



Board of Governors Meeting

Wednesday, January 16, and Thursday, January 17, 2019

Boardroom | Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201
Webcast at www.passhe.edu

Wednesday, January 16

- 1:00 p.m. Board of Governors Meeting (Boardroom)
1. Call to Order / Roll Call of Board Members
 2. Pledge of Allegiance
 3. Approval of the Minutes from October 11, 2018, and October 29, 2018, meetings.
 4. Public Comments
 5. Chairwoman Shapira's Report
 - a. ACTION: Approval of updated committee assignments (Page 3)
 6. Chancellor Greenstein's Report
 7. System Redesign (Page 4)
 - a. Overview (Page 5)
 - b. Recommendations from Phase 2 Task Groups: Systemness; Student Success; University Success (Page 9)
 - c. ACTION: Affirmation of direction

Thursday, January 17

- 8:00 a.m. Commission of Presidents Meeting (Conference Room C)
- 9:00 a.m. Board of Governors Meeting (Boardroom)
8. University Success Committee
 - a. ACTION: Project Financing, Bloomsburg University of Pennsylvania (Page 41)
 9. Governance and Leadership Committee
 - a. Interim Report from PACT Committees (Page 42)
 - b. ACTION: Revisions to Board of Governors Policy 1983-13-A: *Process for Recommending Presidential Appointment* (Page 59)
 10. Full Board Action Items
 11. New Business
 12. Adjournment

(Executive session will be called as needed)

Board of Governors Meeting

January 16, 2019

SUBJECT: Standing Committee Assignments (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: The Standing Committee Assignments must be updated to include all current assignments of Board Members to the Committees of the Board.

MOTION: That the Board of Governors approve the Standing Committee Assignments as shown in the *Standing Committee Assignments* document distributed at the Quarterly Board meeting, effective January 16, 2019.

Supporting Documents Included: N/A

Other Supporting Documents Available: *Standing Committee Assignments*

Reviewed by: N/A

Prepared by: Randy Goin Jr.

Telephone: (717) 720-4010

Board of Governors Meeting
January 16-17, 2019

SUBJECT: System Redesign (INFORMATION AND ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: In 2016, the State System undertook a strategic review of all operations with the goal of identifying areas of necessary change to help ensure the long-term success of the State System. Coming out of the review, the Board established three priorities to guide System Redesign efforts:

- 1) Ensuring student success
- 2) Leveraging university strengths
- 3) Transforming the governance/leadership structure

In 2017, the System moved from "review" to "redesign" mode in which the Board of Governors affirmed its commitment to the long-term stability of all 14 universities in the State System so that each may continue to serve students, its region, and the Commonwealth. During Phase 1 of the System Redesign, the Chancellor developed a process to operationalize the System Redesign—establishing small, focused task groups to accomplish specific objectives related to the three strategic priorities.

In 2018, the System moved into Phase 2 with three new task groups: 1) Student Success, 2) University Success, and 3) Systemness. Recommendations from those task groups will be discussed at the Board meeting, including a discussion of next steps in the System Redesign

The following pages include:

- System Redesign Overview – a high-level overview of the ongoing redesign effort
- Phase 2 Task Group Recommendations – an executive summary; next steps with timelines; and details capturing the work of the three task groups

MOTION: TBD

Supporting Documents Included: System Redesign Overview; Phase 2 Task Group Recommendations

Other Supporting Documents Available: systemredesign.passhe.edu

Reviewed by: N/A

Prepared by: Randy Goin Jr.

Telephone: 717-720-4010



System Redesign Overview

Where we are

Pennsylvania's State System of Higher Education comprises 14 universities, enrolling a combined 100,000 students and serving as the Commonwealth's only truly public university system. With some important exceptions, these institutions are regional, comprehensive universities that are deeply embedded in the communities they serve—drawing the majority of their students from immediately adjacent counties and maintaining lasting connections with regional government, industry, etc. They provide an excellent education that is highly personalized, offering a significant level of faculty engagement and programming that is increasingly workforce-aligned. The majority of new programs introduced over the last five years have been in the high-growth, high-demand areas of science, technology, engineering and mathematics (STEM), healthcare and business.

While striving to meet the educational needs of students and their future employers, the State System is facing many of the same challenges confronting U.S. public higher education in general; perhaps more acutely and in even higher doses here in Pennsylvania:

- Pennsylvania ranks 48th in the nation in *per capita* funding for higher education
- Public investment is lagging, forcing tuition increases that have depressed enrollments
- Enrollments are down nearly 20% since 2010, with the biggest declines among students from families earning less than \$110,000 per year, and are expected to continue but slow for another year or two.

There are several contributing factors that are compounding these challenges: The number of high school graduates in the state is declining; the higher education marketplace in the state is overcrowded; public resources are thinly spread; and statutory and regulatory constraints are imposing additional costs and creating inefficiencies that are constraining universities' agility in responding to rapidly changing market conditions.

The net result, as identified in two recent studies (NCHEMS and RAND) that factor into the System's strategic planning, is that the System is in need of a fundamental transformation; one that will reimagine public higher education, not only in the Commonwealth of Pennsylvania, but nationally.

There is enormous potential—perhaps unique nationally—for the State System and its universities not only to succeed in overcoming all of these challenges, but also to lead a transformational effort that will redefine higher education in a way that the System could become a national model.

The case for transformational change has been made, and there is an appetite for it at every level and with every internal and external stakeholder group—students, faculty, staff, trustees, and beyond. That is rare in U.S. higher education.

The System is moving into its second year of a System Redesign initiative launched by the Board in 2017, with real momentum behind it and a solid commitment to continue it. University leadership has the relevant skills and experience and the passion needed to actively pursue the kinds of innovations necessary to improve and enhance student success in a sustainable way. In fact, they already are, and their efforts are showing promise.

The System and its universities also already have world-class student, financial, workforce, general population, and education data they can use to plan, execute, and evaluate initiatives in a data-driven fashion—there’s no need to fly blind. As examples, the data the System already has allows it to:

- calculate cost, revenues earned, and student outcomes for every course and degree program offered;
- know where students come from, where they go when they leave, where they land in the workforce, and what they earn (available in detail according to the usual student demographic characteristics); and
- track demographic, education, and workforce trends and predictively identify and then target sources of student and employer demand for higher education.

The Board of Governors, trustees, and elected leaders at all levels are supportive of and eager to see a vision and path forward for a public system that offers affordable, high value, workforce relevant postsecondary education.

Where are we going? A framework for System Redesign

1. Leverage the State System’s operating scale and distributed capabilities to build a “sharing system” of universities

Serving 100,000 students, the universities of the State System comprise one of the largest higher education providers in the United States. By taking advantage of their collective scale, the universities can:

- Fundamentally expand opportunity for students and enhance the value that the System's 14 universities offer to PA
- Reduce overall cost per student by operating with maximum cost efficiencies through aggressive use of shared academic, business, and administrative functions, and aligning capacity with enrollments
- Grow revenues by:
 - restructuring pricing models to ensure affordability as required to stabilize and then grow enrollments
 - improving student retention by working in a coordinated fashion at regional and state-wide levels to accelerate scaled adoption of proven industry best practices
 - increasing enrollment of new students by working together to break into new student markets, notably through workforce aligned and short-course credentialing programs targeting adult-degree completion, reskilling, and upskilling, and mounted on regional and statewide levels, potentially in partnership with other education providers and employers
 - engaging in a whole new generation of public-private partnerships (in all aspects of work) and in aggressive donor and alumni development

2. Implement tools that enable an outcomes-oriented approach to enterprise management

These tools will include:

- Measurable System goals focused on student and university success that ensure sustainable, affordable, quality, workforce-aligned education
- An agreed to understanding of universities' respective contributions to the goals
- University-level and System-level strategies and budgets that support progress toward the goals
- An accountability framework that enables transparency, drives continuous improvement, and underpins individual and institutional performance management
- An intentional and deliberate strategy for identifying, addressing, and making measurable progress in improving internal cultural issues that impede progress

3. Retool budgeting and investment practices enabling us to:

- reorganize and reprioritize the use of System resources, freeing investment funds to support growth while ensuring stability for the affordable, high quality programs that the people and economy of the Commonwealth require
- ensure continuing student affordability
- make strategic budget trade-off decisions where necessary at a System level

4. Strengthen governance structures and amplify and integrate communications and advocacy efforts

Begun in 2017, work on governance focuses on:

- Clarifying roles, responsibilities, accountabilities, and performance expectations of the Board of Governors and its members, the councils of trustees and their members, the chancellor and the university presidents
- Strengthening shared governance

Continuing work on strategic communications and advocacy seeks to integrate and align efforts at universities and System levels in order to:

- Demonstrate to students and prospective students alike why there has never been a better time than now to attend a great State System university. Not only do the universities represent the most affordable, high-quality, career-relevant option in Pennsylvania, they are a living laboratory where students will be an integral part of a close-knit community and experience and contribute to the energy and creativity involved in student-centered innovations that are taking place
- Demonstrate the return on both public and private investment in the System and its universities
- Enhance public trust and understanding of the role the universities play in contributing to the economic, social, and cultural well-being and health of the people of the Commonwealth

5. Restructure the State System office

Building a high-performing leadership team that focuses transparently on and demonstrates value in:

- Change leadership through its reliance on data-driven, consultative approaches to strategy and execution, and on university connectivity as required of a "sharing system"
- Effective client-oriented execution of centrally managed services

- Alignment and integration of strategic communications and advocacy efforts
- Effective interface with elected and appointed officials and with statewide and national entities in key business, education, government, philanthropic, and other sectors
- Support for universities as necessary to ensure adherence to necessary state and federal laws, rules, and policies as stewards of the public trust

6. Work in partnership with key stakeholders in the state, and the business and education communities to address critical structural and public policy issues

Success of this transformation is contingent on addressing issues that lie outside the Board of Governors' span of control including:

- Statutory and regulatory constraints that add cost and/or impede the universities' and the System's responsiveness to rapidly changing market conditions and workforce and educational needs
- Education public policy and public investment strategies that spread scarce resources too thinly, thereby endangering economic development by weakening education-workforce pipelines

SYSTEM REDESIGN PHASE 2

Task Group Recommendations

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December 27, 2018 (updated 1/11/19)

System Redesign Phase 2 Draft Recommendations

Executive Summary

Phase 2 of System Redesign began in October 2018 with the Board of Governors establishing three task groups—1) Student Success, 2) University Success, and 3) Systemness. The purposes of the task groups were to:

- Identify measures around which the System will set goals—and universities identify contributions to those goals—in order that they may transparently report progress, establish feedback loops that enable continuous improvement, and build an accountability system that drives individual and institutional performance management (task groups 1 and 2).
- Recommend an operating model for the State System that will sustainably provide affordable, relevant higher education for all Pennsylvanians; expand opportunities for all regions and for populations at risk of being priced out of higher education and the pathways to sustaining careers it offers; meet the Commonwealth’s rapidly changing workforce development needs (task group 3).

