

Appropriations Request 2013-14



PASSHE

Pennsylvania State System of Higher Education



Board of Governors
Pennsylvania State System of Higher Education
2986 North Second Street
Harrisburg, PA 17110

Mr. Guido M. Pichini
Wyomissing
Chair

Ms. Marie Conley
Harrisburg
Vice Chair

Mr. Aaron A. Walton
Allison Park
Vice Chair



Senator Richard Alloway II
Chambersburg

Mr. Jonathan B. Mack
Indiana

Representative Matthew E. Baker
Wellsboro

Mr. Joseph F. McGinn
Linwood

Governor Tom Corbett
Harrisburg

Mr. Harold C. Shields
Allison Park

Ms. Sara J. Dickson
Clarion

Mr. Robert S. Taylor
New Hope

Ms. Laura E. Ellsworth
Sewickley

Mr. Ronald Tomalis
Harrisburg

Representative Michael K. Hanna
Lock Haven

Mr. David F. Wolfe
Slippery Rock

Mr. Ronald G. Henry
Bryn Mawr

Senator John T. Yudichak
Nanticoke

Ms. Bonnie L. Keener
Edinboro

There are two vacancies

Dr. John C. Cavanaugh
Chancellor

Dr. Peter H. Garland
Acting Chancellor
(effective March 1, 2013)

February 2013

The Pennsylvania State System of Higher Education: Refining its role as a public higher education system for the 21st century

Fiscal Year 2013/14 Appropriations Request

Table of Contents

Part 1

Overview	1
2013/14 Educational and General Appropriations Request	6
2013/14 Governor's Budget Recommendation	9
2013/14 Appropriation Request for Cheyney University of Pennsylvania's Keystone Academy	9

Appendix A

Mission of the Pennsylvania State System of Higher Education Summary of Sources and Uses	A-1
FY 2012/13 Educational and General Budget	A-2
Summary of Educational and General Budget	A-3
PHEAA Appropriation for Cheyney Keystone Academy	A-4
Academic Program Data and Total Degrees Granted	A-5
Applications, Acceptances and Enrollments of Pennsylvania Residents, by Race, 2003-2012	A-6

Appendix B

Academic Program Review: Adapting curriculum to meet changing workforce demands (New academic programs)	B-1
Professional Science Master's (PSM) programs	B-2
Enrollment and Degrees Awarded and History of Fall Headcount Enrollment	B-3
Headcount Enrollment by University, Fall 2002-2012	B-4
Fall 2012 Enrollment Demographics	B-5
Students by Pennsylvania County by University, Fall 2012	B-6
STEM and Health Professions Enrollment, Fall 2002 to 2012	B-7
Projected Percent Change in the Number of High School Graduates, by County, 2008-2028	B-8
New Undergraduate Transfer Enrollments, Fall 2012	B-9
E&G Appropriation vs. Tuition and Fees, 1983/84 to 2012/13 and History of E&G State Appropriations	B-10
History of E&G Revenue and Expenditures/FTE Students	B-11
History of State Appropriations and Tuition Rates	B-12
State Funding of Higher Education (National Comparison)	B-13
Cost of Attendance and Net Price	B-14
PHEAA State Grant Awards	B-15
Educational and General Facilities Highlights	B-16
Energy Savings	B-17
Employee Demographics	B-18
Impact of Projected Employer Retirement Contributions	B-19
Office of the Chancellor Actual Annualized FTE Employees	B-20

The Pennsylvania State System of Higher Education: Refining its role as a public higher education system for the 21st century.

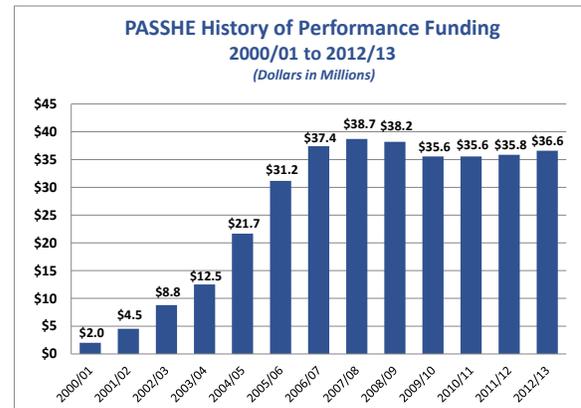
Perhaps at no other time in its nearly 30-year history has the Pennsylvania State System of Higher Education (PASSHE) faced the combination of internal and external forces that are affecting it today, reshaping almost every aspect of life at the 14 universities. This transition is being influenced by a host of factors, including national trends toward greater accountability at all levels of public education, significant change in leadership across the System, shifting demographic patterns in the Commonwealth, a rapidly evolving academic world driven by technology and open access to courses, and continuing financial challenges.

PASSHE is responding as it always has, looking for the best ways to serve students while addressing the needs of both employers and the Commonwealth.

Performance funding at PASSHE

Calls for increased accountability among colleges and universities have come from various sources across the nation. One of the more recent examples is a recommendation by Governor Tom Corbett's *Advisory Commission on Postsecondary Education* to establish a new funding source over and above the more traditional line item appropriations for higher education institutions that meet performance expectations.

PASSHE has more than a decade of experience in this area, having introduced performance funding in 2000/01, and having grown it into a national model. The State System was then and continues to be one of the few public university systems in the nation to voluntarily implement this type of performance program.



Many of the measures PASSHE currently uses closely align with the general goals for performance-based funding that were included in the report of the governor's advisory commission, which was issued last fall. They include:

Student success

- The number of degrees conferred (mandatory)
- Closing the achievement gaps of freshmen who are Pell grant recipients and underrepresented minorities (mandatory)
- Student persistence rates into their third and fourth academic years
- Increases in the number of degree recipients in high-need areas such as science, technology, engineering and mathematics (STEM) and healthcare

Access

- Closing the access gaps of freshmen who are Pell grant recipients and underrepresented minorities (mandatory)
- The percent of full-time tenure/tenure track faculty who are non-majority persons and who are female (mandatory)
- Employment diversity among executives and professional staff
- Student diversity

Stewardship

- Annual amount of private funds raised by the university and foundations (mandatory)
- Facilities investment
- Support expenditures as a percent of cost of education
- Instructional and employee productivity

The universities also may create no more than two unique measures that must be approved by the Chancellor for which they can receive a portion of the available performance funding. Among the university specific measures that have been approved for the current academic year are those that relate to undergraduate research and study abroad opportunities for students, distance education enrollment, student engagement and external grant and individual donor support.

PASSHE universities have “earned” nearly \$340 million through performance since this program was instituted. This initiative has resulted in increased graduation and retention rates, especially among underrepresented student groups; greater diversity among both the student population and all employee groups – executives, faculty and professional staff; and higher fundraising results for the universities despite a still sluggish economy.

The program has been funded through a combination of special line item appropriations and/or a portion of the State System’s annual Educational and General (E&G) appropriation. In 2012/13, nearly \$36.6 million of PASSHE’s \$412.8 million E&G appropriation was awarded to universities only for demonstrated improved performance and attainment of specific targets.

New leadership across PASSHE

Within the last two years, new presidents have taken office at East Stroudsburg, Edinboro, Indiana, Lock Haven and Slippery Rock Universities of Pennsylvania; and, this spring

new presidents are scheduled to begin at Mansfield and Millersville Universities of Pennsylvania. Also, California University of Pennsylvania is being led by an interim president and Shippensburg University of Pennsylvania President Dr. William N. Ruud was selected recently as the new president of the University of Northern Iowa and will depart at the end of the spring semester. The new PASSHE university leaders have come from Maryland, Massachusetts, Alaska, Connecticut and New York, and have brought with them a variety of experiences and priorities different from those they succeeded.

PASSHE Chancellor Dr. John C. Cavanaugh recently accepted a position in Washington, D.C. Pending the hiring of a successor, the State System will be led by Executive Vice Chancellor Dr. Peter H. Garland. The search for a new chancellor is being led by the executive committee of the PASSHE Board of Governors and is expected to be completed by the end of the calendar year.

As many as half of the members of the Board of Governors could be newly appointed by the end of the year, as well, and the governor has been selecting new members to the councils of trustees at every university.

Demographic shifts affecting enrollments

All of these changes in leadership are occurring at a time when the higher education marketplace is becoming more and more competitive, heightened in Pennsylvania by a declining number of high school graduates. Based on estimates from the National Center for Education Statistics, there were about 7,300 fewer high school graduates in Pennsylvania last spring than in spring 2011, a drop of about 6 percent. The trend, which is especially pronounced in western Pennsylvania, is expected to continue for the next three years, followed by a slight increase or leveling off in the numbers. **(See Appendix B-8)**

With an undergraduate population made up of almost 90 percent Pennsylvania residents—the majority of those, traditional-age students enrolling right out of high school—PASSHE’s

enrollment historically has been closely tied to the state's demographic trends. Even with the decline in the number of high school graduates, however, the State System, with almost 115,000 students, remains the largest provider of higher education in the Commonwealth – and the lowest cost among all four-year institutions.

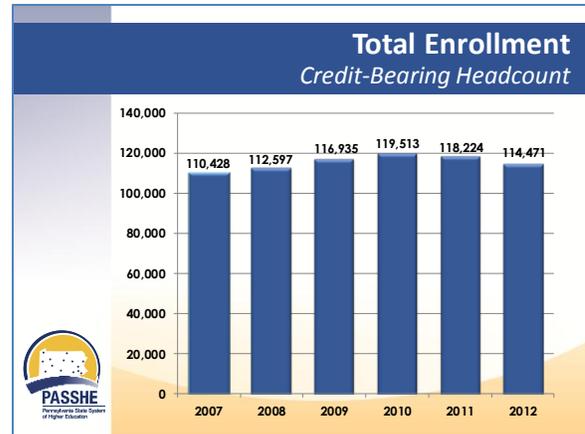
Delivering education in new ways

While the available traditional-age student population is declining, there is unmet need for affordable courses and programs for non-traditional students—adults interested in learning new skills or in completing degrees they might have started years earlier—in order to enhance their workplace opportunities.

To help address this need, a number of PASSHE universities have established remote sites to serve students in those areas of the Commonwealth where access to continuing educational opportunities has been limited.

East Stroudsburg University of Pennsylvania recently opened the Extended Learning Center in Bethlehem, where it is offering undergraduate degrees in public health and computer security and a graduate degree in athletic training. PASSHE also recently opened the Multi University Center in downtown Philadelphia, in which Cheyney, East Stroudsburg, Millersville and West Chester Universities of Pennsylvania are working together as partners. The center will offer a variety of undergraduate degree completion programs, including health services administration, business administration, social work and criminal justice; as well as graduate offerings in public administration, education, public health, sports management, social work and criminal justice.

Several universities also offer degrees for both traditional and nontraditional age students at off-campus locations. For example, Lock Haven University of Pennsylvania offers its nationally ranked physician's assistant program not only at its main campus, but also



at its branch campus in Clearfield and at locations in Coudersport and the Dixon University Center in Harrisburg, utilizing a variety of delivery methods including face-to-face instruction and interactive television (ITV).

The number and quality of workforce education courses offered by PASSHE universities has been expanding rapidly, especially in the area north of Interstate 80 where there are no community colleges. Where it can, PASSHE works closely with the Commonwealth's 14 community colleges to ensure students who enroll at any of the two-year institutions can easily transfer to a State System university to complete their bachelor's degrees. To date, this collaboration has resulted in 24 statewide program-to-program agreements that ensure students can transfer their associate degree into a parallel offering at a PASSHE university with full junior standing.

New degrees address student needs

PASSHE universities continually review their academic offerings to ensure they are addressing the needs of their students, not only during their time on campus, but also as they begin their careers after graduation. Equally important, PASSHE encourages its campus academic leaders and faculty to explore new approaches to teaching to ensure they are presenting courses in formats that enable students to best master the material. They must be especially attuned to when, where and how students learn.

To encourage innovation in and outside of the classroom, the new collective bargaining agreement recently negotiated with the faculty union includes professional development funds for faculty who develop new courses and activities that take full advantage of new technologies and the access to content they create to improve student outcomes.

Many of the more recent academic offerings developed by PASSHE universities are being offered either partly or completely online, making them available to students virtually anywhere/anytime. More than 36 percent of PASSHE students took at least course via distance education in the past year. Students enrolled in more than 1,300 online courses at PASSHE universities last summer and 300 more between the fall 2012 and spring 2013 semesters. The universities currently offer more than 90 online academic programs.

To further assist online learners, PASSHE plans to participate in a proposed pilot program with the Pennsylvania Higher Education Assistance Agency (PHEAA) that would provide need-based financial aid to students who take more than half of their courses in this manner. In the past, the lack of such aid has prevented many students from taking advantage of this flexible study option. The proposed pilot requires legislative approval.

Through its recent collaboration with LearningCounts.org and the Council for Adult and Experiential Learning (CAEL), PASSHE is making it possible for prospective students to receive credit for college-level learning they have gained through their work, military or other prior learning experiences, helping to pave the way to career success.

Most PASSHE universities are designated as *Military Friendly Schools*, providing special services to military veterans, their spouses and dependents, and are recognized as Service Member Opportunity Colleges by the American Association of State Colleges and Universities.

To assist all prospective students, PASSHE is developing a multi-university electronic

application that will make it easier to apply for admission. The new system will enable students to apply to more than one PASSHE university without having to enter the same information more than once.

All of these efforts are designed to address changes in the student population and in the higher education marketplace.

Meeting employers' needs

PASSHE universities represent vital cogs in Pennsylvania's economy. Addressing the needs of Commonwealth employers is a key element of PASSHE's mission.

Within the last year, PASSHE universities either have developed new or reorganized existing associate, bachelors and graduate degrees in areas including applied physics and renewable energy technology, natural gas production and services, safety management, manufacturing and industrial leadership, mechatronics engineering technology, computer engineering and software design, and clinical mental health counseling. (**See Appendix B-1**)

Several PASSHE universities have begun offering Professional Science Master's (PSM) degrees, which combine rigorous study in science or mathematics with professional skills-based coursework in business, management, communications, policy and other fields, and a required internship. The degrees, which must be reviewed and approved at the national level, are designed in close cooperation with employers to ensure they meet their specific needs. PSM degrees either already being offered or set to begin soon include those in the areas of environmental science, computer science, integrated scientific applications, industrial chemistry, nanoscience, and applied pharmaceutical sciences. These programs involve more than 50 business partners who serve on a variety of advisory boards. (**See Appendix B-2**)

With the passage of the Higher Education Modernization Act (HEMA) last year, several

PASSHE universities have begun to develop new applied doctoral programs that will prepare students for careers in areas of critical need. The first of those programs, in audiology and nursing practice, are anticipated to begin in fall 2014.

As of fall 2012, STEM majors – those in science, technology, engineering and mathematics – are the No. 1 choice for undergraduate students who have chosen a specific field of study at a PASSHE university, with slightly more than 15 percent of students now enrolled in these areas. Another 15 percent of PASSHE students are business majors, 12 percent are majoring in health-related fields and 11 percent are pursuing education degrees. (See Appendix B-7)

These and other efforts will help ensure PASSHE universities remain the best value among all institutions of higher education in the Commonwealth.

Workforce management

As PASSHE universities adapt to the changing landscape, they continue to face enormous fiscal challenges. With state funding remaining level this year, following an 18 percent reduction in 2011/12, the universities continue to look for more ways to control their costs and to operate more efficiently.

Over the last 18 months, PASSHE has been able to achieve new collective bargaining agreements or tentative agreements with all of its labor unions. These agreements track the compensation pattern set by the Commonwealth in its negotiations with the American Federation of State, County and Municipal Employees (AFSCME) in 2011 and include changes in healthcare and work rules that will produce both immediate and long-term savings for the State System while also providing the universities with greater flexibility in how they operate.

