. Schwank, Harold C. Shields, Aaron A. Walton (*Vice Chair*), and Governor Thomas W. Wolf.

For further information, contact Randy Goin, Jr. at (717) 720-4010.

**Board of Governors' Meeting**

February 22, 2017

**SUBJECT:** Ratify the American Federation of State, County, and Municipal Employees (AFSCME) Collective Bargaining Agreement and Memorandum of Understanding (ACTION)

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**UNIVERSITIES AFFECTED:** All

**BACKGROUND:** In accordance with Act 188 of 1982 as amended Section 20-2005-A, the Office of the Chancellor of Pennsylvania's State System of Higher Education (State System) participated in negotiations and meet and discuss for a new AFSCME collective bargaining agreement and memorandum of understanding, respectively, for the period July 1, 2016 through June 30, 2019. The attached summary details the key changes that resulted from coalition bargaining with the Commonwealth of Pennsylvania.

**MOTION:** That the Board of Governors ratify the AFSCME collective bargaining agreement and memorandum of understanding and authorize the Chancellor to execute the appropriate documents.

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**Supporting Documents Included:** AFSCME Tentative Agreement Summary. As applicable, these changes will apply to the Master Memorandum.

**Other Supporting Documents Available:** N/A

**Prepared by:** Andrew C. Lehman

**Telephone:** 717-720-4030

**COMMONWEALTH OF PA/AFSCME COUNCIL 13**  
**MASTER AGREEMENT**  
**SUMMARY OF CHANGES**

For Contract Renewal effective July 1, 2016

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**Article 1: Recognition** - No Change

**Article 2: Management Rights** - No Change

**Article 3: Union Security** - No Change

**Article 4: Dues Deduction** - No Change

**Article 5: Credit Union** - No Change

**Article 6: Hours of Work** - No Change

**Article 7: Rest Periods** - No Change

**Article 8: Meal Periods** - No Change

**Article 9: Eating & Sanitary Facilities** - No Change

**Article 10: Holidays** - No Change

**Article 11: Personal Leave Days**

- Effective with the beginning of the 2017 leave calendar year, and the incorporation of personal leave into annual leave, Article 11 shall expire.

**Article 12: Leaves of Absence** - No Change

**Article 13: Vacations**

- Effective with the beginning of the 2017 leave calendar year, employees shall be eligible for annual leave in accordance with the following schedule:

<b>Years Of Service</b>	<b>Annual Leave Days</b>
0-3	11
3-15	19
Over 15	24
*Over 25	30

*\* For employees hired prior to July 1, 2011*

- With the incorporation of personal leave into annual leave, the following provisions from the personal leave article were adopted into the annual leave article, effective with the beginning of the 2017 leave calendar year:
  - Requests for up to four days per year of emergency annual leave shall not be unreasonably denied, with two of the four days available for extraordinary annual leave, for which no documentation is required.
  - An employee’s request for annual leave on the employee’s birthday received in writing at least 45 calendar days prior to the employee’s birthday shall be approved.
  - A temporary employee shall be permitted to use up to a full shift of accrued annual leave on a holiday that the temporary employee is not scheduled to work provided the use of accrued annual leave does not result in the employee receiving more than 37.5/40.0 hours in a work week.
  - Permanent employees with less than one year of service since their last date of hire may, at the Employer’s discretion, anticipate up to one day (7.5 or 8.0 hours) of annual leave before it is earned.

**Article 14: Sick Leave and Bereavement Leave**

- Effective with the beginning of the 2017 leave calendar year, employees who have more than one year of service since their most recent date of hire and who use no sick leave (other than sick leave used for sick bereavement leave) in an entire one- half leave calendar year shall earn an additional 3.75 or 4.0 hours annual leave.

**Article 15: Civil Leave - No Change**

**Article 16: Military Leave - No Change**

**Article 17: Leaves of Absence without Pay**

- The AFSCME Next Wave Convention was added as an official union convention or conference for which leave without pay shall be granted.
- Effective with the beginning of the 2017 leave calendar year, sick leave without pay shall be replaced by a renamed Article 18, FMLA.

**Article 18: Parental Leave**

**Article 41: Family Care Leave**

- Effective with the beginning of the 2017 leave calendar year, parental leave and family care leave without pay shall be replaced by a renamed Article 18, FMLA.

