

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

Meeting Minutes

168th Meeting
Thursday, October 6, 2011
Boardroom, First Floor
Administration Building
2986 North Second Street
Harrisburg, PA 17110-1201

9:00 a.m.

ATTENDING

Board of Governors:

Mr. Leonard B. Altieri
Representative Matthew E. Baker
Ms. Jennifer G. Branstetter (designee for Governor Thomas W. Corbett)
Ms. Marie Conley Lammando
Ms. Sarah C. Darling
Representative Michael K. Hanna
Mr. Ronald G. Henry
Mr. Kenneth M. Jarin (via conference call)
Ms. Bonnie L. Keener (via conference call)
Mr. Jonathan B. Mack
Mr. Joseph F. McGinn
Mr. C. R. "Chuck" Pennoni
Mr. Guido M. Pichini (*Chair*)
Mr. Robert S. Taylor
Secretary Ronald J. Tomalis
Mr. Aaron A. Walton
Senator John T. Yudichak

Mr. Harold C. Shields and Senator Jeffrey E. Piccola were absent.

Office of the Chancellor:

Dr. John C. Cavanaugh (Chancellor)
Ms. Karen S. Ball
Mr. Gary K. Dent
Mr. James S. Dillon
Dr. Peter H. Garland
Dr. Kathleen M. Howley
Mr. Leo Pandeladis
Mr. Arthur C. Stephens

Also in attendance for participation or in support of Committee and Board activities from the Office of the Chancellor: Ginger S. Coleman, Audrey J. Guistwhite, Lois M. Johnson, Kenneth D. Marshall, Georgia K. Prell, Lisa A. Sanno, Jennifer S. Scipioni, and Dean A. Weber.

University Presidents in attendance: Angelo Armenti, Jr., F. Javier Cevallos, Robert J. Dillman, Michael Fiorentino, Jr., Michelle R. Howard-Vital, Maravene S. Loeschke, Francine G. McNairy, James D. Moran, William N. Ruud, Robert M. Smith, David L. Soltz, Greg R. Weisenstein, David J. Werner, and Karen M. Whitney.

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

The Pledge of Allegiance was recited by those in attendance.

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

APPROVAL OF THE MINUTES OF THE JUNE 29, 2011, JUNE 30, 2011, and SEPTEMBER 16, 2011 MEETINGS.

Chairman Pichini noted that the minutes of the June 29, 2011, June 30, 2011, and September 16, 2011 meetings were distributed prior to the meeting. The Chairman moved **THAT THE MINUTES OF THE JUNE 29, 2011, JUNE 30, 2011, AND SEPTEMBER 16, 2011 MEETINGS BE APPROVED.**

The motion passed unanimously.

REMARKS OF THE CHAIR

Chairman Pichini welcomed everyone to the October 2011 Quarterly Board Meeting. He stated there were several important items on the agenda including PASSHE's appropriations request for 2012-13 academic year.

Chairman Pichini acknowledged that PASSHE and the Commonwealth went through the most difficult budget cycles ever experienced. Chairman Pichini said PASSHE faces tremendous challenges ahead and was confident that working together with the Chancellor and his staff and the university presidents and their staff, that PASSHE will continue to work diligently on behalf of the students.

Chairman Pichini, as an alumnus of a PASSHE University, acknowledges that the System reaches out and makes it possible for students who would not otherwise be able to go to college for financial or other reasons, get a quality education and become leaders.

Chairman Pichini mentioned that he visited Cheyney, East Stroudsburg, and Millersville Universities, and attended the all-staff luncheon on August 30, 2011 at the Dixon Center where he shared lunch with the Chancellor and the PASSHE staff. Chairman Pichini said he has campus visits scheduled for West Chester, Bloomsburg, Shippensburg, and Mansfield Universities.

Chairman Pichini said he had lunch with Mr. Hicks, APSCUF President, to discuss common goals for PASSHE's faculty.

Chairman Pichini announced the Executive Committee of the Board held a planning retreat on September 1, 2011 and a planning retreat for the full Board was held on September 20, 2011.

Chairman Pichini welcomed new Board member, Senator John T. Yudichak.

Chairman Pichini acknowledged that Senator Vincent J. Hughes, one of the longest-serving legislative members, was leaving the Board. Chairman Pichini indicated that Senator Hughes joined the Board in 2000.

Chairman Pichini acknowledged that Dr. Maravene S. Loeschke, President of Mansfield University, would be leaving Mansfield for the presidency at her alma mater, Towson University.

Chairman Pichini recognized the efforts of the students, faculty, and staff at Bloomsburg University in reaching out to their neighbors in the aftermath of the devastating flooding that struck the community in September 2011.

Chairman Pichini recognized Chancellor Cavanaugh for his efforts and the efforts of the staff in handling the flooding conditions at the Dixon Center and for opening the doors of the Dixon Center to the Silver Academy, a K-8 school located in the Jewish Community Center on Front Street in Harrisburg, when they lost the use of their building because of the flooding.

Chairman Pichini indicated that he attended a Master Class at Millersville University that was endowed by Dr. William McIlwaine in memory of his wife, Melva. Chairman Pichini stated it was a lasting memory to Melva and thanked Dr. McIlwaine for his contribution to a great program.

Chairman Pichini mentioned the Board met in Executive Session on Wednesday, October 5, 2011, from 2:45 p.m. to 5:00 p.m.

Chairman Pichini stated one action item was added to the agenda for the Audit Committee and two action items were added to the agenda for the Human Resources Committee.

Chancellor John C. Cavanaugh was called on for his report.

REPORT OF THE CHANCELLOR

Chancellor Cavanaugh welcomed everyone to the Board meeting.

Chancellor Cavanaugh thanked the faculty, staff, and students across the System who reached out to those affected by the flood. Chancellor Cavanaugh acknowledged that faculty offered text books to students and institutions reached out and offered

living arrangements to students on a temporary basis. Chancellor Cavanaugh said individuals collected cleaning supplies and sent them up to the affected areas. Chancellor Cavanaugh indicated this is a great example of how the System looks after each other in our communities and across the state.

Chancellor Cavanaugh said it gratifying for the Dixon Center to be reminded that the student center system comes from different educational backgrounds and to have an elementary school such as the Silver Academy on the Dixon campus for the last month was a good reminder of that.

Chancellor Cavanaugh mentioned the *ABC Extreme Makeover Home Edition* show featuring the Keefer family (Brian Keefer is a student at Lock Haven University) would air a two-hour special on October 21, 2011. Chancellor Cavanaugh stated this was another example of how communities come together to help each other.

Chancellor Cavanaugh thanked the leadership of our universities, the presidents, in particular for some very difficult decisions they had to make over the last three plus years in the bad economic times. Chancellor Cavanaugh thanked staff and faculty for all they have done to help maintain our quality of education and everything they do every day and also to thank the students for providing us with the feedback to make sure we are doing the right things for the right reasons.

Chancellor Cavanaugh's full report to the Board was sent via e-mail. The report includes highlights of University Accomplishments and Other Noteworthy Activities; Fundraising, Grants and Other Awards; University and Community Partnerships; and Student and Faculty Recognition. (Attachment #1)

PUBLIC COMMENTS

Dr. Steve Hicks, APSCUF President, spoke about tuition. (Attachment #2)

COMMITTEE REPORTS WITH RELATED ACTIONS

A. Academic and Student Affairs Committee

Mr. Walton presented the report on behalf of the Academic and Student Affairs Committee. The Committee reviewed one information item: Bloomsburg University of Pennsylvania Presentation - The Bachelor of Applied Science Degree: A Collaborative Approach to Meeting the 21st Century Workforce Needs of the Commonwealth.

Mr. Walton noted that the Committee had one action item to recommend to the Board for approval.

Mr. Walton moved **THAT THE BOARD OF GOVERNORS APPROVE THE DOCTOR OF PHILOSOPHY DEGREE PROGRAM IN SAFETY SCIENCES AT INDIANA UNIVERSITY OF PENNSYLVANIA.** (Attachment #3)

The motion passed unanimously.

B. Audit Committee

Mr. Henry presented the report on behalf of the Audit Committee.

There were no information items to report.

Mr. Henry noted that the Committee had one action item to recommend to the Board for approval.

Mr. Henry moved **THAT THE BOARD OF GOVERNORS ACCEPT PASSHE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011.**

The motion passed unanimously.

C. External Relations Committee

Mr. Mack presented the report on behalf of the External Relations Committee. The Committee reviewed one information item: Legislative Update.

There were no action items to report.

D. Finance, Administration, and Facilities Committee

Mr. Pennoni presented the report on behalf of the Finance, Administration, and Facilities Committee. The Committee had one information item: Demolition of Cedarcrest Manor and Hemlock Manor, Mansfield University of Pennsylvania.

Mr. Pennoni noted that the Committee had four action items to recommend to the Board for approval.

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE THE ATTACHED EDUCATION AND GENERAL OPERATING BUDGETS FOR PASSHE ENTITIES FOR FISCAL YEAR 2011/12.** (Attachment #4)

The motion passed unanimously.

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE A FISCAL YEAR 2012/13 EDUCATIONAL AND GENERAL APPROPRIATION REQUEST OF \$421,419,000.** (Attachment #5)

The motion passed with two abstentions.

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE EAST STROUDSBURG UNIVERSITY'S REQUEST TO PURCHASE PROPERTY AT 156 MARGUERITE STREET, EAST STROUDSBURG, PENNSYLVANIA.** (Attachment #6)

The motion passed unanimously.

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE INDIANA UNIVERSITY'S REQUEST TO PURCHASE FROM THE COMMONWEALTH OF PENNSYLVANIA 3.35 ACRES OF PROPERTY LOCATED AT PRATT DRIVE AND WAYNE AVENUE IN WHITE TOWNSHIP, INDIANA COUNTY.** (Attachment #7)

The motion passed unanimously.

E. **Human Resources**

Ms. Conley Lammando presented the report on behalf of the Human Resources Committee.

There were no information items to report.

Ms. Conley Lammando noted that the Committee had three action items to recommend to the Board for approval.

Ms. Conley Lammando moved **THAT THE BOARD OF GOVERNORS APPROVE BOARD POLICY 2011-02: NONREPRESENTED EMPLOYEE SEVERANCE PROGRAM.**

The motion passed with four abstentions.

Ms. Conley Lammando moved **THAT THE BOARD OF GOVERNORS AUTHORIZE THE EXECUTIVE COMMITTEE TO APPROVE THE APPOINTMENT OF PRESIDENTS AND INTERIM PRESIDENTS IN THE ABSENCE OF A QUORUM OF THE BOARD.**

The motion passed unanimously.

Ms. Conley Lammando moved **THAT THE BOARD AUTHORIZE THE STAFF TO WORK ON A POLICY AND SEEK REVIEW AND ADVICE OF COUNSEL FROM THE ETHICS COMMISSION REGARDING THE DEVELOPMENT OF A PRE-EXISTING MECHANISM FOR DELEGATION OF AUTHORITY FOR UNIVERSITY PRESIDENTS AND THE CHANCELLOR WHEN A CONFLICT OF INTEREST UNDER SECTION 1103(a) OF THE ETHICS ACT WOULD PREVENT THESE INDIVIDUALS FROM EXERCISING OR DELEGATING THEIR AUTHORITY TO ACT.**

The motion passed unanimously.

BOARD ACTION

Chairman Pichini said the Standing Committee Assignments would be moved to the January 2012 Board meeting. However, Chairman Pichini ask Senator Yudichak if he would serve on the Audit Committee.

Representative Hanna read into the record a resolution honoring Senator Vincent J. Hughes.

Representative Hanna moved **THAT THE BOARD OF GOVERNORS APPROVE THE RESOLUTION.** (Attachment #8)

The motion passed unanimously.

Ms. Conley Lammando read into the record a resolution honoring Ms. Christine J. Toretti.

Ms. Conley Lammando moved **THAT THE BOARD OF GOVERNORS APPROVE THE RESOLUTION.** (Attachment #9)

The motion passed unanimously.

Representative Baker read into the record a resolution honoring Maravene S. Loeschke.

Representative Baker moved **THAT THE BOARD OF GOVERNORS APPROVE THE RESOLUTION.** (Attachment #10)

The motion passed unanimously.

ANNOUNCEMENT

Chairman Pichini announced the Diversity Summit will be at Bloomsburg University on October 13-14, 2011; the PACT Conference will be at Indiana University on October 19-20, 2011; and the next quarterly Board of Governors' meeting is scheduled for January 18 and January 19, 2012 at the Dixon Center in Harrisburg.

Chairman Pichini listed the members of the Strategic Planning Steering Committee:

Board of Governors:

Leonard B. Altieri (student)
Ronald G. Henry
Kenneth M. Jarin
Marie Conley Lammando
Jonathan B. Mack
C.R. "Chuck" Pennoni
Guido M. Pichini
Secretary Ronald J. Tomalis

Presidents:

Dr. Javier Cevallos, Kutztown
Dr. Karen M. Whitney, Clarion

Trustee

Leo Krantz, Chair, PA Association of Councils of Trustee

Faculty

Dr. Adam F. Brennan, Professor of Music and Director of Bands, Mansfield University

ADJOURNMENT

There being no further items of business to come before the Board, the Chairman adjourned the meeting at 9:43 a.m.

ATTEST:

Peter H. Garland
Secretary to the Board



Highlights from the Pennsylvania State System of Higher Education (PASSHE) October 6, 2011

Much of eastern Pennsylvania was impacted by not one, but two tropical storms just as the fall semester was getting underway. The former caused a few power outages and disrupted the start of classes on several PASSHE campuses, while the latter resulted in severe flooding that will take some communities months if not years from which to recover. Among the hardest hit were the Town of Bloomsburg and the City of Harrisburg. While Bloomsburg University was largely spared flood damage because of its location on the hill – classes still were canceled for more than a week because of the lack of safe drinking water – the impact on the community below was devastating.