Still to be resolved is how to address the \$1.4 billion outstanding financial obligation the State System faces related to annuitant healthcare. The tentative agreement with the

faculty union calls for the development of a new, voluntary defined contribution healthcare plan, which would limit PASSHE's long-term risk while ensuring its eligible employees have access to healthcare coverage upon their retirement.

The proposed plan would be made available to future hires as an optional alternative to participating in the existing defined benefit plan. Work on the development of the new plan is to begin no later than September 15, 2013, and would become an available option upon agreement among the parties.

PASSHE has experience with such plans. Currently, PASSHE employees have the option of selecting for their retirement benefits either the State Employees' Retirement System (SERS), the Public School Employees' Retirement System (PSERS), both of which are defined benefit plans, or an Alternative Retirement Plan (APR), which is a defined contribution plan. The Pennsylvania Department of Education is the only other Commonwealth agency that offers this option to its employees. More than half of PASSHE employees (53 percent) have selected the defined contribution plan; 40 percent, SERS; and 7 percent, PSERS. (See Appendix B-19)

Cost controls save \$220 million

The current year's operating budget reflects PASSHE's continued efforts to control costs in a variety of ways. Cost cutting/cost avoidance procedures system-wide have generated more than \$220 million in savings over the last decade. Joint purchasing of goods and services and the greater use of state contracts has produced significant savings for the universities. One of the provisions of HEMA, which will enable the universities to participate for the first time in inter-state purchasing consortia, could produce even more savings.

The HEMA legislation that was passed last June also will open new avenues for PASSHE faculty and staff to commercialize and market the fruits of their research, creating potential new revenue streams for the universities, as

well. The new law also will allow the university presidents and others to become more actively engaged in private fundraising for the benefit of the institutions and their students.

Commonwealth support vital

Even as these new opportunities emerge, PASSHE will continue to depend on Commonwealth support. As Pennsylvania's public university system, PASSHE plays an essential role in educating the workforce of

tomorrow. This investment in the future has always paid huge dividends for Pennsylvania.

Not only are the vast majority of PASSHE students Pennsylvania residents, nearly 80 percent will remain in the Commonwealth after graduation to take their first job or to attend graduate school, forming the backbone of the state's economy.

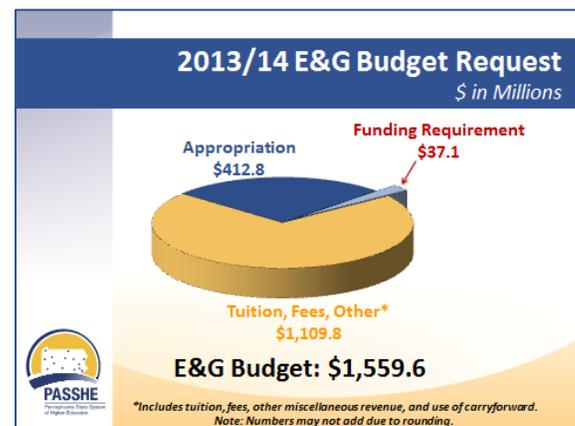
2013/14 Educational and General Appropriations Request

PASSHE's 2013/14 Educational and General (E&G) budget recognizes the significant economic difficulties that continue to inhibit Pennsylvania's economy and revenue outlook. Limited Commonwealth resources, mandatory cost increases that exceed revenue projections, and continued pressures on state retirement programs all indicate the potential for a challenging Commonwealth budget for fiscal year 2013/14.

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 2013/14 operating budget builds upon this cost control climate and provides for limited increases in basic operating costs.

The following basic adjustments are reflected in the 2013/14 E&G budget.

Enrollment—After 14 years of increasing enrollments, some universities experienced reductions in academic year 2011/12, resulting in a 2% decline in PASSHE's annualized full-time equivalent (FTE) enrollment. The general economic environment and declining numbers of high school graduates are contributing factors. In addition, changes in state and local policies regarding advanced degrees for



teachers contributed to an overall decline in graduate enrollment. Fall 2012 enrollment statistics show continuing enrollment decline at all but three PASSHE universities, resulting in an overall reduction of approximately 3,000 FTE students, or 3%. Eight universities anticipate no growth or continued reductions in enrollment for fiscal year 2013/14, resulting in budget estimates based on a slight overall enrollment increase of 0.3%. However, enrollment projections vary significantly by university.

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

continues to ensure the proper alignment of human and fiscal resources with the strategic directions and operational responsibilities of the System through work force planning. Through a combination of retirements, voluntary separations, and furloughs, PASSHE has 367 fewer FTE positions funded in today's E&G budget than were funded in 2008/09. Throughout the System, nearly 200 funded positions (full-time and part-time) either were held vacant or eliminated in 2011/12 and/or 2012/13. **(See Appendix B-18)**

Salaries—In October 2012, when PASSHE's budget request was developed, compensation requirements for approximately half of PASSHE's E&G employees were established in collective bargaining agreements that ended June 30, 2011, for which successor agreements had not yet been negotiated. Therefore, most 2012/13 and 2013/14 wage requirements were unknown and no pay adjustments were made in the budget estimates for the following bargaining units for which there were no existing collective bargaining agreements: the Association of Pennsylvania State College and University Faculties (APSCUF), which represents about 6,300 faculty and coaches at the 14 state-owned universities; and the State College and University Professional Association (SCUPA), which represents almost 700 campus admissions, financial aid, residence life and career services professionals. Agreements since have been reached with SCUPA and APSCUF for both coaches and faculty. ***No adjustments have been made to PASSHE's request for these new agreements; however, they will result in additional costs in both 2012/13 and 2013/14.***

PASSHE's 2012/13 and 2013/14 budget request incorporates compensation increases for the American Federation of State, County and Municipal Employees (AFSCME); Security, Police, and Fire Professionals of America (SPFPA); Pennsylvania Social Services Union (PSSU);

Office of Professional Employees International Union Healthcare Pennsylvania (OPEIU, for nurses); Pennsylvania Doctors' Alliance (PDA); and nonrepresented employees. These increases, combined with projected complement adjustments, generate an estimated increase in employee salaries and wages of \$4.8 million, or 0.6%.

Employee Benefits—Of those employees who receive health benefits, approximately 62% are enrolled in PASSHE's health care plan. PASSHE continues to experience record enrollment in Healthy U, the System's wellness program. Employees who do not participate pay a larger portion of their health care premiums. PASSHE projects the employer share of health care costs for active and annuitant employees within the System-managed plans to increase an average of 7% 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. PASSHE is currently in the process of procuring health care services, which may result in changes to these cost estimates later this spring.

The remaining 38% 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 9% for 2013/14. In addition, the Commonwealth's retiree health care plans are anticipated to increase 15%, according to the Commonwealth budget guidelines. Combined health care costs are anticipated to increase \$14.0 million, or nearly 8%.

The two primary Commonwealth retirement plans, 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

half 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 10.51% of salaries to 15.22% of salaries, or an increase of 45%. PSERS rates are expected to increase 36%. Retirement rates associated with the alternative retirement plans remain the same. Combined retirement costs are expected to increase in 2013/14 by \$13.7 million, or 19%.

The growth in healthcare and retirement costs is partially offset by small increases in Social Security expenditures. Overall, employee benefits expenditures are expected to increase \$28.3 million, or 9%.

Utilities—In recent years, PASSHE universities experienced higher than normal electricity rate increases because of the phased implementation of electric deregulation. Now that the industry is fully deregulated, PASSHE's 2013/14 utilities costs are anticipated to increase at a more reasonable rate of \$0.8 million, or just over 2%, to address anticipated rate adjustments and additions to university square footage. Rate increases are somewhat offset by energy conservation efforts derived, in part, through the use of energy savings corporations (ESCOs). University utility cost increases vary significantly, depending on the mix of utilities, changes in space and status of ESCO projects. **(See Appendix B-17)**

All Other Basic Operating Expenditures—Given the current fiscal environment, universities continue to limit all non-mandatory spending. Therefore,

anticipated expenditures for services, supplies and materials are projected to increase \$0.6 million, or 0.2%. 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 2012/13 because of the completion of specific projects. In total, non-compensation expenditures are estimated to increase \$3.7 million, or 0.9%.

These combined adjustments result in an overall 2013/14 E&G expenditure requirement of \$1.56 billion, an increase of \$36.8 million, or 2.4%. Assuming no change in PASSHE's E&G appropriation, university revenue and sources reveal a \$1.3 million net loss in revenue. Combined with PASSHE's expenditure requirements, this resulted in an overall new revenue requirement of \$37.1 million.

On October 11, 2012, the Board of Governors approved an E&G Appropriation Request for \$424.3 million, an increase of \$11.6 million or 2.8 percent. Although no decision was made concerning tuition rate increases at that time, an assumption that tuition and fee revenue will increase to balance the budget was incorporated into PASSHE's budget request. The Board will consider addressing PASSHE's remaining budgetary requirements in the spring through a tuition increase or other means.

2013/14 Governor's Budget Recommendation

The Governor's budget for Fiscal Year 2013/14 recommends PASSHE receive an E&G appropriation of \$412.8 million; this represents level funding. PASSHE requested its appropriation be increased by \$11.6 million, or 2.8 percent. The recommended appropriation level, combined with additional costs associated with recently negotiated collective bargaining agreements, result in significant outstanding revenue requirements for 2013/14. However, PASSHE remains committed to providing a high quality education that is affordable to the student. (See Appendix A-3)

The Governor's budget also recommended continued funding for deferred maintenance provided through the Keystone Recreation, Parks and Conservation Fund (Key '93). This funding source, allocated from realty transfer tax revenue, was established in 1993 specifically to help address the System's \$2 billion deferred maintenance backlog in academic facilities. The Governor's budget estimated PASSHE's allocation of Key '93 would increase to a total of \$12.1 million, a \$0.4 million increase. Although relatively small in comparison to the deferred maintenance backlog, these funds are critical as an integral component of each university's facility management plan. (See Appendix B-16)

2013/14 Appropriation Request for Cheyney University of Pennsylvania's Keystone Academy

(Supported by a General Fund Appropriation to PHEAA)

The Cheyney University Keystone Academy was created as the result of a partnership with the U.S. Department of Education's Office of Civil Rights (OCR). The *OCR Partnership Report and Commitments of 1999* required "continuing support for the Cheyney University Keystone Academy for honors students" and specified that the Commonwealth fund it through a special line item of \$500,000 in 1999/2000, \$1 million for year two, \$1.5 million for year three, and \$2.0 million for all subsequent years.

PASSHE partners with the Pennsylvania Higher Education Assistance Agency (PHEAA) for funding. All Academy students are residents of the Commonwealth. Students enrolled in the Keystone Academy graduate at a rate that is twice that of the national average for African-Americans. Academy students service the campus community as tutors, assistants in the writing center, resident assistants and student leaders. The existence of this program and its students

improve the learning environment for all Cheyney students.

The Governor's budget for Fiscal Year 2013/14 recommends level funding for the Keystone Academy at \$1.5 million. Program funds have been appropriated at less than the \$2.0 million agreed upon level for five years in a row, which results in fewer students being served. (See Appendix A-4)

This page intentionally left blank

Appendix A

Appendix A-1

Mission of the Pennsylvania State System of Higher Education

The Pennsylvania State System of Higher Education (PASSHE) is focused foremost on student success. PASSHE strives to be among the nation's leading systems of public universities, recognized for providing affordable access to excellent undergraduate and graduate education. PASSHE is responsive to state, regional and national needs through the delivery of quality academic programs, research and service.

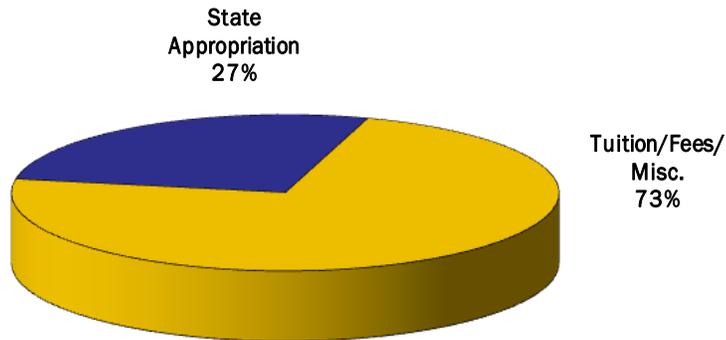
To achieve its potential as a System, PASSHE must ensure that the distinct missions and strengths of each of its universities are advanced, even as they seek greater collaboration to make the most of available resources. As part of this effort, PASSHE's Board of Governors has adopted a series of strategic initiatives grounded in the System's mission.

The *PASSHE Strategic Initiatives* are predicated on the need for transformation: in how, when and where learning occurs; in how the resources necessary to ensure learning are pursued, retained and sustained; in how our universities relate to their various communities; and in how we partner with the Commonwealth in creating and delivering a shared vision of the future. Only through transformation, grounded in a thoughtful reexamination of our historic operating practices, will we be assured of thriving in these very difficult economic times.

Appendix A-2

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

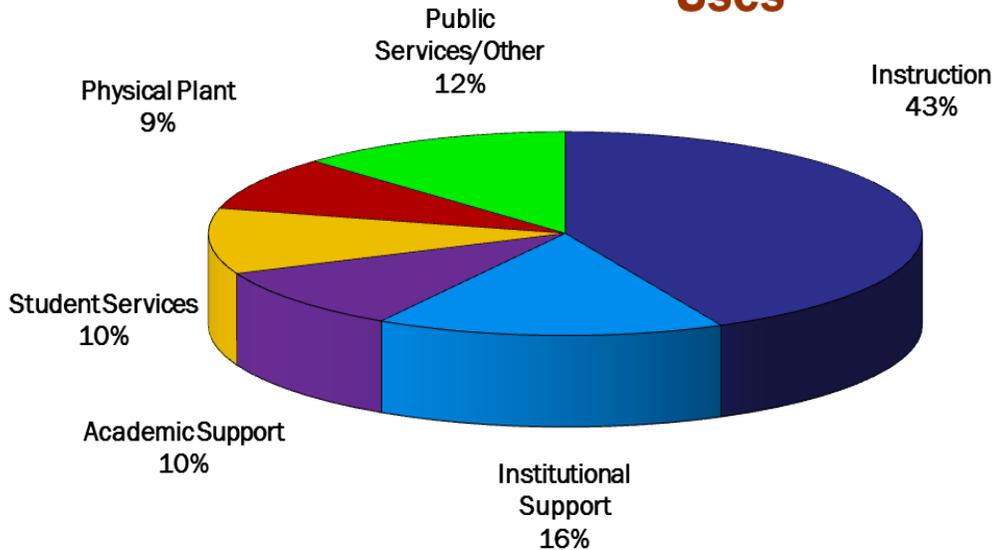
Sources



<u>Sources of Revenue</u>		<u>(\$000)</u>
State Appropriation		\$412,751
Tuition/Fees/Misc.		1,110,060
Total		\$1,522,811

<u>Uses of Revenue</u>		<u>(\$000)</u>
Instruction		\$652,287
Institutional Support		239,899
Academic Support		151,693
Student Services		158,722
Physical Plant		130,879
Public Services/Other		189,331
Total		\$1,522,811

Uses



Appendix A-3

Summary of Educational and General (E&G) Budget
(Dollar Amounts in Thousands)

	Actual 2011/12	Current 2012/13	Budget Request 2013/14	Governor's Budget² 2013/14
Source of Funds				
State E&G Appropriation ¹	\$412,751	\$412,751	\$424,608	\$412,751
Augmentation:				
Educational and General	1,060,535	1,110,060	1,135,015	1,135,015
Revenue Shortfall ²				11,857
Total	\$1,473,286	\$1,522,811	\$1,559,623	\$1,559,623
Use of Funds				
Personnel Expenditures	\$1,057,669	\$1,094,657	\$1,127,739	\$1,127,739
Operating Expenditures	273,581	291,077	292,486	292,486
Capital Assets/Transfers	142,036	137,077	139,399	139,399
Total	\$1,473,286	\$1,522,811	\$1,559,623	\$1,559,623
Students (FTE)³				
Undergraduate	98,373.95	96,204.67	96,532.48	96,532.48
Graduate	11,367.19	10,609.03	10,561.48	10,561.48
First Professional	NA	NA	NA	NA
Total	109,741.14	106,813.70	107,093.96	107,093.96
Employees (Unrestricted FTE)	11,933.91	11,925.64	11,914.80	11,914.80

¹Reflects only Educational and General Appropriation for all three years.

