



**Pennsylvania State System of Higher Education  
Appropriations Request  
2006-07**

**PASSHE**

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Harrisburg, PA 17110

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**Chancellor**

The Pennsylvania State System of Higher Education  
Fiscal Year 2006-07 Appropriations Request

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# PASSHE Leads the Way in Accountability

**T**he Pennsylvania State System of Higher Education (PASSHE) is composed of the 14 state-owned Universities, situated across the Commonwealth in largely rural communities. Working together with the Commonwealth, PASSHE is helping to ensure a bright future for all Pennsylvanians.

State System alumni are the business and community leaders, teachers, nurses and other health care workers who form the backbone of the economic, intellectual, social and cultural life of the Commonwealth and its communities. PASSHE alumni remain in Pennsylvania in record numbers – 4 out of 5 graduates choose Pennsylvania as the place to pursue their careers, rear their families and connect to their communities.

## PASSHE Students: Tomorrow's Leaders

- A record 107,251 students are enrolled at the 14 PASSHE Universities.
- Since Fall 2000, student enrollment has increased by 12%.
- 90 percent of PASSHE students are Pennsylvania residents.
- 80 percent of graduates remain in the Commonwealth to live and to work.
- More than 405,000 PASSHE alumni currently call Pennsylvania home.

PASSHE Universities have a long tradition of preparing successful professionals, which they are continuing to do in the 21st century. While providing Commonwealth residents access to quality education opportunities at an affordable price, the Universities, their students and their employees are a vital part of their communities.

The support PASSHE receives from the Commonwealth through its annual appropriation represents an important investment in those communities and in the students who will become tomorrow's leaders. Indeed, an investment in the Pennsylvania State System of Higher Education is an investment in Pennsylvania's future.

While all sectors of higher education receive financial support from the Commonwealth, PASSHE Universities lead the way in demonstrating accountability to the Governor, the Legislature and taxpayers for the effective and efficient use of Commonwealth funding. Specifically, PASSHE Universities demonstrate accountability for providing quality education, affordability and service to the Commonwealth.

## Quality Education

The Pennsylvania State System of Higher Education's strategic plan was developed with the goal of driving each of its Universities to the next level of academic excellence. The plan, "Leading the Way," contains five major goals to be achieved by the year 2009; progress on each goal and its strategic objectives is measured annually as part of the System Accountability Plan.

This means PASSHE will place itself among the nation's leading systems of public universities, recognized for "excellence in undergraduate education," "affordability" and "responsiveness to state, regional and national needs through quality graduate and undergraduate programs, research and service."

PASSHE is well on its way to achieving these goals for a quality education.

### Professional Program Accreditation

All 14 PASSHE Universities are accredited by the National Council for Accreditation of Teacher Education. In addition, they are seeking accreditation of other programs. To date, more than 62 percent of programs have been accredited by professional associations, including the National League for Nursing Accrediting Commission, National Association of Schools of Music, Association to Advance Collegiate Schools of Business and the Accreditation Board for Engineering and Technology.

### Graduation Rates

The State System's four-year graduation rate continues to rise and exceeds that of the 106 universities in its national peer group. For the Class of 2005, the four-year graduation rate was 29.5 percent, compared to 24 percent five years

ago and 21.9 percent among peer institutions. Six-year graduation rates have increased to nearly 53 percent, also exceeding the national peer average of just over 46 percent.

### Student Achievement

PASSHE teacher candidates are prepared for success – 96 percent passed the basic skills Praxis tests and 93 percent passed the academic content tests. Aggregate Praxis pass rates have increased by 6.5 percent over the past four years.

### Technology

Opportunities for distance education continue to increase, with enrollments rising nearly 50 percent in the past year and nearly doubling from two years ago. On each campus, students have access to the latest technology, including "smart classrooms" that are wired with high-speed Internet connections and high-tech tools that professors use to enhance their lectures and presentations. The technology provides students with access to equipment they can use for individual or group projects. Smart classrooms significantly increase student access to important electronic information services and the global information resources of the World Wide Web.

### Libraries and Facilities

University libraries are becoming more high-tech themselves, serving as computer sites to train students on information literacy and digitizing collections to increase access to special resources. The Keystone Library Network continues to enhance its digital collections as it expands the number of non-system university partners.

### Terminal Degrees

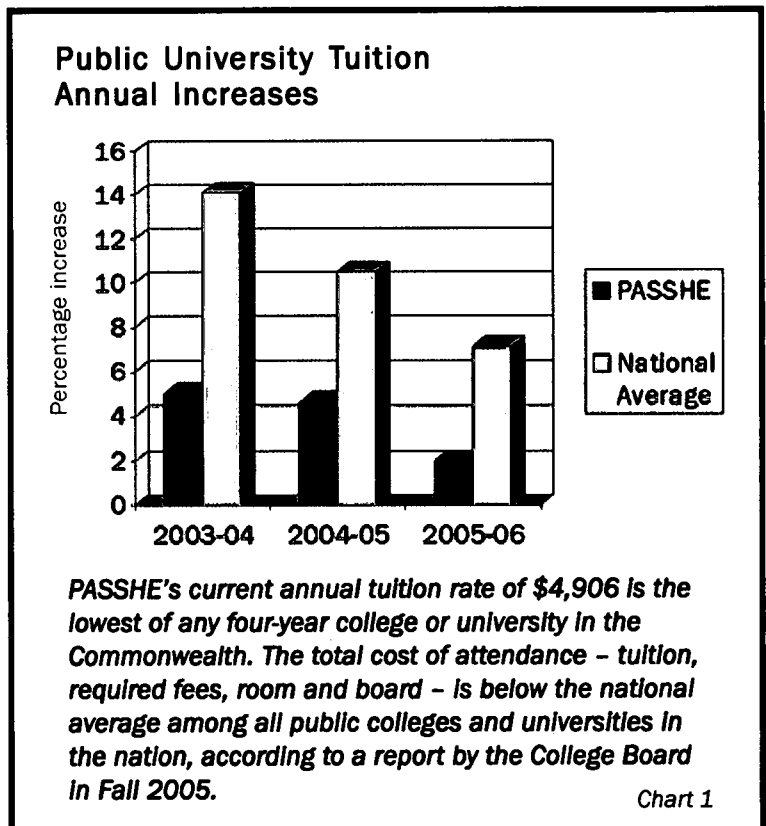
Universities continue to focus on the quality of the faculty to support students' education. Currently, 87 percent of faculty members have terminal degrees, with a goal of 90 percent by the year 2009.

# Affordability

The Pennsylvania State System of Higher Education represents the most affordable option of any four-year college and university in the Commonwealth. In recent years, PASSHE has responded to significant challenges, including fluctuating state revenues, increasing cost pressures and rising enrollments by becoming more efficient while continuing to enhance the quality of education students receive. These efforts have enabled PASSHE to continue to meet its primary mission of providing "high quality education at the lowest possible cost."

This is especially important for the many first-generation college students who attend PASSHE Universities. As the first members of their families to attend college, a college education holds potential for a whole new way of life.