The **Bloomsburg University** community – students, faculty and staff – stepped in almost immediately to help their neighbors, participating in a variety of flood-relief efforts. Among them: volunteering in “mud out” efforts and with the local chapter of the American Red Cross; operating Annie’s Place, an on-campus emergency animal shelter for evacuees’ pets; housing members of the Pennsylvania National Guard; providing bus transportation to shelters and heavy equipment operators to assist at cleanup sites; warehousing and distributing bottled water and providing portable restrooms; and providing alternative venues for Bloomsburg School District’s athletic events. Members of the BU football team gained national attention for their efforts, even as they prepared for a nationally televised game against IUP. Wrote the Associated Press:

“With a big game looming, Bloomsburg football players boarded the white team school bus for another tough workout Wednesday. This was about much more than football, though.

“In this flood-ravaged town in east-central Pennsylvania, the strapping Huskies have turned into a mobile cleanup crew. They’re lugging broken refrigerators, waterlogged carpets and just about anything else out of homes damaged from the historic flooding caused by the remnants of Tropical Storm Lee.”

BU's Community Government Association and other campus organizations are planning additional volunteer opportunities and fundraisers to be held throughout the semester.

The PASSHE community also has pitched in, with faculty offering textbooks and others across the System collecting much-needed supplies to help with the cleanup. After encouraging their colleagues to bring in cleaning materials and other supplies, three employees from the Office of the Chancellor – Brian Mbuu, Mike Mottola and Charissa Williams – drove the donated supplies to Bloomsburg.

PASSHE Chancellor Dr. John C. Cavanaugh also opened the doors of the Dixon University Center in Harrisburg to the Silver Academy, a private elementary and middle school located just a few blocks away in the Jewish Community Center, which was inundated by floodwaters and remains closed. More than 80 kindergarten through eighth grade students are attending classes in South Hall while their school is being repaired.

University Accomplishments and Other Noteworthy Activities

California, Cheyney, Clarion, Edinboro, Kutztown, Mansfield, Shippensburg and Slippery Rock Universities of Pennsylvania have been named "Military Friendly Schools" for 2012 by *G.I. Jobs Magazine*. The designation places the universities in the top 20 percent of all colleges, universities and trade schools nationwide that are "doing the most to embrace America's military service members and veterans as students," according to the magazine.

Clarion, Shippensburg, Slippery Rock and West Chester Universities of Pennsylvania all were named "Great Colleges to Work For," in the second annual survey by *The Chronicle of Higher Education*. The survey was based on responses from nearly 44,000 people at 310 institutions. All accredited institutions across the United States were invited to participate, and participation was free. Respondents included a random mix of administrators, faculty and staff.

The June 2011 issue of *Landscape Architect* featured a four-page cover story on **Bloomsburg University of Pennsylvania's** landmark Academic Quadrangle. *Landscape Architect* is considered the industry trade magazine for commercial landscaping companies nationwide.

California University of Pennsylvania's Bachelor of Science in Athletic Training program has been awarded an additional five years' accreditation by the Commission on Accreditation of Athletic Training Education. The program previously had been awarded a five-year accreditation; the additional award extends the program's accreditation through 2020. The 10-year accreditation is the longest possible approval granted by CAATE... **Cal U's** men's and women's soccer teams are playing at a new complex just three blocks from the main campus. The Phillipsburg Soccer Facility was dedicated last month. The facility meets all NCAA standards for intercollegiate soccer, including night games and broadcasting.

Cheyney University of Pennsylvania President Michelle R. Howard-Vital has been appointed to the American Council on Education's Women in Higher Education State Network Executive (OWHE) Board. The OWHE has provided national leadership in the advancement of women into executive positions and campus presidencies since 1973.

Clarion University of Pennsylvania's Barnes Center for Biotechnology Business Development and Joseph P. Grunenwald Center for Science and Technology have achieved LEED Gold certification. Campus View and Valley View student residence suites and Eagle Commons dining facility previously were awarded LEED Silver certification, bringing to five the total number of LEED buildings at Clarion University. LEED is an internationally recognized green building certification system that provides third-party verification that a building or community was designed and built using strategies aimed at improving performance in areas including sustainability, water efficiency, energy efficiency, materials and indoor air quality... **Clarion University's** College of Business Administration's industrial relations major fully aligns with criteria established by the Society for Human Resource Management's "HR Curriculum Guidebook and Templates," which define the content areas that should be studied at undergraduate and graduate levels. SRHM is the largest professional organization for human resources managers.

East Stroudsburg University of Pennsylvania introduced Senator John T. Yudichak as its 2011 Legislative Fellow. The Legislative Fellow Program at ESU was established in 1999 to invite a different Pennsylvania state legislator every year to participate in ESU campus and student life on a variety of levels. Senator Yudichak recently joined PASSHE's Board of Governors.

Edinboro University of Pennsylvania's Bachelor of Science in Chemistry program has been approved by the American Chemical Society (ACS), the equivalent of program accreditation in other disciplines. Successful graduates will qualify for ACS certification, thus making them more attractive to prospective employers and professional schools... **Edinboro University** hosted 11 teachers from the Corry, Erie, Penncrest, Harbor Creek, Crawford Central and Conneaut school districts this summer as part of the PennLake National Writing Project. The teachers learned new strategies to improve students' writing skills. They were among more than 3,000 kindergarten through college-level instructors across the country who participated at more than 200 National Writing Project sites on college campuses in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands... **Edinboro University** hosted its 2nd Annual DisABILITIES Conference in August, focusing not only on transition from high school to college, but also on processes for succeeding at college and then attaining successful employment and independence after graduation... After nearly a decade and more than a half million dollars in the making, the StARTup Incubator – a local nonprofit organization that extends the educational mission of **Edinboro University** to regional economic development – debuted with a ribbon-cutting and Grand Opening celebration. The incubator links Edinboro's renowned strength in the arts and technology to the region's strength in manufacturing, combining all three components... Two senior U.S. Department of Education officials joined with The Heinz Endowments' Director of Children, Youth and Families Program in a unique **Edinboro University** Early Learning Roundtable with university and regional education and business experts. The discussion

focused on three early learning issues at the national level – kindergarten entry assessments, appropriate standards in infants and toddlers mixed age groups, and professional competencies in early childhood learning professions

Indiana University of Pennsylvania's degree program in computer science/languages and systems track has been accredited by the Computing Accreditation Commission of ABET (formerly the Accreditation Board for Engineering and Technology). Accreditation is a non-governmental, peer-review process that ensures the quality of the education students receive. Representatives of educational institutions or programs volunteer to undergo this review periodically to determine if certain criteria are being met.

Kutztown University of Pennsylvania President, Dr. F. Javier Cevallos was the recipient of the "Bert Daday Community Service Award" from the Hispanic American Organization. Recipients of this prestigious award are selected based on the candidate's encouragement of diversity in the community, education and business... **Kutztown University** dedicated the Keystone Field House to the late Pennsylvania State Senator Michael O'Pake. Senator O'Pake was a long-time supporter of education and more specifically, the mission of Kutztown University.

Lock Haven University of Pennsylvania welcomed new President Dr. Michael Fiorentino Jr. in July. Prior to coming to LHU, Dr. Fiorentino was executive vice president and provost at Fitchburg State College in Fitchburg, Massachusetts... **Lock Haven University** recently dedicated the new Wollock Learning Commons on the second floor of Stevenson Library. The new learning commons is named for Stephanie A. Wollock, whose endowment of \$1 million enabled the commons to be created and will continue to support library services.

Mansfield University of Pennsylvania's Department of Health Sciences has received a full eight-year accreditation of its Master of Science in Nursing (MSN) program from the National League for Nursing Accrediting Commission (NLNAC). The accreditation indicates that the MU faculty have the academic and experiential qualifications and the university provides the resources required by the NLNAC.

Millersville University of Pennsylvania held a ribbon cutting ceremony last month for the newly renovated Student Memorial Center... **Millersville** announced the dedication and naming of The Ware Center at Millersville University Lancaster, the university's 42 N. Prince Street facility, in honor of Paul W. and Judy S. Ware.

Shippensburg University's Child and Family Center has earned continuing accreditation from the National Association for the Education of Young Children. To earn NAEYC accreditation, the center went through an extensive self-study process, measuring the program and its services against the ten NAEYC Early Childhood Program Standards and more than 400 related accreditation criteria...**SU's** Counseling Center recently received full re-accreditation by the International Association of Counseling Services...**Shippensburg University** celebrated the re-opening of Huber Art Center, originally constructed in 1931 as the campus library. The expanded and renovated facility now serves as both an art center and home of the Department of Art & Design.

The project included upgrades to meet the department's accreditation requirements, to comply with the Americans with Disabilities Act and other codes, aesthetic upgrading, interior environmental improvements, technology enhancements and upgrades to building systems to extend the useful life of the facility for 35 years... **Shippensburg University** in August began one of its largest, single construction projects in its history. The project, which will run through 2015, will result in the replacement of all on-campus residence halls.

Slippery Rock University of Pennsylvania's Department of Computer Science has scored a trifecta by earning accreditations for its information technology, information science and computer science programs from ABET Inc. SRU joins Drexel, the University of North Florida and the University of South Alabama as one of only four institutions nationally to have earned ABET accreditation in all three programs. ABET Inc. is the recognized accrediting agency for college and university programs in applied science, computing, engineering and technology. It is among the most respected accreditation organizations in the U.S. and has provided leadership and quality assurance in higher education for nearly 80 years.

West Chester University of Pennsylvania's Department of Literacy received the International Reading Association Certificate of Distinction for its programs in early grades preparation with a reading minor. The Certificate of Distinction honors outstanding reading and language-arts preparation of elementary, middle and secondary teachers. This certificate, which will be in place for seven years, is awarded on the basis of six standards of program excellence... **WCU** President Greg Weisenstein has been named chair of the International Editorial Board of Humanities and Science University Journal in Saint Petersburg, Russia.

Fundraising, Grants and Other Awards

The **Bloomsburg University** Foundation received \$125,000 in support of the College of Business. In recognition of their generous commitments, Barbara Hudock, William Selden, and John Braganini will have rooms in Sutliff Hall named in their honor. The Foundation received a smaller grant from the Alcoa Foundation through the local Kawneer plant, supporting math and science summer camps for local middle school students.

California University of Pennsylvania's Government Agency Coordination Office has received a \$175,118 grant from the Defense Logistics Agency of Fort Belvoir, Va. The federal grant will support continuing contracting assistance services to regional businesses by GACO through August 2012. GACO, sponsored by Cal U, helps businesses interested in pursuing federal, state and local government contracts and subcontracts. The main GACO office is located at Cal U.; satellite offices are located in Pittsburgh and at **Slippery Rock University of Pennsylvania**. The organization is now providing contracting assistance services to 1,643 businesses in Western Pennsylvania, which have reported receiving more than 33,479 contracts and subcontracts totaling more than \$2.5 billion since 1985.

Cheyney University has been awarded \$1.75 million by the National Science Foundation (NSF) to recruit, retain, train and graduate underrepresented minority students under its Historically Black Colleges and University Undergraduate Program (HBCU-UP) Implementation competition for this year. The grant titled, "Building Excellence and Access through Research," was awarded to Dr. Adedoyin Adeyiga, of the Department of Natural and Applied Science, who has secured \$5 million in CU grants... **Cheyney University's** C-Club sponsored Wade Wilson Golf Tournament and Auction raised more than \$40,000 in support of the Cheyney University Athletic Department. The golf tournament held at the Penn Oaks Country Club was a sold out event.

Lock Haven University will receive more than \$195,000 this year from the National Science Foundation for scholarships for students studying nanotechnology. The funds are part of a multi-year, nearly \$600,000 grant from NSF designed to attract, support and retain students in the sciences. Scholarship recipients receive four-year scholarships, with a maximum award of \$10,000 a year...Several donors have joined together to establish an endowed scholarship for performing arts students at **Lock Haven University**. The Krevsky Scholarship will make annual awards to students studying in the performing arts, with preference for awards to be given to piano performance majors...The 17th annual **LHU** Alumni Golf Tournament raised more than \$21,000 in sponsorships for incoming freshman

Soar to Greatness: The Campaign for **Millersville University** has raised more than \$62 million for the university since it began in 2006. The campaign continues to close in on its goal of \$85 million.

Shippensburg University of Pennsylvania has received a nearly \$750,000 grant from the National Science Foundation to promote the recruitment, retention and advancement of women academics in science, technology, engineering and mathematics (STEM) disciplines. The grant is for the PA STEM University Partnership for the Advancement of Academic Women (PA STEMUP) program. Partnering with Shippensburg are Elizabethtown College, Harrisburg University of Science and Technology and the Innovation Transfer Network... **Shippensburg University** will share in a \$46 million federal grant to expand the Reading Recovery program. The grant was awarded in early September to lead partner Ohio State University, Shippensburg and 13 other partner universities and colleges. Reading Recovery is a successful early intervention program that identifies first-graders who struggle with reading and offers instruction by educators trained in the Reading Recovery method. Shippensburg is one of 23 university Reading Recovery training centers in the United States and Canada, and serves school districts in Maryland, Virginia, West Virginia and Pennsylvania... **Shippensburg University** received a \$600,000 grant from the Harrisburg Area Transportation Study group for the Cumberland Valley Rail Trail Shippensburg Connector project. The project is to construct a pedestrian bridge over Fogelsonger Road that will connect the Shippensburg Township park and rail trail to the Shippensburg campus.

West Chester University received a \$318,506 grant through the U.S. Navy Department for research on propulsion...The Federal Emergency Management Agency has awarded **WCU** a \$266,814 grant for emergency preparedness equipment and programs... **West**

Chester will receive a \$350,000 estate gift from late alumnus Thelma Folkner to establish an endowment in the School of Music... **West Chester University** has raised \$145,000 toward the \$200,000 goal to erect a statue in honor of Frederick Douglass on campus. Mr. Douglass gave his last public speech at WCU.

University and Community Partnerships

Bloomsburg University recently completed an eight-year agreement with the Town of Bloomsburg with a final gift of \$38,000 to help pay for the purchase a ladder truck for the Bloomsburg Volunteer Fire Department. The university has donated a similar amount every year since 2003, when the truck was purchased. The truck helps provide fire protection for the campus, which includes two high-rise residence halls - Elwell and Columbia halls. In addition to the final truck gift, BU entered into a new three-year service agreement with the fire department for fire protection. BU will contribute \$45,000 annually, beginning this year.