²The Governor's recommendation provides level funding for the Educational and General Appropriation. This recommendation produces a budgetary shortfall of \$11.9 million. Also please note, PASSHE's expenditure requirements exclude additional costs associated with collective bargaining units for which there was no contract at the time of the submission of PASSHE's original budget request. New or tentative agreements have been reached with all these remaining employee groups, which represent over half of PASSHE's employees.

³FTE Student is defined as follows: annual undergraduate credit hours produced divided by 30 credit hours; annual graduate credit hours produced divided by 24 credit hours. Although reductions in PASSHE's appropriation may result in more significant tuition increases that would limit student demand, no changes in enrollment projections are made at this time.

Note: Numbers may not add due to rounding.

Appendix A-4

**Pennsylvania Higher Education Assistance Agency
Appropriation for Cheyney Keystone Academy
of the Pennsylvania State System of Higher Education**
(Dollar Amounts in Thousands)

Source of Funds	Actual 2011/12	Current 2012/13	Budget Request 2013/14	Governor's Budget 2013/14
Special Purpose Appropriation	\$1,525	\$1,525	\$1,525	\$1,525
Other State Appropriation	0	0	0	0
Tuition/Fees/Other	0	35	0	0
Restricted Funds	0	0	0	0
Revenue Shortfall				0
Total	\$1,525	\$1,560	\$1,525	\$1,525
Use of Funds				
Student Scholarship	\$1,229	\$1,278	\$1,221	\$1,221
Program Administration	261	282	304	304
Transfers*	35	0	0	0
Total	\$1,525	\$1,560	\$1,525	\$1,525
Students (FTE)				
Undergraduate	141.00	131.00	125.00	88.00
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
Total	141.00	131.00	125.00	88.00
Employees (FTE)				
	3.00	3.00	3.00	3.00

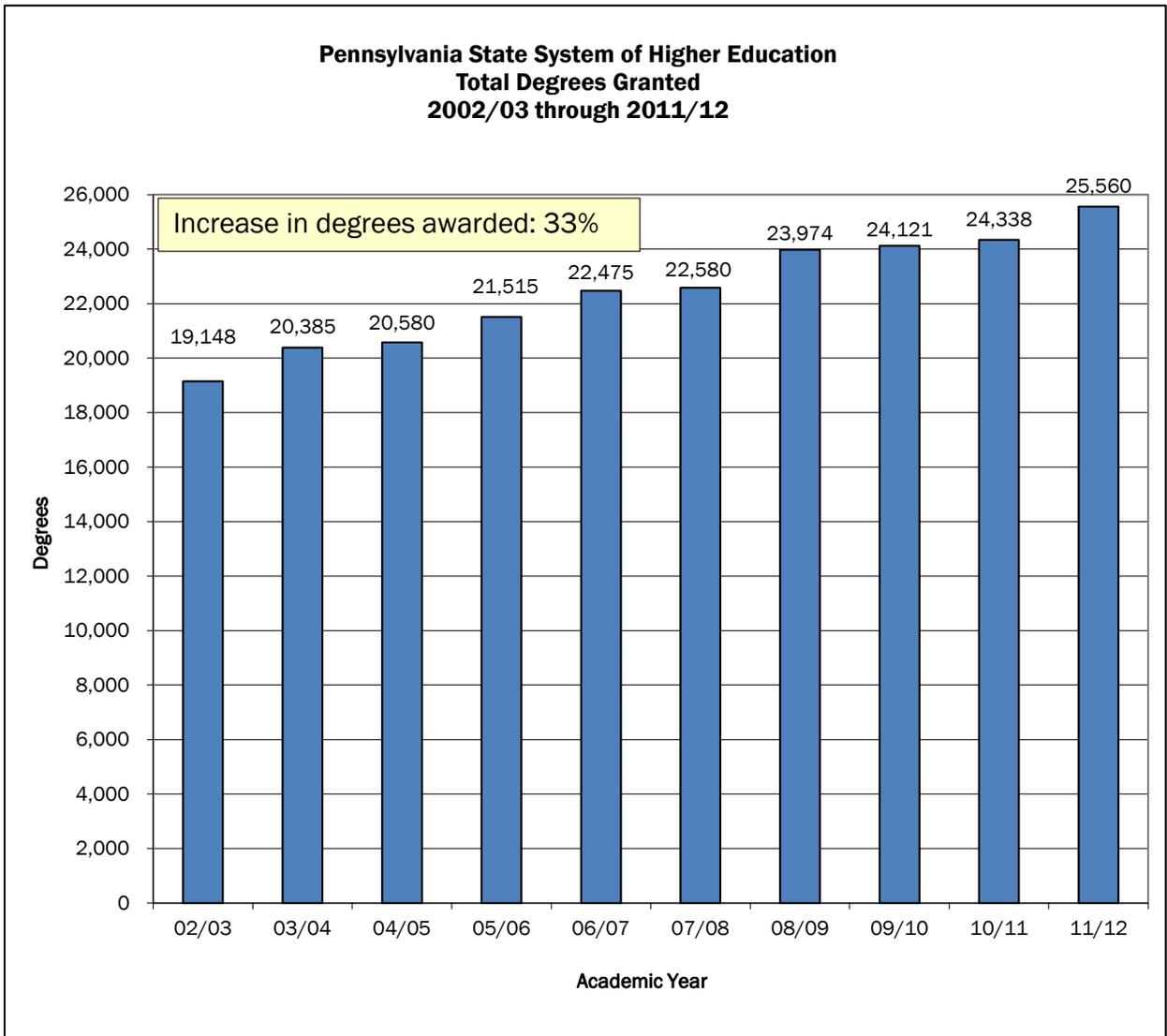
*FY2011/12 Transfers are funds reserved for FY2012/13 scholarships.

Note: The line item appropriation has been funded as a special program within PHEAA's budget since FY 1999/2000. It is critical to the recruitment and retention of students at Cheyney University and is vital to the success of the institution and its students. It is also a major component of the Commonwealth's agreement with the U.S. Office of Civil Rights.

Appendix A-5

Pennsylvania State System of Higher Education
Academic Program Data

Program Measure	Actual 2011/12	Projected 2012/13	Projected 2013/14
Associate Degrees Awarded	448	516	595
Bachelor's Degrees Awarded	19,439	19,991	20,559
Graduate Degrees Awarded	5,673	5,971	6,284
Total Degrees Awarded	25,560	26,478	27,438



Appendix A-6

Pennsylvania State System of Higher Education
Applications, Acceptances, and Enrollments¹
of Pennsylvania Residents, by Race, 2003 to 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 ²
AFRICAN AMERICAN										
Applications	7,980	9,838	10,717	13,195	13,474	15,108	15,232	17,334	16,158	13,804
Acceptances	4,025	4,631	4,983	5,633	5,773	6,321	6,121	6,656	6,682	6,172
Enrollments	1,538	1,594	1,810	1,800	1,876	1,830	1,813	1,802	1,862	1,789
Percent Accepted	50.4%	47.1%	46.5%	42.7%	42.8%	41.8%	40.2%	38.4%	41.4%	44.7%
Percent Accepted Who Enroll	38.2%	34.4%	36.3%	32.0%	32.5%	29.0%	29.6%	27.1%	27.9%	29.0%
Percent Applied Who Enroll	19.3%	16.2%	16.9%	13.6%	13.9%	12.1%	11.9%	10.4%	11.5%	13.0%
LATINO										
Applications	1,209	1,610	1,727	1,999	2,383	2,774	2,835	3,323	5,079	4,017
Acceptances	763	994	1,052	1,156	1,399	1,532	1,590	1,776	3,075	2,367
Enrollments	319	386	426	434	505	502	545	647	987	779
Percent Accepted	63.1%	61.7%	60.9%	57.8%	58.7%	55.2%	56.1%	53.4%	60.5%	58.9%
Percent Accepted Who Enroll	41.8%	38.8%	40.5%	37.5%	36.1%	32.8%	34.3%	36.4%	32.1%	32.9%
Percent Applied Who Enroll	26.4%	24.0%	24.7%	21.7%	21.2%	18.1%	19.2%	19.5%	19.4%	19.4%
AMERICAN INDIAN OR ALASKAN NATIVE										
Applications	135	152	147	214	182	208	257	197	176	84
Acceptances	86	109	106	118	106	113	141	128	86	36
Enrollments	38	44	48	44	46	46	61	44	23	12
Percent Accepted	63.7%	71.7%	72.1%	55.1%	58.2%	54.3%	54.9%	65.0%	48.9%	42.9%
Percent Accepted Who Enroll	44.2%	40.4%	45.3%	37.3%	43.4%	40.7%	43.3%	34.4%	26.7%	33.3%
Percent Applied Who Enroll	28.1%	28.9%	32.7%	20.6%	25.3%	22.1%	23.7%	22.3%	13.1%	14.3%
ASIAN										
Applications	767	846	893	1,061	1,009	1,062	1,233	1,223	1,177	1,200
Acceptances	518	552	594	667	643	669	774	740	724	730
Enrollments	162	187	196	182	195	209	205	175	166	179
Percent Accepted	67.5%	65.2%	66.5%	62.9%	63.7%	63.0%	62.8%	60.5%	61.5%	60.8%
Percent Accepted Who Enroll	31.3%	33.9%	33.0%	27.3%	30.3%	31.2%	26.5%	23.6%	22.9%	24.5%
Percent Applied Who Enroll	21.1%	22.1%	21.9%	17.2%	19.3%	19.7%	16.6%	14.3%	14.1%	14.9%
NATIVE HAWAIIAN/PACIFIC ISLANDER³										
Applications								61	42	66
Acceptances								30	32	40
Enrollments								11	14	14
Percent Accepted								49.2%	76.2%	60.6%
Percent Accepted Who Enroll								36.7%	43.8%	35.0%
Percent Applied Who Enroll								18.0%	33.3%	21.2%
UNKNOWN										
Applications	3,065	4,446	3,996	4,581	4,978	5,844	5,905	3,208	2,614	1,210
Acceptances	1,932	2,828	2,524	2,512	2,883	3,161	3,136	1,551	1,270	663
Enrollments	718	1,002	865	829	1,190	1,076	1,039	457	425	192
Percent Accepted	63.0%	63.6%	63.2%	54.8%	57.9%	54.1%	53.1%	48.3%	48.6%	54.8%
Percent Accepted Who Enroll	37.2%	35.4%	34.3%	33.0%	41.3%	34.0%	33.1%	29.5%	33.5%	29.0%
Percent Applied Who Enroll	23.4%	22.5%	21.6%	18.1%	23.9%	18.4%	17.6%	14.2%	16.3%	15.9%

Appendix A-6 (cont.)

Pennsylvania State System of Higher Education
Applications, Acceptances, and Enrollments¹
of Pennsylvania Residents, by Race, 2003 to 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 ²
TWO OR MORE RACES³										
Applications								1,656	2,001	2,272
Acceptances								932	1,192	1,369
Enrollments								358	436	491
Percent Accepted								56.3%	59.6%	60.3%
Percent Accepted Who Enroll								38.4%	36.6%	35.9%
Percent Applied Who Enroll								21.6%	21.8%	21.6%
WHITE										
Applications	47,122	47,370	46,023	48,247	49,292	52,460	52,985	57,236	55,592	52,803
Acceptances	33,656	34,201	33,148	34,040	34,678	36,249	37,521	39,812	39,964	38,031
Enrollments	14,769	14,172	14,132	14,053	14,374	14,688	14,844	15,349	15,117	13,766
Percent Accepted	71.4%	72.2%	72.0%	70.6%	70.4%	69.1%	70.8%	69.6%	71.9%	72.0%
Percent Accepted Who Enroll	43.9%	41.4%	42.6%	41.3%	41.4%	40.5%	39.6%	38.6%	37.8%	36.2%
Percent Applied Who Enroll	31.3%	29.9%	30.7%	29.1%	29.2%	28.0%	28.0%	26.8%	27.2%	26.1%
TOTAL										
Applications	60,278	64,262	63,503	69,297	71,318	77,456	78,447	84,238	82,839	75,456
Acceptances	40,980	43,315	42,407	44,126	45,482	48,045	49,283	51,625	53,025	49,408
Enrollments	17,544	17,385	17,477	17,342	18,186	18,351	18,507	18,843	19,030	17,222
Percent Accepted	68.0%	67.4%	66.8%	63.7%	63.8%	62.0%	62.8%	61.3%	64.0%	65.5%
Percent Accepted Who Enroll	42.8%	40.1%	41.2%	39.3%	40.0%	38.2%	37.6%	36.5%	35.9%	34.9%
Percent Applied Who Enroll	29.1%	27.1%	27.5%	25.0%	25.5%	23.7%	23.6%	22.4%	23.0%	22.8%

¹First-Time Freshmen

²Beginning in 2012, data for Cheyney University of Pennsylvania are excluded as they are categorized as an open enrollment institution.

³Native Hawaiian/Pacific Islander and Two or More Races first reported in 2010. Prior to 2010, Pacific Islander was reported with Asian.

This page intentionally left blank

Appendix B

Appendix B-1

Academic Program Review: Adapting curriculum to meet changing workforce demands

PASSHE universities and the Board of Governors continually review academic programs to ensure they meet the educational and career readiness needs of students and of Commonwealth employers. Reviews can result in several outcomes: programs can remain unchanged, they can be updated and reorganized, they can be placed in moratorium or they can be discontinued. All students currently enrolled in programs that either are placed in moratorium or that are discontinued are given the opportunity to complete their degree.

Reorganized programs reflect curricula or programs that have been significantly revised or updated to meet new career and/or certification requirements and market demands. Twenty programs were reorganized during Fiscal Year 2011/12.

A program placed in **moratorium** does not admit new students. While a program is in moratorium, the university conducts an assessment to determine whether a redesign of the program would be appropriate or whether it should be discontinued. Normally, the period of moratorium lasts no more than five years. A total of 29 programs were placed into moratorium during FY 2011/12.

Discontinued programs no longer have any students enrolled in them and are eliminated from the curriculum. Four programs were discontinued in FY 2011/12.

Before a **new program** is approved by the Board of Governors, it must meet stringent standards that include a demonstrated need in the Commonwealth and evidence that students will enroll in sufficient numbers to sustain it. New programs are designed to meet new student and workforce demands. Those most recently developed encourage collaboration among universities. Many are offered online and are available to students anywhere/anytime. All new programs are subject to a formal review after five years; for continuance, they must demonstrate sustained enrollment and evidence of appropriate student learning outcomes. The Board of Governors approved 12 new programs at nine universities within the last year. The new programs are:

- Bachelor of Science in software engineering at Shippensburg University of Pennsylvania
- Bachelor of Applied Science in technology leadership at Clarion University of Pennsylvania
- Bachelor of Science in mechatronics engineering technology at California University of Pennsylvania
- Associate of Applied Science in applied technology at Edinboro University of Pennsylvania
- Associate of Applied Science in natural gas production and services at Mansfield University of Pennsylvania
- Bachelor of Science in safety management at Mansfield University of Pennsylvania
- Master of Science in clinical mental health counseling at Lock Haven University of Pennsylvania
- Master of Science in sport science at Lock Haven University of Pennsylvania
- Master of Arts in professional and new media writing at East Stroudsburg University of Pennsylvania
- Master of Fine Arts in communication design at Kutztown University of Pennsylvania
- Bachelor of Arts in multidisciplinary studies at Millersville University of Pennsylvania
- Bachelor of Science in community health education at Mansfield University of Pennsylvania

A detailed summary of each of the new programs follows.