The task groups included representatives who were invited from the following stakeholder groups: Board of Governors, Councils of Trustees, the System leadership, university leadership, faculty, staff, and students.

The process gave careful consideration to unique and distinctive qualities of the System’s 14 universities, including:

- the intimate nature of the education they offer;
- their central importance to the communities they serve;
- their responsiveness to workforce needs; and
- their ability to cultivate a combination of technical skills required for initial post-graduation employment and the higher-order soft skills that enable graduates to pursue successful careers, contribute to their communities, and participate effectively in the 21st century economy.

The process also was informed by data on the System’s current performance—both financially and with respect of its students’ success—as well as at challenges looming on a ten-year horizon that foretell a number of unsettling trends:

- demographic—decline in the size of the high-school leaving population coupled with growing adult demand for degree completion, re-skilling, and upskilling;
- workforce—where there is evidence of considerable mismatch between the projected kinds of graduates colleges and universities are producing and the kinds of graduates Pennsylvania employers need to fill jobs;
- economic—probability of a recession at some point in the next decade; and political.

The task groups' work has led to recommendations that *contemplate nothing short of a fundamental transformation in how the State System operates while providing a route map for the redesign of public higher education generally in this country*. These recommendations are not motivated out of fear with respect of the challenges, but out of optimism that the State System can extend opportunity for individual mobility and enhance its contribution to the state's economic competitiveness.

Stated succinctly, the recommendations include the development of a **sharing system** where universities work interdependently—leveraging their combined scale to maximize students' access to academic programs, experiential learning opportunities, career placement, and more by:

- expanding the breadth of programs they offer, including the development of new degree and certificate programs that are directly responsive to workforce demands;
- improving students' outcomes around measurable goals while enriching the quality of their experience;
- partnering with employers and employer groups, but also with schools and other higher education institutions to ensure the construction of educational pathways that efficiently lead students into sustaining careers;
- significantly reducing operating costs through the extensive use of deeply shared infrastructure; and
- developing new revenue streams through the use of public/private partnerships and expanded support from donors and other funders.

The task groups also are recommending measures for which the System will build goals and then use to incentivize progress through accountability and performance management systems and routine budget allocation, tuition setting, and one-time investment decisions. Recommended measures reflect stated System priorities established during Phase 1 of the System Redesign:

- Student success – how well students progress towards a credential and how well they fare in the labor market after graduation (measures to be disaggregated by student group)
 - students' credit completion ratio;
 - students' graduation rate; and
 - students' salary (earnings thresholds) achieved by graduates.
- University success – how effectively and efficiently universities operate, ensuring they allocate the maximum share of every dollar earned in support of students' success as well as their financial viability and that of the System as a whole
 - student affordability (e.g., average unmet need and average net price);
 - university financial strength as evident in ratios having to do with its primary reserves, net annual operating revenues, and debt levels; and
 - university progress building alternative revenue streams (e.g., through donor funding, public/private partnerships).
 - university participation in meeting student success goals and contributions to the overall success of the sharing system.

In the coming year, measures will translate into System goals and the development of university contributions toward those goals. Additional measures will be developed related to the System's success in implementing and ultimately delivering results from its proposed operating model.

The task groups recognize the audacity of these proposals and the complexity for implementation—given the System’s history, culture, governance process, existing statutory and regulatory burdens, lagging state funding, as well as the challenges emerging from the broader educational and political ecosystems. The task groups draw confidence from four sources:

- While the operating proposed model has not been tried at any scale, exemplary representations of each and every one of its key aspects exist somewhere in U.S. higher education. In other words, the System can draw on the work of others to identify and seek to adopt emerging best practices.
- The System’s long history is marked by periods of massive and successful transformation, i.e. in the transition from normal schools to state universities.
- The grit, determination, and creativity of the System’s faculty and staff and the support of the communities that the universities serve.
- The simple fact that the *cost of not acting boldly and with courage will assure terminal decline and exact a price on the people of Pennsylvania that is unacceptably high.*

The challenges will be great. They will require fundamental shifts in how the System thinks, how it acts—shifts in its very culture. Key among these transformational shifts are:

SHIFTING FROM:	TO:
Universities aggressively compete with each other for scarce students, and human, financial, and other resources	Universities collaborate to serve existing students better and compete more effectively within Pennsylvania’s vibrant and crowded post-secondary educational ecosystem
Barriers to student academic progress exist through misaligned information systems and cumbersome bureaucracy	Students, credits and revenues flow freely maximizing student academic progress
Universities have high overhead costs and constrained program breadth and revenue opportunities	Universities aggressively leveraging combined operating scale to expand opportunities and revenues growth while lowering overhead costs
Decision makers at all levels relinquish authority to do what’s best for students due to political and other pressures	Decision makers at all levels exercise authority in the best interest of students in the face of political and other pressures
The central office functions for the state as a compliance and administrative organ	The central office focuses on strategy, data-driven outcomes, and shared service connectivity for universities
The system asks for state allocation each year based on claims about the role and importance of public higher education and references chronic funding gaps	The system presents an investors' prospectus to the Governor, Legislature, and other stakeholders—focusing on providing measurable return on investment to the state, economy, and people of PA

Next Steps

The task groups recommend that the Board:

- Affirm the sharing system operating model—charging the Chancellor with
 - developing an implementation plan including cost-benefit analyses of implementation options; enabling policy changes; budgetary, investment, and other incentives and other structures that enable the significant cultural, organizational and behavioral shifts that are required; as well as timelines and key milestones; and

- Affirm measures of student and university success—charging the Chancellor with translating measures into System goals including agreed university contributions to those goals, and using the above to implement:
 - an accountability framework that enables routine reporting and review of progress towards goals; and
 - individual and institutional performance management system that fosters continuous improvement.

With Board oversight and affirmation at key milestones, the Chancellor is responsible for the System Redesign in consultation with key stakeholder groups. Unless otherwise indicated, task groups and teams that contribute to it are appointed by and advisory to the Chancellor based on recommendations received from key constituencies (e.g., university presidents, union presidents, Board members, and Trustee leadership). Progress of System Redesign can be followed online at www.passhe.edu/SystemRedesign.

Leverage operating scale to grow revenue and operate with maximum cost efficiency

Responsibility: Chancellor in consultation with the Council of Presidents

Work package	Consultation path (staff and other supports)	Date for initial deliverable
Academic policies enabling cross university programs/ instruction	Faculty team (TBD)	Q3/4 2019 – recommended changes with implementation plan/timeline
Digitally enabled and distance learning	Cross-functional team with outside expert (TBD)	Q4 2019 – options projecting role(s), goals, ROI in the sharing system, operating scope, service models(s) and implementation path(s), timeline/milestone to launch, investment (cost)
Scaling best practice in student advising to drive retention	Cross-functional team with outside expert (CTO)	Q4 2019 – options projecting goals and ROI in the sharing system, and strategies for accelerating time to impact,

		timeline to full implementation, investment (cost)
Accelerating development of workforce aligned credentialing programs	Cross-functional team with outside expert (CTO)	Q1 2020 – options projecting role(s), goals, ROI in the sharing system, and implementation paths, timeline/milestone to launch
Shared services (statewide and regional opportunities with business, administrative, and academic related functions) and other strategies for aligning costs with enrollments	Cross-functional team (CFO, third party consultant)	Multiple to Q4 2019 including (Q3 2019) prioritized, costed shared services implementation plan with ROI, milestones and timelines

NOTE: Each deliverable will require analysis of the financing options and mechanisms necessary to move these strategies

Develop/implement enterprise management tools that drive towards above objectives

Responsibility: Chancellor in consultation with the Council of Presidents

Work package	Consultation path (staff and other supports)	Date for initial deliverable
System goals and university contributions to them	Cross-functional team (EBI)	Iterative to Q1 2020 with preliminary System goals Q3 2019 to include template and guidance for planning; reporting dashboard
Strategic Financing: Retooled university and System budgeting, budget approval, and allocation processes, and tuition setting policies and practices	Team (CFO with consultant)	Multiple recommendations and implementation plans with dates TBD <ol style="list-style-type: none"> 1) for university adoption of common budgeting practices and definitions 2) for aligning university budgets with university strategies and related goals 3) ensuring system wide budgets grow directly, transparently, and automatically out of university budgets 4) For developing / allocating system level

		<p>pool of investment capital</p> <p>5) For guidance on budget/investment actions resulting from university/System over- and under-performance against goals</p>
Strengthen System capacity and outreach	Team (Leadership team members with outside experts)	<p>Increase confidence in the System office</p> <ol style="list-style-type: none"> 1. Onboard new management teams 2. Streamline processes 3. Rebuild and enhance relationships with key constituencies 4. Enhance strategic communications & advocacy
Performance management and accountability	Team (LR/HR with expert)	<p>Multiple recommendations prioritized with implementation plans (to Q4 2020 with initial report Q2/3)</p> <ol style="list-style-type: none"> 1) For cascading outcomes oriented performance management across system with training and staff/faculty development supports 2) For gathering baseline data on cultural issues and using them to drive culture/performance improvement

NOTE: Each deliverable will require analysis of the financing options and mechanisms necessary to move these strategies

Clarify governance structures

Responsibility: Chancellor in consultation with the Pennsylvania Association of Councils of Trustees

Work package	Consultation path (staff and other supports)	Date for initial deliverable
Board of Governors	TBD	Multiple recommendations with implements plans (to Q3/4 2019) <ol style="list-style-type: none"> 1) Liaison role on the Board (Faculty, PACT) 2) Expectations of and selection criteria for Board members 3) Board member onboarding
PACT	TBD	Multiple recommendations with implements plans (to Q3/4 2020) <ol style="list-style-type: none"> 1) COT system advocacy and branding 2) COT system engagement 3) Expectations of, selection, and evaluation of trustees

NOTE: Each deliverable will require analysis of the financing options and mechanisms necessary to move these strategies

Systemness Task Group Preliminary Recommendations

Background

The task group considered six operating models for Pennsylvania’s State System of Higher Education (Appendix A), evaluating each with respect of:

- 1) mission to provide affordable, high value, and relevant postsecondary education for all of Pennsylvania including in regions and with populations that are underserved and/or at risk of being priced out of higher education and the pathways it offers to sustaining careers, effective participation in the 21st century economy, and meaningful community contributions;
- 2) impact on student success (student outcomes, cost, the student experience);
- 3) cost and degree of difficulty of implementation; and
- 4) selected other considerations (e.g., positioning for the State System in a competitive higher education ecosystem, implications for university and system brands and brand identity).

Work was informed by financial forecasting based on budget, demographic, and other trend data that was used to predict financial sustainability of different system models (Appendix B).

