



Board of Governors’ Meeting Agenda

Boardroom, First Floor
Administration Building
Dixon University Center
2986 North Second Street
Harrisburg, PA 17110-1201

Monday, July 9, 2012
2:00 p.m.

via Conference Call
1-800-860-2442
Password: “Tuition”

Agenda

Call to Order and Roll Call of the Members

Remarks of the Chair Chairman Guido M. Pichini

Remarks of the Chancellor Dr. John C. Cavanaugh

Public Comments

Report of the Finance, Administration, and Facilities Committee	Page
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Adjournment



Board Members: Guido M. Pichini (*Chair*), Representative Matthew E. Baker, Jennifer G. Branstetter (designee for Governor Thomas W. Corbett), Marie A. Conley (*Vice Chair*), Governor Thomas W. Corbett, Representative Michael K. Hanna, Ronald G. Henry, Kenneth M. Jarin, Bonnie L. Keener, Jonathan B. Mack, Joseph F. McGinn, C.R. "Chuck" Pennoni, Senator Jeffrey E. Piccola, Harold C. Shields, Robert S. Taylor, Secretary Ronald J. Tomalis, Aaron A. Walton (*Vice Chair*), and Senator John T. Yudichak.

For further information, contact Peter H. Garland at (717) 720-4010.

Finance, Administration, and Facilities Committee

July 9, 2012

SUBJECT: Fiscal Year 2012/13 Operating Budget Update (INFORMATION)

UNIVERSITIES AFFECTED: All

BACKGROUND: The Commonwealth's fiscal year 2012/13 general fund budget, enacted June 30, 2012, provided for the continuation of PASSHE's Educational and General (E&G) appropriation at \$412.8 million, the same as received in 2011/12.

Attachment 1 summarizes the Commonwealth's 2012/13 funding for higher education. Attachment 2 presents PASSHE's proposed 2012/13 E&G budget with a tuition rate increase of 3%, consistent with the recommendations in Agenda Item #2.

This information is necessary to support the recommendations concerning:

- Fiscal Year 2012/13 Tuition and Technology Tuition Fee Rates;
- Fiscal Year 2012/13 Educational and General Appropriation Allocation.

Supporting Documents Included: Commonwealth FY 2012/13 Appropriations for Higher Education (Attachment 1); PASSHE Estimated FY 2012/13 Educational and General Budget as of July 1, 2012 (Attachment 2)

Other Supporting Documents Available: Fiscal Year 2012/13 Appropriations Request; Commonwealth's enacted 2012/13 Budget, as reflected in Act 9A of 2012

Reviewed by: N/A

Prepared by: James S. Dillon

Telephone: (717) 720-4100

Commonwealth FY 2012/13 Appropriations for Higher Education

As enacted June 30, 2012

General Funds

(amounts in thousands)

	FY 2011/12	FY 2012/13	Change	
	ORIGINAL APPROPRIATION	APPROVED APPROPRIATION	\$	%
GENERAL FUND TOTAL	\$27,185,653	\$27,656,381	\$470,728	1.7%
State System of Higher Education				
Educational and General	\$412,751	\$412,751	\$0	0.0%
Key '93 (Deferred Maintenance)*	6,844	6,844	0	0.0%
PASSHE Total, All Funds	\$419,595	\$419,595	\$0	0.0%
Higher Education Assistance Agency				
Grants to Students**	\$380,935	\$344,888	(\$36,047)	-9.5%
Institutional Assistance Grants (to Private Inst.)	24,389	24,389	0	0.0%
Cheyney Keystone Academy	1,525	1,525	0	0.0%
Matching Payment for Student Aid	13,154	12,496	(658)	-5.0%
Bond-Hill Scholarships	534	534	0	0.0%
Higher Education for the Disadvantaged	2,364	2,246	(118)	-5.0%
Higher Education of Blind or Deaf Students	49	47	(2)	-4.1%
Higher Education Assistance Agency Total	\$422,950	\$386,125	(\$36,825)	-8.7%
State-Related Institutions				
Pennsylvania State University				
General Support	\$214,110	\$214,110	\$0	0.0%
Pennsylvania College of Technology	\$13,584	\$13,584	0	0.0%
Pennsylvania State University Total	\$227,694	\$227,694	\$0	0.0%
University of Pittsburgh	\$136,076	\$136,076	0	0.0%
Temple University	139,917	139,917	0	0.0%
Lincoln University	11,163	11,163	0	0.0%
State-Related Institutions Total	\$514,850	\$514,850	\$0	0.0%
Community Colleges				
Community Colleges	\$212,167	\$212,167	\$0	0.0%
Transfer to Community College Capital Fund	46,369	47,869	1,500	3.2%
Regional Community Colleges Services	700	1,200	500	71.4%
Community Colleges Total	\$259,236	\$261,236	\$2,000	0.8%
Other Higher Education Initiatives				
Thaddeus Stevens College of Technology	\$10,332	\$10,332	\$0	0.0%
Community Education Councils	1,200	1,800	600	50.0%
Other Total	\$11,532	\$12,132	\$600	5.2%
Total Higher Education	\$1,628,163	\$1,593,938	(\$34,225)	-2.1%

*It is assumed that PASSHE's Key '93 funding will be fully restored, as there was no language in Act 9A of 2012 stating otherwise. Key '93 funds are not part of the General Fund and are reserved for deferred maintenance purposes.