New academic programs approved by Board of Governors in 2012/13

The PASSHE Board of Governors approved 12 new academic programs in the last year. All of the new programs were designed to address specific workforce needs in the Commonwealth. Many – if not all – involved direct input from employers to ensure graduates would have the knowledge and skills necessary to be successful in their careers. Below is a summary of each of the new programs.

- **Bachelor of Science in software engineering at Shippensburg University of Pennsylvania**

This program prepares students for careers developing large-scale software while working in highly effective development teams. Graduates will have the skills necessary to design, construct and test large-scale software systems. They will understand the tools and techniques used by software development teams to plan and manage such projects, and will be ready to help meet the large and growing demand for trained software developers in the Commonwealth and surrounding region.



- **Bachelor of Applied Science in technology leadership at Clarion University of Pennsylvania**



Offered completely online, this program provides those who have an associate degrees in applied science a pathway to earn a baccalaureate degree in order to enhance their skills and career opportunities. The program offers a combination of coursework and field experiences in leadership development, business skills and advanced technology. Online course offerings enable those enrolled in the program to achieve their academic goals while also meeting family and work demands.

- **Bachelor of Science in mechatronics engineering technology at California University of Pennsylvania**

This program will be offered beginning in the fall. It will provide graduates with a high-tech skill set and knowledge in mechanical, electrical and computing technology through automated control and information systems. The state Department of Labor and Industry has identified these skills as a high priority for future jobs in areas including the manufacturing, service, medical and robotics sectors.



- **Associate of Applied Science in applied technology at Edinboro University of Pennsylvania**



This program provides students with both technical and business training, which will enable graduates to advance their careers in a variety of technical fields. The program provides individuals who have received technical certification or training from other accredited institutions the opportunity to complete a relevant associate degree. Multiple tracks from which students may choose in accordance with their career goals include heating, ventilation and air conditioning technology; industrial engineering technology; environmental engineering technology; and civil engineering technology.

- **Associate of Applied Science in natural gas production and services at Mansfield University of Pennsylvania**

This program prepares graduates for various career paths in the natural gas industry. The five concentrations within the program—permitting and inspection specialist, mud logging/geology specialist, environmental specialist, geographic information systems specialist and safety management specialist—have been identified by employers as well as major corporations in the Northern Tier of the Commonwealth as meeting a critical need.



- **Bachelor of Science in safety management at Mansfield University of Pennsylvania**



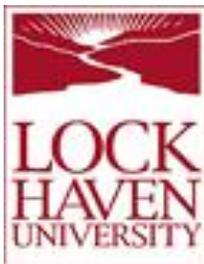
This program prepares graduates for the expanding Marcellus Shale industry and associated energy businesses that have an immediate need for safety professionals. It also prepares graduates for a range of occupational health and safety positions in other industries, both regionally and globally. The state Department of Environmental Protection has indicated a strong demand for safety workers, as has the Pennsylvania Statewide Marcellus Workforce Needs Assessment.

- **Master of Science in clinical mental health counseling at Lock Haven University of Pennsylvania**

This program was designed to address the need for mental health counselors to work in rural areas and to work with military veterans, especially those who may be suffering with post-traumatic stress syndrome. The program utilizes both online and interactive (ITV) delivery methods to allow easy access by potential students who may already be working full time.



- **Master of Science in sport science at Lock Haven University of Pennsylvania**



This program prepares students to work in the areas of sport administration or sport exercise psychology. The sport administration track prepares graduates to pursue careers in marketing, administration, public relations, financial management and coaching. The sport psychology track prepares graduates to become certified consultants who will work with coaches, athletes, officials and parents about sport and exercise psychology and performance enhancement techniques. They also may work as academic advisers to student-athletes, fitness consultants or lifestyle coaches. The flexible online delivery method meets the needs of graduate students, many of whom work full time.

- **Master of Arts in professional and new media writing at East Stroudsburg University of Pennsylvania**

This program is offered mostly online to meet the needs of students throughout the region, many of whom work full time commuting to Philadelphia, New York and other major metropolitan areas. It provides these workers the advanced skills and education they need to further their careers in fields such as publishing, healthcare, pharmaceutical, mass media, information technology, financial services and many others. Positions include technical writers, web content specialists, web journalists, digital content writers and producers and scientific writers.



- **Master of Fine Arts in communication design at Kutztown University of Pennsylvania**



This program prepares graduates to work as faculty at the collegiate level, and also to advance their careers as art directors, web designers and creative-business entrepreneurs. It enables students to broaden their skills in areas including product design, jewelry design, printmaking, painting, wood design and fibers, as well as drawing, sculpture and photography. The MFA is the

terminal degree in the visual and performing arts, and is generally required for employment in post-secondary education.

- **Bachelor of Arts in multidisciplinary studies at Millersville University of Pennsylvania**

This just-approved program will provide students the opportunity to craft a program that matches their career interests with workforce needs. Intended for returning adults, transfer students and current students, the program will recognize students' past educational achievements and will be taught in a variety of delivery formats to accommodate their needs. Students will work with faculty to design a program that will prepare them to work in widely diverse areas such as disability and human services, water resource management, international business, social services with immigrant populations, scientific illustration and science journalism.



- **Bachelor of Science in community health education at Mansfield University of Pennsylvania**



This program, approved in January, will prepare graduates who will promote the health of individuals and communities, with an emphasis on rural health issues. Graduates will be

prepared to work in a variety of health-related settings, including in medical facilities, colleges and universities, public health departments, nonprofit organizations and private businesses. Professional health educators encourage healthy lifestyles and wellness by educating individuals and communities about behaviors that can prevent diseases, injuries and other health problems. With an emphasis on rural health issues, the program will be unique for the Northern Tier of Pennsylvania and the State System.

Appendix B-2

Professional Science Master's (PSM) programs partner PASSHE universities with regional, statewide businesses to fill critical needs

Professional Science Master's degrees combine rigorous study in science or mathematics with professional skills-based coursework in business, management, communications, policy and other fields, and a required experiential component (internship). The programs, which must be reviewed and approved by the Professional Science Master's Office, are designed in collaboration with employers to ensure they meet their specific needs.

PASSHE universities have developed five PSM programs that have met PSMO's stringent standards for approval, with a sixth, which includes four distinct tracks, currently under review. In total, the universities are offering more than 40 online "professional skills" courses related to these programs.

The State System has partnered with both Team Pennsylvania Foundation and the Pennsylvania Workforce Investment Board in the PSM effort. Additionally, the universities have engaged representatives of more than 50 employers to serve on university/regional advisory boards to help guide the process of program development and review.

Collectively, these achievements have heightened PASSHE's role in science, technology, engineering and mathematics (STEM) in the Commonwealth, and have advanced PASSHE as a leader in the national PSM movement. Below is a summary of the PSM programs either already approved or under formal review.

- **Master of Science in general science at East Stroudsburg University of Pennsylvania**

This program provides students the tools to use leading-edge computer and satellite technology in the fast-growing field of environmental science. Students in the program learn geotechnology, which the U.S. Department of Labor has identified as one of the most important emerging fields in the nation. Geotechnology uses computer technology and satellites to map everything from shoreline erosion to flood plain boundaries to population shifts. ESU will make use of its senior membership in the Marine Science Consortium, which has affiliations with NASA's Wallops Island Flight Facility in Virginia, and the U.S. Fish and Wildlife Service, to provide practical experiences and internships to program participants. (Business partners include Brodhead Watershed Association and GIS Tech Solution)



- **Master of Science in computer science at Kutztown University of Pennsylvania**



This program combines scientific training with practical experience to prepare graduates for a variety of careers in technology-related industries. It requires both a graduate internship, which may be carried out under the auspices of the student's current employer, and courses in non-computer fields that enhance graduates' potential to rise to management positions earlier in their careers. Specifically, the program prepares graduates to become project managers, database administrators, network administrators, security managers and directors of IT departments. (Business partners include East Penn Manufacturing Company, Lehigh Valley Physician Hospital Organization Inc., Olympus America, Air Products & Chemicals, Fidelity Information Services and LSI Corporation)

- **Master of Science in integrated scientific applications (four tracks) at Millersville University of Pennsylvania**

This interdisciplinary program is unique in the state and nation. It includes specializations in environmental systems management, geoinformatics, weather intelligence and risk management, and climate science. Each area of specialization represents an area of current or emerging workforce demand and engages Millersville's existing and readily accessible business and employer partners throughout the mid-Atlantic and northeast. (Business partners include Lancaster County Planning Commission, Horst Insurance, AccuWeather Inc., Harris Corporation and Environmental Services RETTEW Associates Inc.)



- **Master of Science in applied and industrial chemistry at Indiana University of Pennsylvania**



This program is designed to augment students' scientific knowledge with skills in areas including project management, team-building and communications. Students in the program will participate in an internship that will allow them to gain hands-on industry experience while working full time. During the internships students will interact with both scientific researchers and business managers, especially in the marketing, finance and legal departments.

- **Professional Science Master's in nanoscience for industrial materials at Indiana University of Pennsylvania**

This program involves students and faculty from physics, chemistry and other departments. It is designed to supply the high-tech industry with intermediate level professionals who combine scientific, technology-based knowledge with skills in management, finance and communications. Individuals who are currently working in high-tech companies in the electronics, optics and materials industries and who want to move up in the company leadership ladder will find this program very beneficial. (Business partners include PPG Glass, RJ Lee Group, FLIR, ALCOA, and Quintech Electronics)

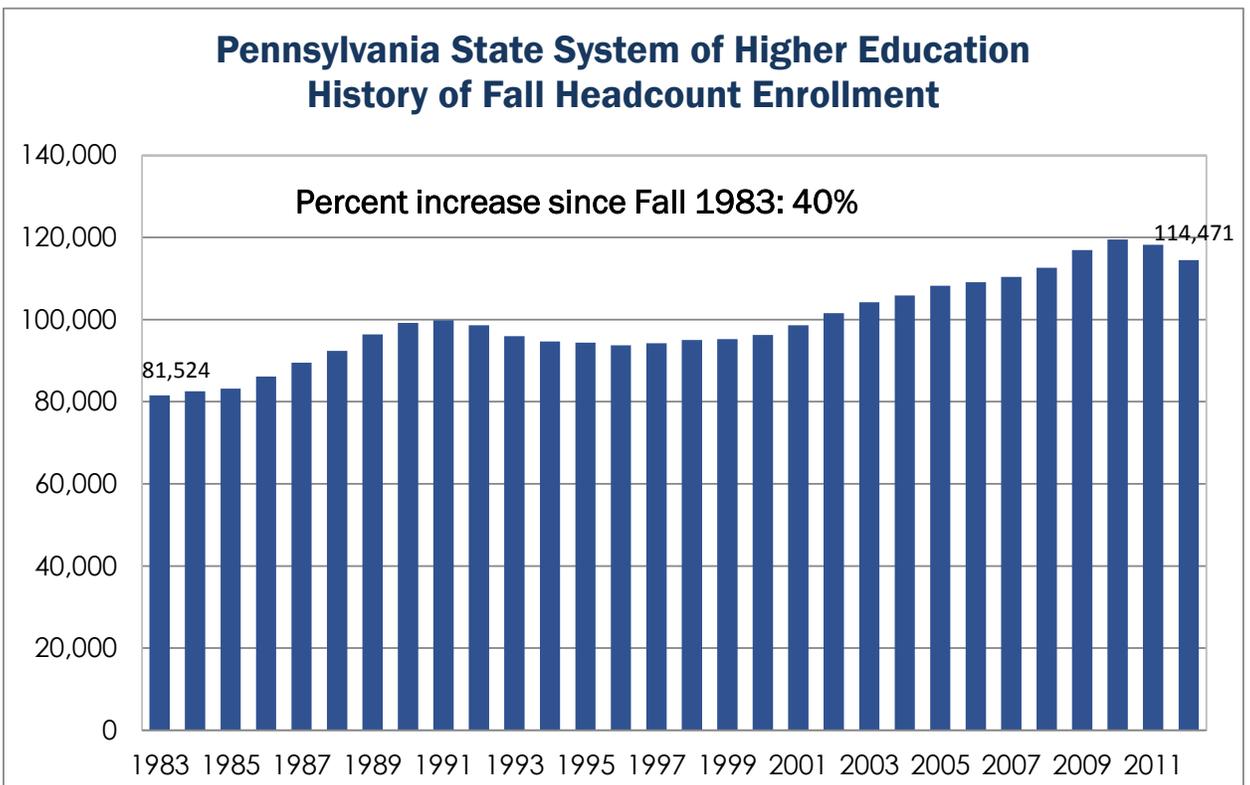
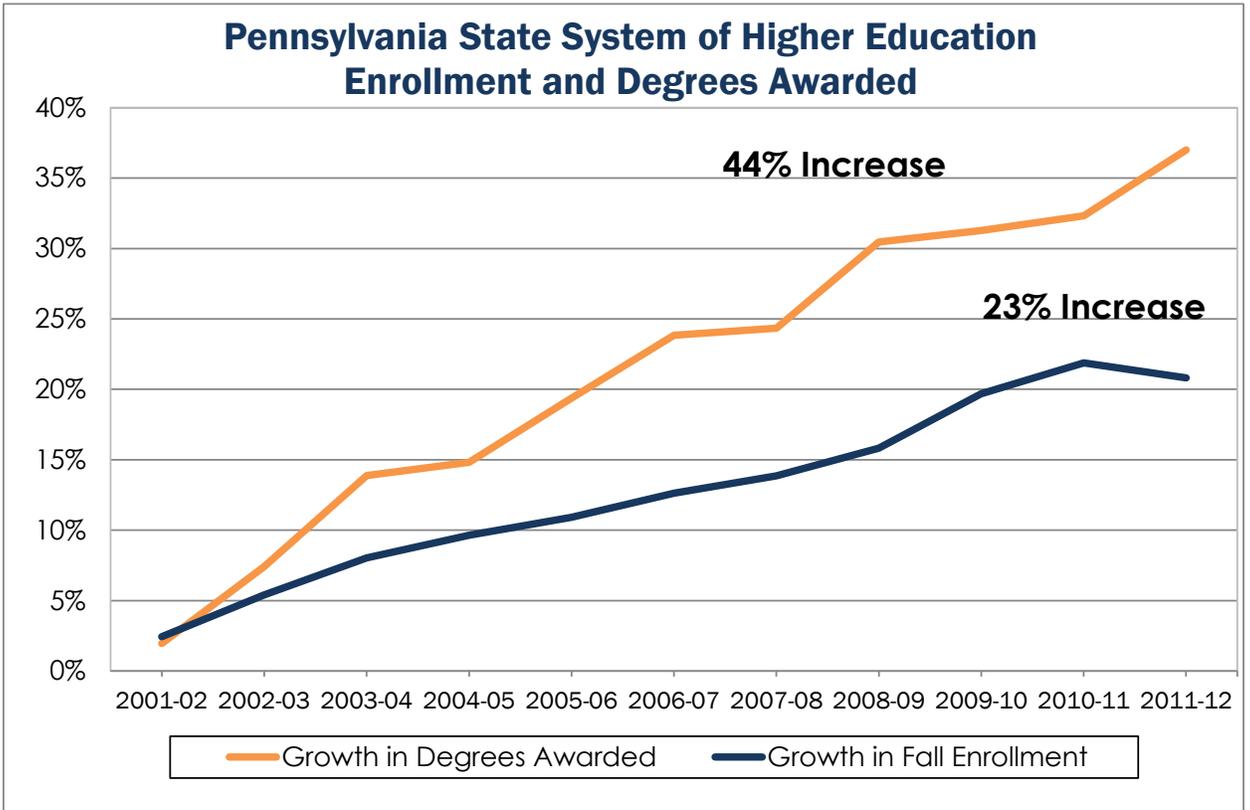


