

Board of Governors adopts resolution committing to System ‘redesign’

Also approves 2018-19 appropriation request

Harrisburg – The Board of Governors of Pennsylvania’s State System of Higher Education today affirmed its commitment to developing a plan to “redesign” the System by focusing on three priorities: ensuring student success, leveraging the strengths of each of the universities and transforming the System’s leadership and governance structure.

The Board, while utilizing a new meeting format designed to align with its intention to be more oriented toward strategic policy leadership, unanimously adopted a resolution stating its commitment to “ensuring the long-term sustainability of all 14 institutions within the State System so that each may continue to serve students, its region, and the Commonwealth.”

The resolution further stated the Board’s commitment to pursuing a “transformative System redesign that will have the greatest positive impact for students, enhance the efficiency and effectiveness of the System, and ensure strategic changes that support the System’s long-term success.”

The anticipated redesign will take the results of a nearly year-long strategic review of the entire State System, which included an in-depth study conducted by a private consultant, as well as input from a variety of stakeholders—students, faculty, staff, trustees, legislators, community leaders and others—and craft them into a plan of action in support of the identified priorities.

“It’s time we begin to put words into action,” said Board of Governors Chairwoman Cynthia D. Shapira. “It should be obvious that our top priority is ensuring student success. It should be our goal that every student graduates in a timely manner with a career plan that leads to that success. It should be what all of us care most about.

“Next is the success of our universities, which is essential if our students are to succeed. Each has unique strengths. We need to capitalize on and combine those strengths through greater collaboration so that all of our institutions succeed on behalf of their students and the Commonwealth. The way we achieve both of those priorities is by ensuring our leadership, at both the System and university level, is best equipped and able to make the decisions and take the actions that are appropriate and necessary.”

The Board and system leaders have been reviewing the recommendations and feedback generated from the study conducted in the spring by the National Center for Higher Education Management Systems (NCHEMS), in order to define the next steps in redesigning the System for the future.

Interim Chancellor Karen M. Whitney spent much of her first month on the job visiting each of the 14 university campuses, meeting with students, faculty, staff and others, and talking with them about the System’s future.

“As I was visiting the university campuses these past few weeks, my own understanding of the vital importance of each and every university was reinforced by the remarkable students, faculty, staff, and others who know how important our universities are to their communities, to the Commonwealth and to all of its citizens,” Dr. Whitney said. “It is essential that we get the next phase of the System redesign right; that we take the important steps necessary to ensure the long-term sustainability of each of the universities and the entire System.”

Board approves 2018-19 appropriations request; seeks \$526.2 million in state funding next year

The Board agreed to seek \$526.2 million from the state next year to help fund the universities’ daily operations. The amount would represent an increase of \$73.1 million over the current year’s funding level, to address expected increases in salaries and wages; higher employee benefit costs, including healthcare and pension contributions; the development and implementation of new academic programs; and other operating expenses.

The funding request approved by the Board also would help provide the additional funding necessary to keep tuition affordable while allowing the universities to expand learning opportunities not only for traditional students—those enrolling right out of high school—but also for the approximately 1.7 million Pennsylvanians who have some college experience, but who never completed their college degrees. Investing in more programs that could be offered online and at off-campus locations could help such nontraditional students by boosting their career opportunities and would benefit everyone in the Commonwealth.

“In order for our students to succeed, our universities need the resources necessary to provide high-quality educational experiences. That requires an appropriate level of investment by the state, as well as their own contribution through an affordable level of tuition and other necessary fees,” said Board Chairwoman Shapira.

The 14 State System universities currently provide the lowest-cost education among all four-year colleges and universities in Pennsylvania. The average total cost of attendance—combined tuition, fees, room and board—is about the national average among all similar public institutions, and is significantly below the average in the Middle States region, which comprises Delaware, Maryland, New Jersey, New York, Pennsylvania and Washington, D.C., according to the most recent survey conducted by the College Board.

Annual tuition increases have been necessary in order to meet rising costs, despite the universities trimming a combined \$362 million from their budgets over the last 13 years, including through the elimination of academic programs and a variety of student services. Recent cost savings have resulted, in part, from changes in the employee healthcare plan that were first applied to the System’s nonrepresented employees about a year ago, and later accepted by its unionized employees.

Despite three consecutive years of increased state funding—totaling about \$40 million—the System is receiving about \$50 million less from the state this year than it did prior to the onset of the recession in 2008. The approximately \$453 million the System is receiving this year is essentially the same amount it received in 2001-02.

Both healthcare and pension rates are expected to level off somewhat next year after several years of significant increases. The System's required yearly pension bill has more than doubled since 2010 and now totals almost \$150 million, more than the annual operating budgets of 12 of the 14 universities. The total cost of salaries and benefits is projected to increase by a combined nearly \$50 million in 2018-19. The total operating budget is projected to be about \$1.73 billion.

If the funding request is approved, the System could meet its costs without increasing tuition next year.

"It is our responsibility to be transparent about our need by requesting full funding of our requirement to balance our budget," said David M. Maser, chair of the Board's Finance, Administration and Facilities Committee. "The state needs to be aware of our financial requirements. The only way that can happen is if we request the full amount."

"The investment the state makes in the State System universities and in our students generates enormous returns for the Commonwealth," said Indiana University of Pennsylvania President Michael A. Driscoll. "We are grateful for the investment and will continue to make the most of every dollar we receive."

The additional funding would help push state support per student toward the national average. Currently, the state provides about \$4,000 in funding per full-time equivalent student, compared to a national average of just under \$7,000. The state appropriation this year will fund about 27 percent of the System's total operating budget. The requested increase would boost that figure to about 30 percent.

The State System's 2018-19 funding request will be submitted to the Governor's Budget Office later this month. The governor will present his budget proposal, which will include his recommendation for the State System, to the General Assembly in February.

Pennsylvania's State System of Higher Education is the largest provider of higher education in the Commonwealth, enrolling more than 100,000 degree-seeking students and thousands more in certificate and other career-development programs. Collectively, the 14 universities that comprise the State System offer more than 2,300 degree and certificate programs in more than 530 academic areas. Nearly 520,000 State System university alumni live in Pennsylvania.

The State System universities are Bloomsburg, California, Cheyney, Clarion, East Stroudsburg, Edinboro, Indiana, Kutztown, Lock Haven, Mansfield, Millersville, Shippensburg, Slippery Rock and West Chester Universities of Pennsylvania. The universities also operate branch campuses in Oil City

(Clarion), Freeport and Punxsutawney (IUP), and Clearfield (Lock Haven), and offer classes and programs at several regional centers, including the Dixon University Center in Harrisburg and in Center City in Philadelphia.