PASSHE's Board of Governors is committed to keeping tuition affordable so that every Pennsylvanian who wants to pursue a college education – and is academically prepared – can afford to do so. While annual tuition increases have been necessary in order to assure academic quality, PASSHE's commitment to access and affordability has resulted in tuition increases over the past three years that have been only about one-third the average imposed by public universities and university systems across the United States. In July 2005, PASSHE's Board of Governors approved a 2 percent increase for the 2005-06 academic year that represented the lowest tuition increase in seven years and the third lowest in PASSHE's 23-year history. The national average for tuition increases at public colleges and universities last fall was 7.1 percent, more than three times higher than PASSHE's increase (See Chart 1).



**P**ASSHE Universities and the System focus on effective and efficient use of resources in all aspects of their management and operations. Management productivity and efficiency are measured annually in the System Accountability Plan process.

All System entities work aggressively to manage their available financial resources to help ensure that students and the Commonwealth get the most from their annual investment of tuition and tax dollars. Between 2000-01 and 2005-06, PASSHE

experienced an actual decline in funding of 1.2 percent (not adjusted for inflation); during the same period, PASSHE enrollments increased by 12 percent, or 10,976 students (See Chart 2).

During lean budget times, PASSHE has implemented numerous cost-saving initiatives, enabling it to become more efficient while also enhancing the quality of education provided to the increasing number of students. These efforts have resulted in productivity improvements and internal savings that have enabled the Universities to reallocate \$163 million toward their most essential programs and services (See Chart 3).

**Education & General Appropriation**

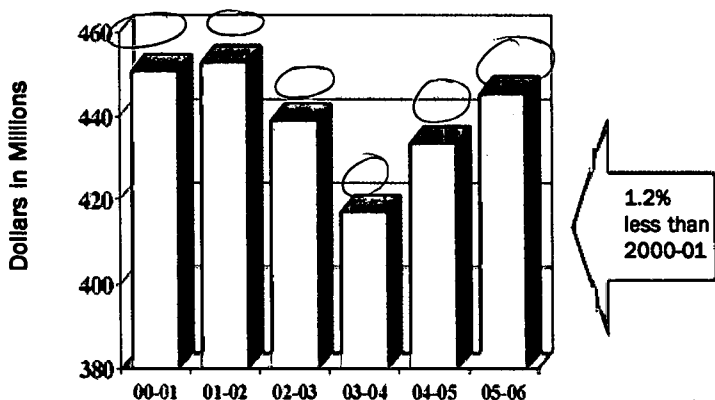


Chart 2

**Cumulative Base Budget Reductions**

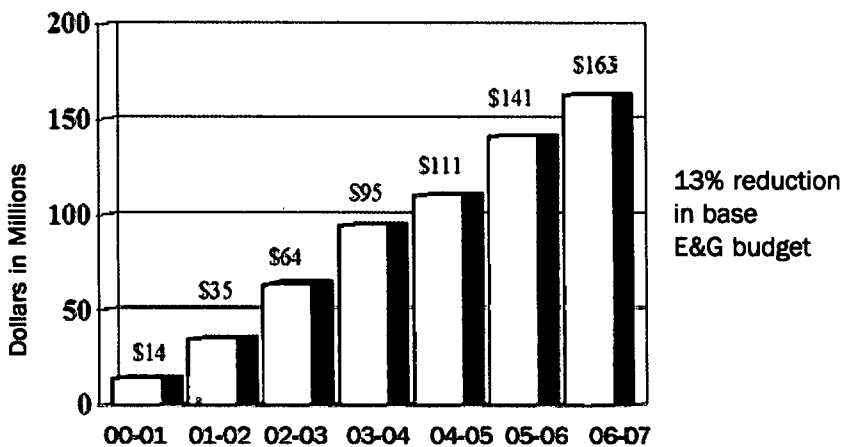


Chart 3

**PASSHE cost-saving initiatives**

- ⊗ Participation in consolidated operations, which have increased efficiencies in areas such as employee benefits management, administrative computing, labor relations, payroll, construction services, legal services, electronic library services, distance education, articulation, treasury services and auditing.
- ⊗ Development of collaborative academic programs in areas including nursing, urban education, math and science education, athletic training and foreign languages. The Universities also have expanded their distance learning offerings to effectively provide continuing education opportunities to Pennsylvania's workforce in the most efficient and effective manner.
- Streamlining of academic offerings and graduation requirements, resulting in the elimination of low-enrolled courses and academic programs and increased instructional productivity.
- ⊗ Multi-year, collaborative purchasing of services and supplies, including utilities, technology hardware and software, hazardous waste and computer disposal, financial audits, banking services, health care, paper products, prepackaged pharmaceuticals, bookbinding, printing and engineering services. Most recently, PASSHE has begun entering into strategic sourcing initiatives, which are projected to save \$7.9 million over the next two years.

## Service to the Commonwealth

**P**ASSHE Universities are a significant source of workers for Pennsylvania's businesses. In fact, 80 percent of graduates choose to remain in the Commonwealth to work and live.

The Universities also work closely with employers in their regions to ensure the academic programs they offer produce the kinds of graduates needed to fill jobs in the workforce. By meeting the demands for workers in Pennsylvania's fastest-growing occupations, PASSHE is helping to ensure businesses succeed. PASSHE's top academic majors include virtually all of those related to occupations experiencing the greatest workplace demand, including education, business management and health care professions (See Chart 4).

The Pennsylvania Department of Labor and Industry (L&I) projects that by 2012, 36,880 new teachers, trainers and librarians will be needed across the Commonwealth, representing one of the largest areas of projected job growth. The L&I study also indicated more than 65,000 health-care related

would become available in Pennsylvania.

PASSHE Universities, historically, have been the Commonwealth's largest providers of education majors. That remains true today, with nearly 30,000 undergraduate students currently enrolled across the System. Business management is the second-largest field of study for PASSHE

students, with more than 12,000 majors. Health care-related majors rank third, with about 6,500 students studying in a variety of areas, including nursing. The number of students enrolled in health care-related majors has increased by 56 percent in the last four years and continues to grow.

### PASSHE's Top 5 Academic Majors

Education  
 Business (including information systems)  
 Health Professions  
 Social Sciences  
 Psychology

### Pennsylvania's Fastest-Growing Occupations

Personal Care and Service  
 Healthcare Practitioners and Technical  
 Health Diagnosing and Treating Practitioners  
 Business and Financial Operations  
 Education, Training and Library

Source: Pennsylvania Department of Labor and Industry, February 2006

Chart 4



**P**ASSHE plays an essential role in Pennsylvania's economic vitality. While their primary mission is to educate citizens, all 14 PASSHE Universities provide important support and services to thousands of employers to ensure businesses have the skilled workforce they need to grow and to prosper.

The Universities are working in their communities and regions to stimulate economic growth. In many ways, PASSHE Universities are the lifeblood of their local and regional economies.

While educating students is PASSHE's primary mission, the Universities do much more to contribute to their communities, regions and the entire Commonwealth.

They are major employers themselves, as well as major purchasers of locally produced products and services. They provide job training opportunities for employers and their employees. They provide consulting services and other assistance to both established businesses and budding entrepreneurs (See Chart 5).