**New Article 18: Family and Medical Leave Act (FMLA) Leave**

- Effective with the beginning of the 2017 leave calendar year, the six month entitlement to sick, parental, family care, and military exigency leave will be reduced from six months to 12 weeks, and it will be referred to as FMLA leave with benefits.
- Upon request of a permanent employee, an extension may be granted. The extension is increased from six months to nine months, and shall be with benefits for the first 13 weeks (91 calendar days) and without benefits for the remainder of the extension.
- An employee shall not be required to use annual, compensatory or holiday leave upon the commencement of FMLA leave; however, if any paid leave is used, it will run concurrently with and reduce the entitlements to both FMLA leave with benefits and FMLA leave without benefits. An employee shall be required to use all applicable accrued sick leave (sick family or additional sick family for family care reasons) upon commencement of FMLA leave, but can choose to retain up to ten days of accrued sick leave.
- References to the entitlements in the existing SPF articles and the life insurance and health benefits articles are adjusted to match the 12 week and nine month entitlement.

**Article 19: Salaries & Wages**

- October 2016 2.75% General Pay Increase
- July 2017 2.00% General Pay Increase
- January 2018 Step Increment
- July 2018 2.50% General Pay Increase
- January 2019 Step Increment

**Article 20: Overtime - No Change**

**Article 21: Shift Differential - No Change**

**Article 22: Call Time - No Change**

**Article 23: Standby Time - No Change**

## **Article 24: Life Insurance**

- Permanent employees who are granted leave in accordance with the sick, parental, family care, FMLA, and injury leave articles will continue to receive coverage under the current life insurance plan for the duration of leave with benefits as described in those articles and may remain in the program for up to one year by paying the entire premium.

## **Article 25: Health Benefits**

- Employer contribution
  - July 2016 \$455 (no change from current rate)
  - July 2017 \$473
  - July 2018 \$486
- Employee contribution (based on employee's biweekly gross base salary)
  - July 2016 - With waiver, 2.0%. Without waiver, 5.0% (no change from current rate) // January 2017 – Without waiver, 2.0% plus surcharge equal to 30% of PEBTF's least expensive plan as required by law or no more than 5.0%.
  - July 2017 - With waiver, 2.25%. Without waiver, 5.0% or 2.25% plus surcharge equal to 30% of PEBTF's least expensive plan as required by law or no more than 5.0%.
  - July 2018 - With waiver, 2.50%. Without waiver, 5.0% or 2.50% plus surcharge equal to 30% of PEBTF's least expensive plan as required by law or no more than 5.0%.
- Permanent employees who are granted leave in accordance with the sick, parental, family care, FMLA, and injury leave articles will continue to receive coverage for the duration of leave with benefits as described in those articles.
- The Commonwealth will explore the feasibility of implementing a Flexible Spending Account (FSA) program for qualified employee health care expenses, and will meet with the Union within sixty (60) days of ratification to review the information and to discuss implementation.

## **Article 26: Work-Related Injuries**

- The entitlement to injury leave will be reduced from an aggregate of one year to nine (9) months (274 days) with benefits.
- An additional 91 days of leave without pay with benefits will be available at the expiration of injury leave without pay with benefits if the employee has not been separated from employment, consistent with the Patient Protection and Affordable Care Act of 2010.
- The additional 91 days of leave without pay with benefits will not be diminished should the Patient Protection and Affordable Care Act of 2010 be modified or reinterpreted.

**Article 27: Classification - No Change**

**Article 28: Discharge, Demotion, Suspension & Discipline**

- Reprimands were added to the list of disciplinary actions for which the employer shall promptly notify the appropriate District Council and local union.
- An employee's initial probationary period shall last 180 calendar days or the length of the employee's civil service probationary period, whichever is longer.
- The alternative discipline in lieu of suspensions (ADLS) program was expanded to include most suspension-level disciplinary actions.

**Article 29: Seniority**

- Classification seniority shall be used for promotion and furlough involving civil service positions.
- An employee's promotion probationary period shall last 180 calendar days or the length of the employee's civil service probationary period, whichever is longer.
- If an employee refuses a bump to a position that is 50 miles or more from the employee's place of residence as measured by the shortest regularly travelled route, the employee shall retain all recall rights and placement rights.

**Article 30: Uniforms, Clothing & Equipment - No Change**

**Article 31: Discrimination/Employee Treatment - No Change**

**Article 32: Union Business - No Change**

**Article 33: Special & Part-Time Employees - No Change**

**Article 34: Peace & Stability - No Change**

**Article 35: Miscellaneous Provisions**

- Policies concerning tobacco use at the work site, including prohibitions against tobacco use, may be established by the Commonwealth after meet and discuss with the Union. The Commonwealth shall ensure that tobacco use policies are applied uniformly to all employees at the work site.