Having settled on a recommended operating model, the task group also evaluated key changes that the State System would need to make in order to implement the new model (Appendix C). This resulted in concrete implementation steps that are also included in the body of this document.

Comments on these recommendations have been invited to be submitted through the System Redesign website (www.passhe.edu/SystemRedesign) prior to the Board of Governors’ meeting on January 16-17, 2019.

Systemness Task Group - Invited Participants:

Name	Stakeholder Group
Elisabeth Burton	Staff
Milissa Bauer	Trustee
Sheleta Camarda-Webb	Staff
Shelby Chepress	Student
Ray Feroz	Faculty
Chris Fiorentino	President
Randy Goin Jr.	OOC Staff
Dan Greenstein (CHAIR)	OOC
Don Houser	Board Member
Ken Mash	Faculty
Tim Moerland	Provost
Rob Pignatello	President
Art Seavey	Outside advisor
Ann Womble	Trustee

Recommendation

The task group recommends fundamental transformation of the State System’s operating model as required to sustain its mission while reversing its financial decline. Specifically, it recommends the development of a **sharing system** in which universities work interdependently to leverage their combined massive operating scale in order to efficiently and nimbly sustain—even expand—the breadth of degree and certificate programs, to improve and enrich the quality of experience for all students wherever they are located and in whichever university they are enrolled, and maintain its overall student affordability. By advancing degree and certificate programs on state-wide and regional bases – the sharing system will respond effectively to changing educational needs, including those resulting from evolving workforce demands. Key features of the sharing system and next steps are summarized below.

Transforming System Operations	
Key features	Key actions
Students have access to the full breadth of educational opportunities available across the State System, irrespective of where—at which university—they are located	<p>Develop policy and systems environments that enable cross-campus instruction (e.g. course credits, transcript records, course catalog information etc., flows freely between universities)</p> <p>Integrate consistent best-of-class approaches in digitally enabled learning and distance learning, supporting them with scaled implementations of operating platforms and supports</p>
Universities coordinate in the development of selected degree and certificate programs in order to distinguish their respective brands, compete more effectively in a complex education ecosystem, including in workforce aligned credentialing and programming in high-need areas	<p>Revise program development and review processes to give greater visibility and foster greater alignment and coordination across universities</p> <p>Create funding and other incentives that reward regional and state-wide coordination; pursue additional state investment to address high need areas</p> <p>Partner with employers and employer groups regionally and on a state-wide basis in high need areas (e.g. to develop: competency maps that inform credentialing programs; internships, coops, apprenticeships and other service-learning programs that can be mounted on a state-wide basis, etc.; corporate training opportunities, etc. Partner in program design with “feeder” schools and two-year colleges)</p> <p>Convene professional communities of practice across the system to identify and accelerate adoption of industry best practices and operating environments that support innovative workforce</p>

	<p>aligned programming</p> <p>Revise policy environment(s) and systems infrastructure where necessary</p>
<p>Coordinate outreach to selected student groups recognizing their distinctive infrastructure and other needs (e.g. adults with some college interested in degree completion, reskilling or upskilling, veterans, international and out of state students)</p>	<p>Jointly conduct market research, needs assessment, etc. and market to selected underserved groups</p>
<p>Systemically scale identification/adoption of evidence-based best practices that demonstrably improve student retention</p>	<p>Convene professional communities of practice regionally and on a statewide basis to identify and accelerate adoption of industry best practices and operating environments in high-potential areas (e.g. student advising, remedial/developmental education)</p>
<p>Diversify and grow alternative revenue streams</p>	<p>Coordinated at university, regional, and system levels and with foundations to grow public-private partnerships, enhance donor support, etc., addressing structural and policy impediments as necessary</p> <p>Build economic development partnerships with local and regional governments to drive the development of new business and industry</p>

Investing in transformation

Key features	Key actions
<p>Reorganize and reprioritize the use of State System resources, freeing investment funds necessary to develop sharing system</p>	<p>Aggressively extend shared services to reduce operating cost and manage risk, focusing on business and administrative functions that can more effectively be shared on regional and statewide bases (e.g. data warehouses, financial aid packaging, etc.)</p> <p>Create funding and other incentives to drive adoption of shared services and to improve overall efficiencies in university operations</p> <p>Use state appropriations and other State System resources to strategically and appropriately invest in and incentivize new initiatives and progress toward goals, to support successful university initiatives, and to help universities surmount challenges</p>

<p>Foster shared accountability among all stakeholders for the financial performance of the sharing system and its constituent universities (critical given the financial interdependence of our universities – each is impacted directly by the financial successes and failures of the others)</p>	<p>Create an investment committee involving key stakeholders, charging it with:</p> <ul style="list-style-type: none"> aligning budget and budget reporting practices across universities to ensure consistency, comparability, transparency reviewing university budgets and making recommendations to the Board of Governors
<p>Use funding incentives to drive transformation and the development of a sharing system</p>	<p>Create an investment pool, including from resources that are saved through efficient operations and use of shared services</p> <p>Charge the investment committee with reviewing investment proposals and recommending responses to them by the Board (through the Chancellor)</p>
<p>Build a prospectus that demonstrates the return on both public and private investment in the sharing system.</p>	<p>Ramp up and align evidence-based advocacy efforts by integrating university and state wide efforts</p> <p>Work in coordinated fashion at university, system, and state-wide levels and with foundations to grow public-private partnerships, enhance donor support, etc.</p>

With respect of university governance and decision-making structures, the recommendation assumes progress along the paths already begun through the System Redesign process and identified in the Board’s October 2018 resolution and including:

- an outcomes- and goal-oriented approach to System and university strategy, budgeting, and resource allocation mechanisms;
- a higher degree of university autonomy with respect of decision-making coupled with a higher degree of accountability for the universities, System leaders, and the Board to each other;
- an accountability system that ensures transparency and supports greater individual as well as institutional performance management from the Board, through the Chancellor’s Office, Council of Trustees, Presidents, faculty and staff; and
- further clarification about roles, responsibilities, and expectations of Council of Trustees (a subject being considered by the Pennsylvania Council of Trustees with recommendations to be presented at the January 2019 Board of Governors meeting).

Consideration is also being given to mechanisms that may strengthen faculty liaison with the Board. Presently these issues are being addressed within the bounds of Act 188.

Next steps

The task group recommends that the Chancellor establish the following teams to develop detailed implementation plans including milestones, timelines, and cost-benefit analyses. Work of the teams will be undertaken transparently, based on rigorous use of data and analysis, and reported regularly through the System Redesign website and normal consultative channels. As appropriate, information gathered by the teams will be taken into discussion with union leadership for consideration with respect of Collective Bargaining Agreements.

Team 1. Academic policy, program review, and coordination - recommend change in policy, practices, and systems infrastructure as necessary to achieve educational objectives specified for the sharing system. The team will comprise leads of and provide oversight and coordination to specialized sub-teams.

- *Academic policy* – consisting of faculty and recommending policies that facilitate cross-campus instruction. The group also will 1) nominate from among its members a faculty liaison to the Board of Governors who shall serve for a period of time determined by the Board Chair, and 2) recommend options to the Board for an enduring mechanism for consultation at the statewide level around faculty issues. Note that recommendations envisaged under (1) and (2) are not intended to alter the role that APSCUF plays with respect of faculty under the terms of the Collective Bargaining Agreement (CBA), nor shall any potential liaison to the Board speak for the faculty on matters pertaining to the CBA.
- *Digitally enabled and distance education* – will recommend policies, practices, and systems infrastructure requirements as necessary to achieve the objectives outlined for the sharing system, ensuring performance at or above the levels attained by industry leaders.
- *Advising* – will recommend policies, practices, and systems infrastructure as necessary to improve retention as an essential means of achieve objectives outlined for the sharing system, ensuring performance at or above the levels attained by industry leaders.
- *Programs review and collaboration* – analytically identify high-targets of opportunity for degree and alternative credentialing programs mounted on a statewide or regional bases, potentially in partnership with high schools, colleges, and/or employers, recommending changes in policy, practices, incentives, and systems infrastructure as necessary to facilitate their development.

Team 2: Investment in the sharing system – grounded in careful analyses, the group will focus on changing the trajectory of projected cost and revenue curves for the System. It team will comprise leads of and provide oversight and coordination of specialized sub-teams which may review:

- *Shared services* – recommending prioritized and sequenced implementation plans for the development of shared services, mounted on regional or state-wide bases, and taking account of opportunities with business, administrative, and academic and academic-related functions (the latter in collaboration with Team 1).

- *Investment strategies* – will make recommendations about:
 - common university-based budgeting practices that will be required in pursuit of the above objectives;
 - the construction of budget policies that support cross-university instruction and multi-university academic programs; and,
 - the development and use of an investment fund that will be required to develop the sharing system.

- *Revenue growth strategies* – will make recommendations about potential for:
 - greater regional and statewide collaboration in developing alternative revenue streams;
 - expansion of degree and credentialing opportunities working with underserved student groups and/or in undersupplied workforce aligned credentialing programs (in collaboration with Team 1).

APPENDICES

Appendix A. Taxonomy of operating models

1. Purely market driven (sink or swim)

Universities are entirely self-sufficient financially, wholly responsible for their P&L. Public allocation is distributed on a normalized basis (e.g., by FTE) and not weighted for any other characteristic.

Goal: sustainability of student opportunity at financially successful universities; brand differentiation

2. Modified market driven

As above, only a range of shared services are available from the commons on an opt-in basis to help universities achieve cost efficiencies in back-office functions and common administrative functions (e.g. labor relations, payroll, procurement). Shared services are mandatory and/or offered on an opt-in basis. The model more or less represents the system in its current state of operations.

Goal: as above, only leveraging lower back-end cost structures in order to potentially lower the cost to students (and serving a broader demographic) while boosting the institutional survival rate; thereby, sustaining greater regional relevance or identifying a niche

3. Regulated market driven

As above (under either 1 or 2), except that the public allocation is distributed in a “weighted manner” that is driven by specific proprieties (e.g., advantage small colleges, reward certain outcomes).

Goal: as above, also optimizes around sustaining some historic regional or niche institutions at the cost of brand differentiation

4. Single Hub and Spoke

A flagship institution provides academic and back-end business and administrative functions that are utilized by branch campuses to support students in region (WGU, several for-profits e. g., Career Ed, Penn State to a limited extent)

Goal: optimize for regional breadth of affordable high quality higher education but with limited local variation/distinctiveness and brand

5. Multiple Hubs and Spokes

As above, only with regional flagships or hubs with their own satellite campuses (Arizona, CN)

Goal: as above, only with a greater degree of localization as possible within broad region (e.g., western PA)

6. Interdependence

In this model, universities are largely independent entities responsible for their own trajectories and brands, but not for managing the full stack of academic, administrative and business operations. Instead, they source academic, administrative, and business functions from third parties (including those managing shared services), to meet the needs of their students and communities with respect of cost, programming, etc.