East Stroudsburg University hosted its first International Coaching and Sporting Summit in collaboration with Chinese Culture University in Tapei, Taiwan. The summit was funded by a grant from the Taiwanese government, and enabled ESU professors, coaches and staff members to teach new coaching methods, strategies and techniques to 11 coaches and exercise scientists from Taiwan.

For the second consecutive year, students from Ewha Media High School in South Korea spent two weeks at **Edinboro University**. Accompanied by two teacher/chaperones, the students not only took challenging classes taught by college professors, but also became acquainted with American culture while experiencing a university setting from a student's perspective. The students took daily three-hour animation classes in the mornings, English language classes in the afternoons and cultural immersion field trips.

Kutztown University's Latino Business Resource Center offered a program designed to help business owners and entrepreneurs expand or open businesses to a group in Harrisburg last month. The program, "Business Skills for Success for Latino Entrepreneurs," is a free bilingual program and was offered in partnership with PNC Bank and the Hispanic Chamber of Commerce of Central Pennsylvania. It helps participants develop a business plan and teaches them the skills and knowledge required for business success.

Shippensburg University hosted 25 Iraqi college students as part of a U.S. State Department-sponsored educational and cultural exchange. The students were participants in the Iraqi Young Leaders Exchange Program. Dr. Alison Dagnes and Dr. Sara Grove, both members of the Political Science Department, taught seminars to the students, and assistant professor Dr. Lonce Sandy-Bailey served as one of the program's leaders.

West Chester University's School of Music is an official educational partner of The Philadelphia Orchestra. This partnership will allow WCU music students to take master classes taught by members of The Philadelphia Orchestra. Orchestra members also will perform concerts at WCU...**WCU's** Music Education Department has established an

educational partnership with Valley Forge Educational Services and The Vanguard School for Special Needs. The partnership will provide pedagogical training for WCU music student teachers in the field of special education... **WCU's** Department of Kinesiology has reached articulation agreements with Texas Chiropractic College for students who wish to pursue a certificate in Pre-Chiropractic and with Arcadia University for its Doctor of Physical Therapy degree.

Student and Faculty Recognition

California University of Pennsylvania professor Aref Al-Khattar will travel to the Middle East as a participant in the Fulbright Specialist Program. Dr. Al-Khattar, a professor of criminology and director of Cal U's master's degree program in applied criminology, has been selected to work with students and faculty at the University of Sharjah in the United Arab Emirates.

Clarion University will send nine students to the National Conference on Student Leadership Nov. 2-6 in Miami, where they will discuss objectives and challenges and how to equip themselves with leadership and organizational skills. Clarion students who will attend the conference serve on the Leaders in Action Committee, which is planning the 2012 Leaders in Action Conference, scheduled for March 24, 2012, in Clarion University's James Gemmell Student Complex... The **Clarion University of Pennsylvania** chapter of National Student Speech Language Hearing Association has been awarded NSSLHA Bronze Chapter recognition. The honors are awarded to chapters that demonstrate an awareness of student issues and concerns, outreach to the community, educational opportunities and social and fundraising activities promoting both the professions and the national association... Cindy Nellis, assistant director of **Clarion University's** Small Business Development Center was named the 2011 State Star for Pennsylvania. Nellis was chosen for being an outstanding performer, making a major contribution to the Pennsylvania SBDC program and showing a strong commitment to small business in the Clarion University SBDC region.

East Stroudsburg University's head football coach Denny Douds will set the NCAA Division II record for games coached later this month when he is on the sidelines for his 394th game. Douds is in his 38th season as ESU's head coach and his 46th season overall. He entered the 2011 season with a career record of 229-154-3 and set the PSAC record for career victories in 2008

More than 1,000 **Edinboro University** freshmen, along with faculty and staff, walked to "stomp out" hunger during the university's Second Annual freshmen service event. The annual walk was launched last year to raise awareness about local hunger and poverty issues. Volunteers collected canned goods and monetary donations from participants in the lunchtime walk.

Indiana University of Pennsylvania student Marc Colatrino is one of 85 students in the nation and one of only three in Pennsylvania selected for a Bridging Scholarship for study abroad in Japan. Colatrino of Leechburg is the first IUP student to win one of these competitive awards. The scholarships are offered by the U.S.-Japan Bridging Foundation, an independent federal agency promoting mutual understanding

between the United States and Japan. A senior Asian Studies major at IUP, Colatrino will do his year-long study at Nagoya Gakuin University in Nagoya, Japan, a partner university with IUP...Psychology professor Dr. [Krzysztof Kaniasty](#) received the Stress and Anxiety Research Society (STAR) Lifetime Career Award during the 32nd STAR Conference in Münster, Germany. The award is presented annually to honor a current member of STAR who has a long and distinguished history of scientific contributions to one or more of the following areas: stress, coping, emotions and health. Kaniasty has done extensive study on social support after natural disasters and trauma and has published widely on the subject... **IUP's** American Chemical Society group donated \$1,000 to United High School for use in its chemistry program. The club makes a donation to a local elementary or high school science program each year, provides demonstrations at local science fairs and recruiting events and takes part in National Chemistry Week at the Carnegie Science Center in Pittsburgh. In recognition of its activities, the American Chemical Society (ACS) has named IUP's ACS Student Affiliate as an "Outstanding Student Chapter," the highest ranking awarded to student chapters by the national organization.

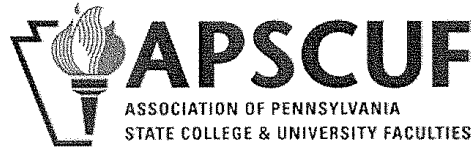
Lancaster-native Heather Crawford, a non-traditional student at **Kutztown University**, was awarded a \$1,600 scholarship from Alpha Sigma Lambda. She was one of only eight scholarship recipients nationwide... Dr. Lori Kent, a professor in **KU's** Department of Art Education and Crafts, was the recipient of a National Endowment for the Humanities Fellowship. She studied at Stanford University during the summer.

Lock Haven University's Alex Monroe represented the United States at the 2011 Pan American Junior Championships held this summer in Miramar, Florida. Monroe made the United States track and field team by finishing second in the 10,000 meter run in the 2011 USA Junior Outdoor Track & Field Championships held previously in Eugene, Oregon... **Lock Haven University** sophomore Christopher W. Smyth received the prestigious Hollings Scholarship from the National Oceanic and Atmospheric Administration (NOAA). The scholarship provides up to \$16,000 in tuition over the next two academic years and a summer internship in marine biology during the summer of 2012 for another \$6,500.

Mansfield University's Concert Choir has won the 2011 American Prize in Choral Performance for the College/University Division. The prize recognizes and rewards the best performances by choruses in the U.S. based upon submitted applications... The **MU** choir also competed this summer in the 2011 International Musical Eisteddfod in Llangollen, Wales. The Women's Choir captured first place in its category and the full MU Concert Choir finished in second place in both the mixed choir and youth choir categories of the competition, which features ensembles from all over the world.

Shippensburg University's Neely Spence will participate in the Pan American Games in Mexico as a member of the U.S. track team. She will compete in the 5000 meter run... **Shippensburg University** seniors Chad Hoyer, Brian Sirovetz and Alicia Briegel and junior Matt Fritz participated this summer in the National Science Foundation's Research Experiences for Undergraduates program. They each spent 10 weeks at various universities conducting research, learning and growing. The REU program provides students the opportunity to experience life and work at a large research university. It is

designed so each student works with a specific research project where they work closely with the faculty and other researchers... Student-run SUTV at **Shippensburg University** was nominated for an Emmy Award for its newscast. It is thought to be the first Emmy nomination for the group. The nominee list was announced recently by the Mid-Atlantic Chapter of the National Academy of Television Arts and Sciences (NATAS). SUTV was nominated in the College Production — Newscast category... **SU's** Doug Nichols was selected for the Dr. Ken Hoyt Memorial Award as 2011 Career Education Practitioner. The American Association for Career Education and the National Association for Career Development collaborated to create the Award three years ago in memory of Hoyt's leadership, dedication and contributions to career education and development. Nichols is the second recipient of the award and has been invited to give the Hoyt Memorial presentation at the association's conference in June 2012... Dr. Doug Cook, professor and librarian at **Shippensburg University**, was named the 2011 Association of College and Research Libraries, Education, and Behavioral Sciences Section (EBSS) Distinguished Librarian of the Year. His leadership in the organization and his mentorship of new authors were cited in the award.



**REMARKS TO BOARD OF GOVERNORS
OCTOBER 6, 2011**

APSCUF President Steve Hicks: Thank you, Mr. Chair and Board for this opportunity.

I want to start by adding to the comments made by the Chair about the work of Bloomsburg University in the wake of the flooding in town there. As a resident, I have heard of the good work and the positive image it has presented of the university in town and gown relations. Dr. Soltz is to be commended for the work the university has done in support of the townspeople.

On the topic at hand, as you talk in this session about next year's budget and your request to the state, I wanted to encourage you to be positive in your approach and to talk about restoring the funding cuts of last year, as well as restoring the public's perception of the value of public higher education in the Commonwealth, because the two are intrinsically related.

One thing that came out of last spring's budget debate was a clear sense that the State System is a great positive for the Commonwealth. You all are pretty aware of the numbers: approximately 90 percent of our students are Pennsylvanians, and about 80 percent of our graduates stay in the Keystone State. We have the lowest tuition of any four-year institution in the Commonwealth, and lower than our competition on the Eastern mid-Atlantic coast by thousands of dollars. Although the borrowing of our students is a huge concern – it's near the regional average – we still are the affordable option for working-class families in the Commonwealth.

And you all know we need those working class students to fill our classrooms, or else programs like the Lumina Foundation's Goal 2025 – which you've adopted – will fail to meet their goals on graduates. For the Commonwealth to be economically successful in the future, we need to provide access to those students and graduate them at a decent rate.

And we do graduate them at a decent rate. Despite recent comments by the governor, our institutions have a graduation rate that is similar, and often superior, to the comparable private colleges in the state. In fact, four of our universities (Shippensburg, Millersville, West Chester and Bloomsburg) boast six-year graduation rates above 60 percent, rivaling institutions like Albright, Drexel, York, and Temple, who do not have our access mission and charge double, triple, or four times our tuition.

We have a lot of quality to rave about. Seven of our schools are in this year's U.S. News rankings, which, though flawed, generate a lot of positive PR. Take it from someone who has seen the raw data, it is surprising that more of our schools aren't ranked.

These are triumphs that we need to trumpet to the legislature and the Governor in the next few weeks because they seem to misunderstand the quality and inexpensive cost of what we do. We need to remind them of our value to the Commonwealth and to remind them that, before raising corrections appropriations 10 more percent or so, they need to invest in us. Doing so will

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mean less incarceration, lower health care bills, fewer on the welfare rolls, and more options for businesses who come and want to stay in Pennsylvania. Another cut is unconscionable; with a \$1 billion surplus last year and another surplus likely this year, anything but an increase looks like ignoring the wisest investment the Commonwealth could make. Let's make that our message: ***investing in PASSHE is Pennsylvania's best investment.***

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**Executive Summary of Degree Proposal
Doctor of Philosophy in Safety Sciences
Indiana University of Pennsylvania**

October 5, 2011

1. Appropriateness to the Mission

Indiana University of Pennsylvania (IUP) proposes a new Doctor of Philosophy (Ph.D.) degree program in Safety Sciences. The program closely aligns with the Pennsylvania State System of Higher Education's (PASSHE) mission to prepare students for professional success and to contribute to both the policy development and economic development of Pennsylvania's communities, the Commonwealth and the nation. Worker safety has been identified as a critical need in Pennsylvania as evidenced by the \$1.7 million Occupational Safety and Health Administration's (OSHA) safety program that is managed by the Department of Safety Sciences at IUP. According to Margaret Carroll, President of the Board of Certified Safety Professionals, which is the largest certification board for individuals in the safety, health and environmental field in the United States, "IUP's proposed doctoral program in Safety Sciences will be the first pure safety-related program...and we strongly encourage the University to move forward." The program design of distance education and on-site experiential learning will meet the needs of the working adult learners.

2. Need

Current workforce projections by the United States Bureau of Labor Statistics for 2008-2018 estimate that employment in occupational safety will increase by 11 percent. The peer review study that was published in 2008 by the American Society of Safety Engineers concerning advanced degree employment identified the lack of a doctorate in a safety or safety-related field as the number one reason for safety programs not being able to fill faculty positions nationwide, including the Commonwealth of Pennsylvania. While there are a few doctoral degree programs in the country that have some safety science coursework included, most of these programs are industrial engineering degree programs with an emphasis on providing engineers with some background in safety. This has created a critical shortage of safety professionals that can apply the principles in the field, conduct research, and teach at the university level. Compounding the problem is the substantial number of faculty expected to retire from universities across the country over the next ten years. IUP's proposed program will be unique because it focuses primarily on safety sciences and will facilitate dissertations that have safety and safety-related concerns as their major focus.

IUP's Safety Sciences program has been meeting the demand for professionals in safety through its undergraduate degree and its master's degree program in Safety Sciences for over 40 years and 25 years respectively. IUP alumni surveys reveal that

over 90 percent of these graduates have been placed in safety and health-related positions.

3. Academic Integrity

The proposed Doctor of Philosophy in Safety Sciences will prepare safety professionals with advanced skills in the anticipation, recognition, evaluation, control, and prevention of safety, health, and environmental hazards in the work environment. Graduates from this degree program will be able to conduct independent research, understand state and federal policy that involves safety, health, and environmental issues, be knowledgeable of and involved in appropriate professional associations and will be able to teach safety, health, and environmental content to adult audiences (industry or collegiate). Building upon the pedagogical delivery format of the master's degree in safety sciences, the Ph.D. program will be comprised of distance education coursework and summer courses. Given the program's emphasis on original and rigorous research, students will be expected to produce a flow of scholarly work while in the program and professionally upon graduation. The number of journal articles that are published within five years of program completion or the subsequent publication record of graduates or some other measure of the success of research activities by graduates will be included as an outcome measure.