## Partnering with Pennsylvania Businesses

### Keystone Innovation Zones (KIZ)

Bloomsburg University - Greater Susquehanna KIZ  
East Stroudsburg University - Pocono Mountains KIZ  
Edinboro University - Erie KIZ  
Shippensburg University - Harrisburg Market KIZ  
Millersville University - Northwest Lancaster City KIZ

### Small Business Development Centers

Clarion University  
Indiana University  
Kutztown University  
Lock Haven University

### Other University programs that help stimulate economic growth

California University - Government Agency Coordination Office  
Cheyney University - Disadvantaged Business Enterprise Supportive Services Center  
Mansfield University - Tioga County Partnership for Community Health  
Slippery Rock - Regional Learning Alliance  
West Chester - Institute for Education, Excellence and Entrepreneurship

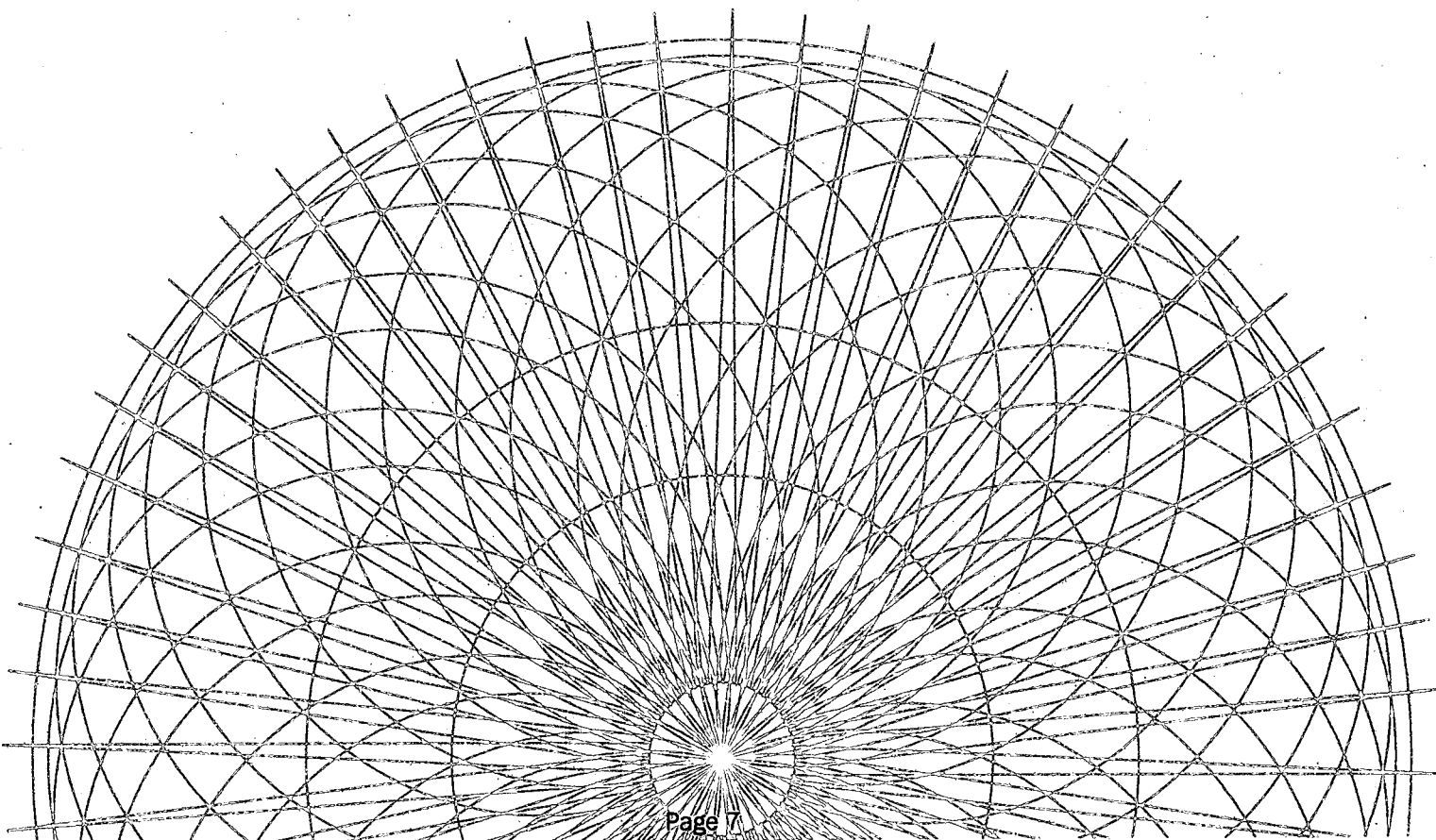
Chart 5

**P**ASSHE's commitment to accountability can best be demonstrated through its System Accountability and Performance Funding Programs. Both measure the Universities' performance in key areas related to student achievement, University excellence, diversity and operational efficiency, all of which position PASSHE to lead Pennsylvania toward a better future.

The Performance Funding Program, which was adopted by the Board of Governors in July 2000, accelerates the pace of achieving PASSHE's goals by rewarding Universities for demonstrating improved performance. The Universities are measured against their own past performances, selected national peers and five-year targets included in the System's strategic plan.

The Board of Governors has demonstrated its commitment to accountability by dedicating a portion of PASSHE's base funding each year for the performance awards. The Board has increased the amount of funding provided to the Universities based on performance from \$2 million in 2000-01, the first year of the program, to \$31.2 million in 2005-06.

Since the Performance Funding and System Accountability Programs began, student persistence and graduation rates – both four-year and six-year – have increased; the student and faculty populations have become more diverse – minority enrollment this fall reached another record high and minorities now account for 10.4 percent of the student population; an increased number of community college students are transferring to PASSHE Universities; and an increased number of academic and professional programs are being accredited by national organizations, a sign of improved academic quality.



## PASSHE FY 2006-07 Appropriations Request

Educational and General .....	\$472,075,000
<b>Special Purpose</b>	
Program Initiatives .....	\$26,162,000
Performance Funding .....	\$14,162,000
Integrated Information Systems .....	\$10,000,000
Educator Excellence .....	\$2,000,000
Employee Health Assessment (PEBTF) .....	\$3,400,000
Diversity and Equal Opportunity .....	\$1,800,000
McKeever Environmental Learning Center .....	\$532,000
Pennsylvania Center for Environmental Education .....	\$350,000

### FY 2006-07 Educational and General Appropriations Request

The System's 2006-07 operating budget provides funding for increases in basic operating costs while building upon continuing efforts to operate more efficiently. The following basic cost adjustments are reflected in the 2006-07 Educational and General budget (See Chart 7, Page 9).

**Enrollment Growth** – In keeping with the demographic projections of the Commonwealth, it is estimated that the System's enrollment will increase approximately 1 percent, or about 1,073 students next year. Universities anticipating enrollment increases have limited the costs associated with serving these additional students within their 2006-07 budget estimates. Increased tuition and fee revenue associated with this enrollment increase is anticipated at \$7 million.

**Employee Salaries** – PASSHE will be entering the final year of four-year collective bargaining agreements with most of its unions. On average, those union contracts will require an increase in salaries of 5.9 percent in 2006-07. Based upon required salary increases and changes in complement, the total cost of employee salaries and wages is anticipated to increase \$29.9 million or 4.6 percent next year.