Goal: as hub and spoke only ensuring greater brand differentiation

Appendix B. Financial forecasting

Financial forecasting entailed modelling the State System's cost and revenue profiles to 2027/28 and their impacts on unrestricted net assets—the cash reserves that are available. Forecasts were based on historic trend data for key revenue and cost drivers (e.g., enrollments, tuition, and state appropriations on the revenue side; salary and benefits and annuitant health care obligations on the cost side) and were supported with a simple modelling tool simulating impacts of different assumptions (e.g., about changes in state appropriation or enrollments).

Financial forecasting is a directional tool not a precision instrument, but showed convincingly that absent fundamental transformation of its operating model the System and its universities will continue in financial decline—undermining their ability to serve students, employers, communities, and the state.

The forecasting also demonstrated that

- universities are financially interdependent; the financial strength and sustainability of any one rests on the financial strength and sustainability of all of the others;
- universities have to work together on both costs and revenues, as cost cutting itself will not be sufficient to ensure financial sustainability; and,
- university closure is neither an efficient nor plausible means of achieving financial sustainability; given the revenue and cost structure of the State System's universities, the option would require extensive closures that would cause significant socio-economic disruption in impacted communities and impose extensive costs on the state (obligation for all bonded indebtedness; increased social services costs resulting from regional socio-economic dislocation, etc.).

Appendix C. Analysis of key changes required of the State System to move from its current state to the preferred operating model

	FROM	TO	ASSUMPTIONS
MISSION	A) A system designed primarily to sustain fourteen universities	A system designed primarily to ensure success for all of PA’s students, regardless of zip code and background	These two models are fundamentally different with different implications for mission, funding, operations, and outcomes; the former requires students to organize their lives around the System/universities; the latter requires the System/universities to organize in support of students
MISSION	B) A culture built on distrust and competition—suffering from competing cross-cutting messaging deployed through multiple advocacy networks	A culture built on a shared sense of mission, trust, clarity around decision rights, inclusive consultation, transparency, and leverage of multiple and highly aligned advocacy networks	It is easier to align advocacy efforts than to overcome the political nature of the governance structure
MISSION	C) A system in which the ultimate decision makers relinquish authority to do what’s best for students due to political pressure	A system in which decision makers exercise authority in the best interest of students in the face of political pressure	Political interests impede the State System from making difficult decisions and contribute directly to the overall deterioration of the State System with respect of student success and financial health
VALUE	D) A system that asks for state allocation each year based primarily on claims about the role and importance of public higher education and referencing chronic funding gaps	A system that presents an investors' prospectus to the Governor, Legislature, and other stakeholders—focusing on providing a measurable return on investment to the state, economy, and people of PA	To build support for the State System, we need to demonstrate its value to PA in concrete terms

VALUE	E) A system of universities aggressively competing with each other for scarce students and human, financial, and other resources	A system in which universities collaborate to serve existing students better and compete more effectively with non-system institutions in PA's crowded higher education ecosystem	Universities (a) will always compete to enroll students but should not compete to support their students; and (b) can compete more effectively in PA's crowded higher ed ecosystem by collaborating to recruit in selected student markets
VALUE	F) A system where universities are highly regulated from Harrisburg	A system in which universities have a high degree of autonomy/responsibility in determining their development paths with a high degree of shared accountability (cost, management, quality of education, etc.) to one another	Universities know best how to serve their students because of their deep understanding of local market conditions, student needs, and other institutional contextual issues
VALUE	G) A system of universities with high overhead costs and constrained program breadth, operating largely independently of one another	A system of universities aggressively leveraging distributed resources and expertise to expand program breadth and lower overhead costs	Economies of scale at play
VALUE	H) A system that is the subject of public scrutiny and concern	A system providing leadership in the state and nationally about the role, purpose, and performance of public higher education	The challenges we're facing are not unique to PA, and the solutions will be informative to higher education
PROCESS	I) A system that includes barriers to student academic progress through misaligned information systems and cumbersome bureaucracy	A system that enables the free flow of student credits and revenue to maximize student academic progress	Students are served better when they have access to the State System's combined academic resources in a seamless way

<p>PROCESS</p>	<p>J) A system’s central office designed and organized primarily to function for the state as a compliance and administrative organ</p>	<p>A system’s central office reconfigured to focus primarily on strategy, data-driven outcomes, and shared service connectivity for universities, while providing support for universities to ensure adherence to necessary state and federal laws, rules, and policies as stewards of the public trust</p>	<p>Systemness is less about authority and central decision making and more about connectivity</p>
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Appendix D. Student Success Task Group Draft Recommendations

Purpose: To recommend to the Board for consideration student success measurement framework(s) to guide the establishment of System goals, university strategies, and associated resourcing plans. The adopted measurement framework will also inform development of a methodology for allocating the state appropriation and the accountability framework that will be used to evaluate individual and institutional performance and ensure and support continuous improvement.

For each measurement framework that is proposed, the task group will recommend a core set of measures around which the System should set goals, identify strengths and potential weaknesses of the framework and the goal setting recommendations, as well as any implications with respect to how adoption of the framework and goals will inform how we think about the System's role, its governance, strategies, and resource planning approaches, etc.

In developing recommendations, the task group will:

- Review the System's data resources and capabilities.
- Review and consider emerging best practices in higher education.
- Recommend measures that enable the System to gather and report on university and System progress in a consistent way, while providing each university the flexibility needed to chart the course that best suits the needs of its students and the community it serves.
- Recommend what measures the System ought to set goals around
- Consider the measures—at both the university and System levels—as an opportunity to guide and report on ongoing strategic discussions about student success, such as: who are our students? who ought they be? what is meant by “student success”? what level of success is expected of students? how do we support them in achieving success?
- Adopt a disaggregated approach that recommends data be collected for specific student groups (e.g. at different income levels, by race/ethnicity, etc.), enabling us to understand and enhance support for the success of all students.

Importance: Student success is at the core of the State System's mission, which is to provide access to high-value, relevant educational experiences that prepare our students in a timely manner for pathways to successful lives and careers. The success of our students promotes the success of our universities, the communities and regions they serve, the System as a whole, the Commonwealth, and beyond.

Measuring student success is critical to identify issues, measure progress, and guide change. Comparable metrics are necessary to allow institutions and policymakers to identify issues and make changes. Without measuring outcomes, it is difficult or impossible to know whether progress is being made.

When measurable goals are defined, they can be used to guide and implement much-needed reform at universities. In the absence of measurable goals and outcomes, institutions and policymakers must resort to making key decisions using insufficient and subjective information. Data can be used to increase attention to and action around issues that are hindering student success.

Student Success Task Group - Invited Participants:

Name	Stakeholder Group
Laurie Carter (TASK GROUP CHAIR)	President
Marion Moskowitz	Board Member
John Wetzel	Trustee
Donna Wilson	Provost
Jasmine Oakman	Student
Joseph Croskey	Faculty
Beth Sockman	Faculty
Chad Brown	Staff
Ross Brumagin	Staff
Rachel Michaels	Staff
Barbara Moore	Staff
Peter Garland	OOC staff
Mamie Voight	Outside expert

Our discussions: Preliminary discussions with the members of the task group were illustrative of the many different ways to measure and document student success, particularly as it relates to different student groups (age, race/ethnicity, academic preparation, educational and career goals, etc.). For example, current definitions that narrowly define success as the attainment of a baccalaureate degree do not capture the differing educational expectations our students have and how they may evolve over time. As one task group member put it: *for adult students with work and family responsibilities, attaining a degree in 8 years may be an accomplishment.* Put simply, student success can be viewed as an individual act. Choices about what and how to measure success must be thoughtful.

To that end, it is important that student success metrics (1) present meaningful information; (2) consistently measure the same thing over and over; (3) provide for comparisons among System universities and externally; and (4) are accessible and understandable to multiple audiences.

Nationally, there has been recognition that many current data collection efforts fall short of meeting the growing needs that states and institutions have for robust, reliable sources of information on which decisions can be made and policies can be established.

The Postsecondary Data Collaborative (<http://www.ihep.org/research/initiatives/postsecondary-data-collaborative-postsecdata>), which is emerging as the national standard in higher education, has developed a set of metrics within three key subject areas – Performance, Efficiency, and Equity. These metrics focus on measuring institutional performance related to student access, progression, completion, cost, and post-college outcomes. Metrics such as those developed by the collaborative can be incorporated into the foundation of a data-driven approach to measuring and enhancing student success at the State System.

Standard performance metrics such as enrollment, retention, persistence, and graduation rates need to be disaggregated to provide insight on target populations in the cohort (e.g. low-income, first-generation) and expanded to include data on non-traditional students (e.g. adult, transfer, and part-time students). For example, assessing metrics such as completions per student, credits to credential, and cost for credits not completed will provide measures of success not traditionally reported in national comprehensive publicly-available resources. Similarly, incorporating characteristics including economic status, age, race/ethnicity, and college preparation provides additional depth to the analysis of performance and efficiency metrics.

Considerable work has been undertaken in recent years by institutions, higher education associations (membership organizations), policy organizations, and initiatives to better understand what is meant by student success and how best to measure it. Importantly, there is growing consensus around student success encompassing (1) access and affordability, (2) progression to completion, and (3) student outcomes. This work is documented in two source documents used by the task group to inform their discussions:

Leading with Data: How Senior Institution and System Leaders Use Postsecondary Data to Promote Student Success by Jamey Rorison and Mamie Voight; A Report by the Institute for Higher Education Policy, April 2106. http://www.ihep.org/sites/default/files/uploads/postsecddata/docs/resources/ihep_leading_with_data_-_final.pdf

Answering the Call: Institutions and States Lead the Way Toward Better Measures of Postsecondary Performance by Jennifer Engle, Ph.D.; The Bill and Melinda Gates Foundation, 2016. <https://postsecondary.gatesfoundation.org/wp-content/uploads/2016/02/AnsweringtheCall.pdf>

In addition, in the current and previous versions of the System’s accountability and performance funding programs, a variety of measures—not dissimilar to many of those discussed in the national conversation on measuring student success in the documents above—have been used over the years. These measures are found in Appendix D(1): *Student Centered Metrics Used by the State System*.

As a result, we decided to take advantage of the work undertaken by so many around the country leading to a growing consensus regarding student success measures and focus on those detailed in *A Field-Driven Metrics Framework* found Appendix D(3).

Particularly important in our use of this framework to focus our work was that it is based on evidence that attention to these measures and developing strategies around them make a difference in increasing rates of student success.