4. Coordination/Cooperation

Indiana University of Pennsylvania is the only PASSHE institution authorized to offer a Ph.D. program; therefore, the proposed degree will not duplicate any other existing PASSHE program. The proposed Ph.D. in Safety Sciences would be the only one of its kind in the United States designed to prepare the students for work as university professors and researchers in industry and government. The Department of Safety Sciences will create informal and formal linkages to other PASSHE graduate degree programs that can strengthen academic and research experiences for students.

The Department has a variety of partnerships with local industries such as PPG and Alcoa as well as governmental agencies such as the National Institute for Occupational Safety and Health that will assist students in obtaining advanced research skills and provide access to specialized equipment.

5. Assessment and Accreditation

Assessment is a continuous process whereby the program students, alumni, and employers provide relevant input regarding program learning outcomes and success. Students will be assessed on a regular schedule using course-embedded measures to determine whether they are achieving competence in the targeted learning outcomes for the program. This data will be used to make changes to courses or the curriculum as appropriate to improve student performance, and will be systematically remeasured to ensure continuous progress in meeting desired outcomes. The department will monitor retention, time-to-degree, degree completion, and placement as key assessment variables. The Safety Sciences

Advisory Board dedicates one meeting per year to outcomes assessment and is also a critical component of the overall assessment plan.

6. Resource Sufficiency

Because of the presence of the existing bachelor's degree and master's degree programs in the Department of Safety Sciences, many of the resources and much of the infrastructure needed to implement this degree program are in place. Faculty members have extensive experience in course development and delivery that are necessary for this degree program and the educational backgrounds, skills, certifications, and research experience to deliver a quality degree program. The Ph.D. program would require two additional faculty members to deliver the courses, coordinate the degree program, and serve on dissertation committees. Laboratory space and classroom space needed for the on-campus portion of the program are acceptable. The cost-benefits analysis demonstrates that enrollment projects will result in revenue that exceeds expenses beginning in year three.

7. Impact on Educational Opportunity

There is a documented need for safety professionals that possess doctorates, and the demand is growing. IUP's Department of Safety Sciences has the personnel and resources, and the commitment to offer a quality Ph.D. in a flexible format that will provide opportunity for those seeking an advanced degree in this field. The department strives to recruit, retain and graduate minority students and recruits under-represented faculty for vacated positions. The Department of Safety Sciences also actively recruits students from under-represented groups for its degree programs and will continue to do so with the doctoral degree program. Examples of activities the department is engaged in include acquiring funding through foundations to develop recruiting programs and disseminating scholarships specifically for students in under-represented groups. In the classroom, faculty members are encouraged to incorporate scholarships from under-represented groups into the curriculum. Two of the eight faculty members currently involved in the proposed program delivery are women.

Prepared by: Dr. Gerald Intemann, Provost and Vice President for Academic Affairs

Implementation Date: Fall 2012

FIVE YEAR BUDGET PROJECTION
UNIVERSITY: Indiana University of Pennsylvania
PROPOSED PROGRAM: Doctor of Philosophy in Safety Sciences

| ESTIMATED REVENUES | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | Year 6 | |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Existing | New | Existing | New | Existing | New | Existing | New | Existing | New | Existing | New |
| Tuition or University E&G | \$ - | \$ 224,489 | \$ - | \$ 251,818 | \$ - | \$ 404,008 | \$ - | \$ 453,788 | \$ - | \$ 472,057 | \$ - | \$ 460,641 |
| External Grants and Contracts | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL REVENUE | \$ 224,489 | | \$ 251,818 | | \$ 404,008 | | \$ 453,788 | | \$ 472,057 | | \$ 460,641 | |
| ESTIMATED EXPENSES | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | Year 6 | |
| Salaries and/or benefits (Faculty and Staff) | \$ - | \$ 162,853 | \$ - | \$ 199,555 | \$ - | \$ 266,559 | \$ - | \$ 239,830 | \$ - | \$ 326,034 | \$ - | \$ 286,836 |
| Learning resources | \$ - | \$ 7,500 | \$ - | \$ 7,500 | \$ - | \$ 7,500 | \$ - | \$ 7,500 | \$ - | \$ 7,500 | \$ - | \$ 7,500 |
| Instructional equipment | \$ - | \$ 6,964 | \$ - | \$ 6,706 | \$ - | \$ 9,028 | \$ - | \$ 11,091 | \$ - | \$ 9,415 | \$ - | \$ 9,415 |
| Facilities and/or modifications | \$ - | \$ 18,193 | \$ - | \$ 17,519 | \$ - | \$ 23,583 | \$ - | \$ 28,973 | \$ - | \$ 24,594 | \$ - | \$ 24,594 |
| Other | \$ - | \$ 125,035 | \$ - | \$ 21,862 | \$ - | \$ 49,557 | \$ - | \$ 25,286 | \$ - | \$ 54,613 | \$ - | \$ 56,281 |
| TOTAL EXPENSES | \$ 320,545 | | \$ 253,142 | | \$ 356,227 | | \$ 312,680 | | \$ 422,155 | | \$ 384,626 | |
| DIFFERENCE (Rev.-Exp.) | \$ (96,056) | | \$ (1,324) | | \$ 47,781 | | \$ 141,108 | | \$ 49,902 | | \$ 76,015 | |
| ESTIMATED IMPACT OF NEW PROGRAM | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | Year 6 | |
| FTE Enrollment | 13.50 | | 13.00 | | 17.50 | | 21.50 | | 18.25 | | 18.25 | |
| Projected Annual Credits Generated | 324 | | 312 | | 420 | | 516 | | 438 | | 438 | |
| Tuition Generated | \$ 168,480 | | \$ 162,240 | | \$ 218,400 | | \$ 268,320 | | \$ 227,760 | | \$ 227,760 | |

Educational and General Operating Budget Summaries for Pennsylvania State System of Higher Education Entities

Act 188 of 1982 requires PASSHE's budget request to be developed based upon University needs. PASSHE Universities were provided with instructions to develop their 2012/13 Educational and General (E&G) budget requests, which include anticipated changes in salaries, benefits, and other cost categories. E&G budgets provide for the ongoing operations that support the general academic, administrative, and physical operations; restricted (sponsored programs and most financial aid) and auxiliary (dining, housing, recreation and student centers) activities are excluded. Universities provide budget estimates for the current year (2011/12) and the request year (2012/13).

University budgets vary from one another due to the unique nature of each University's enrollment, employee complement, instructional offerings, physical plant, and strategic direction. Expenditure estimates and projections for University-based revenue sources are used to determine PASSHE's budget request parameters. Below are explanations of the revenue and expenditure expectations for PASSHE Universities and the Office of the Chancellor for 2011/12 and 2012/13, as submitted by the Universities and reviewed by the Office of the Chancellor. A summary for each entity is provided in the following pages.

Fiscal Year 2011/12 Highlights Revenue/Sources

Tuition—The Board of Governors approved a 7.5% tuition rate increase for fiscal year 2011/12. At the same time, amendments to Board of Governors Policy 1999-02-A, *Tuition* (as approved January 20, 2011), required elimination of a graduate full-time tuition rate, beginning in fall 2011. These changes in rates are applied to projected enrollment for the upcoming academic year, and winter and summer sessions. After 15 straight years of enrollment growth, PASSHE's overall 2011/12 enrollment is anticipated to be level or possibly decline slightly. Several PASSHE Universities are anticipating increases in undergraduate enrollment, but are experiencing reductions in graduate enrollment that are largely due to state and local policy changes in the treatment of advanced degrees for teachers. University-specific enrollment projections vary, ranging from a 7.0% decrease at Mansfield University to a 3.6% increase at West Chester University.

Fees—The Universities' Councils of Trustees set institution-based student fee rates. Student fees include mandatory fees charged to all students, such as instructional support fees and health center fees, as well as optional fees charged to students for specific services or privileges, such as parking fees. Also included in this revenue category is the Technology Tuition Fee, set by the Board of Governors, which is expected to generate \$43.4 million in revenue for instructional technology purposes.

State Appropriation—Prior to 2011/12, PASSHE received from the Commonwealth an E&G appropriation, several line item appropriations for specific purposes, and federal appropriations from the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Funds (SFSF). PASSHE's 2011/12 E&G appropriation of \$412.8 million represents an 18% reduction in total appropriations, with the elimination of all line items

and ARRA funds. The state appropriation is allocated to Universities through two methods: approximately 92% is distributed through PASSHE's allocation formula, and the remaining 8% is distributed based upon performance. Since 2011/12 performance funding awards have not yet been finalized, performance funding revenue reflected in 2011/12 and 2012/13 is estimated at the same proportion of performance funding received by each University in 2010/11. Universities will adjust their budgets accordingly when awards are made.

All Other Revenue—Included in this category are unrestricted gifts, contracts and grants, investment income, educational fees for noncredit activity, parking and library fines, corrections from prior years, and other miscellaneous revenue sources. Activities generating these revenues vary widely by University and tend to be nonrecurring. Most Universities do not anticipate increases and/or continuation of certain miscellaneous revenue sources until these revenues are received, but also limit expenditures supported by these specific revenue streams in their budget estimates.

Use of Carryforward Fund Balance—From time to time, some Universities may have the opportunity, either through greater than anticipated enrollment/revenue growth or through disciplined multiyear planning, to set aside revenues for future year activities. This is represented by a negative number in Use of Carryforward Fund Balance. When a University is using funds carried forward from a previous year, a positive number will appear on this line. This practice is an exceptional management tool allowing Universities to anticipate and fund large one-time purchases and multiyear projects. Typical initiatives funded in this manner tend to include new academic programs, major equipment purchases and upgrades, facilities improvements, and transitions through demographic changes. Since Carryforward funds are one-time in nature, a corresponding one-time expenditure is associated with the use of these funds. Due to the presence of one-time, nonrecurring funds in 2010/11 and the anticipated reduction of appropriations in 2011/12, most Universities limited spending, generating a negative Carryforward in the actual and/or current year, and many reflect a use of Carryforward in the current and/or request year.

Expenditures/Transfers

Compensation—For approximately 60% of PASSHE's employees, salary and wage rates are unknown since collective bargaining agreements have expired and successor agreements are currently under negotiation. No wage adjustments effective after June 30, 2011, have been made for unions without existing agreements; this is not to be viewed as a bargaining position. Only adjustments required by the ratified AFSCME contract and a corresponding estimate for nonrepresented employees are budgeted for 2011/12 and 2012/13. Employee benefits allow multiple choices for health care and retirement programs. Each University's mix of employees among bargaining units, the benefits choices they make, and their years of service result in varying increases in personnel costs. Universities budget compensation expenses based upon anticipated filled positions, taking into consideration retirements, vacancies, and regular annual turnover in employee complement. In total, PASSHE Universities anticipate funding 165 fewer FTE positions in 2011/12 due to reductions in staffing.

Salaries and Wages—Compensation for 2011/12 reflects the residual fiscal impact of midyear pay increases that occurred in 2010/11. The 2011/12 fiscal

impact of these increases ranges from 1.3% to 1.9% by bargaining unit. Salaries for AFSCME and nonrepresented employees have been frozen at 2010/11 levels. These increases are offset fully by projected savings from PASSHE's Separation Incentive Program that occurred in 2010 and reductions to University-budgeted complement.

Benefits—The vast majority of PASSHE's employees are enrolled in either the System's PPO health care plan or the Commonwealth's Pennsylvania Employees Benefit Trust Fund (PEBTF) program for health benefits. PASSHE's PPO costs increased 6.0%, while the PEBTF employer costs reflected in the new AFSCME agreement decreased 12.5%. PASSHE's retiree health care costs increased 12.7%, while the Commonwealth retirees' health care costs increased 25%. The most common rates for the State Employees' Retirement System (SERS) and Public School Employees Retirement System (PSERS), in which almost half of PASSHE employees participate, increased approximately 70% and 53%, respectively. In total, employee benefits expenses are projected to increase 6.8%.

Utilities—Each University's utilities costs vary widely, depending on mix of utilities (gas, coal, oil, electricity), local providers, expiration of electric generation rate caps, usage, energy savings projects, and changes in space. Due to the expiration of electric generation rate caps, four Universities and the Office of the Chancellor experienced significant increases in electricity rates beginning in January 2010. The remaining Universities began to experience rate increases in January 2011. Fiscal year 2011/12 utilities cost increases reflect various rate increases by utility and the continued implementation of electric deregulation, generating an average increase of 9.5%.

Services and Supplies—Expenditures in this category support all the day-to-day University operations, including professional services; teaching, office, and custodial supplies; travel; subscriptions and memberships; postage; student aid expenditures; and leases. Costs in several commodity areas were contained through System-wide strategically sourced procurements. In addition, Universities routinely purchase products and services from Commonwealth contracts to reduce costs. During 2011/12, service and supply expenditures are expected to increase on average 8.3%. Most of these increases are one-time activities associated with designated one-time fund sources; University experiences vary.

Capital Expenditures and Transfers—Included in this category are purchases of items, such as equipment, furniture, and library materials, as well as land and building improvements that have a useful life that is depreciated over time. PASSHE budgets these expenditures on a cash basis, rather than budgeting depreciation. University transfers generally fund physical plant expenditures and debt. Some transfers may reflect a commitment for future projects. University capital expenditures and transfers can vary widely from year to year.

Fiscal Year 2012/13 Highlights Revenue/Sources

PASSHE University 2012/13 expenditure estimates and projections for University-based revenue sources are used to determine the System's budget request parameters. The Universities are instructed to submit unbalanced budgets for the request year to allow for a candid assessment of resources and expenditure requirements. Based upon this review, an appropriation request will be developed. No attempt has been made to balance each University's budget, as they reflect no change in tuition rates or appropriations.

