Effective: October 14, 2020

Policy 2020-03: Act 50 of 2020 Implementation Policy

See Also:

Adopted: October 14, 2020

A. Purpose and Scope

Pursuant to Act 50 of 2020, the Board of Governors (Board) may create, expand, consolidate, transfer or affiliate a university, except for a university with a Fall 2019 headcount enrollment greater than 10,000 students. The Board is not authorized to close a university. To undertake the creation, expansion, consolidation, transfer or affiliation of State System universities, the Board is required to develop policies and procedures. The chancellor is directed to develop reports and recommendations prior to Board action to create, expand, consolidate, transfer or affiliate any university. After the reports and recommendations are provided to the Board, the chancellor is responsible for developing an implementation plan for final approval. This policy will set forth the detail of the review process and the implementation plan.

Per statute, this policy does not apply to West Chester University of Pennsylvania and Indiana University of Pennsylvania, both of which had a Fall 2019 headcount enrollment greater than 10,000 students.

B. Policy

The chancellor, in consultation with the Board, is hereby directed to conduct a review of the System and determine what, if any, universities will be subject to this policy. After determining what universities, if any, may be impacted, the chancellor is directed to determine financial stability of any impacted university utilizing student support metrics, student success metrics and other financial metrics and develop a report and recommendations.

1. Review of Financial Stability

The report and recommendations shall include, but not be limited to, an analysis of the following:

a) Enrollment trends.
b) Projections of revenues and expenditures for the current year and the next five (5) years, both assuming the continuation of present operations and as impacted by any recommendation for the Board to exercise the Board's powers under this policy.
c) Assets, liabilities and university reserves.

d) Actions undertaken to improve the financial stability of the university and the financial impact of those actions.
e) Additional actions that could be taken to improve the financial stability of the university, the projected financial impact of those actions and whether those actions would alleviate the need for the Board to exercise the Board's powers under this policy.
f) The financial impact on the university and the system if no action is taken by the Board to exercise the Board's powers under this policy.
g) The financial impact on the surrounding community of the university if action is taken by the Board to exercise the Board's powers under this policy.
h) Impacts on affiliated entities and any donor restrictions on the use of non-State appropriated funds.

2. Development of Proposed Implementation Plan

Upon the Board's receipt of the report and recommendation, the chancellor shall develop a proposed implementation plan. The proposed implementation plan shall include the following information:

a) Description of the proposal to exercise powers under this policy.
b) Rationale, goals and objectives of the proposal to exercise powers under this policy.
c) Method for evaluating achievement of goals and objectives.
d) Relation of the proposal to the mission and strategic plan of the university and system as a whole.
e) Impacts on academic programs, nonacademic units and accreditation.
f) Impacts on students, faculty and staff.
g) Impacts on the community.
h) Impacts on shared governance.
i) Before and after organizational charts for all impacted universities.
j) Information included in the chancellor's report and recommendation as required under subsection B.1 of this policy.
k) Timeline for the implementation plan.

3. Process for Review and Approval of Proposed Implementation Plan

The proposed implementation plan shall be approved by a majority vote of the Board. If the Board rejects the proposed implementation plan, the chancellor may amend the proposal and present it to the Board for reconsideration and approval by a majority vote of the Board. Within fourteen (14) days after approval of the proposed implementation plan, the Board shall do the following:

a) Transmit a copy of the proposed implementation plan to the following:
   1. Chairperson and minority chairperson of the Appropriations Committee of the Senate;
   2. Chairperson and minority chairperson of the Education Committee of the Senate;
   3. Chairperson and minority chairperson of the Appropriations Committee of the House of Representatives; and
   4. Chairperson and minority chairperson of the Education Committee of the House of Representatives.
b) Make the proposed implementation plan available on the State System website for review and solicit public comment for a period of sixty (60) days.