In discussing the measures, we focused on those that made the most sense to the System, our universities and students. For example, some measures are better suited to two-year colleges than four year colleges. Second, while many of us have questions or concerns about the data definitions, data sources, and methodologies, we put those aside (leaving them to professionals better able to address and resolve them) to be undertaken *after* decisions are made about the measures for which System and university goals and targets will be developed as well as those that will be monitored to inform improvement. And third, identifying the student groups most in line with university missions is essential to guiding the development of strategies. The metrics that fit best for our universities—that is reflect our ongoing attention to various measures of student success as well as those that better align our work to national standards in student success—are found in Appendix D(2), *Metrics to Inform Improvement/Increase Student Success*.

Recommendation: As a result of our robust discussions, we have identified three (3) of these metrics around which goals should be established for the System and the universities:

- Credit completion ratio
- Graduation
- Earnings threshold

In addition, to ensure attention to improving student success rates for *all* students, disaggregating the data for the various student populations in the chart under “*Equity*” should be part of the goal setting process.

Appendix D(1) Student-Centered Metrics Used by the State System

System Accountability

The State System's System Accountability Plan (SAP) in use from 2003-04 through 2011-12 was rooted in the values of the System as identified in goals from *Leading the Way*, the 2004-2009 State System's Strategic Plan. The Plan provided a means of reporting on performance outcomes in key areas related to student achievement, university excellence, and operational efficiency.

Performance Funding

The State System's 2012-2017 Performance Funding Program was designed to measure the outcomes of the State System University's efforts in the success of our students, comprehensive access to opportunity, and stewardship of our resources in service to the Commonwealth's communities and regions.

Student-Centered metrics used within both the System Accountability and Performance Funding plans can be categorized into five groups:

1. Completions
2. Persistence
3. Graduation Rates
4. Access/Enrollment
5. Student Assessment/High-Impact Practices.

1. Completions

Completions or awards, were measured in multiple ways, looking at total number of completions, completions by program type, and as a ratio of awards per full-time equivalent (FTE) enrollment. Completions were also analyzed by race/ethnicity, federal Pell Grant recipient status, and transfer status.

Completion Measures used in System Accountability/Performance Funding

- Degrees Conferred
- Science, Technology, Engineering, Math and Health Profession (STEM-HP) Degree Recipients
- Undergraduate Degrees Awarded per 100 FTE (Full Time Equivalent students)

2. Persistence

Persistence and retention were measured by looking at the percentage of students who returned for their second, third, and fourth years. Measures included analyses comparing second-year persistence rates by race/ethnicity.

Persistence Measures used in System Accountability/Performance Funding

- Second-Year Retention

- Third-Year Persistence
- Fourth-Year Persistence
- Closing the Freshmen Second-Year Persistence Rate Gap for Non-majority Students

Graduation Rates

Graduation rates were measured by looking at the gaps between completion percentages of students based on race/ethnicity and socioeconomic status. Graduation rates were analyzed for both first-time freshmen and transfer student cohorts.

Graduation Rates Measures used in System Accountability/Performance Funding

- Closing First-Time Freshmen Achievement Gaps by race/ethnicity and Pell-recipient status
- Closing Transfer Student Achievement Gaps by race/ethnicity and Pell-recipient status

3. Access/Enrollment

Access/Enrollment was measured by looking at the gaps between enrollment percentages of students based on race/ethnicity and socioeconomic status. Enrollments were analyzed for both first-time freshmen and transfer student cohorts. Additional access/enrollment measures examined the enrollment trends of certain subpopulations of interest including international students and students enrolled in distance education courses.

Access/Enrollment Measures used in System Accountability/Performance Funding

- Closing the First-Time Freshmen Access Gaps by race/ethnicity and Pell-recipient status
- Closing Transfer Student Access Gaps by race/ethnicity and Pell-recipient status
- Increasing the Number of International Students
- Increasing the Number of Students Enrolled in Distance Education Courses
- Increasing the Number of Students Enrolled in Study Abroad Programs

4. High-Impact Practices/Student Assessment

High-Impact Practices/Student Assessment was measured by looking at students' critical thinking and writing test scores as well as participation in nationally recognized activities identified as high-impact practices (HIPs). HIPs include a variety of activities that have been demonstrated to improve student engagement, persistence and degree completion including student research, internships, study abroad, etc.

High-Impact Practices/Student Assessment Measures used in System Accountability/Performance Funding

- Senior CLA, CAAP, or ETS Proficiency Profile Scores
- Number of Students Participating in Research with a Faculty Member
- Percent of Freshmen Participating in First-Year Experiences
- Percent of Seniors Participating in High-Impact Practice Activities

**Appendix D(2)
Metrics to Inform Improvement/Increase Student Success**

	Access	Progression	Completion	Cost	Post-college Outcomes
Performance	Enrollment	Credit Completion Ratio Program of Study Selection Retention Persistence 1 st Year Credit Accumulation	Graduation Rate	Net Price Unmet need Debt Accumulation	Employment Rate Median Earnings/Earnings Threshold Loan Repayment and Default Rates Learning/other Outcomes
Efficiency		Cost for Credits not Completed	Time/Credits to Credential Completions per Student		
Equity	Enrollment by Preparation, Economic Status, Age, Race/Ethnicity, FT and PT, Transfer in	Progression by Preparation, Economic Status, Age, Race/Ethnicity, FT and PT, Transfer in	Completion by Preparation, Economic Status, Age, Race/Ethnicity, FT and PT, Transfer in	Cost by Preparation, Economic Status, Age, Race/Ethnicity, FT and PT, Transfer in	Outcomes by Preparation, Economic Status, Age, Race/Ethnicity, FT and PT, Transfer in

Appendix D(3)

A FIELD-DRIVEN METRICS FRAMEWORK					
	ACCESS	PROGRESSION	COMPLETION	COST	POST-COLLEGE OUTCOMES
PERFORMANCE	Enrollment	Credit Accumulation Credit Completion Ratio Gateway Course Completion Program of Study Selection Retention Rate Persistence Rate	Transfer Rate Graduation Rate Success Rate Completers	Net Price Unmet Need Cumulative Debt	Employment Rate Median Earnings Loan Repayment and Default Rates Graduate Education Rate Learning Outcomes
EFFICIENCY	Expenditures per Student	Cost for Credits Not Completed Cost for Completing Gateway Courses Change in Revenue from Change in Retention	Time/Credits to Credential Cost of Excess Credits to Credential Completions per Student	Student Share of Cost Expenditures per Completion	Earnings Threshold
EQUITY	Enrollment by (at least) Preparation, Economic Status, Age, Race/Ethnicity	Progression Performance by (at least) Preparation, Economic Status, Age, Race/Ethnicity	Completion Performance by (at least) Preparation, Economic Status, Age, Race/Ethnicity	Net Price and Unmet Need by (at least) Economic Status, Preparation, Age, Race/Ethnicity Debt by (at least) Economic Status, Preparation, Age, Race/Ethnicity, Completion Status	Outcomes Performance and Efficiency by (at least) Preparation, Economic Status, Age, Race/Ethnicity, Completion Status
Key Student Characteristics		Key Institutional Characteristics			
Enrollment Status	Economic Status	Sector	Selectivity		
Attendance Intensity	Race/Ethnicity	Level	Diversity		
Credential-seeking Status	Age	Credential /Program Mix	Minority-serving Institution (MSI) Status		
Program of Study	Gender	Size	Post-traditional Populations		
Academic Preparation	First-generation Status	Resources	Modality		

Appendix E. University Success Task Group Draft Report Framework

TASK GROUP PURPOSE

The task group was formed in October 2018 to recommend a framework that will be used to measure university success in support of the sharing system envisioned for the future. Under the new system operating model, university success will mean something quite different from what it does today. As a result, success metrics will also change materially.

The success of our universities is critical to the success our students as well as to the ability of the communities and regions the universities they serve to thrive into the future. Further, the State System as a whole will be integral to the future health of the Commonwealth.

Student Success Task Group - Invited Participants:

Name	Stakeholder Group
Guilbert Brown	Staff
James Dillon	OOC Staff
Lois Johnson	OOC Staff (<i>ex officio</i>)
Bobbi Kilmer	Trustee
Michael Malcolm	Faculty
Jairus Moore	Student
Dale Pehrsson	President
Janet Yeomans (TASK GROUP CHAIR)	Board Member
Brian Zimmerman	Faculty

CONTEXT

The University Success Task Group believes that long term university success will be characterized by:

- financial strength and stability of each university, thereby assuring the financial strength of the System as a whole;
 - successful development of alternative revenue streams will contribute to financial health
- agile and resilient operating models that are continually updated to improve efficiencies and respond to changing opportunities and challenges; and,
- data-based decision making to optimize resource deployment and instill a strong culture of accountability and collaboration.

These characteristics are designed to be the foundation for a sharing system in which each university seeks to maximize the success of its students while contributing to student and university success overall.

We conclude that reliable data and consistently applied metrics will provide the foundation on which performance expectations will be set.

Guiding principles for the consideration of measures:

The University Success Task Group was guided by following characteristics in considering all potential metrics:

- Impactful—presenting meaningful information about the financial health of the organization;
- Valid and Reliable—consistently measuring the same thing;
- Comparable—consistent across all universities in the System and, whenever possible, comparable to external data;
- Accessible and Understandable—meaningful to all audiences; and
- As few in number as possible.

Assumptions:

The following assumptions were identified in the development of financial dashboard options:

1. Individual university actions will be driven by the redesigned system structure
2. Absolute numeric targets should not be established but rather acceptable ranges will be set within which a university will be expected to operate. A snapshot taken at a point in time is not a reliable indicator of and effective operation. Falling outside the range (either above or below) will prompt an appropriate intervention by the System.

PROCESS**Research:**

The task group began by ensuring that all members have a consistent understanding of the financial data available within the State System and of the financial analysis currently deployed and available for use. Of particular interest were the analytics available through Business Intelligence, and the financial ratio analysis and financial risk assessments performed annually for each university and for the System.

Although there has been significant national research on data-informed decision making in higher education, most national studies regarding financial information tend to focus on student affordability issues and instructional costs for a student or academic program. For example, the Postsecondary Data Collaborative (<http://www.ihep.org/research/initiatives/postsecondary-data-collaborative-postsecdata>), as reflected in its report “*Answering the Call*,” has developed a set of metrics related to student success that include metrics on affordability (net price, unmet need, student loan debt, etc.) and efficiencies in educating a student (time to credential, cost of excess credits, expenditures per student, student share of cost, etc.). The task group supports the use of such measures and expects that these areas will be addressed in the work of the Student Success Task Group.

National research is more limited in the use of university financial dashboards identifying the leading financial indicators which effectively inform decisions, policies, and strategies for long-term university success. Given the limitations in national higher education studies, the task group reviewed the financial analyses of higher education institutions that are conducted by bond rating agencies and researched other system websites for financial dashboards and reports that others produce. Although some systems publicly track some components of their universities’ financial health, we could find no precedents for setting performance targets/goals for financial indicators.

