

# Appropriations Request 2014/15



**PASSHE**

Pennsylvania State System  
of Higher Education



House Appropriations  
Committee

February 20, 2014





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Pennsylvania State System of Higher Education  
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Harrisburg, PA 17110

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# Pennsylvania State System of Higher Education

## *Rising to the Challenge*

### Fiscal Year 2014/15 Appropriations Request

#### Table of Contents

Overview	1
2014/15 Appropriations Request	5
Line Item Request: Pennsylvania Priority Programs	8
2014/15 Governor's Budget Recommendation	8
2014/15 Appropriations Request for Cheyney University of Pennsylvania's Keystone Academy (Supported by a General Fund Appropriation to PHEAA)	9
Appendix A	
Mission of the Pennsylvania State System of Higher Education	A-1
Summary of Sources and Uses FY 2013/14 Educational and General Budget	A-2
Summary of Educational and General (E&G) Budget	A-3
Pennsylvania Priority Programs	A-4
PHEAA Appropriation for Cheyney Keystone Academy	A-5
Academic Program Data and Total Degrees Granted	A-6
Applications, Acceptances and Enrollments of Pennsylvania Residents, by Race, Fall 2004-2013	A-7
Appendix B	
Academic Program Review: Aligning Curriculum to Meet Changing Workforce Demands	B-1
Enrollment and Degrees Awarded and History of Fall Headcount Enrollment	B-2
Headcount Enrollment by University, Fall 2004-2013	B-3
Fall 2013 Enrollment Demographics	B-4
Credit Hour Students by Pennsylvania County by University, Fall 2013	B-5
STEM and Health Professions Enrollment, Fall 2007 to 2013	B-6
Projected Percent Change in the Number of High School Graduates, by County, 2012-2022	B-7
Fall 2013 New Undergraduate Transfer Enrollments	B-8
E&G Appropriation vs. Tuition and Fees, 1983/84 to 2013/14 and History of Total State Appropriations	B-9
History of E&G Revenue and Expenditures/FTES, 1983/84 to 2013/14	B-10
History of State Appropriations and Tuition Rates	B-11
State Funding of Higher Education (National comparisons)	B-12
Cost of Attendance and Net Price, Fall 2011 First-time, Full-time Freshmen	B-13
PHEAA State Grant Awards, All Undergraduate Programs	B-14
Education and General (E&G) Facilities Highlights	B-15
Energy Savings	B-16
Employee Demographics and Retirements by Fiscal Year	B-17
Impact of Projected Employer Retirement Contribution Rates	B-18
Dixon University Center Actual Annualized FTE Employees	B-19

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# The Pennsylvania State System of Higher Education: Rising to the Challenge

The Pennsylvania State System of Higher Education (PASSHE) is the largest provider of higher education in the Commonwealth. PASSHE universities long have been recognized for their high-quality academic programs and their affordability. Changing times require tremendous effort to ensure the continuation of both.

PASSHE's Board of Governors recently adopted a new strategic plan for the State System, recognizing the fact that the demands and expectations on the universities have never been higher. The four strategic goals included in that plan reflect PASSHE's commitment to meeting those expectations and to ensuring the success of every student who enrolls at any of the universities.

Those goals call on the System and its member universities to:

- *Ensure academic program excellence and relevance*
- *Enable more students to obtain meaningful credentials that prepare them for career and life success*
- *Develop new funding strategies, diversify resources, and manage costs to preserve affordability*
- *Increase accountability and transparency; focus on results*

Specific outcomes embedded within the plan set expectations that include increasing the number of degrees and certificates awarded in science, technology, engineering, and mathematics (STEM) and health-related disciplines, and overall; improving graduation rates; providing greater access for and ensuring the success of underrepresented minority and nontraditional students; and increasing the level of private fundraising.

To be successful in the future, PASSHE must adapt to changing demographics and to the shifting needs of the student population; align its academic programs with real workforce and personal growth needs; provide greater flexibility in how, when, and where students learn; ensure that competition and cooperation within the System is strategic; preserve and promote accessibility and affordability; and enhance accountability and transparency.

As Pennsylvania's public university system, PASSHE is committed to ensuring its programs are relevant and to focusing resources both on what students want and what the Commonwealth needs. Many key initiatives underway and in the planning stages will ensure the State System retains these commitments. **Those initiatives, many of which are reflected in the new strategic plan, are highlighted throughout this document.**

## Students choose PASSHE 1st

For the vast majority of students who enroll at one of the 14 PASSHE universities, that institution was their first choice school. Across the State System, students receive outstanding value from quality academic programs that prepare them for the demands of post-college life. That quality comes at the lowest cost among all four-year colleges and universities in Pennsylvania.

At PASSHE, performance counts. For more than a decade, the System's nationally recognized performance funding program has rewarded universities based on a variety of relevant measures of student success. As PASSHE continues to refine its performance funding program, its focus is on **increasing the number of students who earn a meaningful degree or credential, and preparing them for successful lives and careers.**

PASSHE universities have sought to increase the diversity of the student body beyond the traditional 18- to 22-year-old high school graduates by attracting and retaining a broader representation of Pennsylvanians, including adult students, veterans, lower income students, and underrepresented minorities.

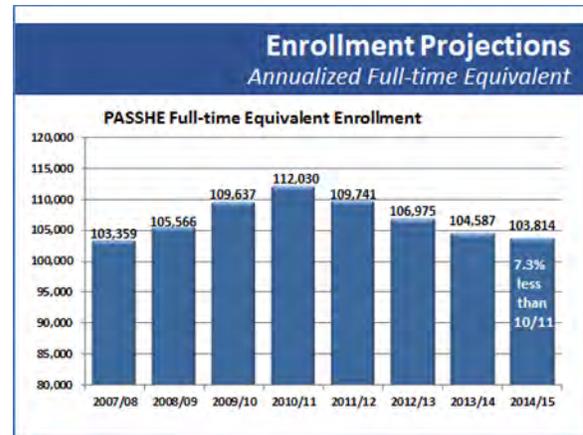
As part of that effort, and to assure that its application process is customer friendly, PASSHE last fall introduced a Multi-University Electronic Admissions Application (MUEAA) that showcases all of the PASSHE campuses and their program offerings in one convenient place and assists prospective students in applying to one or more PASSHE university. This new tool already has been utilized by tens of thousands of potential PASSHE students.

Raising graduation rates and increasing the number of degrees awarded will require a focus on retention. Universities are employing best practices for improving student retention, such as student engagement in campus activities, residence hall study groups, improved new and transfer student orientation, and online tutorials for developing critical competencies.

## PASSHE in transition

Like other higher education institutions across the country, both public and private, PASSHE is in the midst of an historic period of transition, driven by internal and external forces. Key among them are changing student demographics; new workforce demands; and the rapid evolution of how, where, when, and by whom courses and programs are offered.

After more than a decade of record-setting enrollment growth, most PASSHE universities have been experiencing declines in recent years, primarily as a result of the shrinking number of high school graduates in the Commonwealth. The System's experience tracks national trends, vividly reflected in U.S. Census Bureau data that show almost 500,000 fewer college students nationally in 2012 than the previous year. The number of



high school graduates in Pennsylvania is expected to decrease by almost 10 percent between 2011/12 and 2014/15. The overall decline is projected to continue until 2016, with varying experience by region.

The most immediate and visible impact of this trend on the System has been financial, given that PASSHE universities garner more than 70 percent of their Educational and General (E&G) budget revenues from tuition and fees.

PASSHE has proactively responded in a number of ways, the most important of which is the systematic review and realignment of academic program offerings to better respond to student and workplace needs.

University efforts to retool by realigning programs predate the current demographic changes. Over the past five years, the Board of Governors has approved **56 new academic programs** while the universities have **placed 158 low-enrolled programs in moratorium**, meaning they no longer accept new students while ensuring currently enrolled students receive the classes and support they need through graduation. The universities also have **discontinued 40 programs** in which no students were enrolled and **reorganized 90 others** to ensure their relevancy.

The early results from this transformation are in: new and existing programs in science, technology, mathematics, business and finance, and allied health enroll more students now than PASSHE's historical

strengths in education and other public service programs.

## Providing new learning opportunities to all students

PASSHE universities are providing a variety of new learning opportunities designed to meet the varied needs of students of all ages.

**Many programs and courses are being offered online or at urban and suburban multi-university locations, providing increased opportunities especially for the adult learner.** For example,

four PASSHE universities have joined together to meet the workforce needs for affordable baccalaureate and post-baccalaureate education in downtown Philadelphia at PASSHE Center City. Similar centers are located in Harrisburg, Cranberry Township (outside of Pittsburgh), and Bethlehem.

The universities are addressing the specific needs of both returning students and veterans by providing **greater access to programs and courses through online opportunities**, recognizing **the value of prior learning experiences**, and improving the consistency of policies across PASSHE to better guide students on a path to success.

PASSHE also has taken swift action on the new opportunities that the **Higher Education Modernization Act** (HEMA) created. Responding to the Commonwealth's need for advanced practice nurses with doctoral-level skills in practice-based care, West Chester, Bloomsburg, Clarion, and Edinboro

### PROGRAM ALIGNMENT

PASSHE universities are realigning programs to meet the needs of the Commonwealth and the changing workplace. Realignment involves not only adding new programs, but also redesigning or discontinuing programs that no longer have student demand or have less relevance to today's environment. A few recent examples of program alignment include:

<b>Nursing</b>	<b>Bloomsburg University of Pennsylvania</b> partnered with Geisinger Health Systems to increase the number of local nurses who have earned a Bachelor of Science in Nursing (BSN) or a Master of Science in Nursing (MSN) to meet healthcare needs of patients.
<b>Energy</b>	<b>Clarion University of Pennsylvania</b> added a Natural Gas Technology specialization to the associate's degree in Industrial Technology by partnering with two career centers, the Precision Manufacturing Institute, local employers and economic development agencies.
<b>Advanced Manufacturing</b>	<b>Edinboro University of Pennsylvania</b> designed an associate's degree in Applied Technology for workers in General Electric's apprenticeship program.
<b>STEM</b>	<b>Indiana University of Pennsylvania</b> redesigned a graduate program in Chemistry to become a Professional Science Masters (PSM) program in Applied Industrial Chemistry to meet workforce demand in high-technology sectors in the Commonwealth.
<b>Business and Engineering</b>	<b>Shippensburg University of Pennsylvania</b> , in response to the needs of the Volvo Group and the Commonwealth, realigned existing programs and developed new programs in software and computer engineering, advanced supply chain management and logistics, and international studies. Volvo Construction Equipment, headquartered in Shippensburg, is expanding, including moving the company's sales headquarters from North Carolina.

universities have all created new Doctor of Nursing Practice (DNP) programs. Each of these new DNP programs is designed to meet the varying geographic and population needs of the Commonwealth by building upon the diversity and strengths of the existing PASSHE nursing programs. With a commitment to meeting regional Commonwealth needs, these programs are designed to be offered mostly online for working adults.

**The universities continue to work with community colleges to implement Act 114 and Act 50 to enable students to seamlessly transition from any of the 14 Pennsylvania community colleges to any PASSHE university.**

PASSHE universities located in the northern tier are increasing access to associate's degree and certificate programs that serve the local communities. The System's leadership is eager to work with the General Assembly, local stakeholders, and the community colleges to systemically address this region's needs.

Each PASSHE university has unique strengths that not only must be preserved, but also, enhanced. Each is striving to find the right balance among existing and new programs on its campus(es), which includes dedicating resources to growth areas and reducing services and resources in programs that have low or no demand.

Ongoing program review is designed to assure each student receives a quality academic experience, as well as to align programs with the economic and social needs of the region.

**Each university is dedicated to ensuring programs provide graduates with the skills and competencies that prepare them for future career success:** critical thinking, oral and written communication, working in teams, and preparing for lifelong learning. These experiences are designed to enable students to connect the classroom to the community.

PASSHE universities also are working toward aligning their mix of programs, in terms of both how they are delivered and what is delivered. The supply and demand function is different for the various regions of the Commonwealth. **To better serve the university communities, PASSHE is conducting a “gap” analysis to identify shortages for selected career opportunities by region and the role PASSHE universities can play in meeting those needs.**

## Seeking to balance costs

The System universities are continuing to seek the right balance in the decisions they make to address the continuing impact of the \$90 million reduction in the base appropriation enacted in 2011; limits on pricing and affordability; and personnel cost increases, including major increases in the System’s required contributions to the state’s pension programs.

Balancing the financial challenges of pension and health care cost increases while ensuring relevance in the classroom, without significant increases in the cost to students, has become increasingly difficult. **As PASSHE continues to**

**develop new and emerging programs in high-need areas, many of which are more expensive science, technology and healthcare programs, the System has begun to consider various pricing alternatives.** The Board of Governors recently approved six pilot programs at five universities to test this practice, which is common among many higher education institutions.