**Article 36: Equal Employment Opportunity - No Change**

**Article 37: Grievances & Arbitration/Standard Grievance Procedure - No Change**

**Article 38: Grievances & Arbitration/Accelerated Grievance Procedure – No Change**

**Article 39: Safety & Health - No Change**

**Article 40: Successors - No Change**

**Article 42: Political Action Committee Deductions - No Change**

**Article 43: Preservation of Bargaining Unit Work - No Change**

**Article 44: Temporary Pool Employees - No Change**

**Article 45: Leave Donation Program - No Change**

**Article 46: Termination**

- Three Year Agreement – July 1, 2016 through June 30, 2019

**Classification Titles by Bargaining Unit Appendix**

- Update the Classification Titles by Bargaining Unit as needed, within thirty days of the parties' tentative agreement.

**Organizational Seniority Units by Agency Appendix**

- Modify the Seniority/Furlough units to reflect each agency's organizational structure, within thirty (30) days of the parties' tentative agreement.



**Board of Governors' Meeting**

February 22, 2017

**SUBJECT:** Fiscal Year 2016/17 System Reserve Expenditure (ACTION)

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**UNIVERSITIES AFFECTED:** All

**BACKGROUND:** Board of Governors' Policy 1984-07-A: *System Reserve Allocation and Expenditure Criteria*, requires the Board of Governors to maintain a pool of funds to be used for System-wide projects and/or emergencies. It also requires that "all revenue, allocations, and expenditures pertaining to the System Reserve shall be approved by the Board of Governors." Furthermore, it states, "Ordinarily, proposed expenditures from the System Reserve shall benefit three or more universities [and] shall not incur or require long-term or ongoing financial commitments out of a university budget." Every July, the Board reviews the prior year's expenditures from the System Reserve and approves anticipated expenditures for the upcoming year.

The System is embarking on a System-wide review with the assistance of a consultant to manage and facilitate an inclusive, but focused process that will result in identifying options for organizational and operational changes designed to provide a more effective and efficient use of resources available to the System and its 14 universities. It is anticipated that the related consulting contract may be appropriately funded from the System Reserve. As this prospective contract was not anticipated when the Board reviewed potential 2016/17 System Reserve expenditures, approval of this potential expenditure from the System Reserve is sought at this time.

**MOTION:** That the Board of Governors approve the use of the System Reserve for the Strategic System Review professional services contract.

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**Supporting Documents Included:** N/A**Other Supporting Documents Available:** Board of Governors' Policy 1984-07-A: *System Reserve Allocation and Expenditure Criteria***Reviewed by:** N/A**Prepared by:** James S. Dillon**Telephone:** (717) 720-4100

**Board of Governor's Meeting**

February 22, 2017

**SUBJECT:** Out-of-State Tuition Plan, Kutztown University of Pennsylvania (ACTION)

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**UNIVERSITIES AFFECTED:** Kutztown University of Pennsylvania**BACKGROUND:** Board of Governors' Policy 1999-02-A: *Tuition*, allows universities with institutional capacity to develop out-of-state tuition plans to create targeted marketing groups of out-of-state undergraduate students who may be charged an alternative out-of-state tuition rate from the base rate established by the Board of Governors. Targeted student groups are based upon geography, academic program, and/or student achievement.

At its January 2017 meeting, the Board of Governors approved the attached out-of-state tuition plans for 2017/18, recognizing that the actual rates to be charged will be determined when the Board sets tuition at its July 2017 meeting. *Unfortunately, changes sought by Kutztown University were omitted from this list.*

Kutztown requests the ability to offer all newly enrolling out-of-state undergraduates an out-of-state tuition price that is 150 percent of the System's base in-state rate. This rate would be applicable for freshmen and transfer students enrolling for the first time in fall 2017, and will be renewable for up to three years for transfer students and four years for freshmen. Currently, the university's practice is to charge this rate to high-achieving students while all others pay 250 percent of the in-state rate. Extending this program's applicability to a greater pool of students is anticipated to improve the matriculation rates of out-of-state students, who historically have higher retention and graduation rates than in-state students.

With this out-of-state pricing change, the university anticipates an increase in out-of-state student yield rates from the current yield of 20 percent to 28 percent over the next three years. This improvement in yield is anticipated to result in an enrollment increase of 75 additional new students for fall 2017. Approximately 65 students are needed to break even. A detailed recruiting plan has been developed to support this effort.

**MOTION:** That the Board of Governors approve the attached 2017/18 undergraduate out-of-state tuition plan for Kutztown University of Pennsylvania.