Tuition—Increases in tuition revenue reflect the impact of projected changes in annualized FTE enrollment. PASSHE's 2012/13 annualized FTE enrollment is anticipated to remain level or increase slightly; six Universities project enrollment increases. Changes in student mix (e.g., full-time versus part-time, residency, and student level) also affect tuition estimates for 2012/13. No assumptions are made concerning tuition rate increases at this time; however, a tuition increase of approximately 3.4% would be necessary to balance PASSHE's proposed 2012/13 budget with no change in appropriations.

Fees—Included in this category are the Technology Tuition Fee, which is established by the Board of Governors, and all University-based student fees. Since the Universities' Councils of Trustees set student fee rates each spring, changes in mandatory fees typically reflect only adjustments due to anticipated enrollment. Instructional support and technology tuition fee increases occur in concert with the general tuition rate.

State Appropriation—The 2012/13 state appropriation for each University reflects its current year allocation of the E&G appropriation through the allocation formula and its estimated portion of performance funding based upon 2010/11 awards. Although each University's allocation of the appropriations will change based upon the allocation formula and performance funding results, no adjustments have been made to anticipate the impact of those changes. The state appropriation reflects continued funding of the E&G appropriation at its current level. The Finance, Administration, and Facilities Committee of the Board of Governors will make a recommendation for consideration of an appropriation request that may differ from this appropriation assumption.

All Other Revenue—As in 2011/12, most Universities do not anticipate increases and/or continuation of certain miscellaneous revenue sources until these revenues are received. In addition, they limit expenditures supported by these specific revenue streams in their budget estimates.

Use of Carryforward Fund Balance—Some Universities have identified Carryforward funds to support one-time purchases and multiyear projects. Typical initiatives funded in this manner tend to include new academic programs, major equipment purchases and upgrades, facilities improvements, and transitions through demographic changes.

Expenditures/Transfers

Compensation—In general, Universities are anticipating level employee complement in 2012/13, given the significant reduction of 339 FTE funded positions that has occurred since 2008/09 in light of ongoing financial challenges and work force planning efforts. PASSHE has over 900 funded positions (full-time and part-time) that have either been held vacant or eliminated in 2010/11 and/or 2011/12. Given the high level of retirements occurring—currently over 420 employees are expected to retire in the 2011 calendar year—it is anticipated that some vacant positions will be filled.

Salaries and Wages—Compensation requirements for approximately 60% of PASSHE's employees are established in collective bargaining agreements that ended June 30, 2011, for which successor agreements are currently being negotiated. Therefore, no changes in pay requirements for unknown contracts have been incorporated in these estimates; this is not to be viewed as a bargaining position. The 2012/13 wage requirements for AFSCME average 1.6% for a July 2012 general pay increase of 1% and an April 2013 increment. A 1% salary increase is also included for nonrepresented employees. Overall, a 0.6% increase in salaries and wages is anticipated.

Benefits—Preliminary health care rate changes for 2012/13 include increases in PASSHE's various health care options of almost 7.8% for faculty, coaches, and management. The Commonwealth's PEBTF health care costs will increase 0.1% in accordance with the AFSCME contract, while the Commonwealth's health care costs for retirees are anticipated to increase 6.3%. The most common pension contribution rates for SERS and PSERS are projected to increase 52% and 81%, respectively, as specified by the Commonwealth's budget instructions. Retirement rates associated with the alternative retirement programs remain constant, although retirement and social security costs increase as salaries and wages increase. Overall, an 8.6% increase in benefits costs is anticipated based on these rate assumptions. University experiences vary significantly based upon the benefits programs their employees choose and changes in complement.

Utilities—Each University's utilities costs vary, depending on mix of utilities (gas, coal, oil, electricity), local providers, usage, energy savings projects, and changes in space. By 2012/13, electric deregulation will be implemented fully, and utilities cost increases reflect normal rate increases by providers and continued energy savings initiatives. PASSHE's combined utilities costs are anticipated to increase 3.0%.

Services and Supplies—For 2012/13, Universities estimate relatively constant expenditures in services, supplies, and materials, with an overall reduction of 0.7%. This reduction is associated with those Universities that reflect a use of Carryforward in 2011/12 for one-time initiatives; the associated expenditures are discontinued in 2012/13. University experiences vary significantly, ranging from a 17% reduction to a 4% increase.

Capital Expenditures and Transfers—Capital Expenditures may increase or decrease, depending upon the level of one-time facilities improvements and equipment purchases in each year. Most Universities using Carryforward funds in 2011/12 for investments in specific capital projects show a reduction of capital expenditures and

transfers in 2012/13. Most other institutions are continuing their current level of commitment to major physical plant, equipment, and library expenditures into 2012/13. Overall, PASSHE's 2012/13 capital expenditures and transfers are projected to decrease 0.2%, though University experiences vary significantly.

Revenue/Sources Less Expenditures/Transfers—As previously mentioned, Universities submit unbalanced budgets for 2012/13. No attempt was made to balance each University's budget, as no assumptions have been made regarding potential changes to appropriations and tuition rates. Based upon these submissions, a proposed appropriation request and corresponding tuition rate assumptions will be developed by the Finance, Administration, and Facilities Committee of the Board of Governors at its meeting on October 5, 2011. The shortfall reflected in each University's 2012/13 budget presentation on the following pages reflects each University's funding requirements, given the assumptions discussed in this overview.

Board of Governors Budget Request Summary
 Bloomsburg University of Pennsylvania

| Educational & General Budget | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$76,491,723 | \$77,961,632 | \$1,469,909 | 1.9% |
| Fees | 14,212,228 | 14,275,581 | 63,353 | 0.4% |
| State Appropriation | 32,406,374 | 32,406,374 | 0 | 0.0% |
| All Other Revenue | 4,051,778 | 4,051,778 | 0 | 0.0% |
| Use of Carryforward Fund Balance | 8,736,571 | 893,001 | (7,843,570) | -89.8% |
| Total Revenue/Sources | \$135,898,674 | \$129,588,366 | (\$6,310,308) | -4.6% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$65,526,574 | \$65,937,842 | \$411,268 | 0.6% |
| Benefits | 27,717,251 | 30,207,061 | 2,489,810 | 9.0% |
| Subtotal, Compensation | <u>\$93,243,825</u> | <u>\$96,144,903</u> | <u>\$2,901,078</u> | <u>3.1%</u> |
| Utilities | 2,943,417 | 3,023,535 | 80,118 | 2.7% |
| Services & Supplies | 24,187,126 | 22,645,432 | (1,541,694) | -6.4% |
| Capital & Transfers | 15,524,306 | 10,648,011 | (4,876,295) | -31.4% |
| Total Expenditures and Transfers | \$135,898,674 | \$132,461,881 | (\$3,436,793) | -2.5% |
| Revenue/Sources Less Expenditures/Transfers | | | | |
| | \$0 | (\$2,873,515) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 California University of Pennsylvania

| Educational & General Budget | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$69,553,319 | \$70,097,420 | \$544,101 | 0.8% |
| Fees | 12,550,896 | 12,615,652 | 64,756 | 0.5% |
| State Appropriation | 30,616,750 | 30,616,750 | 0 | 0.0% |
| All Other Revenue | 5,863,965 | 5,863,965 | 0 | 0.0% |
| Use of Carryforward Fund Balance | 0 | 0 | 0 | n/a |
| Total Revenue/Sources | \$118,584,930 | \$119,193,787 | \$608,857 | 0.5% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$58,032,805 | \$57,953,228 | (\$79,577) | -0.1% |
| Benefits | 23,305,892 | 25,374,723 | 2,068,831 | 8.9% |
| Subtotal, Compensation | \$81,338,697 | \$83,327,951 | \$1,989,254 | 2.4% |
| Utilities | 3,253,844 | 3,351,460 | 97,616 | 3.0% |
| Services & Supplies | 25,065,217 | 26,065,217 | 1,000,000 | 4.0% |
| Capital & Transfers | 8,927,172 | 8,929,847 | 2,675 | 0.0% |
| Total Expenditures and Transfers | \$118,584,930 | \$121,674,475 | \$3,089,545 | 2.6% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$2,480,688) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 Cheyney University of Pennsylvania

| Educational & General Budget | | | | |
|--|---------------------|---------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$11,350,863 | \$11,397,118 | \$46,255 | 0.4% |
| Fees | 2,328,244 | 2,339,361 | 11,117 | 0.5% |
| State Appropriation | 12,981,585 | 12,981,585 | 0 | 0.0% |
| All Other Revenue | 1,944,098 | 1,259,260 | (684,838) | -35.2% |
| Use of Carryforward Fund Balance | 0 | 0 | 0 | n/a |
| Total Revenue/Sources | \$28,604,790 | \$27,977,324 | (\$627,465) | -2.2% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$13,479,675 | \$13,542,905 | \$63,230 | 0.5% |
| Benefits | 5,664,824 | 6,061,144 | 396,319 | 7.0% |
| Subtotal, Compensation | <u>\$19,144,499</u> | <u>\$19,604,049</u> | <u>\$459,549</u> | <u>2.4%</u> |
| Utilities | 1,171,287 | 1,206,425 | 35,139 | 3.0% |
| Services & Supplies | 6,643,922 | 6,303,902 | (340,020) | -5.1% |
| Capital & Transfers | 1,645,082 | 1,434,624 | (210,458) | -12.8% |
| Total Expenditures and Transfers | \$28,604,790 | \$28,549,001 | (\$55,790) | -0.2% |
| Revenue/Sources Less Expenditures/Transfers | | | | |
| | \$0 | (\$571,676) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 Clarion University of Pennsylvania

| Educational & General Budget | | | | |
|--|---------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$44,077,563 | \$45,532,123 | \$1,454,560 | 3.3% |
| Fees | 11,325,880 | 11,662,952 | 337,072 | 3.0% |
| State Appropriation | 22,761,309 | 22,761,309 | 0 | 0.0% |
| All Other Revenue | 3,204,184 | 3,204,184 | 0 | 0.0% |
| Use of Carryforward Fund Balance | 0 | 0 | 0 | n/a |
| Total Revenue/Sources | \$81,368,936 | \$83,160,568 | \$1,791,632 | 2.2% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$44,624,475 | \$45,583,288 | \$958,813 | 2.1% |
| Benefits | 17,697,172 | 19,426,409 | 1,729,237 | 9.8% |
| Subtotal, Compensation | \$62,321,647 | \$65,009,697 | \$2,688,050 | 4.3% |
| Utilities | 2,266,250 | 2,334,238 | 67,988 | 3.0% |
| Services & Supplies | 14,625,759 | 14,863,218 | 237,459 | 1.6% |
| Capital & Transfers | 2,155,280 | 2,177,761 | 22,481 | 1.0% |
| Total Expenditures and Transfers | \$81,368,936 | \$84,384,914 | \$3,015,978 | 3.7% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$1,224,346) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 East Stroudsburg University of Pennsylvania

| Educational & General Budget | | | | |
|--|---------------------|---------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$61,837,949 | \$62,380,729 | \$542,780 | 0.9% |
| Fees | 9,851,561 | 9,974,208 | 122,648 | 1.2% |
| State Appropriation | 22,120,857 | 22,120,857 | 0 | 0.0% |
| All Other Revenue | 4,531,007 | 4,620,408 | 89,401 | 2.0% |
| Use of Carryforward Fund Balance | (1,350,564) | 0 | 1,350,564 | n/a |
| Total Revenue/Sources | \$96,990,809 | \$99,096,202 | \$2,105,392 | 2.2% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$48,453,625 | \$48,621,531 | \$167,906 | 0.3% |
| Benefits | 18,981,742 | 21,322,396 | 2,340,655 | 12.3% |
| Subtotal, Compensation | \$67,435,366 | \$69,943,927 | \$2,508,560 | 3.7% |
| Utilities | 2,089,615 | 2,152,303 | 62,688 | 3.0% |
| Services & Supplies | 14,105,009 | 13,947,870 | (157,139) | -1.1% |
| Capital & Transfers | 13,360,819 | 13,572,575 | 211,756 | 1.6% |
| Total Expenditures and Transfers | \$96,990,810 | \$99,616,675 | \$2,625,865 | 2.7% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$520,473) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
Edinboro University of Pennsylvania

| Educational & General Budget | | | | |
|--|---------------------|---------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$54,161,040 | \$53,780,869 | (\$380,171) | -0.7% |
| Fees | 11,237,531 | 11,153,264 | (84,267) | -0.7% |
| State Appropriation | 25,270,602 | 25,270,602 | 0 | 0.0% |
| All Other Revenue | 5,483,000 | 5,483,000 | 0 | 0.0% |
| Use of Carryforward Fund Balance | 1,183,295 | 1,183,295 | 0 | 0.0% |
| Total Revenue/Sources | \$97,335,468 | \$96,871,030 | (\$464,438) | -0.5% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$49,625,771 | \$49,749,925 | \$124,154 | 0.3% |
| Benefits | 20,537,783 | 22,090,780 | 1,552,997 | 7.6% |
| Subtotal, Compensation | \$70,163,554 | \$71,840,705 | \$1,677,151 | 2.4% |
| Utilities | 2,382,069 | 2,453,531 | 71,462 | 3.0% |
| Services & Supplies | 17,095,027 | 17,652,289 | 557,262 | 3.3% |
| Capital & Transfers | 7,694,818 | 7,564,126 | (130,692) | -1.7% |
| Total Expenditures and Transfers | \$97,335,468 | \$99,510,651 | \$2,175,183 | 2.2% |
| Revenue/Sources Less Expenditures/Transfers | | | | |
| | \$0 | (\$2,639,621) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
Indiana University of Pennsylvania