As the task group began meeting, the State Higher Education Executive Officers Association released a white paper: [Monitoring and Assessing the Financial Health and Risk of Colleges and Universities](#), which outlines various financial metrics utilized by systems to understand the financial strength of institutions to ensure they are financially viable, and good stewards of their public resources.

Both this new report and the research on other systems revealed the emerging use of a composite financial index, based on a model created by Prager, Sealy, & Co., KPMG, and Attain (Prager/KPMG). The Composite Financial Index (CFI) creates one overall financial measurement of the institution's health based a blend of four core ratios: primary reserve ratio, net operating revenues ratio, return on net position ratio, and viability ratio. Beginning fall 2018, the Middle States Commission of Higher Education began requiring universities to annually report on certain financial ratios, including a CFI that is different from the Prager/KPMG CFI. Bond rating agencies typically do not use a CFI in their analyses, as it tends to limit the understanding of institutions' financial strengths and weaknesses and hampers the recognition of what steps may be required to ensure financial viability and success.

A university's financial strength is key to its success, sustainability and ability to support student success. The University Success Task Group concluded that financial strength rests on two pillars:

- Revenue generation, with traditional sources being tuition, state funding, donations and grants, and funds provided by public/private partnerships; and,
- Expense optimization through minimizing fixed costs and financial obligations, achieving maximum efficiencies, and investing to build assets that will grow in value over time.

In addition to financial strength, the task group believes that university success indicators should address the following dimensions:

- Leadership and a culture that is collaborative, agile, innovative and united in pursuit of System goals;
- Strength and extent of community partnerships and public/private partnerships that open doors to entrepreneurial opportunities;
- Consistent achievement of student success goals as defined by the Student Success Task Group; and,
- Contributions to the success of the system that meet or exceed established goals.

PROPOSED MEASUREMENT FRAMEWORK

Financial strength and sustainability

For each university, the following will be used to gauge financial strength:

- Primary Reserve Ratio—measures unrestricted financial resources to annual operating requirements. Answers the question of how long a university can operate without any new revenue;
- Net Operating Revenues Ratio—measures the difference between annual revenues and expenses. Answers the question of whether the university spent more or less than the revenue it received in one year; and,
- Viability Ratio—measures unrestricted financial resources compared to outstanding debt. Answers the question of how much of the university's debt could be paid off today.

In addition to these financial metrics, the System will continue its current practice of monitoring

trends in various financial data and ratios, including funding and expenditures per student and by source/function/object.

Building alternative revenue streams

Create a metric that combines the following measures of private support (source: Carnegie Community Engagement Certification).

- Revenue raised per full-time equivalent (FTE) student from individual and community donors in the current operating year and historically. The goal will be to have a steadily growing base of contributions from long term relationships.
- Foundation and Grant Support—amount raised per FTE student in the current operating year and historically. The goal is to build long term relationships that reliably provide a steady and growing stream of support.
- Public/private partnerships—number of active partnerships in the current operating year and historical data. A growing base of such partnerships will be encouraged as demonstration of an entrepreneurial culture that seeks opportunities outside traditional channels.

Affordability

The task group believes student access is critical to university success. As such, it supports monitoring the following metrics regarding the financial capability of students to attend a System university.

- Net price—the average in-state undergraduate cost of attendance less grant aid; and,
- Unmet need—average net price minus average expected family contribution.

Consistent achievement of student success goals

Since improved performance on the metrics recommended by the Student Success Task Group are key to both university and System success, the task group supports measuring university student success results.

- Measure on a scale of 1-5 the extent to which student success goals as defined by the Student Success Task Group were met. (3=generally consistently met, 4=consistently met and sometimes exceeded, 5=far exceeded, 1=rarely met, 2=sometimes met but not consistently)
 - Pro: broad and non-prescriptive, allowing each university to find its own path to success,
 - Con: necessarily requires some element of subjectivity. A process by which the rating of each university is determined would need to be established. A possibility, borrowed from the private sector, is to have each university present its self-assessment for the past year with supporting examples during its plan/budget presentation for the coming year. One benefit is the open discussion required for the final assessment.

Contributions to the success of system goals

- Use a 1-5 scale to capture each of the following attributes.
 - University alignment with and contribution to system goals and strategies.
 - Degree of university collaboration across the system.
 - Impactful innovations resulting in best practices that can be replicated by other universities and leveraged to benefit the system as a whole.
 - The pro and con of this approach are as described above in the section on “Consistent achievement of student success goals.”

SUMMARY

As a member of a sharing system, a university will be deemed successful if it places student success as a top priority, optimizes its operations, and consistently acts to maximize the value of its contributions to the success of the System as a whole. In so doing, it will necessarily also meet or exceed the goals established by the System for measures that are adopted from the Student and University Success Task Groups. Operating in the proposed framework, an individual university will have no incentive to act solely in its own interest. It will be part of a large system with considerable aggregate resources that will be optimally allocated to maximize the success of its students and the financial health of its universities individually and together. In a sharing system, a financially struggling university will—with a high degree of guidance and oversight—receive assistance from the System to shore it up until its financial health is restored. In the sharing system, financially strong universities will be incentivized to further improve their performance. In general, the System will choose to invest in selected opportunities presented by individual universities to capitalize on projects that will build System resources and strength over time—all focused on ensuring student success.

The sharing system model underlies many enterprises in both the public and private sectors that have enjoyed long term success. As the status quo is no longer sustainable, it is time for State System to adopt a sharing model tailored to its particular goals.

University Success Committee Meeting

January 17, 2019

SUBJECT: Project Financing, Bloomsburg University of Pennsylvania (ACTION)

UNIVERSITIES AFFECTED: Bloomsburg University of Pennsylvania**BACKGROUND:** Bloomsburg University requests approval to use System bond financing to supplement university reserves for the replacement of the heating, ventilation, and air conditioning (HVAC) system in the Kehr Student Union building. To complete this project, the university would like to bond finance approximately \$3 million of the \$4.3 million HVAC replacement cost.

The core of the student union building was constructed in 1970, a west wing addition was completed in 1991, and a small dining space expansion was added in 2015. The HVAC system in most of the building dates to the original 1970 construction. That equipment is well beyond its useful life, and the technology is severely outdated, resulting in frequent failures, costly repairs, and inconsistent temperatures. This upgrade will take advantage of energy savings opportunities from new technology and the university's cooling district plan, which uses existing chilled water production capabilities serving other nearby buildings.

The financed portion of the project will use System bond funds financed for a ten-year term. A small portion of the debt will be funded with energy savings, with the bulk of funding provided from an existing student union operations fee.

MOTION: That the Board of Governors approve Bloomsburg University's request to use System bond financing to help fund the cost of replacing the HVAC system in the Kehr Student Union building.

Supporting Documents Included: N/A**Other Supporting Documents Available:** Project Planning Data**Reviewed by:** Bloomsburg University's Council of Trustees, December 5, 2018**Prepared by:** Sharon P. Minnich**Telephone:** (717) 720-4100

Governance Committee Meeting

January 16-17, 2019

SUBJECT: Interim Report from PACT Committees (Information)

UNIVERSITIES AFFECTED: All

BACKGROUND: As the State System undertakes a redesign process, the trustees from across the System were engaged by the leadership of PACT (Pennsylvania Association of Councils of Trustees), which created committees to develop recommendations on how the role of the trustee could be expanded within the confines of existing statutory authority. Along with this expanded role is an expectation of greater responsibility on the part of the Trustees to make a greater contribution to the success of the System. The attached document represents an interim report of the committees' recommendations to the Board of Governors and Chancellor.

List of committees:

- Trustee Selection Process
- Trustee Evaluation
- Advocacy
- Branding
- Communications
- Regional Meetings

Supporting Documents Included: PACT interim report

Other Supporting Documents Available: N/A

Reviewed by: Peter Garland

Prepared by: Peter Garland

Telephone: 717-720-4010



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Slippery Rock University of
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Honorable Stephen Kinsey, Trustee
West Chester University of
Pennsylvania

January 4, 2019

Dear Chancellor Greenstein,

With the start of a new year, I would like to share the interim report on the six PACT committees that were created last fall to develop recommendations on how the role of the Trustee could be expanded within the confines of ACT 188. Along with this expanded role is an expectation of greater responsibility on the part of the Trustees to make a greater contribution to the success of our System.

I want to thank you for providing the financial support that allowed AGB to participate in the Trustee Selection, Trustee Evaluation, and Advocacy committee meetings. They were an invaluable resource and did an excellent job facilitating the meetings.

Two other individuals deserve special thanks as well. Dana Kunzman, who is on loan from the Shapira Foundation has been a tremendous help in organizing these meetings, providing valuable input during the sessions, and helping me craft this report. The other person deserving special recognition is Charissa Williams. Without her administrative help, these meetings would not have been nearly as successful.

As you will read, some of the committees will continue to meet throughout the spring refining their recommendations. Others, such as Advocacy Committee may become a permanent subcommittee of PACT since that is an area that will be an on-going function beyond the completion of the redesign. The committees' final recommendations will be presented to all the trustees at the Spring PACT conference.

However, this report should provide you and the Board of Governors sufficient insight into the direction of PACT's recommendations to allow you to support them or seek further discussion.

Chairperson Shapira has graciously invited me to report on these recommendations at the Board of Governors meeting in mid-January.

However, I would be glad to discuss them with you prior to that time in order to ensure that we are in agreement on PACT's direction.

A handwritten signature in blue ink that reads "JEFF". The signature is written in a stylized, cursive font with a horizontal line above the letters.

Jeffrey W. Smith
President, PACT

cc: BOG Chair, Cynthia Shapira
Program Director, Dana Kunzman
PACT Committee Chairs

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Trustee Selection Process Committee

Members:

- **Mary Jo White, Slippery Rock, Committee Chair**
- Chuck Black, Shippensburg
- Charles Blocksidge, Kutztown
- George Durrwachter, Lock Haven
- Dennis Frampton, Edinboro
- Caleb King, Indiana
- Marcus Lingenfelter, East Stroudsburg
- Dianne Lutz, Kutztown
- Mike Ross, Shippensburg
- John Thomas, Bloomsburg

Charge:

Develop guidelines that enhance the current process for Trustee appointments which include recommendations for the basis of how Trustees should be selected and the skills that should be considered when recommending a candidate for Trustee.