**Employee Benefits** – The collective bargaining agreements reached in 2003-04 brought significant changes to health care benefits for System employees, including the requirement that employees begin to pay a portion of their health insurance premiums, as well as increased deductibles and higher prescription co-payments. The fiscal impact of most of these health care benefit changes was fully realized within the 2005-06 budget. Although PASSHE health care costs continue to rise, the rate of increase has somewhat slowed. The System projects the employer share of health care costs will increase an average of 9.3 percent in 2006-07. In addition, the employer contribution rate for the State Employees' Retirement System is projected to increase by 42 percent over its current level, to 3.4 percent of salaries, and the number of new employees opting for more expensive alternative retirement programs is expected to continue to grow. Overall, the cost of employee benefits is projected to increase \$18.8 million, or 7.7 percent.

**FY 2006-07 Educational and General Appropriations Request (continued)**

**Utilities** – The utilities market continues to be affected by increases in worldwide demand, and, most recently, by the impact of Gulf Coast hurricanes. Natural gas, coal and oil prices have risen dramatically since the 2005-06 budget was finalized, with overall increases estimated at 44 percent. It is anticipated that these utility rates will continue to increase an additional 14 percent next year; therefore, PASSHE's 2006-07 utility costs reflect an increase of \$14.7 million, or 39.6 percent, to address the recent unanticipated rate increases and anticipated future growth.

**Budget Reductions** – Universities continue to reallocate their resources to do more with less. The budget is predicated upon anticipated cost savings of \$30.7 million in 2005-06 and of an additional \$21.4 million in 2006-07. Some of these savings are occurring through such efforts as position management in light of significant retirements; strategic sourcing initiatives; reductions in departmental expenditures for supplies, equipment and travel; postponement of deferred maintenance projects; implementation of energy savings initiatives; and realignment of departmental costs with the credits they generate. Universities have utilized some of these savings to reallocate resources to higher priority campus-based initiatives, such as student recruitment and retention efforts, instruction in high-demand disciplines, technology support and facility improvements.

These adjustments result in an overall 2006-07 Educational and General operating budget of \$1.24 billion, an increase of \$57.4 million, or 4.9 percent. To fund this budget increase, the Board of Governors is requesting an Educational and General appropriation of \$472.1 million, an increase of \$26.7 million, or 6 percent. At that appropriation level, a tuition increase of 3.1 percent would be necessary to balance PASSHE's budget. The Board will make a tuition decision following passage of the 2006-07 Commonwealth budget.

<b>PASSHE Cost Increases</b>			<i>Chart 7</i>	
Includes \$21.4 million in Strategic Sourcing Savings and University Efficiencies				
(\$ in Millions)	2005-06	2006-07	Increase	
			\$	%
<b>Salaries and wages</b>	\$642.3	\$672.1	\$29.9	4.6%
<b>Health care</b>	135.5	147.4	11.9	8.8%
<b>Other benefits</b>	109.0	115.9	6.9	6.3%
<b>Compensation subtotal</b>	\$886.8	\$935.3	\$48.6	5.5%
<b>Utilities</b>	37.1	51.8	14.7	39.6%
<b>All Other Operating</b>	254.7	248.8	(5.9)	(2.3%)
<b>Nonpersonnel subtotal</b>	\$291.8	\$300.6	\$8.8	3.0%
<b>Total</b>	\$1,178.5	\$1,235.9	\$57.4	4.9%

## 2006-07 Special Line Item Appropriations Request

Program Initiatives..... \$26.2 million

● **Performance Funding ..... \$14.2 million**

The Board of Governors has rewarded performance at the System Universities for the last six years with annually increasing amounts. In 2005-06, the performance funding program was funded with \$22.3 million from the Educational and General (E&G) appropriation and \$8.9 million from the Program Initiatives line item, for a total of \$31.2 million, equivalent to 7 percent of the E&G appropriation. To increase the performance funding program to the equivalence of 8 percent of the Educational and General appropriation, PASSHE is seeking \$14.2 million in line item funding for University performance for fiscal year 2006-07. Performance funding provided through the Program Initiatives line item will be used to support specialized accreditation of professional programs, to expand existing programs or create new ones to ensure program offerings meet the workforce needs of the Commonwealth, to increase library holdings and to invest in regional economic development initiatives.

● **Integrated Information Systems ..... \$10.0 million**

PASSHE is in the midst of implementing an integrated System-wide administrative information system that will enhance student services, instructional support and administrative productivity. This system will support administrative processes, such as procurement, finance, human resources, admissions, registration, student records and financial aid. Funding for this project will support additional functionality, upgrades to hardware and operating systems and additional capacity for disaster recovery.

● **Educator Excellence ..... \$2.0 million**

Recent efforts to improve student performance in public schools are calling for increasing the numbers of teachers; strengthening preparation in various disciplines, including mathematics and science; and increasing curricular and instructional support. These needs are particularly acute for urban and rural school districts. Building on the strengths of the System Universities and the Pennsylvania Academy for the Profession of Teaching and Learning, initiatives are under way 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 and rural school districts; (4) increase the number and quality of science and mathematics teachers; (5) support novice teachers in their first years of teaching to reduce attrition; and (6) enhance the skills of current teachers through professional development and instructional coaching. This funding will continue efforts in these areas at the same funding level.

**2006-07 Special Line Item Appropriations Requests (Continued)**

**Employee Health Assessment (PEBTF).....\$3.4 million**  
The Commonwealth provides health care to the majority of its employees through the Pennsylvania Employee Benefits Trust Fund (PEBTF). Approximately 40 percent of PASSHE's employees participate in PEBTF. In February 2005, the Commonwealth announced its commitment to incur additional employer charges for PEBTF health benefits. These charges are to be assessed at \$400 in 2005-06 and \$800 in 2006-07 per eligible employee. The 2005-06 Commonwealth budget included a \$1.7 million line item for PASSHE to fund this increase for the current fiscal year. PASSHE seeks continuation of this line item at \$3.4 million to cover the additional \$800 assessment per employee in 2006-07.

**Diversity and Equal Opportunity.....\$1.8 million**  
This \$1.8 million request continues vital System-wide initiatives designed to achieve and promote diversity by serving the educational needs of historically underrepresented minority students, faculty and staff populations. These initiatives include programs that (1) expand the nationally acclaimed R. Benjamin Wiley Partnership Program; (2) enhance joint recruitment activities conducted by admissions personnel; (3) serve students who require necessary accommodations under the Americans with Disabilities Act; (4) add value to campus climate and retention initiatives; and (5) enhance the professional development of women and minority faculty.

**McKeever Environmental Learning Center ..... \$532,000**  
The Commonwealth created the McKeever Environmental Learning Center in 1974 to assist citizens of all ages to become better stewards of the earth's resources. The environmental education programs offered by the McKeever Center meet the needs of students from preschool through, and beyond, college and provide student interns with valuable teaching experience while working in an outdoor setting. The Center comprises three lodges, a 200-seat auditorium, a dining hall, a maintenance building, the director's residence and the discovery building. The 205-acre complex is located in Mercer County and is administered by Slippery Rock University of Pennsylvania. This request for \$532,000 provides full funding for operation of the center in fiscal year 2006-07.