| Educational & General Budget | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$103,388,896 | \$103,388,896 | \$0 | 0.0% |
| Fees | 28,963,000 | 28,993,000 | 30,000 | 0.1% |
| State Appropriation | 51,959,617 | 51,959,617 | 0 | 0.0% |
| All Other Revenue | 11,482,658 | 11,516,751 | 34,093 | 0.3% |
| Use of Carryforward Fund Balance | (1,364,131) | 3,900,000 | 5,264,131 | n/a |
| Total Revenue/Sources | \$194,430,040 | \$199,758,264 | \$5,328,224 | 2.7% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$104,201,365 | \$104,567,850 | \$366,485 | 0.4% |
| Benefits | 42,321,859 | 46,184,518 | 3,862,659 | 9.1% |
| Subtotal, Compensation | <u>\$146,523,224</u> | <u>\$150,752,368</u> | <u>\$4,229,144</u> | <u>2.9%</u> |
| Utilities | 5,945,293 | 6,123,652 | 178,359 | 3.0% |
| Services & Supplies | 31,954,146 | 32,417,057 | 462,911 | 1.4% |
| Capital & Transfers | 10,007,377 | 14,490,017 | 4,482,640 | 44.8% |
| Total Expenditures and Transfers | \$194,430,040 | \$203,783,094 | \$9,353,054 | 4.8% |
| Revenue/Sources Less Expenditures/Transfers | | | | |
| | \$0 | (\$4,024,830) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 Kutztown University of Pennsylvania

| Educational & General Budget | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$71,920,344 | \$71,920,344 | \$0 | 0.0% |
| Fees | 12,743,884 | 12,821,429 | 77,545 | 0.6% |
| State Appropriation | 34,030,092 | 34,030,092 | 0 | 0.0% |
| All Other Revenue | 5,576,011 | 5,630,225 | 54,214 | 1.0% |
| Use of Carryforward Fund Balance | 5,500,000 | 0 | (5,500,000) | -100.0% |
| Total Revenue/Sources | \$129,770,331 | \$124,402,090 | (\$5,368,241) | -4.1% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$62,206,210 | \$62,772,791 | \$566,581 | 0.9% |
| Benefits | 25,570,970 | 27,814,729 | 2,243,759 | 8.8% |
| Subtotal, Compensation | <u>\$87,777,180</u> | <u>\$90,587,520</u> | <u>\$2,810,340</u> | <u>3.2%</u> |
| Utilities | 3,168,465 | 3,265,167 | 96,702 | 3.1% |
| Services & Supplies | 25,418,296 | 20,439,004 | (4,979,292) | -19.6% |
| Capital & Transfers | 13,406,390 | 13,968,055 | 561,665 | 4.2% |
| Total Expenditures and Transfers | \$129,770,331 | \$128,259,746 | (\$1,510,585) | -1.2% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$3,857,656) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 Lock Haven University of Pennsylvania

| Educational & General Budget | | | | |
|--|---------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$39,383,701 | \$39,383,701 | \$0 | 0.0% |
| Fees | 7,403,976 | 7,403,976 | 0 | 0.0% |
| State Appropriation | 19,182,482 | 19,182,482 | 0 | 0.0% |
| All Other Revenue | 1,372,228 | 1,372,228 | 0 | 0.0% |
| Use of Carryforward Fund Balance | 0 | 0 | 0 | n/a |
| Total Revenue/Sources | \$67,342,387 | \$67,342,387 | \$0 | 0.0% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$36,089,099 | \$36,485,630 | \$396,531 | 1.1% |
| Benefits | 14,836,277 | 16,089,857 | 1,253,580 | 8.4% |
| Subtotal, Compensation | \$50,925,376 | \$52,575,487 | \$1,650,111 | 3.2% |
| Utilities | 1,456,327 | 1,500,017 | 43,690 | 3.0% |
| Services & Supplies | 9,796,246 | 10,132,058 | 335,812 | 3.4% |
| Capital & Transfers | 5,164,438 | 5,102,786 | (61,652) | -1.2% |
| Total Expenditures and Transfers | \$67,342,387 | \$69,310,348 | \$1,967,961 | 2.9% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$1,967,961) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
Mansfield University of Pennsylvania

| Educational & General Budget | | | | |
|--|---------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$22,550,000 | \$22,550,000 | \$0 | 0.0% |
| Fees | 3,975,000 | 3,975,000 | 0 | 0.0% |
| State Appropriation | 16,990,849 | 16,990,849 | 0 | 0.0% |
| All Other Revenue | 1,714,609 | 1,714,600 | (9) | 0.0% |
| Use of Carryforward Fund Balance | 536,600 | 0 | (536,600) | -100.0% |
| Total Revenue/Sources | \$45,767,058 | \$45,230,449 | (\$536,609) | -1.2% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$25,790,500 | \$25,860,000 | \$69,500 | 0.3% |
| Benefits | 10,236,500 | 10,965,616 | 729,116 | 7.1% |
| Subtotal, Compensation | <u>\$36,027,000</u> | <u>\$36,825,616</u> | <u>\$798,616</u> | <u>2.2%</u> |
| Utilities | 975,000 | 1,005,000 | 30,000 | 3.1% |
| Services & Supplies | 6,505,000 | 6,634,000 | 129,000 | 2.0% |
| Capital & Transfers | 2,260,058 | 2,293,384 | 33,326 | 1.5% |
| Total Expenditures and Transfers | \$45,767,058 | \$46,758,000 | \$990,942 | 2.2% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$1,527,551) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 Millersville University of Pennsylvania

| Educational & General Budget | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$59,036,690 | \$59,131,551 | \$94,861 | 0.2% |
| Fees | 13,427,925 | 13,482,105 | 54,180 | 0.4% |
| State Appropriation | 30,619,912 | 30,619,912 | 0 | 0.0% |
| All Other Revenue | 3,222,985 | 3,239,186 | 16,201 | 0.5% |
| Use of Carryforward Fund Balance | 5,015,027 | 5,180,917 | 165,890 | 3.3% |
| Total Revenue/Sources | \$111,322,539 | \$111,653,671 | \$331,132 | 0.3% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$58,938,744 | \$59,062,480 | \$123,736 | 0.2% |
| Benefits | 23,743,838 | 25,954,099 | 2,210,261 | 9.3% |
| Subtotal, Compensation | <u>\$82,682,582</u> | <u>\$85,016,579</u> | <u>\$2,333,997</u> | <u>2.8%</u> |
| Utilities | 2,469,941 | 2,544,474 | 74,533 | 3.0% |
| Services & Supplies | 17,485,104 | 19,020,793 | 1,535,689 | 8.8% |
| Capital & Transfers | 8,684,912 | 8,237,719 | (447,193) | -5.1% |
| Total Expenditures and Transfers | \$111,322,539 | \$114,819,565 | \$3,497,026 | 3.1% |
| Revenue/Sources Less Expenditures/Transfers | | | | |
| | \$0 | (\$3,165,894) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 Shippensburg University of Pennsylvania

| Educational & General Budget | | | | |
|--|---------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$54,476,863 | \$54,593,285 | \$116,422 | 0.2% |
| Fees | 11,778,852 | 11,778,852 | 0 | 0.0% |
| State Appropriation | 28,292,977 | 28,292,977 | 0 | 0.0% |
| All Other Revenue | 4,392,949 | 4,401,941 | 8,992 | 0.2% |
| Use of Carryforward Fund Balance | 0 | 0 | 0 | n/a |
| Total Revenue/Sources | \$98,941,641 | \$99,067,055 | \$125,414 | 0.1% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$55,401,530 | \$55,655,357 | \$253,827 | 0.5% |
| Benefits | 23,104,865 | 24,738,326 | 1,633,461 | 7.1% |
| Subtotal, Compensation | \$78,506,395 | \$80,393,683 | \$1,887,288 | 2.4% |
| Utilities | 2,066,105 | 2,128,088 | 61,983 | 3.0% |
| Services & Supplies | 12,835,042 | 13,047,042 | 212,000 | 1.7% |
| Capital & Transfers | 5,534,099 | 5,571,356 | 37,257 | 0.7% |
| Total Expenditures and Transfers | \$98,941,641 | \$101,140,169 | \$2,198,528 | 2.2% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$2,073,114) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
 Slippery Rock University of Pennsylvania

| Educational & General Budget | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$62,274,031 | \$62,424,727 | \$150,696 | 0.2% |
| Fees | 13,009,247 | 13,034,182 | 24,935 | 0.2% |
| State Appropriation | 32,876,797 | 32,876,797 | 0 | 0.0% |
| All Other Revenue | 4,619,783 | 4,619,783 | 0 | 0.0% |
| Use of Carryforward Fund Balance | 0 | 0 | 0 | n/a |
| Total Revenue/Sources | \$112,779,858 | \$112,955,489 | \$175,631 | 0.2% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$60,085,459 | \$60,748,871 | \$663,412 | 1.1% |
| Benefits | 24,802,203 | 26,696,966 | 1,894,763 | 7.6% |
| Subtotal, Compensation | <u>\$84,887,662</u> | <u>\$87,445,837</u> | <u>\$2,558,175</u> | <u>3.0%</u> |
| Utilities | 2,876,810 | 2,963,114 | 86,304 | 3.0% |
| Services & Supplies | 20,635,316 | 20,810,316 | 175,000 | 0.8% |
| Capital & Transfers | 4,380,070 | 4,451,271 | 71,201 | 1.6% |
| Total Expenditures and Transfers | \$112,779,858 | \$115,670,538 | \$2,890,680 | 2.6% |
| Revenue/Sources Less Expenditures/Transfers | | | | |
| | \$0 | (\$2,715,049) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
West Chester University of Pennsylvania

| Educational & General Budget | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$110,624,450 | \$112,699,309 | \$2,074,859 | 1.9% |
| Fees | 21,384,581 | 21,795,452 | 410,871 | 1.9% |
| State Appropriation | 48,040,083 | 48,040,083 | 0 | 0.0% |
| All Other Revenue | 6,891,499 | 6,936,966 | 45,467 | 0.7% |
| Use of Carryforward Fund Balance | 0 | 0 | 0 | n/a |
| Total Revenue/Sources | \$186,940,613 | \$189,471,810 | \$2,531,197 | 1.4% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$96,443,594 | \$97,376,784 | \$933,190 | 1.0% |
| Benefits | 36,692,643 | 39,404,927 | 2,712,284 | 7.4% |
| Subtotal, Compensation | \$133,136,237 | \$136,781,711 | \$3,645,474 | 2.7% |
| Utilities | 3,868,838 | 3,984,903 | 116,065 | 3.0% |
| Services & Supplies | 27,778,174 | 28,240,000 | 461,826 | 1.7% |
| Capital & Transfers | 22,157,364 | 22,189,290 | 31,926 | 0.1% |
| Total Expenditures and Transfers | \$186,940,613 | \$191,195,904 | \$4,255,291 | 2.3% |
| Revenue/Sources Less Expenditures/Transfers | \$0 | (\$1,724,094) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Board of Governors Budget Request Summary
Office of the Chancellor (1/2 of 1%)

| Educational & General Budget | | | | |
|--|--------------------|--------------------|----------------------|-----------------------|
| Revenue/Sources | FY 2011/12 | FY 2012/13 | Dollar Change | Percent Change |
| Tuition | \$0 | \$0 | \$0 | n/a |
| Fees | 0 | 0 | 0 | n/a |
| State Appropriation | 2,059,604 | 2,059,604 | 0 | 0.0% |
| All Other Revenue | 6,140,649 | 6,287,963 | 147,314 | 2.4% |
| Use of Carryforward Fund Balance | 1,022,217 | 850,000 | (172,217) | -16.8% |
| Total Revenue/Sources | \$9,222,470 | \$9,197,567 | (\$24,903) | -0.3% |
| Expenditures and Transfers | | | | |
| Compensation Summary | | | | |
| Salaries & Wages* | \$4,492,970 | \$4,458,129 | (\$34,841) | -0.8% |
| Benefits | 1,504,433 | 1,581,861 | 77,428 | 5.1% |
| Subtotal, Compensation | <u>\$5,997,403</u> | <u>\$6,039,990</u> | <u>\$42,587</u> | <u>0.7%</u> |
| Utilities | 4,000 | 4,120 | 120 | 3.0% |
| Services & Supplies | 2,371,067 | 2,442,199 | 71,132 | 3.0% |
| Capital & Transfers | 850,000 | 850,000 | 0 | 0.0% |
| Total Expenditures and Transfers | \$9,222,470 | \$9,336,309 | \$113,839 | 1.2% |
| Revenue/Sources Less Expenditures/Transfers | | | | |
| | \$0 | (\$138,742) | | |

*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.

Pennsylvania State System of Higher Education
2012/13 Educational and General Budget Overview

October 5, 2011

PASSHE's 2012/13 proposed E&G budget recognizes the significant economic challenges facing Pennsylvania's economy and revenue outlook. The state's fiscal recovery is closely tied to national economic activity; historically, state revenues lag behind the national economic recovery. The impact of Pennsylvania's sluggish economy on projected Commonwealth revenues is compounded by costs from recent hurricanes and flooding and the continued strain those disasters place on economic recovery.

Limited Commonwealth resources, mandatory cost increases, continued pressures on state retirement programs, and pending collective bargaining agreement negotiations all indicate the potential for a challenging budget for fiscal year 2012/13. PASSHE continues to operate in a recession recovery mode, limiting growth in operating costs through strategic redirection of resources; embracing efficiency initiatives; and aggressively managing its physical, financial, and human resources. The 2012/13 operating budget builds upon this cost control climate and provides for limited increases in basic operating costs. The System's budget is developed based upon University budgets submitted in adherence to specific guidelines, as articulated in Agenda Item #1.

The following basic adjustments are reflected in the 2012/13 E&G budget, as presented in Table 1.

Enrollment Growth—Fall 2010 generated record enrollment, with overall enrollment growth of approximately 2%. However, this overall System growth was inconsistent across the constituent Universities and marked a slower growth than experienced in recent years. In light of the continued struggling economy, uncertainty of the impact of potential cuts in state funding on PASSHE's tuition pricing through last spring, and state and local policy changes that have reduced graduate enrollment in teacher education, PASSHE's enrollment for 2011/12 and 2012/13 is anticipated to remain stable at approximately 112,000 annualized full-time equivalent (FTE) students. Enrollment projections vary by University. Projected 2012/13 enrollment increases at six Universities is anticipated to generate \$7.2 million in tuition and fee revenue. The remaining eight Universities project level or decreasing enrollment.