- **Professional Science Master's in applied pharmaceutical sciences at West Chester University of Pennsylvania**



This program will prepare graduates for careers in the pharmaceutical industry. It will include a variety of skills not routinely taught in an academic environment, including the specifics of drug discovery, development, manufacturing, marketing and sales. These topics will be combined with professional skills courses in communications, management and ethics and a mandatory internship. Many new pharmaceutical company employees do not know how drugs are discovered and subsequently chosen for further development. Many scientists might not know how to grow their company, nor how to develop a drug beyond the lab. Finally, industry people considering a career change will benefit from the up-to-date information about changes in drug development and regulations. (Business partners include ProMetrics, GSK, Cephalon/Teva, Nuron, Endo Pharmaceuticals and Pfizer)

Appendix B-3



Appendix B-4

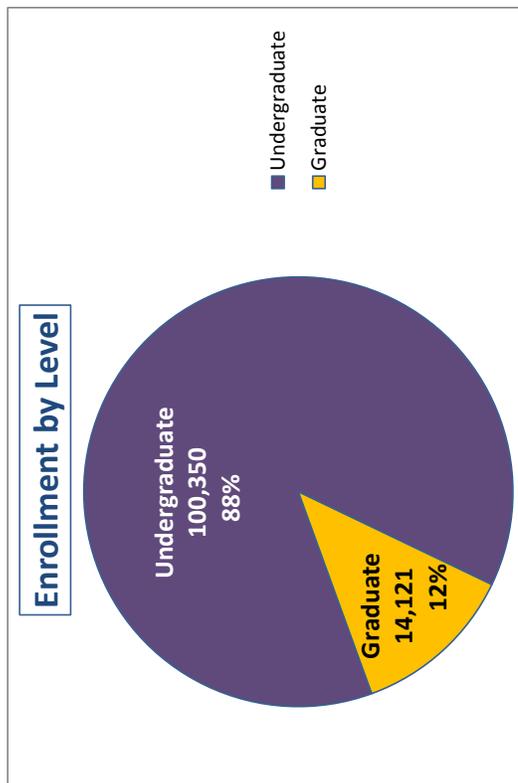
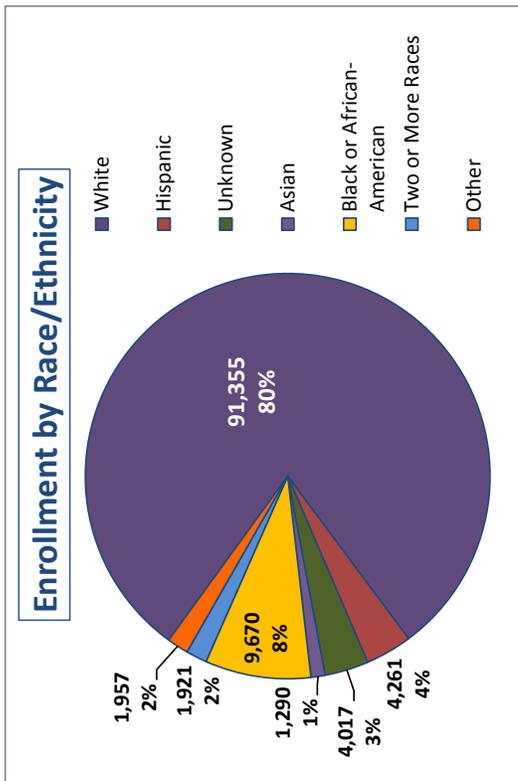
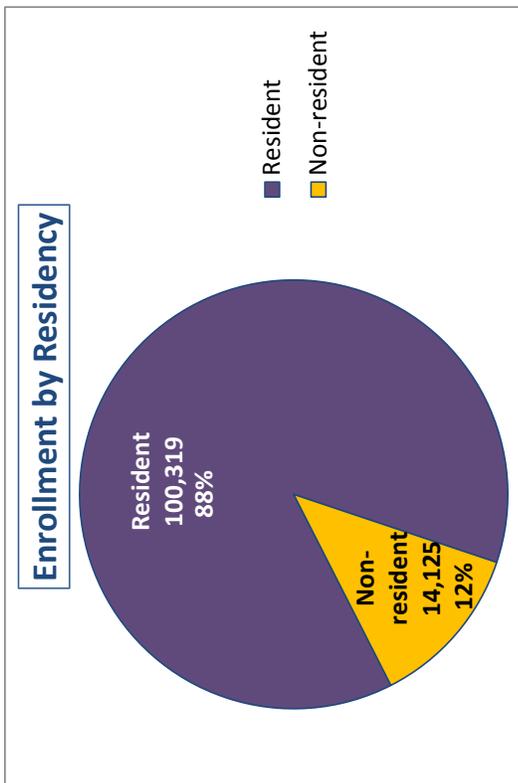
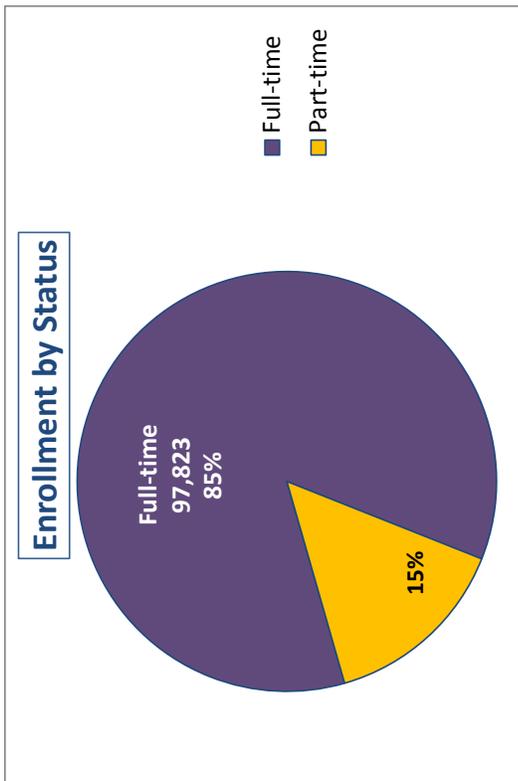
Pennsylvania State System of Higher Education
Headcount Enrollment by University, Fall 2002-2012

University	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bloomsburg	8,039	8,282	8,304	8,570	8,723	8,745	8,855	9,512	10,091	10,159	9,950
California	6,082	6,438	6,640	7,184	7,720	8,206	8,519	9,017	9,400	9,483	8,608
Cheyney	1,523	1,536	1,545	1,560	1,667	1,436	1,488	1,488	1,586	1,200	1,284
Clarion	6,541	6,497	6,421	6,338	6,591	6,795	7,100	7,346	7,315	6,991	6,520
East Stroudsburg	6,270	6,162	6,553	6,793	7,013	7,053	7,234	7,576	7,387	7,353	6,943
Edinboro	7,778	8,045	7,773	7,691	7,579	7,686	7,671	8,287	8,642	8,262	7,462
Indiana	13,671	13,868	13,998	14,081	14,248	14,018	14,310	14,638	15,126	15,132	15,379
Kutztown	8,524	9,008	9,585	9,864	10,193	10,295	10,393	10,634	10,707	10,283	9,804
Lock Haven	4,574	4,908	5,126	5,283	5,175	5,241	5,266	5,329	5,451	5,366	5,328
Mansfield	3,368	3,520	3,556	3,390	3,360	3,338	3,422	3,569	3,411	3,275	3,131
Millersville	7,650	7,861	7,998	7,919	8,194	8,306	8,320	8,427	8,729	8,725	8,368
Shippensburg	7,412	7,607	7,653	7,485	7,516	7,765	7,942	8,253	8,326	8,183	7,724
Slippery Rock	7,530	7,789	7,928	8,105	8,230	8,325	8,458	8,648	8,852	8,712	8,559
West Chester	12,584	12,695	12,822	12,988	12,879	13,219	13,619	14,211	14,490	15,100	15,411
System Totals	101,546	104,216	105,902	107,251	109,088	110,428	112,597	116,935	119,513	118,224	114,471

Note: Includes all enrollments--undergraduate, graduate, full-time, part-time; freeze date is 15th day of classes.

Source: Data warehouse, Student fall freeze submissions (BOG Enrollment files)

Pennsylvania State System of Higher Education
 Fall 2012 Enrollment Demographics
 Headcount: 114,471



Appendix B-6

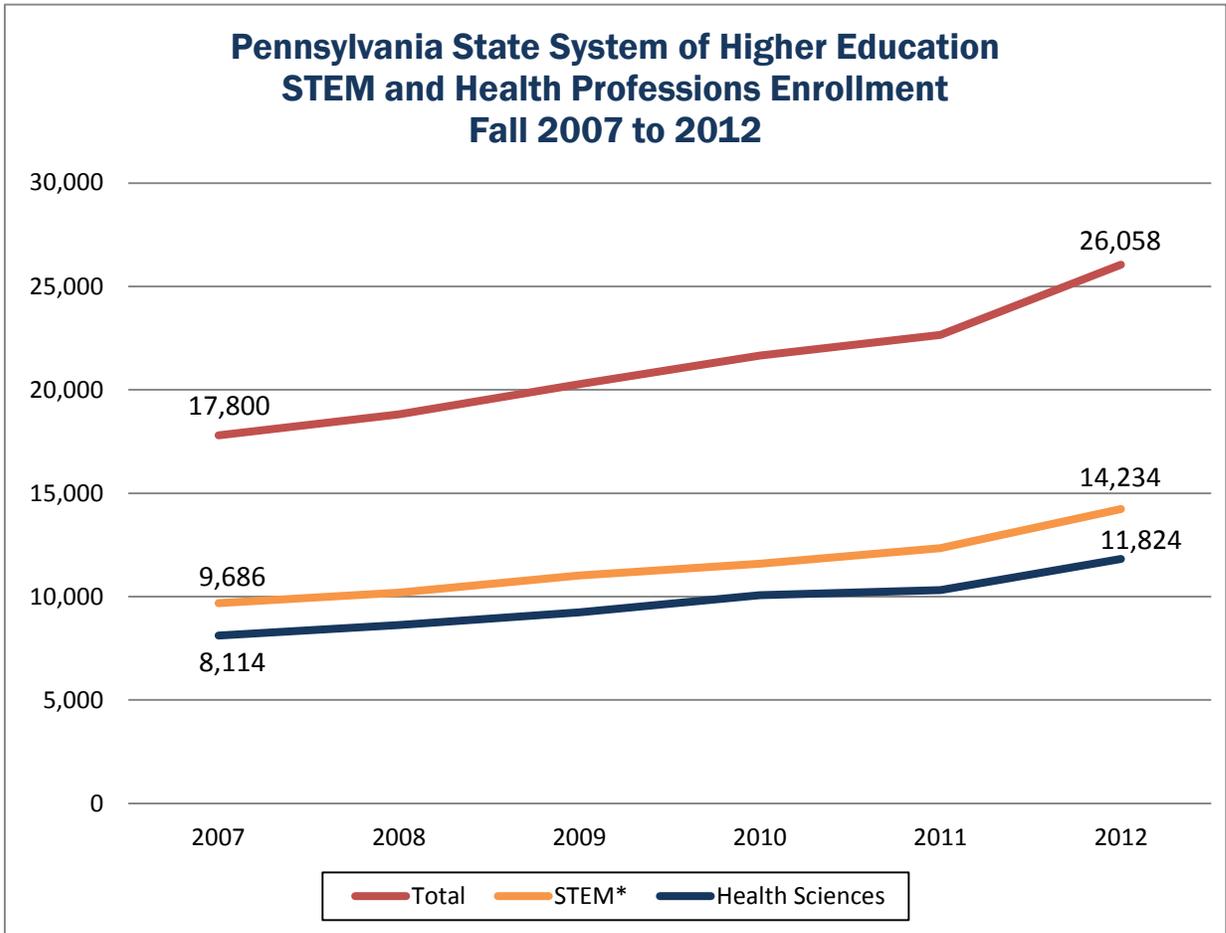
**Pennsylvania State System of Higher Education
Students by Pennsylvania County by University, Fall 2012**

County	Total	County	Total
Adams	818	Lawrence	830
Allegheny	7,549	Lebanon	834
Armstrong	916	Lehigh	2,688
Beaver	1,241	Luzerne	1,484
Bedford	231	Lycoming	1,133
Berks	3,950	McKean	299
Blair	654	Mercer	1,226
Bradford	674	Mifflin	298
Bucks	4,150	Monroe	2,583
Butler	2,159	Montgomery	5,536
Cambria	1,058	Montour	318
Cameron	77	Northampton	2,609
Carbon	463	Northumberland	997
Centre	718	Perry	325
Chester	5,976	Philadelphia	4,799
Clarion	918	Pike	611
Clearfield	959	Potter	149
Clinton	604	Schuylkill	1,242
Columbia	1,089	Snyder	247
Crawford	1,230	Somerset	410
Cumberland	2,775	Sullivan	38
Dauphin	1,898	Susquehanna	268
Delaware	4,204	Tioga	712
Elk	516	Union	315
Erie	3,758	Venango	1,014
Fayette	1,236	Warren	390
Forest	62	Washington	2,001
Franklin	1,347	Wayne	376
Fulton	90	Westmoreland	2,911
Greene	221	Wyoming	155
Huntingdon	205	York	3,142
Indiana	1,892	Total Pennsylvania	100,401
Jefferson	701		
Juniata	149	Non-Pennsylvania	14,070
Lackawanna	943		
Lancaster	5,030	Grand Total	114,471

Source: Data Warehouse, Student Data Submission

Official Reporting Date: End of the 15th day of classes

Appendix B-7

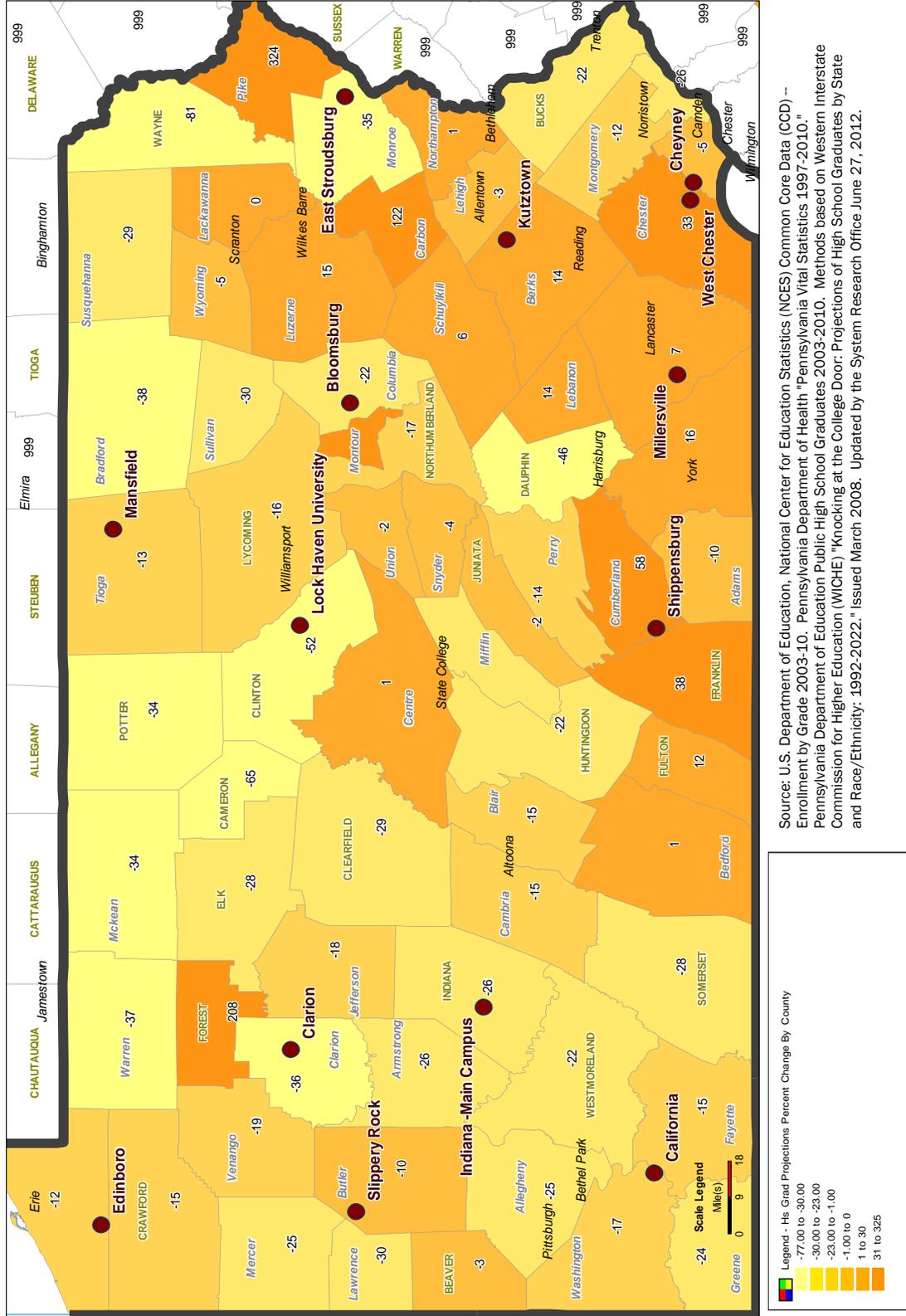


STEM = Science, technology, engineering and mathematics majors

Source: Data Warehouse, Student Data Submission, Official Reporting Date: End of the 15th day of classes