Issues:

ACT 188 clearly stipulates that all Trustees are appointed by the Governor with the consent of the Pennsylvania Senate. Although the committee is not suggesting that this process be changed, it does however support the need for improved transparency with a greater public awareness of trustee's roles and responsibilities. The committee believes that a process is needed to better insure that candidates are adequately qualified for and truly understand the expectations of the position. In a system where Trustees are political appointees, we must build a practice for Presidents and Councils to identify areas of strength and weakness in Council's composition, ensuring the needs of the university are met. Now is the time to raise the bar, improving the quality of trustee candidates in order to transform the COT culture and be of greater value in meeting the needs of our universities. This will be especially important if there is a movement towards a more decentralized system where Universities have more authority, thereby requiring a higher degree of accountability.

A second issue that occurs is the timeliness of appointments which can lead to quorum and morale issues. Because of the time necessary to identify and vet candidates, there can be lengthy vacancies on councils. The committee believes that a formalized method of identifying candidates could help make the process more efficient.

Committee Recommendations:

It is clear that a process must be designed to support the Governor and in no way attempt to limit his powers under ACT 188. The Committee spent the majority of its time together discussing a system that would create a central repository of potential trustee applicants. This clearinghouse of names could be generated from a variety of recommendations and sources including but not limited to: current Trustees, university Presidents, Senators and self-nominations.

Trustees would review the nominations for their university annually and rank them as “highly recommended”, “recommended”, or “not recommended”. The Governor would then have the ability to utilize the pool or select his own candidate. By providing access to a vetted and high-quality pool of trustee candidates, the Governor’s office will be able to more readily address vacancies when they occur with confidence and ease. Our goal is that over time the Governor will come to recognize the value of a centralized vetted pool of quality candidates and that this process is designed to support his efforts.

The committee felt that this database would be best maintained as part of the State System on-line system since it already has the infrastructure to develop the necessary portals for access and maintain required security protocols. Trustee expectations, roles, and responsibilities would be made available on the public portal as well as all nomination forms.

While this approach seems to be a good one, the committee will also be exploring a nominating commissions approach similar to what Massachusetts and Virginia have.

Next Steps:

Assuming the committee concludes that the central repository approach is best and that the Chancellor and Board of Governors support this concept, the PACT president should meet with the Governor’s office to share the concept and answer any questions that it might have. As part of this meeting, PACT will share the trustee expectations that are being developed by the Trustee Expectations committee.

Finalize the qualities required of a Trustee. Although ACT 188 has some requirements, i.e. a certain number of alumni and the presence of a student, it is mostly silent on what qualifications are necessary for a good trustee.

For example, should trustees be “generalists” or should councils attempt to have a mix of professions with specific experiences in areas such as law or finance? Is having a former faculty member or administrator on the council beneficial because of their institutional knowledge or detrimental because of past histories? These types of discussions will enable the committee to hone their lists of trustee qualities.

The AGB consultants have provided a number of references and different models from a variety of state systems in Virginia, Kentucky, North Carolina, Massachusetts, Hawaii and Minnesota that can provide insight and help guide our decisions.

Once the initial issues are addressed, PACT will be in a position to work with the State System Information Technology team to develop and implement the new trustee system.

Trustee Commitment, Responsibilities and Evaluations Committee

Members:

- **J.D. Dunbar, Clarion, Committee Chair**
- Ed Edwards, Bloomsburg
- Richard Frerichs, Millersville
- Matt Lautman, Slippery Rock
- Leon Spencer, Cheyney
- Ann Womble, Millersville

Charge:

Improve the quality of our Council of Trustees by developing recommendations concerning expected roles and responsibilities of Trustees, i.e. meeting and function attendance, university support, behavior, and process to report problems to the State System and the Governor.

Develop a process and quantifiable and qualitative assessment of Trustee performance that augments the Trustee evaluation and approach towards future reappointments.

Issues:

Currently, Trustee expectations are largely self-defined and there is no effective mechanism in place for addressing their performance i.e.: lack of commitment, knowledge or engagement. Without a clearly defined set of foundational expectations, accountability measures, or a process to manage trustee performance, the role of the trustee is marginalized making it risky for the System to give Trustees the greater responsibility they have long wanted.

Committee Recommendations:

A State System Trustee Statement of Commitment will be developed. The committee is now reviewing materials from AGB as well as the California State University in order to draft a comprehensive document that will be completed prior to PACT Spring Conference.

A behavior management protocol will also be created. We are formulating a policy and process for addressing violations, which in the most severe circumstances, would result in a request to the Governor to have the Trustee's position vacated.

A document that details trustee expectations is a critical need. This list will be available to potential Trustees as well as existing trustees and will cover issues pertaining to attendance at COT meetings, COT committee meetings, graduation ceremonies, on-campus events and continuous learning events such as attending PACT meetings. While there was discussion of attempting to create a quantitative scoring system for participation, the committee feels that an attendance check-off form may be a sufficient starting point.

Although trustee self-assessments may be a part of this process, they cannot be the only method of trustee assessment. While they provide an opportunity for self-reflection, they are neither actionable nor objective. Alone, they will not significantly raise the bar on trustee performance.

The results of these annual reviews will be shared with the State System office and the Governor's office with the hope that they will be utilized to help determine whether a Trustee should be reappointed at the end of their term.

Next Steps:

The committee needs to finalize a Trustee Statement of Commitment and the policy for addressing violations. This policy will then be reviewed with the Chancellor and the Governor's offices to ensure support.

The committee needs to formalize Trustee expectations from compiled research and develop the evaluation form framework and structure.

Finally, the process by which evaluations will be shared must be finalized. Again, this step will require coordination with the Chancellor's and Governor's offices.

Trustee Advocacy Committee

Members:

- **Bobbi Kilmer, Mansfield, Committee Chair**
- Milissa Bauer, Clarion
- Chuck Black, Shippensburg
- Mary Coploff, Lock Haven
- Trevor Dietz, Lock Haven
- Ed Edwards, Bloomsburg
- Jolynn Haney, Kutztown
- Gerald Robinson, Millersville
- Joe Wells, Cheyney

Charge:

Develop a blueprint for how Trustees will take the university and system messages forward, both locally and in Harrisburg.

Determine all targets for advocacy efforts and corresponding outreach plan.

Issues that entail an advocacy plan will be determined at a later date in conjunction with the BOG and the Chancellor.

Issues:

Advocacy has been an important issue to the Trustee community for a long time. As a group of approximately 154 individuals spread across the Commonwealth, they represent a largely untapped force to further the mission of the State System. However, Trustees have traditionally focused advocacy efforts on their home institution without incorporating objectives of the System. Often unorganized, untrained and left to their own devices, their advocacy has the potential to be more harmful than good. Despite feeling underutilized, they represent a powerful statewide force that could be invaluable in spreading messages that can benefit both their university and the System.

Committee Recommendations:

Given the potential for collective impact, the committee believes that much work needs to be done in preparing Trustees how to advocate before they begin any public campaign.

Recognizing that Trustees can play a valuable role in advocating to the local community, both business and residents, as well as to the members of the legislature, we recommend that the PACT Advocacy Committee, working in conjunction with the Chancellor and the Board of Governors, develop the issues and talking points collaboratively.

Before Trustees craft any advocacy plan on behalf of the System, they should undergo training, which could occur at either PACT regional meetings or the annual conference. This training would include everything from how to make an appointment at your legislator's office to role play exercises and best practices.

Another recommendation that was discussed, which will require further coordination with the System office, is the use of trustees to submit op-eds or letters to the editors of their local newspapers. Messages are often better received when coming from a local community source rather than a press release from Harrisburg. With the State System's help in preparing these drafts, the System would have the ability to reach nearly every corner of the Commonwealth with a coordinated message.

A final recommendation was to create a worksheet of all Trustees and their corresponding state representatives and state senators. This will be a valuable resource in determining how much of the legislature has a System Trustee as a constituent.

While Trustees may have issues that they would like advocate to the Chancellor and the Board of Governors, PACT already provides a mechanism for voicing those concerns. Therefore, the committee does not have any additional recommendations beyond those of the Communications Committee in this regard.

Next Steps:

The committee needs to develop the advocacy training program which will most likely occur at the fall PACT regional meetings.

It will also need to work in partnership with the Chancellor and BOG to develop an advocacy strategy and agenda for the System.

Trustee Branding Committee

Members:

- **Jack Wabby, Kutztown, Committee Chair**
- J.D. Dunbar, Clarion
- Joe Wells, Cheyney
- Ann Womble, Millersville
- Rodney Kaplan, BOG Governor Student Member
- Nicole Boylan, West Chester
- Randy Goin, Office of Chancellor

Charge:

Determine how to best work with the State System and Board of Governors on how the System should be branded in the future.

Issues:

Traditionally, the individual universities have operated in silos with students and Alumni more interested on their particular school than the System.

A recent media survey indicated the following challenges:

- There is a declining price value relationship for higher education.
- Defensive media efforts leave few resources for proactive activities.
- The stress, uncertainty, economy, budgets, distrust and conflict don't help paint a positive picture in PA.
- Bureaucracy creates obstacles, both perceived and real.

Recommendations:

This committee is system focused and recognizes that it will require many stakeholders, including the trustees to “brand” the System.

Respecting the strong allegiances that students and alumni have to their schools, the committee recommends that the system develop a collaborative operational structure that serves students best interests while preserving universities unique brands. Together we can

not only identify the benefits of individual universities but also present the value proposition for being part of a larger system.

In addition, there should be an evaluation of whether a name change for the State System would be advantageous for promoting student success and university success. For example, would the “State Universities of PA” or “PA Commonwealth University” be better descriptors of the System than “PASSHE” or “State System”?

Next Steps:

It is important that the System continue to ensure that the perspectives of students, faculty, staff, trustees, and community leaders are represented as it progresses throughout the brand positioning process. While members of this committee could play a role, there is no specific work remaining for this committee.

Trustee Communications Committee

Members:

- **Mike Ross, Shippensburg, Committee Chair**
- Alicia Brumbach, Office of Chancellor
- Rich Frerichs, Shippensburg
- Trevor Dietz, Lock Haven
- Annette Ganassi, California
- Patrick Ross, East Stroudsburg
- Neil Weaver, Board of Governors

Charge:

Identify opportunities and methodologies to improve and establish communications between and among the State System, the Board of Governors (BOG), and Pennsylvania Association of Councils of Trustees (PACT).

Issues:

Traditionally, the communication flow to and from Trustees has primarily focused on information pertaining to the local campus. System updates have been limited and information shared at Council of Trustee meetings is generally presented through the lens of how it impacts the local university. As a result, Trustees do not feel that they are well informed on System related issues.

Recommendations:

PACT has the potential to play a major role in being the informational conduit between the Trustees, the Board of Governors, and the System. A key recommendation is to request that the Board of Governors establish a place on their agenda for the President of PACT to provide a report and allow the PACT president to participate in the Board's discussion as appropriate. This process would facilitate the sharing of issues, concerns, initiatives of PACT to the Board. Although ACT 188 clearly establishes who the voting and non-voting representatives are on the Board of Governors, there is nothing that precludes the PACT president's participation in this manner.