**Pennsylvania Center for Environmental Education ..... \$350,000**  
The Pennsylvania Center for Environmental Education, located at Slippery Rock University of Pennsylvania, has been funded by the Commonwealth for several years through the Department of Environmental Protection. In 2005-06, funding for this Center was appropriated directly to PASSHE. This request for \$350,000 provides level funding for the Center in fiscal year 2006-07.

## Governor's Budget Recommendations

### Educational and General Appropriation

The Governor's Budget for Fiscal Year 2006-07 recommends the Pennsylvania State System of Higher Education receive an Educational and General Appropriation of \$465.4 million. This amount would represent an increase of \$20 million, or 4.5 percent, over the current year's E&G appropriation. PASSHE has requested an increase of \$26.7 million, or 6 percent, in its E&G appropriation for FY 2006-07. The Governor's recommendation, if funded, would cover approximately one-third of the System's operating budget cost increases for 2006-07.

2006-07 Education and General Appropriation (PASSHE Request vs. Governor's Budget)		
PASSHE Appropriation Request	Governor's Budget	Difference
\$472,075,000	\$465,395,000	(\$6,680,000)

### Special Line Item Appropriations

In addition to the proposed E&G appropriation, the Governor's Budget recommends an additional \$17.8 million in special line item appropriations for PASSHE. This is approximately \$2 million less than PASSHE is receiving this year. PASSHE has requested increases in each of its special line items, as reflected in the chart below:

2006-07 Educational and General Appropriation (PASSHE Request vs. Governor's Budget)			
	PASSHE Appropriation Request	Governor's Budget	Difference
Program Initiatives	\$26,162,000	\$16,046,000	(\$10,116,000)
Employee Health Assessment (PEBTF)	\$3,400,000	\$0	(\$3,400,000)
Diversity and Equal Opportunity	\$1,800,000	\$1,541,000	(\$259,000)
McKeever Center	\$532,000	\$206,000	(\$326,000)
PA Center for Environmental Education	\$350,000	\$0	(\$350,000)

## Appendix A

### Mission of the Pennsylvania State System of Higher Education

The Pennsylvania State System of Higher Education seeks to be among the nation's leading systems of public universities, recognized for (1) excellence in undergraduate education and (2) responsiveness to state, regional and national needs through quality graduate and undergraduate programs, research and service.

To achieve its potential as a System, the distinct missions and strengths of each University must be advanced at the same time that commonalities are sought to increase efficiency and effectiveness. While the goals and directions of this plan vary from those of previous planning efforts, achieving a productive balance between University autonomy and System collaboration remains an essential component of System planning efforts.

At its core, the mission of the System is to increase the intellectual wealth of the Commonwealth, to prepare students at all levels for personal and professional success in their lives and to contribute to the economic, social and cultural development of Pennsylvania's communities, the Commonwealth and the nation. Similarly, the core values that underlie plans, policies and decisions of the System have remained consistent:

- Stimulating intellectual growth by promoting teaching and learning as well as creativity and scholarship;
- Developing and energizing the personal commitment of students, faculty and staff for contributive citizenship, global awareness and social responsibility;
- Promoting diversity as a key element in the intellectual and interpersonal development of members of the University and extended communities;
- Applying the knowledge and experience gathered within the Universities to enhance the social and economic well-being of the Commonwealth;
- Practicing effective stewardship of public funds, private contributions and tuition revenues in pursuing the System's public mission; and
- Advocating for the unique role of public higher education in contributing to the life of the Commonwealth and responding to its needs.

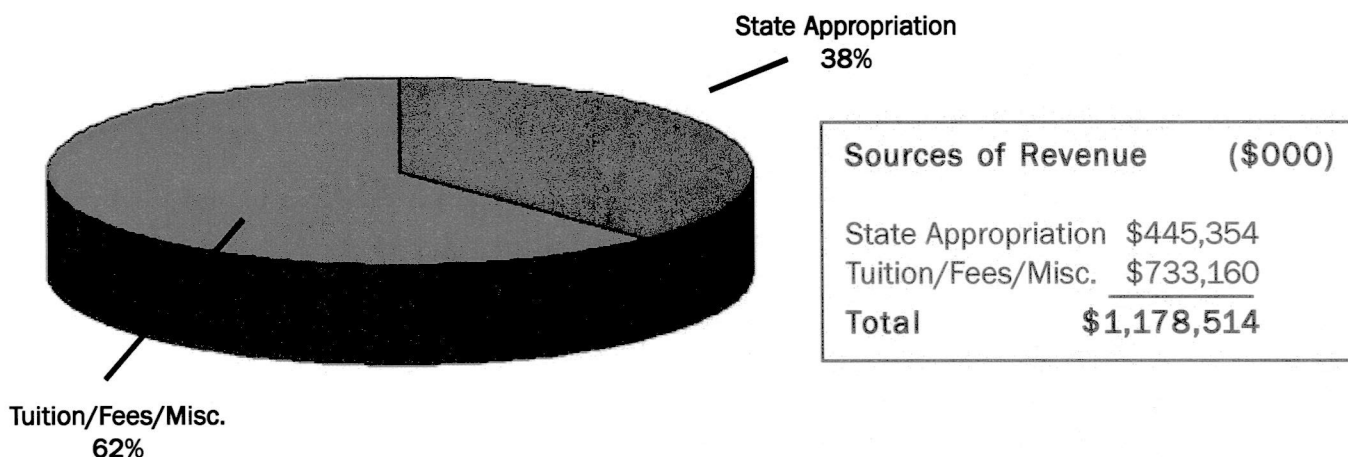
*"Leading the Way"*  
*PASSHE Strategic Plan*  
*Approved by the Board of Governors*  
*July, 2004*



Appendix B

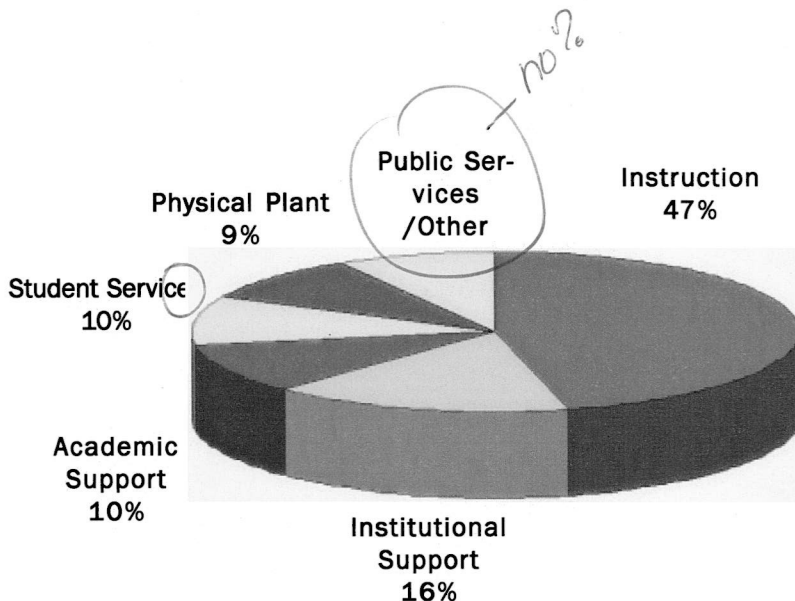
Pennsylvania State System of Higher Education  
 Summary of Sources and Uses  
 FY 2005-06 Educational and General Budget

Sources



Uses

Instruction	\$541,198
Institutional Support	191,061
Academic Support	122,641
Student Services	113,370
Physical Plant	111,683
Public Services/Other	98,561
<b>Total</b>	<b>\$1,178,514</b>



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07-08 Gov Budget is  
1, E&G Appropriation  
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is 3.