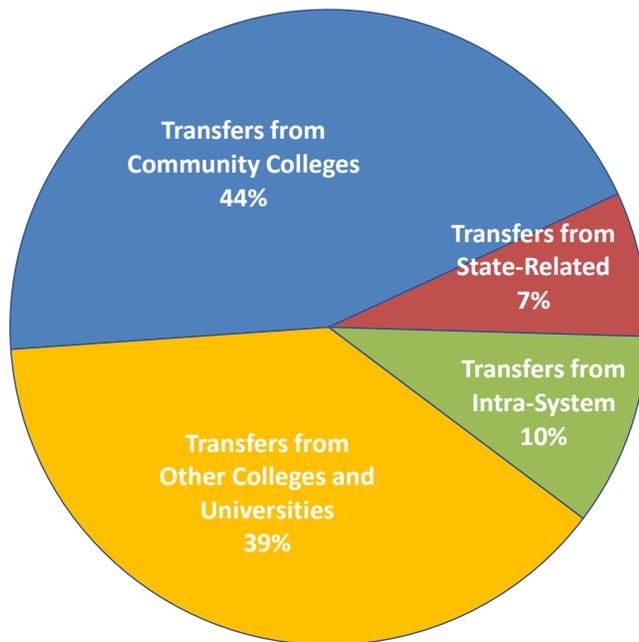
Appendix B-8

Projected Percent Change in the Number of New High School Graduates, by County: 2008-2028



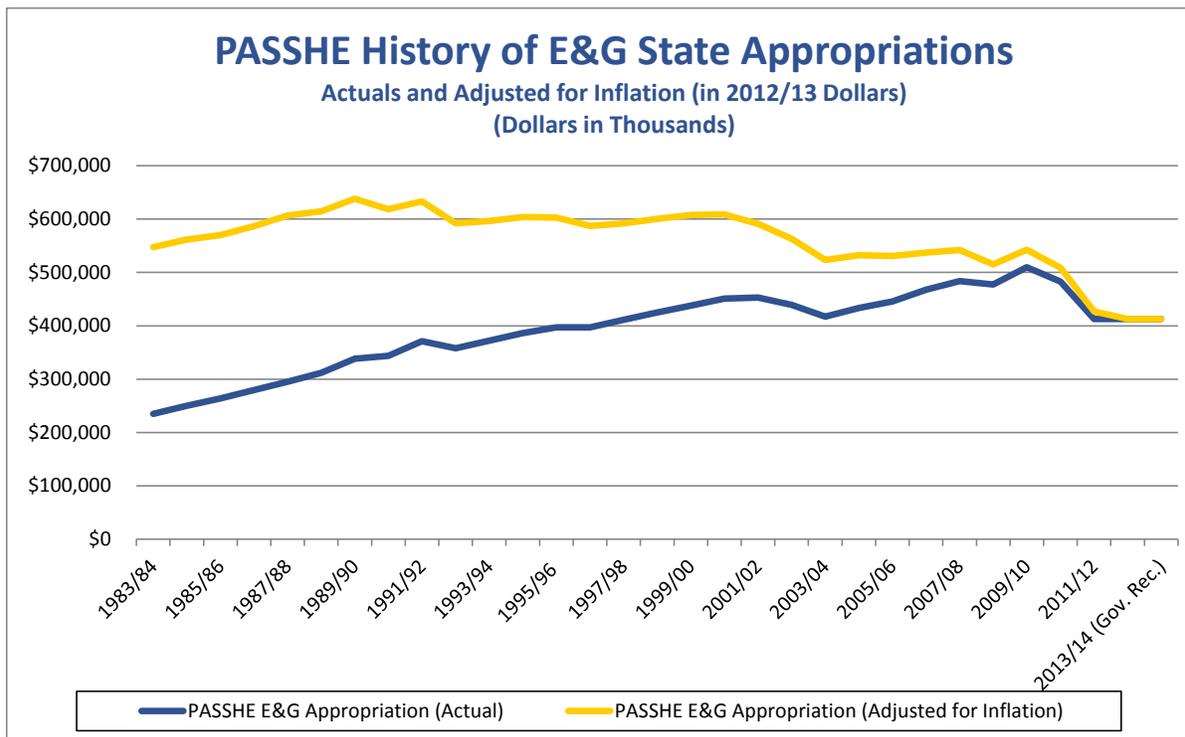
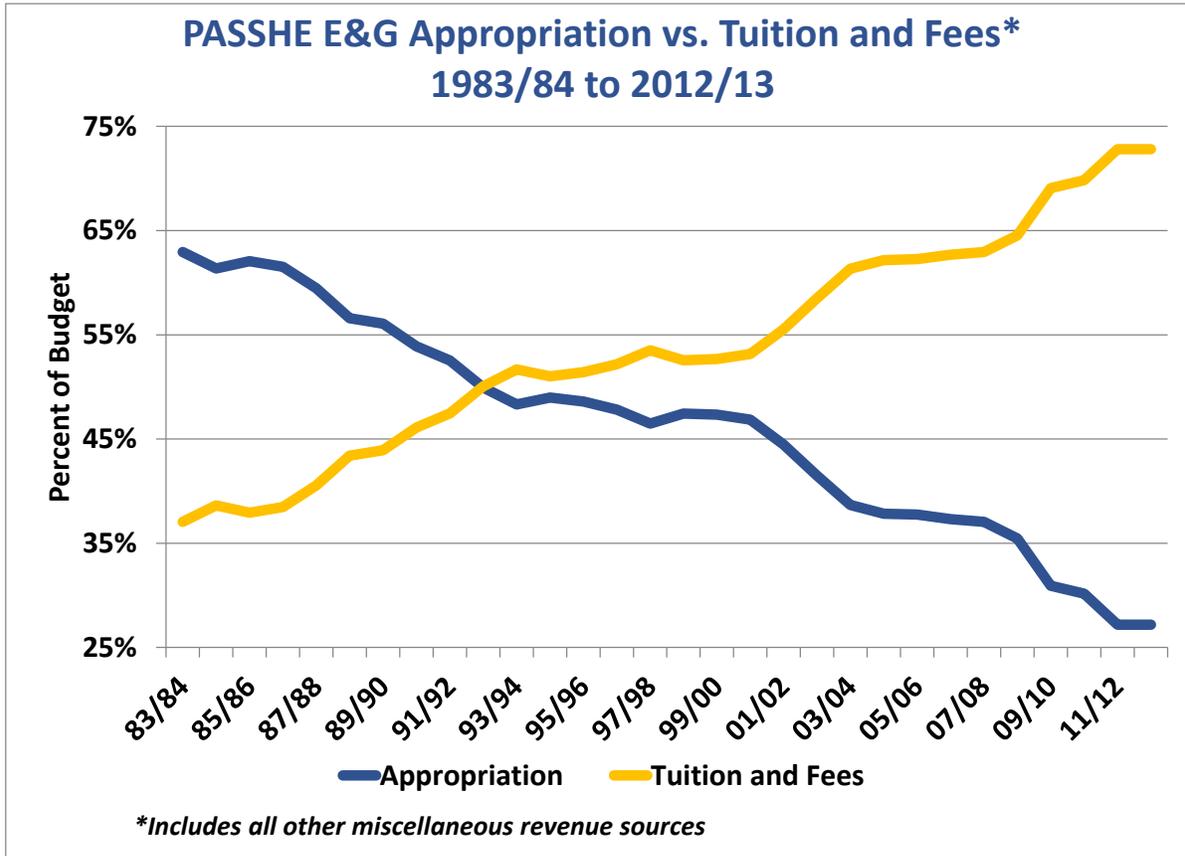
Appendix B-9

Pennsylvania State System of Higher Education
Fall 2012 New Undergraduate Transfer Enrollments: 7,312

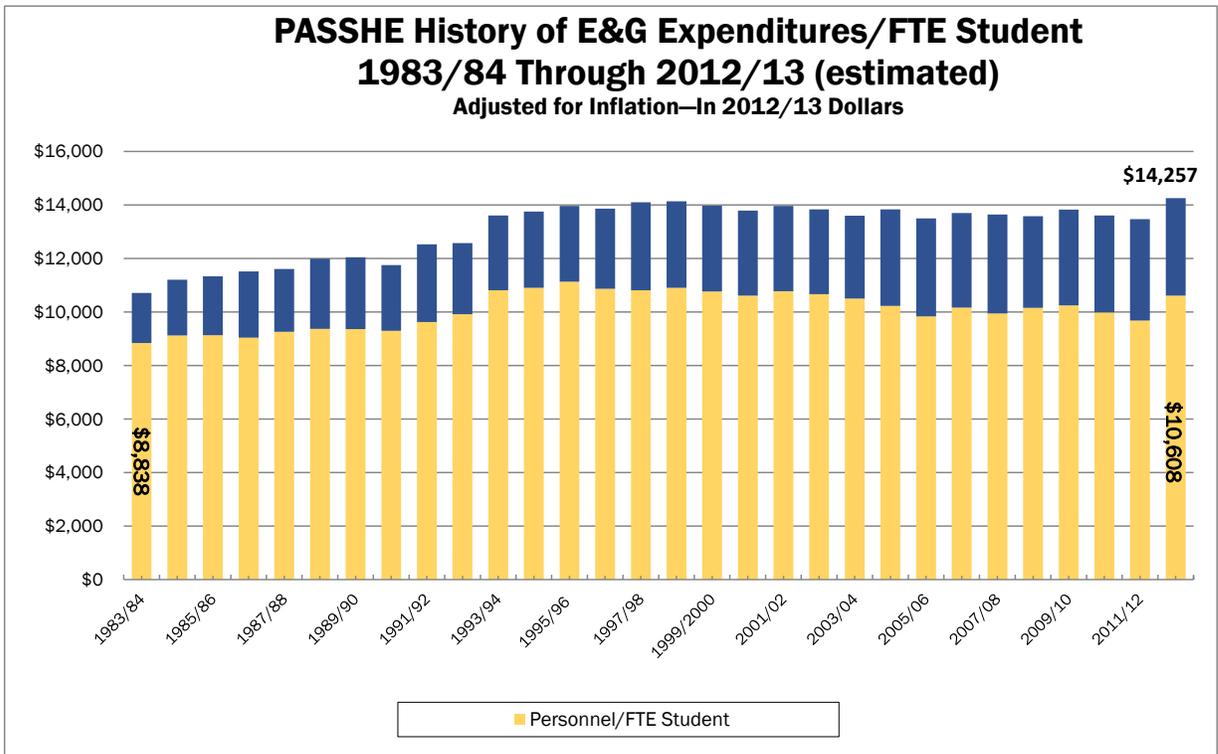
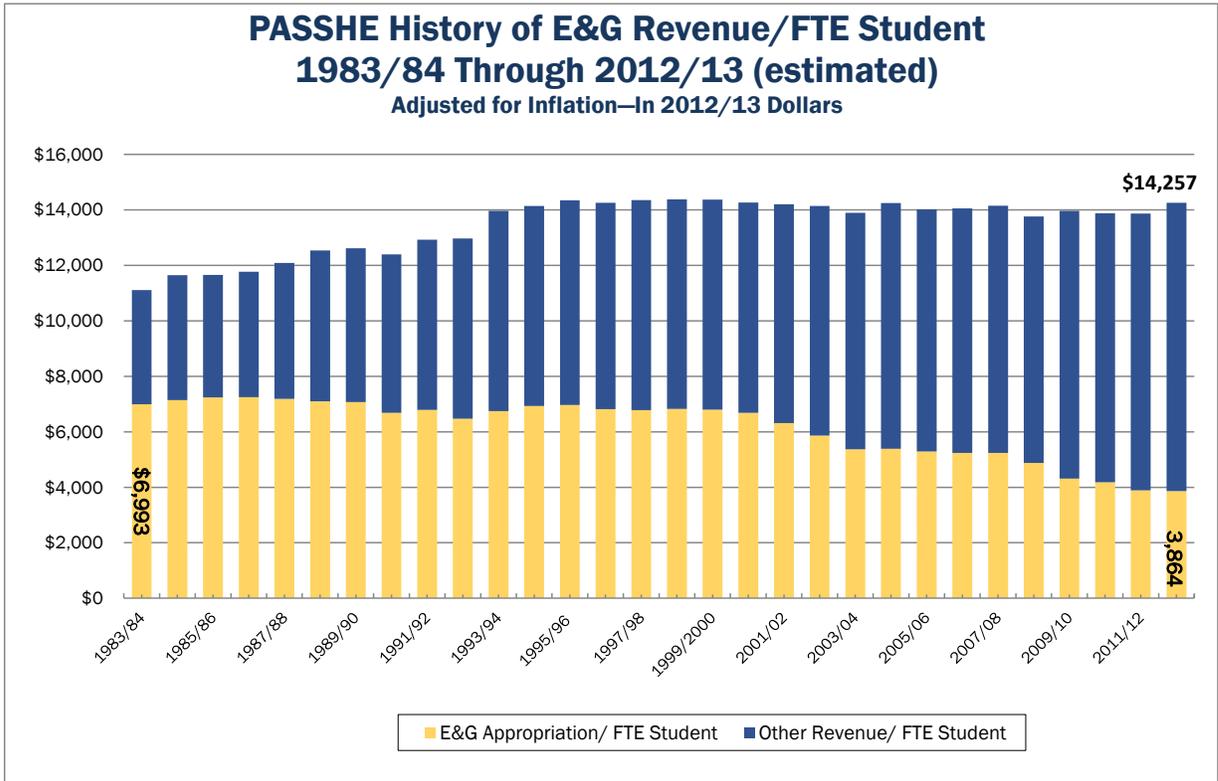


Source: Data Warehouse, Student Data Submission

Appendix B-10



Appendix B-11



Appendix B-12

Pennsylvania State System of Higher Education
History of State Appropriations and Tuition Rates