While flexible tuition plans might be beneficial in the long term, PASSHE understands that many students and their families already are approaching the point where they cannot absorb additional price increases. The System continues to be committed to both limited changes in pricing and working with students and their families to secure the necessary financial aid.

Not a week goes by without an article in the media about the rising cost of higher education. No sector of higher education in the Commonwealth has been as focused on this issue as PASSHE. According to the latest study by the College Board, the average total cost of attendance at a State System university—combined tuition, fees, room and board—remains below the national average for all four-year public colleges and universities and significantly below the median in the Middle States region (Delaware, Maryland, New Jersey, New York, Pennsylvania, and Washington, D.C.).

Not only has PASSHE’s cost to the student remained below the national average, the rate of increase in cost of attendance continues to be less than experienced elsewhere nationally and in Pennsylvania. This has been possible only through cost-saving strategies. Over the last decade, PASSHE institutions have avoided more than \$250 million in mandatory costs by achieving efficiencies through strategic sourcing, energy management, automating processes and services, complement reductions, and the elimination of noncore and lower-priority programs and functions. **Efforts to identify additional areas where the universities can share services to further reduce costs and increase efficiency will continue.**

To continue to increase efficiencies, PASSHE must take greater advantage of being a System while preserving the unique strengths of each university. Currently, the universities consolidate business operations in payroll, human resources, legal, construction contracting support, and information systems, reducing both redundancy and costs.

These efforts help maintain the affordability of PASSHE’s administrative functions and academic programs, thus reducing the cost of education to the student and to the Commonwealth. **The cost-to-degree is being tracked by the universities to assure students progress efficiently toward the completion of their degrees.**

As the universities update their own new strategic plans, they will share many of the same themes as those included in the System’s new long-range plan. They also will remain unique by focusing on their own strengths, maintaining quality programming, and developing new academic offerings that respond to changing workforce demands, both

in their individual regions and across the Commonwealth.

PASSHE’s 2014/15 appropriations request supports these realignment efforts occurring strategically throughout the System to ensure the right mix of programs are provided in the right regions of the Commonwealth, meeting workforce needs without unnecessary duplication. In addition, a nonrecurring investment is sought—through an \$18 million line item request for *Pennsylvania Priority Programs*—to bridge the transition to new and emerging academic offerings that better align with Commonwealth and workforce needs.

PASSHE’s primary mission has been, and always will be, to serve the needs of students and the Commonwealth. As those needs change, PASSHE must continually adapt in order to be best positioned to ensure student success, both in their careers and throughout their lives. PASSHE looks forward to the Commonwealth’s assistance in fulfilling this commitment.

## 2014/15 Appropriation Request

PASSHE’s 2014/15 proposed Educational and General (E&G) budget recognizes the significant economic challenges that continue to impede Pennsylvania’s economy and revenue outlook. Limited Commonwealth resources, mandatory cost increases that exceed revenue projections, and continued pressures on state retirement programs all contribute to a challenging Commonwealth budget for fiscal year 2014/15.

The System’s 2014/15 budget requirements have been developed based upon university budgets submitted in adherence to specific guidelines and statutory requirements. 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 2014/15 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 2014/15 E&G budget.

**Enrollment**—Fall 2013 statistics indicate a continuing enrollment decline at all but two PASSHE universities, resulting in an overall

one-year reduction of approximately 2,400 FTE students, or 2.2%.

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 continue to contribute to an overall decline in graduate enrollment. Nine universities anticipate no growth or continued reductions in enrollment for fiscal year 2014/15, resulting in budget estimates based on an overall enrollment decrease of almost 800 FTE, or 0.7%. 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 540 (5 percent) fewer permanent employees today than in fall 2008, while serving approximately the same number of students.

Given the combined impact of the fiscal climate, enrollment reductions, and program relevancy, several universities are in the midst of program realignment and work force planning efforts that might result in eliminating faculty and/or nonfaculty positions over and above the complement changes reflected in this document. These complement adjustments typically are excluded from the estimates, as universities are at various stages in the planning process.

**Salaries**—PASSHE has collective bargaining agreements in place for all of its employee groups, which provide a basis for calculation of 2014/15 compensation. These requirements, combined with projected complement adjustments, will generate an

estimated increase in employee salaries and wages of \$27.1 million, or 3.4%.

**Employee Benefits**—Of those employees who receive health benefits, approximately 63% are enrolled in PASSHE's health care program. PASSHE continues to experience record enrollment in Healthy U, the System's wellness program. Employees who do not participate in the wellness program pay a larger portion of their health care premiums. PASSHE projects the employer share of health care costs for active and annuitant employees within the System-managed programs to increase an average of 4.6% next year based upon a combination of national trends, PASSHE's health care experience, participation in the wellness program, and the anticipated change in complement. These estimates also include additional costs required by federal health care reform.

The remaining 37% of PASSHE's employees receive health care through the Pennsylvania Employees Benefit Trust Fund (PEBTF). These rates are established in the AFSCME collective bargaining agreement, which reflects an employer rate increase of 7.1% for 2014/15. In addition, the Commonwealth's retiree health care rates are anticipated to increase 9.5%, according to the Commonwealth budget guidelines. Combined health care costs are anticipated to increase \$9.8 million, or 5.5%.

The two primary Commonwealth retirement programs, the State Employees' Retirement System (SERS) and Public School Employees' Retirement System (PSERS), continue to anticipate significant contribution 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 15.1% to 20.0% of salaries, or an increase of 32%. PSERS rates are expected to increase 27%. The combined cost associated with SERS and PSERS rate increases alone is \$13.2 million. Retirement rates associated with the alternative retirement programs remain the same.

Combined retirement costs—rate increases applied to a higher salary base—are expected to increase in 2014/15 by \$16.7 million, or 20%. (See Appendix B-18)

Overall, employee benefits expenditures are expected to increase \$31.2 million, or 8.8%.

**Utilities**—In recent years, PASSHE universities experienced higher than normal electricity rate increases because of the phased implementation of electric deregulation. Now fully deregulated, PASSHE's 2014/15 utilities costs are anticipated to increase at a more reasonable rate of \$0.4 million, or 1.3%, to address anticipated rate adjustments and additions to university square footage. Rate increases are partially offset by energy conservation efforts derived, in part, through the use of energy savings corporations (ESCOs) and some universities converting to more efficient fuel sources. (See Appendix B-16) University utility cost increases vary significantly, depending on the mix of utilities, changes in space, and status of ESCO projects.

**All Other Basic Operating Expenditures**—Given the current fiscal environment, universities continue to limit all nonmandatory spending. Therefore, anticipated expenditures for services, supplies, and materials are projected to increase \$5.2 million, or only 1.9%. 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 most universities that experienced higher capital expenditures in 2013/14 because of the availability of project-specific resources. In total, noncompensation expenditures are estimated to decrease \$6.9 million, or 1.7%.

As stated above, expenditure requirements are primarily driven by mandatory cost increases, such as contractual compensation

requirements, SERS/PSERS rate increases, and health care costs. However, the expenditure requirements also incorporate, to a smaller extent, the net effect of realignment efforts, which include (1) reducing under-utilized programs and services, and (2) expanding and/or creating relevant, high-need programs. This latter phase of realignment has an upfront, nonrecurring cost (e.g., feasibility studies, curriculum development, new faculty, instructional space and equipment, and instructional resources). Other costs are recurring and will be sustained in the future through enrollment-driven revenue. These combined adjustments result in an overall 2014/15 E&G expenditure requirement of \$1.61 billion, an increase of \$51.5 million, or 3.3%. Universities are expected to increase operating efficiencies to reduce this expenditure requirement by \$7.0 million.

Assuming no change in PASSHE's E&G appropriation or tuition rates, university revenue estimates reflect a \$4.5 million reduction in tuition and fee revenue attributed to projected declines in enrollment at six universities. In addition, a \$12.7 million reduction in nonrecurring revenue is primarily attributed to the universities' transition toward realignment plans that began in 2013/14. The combined revenue and expenditure estimates result in a total funding requirement of \$61.7 million in both recurring and nonrecurring adjustments.

On October 16, 2013, the Board of Governors approved an E&G appropriation request for \$429.3 million, an increase of \$16.5 million or 4.0 percent, and a line item request for Pennsylvania Priority Programs of \$18.0 million to support the expansion and/or creation of relevant, high-need programs. Although no decision was made concerning tuition rate increases at that time, an assumption was made that tuition and fee revenue will increase at an amount similar to the Consumer Price Index, which the Congressional Budget Office estimated to be 3.0% for the upcoming year. These

adjustments have been incorporated in **Appendix A-3**.

The Board will address the System's remaining budgetary requirements this spring

and summer, in light of the results of the appropriations process and other System-wide budget management and planning efforts.

## Line Item Request: Pennsylvania Priority Programs

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A line item of \$18 million is requested for the purpose of aligning academic program offerings to current and emerging high priority occupations across the Commonwealth. The System will use this targeted funding to accelerate the development and implementation of academic programs that will provide PASSHE graduates with the skills to take advantage of employment opportunities that will allow them to remain in Pennsylvania; hold rewarding and family-sustaining jobs; and contribute to the economic, social, and cultural vitality of their region and the Commonwealth as a whole.

Funding will invest in the development and/or expansion of innovative academic programs within high priority occupation clusters, such as Advanced Manufacturing and Materials, Biotechnology, Life Sciences, Information Technology, and Energy. Graduates will be prepared for careers such as biological/biomedical technicians, market researchers, logisticians, engineers and engineering technicians, health care technicians and other health care professionals, computer systems analysts, software developers, and entrepreneurs within the respective industries.

The line item will be distributed to universities through a program proposal process, as non-recurring funds, to assist with the start-up costs of expanding existing programs and/or developing new programs that align with the high priority occupation needs of the Commonwealth.

The curriculum development process will be competency-based and aligned with the needs of business and industry to ensure relevancy and application. Programs will include student experiences such as, but not limited to, internships, field experiences, and research experiences that help to ground classroom learning in the context of regional needs and the "real-life" experiences that employers are expecting. In addition, flexible curriculum design will use various delivery methods to meet the needs of students and will ensure broad accessibility via multiple pathways for high school students, transfer students, and adult students.

These programs will expand job opportunities and meet the needs of employers, thereby providing increased value to their regions. The line item for Priority Programs is an investment in the future of Pennsylvania.

## 2014/15 Governor's Budget Recommendation

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The Governor's budget for Fiscal Year 2014/15 recommends PASSHE receive an E&G appropriation of \$412.8 million and no line item appropriation; this represents level funding. PASSHE requested an E&G appropriation increase of \$16.5 million, or 4.0 percent; and requested a new line item appropriation of \$18.0 million for Pennsylvania Priority Programs (see above).

This line item would augment university E&G budgets, supporting alignment of academic programs to better meet the new and emerging workforce needs of the Commonwealth. The Governor's recommended appropriation level, in total, is \$34.5 million less than requested, resulting in significant outstanding revenue requirements

for 2014/15. 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 \$1.7 billion deferred maintenance backlog in academic facilities. The Governor's budget estimated PASSHE's allocation of Key '93 funds would increase to a total of \$14.2 million, a \$0.6 million increase. Although relatively small in comparison to the deferred maintenance backlog, these funds are an integral component of each university's facility management plan. **(See Appendix B-15)**

## 2014/15 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 original intent was to provide continuing support for the Cheyney University Keystone Academy for honors students at \$2.0 million annually.

PASSHE partners with the Pennsylvania Higher Education Assistance Agency (PHEAA) for funding the program, which primarily provides need-based scholarships for participating honors students. All Keystone 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 improves the learning environment for all Cheyney students.

The Governor's budget for Fiscal Year 2014/15 recommends level funding for the Keystone Academy at \$1.5 million. **(See Appendix A-5)**

## Appendix A

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## Appendix A-1

### Mission of the Pennsylvania State System of Higher Education

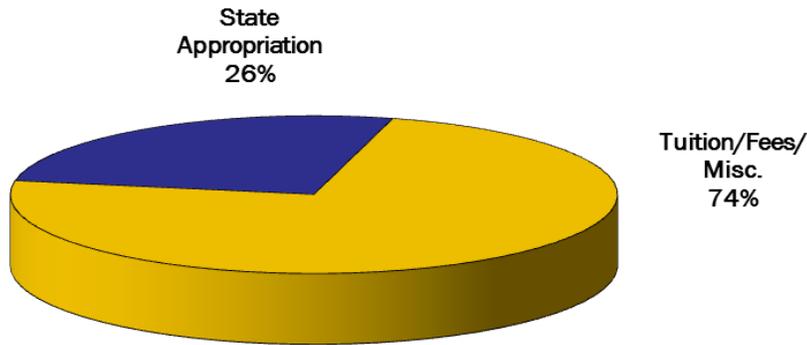
“The State System of Higher Education shall be part of the Commonwealth’s system of higher education. Its purpose shall be to provide high quality education at the lowest possible cost to students. The primary mission of the System is the provision of instruction for undergraduate and graduate students to and beyond the master’s degree in the liberal arts and sciences and in applied fields, including the teaching profession.”