Equally as important is the need to enhance the flow of information from the Board of Governors and the Chancellor to the Trustees. Therefore, the committee recommends that the PACT President issue a monthly report to all the Trustees with relevant System updates

or BOG information. To further support the interconnectedness between PACT and the System, the committee recommends that the PACT President be given a State System email address to aid in the flow of communications.

The Committee's final recommendation is to establish a formal communications channel between the Chancellor and the PACT Executive committee beyond the current quarterly phone call. However, the committee felt that more discussion was necessary before recommending what the best vehicle for that communication would be (e.g. more conference calls, some sort of message board / blog, or some other approach)

Next Steps:

The committee plans to survey all Trustees on what method(s) of communications and the frequency they prefer. This process will also include what format would best elicit Trustee input on various issues so that the PACT message will be unified and inclusive of all Trustees.

The committee, utilizing the work done by the Selection and Evaluation committees, also plans on developing a PACT-led Trustee orientation to ensure that everyone understand the roles and expectations of trustees.

Trustee Regional Meetings Committee

Members:

- **Richard Frerichs, Millersville, Committee Chair**
- Milissa Bauer, Clarion
- Nicole Boylan, West Chester
- Mike Ross, Shippensburg
- Patrick Ross, East Stroudsburg
- Karen Russel, Mansfield

Charge:

Consider the establishment and subsequent coordination of a plan for having regional Trustee meetings between the scheduled PACT conferences. This committee should recommend how the meetings should be organized and what the timing should be.

Issues:

For a number of years, PACT has conducted a Fall workshop and a Spring conference. This arrangement has served PACT well although attendance has never been as good as one would like.

A commonly stated reason for the lack of attendance was the amount of time and travel required to participate in these sessions.

Recommendations:

After much discussion about the success of this year's PACT Executive Board regional meetings to discuss the role of the trustee in the future and the of various approaches to regional meetings, the committee recommended that PACT change its meeting schedule as follows:

- Annual Spring Conference in Harrisburg
- Two Regional meetings with one near the start of the fall semester and the second near the start of the winter semester.
- A PACT Executive Committee only meeting in July

The committee recommended maintaining the same geographic composition for the three regions as was used for the PACT Executive Board meetings. Karen Russell of Mansfield will lead the planning for the Northeast Region of Mansfield, Bloomsburg, East Stroudsburg, and Lock Haven. Mike Ross of Shippensburg will lead the effort for the Southeast Region of Shippensburg, Kutztown, Millersville, Cheyney, and West Chester. Milissa Bauer of Clarion will lead the effort for the West Region of Clarion, Edinboro, Slippery Rock, California, and Indiana. The PACT Executive committee will continue to lead the planning effort for the Spring Conference as well as the July PACT Executive meeting both of which will be held in Harrisburg.

The Committee recommends that these meetings be scheduled in conjunction with the Board of Governors' meetings in order to provide the best possible information flow to the Trustees.

These recommendations will be presented to the PACT membership at the Spring Conference with the first Regional meetings to be scheduled for Fall 2019.

Next Steps:

The committee still needs to finalize the format for these meetings.

The committee hopes that one of the regular items on the agenda will be a conversation with the Chancellor, which could be in person or via Zoom. The committee also needs to discuss the merits of having all three meetings at the same time or spacing them out over a three-day period to allow for in-person presentations and discussions.

Governance and Leadership Committee

January 17, 2019

SUBJECT: Revisions to Board of Governors' Policy 1983-13-A: *Process for Recommending Presidential Appointment* (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Proposed are two revisions to this policy. First, the member of the Board of Governors serving on the committee will now be a full voting member of the committee. This change is designed to better connect the search committee's perception on candidates for president and those of the Board of Governors. This revision was suggested by university trustees.

Second, a clarification is made to when the various alternates defined in the policy came to serve as members of the committee. The language has proven confusing. This clarification now better explains the Board's intent that alternates begin their service on the committee only when the original member is no longer able to serve on the committee.

MOTION: The Board of Governors approve the proposed changes to Policy 1983-13-A: *Process for Recommending Presidential Appointment*.

Supporting Documents Included: Board of Governors' Policy 1983-13-A: *Process for Recommending Presidential Appointment*

Other Supporting Documents Available:

Reviewed by: Council of Presidents, October 10, 2018; APSCUF Statewide Meet and Discuss, December 14, 2018

Prepared by: Peter H. Garland

(717) 720-4010



PA State System of Higher Education Board of Governors

Effective: June 20, 1983

Page 1 of 5

Policy 1983-13-A: *Process for Recommending Presidential Appointment*

See Also:

Adopted: June 20, 1983
Amended: July 19, 1983;
May 15, 1984; April 18, 1991; October 15, 1992;
October 9, 1997; January 8, 1998; April 8, 2004;
January 15, 2009; April 7, 2011; April 10, 2014; and January 26, 2017

A. Purpose

To prescribe the method by which the list of presidential candidates is developed, and by which the appointment is made by the Board, pursuant to Act 188 of 1982, § 2005-A (4) and 2006-A(2).

B. Search Procedure

1. Initiating the Presidential Search Process

Upon notice of a vacancy in a university presidency, the chancellor, after consultation with the chairperson of the university council of trustees, will initiate the search in accord with applicable laws, policies, and principles.

2. Presidential Search Committee

a. The chairperson of the council shall form a committee, with the advice and consent of the council, to be known as the Presidential Search Committee.

b. Membership

- (1) Three trustees, elected by the council;
- (2) One executive from the university, selected by the council after consultation with those executives; the executive selected shall not report directly to the president;
- (3) Two faculty members, one (and an alternate) selected by faculty election and one (and an alternate) selected by the faculty collective bargaining unit;

- (4) Two non-instructional persons, one (and an alternate) selected by the leadership of the non-instructional bargaining units and one selected by the council.
- (5) One student (not a trustee) selected by the student government and an alternate;
- (6) One alumna/us (not a trustee) selected by the alumni association and an alternate;
- (7) Up to three others within the university, including students, selected by the council to assure appropriate involvement by constituency, gender, race, generation, etc.; **and**
- (8) **One member of the Board of Governors appointed by the chair of the Board; and**
- (9) One current or former president/chancellor from a comparable university, from a list designated by the chancellor (non-voting).

~~e. The chair of the Board of Governors will appoint a liaison who, as a nonvoting member of the committee, will assist the Presidential Search Committee in conducting the search.~~

- d. The chancellor will appoint a staff liaison to the council, who, as a nonvoting member of the Presidential Search Committee, will assist the council and chancellor in conducting the search.
- e. The chairperson of the council shall appoint the chair of the Presidential Search Committee, subject to the approval of the council, who shall be one of the three university trustees serving on the committee. It is recommended that the chairperson of the council not serve as the chair of the Presidential Search Committee.
- f. The council chairperson shall submit to the chancellor sufficient information about the proposed committee to assure compliance with § 2.a & b. above. The council chairperson shall oversee any necessary committee modifications. The chancellor shall then authorize the committee to proceed.
- g. **Alternates for committee members designated in (b) shall participate in committee meetings and activities only in the event that they replace a member who is no longer able to serve.**

3. Consulting Expertise

The chair of the Presidential Search Committee shall select a consulting firm, from a presidential search consulting firm list maintained by the chancellor, to (a) undertake a university leadership needs assessment and (b) assist the committee and the chancellor in conduct of the search process.

4. Committee Responsibilities

a. Search and Screen

The committee, after appropriate consultation with campus constituencies, shall define the expectations of presidential candidates, the timeline for the presidential search, invite applications, and conduct preliminary screening. The committee may invite certain applicants for interviews. The committee shall report its findings and recommendations to the council.

b. Confidentiality

Confidentiality in presidential searches is essential. Each member of the search committee must agree to maintain confidentiality. All applications and deliberations about individual applications shall remain wholly confidential, and the chair may at his or her sole discretion expel from the committee any member who violates professional standards or codes of confidentiality.

Results of criminal and credit background checks and degree verification information collected by the search consultant will be provided confidentially to the chair of the search committee and the staff liaison for candidates invited to interview at the university. To further ensure confidentiality, visits will not be made to the candidates' current college, university or place of employment as part of the routine background information.

c. Attendance at Meetings

Regular attendance at and participation in committee meetings by all committee members is essential to the work of presidential search; therefore, any committee member who is absent from three meetings of the committee may be excused from the committee by the chair. A member excused by the chair will not be replaced, except in those cases where alternates were identified at the time of the selection of the presidential search committee.

d. Communications

The committee chair will issue intermittent reports to the university trustees and community about its progress, notifying them about such things as committee membership, meeting dates, deadlines, number of applicants, interview dates, etc.

e. Records

The committee shall keep and approve minutes of its meetings, and files regarding all nominees and applicants, and the council shall retain such files for at least seven years after conclusion of the search.

f. Acting or Interim President

The acting or interim university president shall not be eligible for the position.

g. Designation of Candidates

The committee shall present to the council the names and dossiers of two candidates for the presidency from which the council shall forward its recommendations to the chancellor.

5. Presidential Involvement

The retiring or acting/interim president shall not participate as a member of the search committee or in interviews of the candidates. The search committee will define appropriate opportunities for interaction between the retiring or acting/interim president and the candidates.

6. Council Recommendations

The council shall submit to the chancellor the names and dossiers of two candidates.

The council may confidentially share other information and evaluative material with the chancellor, which may be deemed helpful to the chancellor and Board.

The council shall accompany its recommendations to the chancellor with a certified copy of the minutes of the council meeting at which the recommendations were approved. The council shall provide evidence that the search process was open, transparent, and fully inclusive.

C. Selection Procedure: Board of Governors

1. The chancellor shall submit the report of the council to the chair of the Board of Governors and shall advise the Board. Should one of the candidates withdraw from the search after the report is made to the Board, the Board in consultation with the chairperson of the council/chair of the search committee, will have the option to continue, extend, or restart the search.
2. The Board of Governors will interview the recommended candidates and select the university president. In the absence of a quorum of the Board, the Executive Committee of the Board shall be authorized by the Board to interview the recommended candidates and select the university president.
3. The Board shall invite the chair of the search committee/chairperson of the council to attend and observe the interviews of the recommended candidates and to participate in deliberations with the Board.

4. The chancellor shall notify the chair of the search committee and the final candidate of the Board's selection in writing. A public announcement will be made by the chancellor after consultation with the council chairperson.

D. Expenses for Presidential Searches

Funds from the System Reserve shall be used to reimburse a university for the cost of the professional service fee imposed by the presidential search consulting firm. In addition, funds from the System Reserve shall be used to reimburse the Office of the Chancellor for reasonable expenses related to candidates and spousal/partner travel to interview with the chancellor and the Board of Governors.

E. Effective Date

This amended Policy is effective immediately.