Fiscal Year	E&G Appropriation	% Change From Prior Year		Total Appropriations	% Change From Prior Year	Resident Under-graduate Tuition Rate	\$ Change From Prior Year	% Change From Prior Year
		% OF TOTAL E&G						
1983/84	\$ 235,053,000	2.0%	63.0%	\$ 235,053,000	2.0%	\$1,480		
1984/85	250,051,000	6.4%	61.4%	252,723,000	7.5%	1,570	\$ 90	6.1%
1985/86	263,803,000	5.5%	62.1%	272,115,000	7.7%	1,600	30	1.9%
1986/87	279,381,000	5.9%	61.5%	287,756,000	5.7%	1,680	80	5.0%
1987/88	295,350,000	5.7%	59.5%	300,805,000	4.5%	1,830	150	8.9%
1988/89	311,594,000	5.5%	56.6%	322,699,000	7.3%	2,078	248	13.6%
1989/90	338,496,000	8.6%	56.1%	345,281,000	7.0%	2,178	100	4.8%
1990/91	343,526,321	1.5%	53.9%	349,491,000	1.2%	2,278	100	4.6%
1991/92	370,960,000	8.0%	52.5%	373,625,000	6.9%	2,628	350	15.4%
1992/93	357,976,000	-3.5%	49.9%	359,352,000	-3.8%	2,828	200	7.6%
1993/94	372,085,000	3.9%	48.3%	379,023,000	5.5%	2,954	126	4.5%
1994/95	386,320,278	3.8%	49.0%	387,916,000	2.3%	3,086	132	4.5%
1995/96	396,890,000	2.7%	48.6%	398,587,000	2.8%	3,224	138	4.5%
1996/97	396,890,000	0.0%	47.8%	398,487,000	0.0%	3,368	144	4.5%
1997/98	411,513,000	3.7%	47.3%	413,142,000	3.7%	3,468	100	3.0%
1998/99	424,887,000	3.2%	47.4%	426,570,000	3.3%	3,468	0	0.0%
1999/00	437,634,000	3.0%	47.3%	443,858,000	4.1%	3,618	150	4.3%
2000/01	450,763,000	3.0%	46.9%	471,821,000	6.3%	3,792	174	4.8%
2001/02	452,763,000	0.4%	44.5%	471,821,000	0.0%	4,016	224	5.9%
2002/03	439,181,000	-3.0%	41.5%	457,667,000	-3.0%	4,378	362	9.0%
2003/04	417,222,000	-5.0%	38.7%	434,784,000	-5.0%	4,598	220	5.0%
2004/05	433,435,000	3.9%	37.8%	453,628,000	4.3%	4,810	212	4.6%
2005/06	445,354,000	2.7%	37.7%	465,197,000	2.6%	4,906	96	2.0%
2006/07	467,622,000	5.0%	37.3%	487,873,000	4.9%	5,038	132	2.7%
2007/08	483,989,000	3.5%	37.1%	504,240,000	3.4%	5,177	139	2.8%
2008/09	477,322,000	-1.4%	35.5%	497,168,470	-1.4%	5,358	181	3.5%
2009/10	444,470,000	-6.9%	30.9%	530,423,000	6.7%	5,554	196	3.7%
2010/11	444,470,000	0.0%	29.9%	503,355,000	-5.1%	5,804	250	4.5%
2011/12	412,751,000	-7.1%	28.0%	412,751,000	-18.0%	6,240	436	7.5%
2012/13	412,751,000	0.0%	27.1%	412,751,000	0.0%	6,428	188	3.0%

Source: System University BUDRPTs

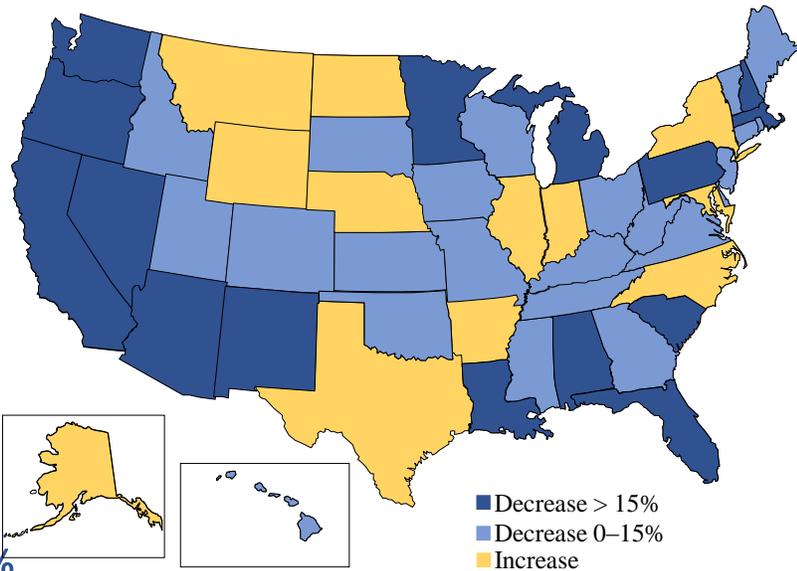
State Funding of Higher Education

Change Between FY 2008 and 2013 Appropriations

Five-year
change in
state
funding
for higher
Education:

US: -10.8%
PA: -18.3%

PHEAA: -14.5%
PASSHE: -18.1%



Source: National Conference of State Legislatures (NCSL); Grapevine

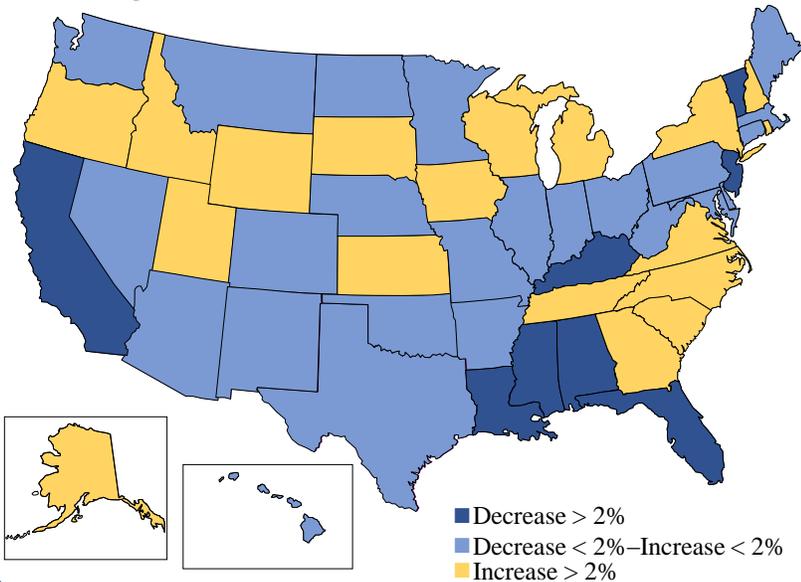
State Funding of Higher Education

Change Between FY 2012 and 2013 Appropriations

One-year
change in
state
funding
for higher
Education:

US: -0.2%
PA: -0.5%

PHEAA: -8.7%
PASSHE: 0.0%



Source: National Conference of State Legislatures (NCSL); Grapevine

Appendix B-14

Pennsylvania State System of Higher Education
 Cost of Attendance and Net Price
 Fall 2010 First-time, Full-time Freshmen

Average Aid Amounts for Those Receiving Aid	PASSHE Universities	State-Related Institutions*	Selected** Private Institutions
Average Cost of Attendance	\$19,871	\$26,634	\$40,262
Total number of students in First-time, Full-time Cohort	21,563	26,220	11,189
Total Number of the Cohort receiving any type of financial aid	18,495	21,326	10,376
Percent of the Total Cohort receiving any type of financial aid	86%	81%	93%
Percent of the Total Cohort receiving any Federal, State, Local or Institutional Grant Aid***	52%	59%	91%
Average total award amount of Federal, State, Local or Institutional Grant Aid	\$5,794	\$7,551	\$16,653
Percent of the Total Cohort receiving Institutional Grant Aid	10%	39%	90%
Average total award amount of Institutional Grant Aid	\$3,547	\$5,628	\$13,929
Percent of the total Cohort receiving Student Loan Aid	77%	67%	75%
Average total award amount of Student Loan Aid	\$6,758	\$7,333	\$8,160
Average Total Net Price for Those Receiving Aid - (Cost of Attendance minus Average Grants)	\$14,078	\$19,083	\$23,609
with Loans - (Cost of Attendance minus Average Grants and Loans)	\$7,320	\$11,750	\$15,449

*Weighted average of main and branch campuses. For those that do not have on-campus housing, off-campus rates were used to determine Cost of Attendance.

**Weighted average of Delaware Valley College, DeSales University, Geneva College, Lebanon Valley College, Mercyhurst College, Misericordia University, Mount Aloysius College, Philadelphia University, Robert Morris University, Saint Joseph's University, Seton Hill University, Thiel College, Ursinus College, Villanova University, Waynesburg University, Westminster College, Widener University-Main Camps, Wilkes University, and York College.

***Grant Aid-All "free" financial aid to the student; that which does not need to be repaid. Includes need-based and merit-based awards, such as Pell grants, PHEAA grants, scholarships, waivers, tuition discounts, etc.

Source: IPEDS Fall 2010 Tuition (based on First-time, Full-time, On-campus), IPEDS 2010-2011 Student Financial Aid NOTE: Most recent data available.

Appendix B-15

PHEAA State Grant Awards
All Undergraduate Programs (Excluding Summer School)

Number of Awards

Year	Independent		State-Related	Community Colleges			Business & Technical		Total PA	Out-of-State	Total
	4-Year	2-Year		PASSHE	Nursing	Technical	PA				
2007/08	45,379	3,296	36,397	19,008	1,100	10,162	146,943	11,553	158,496		
2008/09	43,514	3,086	34,097	18,502	1,103	9,072	139,228	10,827	150,055		
2009/10	47,836	3,424	37,210	21,709	1,080	10,861	155,839	12,210	168,049		
2010/11	47,100	3,412	37,350	25,041	1,074	12,020	161,220	13,053	174,273		
2011/12	48,323	3,570	38,658	35,764	1,098	11,283	175,199	13,630	188,829		

Value of Awards

Year	Independent		State-Related	Community Colleges			Business & Technical		Total PA	Out-of-State	Total
	4-Year	2-Year		PASSHE	Nursing	Technical	PA				
2007/08	\$159,701,524	\$9,522,462	\$119,281,240	\$18,984,871	\$2,961,182	\$27,865,687	\$429,879,469	\$5,344,008	\$435,223,477		
2008/09	\$130,005,427	\$8,011,073	\$98,090,257	\$14,869,312	\$2,440,756	\$21,713,521	\$352,117,109	\$4,403,643	\$356,520,752		
2009/10	\$141,966,971	\$9,025,189	\$108,626,637	\$16,574,287	\$2,468,656	\$26,836,101	\$392,214,572	\$4,912,973	\$397,127,545		
2010/11	\$123,154,986	\$8,015,549	\$91,687,606	\$14,841,175	\$2,184,034	\$24,918,481	\$343,058,897	\$4,499,881	\$347,558,778		
2011/12	\$149,001,696	\$10,136,377	\$116,389,863	\$27,621,794	\$2,807,642	\$28,043,851	\$433,797,630	\$5,692,492	\$439,490,122		

Full-year Average Award

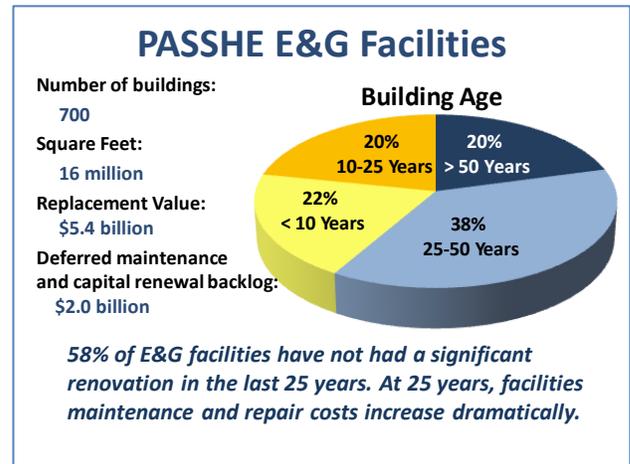
Year	Independent		State-Related	Community Colleges			Business & Technical		Total PA	Out-of-State	Total
	4-Year	2-Year		PASSHE	Nursing	Technical	PA				
2007/08	\$3,936	\$3,600	\$3,645	\$1,566	\$3,243	\$3,697	\$3,429	\$487	\$3,193		
2008/09	\$3,345	\$3,183	\$3,198	\$1,239	\$2,724	\$3,245	\$2,962	\$429	\$2,761		
2009/10	\$3,317	\$3,250	\$3,234	\$1,185	\$2,810	\$3,292	\$2,950	\$424	\$2,747		
2010/11	\$2,939	\$2,853	\$2,739	\$936	\$2,468	\$2,795	\$2,523	\$364	\$2,343		
2011/12	\$3,540	\$3,522	\$3,397	\$1,250	\$3,140	\$3,456	\$3,022	\$443	\$2,810		

Appendix B-16

Pennsylvania State System of Higher Education Educational and General (E&G)* Facilities Highlights

Challenges for PASSHE University Facilities

- Fifty-eight percent of PASSHE's E&G facilities have not had a major renovation in 25 years and require a significant capital investment.
- PASSHE universities have historic facilities, which are less efficient to operate and tend to be more costly to maintain and repair.
- Commonwealth procurement requirements such as the Separations Act and Prevailing Wage increase construction durations and costs. Other Pennsylvania higher education sectors do not have to follow these requirements.
- Although the universities invest annually in their facilities, PASSHE does not have sufficient resources to do so in the most cost-effective manner.



Funding Sources for Buildings and Infrastructure

- **University Operating Funds**—These funds are used for maintenance and operations of the physical plant including grounds, janitorial, preventative maintenance, repairs, and deferred maintenance (including Key'93 funds). Last year PASSHE universities spent about \$19.5 million on repairs and modernization of its facilities; national models suggest at least \$75 million should be invested annually in this area to keep up with deferred maintenance.
- **Key'93**
 - Enacted by Act 50 of 1993, funded with revenue from the Real Estate Transfer Tax.
 - Funding eliminated in FY2009/10 and FY2010/11, restored in FY2011/12 and FY2012/13.
 - Used to address deferred maintenance backlog requirements.
 - It is estimated that \$1 spent to immediately address small deferred maintenance requirements saves \$4 in capital renewal costs.
 - FY2012/13 funding is \$11.7 million; historically funded as high as \$18 million.
- **Commonwealth Capital Funds**—From FY2000/01 to FY2008/09 the Commonwealth provided PASSHE \$65 million annually for capital projects. In 2009, capital funding was increased to \$130 million per year; it returned to \$65 million in fiscal year 2011/12 and currently remains at that level. These funds are largely spent on renovation or replacement of existing buildings; funds spent on new square footage have required the universities to raise funds for a share of the project cost. Because universities have not been able to adequately fund life cycle maintenance from operating funds, the capital funds have been essential to limiting deferred maintenance backlog growth.