Appendix C

Pennsylvania State System of Higher Education  
Summary of Educational and General Budget  
(Dollar Amounts in Thousands)

	Actual 2004-05	Current 2005-06	Budget Request 2006-07	Governor's Budget <sup>(**)</sup> 2 2006-07
<b>Source of Funds</b>				
E&G Appropriation <sup>(*)</sup> 1	\$433,435	\$445,354	\$472,075	\$465,395
Augmentation:				
Educational and General	712,035	733,160	763,842	763,842
Revenue Shortfall <sup>(**)</sup> 2	NA	NA	NA	6,680
<b>Total</b>	<b>\$1,145,470</b>	<b>\$1,178,514</b>	<b>\$1,235,917</b>	<b>\$1,235,917</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$849,570	\$886,757	\$935,340	\$935,340
Operating Expenditures	211,716	219,526	228,641	228,641
Capital Assets/Transfers	84,185	72,231	71,935	71,935
<b>Total</b>	<b>\$1,145,470</b>	<b>\$1,178,514</b>	<b>\$1,235,917</b>	<b>\$1,235,917</b>
<b>Students (FTE)<sup>(***)</sup>3</b>				
Undergraduate	88,365.63	89,150.66	89,989.89	89,989.89
Graduate	10,369.17	10,630.59	10,832.39	10,832.39
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>98,734.80</b>	<b>99,781.25</b>	<b>100,822.28</b>	<b>100,822.28</b>
<b>Employees (FTE, including Auxiliary)</b>				
Instructional Faculty	5,127.40	5,147.28	5,147.28	5,147.28
Management	1,323.93	1,341.52	1,337.02	1,337.02
All Other Salaried	4,949.75	4,968.18	4,957.18	4,957.18
<b>Total</b>	<b>11,401.08</b>	<b>11,456.98</b>	<b>11,441.48</b>	<b>11,441.48</b>

\*Reflects only Educational and General Appropriation for all three years, exclusive of any additional special purpose line item funding.

\*\*The Governor's recommendation provides a 4.5% increase in funding for the Educational and General Appropriation. This recommendation produces a budgetary shortfall of \$6.7 million.

\*\*\*FTE Student is defined as follows: annual undergraduate credit hours produced divided by 30 credit hours; annual graduate credit hours produced divided by 24 credit hours.

**Appendix D**  
**Pennsylvania State System of Higher Education**  
**Summary of Special Line Item Appropriation Request**  
**Program Initiatives**  
(Dollar Amounts in Thousands)

	Actual 2004-05 <sup>1</sup>	Budget Current 2005-06 <sup>2</sup>	Governor's Request 2006-07 <sup>3</sup>	Budget 2006-07
<b>Source of Funds</b>				
Special Purpose Appropriation	\$16,046	\$16,046	\$26,162	\$16,046
Other State Appropriation <sup>4</sup>	0	22,268	23,604	23,270
Tuition/Fees/Other	9,410	21,161	15,466	15,466
Restricted Funds	1,000	0	0	0
<b>Total</b>	<b>\$26,456</b>	<b>\$59,475</b>	<b>\$65,232</b>	<b>\$54,782</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$5,776	\$31,590	\$37,517	\$31,507
Operating Expenditures	20,466	23,758	23,858	20,036
Capital Assets/Transfers	214	4,127	3,857	3,239
<b>Total</b>	<b>\$26,456</b>	<b>\$59,475</b>	<b>\$65,232</b>	<b>\$54,782</b>
<b>Students (FTE)</b>				
Undergraduate	NA	NA	NA	NA
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Employees (FTE)<sup>5</sup></b>				
Instructional Faculty	NA	NA	NA	NA
Management	62.43	79.25	79.25	79.25
All Other Salaried	1.00	10.25	10.25	10.25
<b>Total</b>	<b>63.43</b>	<b>89.50</b>	<b>89.50</b>	<b>89.50</b>

<sup>1</sup>PASSHE's 2004-05 Program Initiatives Line Item supported the Information Systems Integration Project (\$14.9 million) and other initiatives (\$1.1 million) in urban teacher education, math and science teacher training, and labor education.

<sup>2</sup>PASSHE's 2005-06 Program Initiatives line item is supporting \$2 million for Educator Excellence, \$8.9 million for Performance Funding, and \$5 million for Integrated Information Systems.

<sup>3</sup>PASSHE's 2006-07 Program Initiatives Appropriation Request includes \$14.2 million for Performance Funding, \$10 million for Integrated Information Systems, and \$2 million for Educator Excellence. See page 10 for more information on these initiatives.

<sup>4</sup>Other State Appropriation is the amount of Educational and General appropriation that is distributed based upon performance. This amount also is included in Appendix C. Note: no performance funding is reflected in 2004-05 since Program Initiative funds were not allocated that year for that purpose.

<sup>5</sup>Employees are associated with PASSHE's Information Systems Integration Project.

**Appendix E**

**Pennsylvania State System of Higher Education  
Summary of Special Line Item Appropriation Request  
Employee Health (PEBTF) Assessment  
(Dollar Amounts in Thousands)**

	Actual 2004-05	Current 2005-06	Budget Request 2006-07	Governor's Budget 2006-07
<b>Source of Funds</b>				
State Appropriation	\$2,400	\$1,700	\$3,400	0
Tuition/Fees/Other	0	0	0	0
Restricted Funds	0	0	0	0
Revenue Shortfall	0	0	0	3,400
<b>Total</b>	<b>\$2,400</b>	<b>\$1,700</b>	<b>\$3,400</b>	<b>\$3,400</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$2,400	\$1,700	\$3,400	0
Operating Expenditures	0	0	0	3,400
Capital Assets/Transfers	0	0	0	0
<b>Total</b>	<b>\$2,400</b>	<b>\$1,700</b>	<b>\$3,400</b>	<b>\$3,400</b>
<b>Students (FTE)</b>				
Undergraduate	NA	NA	NA	NA
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Employees (FTE)</b>				
Instructional Faculty	NA	NA	NA	NA
Management	0.00	0.00	0.00	0.00
All Other Salaried	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Appendix F**  
**Pennsylvania State System of Higher Education**  
**Summary of Special Line Item Appropriation Request**  
**Diversity and Equal Opportunity**  
**(Recruitment of the Disadvantaged/Affirmative Action)**

(Dollar Amounts in Thousands)