*Act 188 of 1982*

Appendix A-2

Pennsylvania State System of Higher Education  
 Summary of Sources and Uses  
 FY 2013/14 Educational and General Budget

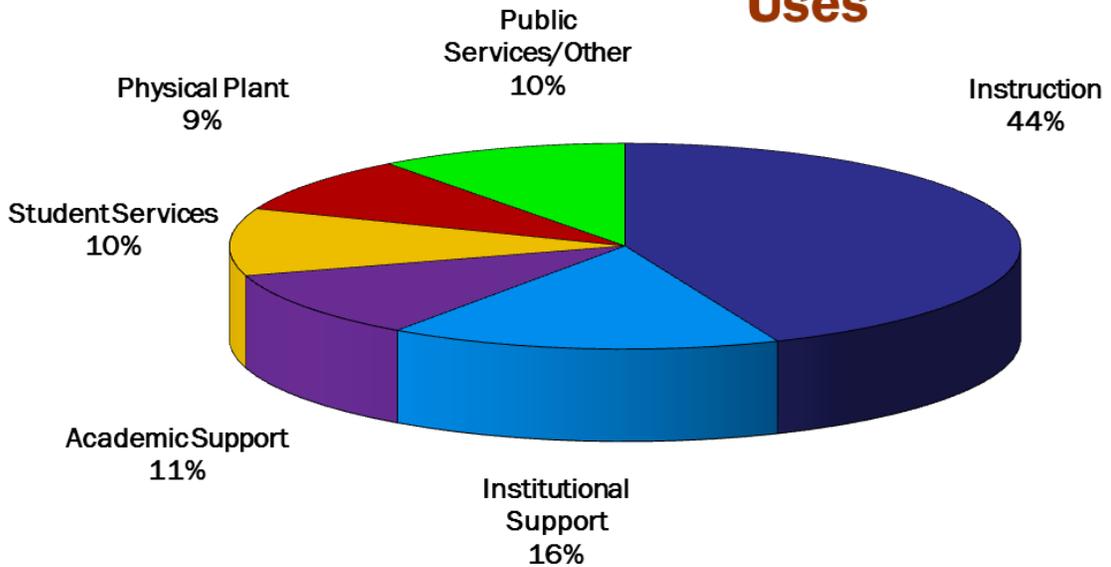
**Sources**



<u>Sources of Revenue</u>	<u>(\$000)</u>
State Appropriation	\$412,751
Tuition/Fees/Misc.	<u>1,149,646</u>
<b>Total</b>	<b>\$1,562,397</b>

<u>Uses of Revenue</u>	<u>(\$000)</u>
Instruction	\$683,028
Institutional Support	250,212
Academic Support	165,574
Student Services	165,087
Physical Plant	138,854
Public Services/Other	<u>159,642</u>
<b>Total</b>	<b>\$1,562,397</b>

**Uses**



Appendix A-3

**Pennsylvania State System of Higher Education  
Summary of Educational and General (E&G) Budget**

(Dollar Amounts in Thousands)

	Actual 2012/13	Current 2013/14	Budget Request 2014/15	Governor's Budget <sup>3</sup> 2014/15
<b>Source of Funds</b>				
State E&G Appropriation <sup>1</sup>	\$412,751	\$412,751	\$429,261	\$412,751
Other State Appropriation <sup>2</sup>	\$0	\$0	\$18,000	\$0
Augmentation:				
Educational and General	1,099,559	1,149,646	1,159,643	1,159,643
Revenue Shortfall <sup>3</sup>				34,510
<b>Total</b>	<b>\$1,512,310</b>	<b>\$1,562,397</b>	<b>\$1,606,904</b>	<b>\$1,606,904</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$1,094,528	\$1,148,801	\$1,207,132	\$1,207,132
Operating Expenditures	293,712	307,217	312,903	312,903
Capital Assets/Transfers	124,070	106,378	86,869	86,869
<b>Total</b>	<b>\$1,512,310</b>	<b>\$1,562,397</b>	<b>\$1,606,904</b>	<b>\$1,606,904</b>
<b>Students (FTE)<sup>4</sup></b>				
Undergraduate	96,089.99	94,250.20	93,305.61	93,305.61
Graduate	10,886.97	10,338.56	10,509.07	10,509.07
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>106,976.96</b>	<b>104,588.76</b>	<b>103,814.68</b>	<b>103,814.68</b>
<b>Employees (Unrestricted FTE)</b>	<b>11,891.38</b>	<b>11,815.61</b>	<b>11,791.22</b>	<b>11,791.22</b>

<sup>1</sup>Reflects only Educational and General Appropriation for all three years.

<sup>2</sup>Other State Appropriation is the Pennsylvania Priority Programs Line Item, which is an unrestricted appropriation request and is included in PASSHE's Educational and General budget. See Appendix A-4 for more information on the use of this line item appropriation.

<sup>3</sup>The Governor's recommendation provides level funding for the Educational and General Appropriation. This recommendation produces a budgetary shortfall of \$34.5 million; \$16.5 million from the E&G appropriation and \$18 million from the line item request.

<sup>4</sup>FTE 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 State System of Higher Education  
Pennsylvania Priority Programs<sup>1</sup>**

(Dollar Amounts in Thousands)

<b>Source of Funds</b>	<b>Actual 2012/13</b>	<b>Current 2013/14</b>	<b>Budget Request 2014/15</b>	<b>Governor's Budget 2014/15</b>
Special Purpose Appropriation	\$0	\$0	\$18,000	\$0
Tuition/Fees/Other	0	0	0	0
Restricted Funds	0	0	0	0
Revenue Shortfall	0	0	0	18,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,000</b>	<b>\$18,000</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$0	\$0	\$3,005	\$3,005
Operating Expenditures	0	0	3,937	3,937
Capital Assets/Transfers	0	0	11,057	11,057
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,000</b>	<b>\$18,000</b>
<b>Students (FTE)<sup>2</sup></b>				
Undergraduate	NA	NA	NA	NA
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Employees (FTE)<sup>3</sup></b>				
	0.00	0.00	24.00	24.00

<sup>1</sup>A line item of \$18 million was requested for the purpose of aligning academic program offerings to current and emerging high priority occupations across the Commonwealth. If funded, the System will use this targeted funding to accelerate the development and implementation of academic programs that will provide PASSHE graduates with the skills to take advantage of employment opportunities that will allow them to remain in Pennsylvania; hold rewarding and family-sustaining jobs; and contribute to the economic, social and cultural vitality of their region and the Commonwealth as a whole.

<sup>2</sup>No new enrollment is anticipated in FY2014/15 as funding will be used to invest in the development and/or expansion of innovative academic programs within high priority occupations.

<sup>3</sup>Funding will partially support University personnel associated with Educational and General funds, as reflected in Appendix A-3.

Appendix A-5

**Pennsylvania Higher Education Assistance Agency  
Appropriation for Cheyney Keystone Academy  
of the Pennsylvania State System of Higher Education**

(Dollar Amounts in Thousands)

<b>Source of Funds</b>	<b>Actual 2012/13</b>	<b>Current 2013/14</b>	<b>Budget Request 2014/15</b>	<b>Governor's Budget 2014/15</b>
Special Purpose Appropriation	\$1,525	\$1,525	\$2,000	\$1,525
Other State Appropriation	0	0	0	0
Tuition/Fees/Other	35	0	0	0
Restricted Funds	0	0	0	0
Revenue Shortfall	0	0	0	475
<b>Total</b>	<b>\$1,560</b>	<b>\$1,525</b>	<b>\$2,000</b>	<b>\$2,000</b>
<b>Use of Funds</b>				
Personnel Expenditures	\$1,233	\$1,231	\$1,695	\$1,695
Operating Expenditures	292	294	305	305
Capital Assets/Transfers	35	0	0	0
<b>Total</b>	<b>\$1,560</b>	<b>\$1,525</b>	<b>\$2,000</b>	<b>\$2,000</b>
<b>Students (FTE)</b>				
Undergraduate <sup>1</sup>	136.00	135.00	170.00	170.00
Graduate	NA	NA	NA	NA
First Professional	NA	NA	NA	NA
<b>Total</b>	<b>136.00</b>	<b>135.00</b>	<b>170.00</b>	<b>170.00</b>
<b>Employees (FTE)</b>				
	3.00	3.00	3.00	3.00

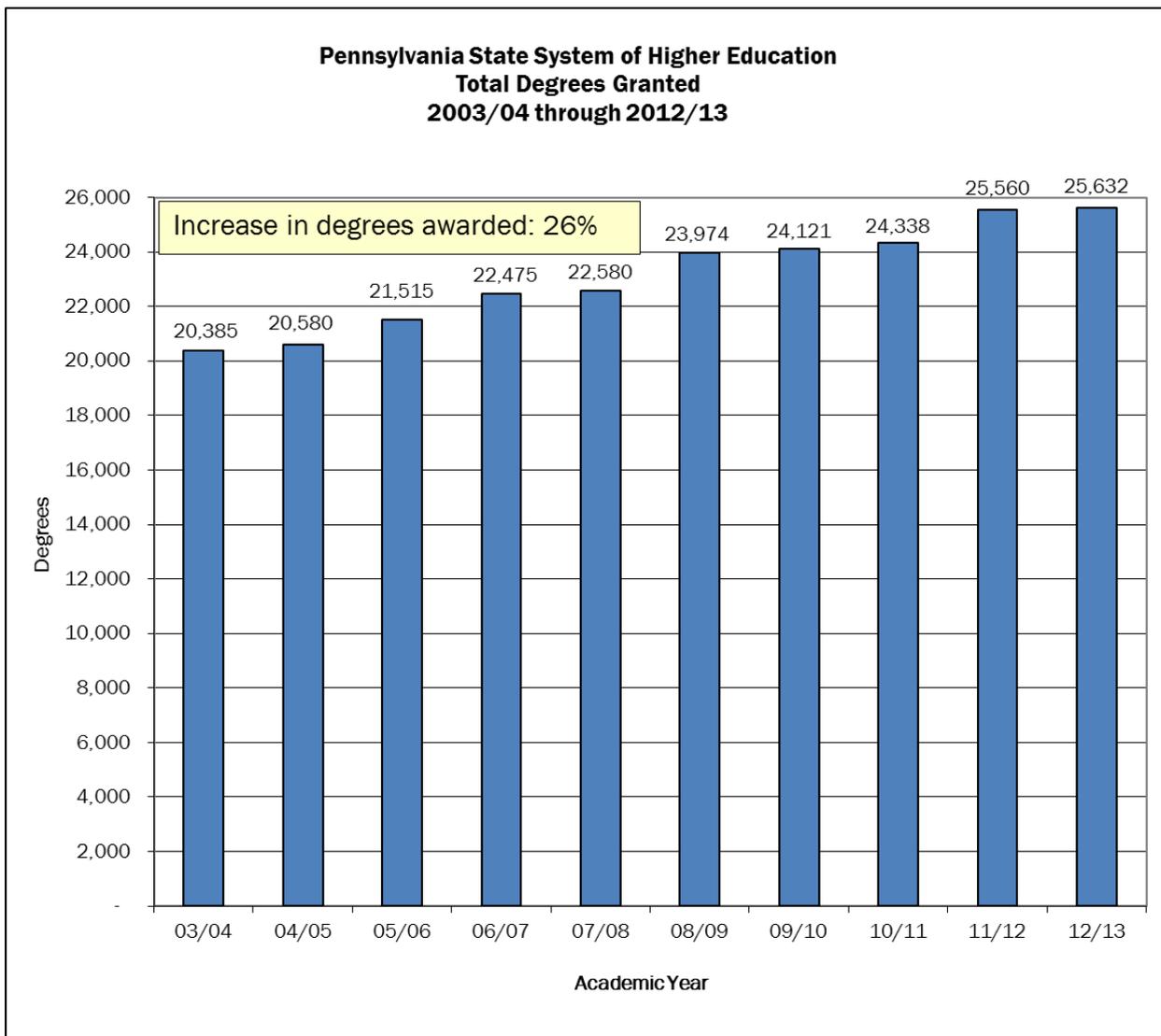
<sup>1</sup>If FY 2014/15 is funded at the Governor's recommended level, 130.00 FTE students will be served through this program.

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.