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**Supporting Documents Included:** 2017/18 Undergraduate Out-of-State Tuition Plans with Proposed Revision for Kutztown University of Pennsylvania**Other Supporting Documents Available:** Board of Governors' Policy 1999-02-A: *Tuition***Reviewed by:** Office of the Chancellor**Prepared by:** James S. Dillon**Telephone:** (717) 720-4100

**Pennsylvania's State System of Higher Education  
2017/18 Undergraduate Out-of-State Tuition Plans**  
As Approved by the Board of Governors, January 25–26, 2017  
Excludes Rates for Board-Approved Tuition Flexibility Pilots

*With Proposed Revision for Kutztown University of Pennsylvania  
for Consideration by the Board of Governors, February 22, 2017*

Rate as Percent of In-State Tuition*	Criteria
<b>Bloomsburg University of Pennsylvania</b>	
150%	International students who participate in the Bloomsburg University/Financial University (Russia) double-degree program.
250%	All other out-of-state students.
<b>California University of Pennsylvania</b>	
150%	All domestic out-of-state students.
195%	All international students.
<b>Cheyney University of Pennsylvania</b>	
165%	All out-of-state students.
<b>Clarion University of Pennsylvania</b>	
150%	All out-of-state students.
<b>East Stroudsburg University of Pennsylvania</b>	
150%	First-time freshmen with a high school GPA of at least 3.0 out of 4.0. A minimum 3.0 GPA must be maintained, and a minimum of 30 credits must be successfully completed each year.
	Current students with a minimum cumulative GPA of at least 3.0 and a minimum of 30 credits successfully completed in the prior year. A minimum of 30 credits must be successfully completed each year.
	Transferring students with a minimum of 24 transferrable credits and a cumulative GPA of at least 3.0 from higher education institutions attended. A minimum 3.0 GPA must be maintained, and a minimum of 30 credits must be successfully completed each year.
200%	All other out-of-state students.
<b>Edinboro University of Pennsylvania</b>	
105%	Grandfathered students admitted fall 2015 through summer 2017 under the tuition pricing pilot. Rate will be in effect as long as student is continuously enrolled, through the completion of their program.
150%	All domestic out-of-state and international students.
170%	All new international students, effective fall 2014.

<b>Indiana University of Pennsylvania</b>	
150%	Students in the Southwestern University of Finance and Economics (China) partnership.
170%	First-time freshmen and transfer students admitted to main campus from Indiana, Maryland, Michigan, New Jersey, New York, Ohio, Virginia, and West Virginia.
	First-time freshmen and returning undergraduates with a high school GPA of at least 3.0 out of 4.0.
	Transfer students and returning transferring students with a cumulative entering GPA of at least 3.0 out of 4.0 from higher education institutions attended.
	International students admitted fall 2013 or later, entering under the terms of an established academic agreement.
250%	All other domestic out-of-state and international students.
<b>Kutztown University of Pennsylvania</b>	
150%	<u>All out-of-state students.</u> <del>Domestic out-of-state students with a high school GPA of at least 3.0 out of 4.0 and a combined Math and Critical Reading score on the SAT of at least 1,000. A minimum cumulative GPA of 3.0 must be maintained, and a minimum of 24 credits must be successfully completed each year. Reduced rate remains in effect for four years as long as 24 credits are successfully completed each year and a minimum cumulative GPA is maintained.</del>
	<del>Transfer students with at least 24 transferrable credits and a cumulative GPA of 3.0 out of 4.0 from higher education institutions attended. A minimum cumulative GPA must be maintained, and a minimum of 24 credits must be successfully completed each year. Reduced rate is prorated based on the number of transferrable credits (but not longer than three years).</del>
<del>250%</del>	<del>All other out-of-state students.</del>
<b>Lock Haven University of Pennsylvania</b>	
200%	Domestic out-of-state students with a high school GPA of at least 3.25 out of 4.0.
N/A	All other domestic out-of-state students are charged \$2,000 less than 250% of the in-state rate.
250%	All international students.
<b>Mansfield University of Pennsylvania**</b>	
165%	Out-of-state students with a high school GPA of at least 2.75 out of 4.0, or a combined Math and Critical Reading score of at least 950 on the SAT or a score of at least 20 on the ACT; or returning students with a GPA of at least 2.5 out of 4.0. Students must maintain a cumulative GPA of at least 2.5 out of 4.0. Students from New York and New Jersey entering prior to fall 2017 based on the “good neighbor” rate will be grandfathered for up to eight semesters.
	Transfer students with a cumulative GPA of at least 2.5 out of 4.0. Students must maintain a cumulative GPA of at least 2.5 out of 4.0. Students from New York and New Jersey entering prior to fall 2017 based on the “good neighbor” rate will be grandfathered for up to eight semesters.
200%	All other out-of-state students.