	Actual 2004-05	Current 2005-06	Budget Request 2006-07	Governor's Budget 2006-07
<b>Source of Funds</b>				
State Appropriation	\$1,541	\$1,541	\$1,800	\$1,541
Tuition/Fees/Other	0	259	0	0
Restricted Funds	0	0	0	0
<b>Total</b>	<b>\$1,541</b>	<b>\$1,800</b>	<b>\$1,800</b>	<b>\$1,541</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$1,142	\$1,354	\$1,035	\$886
Operating Expenditures	285	336	658	564
Capital Assets/Transfers	114	111	106	91
<b>Total</b>	<b>\$1,541</b>	<b>\$1,800</b>	<b>\$1,800</b>	<b>\$1,541</b>
<b>Students (FTE)</b>				
Undergraduate	NA	NA	NA	NA
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Employees (FTE)</b>				
Instructional Faculty	NA	NA	NA	NA
Management	1.25	1.25	1.25	1.25
All Other Salaried	1.00	1.00	1.00	1.00
<b>Total</b>	<b>2.25</b>	<b>2.25</b>	<b>2.25</b>	<b>2.25</b>

*Note: Employee FTE numbers reflect permanent personnel administering the program. Personnel expenditures include grant money associated with funding other personnel expenses throughout the System.*

**Appendix G**  
**Pennsylvania State System of Higher Education**  
**Summary of Special Line Item Appropriation Request**  
**McKeever Environmental Learning Center**  
(Dollar Amounts in Thousands)

	Actual 2004-05	Current 2005-06	Budget Request 2006-07	Governor's Budget 2006-07
<b>Source of Funds</b>				
Special Purpose Appropriation	\$206	\$206	\$532	\$206
Other State Appropriation*	301	315	0	0
Tuition/Fees/Other	270	342	388	388
Restricted Funds	0	0	0	0
Revenue Shortfall	0	0	0	326
<b>Total</b>	<b>\$777</b>	<b>\$863</b>	<b>\$920</b>	<b>\$920</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$448	\$507	\$539	\$539
Operating Expenditures	243	356	381	381
Capital Assets/Transfers	86	0	0	0
<b>Total</b>	<b>\$777</b>	<b>\$863</b>	<b>\$920</b>	<b>\$920</b>
<b>Students (FTE)</b>				
Undergraduate	NA	NA	NA	NA
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Employees (FTE)</b>				
Instructional Faculty	NA	NA	NA	NA
Management	1.00	1.00	1.00	1.00
All Other Salaried	8.00	8.00	8.00	8.00
<b>Total</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>

\*McKeever Center currently (2005-06) requires \$521,000 in appropriations to perform its mission. The current special purpose appropriation of \$206,000 meets 39.5% of the Center's need, which is subsidized with \$315,000 of PASSHE's Educational and General Appropriation, at the expense of the System Universities, to ensure the Center's viability.

**Appendix H**  
**Pennsylvania State System of Higher Education**  
**Summary of Special Line Item Appropriation Request**  
**Pennsylvania Center for Environmental Education**  
(Dollar Amounts in Thousands)

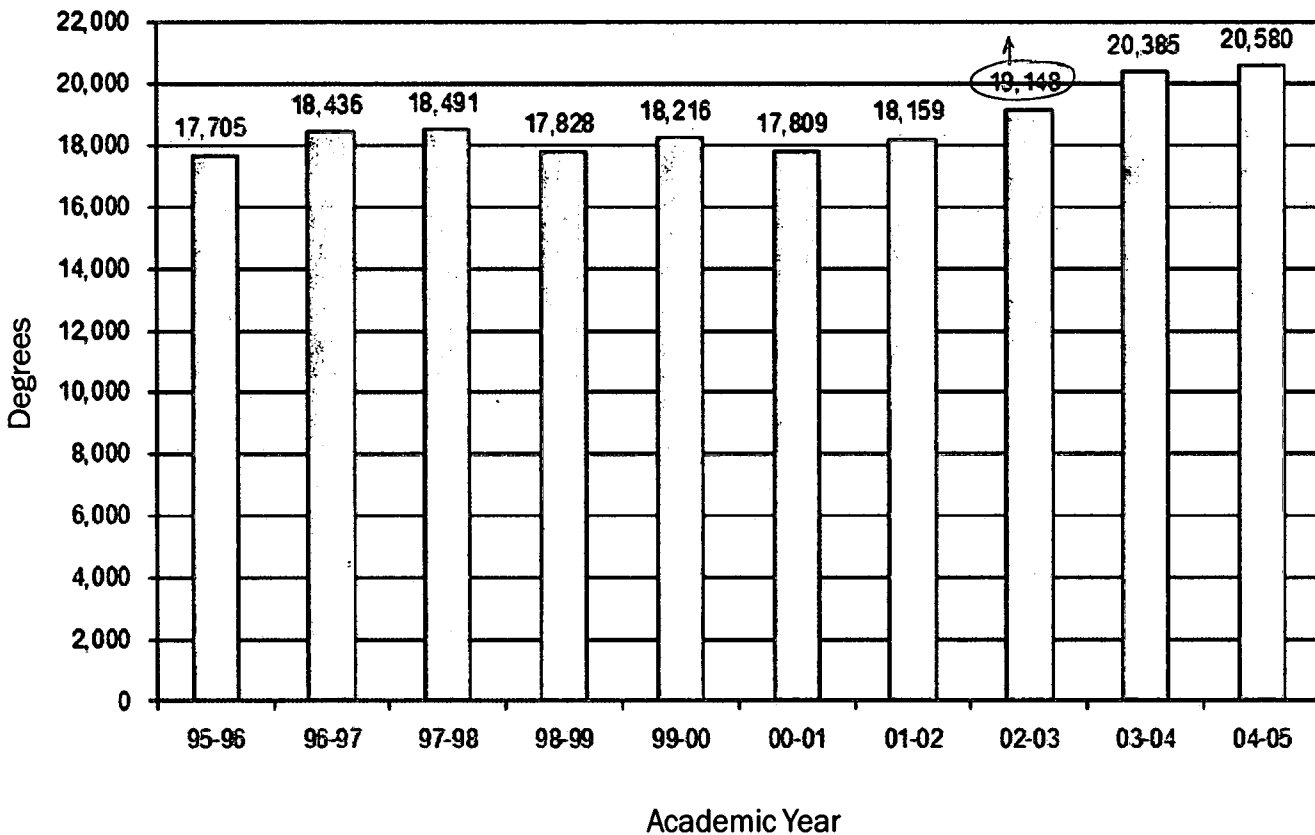
	Actual 2004-05	Current 2005-06	Budget Request 2006-07	Governor's Budget 2006-07
<b>Source of Funds</b>				
Special Purpose Appropriation	\$0	\$350	\$350	\$0
Other State Appropriation*	222	0	0	0
Tuition/Fees/Other	0	0	0	0
Restricted Funds	0	0	0	0
Revenue Shortfall	0	0	0	350
<b>Total</b>	<b>\$222</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$190	\$260	\$284	\$284
Operating Expenditures	32	75	66	66
Capital Assets/Transfers	0	15	0	0
<b>Total</b>	<b>\$222</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>
<b>Students (FTE)</b>				
Undergraduate	NA	NA	NA	NA
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Employees (FTE)</b>				
Instructional Faculty	NA	NA	NA	NA
Management	NA	1.00	1.00	1.00
All Other Salaried	4.00	3.00	3.00	3.00
<b>Total</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

\* Funded through the Pennsylvania Department of Environmental Protection.