**Educational and General facilities house the instructional, academic support, and administrative functions, and exclude housing, dining, student unions, and recreation centers.*

Pennsylvania State System of Higher Education Educational and General (E&G)* Facilities Highlights

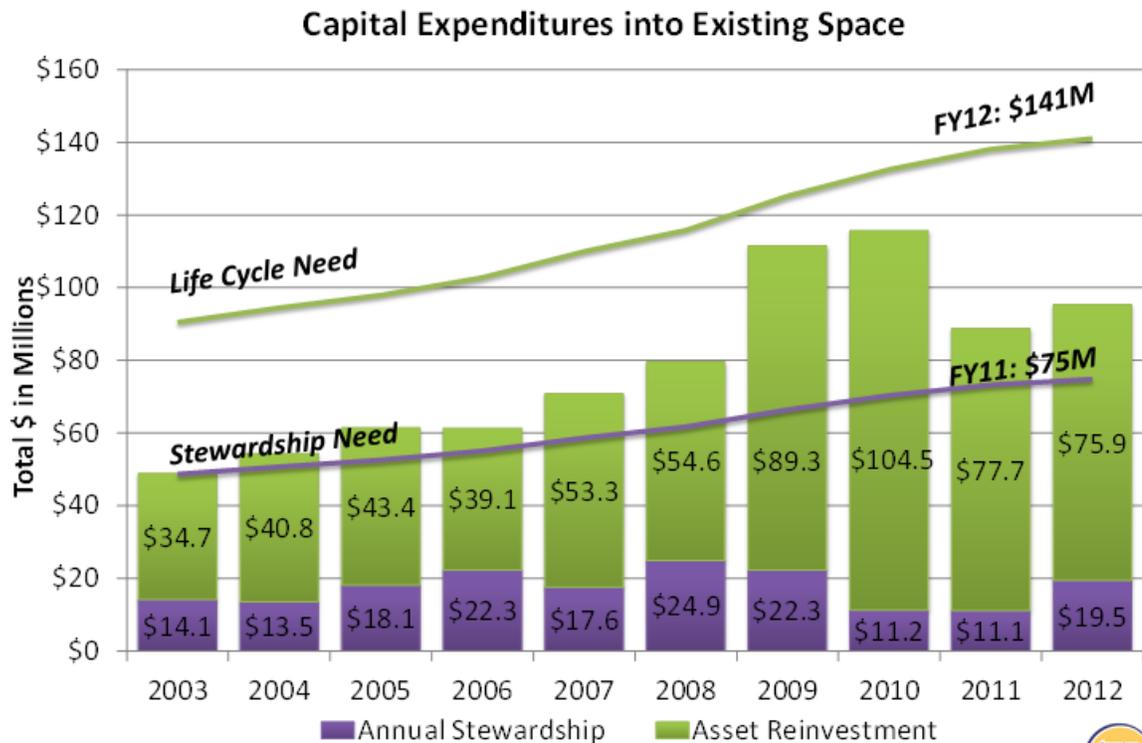
Funding Requirements for E&G Buildings and Infrastructure

According to Sightlines, a national firm that specializes in the benchmarking of higher education facilities, PASSHE is not investing adequately in its facilities.

National standards suggest PASSHE invest at least \$140 million annually in its E&G buildings to prevent further degradation of the facilities. This amount includes a blend of “annual stewardship” (university operating budgets and Key’93 funds or equivalent for recurring maintenance and repair) and “asset reinvestment” (capital funds to address building life cycle renewal and replacement requirements).

Increases in capital funding in recent years helped minimize the impact of underfunding the annual stewardship. However, in FY 2011/12, the combined investment in both annual stewardship and asset reinvestment fell short of the combined annual life cycle and stewardship need by almost \$46 million. Continued facility investment at this level will result in significant increases to PASSHE’s E&G deferred maintenance backlog, which is currently estimated at \$2 billion.

Capital Investment vs. Target – E&G



Appendix B-17

Pennsylvania State System of Higher Education
Energy Savings

Estimated Cost Avoided Through PASSHE Energy Conservation Effort								
Fiscal Year	Million Square Feet	mmBTU	Total Energy Cost for Fiscal Year	\$/mmBTU	Energy Utilization Index (EUI)	Annual EUI Reduction	Cumulative EUI Reduction	Cost Avoided
2002/03	23.62	3,866,459	\$33,565,091	8.68	163,661			
2003/04	24.58	3,872,844	33,867,182	8.74	157,564	3.70%	3.70%	\$1,310,504
2004/05	26.18	4,013,581	37,625,644	9.37	153,299	2.70%	6.30%	2,543,245
2005/06	26.45	3,796,335	43,720,415	11.52	145,749	4.90%	10.90%	5,457,006
2006/07	26.56	3,810,074	45,411,400	11.92	143,446	1.60%	12.40%	6,399,571
2007/08	26.72	3,648,264	46,053,980	12.62	136,517	4.80%	16.60%	9,157,016
2008/09	26.55	3,510,905	47,424,753	13.51	132,234	3.10%	19.20%	11,270,766
2009/10	27.4	3,213,945	41,807,009	13.01	117,288	14.10%	28.30%	16,529,512
2010/11	29.68	3,503,409	43,636,255	12.46	118,026	10.70%	27.90%	16,872,024
2011/12	30.63	3,255,255	40,873,698	12.56	106,261	9.40%	35.10%	22,079,128
Total								\$91,618,772

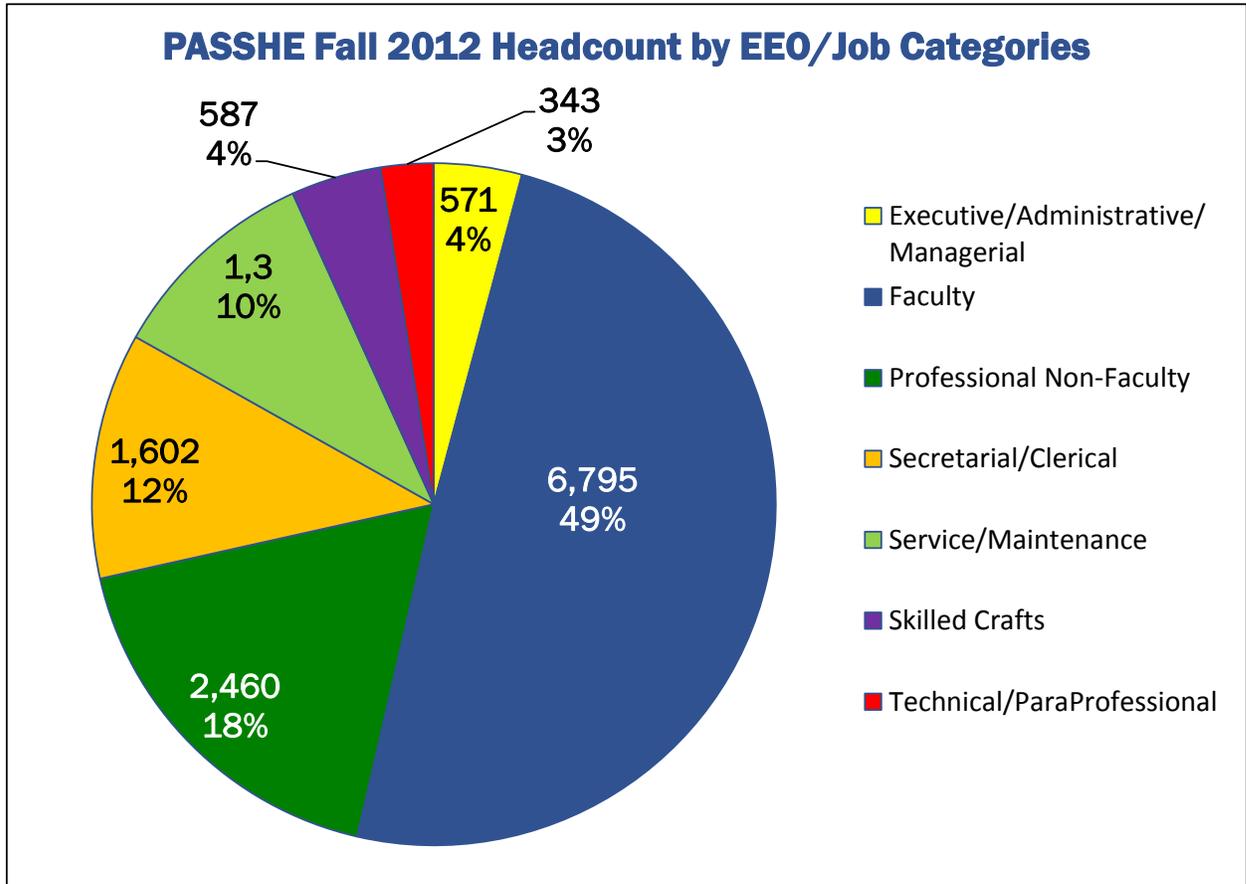
EUI (Energy Utilization Index) = Btu/sq-ft
 Avoided cost = (EUI_{current}-EUI_{base year})(MSF_{current})(\$/mmBTU_{current})

Estimated Cost Avoided Through PASSHE Energy Procurement Efforts			
Fiscal Year	Electricity	Natural Gas	Total
2002/03	\$12,641	\$295,000	\$307,641
2003/04	-	1,495,000	1,495,000
2004/05	-	122,673	122,673
2005/06	-	3,247,894	3,247,894
2006/07	-	1,424,000	1,424,000
2007/08	-	1,989,932	1,989,932
2008/09	-	1,143,806	1,143,806
2009/10	1,770,655	1,127,133	2,897,788
2010/11	6,273,056	161,917	6,434,973
2011/12	1,198,616	256,867	1,455,483
Total	\$9,254,968	\$11,264,222	\$20,519,190

Avoided cost estimate based on difference between procured energy cost and published rate from the local distribution company for the estimated energy needs.

Appendix B-18

Pennsylvania State System of Higher Education
Employee Demographics

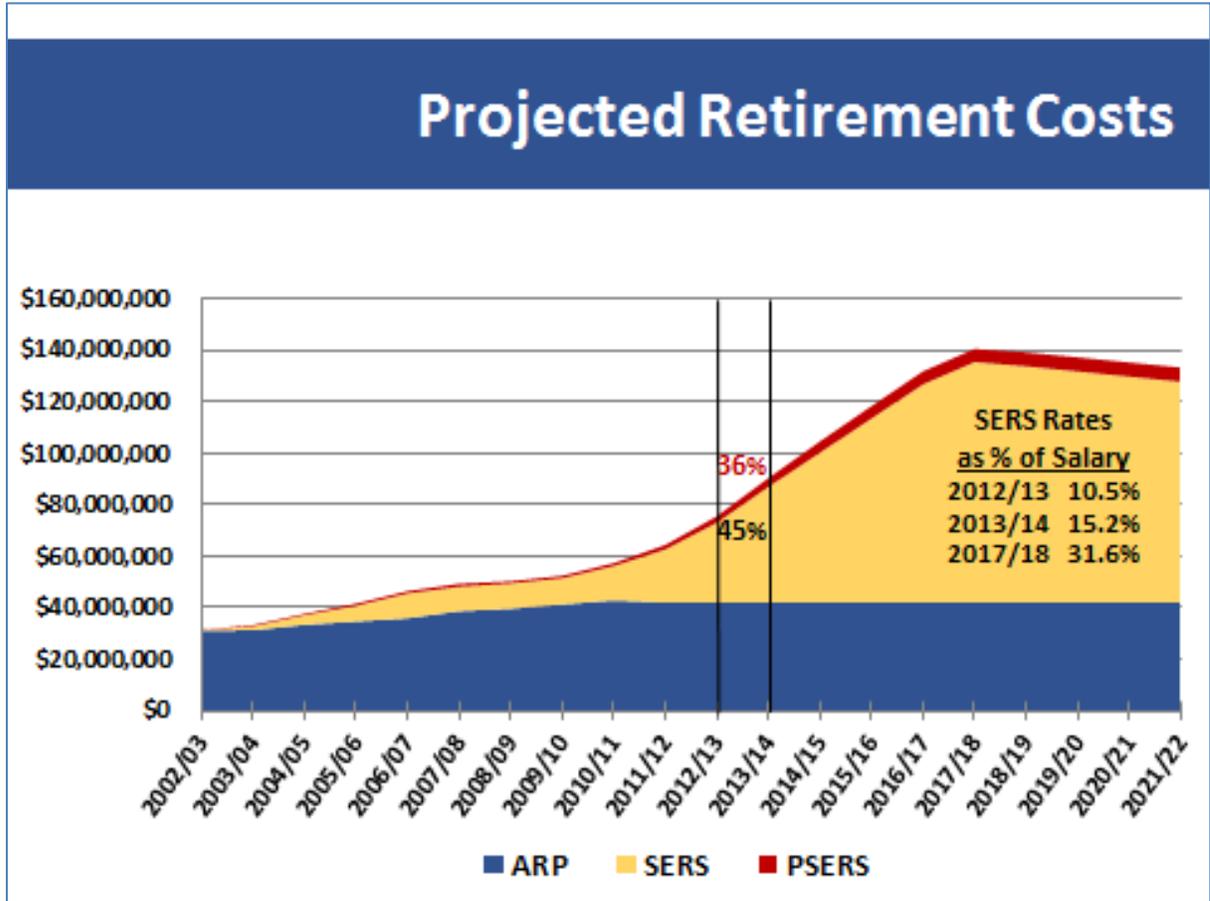


Pennsylvania State System of Higher Education Retirements by Fiscal Year							
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
APSCUF (Faculty)	53	165	99	121	107	250	112
AFSCME	58	240	77	94	98	154	104
All Others*	32	62	50	49	88	92	65
Total	143	467	226	264	293	496	281

*Includes nonrepresented employees and represented employees in the APSCUF - Coaches, SCUPA, OPEIU, SPFPA, PSSU and PDA unions.

Appendix B-19

Pennsylvania State System of Higher Education
Impact of Projected Employer Retirement Contributions



Enrollment in Retirement Plans	
SERS	40%
PSERS	7%
Alternative Retirement Plans (ARP)	53%

Appendix B-20

**Pennsylvania State System of Higher Education
Office of the Chancellor Actual Annualized FTE Employees**

	Actual 2010/11	Actual 2011/12	Estimated* 2012/13
Office of the Chancellor (1/2 of 1%)	40.63	43.82	42.85
Collaborative Services:			
Consolidated University Operations (CUO) (a)	40.50	36.66	37.61
Shared Administrative System (b)	40.68	35.21	38.78
Other (c)	47.67	46.50	47.72
Total	169.48	162.19	166.96

**As of February 2013*

(a)When cost effective, PASSHE Universities and the Office of the Chancellor participate in shared service centers rather than managing individual offices across the System to perform similar functions. Currently, there are consolidated university operations for functions such as: payroll, benefits administration, labor relations, legal services, construction support, and transfer and articulation.

(b)The Shared Administrative System provides for the hardware, software, implementation and maintenance of PASSHE's financial, budget, human resources, payroll, and material management systems, and business warehouse for reporting.

(c) Includes site support functions, externally funded restricted grant activity, academic programming support for the nine universities that offer academic programs at the Dixon University Center, positions supported by line item appropriations or Board allocated resources, and other miscellaneous positions funded from alternative sources.

Additional Detail for "Other" Positions:	2010/11	2011/12	2012/13
Site Support Functions	16.73	16.88	16.46
Academic Programs at Dixon University Center *	5.60	5.31	5.31
Restricted Activity (funded externally)	6.73	8.16	5.97
Other	18.61	16.15	19.98
Total	47.67	46.50	47.72

**Academic programs are offered at the Dixon University Center from the follow PASSHE Universities: Bloomsburg, East Stroudsburg, Indiana, Lock Haven, Millersville, Shippensburg, and West Chester. In addition, Elizabethtown College and Saint Francis University offer programs there.*

Bloomsburg University of Pennsylvania
Dr. David L. Soltz, President

California University of Pennsylvania
Dr. Geraldine M. Jones, Acting President

Cheyney University of Pennsylvania
Dr. Michelle R. Howard-Vital, President

Clarion University of Pennsylvania
Dr. Karen M. Whitney, President

East Stroudsburg University of Pennsylvania
Dr. Marcia G. Welsh, President

Edinboro University of Pennsylvania
Dr. Julie E. Wollman, President

Indiana University of Pennsylvania
Dr. Michael A. Driscoll, President

Kutztown University of Pennsylvania
Dr. F. Javier Cevallos, President

Lock Haven University of Pennsylvania
Dr. Michael Fiorentino Jr., President

Mansfield University of Pennsylvania
Dr. Allan J. Golden, Interim President

Millersville University of Pennsylvania
Dr. James McCollum, Acting President

Shippensburg University of Pennsylvania
Dr. William N. Ruud, President

Slippery Rock University of Pennsylvania
Dr. Cheryl Joy Norton, President

West Chester University of Pennsylvania
Dr. Greg R. Weisenstein, President

Pennsylvania State System of Higher Education
Office of the Chancellor
2986 North Second Street
Harrisburg, PA 17110
717-720-4000
<http://www.passhe.edu>