Appendix A-6

Pennsylvania State System of Higher Education  
Academic Program Data

Program Measure	Actual 2012/13	Projected 2013/14	Projected 2014/15
Associate Degrees Awarded	406	470	544
Bachelor's Degrees Awarded	19,635	20,193	20,767
Graduate Degrees Awarded	5,591	5,867	6,157
<b>Total Degrees Awarded</b>	<b>25,632</b>	<b>26,530</b>	<b>27,468</b>



Appendix A-7

Pennsylvania State System of Higher Education  
Applications, Acceptances, and Enrollments<sup>1</sup>  
of Pennsylvania Residents, by Race, Fall 2004 to 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>1</sup>
<b>AFRICAN AMERICAN</b>										
Applications	9,838	11,081	13,195	13,474	15,108	15,412	17,334	16,158	13,949	10,681
Acceptances	4,631	5,144	5,633	5,773	6,321	6,236	6,656	6,682	6,501	6,871
Enrollments	1,594	1,810	1,800	1,862	1,830	1,873	1,802	1,862	1,913	2,013
Percent Accepted	47.1%	46.4%	42.7%	42.8%	41.8%	40.5%	38.4%	41.4%	46.6%	64.3%
Percent Accepted Who Enroll	34.4%	35.2%	32.0%	32.3%	29.0%	30.0%	27.1%	27.9%	29.4%	29.3%
Percent Applied Who Enroll	16.2%	16.3%	13.6%	13.8%	12.1%	12.2%	10.4%	11.5%	13.7%	18.8%
<b>LATINO</b>										
Applications	1,610	1,778	1,999	2,383	2,774	2,862	3,323	5,079	3,994	3,542
Acceptances	994	1,087	1,156	1,399	1,532	1,606	1,776	3,075	2,387	2,563
Enrollments	386	426	434	500	502	559	647	987	788	866
Percent Accepted	61.7%	61.1%	57.8%	58.7%	55.2%	56.1%	53.4%	60.5%	59.8%	72.4%
Percent Accepted Who Enroll	38.8%	39.2%	37.5%	35.7%	32.8%	34.8%	36.4%	32.1%	33.0%	33.8%
Percent Applied Who Enroll	24.0%	24.0%	21.7%	21.0%	18.1%	19.5%	19.5%	19.4%	19.7%	24.4%
<b>AMERICAN INDIAN OR ALASKA NATIVE</b>										
Applications	152	153	214	182	208	261	197	176	86	79
Acceptances	109	109	118	106	113	143	128	86	38	52
Enrollments	44	48	44	46	46	62	44	23	13	16
Percent Accepted	71.7%	71.2%	55.1%	58.2%	54.3%	54.8%	65.0%	48.9%	44.2%	65.8%
Percent Accepted Who Enroll	40.4%	44.0%	37.3%	43.4%	40.7%	43.4%	34.4%	26.7%	34.2%	30.8%
Percent Applied Who Enroll	28.9%	31.4%	20.6%	25.3%	22.1%	23.8%	22.3%	13.1%	15.1%	20.3%
<b>ASIAN</b>										
Applications	846	903	1,061	1,009	1,062	1,244	1,223	1,177	1,189	1,133
Acceptances	552	600	667	643	669	784	740	724	729	783
Enrollments	187	196	182	194	209	211	175	166	179	209
Percent Accepted	65.2%	66.4%	62.9%	63.7%	63.0%	63.0%	60.5%	61.5%	61.3%	69.1%
Percent Accepted Who Enroll	33.9%	32.7%	27.3%	30.2%	31.2%	26.9%	23.6%	22.9%	24.6%	26.7%
Percent Applied Who Enroll	22.1%	21.7%	17.2%	19.2%	19.7%	17.0%	14.3%	14.1%	15.1%	18.4%
<b>NATIVE HAWAIIAN/PACIFIC ISLANDER<sup>2</sup></b>										
Applications							61	42	64	29
Acceptances							30	32	40	22
Enrollments							11	14	14	12
Percent Accepted							49.2%	76.2%	62.5%	75.9%
Percent Accepted Who Enroll							36.7%	43.8%	35.0%	54.5%
Percent Applied Who Enroll							18.0%	33.3%	21.9%	41.4%
<b>UNKNOWN</b>										
Applications	4,446	4,072	4,581	4,978	5,844	6,064	3,208	2,614	1,672	789
Acceptances	2,828	2,555	2,512	2,883	3,161	3,205	1,551	1,270	1,131	567
Enrollments	1,002	865	829	1,013	1,076	1,097	457	425	274	176
Percent Accepted	63.6%	62.7%	54.8%	57.9%	54.1%	52.9%	48.3%	48.6%	67.6%	71.9%
Percent Accepted Who Enroll	35.4%	33.9%	33.0%	35.1%	34.0%	34.2%	29.5%	33.5%	24.2%	31.0%
Percent Applied Who Enroll	22.5%	21.2%	18.1%	20.3%	18.4%	18.1%	14.2%	16.3%	16.4%	22.3%

Appendix A-7 (continued)

Pennsylvania State System of Higher Education  
Applications, Acceptances, and Enrollments<sup>1</sup>  
of Pennsylvania Residents, by Race, Fall 2004 to 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>1</sup>
<b>TWO OR MORE RACES<sup>2</sup></b>										
Applications							1,656	2,001	2,252	1,880
Acceptances							932	1,192	1,389	1,450
Enrollments							358	436	500	545
Percent Accepted							56.3%	59.6%	61.7%	77.1%
Percent Accepted Who Enroll							38.4%	36.6%	36.0%	37.6%
Percent Applied Who Enroll							21.6%	21.8%	22.2%	29.0%
<b>WHITE</b>										
Applications	47,370	46,856	48,247	49,292	52,460	53,598	57,208	55,592	52,118	44,978
Acceptances	34,201	33,711	34,040	34,678	36,249	38,062	39,801	39,964	38,025	36,783
Enrollments	14,172	14,138	14,053	14,078	14,688	15,266	15,349	15,117	13,768	13,460
Percent Accepted	72.2%	71.9%	70.6%	70.4%	69.1%	71.0%	69.6%	71.9%	73.0%	81.8%
Percent Accepted Who Enroll	41.4%	41.9%	41.3%	40.6%	40.5%	40.1%	38.6%	37.8%	36.2%	36.6%
Percent Applied Who Enroll	29.9%	30.2%	29.1%	28.6%	28.0%	28.5%	26.8%	27.2%	26.4%	29.9%
<b>TOTAL</b>										
Applications	64,262	64,843	69,297	71,318	77,456	79,441	84,210	82,839	75,324	63,111
Acceptances	43,315	43,206	44,126	45,482	48,045	50,036	51,614	53,025	50,240	49,091
Enrollments	17,385	17,483	17,342	17,693	18,351	19,068	18,843	19,030	17,449	17,297
Percent Accepted	67.4%	66.6%	63.7%	63.8%	62.0%	63.0%	61.3%	64.0%	66.7%	77.8%
Percent Accepted Who Enroll	40.1%	40.5%	39.3%	38.9%	38.2%	38.1%	36.5%	35.9%	34.7%	35.2%
Percent Applied Who Enroll	27.1%	27.0%	25.0%	24.8%	23.7%	24.0%	22.4%	23.0%	23.2%	27.4%

<sup>1</sup>Cheyney University of Pennsylvania has an open enrollment policy, so their number of applications equals their number of acceptances.

<sup>2</sup>Native Hawaiian/Pacific Islander and Two or More Races first reported in 2010. Prior to 2010, Pacific Islander was reported with Asian.

## Appendix B

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## Appendix B-1

### Pennsylvania State System of Higher Education Academic Program Review: Aligning Curriculum to Meet Changing Workforce Demands

PASSHE universities and the Board of Governors continually review academic programs to ensure they align with 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 enrolled in programs that are placed in moratorium 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. Nine programs were reorganized by the universities during Fiscal Year 2012/13.

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 21 programs were placed into moratorium during FY 2012/13.

**Discontinued programs** no longer have any students enrolled in them and are eliminated from the curriculum. Twelve programs were discontinued in FY 2012/13.

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 six new undergraduate and graduate programs within the last year. The new academic programs are:

- Bachelor of Arts in International Studies at Shippensburg University of Pennsylvania
- Master of Business Administration at Slippery Rock University of Pennsylvania
- Doctorate of Nursing Practice at West Chester University of Pennsylvania
- Bachelor of Science in Nursing at Clarion University of Pennsylvania
- Doctorate of Nursing Practice at Bloomsburg University of Pennsylvania
- Doctorate of Nursing Practice at Clarion and Edinboro Universities of Pennsylvania (joint program)

A detailed summary of each of the new programs follows.

## New Academic Programs Approved by the Board of Governors

The PASSHE Board of Governors approved six 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. Passage of the Higher Education Modernization Act (HEMA), which granted authority to all 14 PASSHE universities to offer applied doctorates, was instrumental to the development of the three Doctorate of Nursing Practice (DNP) degree programs.

- **Bachelor of Arts in International Studies at Shippensburg University of Pennsylvania**

This program was designed to prepare students for careers in several high-priority occupations that require international competencies, including as management and financial analysts and scientific and technical sales representatives. It builds on Shippensburg's minor in this area and its array of more than 120 interdisciplinary offerings of international studies courses. Transfer students and veterans returning to college, especially those with international experiences, are able to build upon their prior learning. The program design, which includes a foreign language requirement, encourages collaboration with other PASSHE universities.



- **Master of Business Administration at Slippery Rock University of Pennsylvania**



This program was designed to meet the needs of the Commonwealth's high priority occupations in the areas of financial services, logistics and management. The 36- to 39-credit program consists of three tracks: general, accounting/finance and management/marketing and is offered at the Regional Learning Alliance (RLA) in Cranberry Township. The RLA is located in a high-growth economic corridor five miles from Pittsburgh's city limits and 30 minutes from downtown Pittsburgh.

- **Doctorate of Nursing Practice at West Chester University of Pennsylvania**

This program prepares working advanced practice nurses to meet the demands of the increasingly complex healthcare environment. It focuses on skills such as collaboration, innovation and evaluation. The majority of the program is offered online. The doctoral degree is expected to become the required level of preparation for advanced practice nurses beginning in 2015. The flexible design of the program is intended to meet the needs of working advanced practice nurses in the region while still allowing for face-to-face advising and interaction with faculty.



- **Bachelor of Science in Nursing at Clarion University of Pennsylvania**

This program, approved by the Board of Governors in January, was designed to prepare graduates to become licensed registered nurses, providing comprehensive direct and indirect nursing care. Clarion also offers an Associate of Science in nursing degree and a Registered Nursing to Bachelor of Science in Nursing degree completion program, as well as a pair of graduate degrees in nursing in collaboration with Edinboro University of Pennsylvania.



- **Doctorate of Nursing Practice at Bloomsburg University of Pennsylvania**



This program, which also was approved in January, will be offered by Bloomsburg University working in partnership with Geisinger Health System. It will provide the only aligned pathway from a Certified Registered Nurse Anesthetist program to the DNP. The new program will help address the healthcare needs in the north central and northeastern regions of the state. Bloomsburg currently offers an array of undergraduate and graduate programs in nursing, including a Master of Science in Nursing degree that provides certification in three different advanced practice roles –