**Appendix I  
Pennsylvania State System of Higher Education  
Academic Program Data**

Program Measure	Actual 2004-05	Projected 2005-06	Projected
			Actual <del>2005-06</del> 2006-07
Associate Degrees Awarded	367	370	378
Bachelors Degrees Awarded	16,404	16,731	16,924
Graduate Degrees Awarded	3,809	3,897	3,972
<b>Total Degrees Awarded</b>	<b>20,580</b>	<b>20,998</b>	<b>21,274</b>

**Pennsylvania State System of Higher Education  
Total Degrees Granted  
1995-96 to 2004-05**





# PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION

## 2006-07 APPROPRIATIONS REQUEST

### Appendix J

#### Pennsylvania State System of Higher Education Applications, Acceptances, and Enrollments\* of Pennsylvania Residents, by Race, 1996-2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>AFRICAN AMERICAN</b>										
Applications	4,538	5,090	4,998	5,864	5,801	6,362	6,869	7,980	9,838	10,717
Acceptances	2,626	2,719	2,627	3,315	3,062	2,999	3,747	4,025	4,631	4,983
Enrollments	998	1,062	1,014	1,125	1,121	1,226	1,287	1,538	1,594	1,810
Percent Accepted	57.9%	53.4%	52.6%	56.5%	52.8%	47.1%	54.5%	50.4%	47.1%	46.5%
Percent Accepted Who Enroll	38%	39.1%	38.6%	33.9%	36.6%	40.9%	34.3%	38.2%	34.4%	36.3%
Percent Applied Who Enroll	22%	20.9%	20.3%	19.2%	19.3%	19.3%	18.7%	19.3%	16.2%	16.9%
<b>LATINO</b>										
Applications	730	700	851	706	739	929	1,333	1,209	1,610	1,727
Acceptances	495	495	482	550	458	475	597	878	763	1,052
Enrollments	186	193	243	179	203	250	319	319	386	426
Percent Accepted	67.8%	68.9%	64.6%	64.9%	64.3%	64.3%	65.9%	63.1%	61.7%	60.9%
Percent Accepted Who Enroll	37.6%	40.0%	44.2%	39.1%	42.7%	41.9%	36.3%	41.8%	38.8%	40.5%
Percent Applied Who Enroll	25.5%	27.6%	28.6%	25.4%	27.5%	26.9%	23.9%	26.4%	24.0%	24.7%
<b>AMERICAN INDIAN OR ALASKAN NATIVE</b>										
Applications	123	125	144	96	121	135	123	135	152	147
Acceptances	87	91	92	64	76	88	80	86	109	106
Enrollments	42	47	48	29	36	42	39	38	44	48
Percent Accepted	70.7%	72.8%	63.9%	66.7%	62.8%	65.2%	65.0%	63.7%	71.7%	72.1%
Percent Accepted Who Enroll	48.3%	51.6%	52.2%	45.3%	47.4%	47.7%	48.8%	44.2%	40.4%	45.3%
Percent Applied Who Enroll	34.1%	37.6%	33.3%	30.2%	29.8%	31.1%	31.7%	28.1%	28.9%	32.7%
<b>ASIAN OR PACIFIC ISLANDER</b>										
Applications	524	567	609	705	641	734	830	767	846	893
Acceptances	356	384	429	484	432	496	566	518	552	594
Enrollments	109	124	127	141	152	156	188	162	187	196
Percent Accepted	67.9%	67.7%	70.4%	68.7%	67.4%	67.6%	68.2%	67.5%	65.2%	66.5%
Percent Accepted Who Enroll	30.6%	32.3%	29.6%	29.1%	35.2%	31.5%	33.2%	31.3%	33.9%	33%
Percent Applied Who Enroll	20.8%	21.9%	20.9%	20.0%	23.7%	21.3%	22.7%	21.1%	22.1%	21.9%
<b>UNKNOWN**</b>										
Applications							1,107	3,065	4,446	3,996
Acceptances							752	1,932	2,828	2,524
Enrollments							299	718	1,002	865
Percent Accepted							67.9%	63.0%	63.6%	63.2%
Percent Accepted Who Enroll							39.8%	37.2%	35.4%	34.3%
Percent Applied Who Enroll							27.0%	23.4%	22.5%	21.6
<b>WHITE</b>										
Applications	43,504	45,117	44,586	43,905	45,418	46,506	48,008	47,122	47,370	46,023
Acceptances	32,105	32,899	32,508	32,978	32,835	33,622	34,387	33,656	34,201	33,148
Enrollments	13,804	13,944	13,898	14,140	14,730	14,634	13,830	14,769	14,172	14,132
Percent Accepted	73.8%	72.9%	72.9%	75.1%	72.3%	72.3%	71.6%	71.4%	72.2%	72%
Percent Accepted Who Enroll	43%	42.4%	42.8%	42.9%	44.9%	43.5%	40.2%	43.9%	41.4%	42.6%
Percent Applied Who Enroll	31.7%	30.9%	31.2%	32.2%	32.4%	31.5%	28.8%	31.3%	29.9%	30.7%
<b>TOTAL</b>										
Applications	49,419	51,599	51,188	51,276	52,720	54,666	57,163	60,278	64,262	63,503
Acceptances	35,669	36,575	36,206	37,299	36,880	37,802	39,658	40,980	43,315	42,407
Enrollments	15,139	15,370	15,330	15,614	16,242	16,308	15,663	17,544	17,385	17,477
Percent Accepted	72.2%	70.9%	70.7%	72.7%	70.0%	69.2%	69.4%	68.0%	67.4%	66.8%
Percent Accepted Who Enroll	42.4%	42.0%	42.3%	41.9%	44.0%	43.1%	39.5%	42.8%	40.1%	41.2%
Percent Applied Who Enroll	30.6%	29.8%	29.9%	30.5%	30.8%	29.8%	27.4%	29.1%	27.1%	27.5%

\*First-Time Freshmen

\*\*Unknown Ethnicity First Reported in 2002

**PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION**

**2006-07 APPROPRIATIONS REQUEST**

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**Cheyney University of Pennsylvania**  
Gen. Wallace C. Arnold (Ret.), Interim President

**Clarion University of Pennsylvania**  
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**East Stroudsburg University of Pennsylvania**  
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**Edinboro University of Pennsylvania**  
Dr. Frank G. Pogue, President

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Dr. Tony Atwater, President

**Kutztown University of Pennsylvania**  
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**Lock Haven University of Pennsylvania**  
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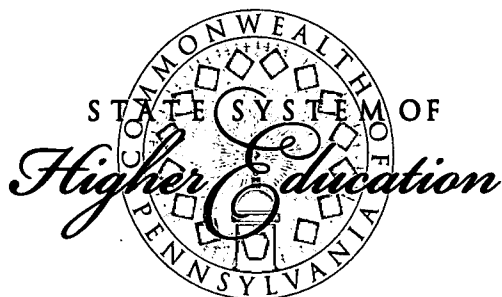
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Dr. David J. Werner, Interim President

**Millersville University of Pennsylvania**  
Dr. Francine G. McNairy, President

**Shippensburg University of Pennsylvania**  
Dr. George F. "Jody" Harpster Jr., Interim President

**Slippery Rock University of Pennsylvania**  
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**West Chester University of Pennsylvania**  
Dr. Madeleine Wing Adler, President



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