Employee Complement—PASSHE has worked diligently in recent years to manage its human resources, filling only essential positions as they become vacant. With annual work force cost increases outpacing anticipated revenue increases, PASSHE embraced work force planning in 2009/10, to ensure the proper alignment of human and fiscal resources with the strategic directions and operational responsibilities of the System. PASSHE implemented the Separation Incentive Program during the spring of 2010 for all employees except faculty and coaches. This program had two components: the Voluntary Retirement Incentive Program encouraged retirement-eligible employees to retire; the second

component allowed for the abolishment of positions filled with employees who were not eligible for retirement. This program was highly successful, resulting in over 270 positions being vacated, of which approximately 20% have been eliminated. Annual cost savings of greater than \$10.8 million will be realized in fiscal year 2011/12 and beyond, due to fewer positions and replacements at lower compensation levels.

This program has been one of several tools used by Universities to manage their employee complement. Through a combination of retirements, voluntary separations, and furloughs, PASSHE has 339 fewer full-time equivalent (FTE) positions funded in today's budget than were funded in 2008/09. Throughout the System, over 900 funded positions (full-time and part-time) have either been held vacant or eliminated in 2010/11 and/or 2011/12.

Salaries—Compensation requirements for approximately 60% of PASSHE's employees are established in collective bargaining agreements that ended June 30, 2011, for which successor agreements are currently under negotiation. Therefore, most 2012/13 wage requirements are unknown at this time. No pay adjustments have been made in these budget estimates for the six bargaining units for which there are no existing collective bargaining agreements. This is not to be viewed as a bargaining position. However, 2012/13 compensation incorporates pay increases for AFSCME and nonrepresented employees. These increases, combined with projected complement adjustments, will generate an estimated increase in employee salaries and wages of \$5.0 million, or 0.6%.

Employee Benefits—Of those employees who receive health benefits, approximately 63% are enrolled in PASSHE's health care program. PASSHE continues to experience record enrollment in Healthy U, the System's wellness program. Employees who do not participate in the wellness program pay a larger portion of their health care premiums. PASSHE projects the employer share of health care costs to increase an average of 7.8% next year based upon a combination of national trends, PASSHE's health care experience, and participation in the wellness program. These estimates also include additional costs required by federal health care reform. The remaining 37% of PASSHE's employees receive health care through the Pennsylvania Employees Benefit Trust Fund (PEBTF). These rates are established in the AFSCME collective bargaining agreement, which reflects an employer cost increase of 0.1% for 2012/13. In addition, the Commonwealth's retiree's health care costs are anticipated to increase 6.3%, according to the Commonwealth budget guidelines. Combined health care costs are anticipated to increase \$13.7 million, or 8.4%.

The two primary Commonwealth retirement programs, State Employees' Retirement System (SERS) and Public School Employees' Retirement System (PSERS), continue to experience financial stress that is resulting in significant rate increases. Approximately 47% of PASSHE's employees have chosen SERS or PSERS as their retirement vehicle. In accordance with Commonwealth budget guidelines, the most common SERS employer contribution rate is projected to increase from 7.0% of salaries to 10.6% of salaries, or an increase of 52%. PSERS rates are expected to increase 81%. Retirement rates associated with the

alternative retirement programs remain the same. Combined retirement costs are expected to increase in 2012/13 by \$13.1 million, or 20.5%.

This growth in health care and retirement costs is partially offset by small increases in social security expenditures, since future pay increases are not anticipated at this time in the 2012/13 budget. Overall, employee benefits expenditures are expected to increase \$27.2 million, or 8.6%.

Utilities—In recent years, PASSHE Universities experienced higher than normal electricity rate increases due to the phased implementation of electric deregulation. Now fully deregulated, PASSHE's 2012/13 utilities costs are anticipated to increase at a more reasonable rate of \$1.1 million, or 3.0%, to address anticipated rate adjustments and additions to University square footage. Rate increases are partially offset by energy conservation efforts derived, in part, through the use of energy savings corporations (ESCOs). University utilities cost increases vary significantly, depending on the mix of utilities, changes in space, and status of ESCO projects.

All Other Basic Operating Expenditures—Given the current fiscal environment, Universities continue to limit all nonmandatory spending. Therefore, anticipated expenditures for services, supplies, and materials are reduced by 0.7%. This is made possible partially through the use of strategic sourcing contracts, which combine the purchasing power of PASSHE's Universities to obtain optimal pricing on services, supplies, and equipment. Capital expenditures and transfers, which represent PASSHE's investment in its physical resources from the E&G budget, are projected to decrease at some Universities that experienced higher capital expenditures in 2011/12 due to the availability of one-time resources that were dedicated to specific projects. In total, noncompensation expenditures are estimated to decrease \$1.0 million, or 0.2%.

These combined adjustments result in an overall 2012/13 E&G expenditure requirement of \$1.55 billion, an increase of \$31.2 million, or 2.1%. Assuming no change in PASSHE's E&G appropriation, University revenue and sources reveal a \$7.6 million reduction in one-time resources. This change more than offsets the \$7.2 million increased revenue attributed to enrollment changes. The net loss in revenue, combined with PASSHE's expenditure requirements, results in an overall new revenue requirement of \$31.6 million.

On October 5, 2011, the Board of Governors' Finance, Administration, and Facilities Committee will develop recommendations for an E&G appropriation request. Although no decision will be made concerning tuition rate increases at that time, a tuition assumption will be necessary to balance the budget request. The Board will consider addressing the remaining budgetary requirements in the spring through a tuition increase or other means.

Table 1

**Pennsylvania State System of Higher Education
FY 2012/13 Educational and General Budget Summary**

| Educational & General Budget | Current Year FY 2011/12 | Budget Request FY 2012/13 | Dollar Change | Percent Change |
|---|--|--|--------------------------|---------------------------|
| Tuition | \$841,127,432 | \$847,241,704 | \$6,114,272 | 0.7% |
| Fees | 174,192,804 | 175,305,014 | 1,112,210 | 0.6% |
| State Appropriation | 412,751,000 | 412,751,000 | 0 | 0.0% |
| All Other Revenue | 70,491,403 | 70,202,238 | (289,165) | -0.4% |
| Use of Carryforward Fund Balance | 19,336,884 | 12,007,213 | (7,329,671) | -37.9% |
| Total Revenue/Sources | \$1,517,899,523 | \$1,517,507,169 | (\$392,354) | 0.0% |

Expenditures and Transfers

| | | | | |
|---|------------------------|------------------------|---------------------|--------------|
| Compensation Summary | | | | |
| Salaries & Wages* | \$783,926,578 | \$788,917,029 | \$4,990,451 | 0.6% |
| Benefits | 316,912,505 | 344,117,140 | 27,204,635 | 8.6% |
| Subtotal, Compensation | <u>\$1,100,839,083</u> | <u>\$1,133,034,169</u> | <u>\$32,195,086</u> | <u>2.9%</u> |
| Utilities | 36,937,261 | 38,040,028 | 1,102,767 | 3.0% |
| Services & Supplies | 257,808,179 | 255,994,280 | (1,813,898) | -0.7% |
| Subtotal, Services & Supplies | <u>\$294,745,439</u> | <u>\$294,034,308</u> | <u>(\$711,132)</u> | <u>-0.2%</u> |
| Capital Expenditures & Transfers | 122,315,000 | 122,043,637 | (271,363) | -0.2% |
| Subtotal, Noncompensation | <u>\$417,060,439</u> | <u>\$416,077,945</u> | <u>(\$982,494)</u> | <u>-0.2%</u> |
| Total Expenditures and Transfers | \$1,517,899,523 | \$1,549,112,114 | \$31,212,592 | 2.1% |

| | | | | |
|-------------------------------|-----|----------------|--|--|
| Revenue/Sources Less | | | | |
| Expenditures/Transfers | \$0 | (\$31,604,945) | | |

**Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.*

Table 1, Revised

As approved by Board of Governors, October 6, 2011

**Pennsylvania State System of Higher Education
FY 2012/13 Educational and General Budget Summary**

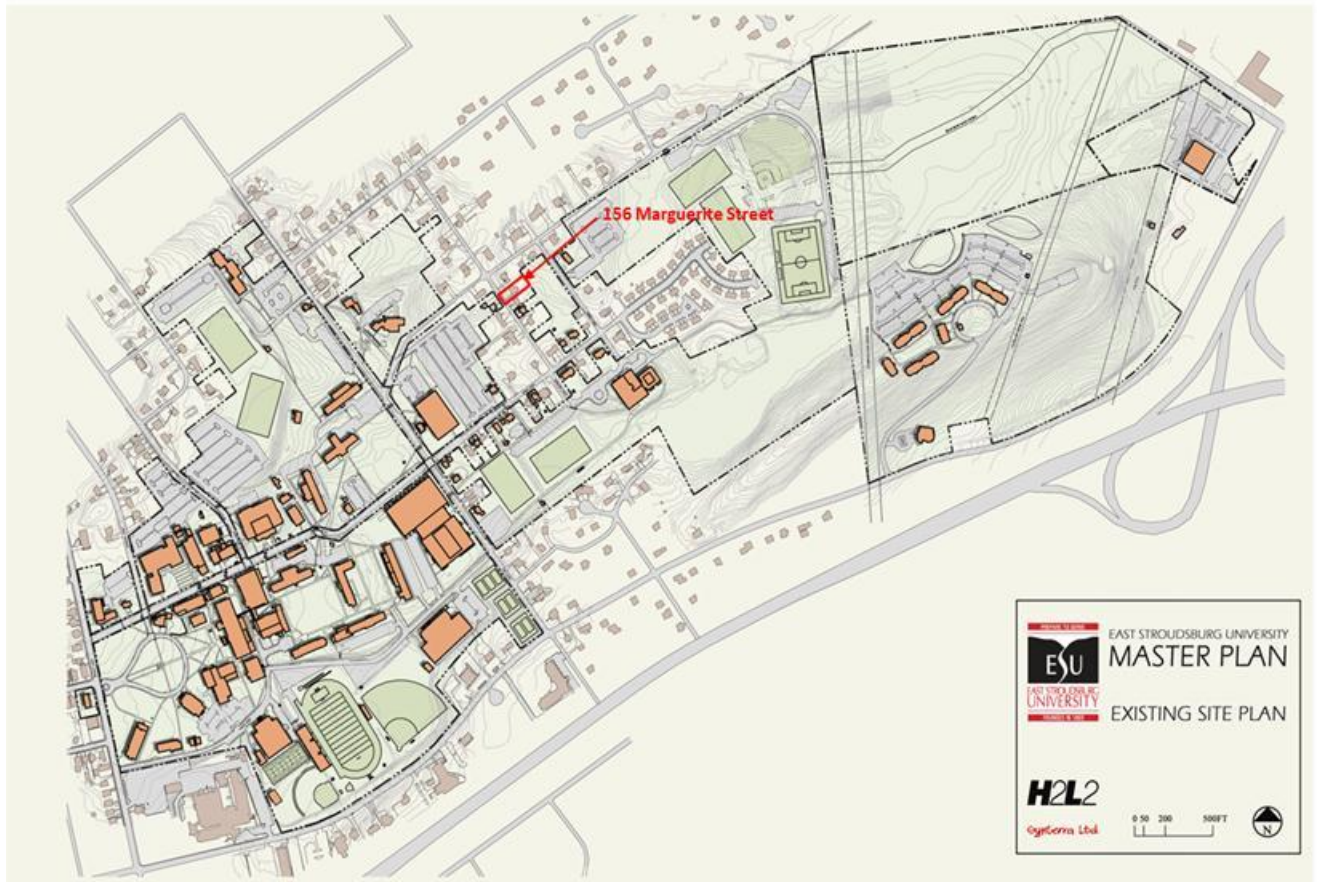
| Educational & General Budget | Current Year FY 2011/12 | Budget Request FY 2012/13 | Dollar Change | Percent Change |
|---|--|--|--------------------------|---------------------------|
| Tuition | \$841,127,432 | \$868,361,812 | \$27,234,380 | 3.2% |
| Fees | 174,192,804 | 177,121,852 | 2,929,047 | 1.7% |
| State Appropriation | 412,751,000 | 421,419,000 | 8,668,000 | 2.1% |
| All Other Revenue | 70,491,403 | 70,202,238 | (289,165) | -0.4% |
| Use of Carryforward Fund Balance | 19,336,884 | 12,007,213 | (7,329,671) | -37.9% |
| Total Revenue/Sources | \$1,517,899,523 | \$1,549,112,114 | \$31,212,591 | 2.1% |

Expenditures and Transfers

| | | | | |
|---|------------------------|------------------------|---------------------|-------------|
| Compensation Summary | | | | |
| Salaries & Wages* | \$783,926,578 | \$788,917,029 | \$4,990,451 | 0.6% |
| Benefits | 316,912,505 | 344,117,140 | 27,204,635 | 8.6% |
| Subtotal, Compensation | \$1,100,839,083 | \$1,133,034,169 | \$32,195,086 | 2.9% |
| Utilities | 36,937,261 | 38,040,028 | 1,102,767 | 3.0% |
| Services & Supplies | 257,808,179 | 255,994,280 | (1,813,898) | -0.7% |
| Subtotal, Services & Supplies | \$294,745,439 | \$294,034,308 | (\$711,132) | -0.2% |
| Capital Expenditures & Transfers | 122,315,000 | 122,043,637 | (271,363) | -0.2% |
| Subtotal, Noncompensation | \$417,060,439 | \$416,077,945 | (\$982,494) | -0.2% |
| Total Expenditures and Transfers | \$1,517,899,523 | \$1,549,112,114 | \$31,212,592 | 2.1% |

| | | | | |
|-------------------------------|-----|-------|--|--|
| Revenue/Sources Less | | | | |
| Expenditures/Transfers | \$0 | (\$0) | | |