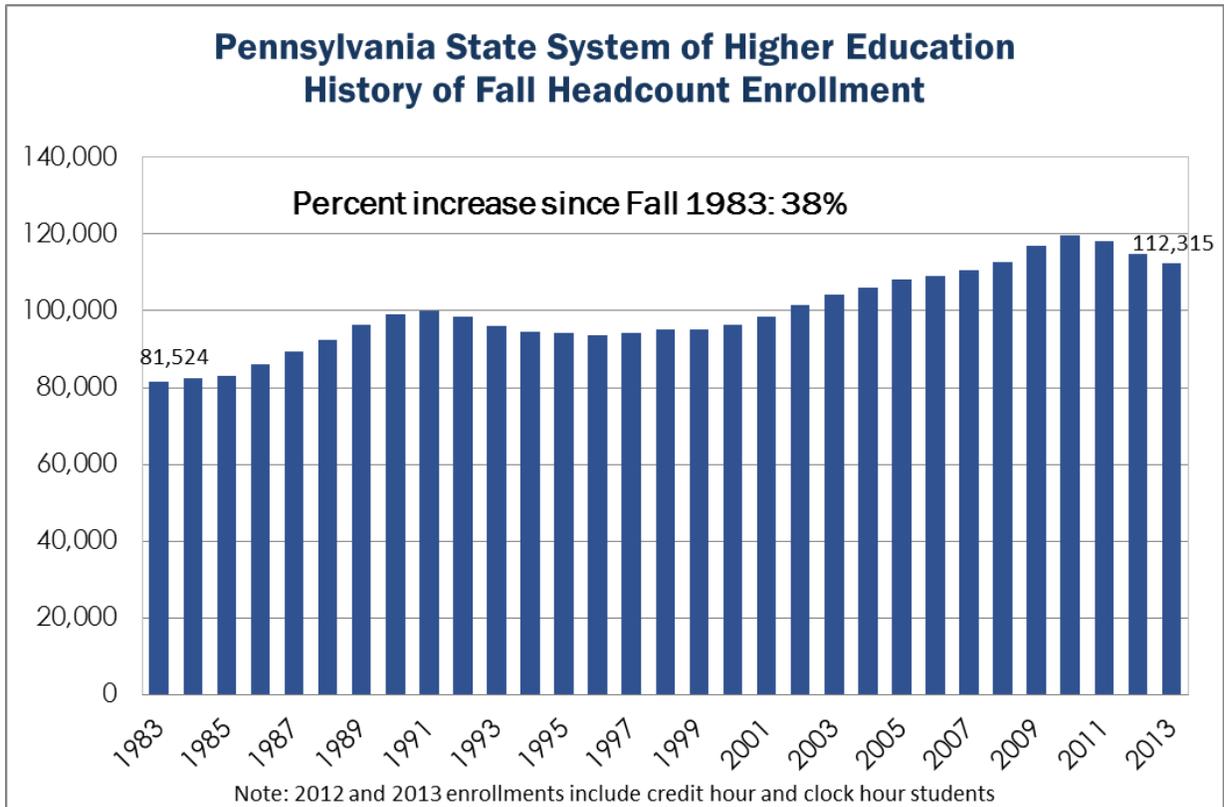
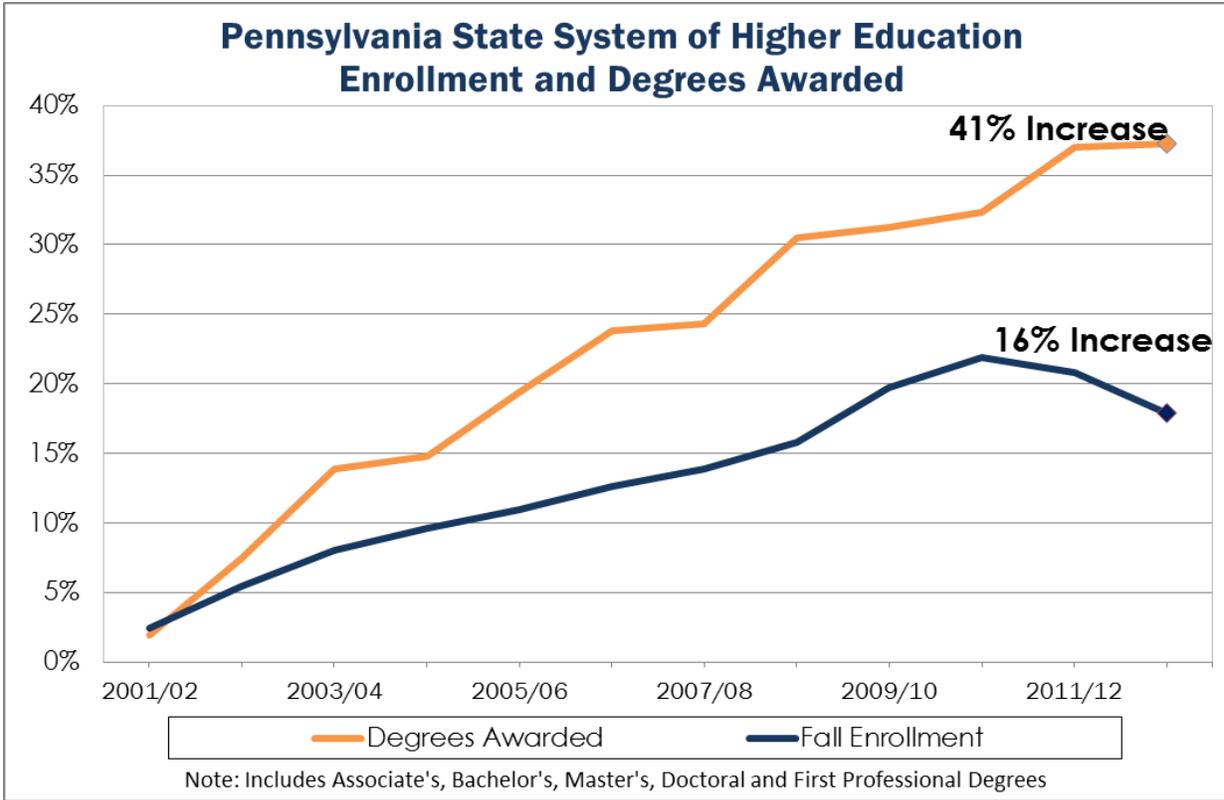
adult health clinical nurse specialist, adult/gerontology and family nurse practitioner, and nurse anesthesia.

- **Doctorate of Nursing Practice at Clarion and Edinboro Universities of Pennsylvania (joint program)**

This program will help meet the need for advanced care nurses in rural northwestern and midwestern Pennsylvania. Building upon the joint Master of Science in Nursing degree program the two universities already offer, the doctoral program will prepare graduates to serve as primary care providers as well as clinical nursing faculty.



Appendix B-2



Appendix B-3

Pennsylvania State System of Higher Education  
Headcount Enrollment by University, Fall 2004-2013

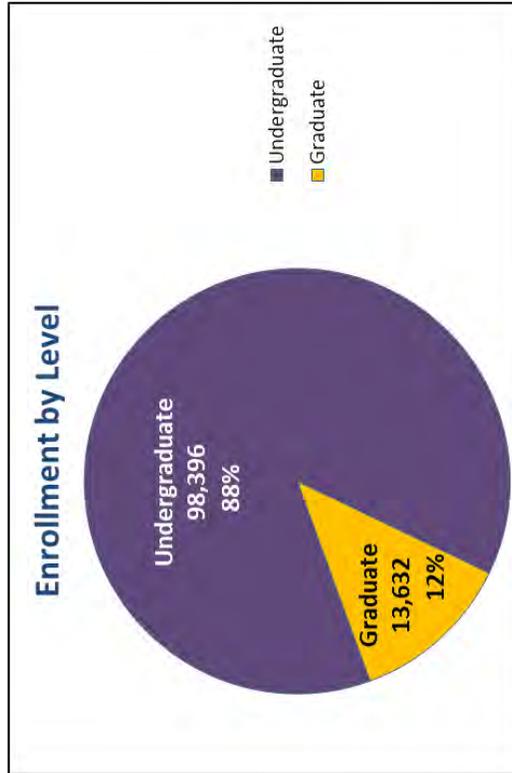
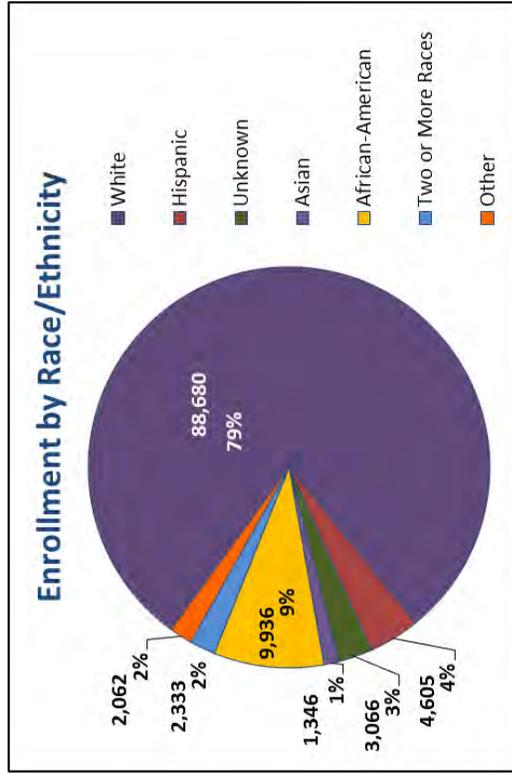
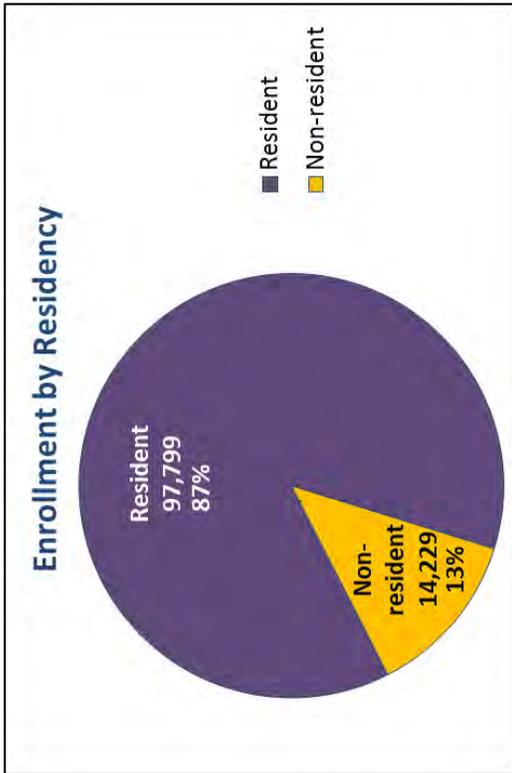
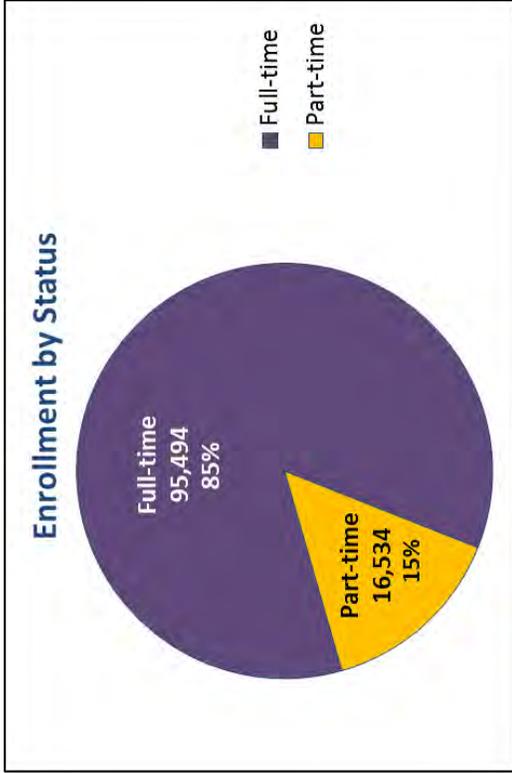
University	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bloomsburg	8,304	8,570	8,723	8,745	8,855	9,512	10,091	10,159	9,950	10,127
California	6,640	7,184	7,720	8,206	8,519	9,017	9,400	9,483	8,608	8,243
Cheyney	1,545	1,560	1,667	1,436	1,488	1,488	1,586	1,200	1,284	1,212
Clarion	6,421	6,338	6,591	6,795	7,100	7,346	7,315	6,991	6,520	6,080
East Stroudsburg	6,553	6,793	7,013	7,053	7,234	7,576	7,387	7,353	6,943	6,778
Edinboro	7,773	7,691	7,579	7,686	7,671	8,287	8,642	8,262	7,462	7,098
Indiana	13,998	14,081	14,248	14,018	14,310	14,638	15,126	15,132	15,668	14,997
Kutztown	9,585	9,864	10,193	10,295	10,393	10,634	10,707	10,283	9,804	9,513
Lock Haven	5,126	5,283	5,175	5,241	5,266	5,329	5,451	5,366	5,328	5,260
Mansfield	3,556	3,390	3,360	3,338	3,422	3,569	3,411	3,275	3,155	2,988
Millersville	7,998	7,919	8,194	8,306	8,320	8,427	8,729	8,725	8,368	8,279
Shippensburg	7,653	7,485	7,516	7,765	7,942	8,253	8,326	8,183	7,724	7,548
Slippery Rock	7,928	8,105	8,230	8,325	8,458	8,648	8,852	8,712	8,559	8,347
West Chester	12,822	12,988	12,879	13,219	13,619	14,211	14,490	15,100	15,411	15,845
<b>System Totals</b>	<b>105,902</b>	<b>107,251</b>	<b>109,088</b>	<b>110,428</b>	<b>112,597</b>	<b>116,935</b>	<b>119,513</b>	<b>118,224</b>	<b>114,784</b>	<b>112,315</b>

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

Note: 2012 and 2013 enrollments include credit hour and clock hour students□

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

**Pennsylvania State System of Higher Education  
Fall 2013 Enrollment Demographics  
Headcount: 112,028**



Source: Data Warehouse, Student Submissions  
Note: Clock hour students are excluded