Millersville University of Pennsylvania	
175%	Out-of-state students with a combined Math and Critical Reading score of at least 1,200 on the SAT or a score of at least 26 on the ACT, or a GPA of at least 3.75 out of 4.0. Students must maintain good academic standing. Reduced rate remains in effect for eight semesters.
200%	Out-of-state students with a combined Math and Critical Reading score of at least 1,000 on the SAT or a score of at least 21 on the ACT, or a GPA of at least 3.5 out of 4.0. Students must maintain good academic standing. Reduced rate remains in effect for eight semesters.
	Incoming transfer students with at least 12 transferrable credits. Students must enter university with an overall GPA of at least 3.5 out of 4.0 from their most recently attended institution. Students must maintain good academic standing. Reduced rate remains in effect for six semesters (prorated for the first semester for students transferring in the spring semester).
250%	All other out-of-state students.
Shippensburg University of Pennsylvania	
150%	Transfer students from five neighboring Maryland community colleges with dual admission agreements.
175%	High performing students who earn a combined Math and Critical Reading score on the SAT of at least 1,200; or who graduate in the top 10% of their class. Renewal is based upon performance.
	Students selecting a STEM or STEM education major. Reduced rate remains in effect as long as student remains in selected major.
225%	All other out-of-state students.
Slippery Rock University of Pennsylvania	
150%	Freshmen with a high school GPA of at least 3.0 out of 4.0.
	Transfer students with a cumulative GPA of at least 3.0 out of 4.0 on all postsecondary coursework.
	Returning students with a GPA of at least 2.5 out of 4.0.
200%	All other out-of-state students.
West Chester University of Pennsylvania	
250%	All out-of-state students.
Chincoteague Bay Field Station	
110%	All out-of-state students.

*\*Rate is expressed as a percentage of the undergraduate in-state tuition rate. Actual rates will be set in accordance with Board action in July 2017.*

*\*\*University has a significant tuition flexibility pilot for out-of-state students that alters the tuition rate charged for certain students.*

**Board of Governors' Meeting**  
February 22, 2017

**SUBJECT:** Request for Line of Credit, Cheyney University of Pennsylvania (ACTION)

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**UNIVERSITIES AFFECTED:** Cheyney University of Pennsylvania

**BACKGROUND:** Cheyney University is requesting an additional bridge line of credit in an amount not to exceed \$8.0 million. This request follows the previous lines of credit established for Cheyney University, as follows:

First Line of Credit	August 2013	\$2,000,000
Second Line of Credit	June 2014	2,000,000
Third Line of Credit	August 2014	2,500,000
Fourth Line of Credit	June 2015	6,500,000
Fifth Line of Credit	May 2016	9,500,000
<b>Total</b>		<u>\$22,500,000</u>

The additional bridge line of credit will follow the same structure as previously used, to include a five-year term, with drawdowns taken on an as-needed basis and paid back on an as-available basis. The interest rate is based on the five-year government rate plus 25 basis points, currently 2.11 percent, as directed in Board of Governors' Policy 1986-02-A: *Investment*. The university currently has \$21.5 million outstanding on five previous lines of credit. If fully utilized as proposed, the total outstanding debt would be \$30.5 million. The Office of the Chancellor is working closely with the university to manage the lines of credit. This additional line of credit is projected to sustain operations through fiscal year 2016/17.

This request is partially due to the long-standing issues surrounding untimely financial aid drawdowns from the U.S. Department of Education (ED). The university was placed on Heightened Cash Monitoring 2 status by ED in fall 2015, resulting in further delays in receiving timely payment of student financial aid. The delayed receipt of restricted revenue and continued enrollment declines have resulted in a severe drop in revenue that has not been matched with a corresponding drop in expenses, thus continuing a negative cash flow environment.

**MOTION:** The Board of Governors approve a line of credit for Cheyney University as outlined in the Vice Chancellor's presentation. A taskforce co-chaired by a member of the Board of Governors and a member of Cheyney's Council of Trustees will work together to develop a new institutional model for Cheyney with a focused mission that builds on the success of the Keystone Academy, ensures operational and financial sustainability, and includes an aggressive timeline for implementation. The task force will make preliminary recommendations no later than May 1, 2017. Furthermore, a new strategic direction for Cheyney University must be approved prior to the Board of Governors considering any additional lines of credit in the future.

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**Supporting Documents Included:** N/A

**Other Supporting Documents Available:** Board of Governors' Policy 1986-02-A: *Investment*

**Reviewed by:** N/A

**Prepared by:** James S. Dillon

**Telephone:** (717) 720-4100