During the sixty (60) day public comment period, the Board shall consult with stakeholders, including faculty, staff, students and administrators, and hold at least two public hearings as part of the public comment period required under this policy. After the public comment period and before any action may be taken pursuant to section B.1 of this policy, the Board shall

consider comments made by stakeholders during the public comment period and present an implementation plan at a public meeting subject to the approval by two-thirds (2/3) of the Board. If the Board votes to approve the implementation plan, the Board shall, within fourteen (14) days, transmit a copy of the final implementation plan to the following:

a) Chairperson and minority chairperson of the Appropriations Committee of the Senate;
b) Chairperson and minority chairperson of the Education Committee of the Senate;
c) Chairperson and minority chairperson of the Appropriations Committee of the House of Representatives; and
d) Chairperson and minority chairperson of the Education Committee of the House of Representatives.

4. Required Reporting

Upon development of a proposed implementation plan under section B.2 of this policy, the chancellor shall report on a quarterly basis in person to the chairperson and minority chairperson of the Appropriations Committee of the Senate, the chairperson and minority chairperson of the Education Committee of the Senate, the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives, and the chairperson and minority chairperson of the Education Committee of the House of Representatives information detailing the actions taken, actions planned to be taken in the next quarter and progress made toward developing and implementing the goals of the proposed plan on the respective universities. Within fifteen (15) days of the issuance of a report to the chairpersons, the chancellor shall present the report at a joint public hearing of the Appropriations Committee of the Senate and the Education Committee of the Senate and a joint public hearing of the Appropriations Committee of the House of Representatives and the Education Committee of the House of Representatives. A report under this section shall continue until the plan is either rejected by the Board or has been fully implemented. A report shall include, but is not limited to, the following information:

a) An overview of the financial position of the respective universities at the time of plan approval and at the time of the report.
b) The operating budget and total budget for each university at the time of plan approval and at the time of the report.
c) The estimated amount of expenditures needed to support plan implementation at the time of plan approval and the cumulative amount of expenditures made to support plan implementation at the time of the report.
d) The applicable organizational charts at the time of plan approval and at the time of the report.
e) Full-time enrollments at the time of plan approval and at the time of the report.
f) Graduation outcomes at the time of plan approval and at the time of the report.
g) The cost of tuition, room and board, and fees at the time of plan approval and at the time of the report.
h) The average cost of attendance at the time of plan approval and at the time of the report.
i) The number of faculty and nonfaculty employees at the time of plan approval and at the time of the report.
j) The number of faculty and nonfaculty employees by location at the time of plan approval and at the time of the report.
k) Each impact to faculty and nonfaculty employee staffing, including, but not limited to, separations, reductions in force, reclassifications of job responsibilities or roles or reassignments to other universities within the system. The notification under this paragraph shall include an estimated financial impact for the current and subsequent two fiscal years.

l) The faculty-to-student ratio and the faculty and nonfaculty employee-to-student ratio at the time of plan approval and at the time of the report.
m) A list of academic programs that have been terminated or consolidated and an explanation of the reasons for termination or consolidation.
n) A list of new academic programs that have been approved and an explanation of the need for the programs.
o) The number of academic programs by location at the time of plan approval and at the time of the report.
p) A list of property that is for sale or has been sold and the value of the proceeds from the sale.
q) A list of administrative service consolidations and the value of savings resulting from the consolidations.
r) A list outlining concerns related to the implementation of the plan on the community and affiliated organizations.
s) Any other information as requested by the chairpersons enumerated under this subsection.

5. Timeline for Final Implementation Plan

The timeline for implementation to be completed as described in the final implementation plan shall be no earlier than twelve (12) months from the date of the issuance of the proposed implementation plan. The Board's authority to approve a final implementation plan shall expire June 30, 2023. Actions taken by the chancellor prior to the effective date of this policy are hereby affirmed.

C. Authorization

The chancellor is authorized to promulgate procedures and standards as necessary to implement this policy.

D. Effective Date

This Policy is effective October 14, 2020.