Appendix B-5

**Pennsylvania State System of Higher Education**

**Credit Hour Students by Pennsylvania County by University, Fall 2013**

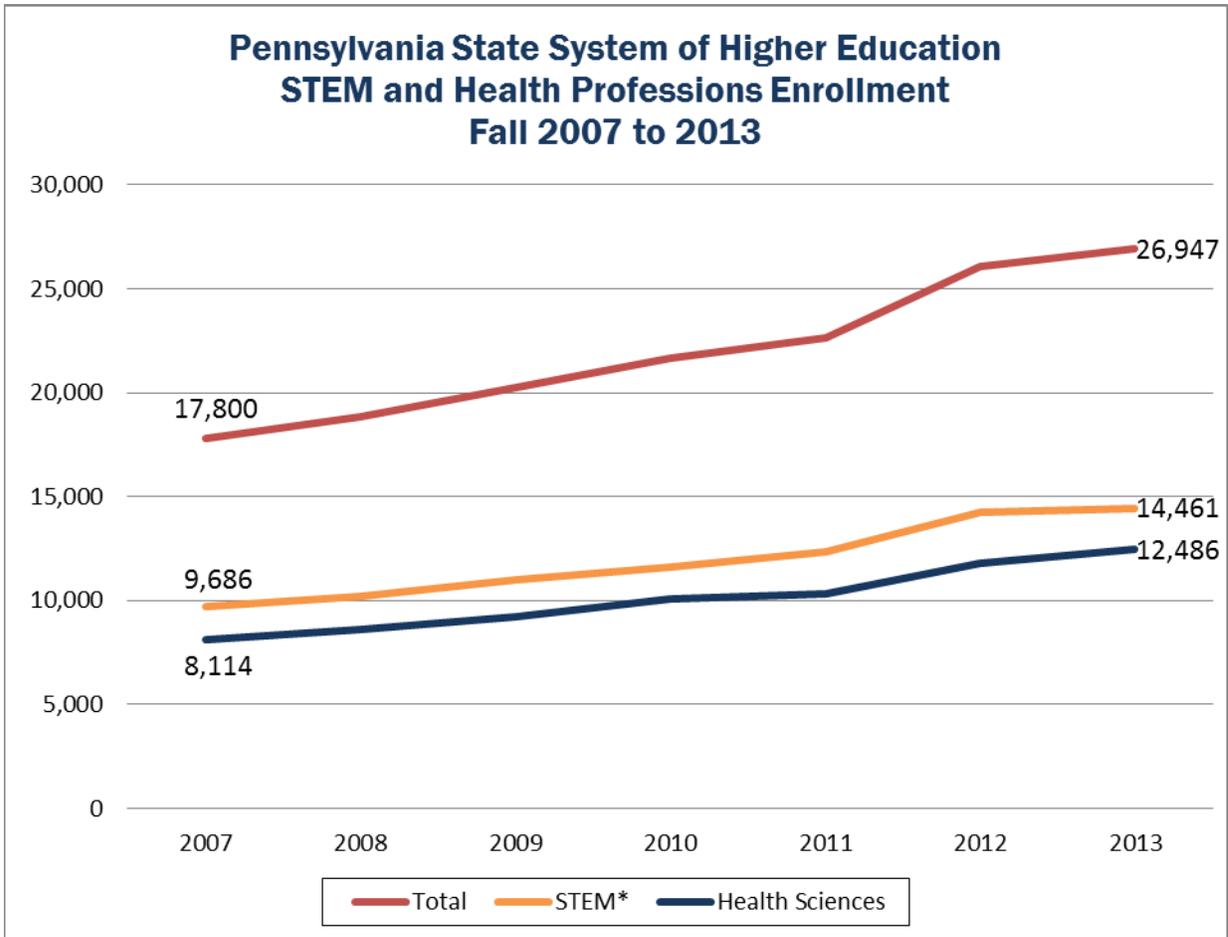
County	Total	County	Total
Adams	742	Lawrence	841
Allegheny	7,172	Lebanon	833
Armstrong	857	Lehigh	2,685
Beaver	1,186	Luzerne	1,472
Bedford	209	Lycoming	1,077
Berks	3,872	McKean	271
Blair	612	Mercer	1,149
Bradford	635	Mifflin	276
Bucks	4,178	Monroe	2,543
Butler	2,070	Montgomery	5,440
Cambria	993	Montour	310
Cameron	81	Northampton	2,575
Carbon	463	Northumberland	945
Centre	742	Perry	344
Chester	5,991	Philadelphia	4,998
Clarion	901	Pike	623
Clearfield	921	Potter	148
Clinton	613	Schuylkill	1,142
Columbia	1,100	Snyder	271
Crawford	1,127	Somerset	347
Cumberland	2,703	Sullivan	44
Dauphin	1,966	Susquehanna	231
Delaware	4,220	Tioga	711
Elk	459	Union	310
Erie	3,587	Venango	958
Fayette	1,191	Warren	347
Forest	57	Washington	1,947
Franklin	1,310	Wayne	366
Fulton	76	Westmoreland	2,664
Greene	215	Wyoming	148
Huntingdon	207	York	3,135
Indiana	1,725	<b>Total Pennsylvania</b>	<b>97,993</b>
Jefferson	629		
Juniata	135	Non-Pennsylvania	14,035
Lackawanna	933		
Lancaster	4,964	<b>Grand Total</b>	<b>112,028</b>

Source: Data Warehouse, Student Data Submission

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

Note: Excludes clock hour students

Appendix B-6



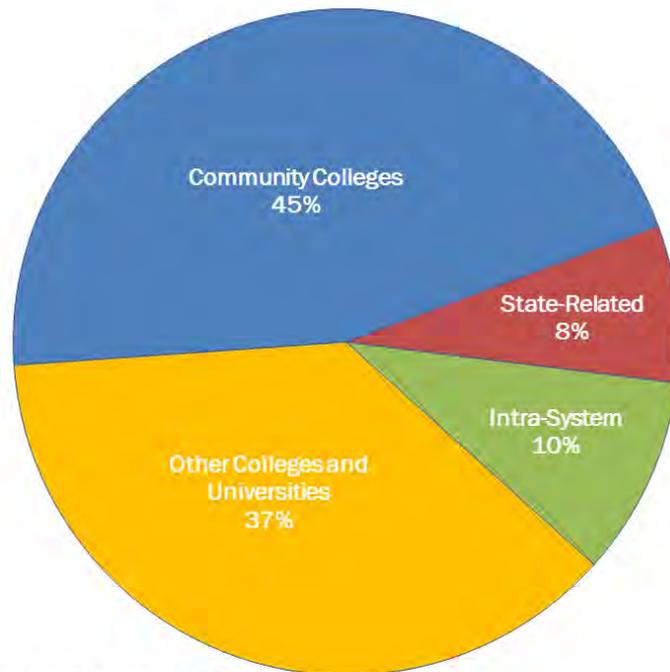
STEM = Science, Technology, Engineering and Mathematics majors

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

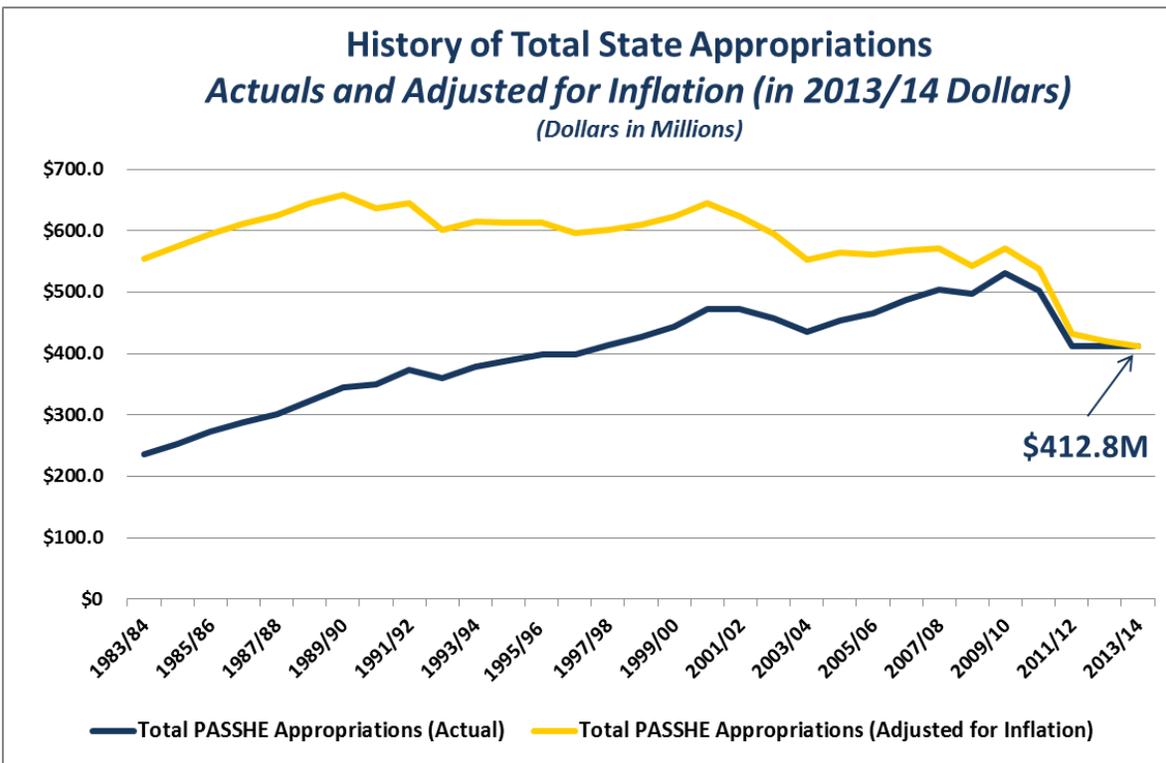
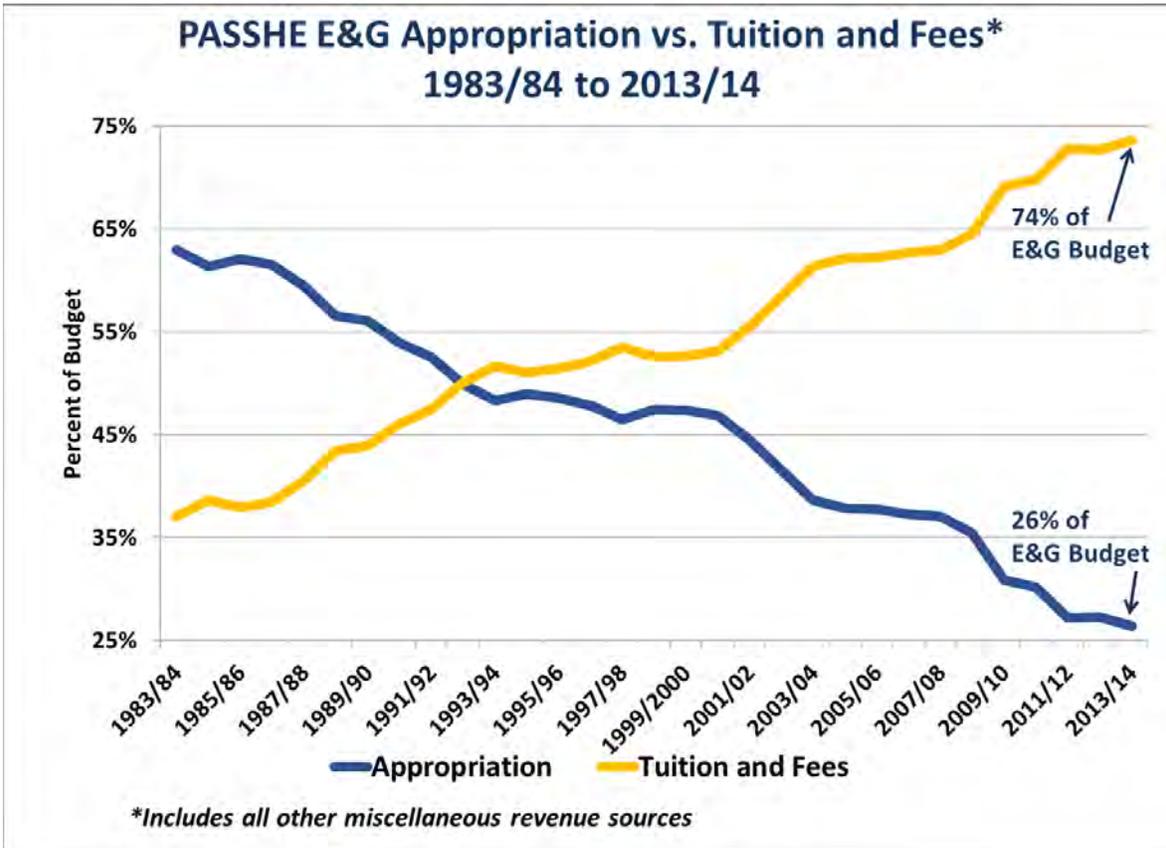