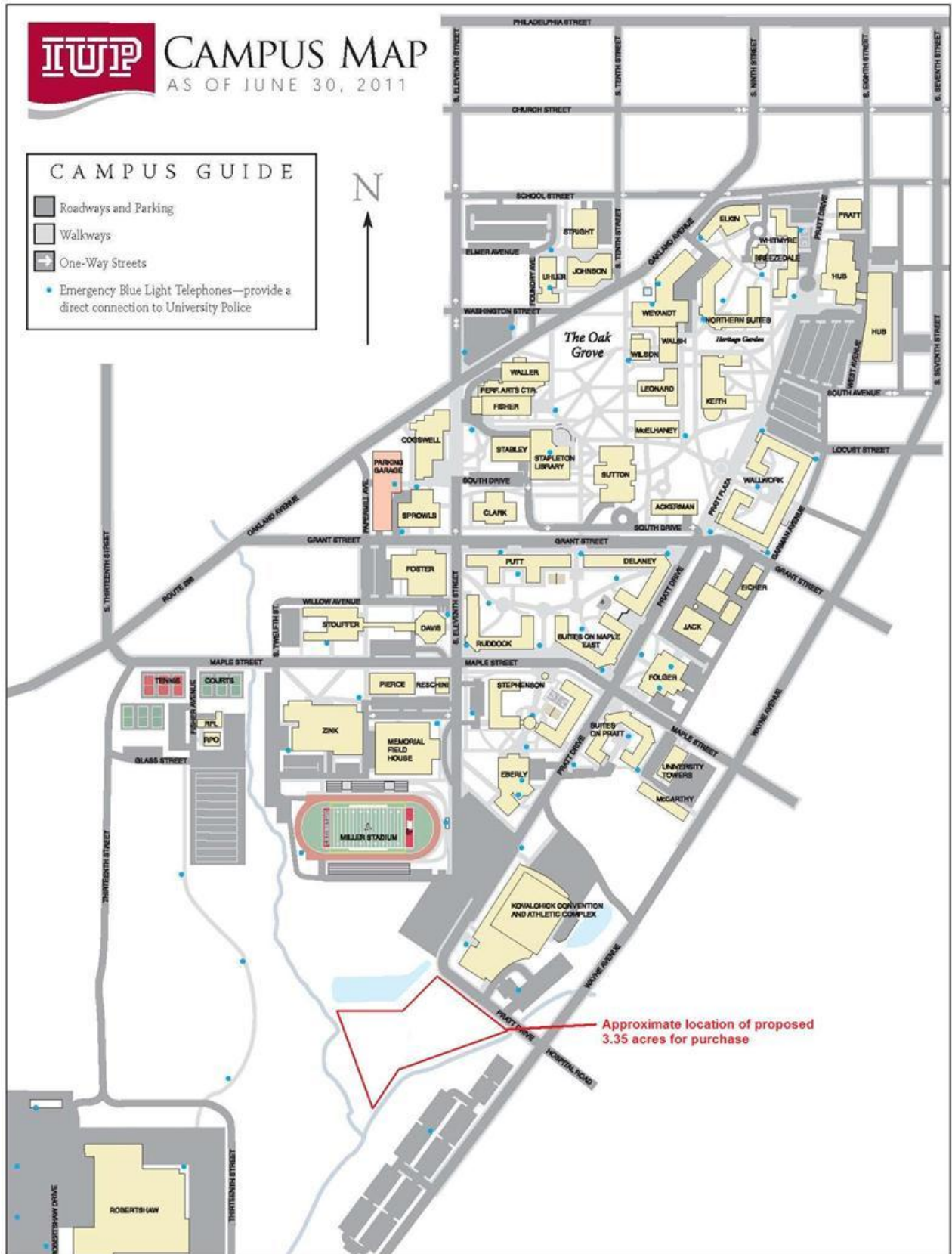
*Contract negotiations continue for six of PASSHE's eight collective bargaining agreements. No compensation changes have been projected for employees in these bargaining units. This is not to be viewed as a bargaining position.



East Stroudsburg University of Pennsylvania



156 Marguerite Street, East Stroudsburg, Pennsylvania





**View of Proposed Site Facing Northeast
Toward Kovalchick Conference and Events Center
Indiana, Pennsylvania**



PA State System of Higher Education Board of Governors

Effective: July 1, 2011

Page 1 of 2

POLICY 2011-02: Nonrepresented Employee Severance Program

See Also: Procedure and Standards for University Operations for Nonrepresented Staff Reduction in Force and Severance Plan

Adopted: October 6, 2011

8. **Purpose**

Each University and the Office of the Chancellor is responsible for workforce planning as part of its strategic planning process. Through this process it may become necessary to facilitate a reduction in force. This policy defines severance eligibility for nonrepresented employees.

B. **Definitions**

Furlough – the termination of an employee's employment either for a specified period of time or permanently as part of a reduction in workforce effort. For the purpose of this Severance Plan, the term furlough only includes employees who have completely separated their employment at the University or Office of the Chancellor. Employees whose work schedules are reduced, resulting in a reduction in their full-time equivalent (FTE), shall not be deemed eligible for the Severance Plan.

Job abolishment – the elimination of a position at the University or the Office of the Chancellor with no intent to fill the position in the future (typically for a minimum of two years).

Severance – lump sum payment made to a nonrepresented furloughed employee whose position is abolished.

8. **Procedures**

1. Through workforce planning processes, Universities or the Office of the Chancellor may identify the positions to be abolished that will result in furloughs of nonrepresented employees.

- II. The Chancellor will establish and maintain a Severance Plan for nonrepresented employees based upon years of service. Participants will be required to sign a release and settlement agreement prepared by the PASSHE Office of Legal Counsel.

8. **Effective Date**

July 1, 2011



DRAFT

Pennsylvania State System of Higher Education

Procedures and Standards for University Operations

Procedure/Standard Number 2011 –

Title: Nonrepresented Staff Reduction in Force and Severance Plan

Approved by: _____ Date: _____

See Also:

Topics by which this Procedure/Standard will be listed in index:

History: Revised –

Related Policies, Procedures or Standards:

Key Words (for search capabilities): Personnel

Additional References:

I. Introduction

Each University and the Office of the Chancellor are responsible for workforce planning as part of its strategic planning process. Through this process it may become necessary to facilitate a reduction in force. The Board of Governors has delegated to the Chancellor the authority to develop a Severance Plan as part of workforce planning. These guidelines provide direction in furloughing nonrepresented staff subject to job abolishment at the 14 universities and the Office of the Chancellor.

II. Definitions

Furlough – the termination of an employee's employment either for a specified period of time or permanently as part of a reduction in workforce effort. For the purpose of this Severance Plan, the term furlough only includes employees who have completely separated their employment at the University or the Office of the Chancellor. Employees whose work schedules are reduced, resulting in a reduction in their full-time equivalent (FTE), shall not be deemed eligible for the Severance Plan.

Job abolishment – the elimination of a position at the University or the Office of the Chancellor with no intent to fill the position in the future (typically for a minimum of two years).

Severance – lump sum payment made to a nonrepresented furloughed employee whose position is abolished.

- III. As part of a reduction of workforce effort, Universities and the Office of the Chancellor may identify the positions to be abolished. This determination is made based on the necessity of the position and not on the identity of the incumbent or his/her job performance.
- IV. The University or the Office of the Chancellor abolishing the position(s) will work with its Human Resource Office to identify the nonrepresented staff to be furloughed. The University or the Office of the Chancellor shall consider the furloughed employee for positions within that University or the Office of the Chancellor as follows:
 - a. If vacancies exist in other departments of the University or the Office of the Chancellor, and the affected employee is qualified to perform the duties, preference will be given to the affected employee. The Human Resource Office will work with the sending and receiving departments to facilitate the transfer and any necessary professional development.
 - b. If the University or the Office of the Chancellor is currently employing staff through temporary staffing agencies and the affected employee is deemed qualified to perform the work with or without training, the temporary employee will be discontinued, and the affected employee will be transferred to the position.
- V. If an alternate position is not available, the affected employee will be furloughed. The University or the Office of the Chancellor and its Human Resource Office will determine the effective date of the separation. Employees should be given notice of the furlough date.
- VI. Severance payments to nonrepresented employees are based on years of credited service. Furloughed employees who participate in this program will be required to execute a release and settlement agreement prepared by the PASSHE Office of Legal Counsel, which releases all past and present claims against PASSHE, one or more of its universities and its employees acting in their official capacity.

VII. Severance will be paid as a lump sum payment based on the following schedule:

Less than 1 year of service:
Ineligible

1 to less than 5 years of service:
2 weeks base salary

5 to less than 10 years of service:
4 weeks base salary

10 to less than 15 years of service:
6 weeks base salary

15 or more years of service:
8 weeks base salary

VIII. Separation Processing

The Office of Human Resources should process the furlough pursuant to the usual separation process (i.e., annual leave payout, collect keys, etc.). The employee's last day on active pay status should be the separation date.

IX. Position Replacement

An abolished position should not be recreated for two years. Exceptions may be granted by the Chancellor or Chancellor's designee upon the recommendation of the University President.

X. Reassignment of Duties and Responsibilities

If duties and responsibilities are reassigned to other position(s) within the organization, a desk audit should be performed to ensure proper classification of the revised position(s).

XI. Rehire/Repayment

Furloughed employees who return to a position at the University or the Office of the Chancellor from which they were furloughed, or another PASSHE institution, within two months from the date of separation, and who received a severance payment under this Plan, shall be required to pay back the severance based upon a week for week basis.

For example, if the furloughed employee was eligible for, and received the maximum eight weeks of severance, but was rehired by the same University, the Office of the Chancellor, or another PASSHE institution after three weeks of displacement, the employee would be required to repay the difference of five weeks of severance. Repayment may be processed via payroll deduction.

XII. Outplacement Services

Furloughed employees may apply for vacancies on campus and/or within PASSHE. Additionally, PASSHE will provide outplacement services to furloughed employees.

- XIII. Implementation** –All nonrepresented employees who are furloughed on or after July 1, 2011, are eligible to participate in this voluntary Severance Plan. However, should an employee have a separate agreement in consideration that is in excess of what would be due to the employee pursuant to section VII above, that employee shall not be eligible for any payments pursuant to Board of Governors' Policy 2011-xx, *Nonrepresented Employee Severance Program* and these procedures and standards.



**Resolution Honoring the Contributions
of
Senator Vincent J. Hughes**

WHEREAS, Senator Vincent J. Hughes provided distinguished service to the Board of Governors of the Pennsylvania State System of Higher Education (PASSHE) since his appointment to the Board in December 2000; and

WHEREAS, Senator Vincent J. Hughes served as an adviser to chancellors and to the staff of the Pennsylvania State System of Higher Education as academic, financial, administrative, advancement and human resources policies were developed to guide PASSHE within the mission and strategic direction identified by the Board of Governors; and

WHEREAS, Senator Vincent J. Hughes contributed significantly to Board discussions and deliberations as a member of various committees, most recently the External Relations and Finance, Administration and Facilities committees; and

WHEREAS, Senator Vincent J. Hughes has further served PASSHE and the Commonwealth as a member of both the Cheyney University of Pennsylvania Council of Trustees and the Pennsylvania Higher Education Assistance Agency's Board of Directors; and

WHEREAS, Senator Vincent J. Hughes and his family established the James Hughes Memorial Scholarship Fund in honor of his late father, a charter member of the Board of Governors, which has raised more than \$1 million in scholarships that have been awarded to more than 400 students who are attending or have attended PASSHE universities;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors of the Pennsylvania State System of Higher Education does acknowledge the many fine contributions of Senator Vincent J. Hughes to the Board, the Pennsylvania State System of Higher Education and the Commonwealth; and

BE IT FURTHER RESOLVED, that the Board of Governors extends best wishes to him in all of his future endeavors.

Unanimously adopted by the Board
October 6, 2011

Guido M. Pichini, Chairman



**Resolution Honoring the Contributions
of
Christine J. Toretti**

WHEREAS, Christine J. Toretti provided distinguished service to the Board of Governors of the Pennsylvania State System of Higher Education (PASSHE) since her appointment to the Board in October 1995; and

WHEREAS, Christine J. Toretti served as an adviser to chancellors and to the staff of the Pennsylvania State System of Higher Education as academic, financial, administrative, advancement and human resources policies were developed to guide PASSHE within the mission and strategic direction identified by the Board of Governors; and

WHEREAS, Christine J. Toretti contributed significantly to Board discussions and deliberations for many years, including previously as chair of the Finance, Administration and Facilities Committee and as a member of the Executive Committee; and

WHEREAS, Christine J. Toretti played a leadership role in the Systemic Change Initiative and in the development of the System Accountability Plan and Performance Funding Program that have helped PASSHE universities enhance their operations and improve student success;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors of the Pennsylvania State System of Higher Education does acknowledge the many fine contributions of Christine J. Toretti to the Board and to the entire Pennsylvania State System of Higher Education; and

BE IT FURTHER RESOLVED, that the Board of Governors extends best wishes to her in all of her future endeavors.

Unanimously adopted by the Board
October 6, 2011

Guido M. Pichini, Chairman



**Resolution Honoring the Contributions
of
Dr. Maravene S. Loeschke**

WHEREAS, Dr. Maravene S. Loeschke has served as president of Mansfield University of Pennsylvania since July 2006; and

WHEREAS, during her tenure as president, Mansfield University of Pennsylvania became widely recognized as a small public university that actively promotes leadership development in and out of the classroom; and

WHEREAS, under the leadership of Dr. Maravene S. Loeschke, the online graduate program in organizational leadership and undergraduate programs in graphic arts and outdoor recreational leadership were developed and implemented; and

WHEREAS, while president of Mansfield University, Dr. Maravene S. Loeschke oversaw the completion of a number of major campus projects, including the construction of state-of-the-art, suite style residence halls, that helped improve the campus living and learning environment; and

WHEREAS, as president of Mansfield University, Dr. Maravene S. Loeschke worked closely with the community's business and civic leaders to assist in the redevelopment of the downtown, including plans for a new movie theater;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors of the Pennsylvania State System of Higher Education does acknowledge the many fine contributions of Dr. Maravene S. Loeschke to public higher education in the Commonwealth and to the education of students of Mansfield University of Pennsylvania; and

BE IT FURTHER RESOLVED, that the Board of Governors extends best wishes to President Loeschke in all of her future endeavors.

Unanimously adopted by the Board
October 6, 2011

Guido M. Pichini, Chairman