Appendix B-8

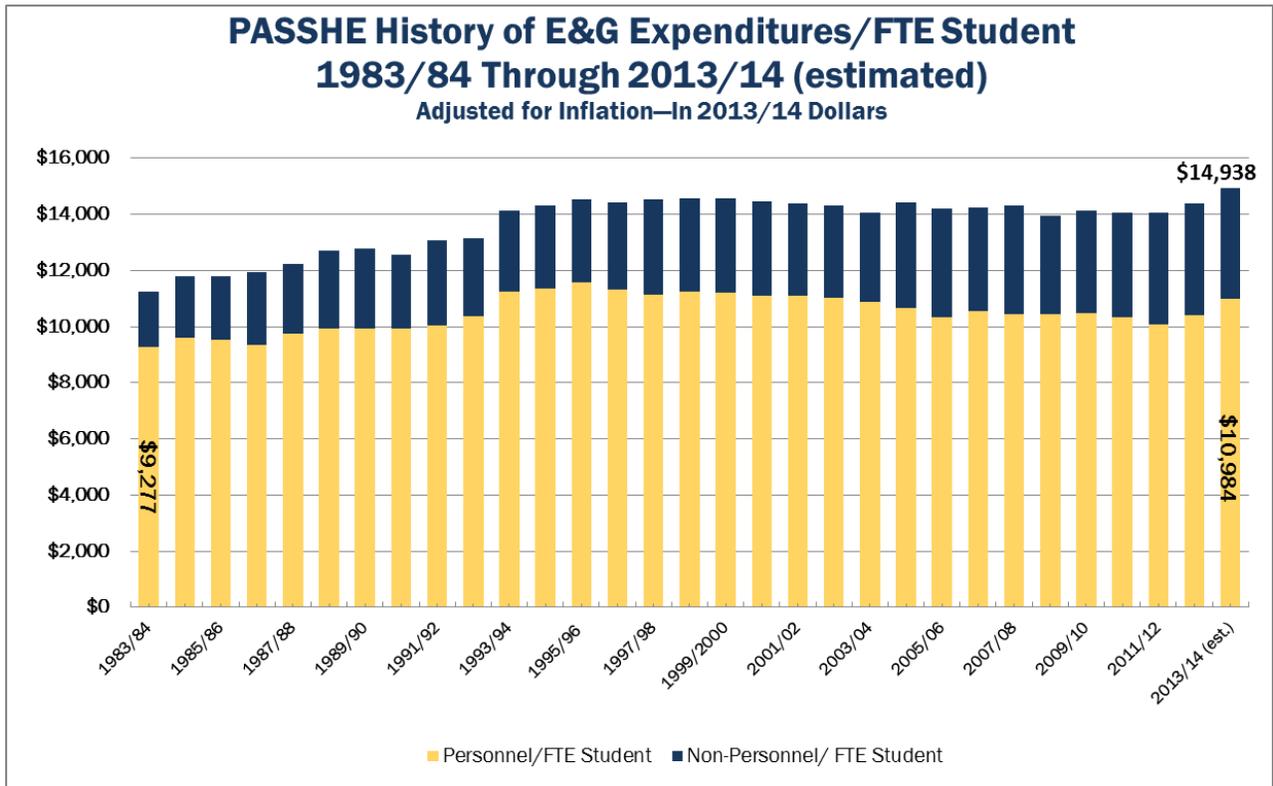
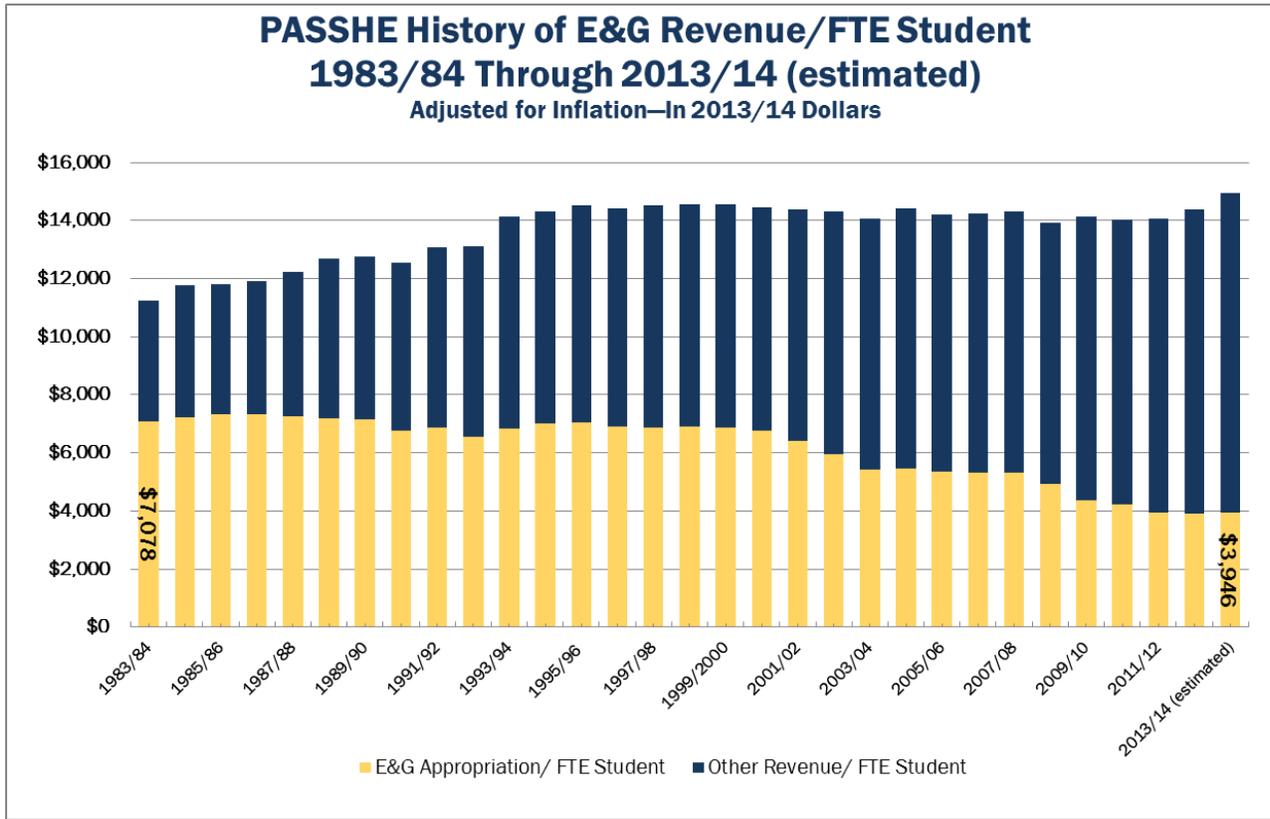
**Pennsylvania State System of Higher Education**  
Fall 2013 New Undergraduate Transfer Enrollments: 7,375



Source: Data Warehouse, Student Data Submission



Appendix B-10



Appendix B-11

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

Fiscal Year	E&G Appropriation	% Change From Prior Year	% Of Total E&G	Total Appropriations	% Change From Prior Year	Resident Under-graduate Tuition Rate	\$ Change From Prior Year	% Change From Prior Year
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%	386,520,000	2.0%	3,086	132	4.5%
1995/96	396,890,000	2.7%	48.6%	398,587,000	3.1%	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%	27.3%	412,751,000	0.0%	6,428	188	3.0%
2013/14	412,751,000	0.0%	26.4%	412,751,000	0.0%	6,622	194	3.0%

Source: System University BUDRPTs

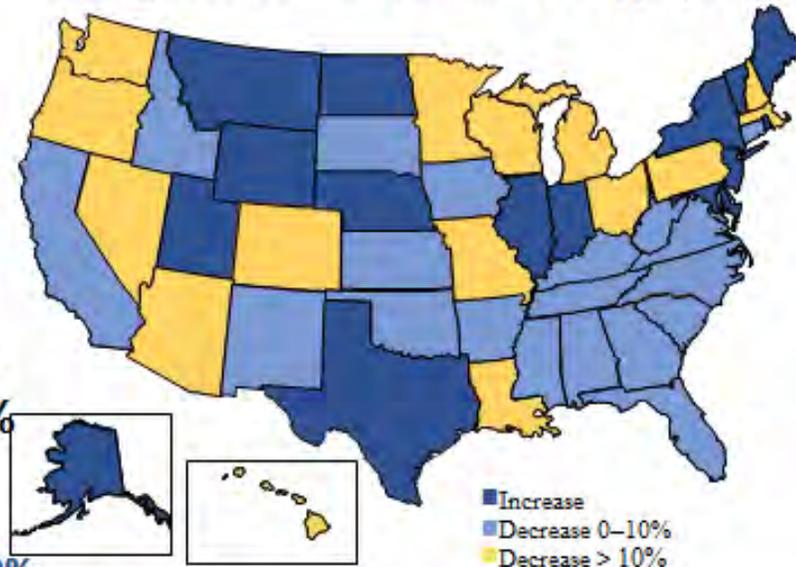
## State Funding of Higher Education

Change Between FY 2009 and 2014 Appropriations

Five-year  
change in  
state  
funding  
for higher  
Education:

US: -4.1%  
PA: -20.5%

PHEAA: -18.0%  
PASSHE: -17.0%



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

01/16/14

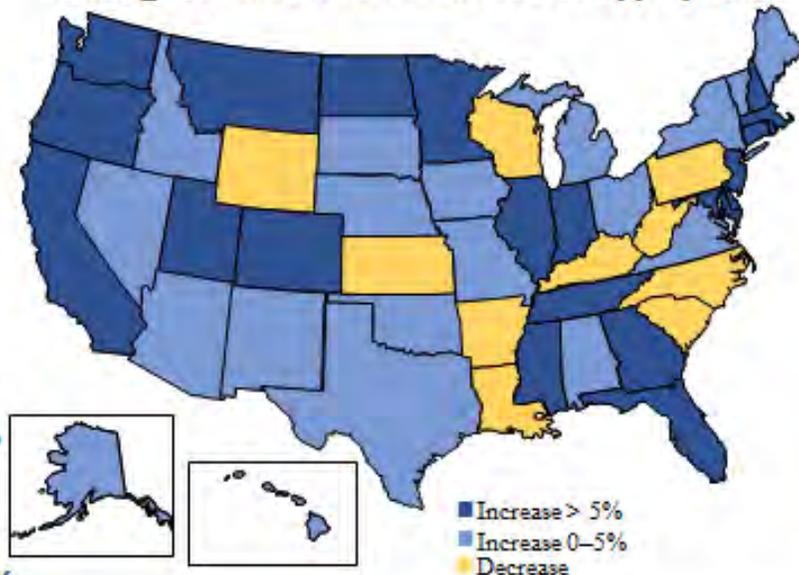
## State Funding of Higher Education

Change Between FY 2013 and 2014 Appropriations

One-year  
change in  
state  
funding  
for higher  
Education:

US: 5.7%  
PA: -1.2%

PHEAA: 0.1%  
PASSHE: 0.0%



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

01/16/14

**Pennsylvania State System of Higher Education**  
**Cost of Attendance and Net Price**  
**Fall 2011 First-time, Full-time Freshmen**

Average Aid Amounts for Those Receiving Aid	PASSHE Universities	State-Related Institutions*	Selected** Private Institutions
Average Cost of Attendance (includes books and miscellaneous personal expenses)	\$21,157	\$27,669	\$42,056
Total number of students in First-time, Full-time Cohort	21,139	25,915	12,069
Total Number of the Cohort receiving any type of financial aid	18,224	20,949	11,388
Percent of the Total Cohort receiving any type of financial aid	86%	81%	94%
Percent of the Total Cohort receiving any Federal, State, Local or Institutional Grant Aid***	52%	58%	93%
Average total award amount of Federal, State, Local or Institutional Grant Aid	\$5,815	\$7,802	\$16,723
Percent of the Total Cohort receiving Institutional Grant Aid	10%	42%	92%
Average total award amount of Institutional Grant Aid	\$3,547	\$5,547	\$14,240
Percent of the total Cohort receiving Student Loan Aid	78%	65%	75%
Average total award amount of Student Loan Aid	\$7,304	\$7,720	\$8,579
<b>Average Total Net Price for Those Receiving Aid - (Cost of Attendance minus Average Grants)</b>	<b>\$15,342</b>	<b>\$19,866</b>	<b>\$25,333</b>
<b>with Loans - (Cost of Attendance minus Average Grants and Loans)</b>	<b>\$8,038</b>	<b>\$12,146</b>	<b>\$16,754</b>

\*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 Francis University, Saint Joseph's University, Seton Hill University, Thiel College, Ursinus College, Villanova University, Waynesburg University, Westminster College, Widener University-Main Campus, 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 2011 Tuition (based on First-time, Full-time, On-campus), IPEDS 2011-2012 Student Financial Aid. NOTE: Most recent data available.

Appendix B-14  
**PHEAA State Grant Awards**  
**All Undergraduate Programs (Excluding Summer School)**

Number of Awards

Year	Independent		State-Related	Community Colleges	Nursing	Business & Technical		Total PA	Out-of-State	Total
	4-Year	2-Year				Technical	Business			
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	
2012/13	48,551	3,540	36,191	31,315	1,137	10,247	164,381	12,375	176,756	

Value of Awards

Year	Independent		State-Related	Community Colleges	Nursing	Business & Technical		Total PA	Out-of-State	Total
	4-Year	2-Year				Technical	Business			
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	
2012/13	\$154,943,909	\$9,694,541	\$111,365,064	\$29,547,335	\$3,044,721	\$26,627,407	\$421,786,069	\$5,692,492	\$427,478,561	

Full-year Average Award

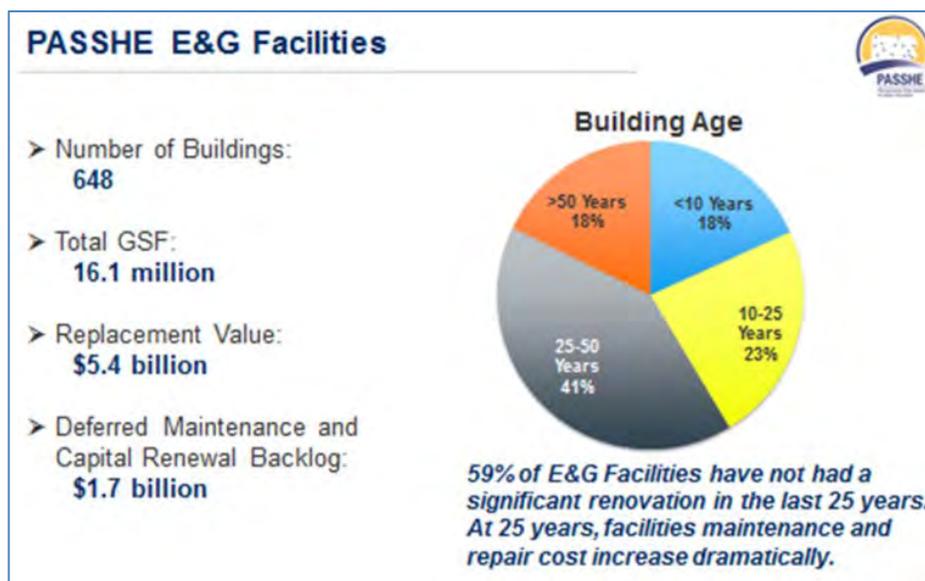
Year	Independent		State-Related	Community Colleges	Nursing	Business & Technical		Total PA	Out-of-State	Total
	4-Year	2-Year				Technical	Business			
2008/09	\$3,345	\$3,183	\$3,198	\$1,239	\$2,724	\$3,245	\$2,962	\$429	\$2,761	
2009/10	\$3,317	\$3,250	\$3,234	\$1,185	\$2,810	\$3,292	\$2,950	\$424	\$2,747	
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	
2012/13	\$3,671	\$3,452	\$3,491	\$1,569	\$3,326	\$3,576	\$3,143	\$448	\$2,927	

Source: PHEAA State Grant Program Year-by-Year Summary Statistics Report

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

### Challenges for PASSHE University Facilities

- Fifty-nine 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 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 \$24 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 FY 2009/10 and FY 2010/11; restored in FY 2011/12.
  - 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.
  - FY 2013/14 funding is \$13.6 million; historically funded as high as \$18 million.
- **Commonwealth Capital Funds**—From FY 2000/01 to FY 2008/09 the Commonwealth provided PASSHE \$65 million annually for capital projects. In FY 2009/10, capital funding was increased to \$130 million per year; it returned to \$65 million in FY 2011/12 and currently remains at that level. These funds are largely spent on renovation or replacement of existing buildings. 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 2012/13, the combined investment in both annual stewardship and asset reinvestment fell short of the combined annual life cycle and stewardship need by almost \$45 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 \$1.7 billion.

### Capital Investment vs. Target – E&G



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

Appendix B-16

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	27.40	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
2012/13	31.30	3,459,765	41,950,885	12.13	110,527	-4.00%	32.50%	20,165,611
<b>Total</b>								<b>\$111,784,383</b>

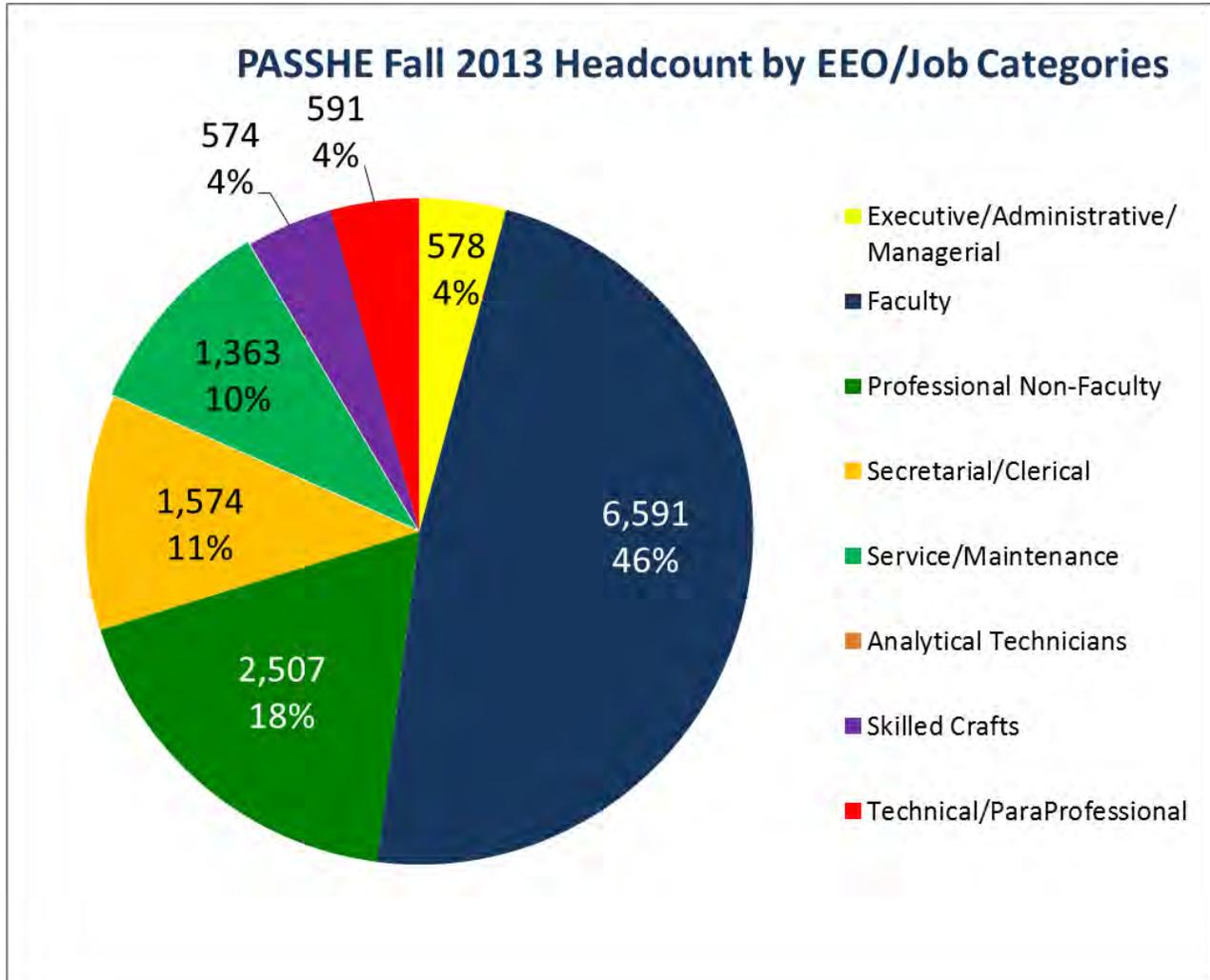
EUI (Energy Utilization Index) = Btu/sq-ft

Avoided cost = (EUI<sub>current</sub>-EUI<sub>base year</sub>)(MSF<sub>current</sub>)(\$/mmBTU<sub>current</sub>)

Estimated Cost Avoided Through PASSHE Energy Procurement Efforts			
Fiscal Year	Electricity	Natural Gas	Total
2001/02	\$246,641	\$0	\$246,641
2002/03	12,641	295,000	307,641
2003/04	0	1,495,000	1,495,000
2004/05	0	122,673	122,673
2005/06	0	3,247,894	3,247,894
2006/07	0	1,424,000	1,424,000
2007/08	0	1,989,932	1,989,932
2008/09	0	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
2012/13	1,849,667	600,747	2,450,414
<b>Total</b>	<b>\$8,302,993</b>	<b>\$11,264,222</b>	<b>\$20,765,831</b>

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

**Pennsylvania State System of Higher Education  
Employee Demographics**

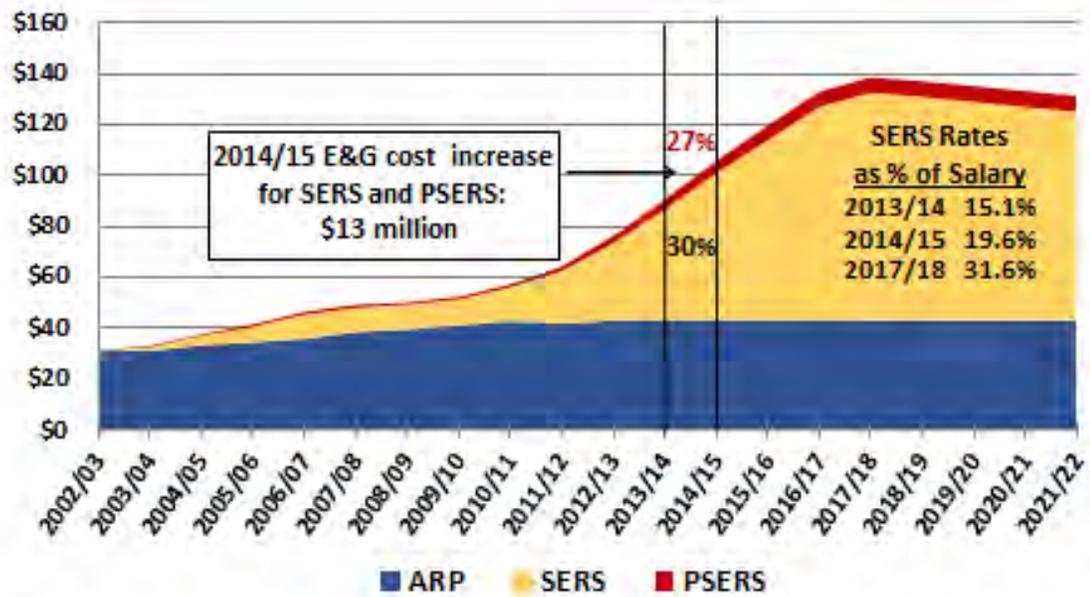


Pennsylvania State System of Higher Education Retirements by Fiscal Year									
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
APSCUF (Faculty)	53	165	99	121	107	250	112	204	31
AFSCME	58	240	77	94	98	154	104	115	62
All Others*	32	62	50	49	88	92	65	75	29
<b>Total</b>	<b>143</b>	<b>467</b>	<b>226</b>	<b>264</b>	<b>293</b>	<b>496</b>	<b>281</b>	<b>394</b>	<b>122</b>

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

Pennsylvania State System of Higher Education  
Impact of Projected Employer Retirement Contribution Rates

## Projected Retirement Costs (Dollars in Millions)



Enrollment in Retirement Plans	
SERS	43%
PSERS	7%
Alternative Retirement Plans (ARP)	50%

Appendix B-19

Pennsylvania State System of Higher Education  
Dixon University Center Actual Annualized FTE Employees

	Actual 2011/12	Actual 2012/13	Estimated* 2013/14
Office of the Chancellor (1/2 of 1%)	43.82	40.86	42.34
Collaborative Services:			
Consolidated University Operations (CUO) (a)	36.66	33.55	34.57
Shared Administrative System (b)	35.21	37.46	36.95
Other (c)	46.50	44.24	45.92
<b>Total</b>	<b>162.19</b>	<b>156.11</b>	<b>159.78</b>

\*As of January 31, 2014

(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:	2011/12	2012/13	2013/14
Site Support Functions	16.73	15.95	17.16
Academic Programs at Dixon University Center *	5.31	5.31	5.31
Restricted Activity (funded externally)	9.07	5.46	5.94
Office of Internal Audit and Risk Assessment	7.00	7.00	7.00
Other	8.39	10.52	10.51
<b>Total</b>	<b>46.50</b>	<b>44.24</b>	<b>45.92</b>

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

Note: In addition, 4.53 employees provide operational support at PASSHE Center City for academic programs for Cheyney, East Stroudsburg, Millersville and West Chester universities.



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



California University of Pennsylvania  
*Geraldine M. Jones, Interim President*



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



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

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



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



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

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



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



Mansfield University of Pennsylvania  
*Francis L. Hendricks, President*

Millersville University of Pennsylvania  
*John M. Anderson, President*



Shippensburg University of Pennsylvania  
*George F. Harpster, Interim President*



Slippery Rock University of Pennsylvania  
*Cheryl J. Norton, President*



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



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