**PHEAA will increase contributions from other PHEAA sources to maintain funding for the State Grant program in 2012/13.

Pennsylvania State System of Higher Education

**Estimated FY 2012/13 Educational and General Budget as of July 1, 2012
With a Recommended 3% Increase in Tuition Rates**

Revenue/Sources	\$ in Millions
Tuition	\$854.1
Fees	175.5
State Appropriation	412.8
All Other Revenue	70.2
Use of Carryforward Funds	12.0
Total Revenue/Sources	\$1,524.6
Expenditures & Transfers	
Salaries & Wages	\$786.9
Benefits	337.3
Subtotal, Compensation*	\$1,124.2
All Other Expenditures/Transfers**	416.2
Total Expenditures & Transfers	\$1,540.4
Revenue/Sources Less Expenditures/Transfers***	(\$15.8)

*Only salary and wage changes specified in existing collective bargaining agreements are included in compensation estimates.

**Reduced by \$6.8 million due to the restoration of restricted Key '93 funds for deferred maintenance.

***University 2012/13 E&G budgets will be adjusted to balance.

Finance, Administration, and Facilities Committee

July 9, 2012

SUBJECT: Fiscal Year 2012/13 Tuition and Technology Tuition Fee Rates (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: In compliance with Board of Governors' Policy 1999-02-A, *Tuition*, it is recommended that the Board approve the proposed Fiscal Year 2012/13 Tuition Schedule (Attachment 1) and the Fiscal Year 2012/13 Technology Tuition Fee Schedule (Attachment 2).

The proposed rate changes reflect an increase for the academic year of \$188 for tuition and \$10 for the technology tuition fee for full-time Pennsylvania undergraduate students.

MOTION: That the Board of Governors approve the fiscal year 2012/13 tuition and technology tuition fee rates, as attached.

Supporting Documents Included: Fiscal Year 2012/13 Tuition Schedule (Attachment 1); Fiscal Year 2012/13 Technology Tuition Fee Schedule (Attachment 2)

Other Supporting Documents Available: Fiscal Year 2012/13 Appropriations Request; Board of Governors' Policy 1999-02-A, *Tuition*; University Nonresident Tuition Plans, as approved by the Board of Governors on April 5, 2012

Reviewed by: N/A

Prepared by: James S. Dillon

Telephone: (717) 720-4100

**Pennsylvania State System of Higher Education
Fiscal Year 2012/13 Tuition Schedule**

Student Classification	2011/12	2012/13	Change	
			Amount	Percent
Full-Time Academic Year				
Resident Undergraduate	\$6,240	\$6,428	\$188	3.0%
Nonresident Undergraduate:				
150% (Minimum) (CL, EA*, ED, KU*, SH*, SL*, MSC*)	\$9,360	\$9,642	\$282	3.0%
160% (CA*)	\$9,984	\$10,286	\$302	3.0%
165% (CH, MA*)	\$10,296	\$10,608	\$312	3.0%
170% (IN*)	N/A	\$10,928	N/A	N/A
175% (SH*)	N/A	\$11,250	N/A	N/A
200% (KU*, SL*)	\$12,480	\$12,856	\$376	3.0%
\$2,000 less than 250% rate (LO*)	\$13,600	\$14,070	\$470	3.5%
225% (SH*)	\$14,040	\$14,464	\$424	3.0%
250% (BL, CA*, CH*, CL*, EA*, IN*, KU*, LO*, MA* MI, SH*, WE)	\$15,600	\$16,070	\$470	3.0%
Full-Time Semester				
Resident Undergraduate	\$3,120	\$3,214	\$94	3.0%
Nonresident Undergraduate:				
150% (Minimum) (CL, EA*, ED, KU*, SH*, SL*, MSC*)	\$4,680	\$4,821	\$141	3.0%
160% (CA*)	\$4,992	\$5,143	\$151	3.0%
165% (CH, MA*)	\$5,148	\$5,304	\$156	3.0%
170% (IN*)	N/A	\$5,464	N/A	N/A
175% (SH*)	N/A	\$5,625	N/A	N/A
200% (KU*, SL*)	\$6,240	\$6,428	\$188	3.0%
\$2,000 less than 250% rate (LO*)	\$6,800	\$7,035	\$235	3.5%
225% (SH*)	\$7,020	\$7,232	\$212	3.0%
250% (BL, CA*, CH*, CL*, EA*, IN*, KU*, LO*, MA* MI, SH*, WE)	\$7,800	\$8,035	\$235	3.0%
Per Student Credit Hour**				
Resident Undergraduate	\$260	\$268	\$8	3.1%
Resident Graduate	\$416	\$429	\$13	3.1%
Nonresident Undergraduate:				
150% (Minimum) (CL, EA*, ED, KU*, SH*, SL*, MSC*)	\$390	\$402	\$12	3.1%
160% (CA*)	\$416	\$429	\$13	3.1%
165% (CH, MA*)	\$429	\$442	\$13	3.0%
170% (IN*)	N/A	\$455	N/A	N/A
175% (SH*)	N/A	\$469	N/A	N/A
200% (KU*, SL*)	\$520	\$536	\$16	3.1%
\$2,000 less than 250% rate (LO*)	\$567	\$586	\$19	3.4%
225% (SH*)	\$585	\$603	\$18	3.1%
250% (BL, CA*, CH*, CL*, EA*, IN*, KU*, LO*, MA* MI, SH*, WE)	\$650	\$670	\$20	3.1%
Nonresident Graduate	\$624	\$644	\$20	3.2%
Nonresident Undergraduate Distance Education, Minimum	\$265	\$273	\$8	3.0%
Nonresident Graduate Distance Education, Minimum	\$424	\$438	\$14	3.3%

MSC = Marine Science Consortium

*Applies to certain nonresident students, based upon geographic location, academic program or term, or academic standing.

**For graduate student charges; and for undergraduate part-time, summer and interim session student charges.

**Pennsylvania State System of Higher Education
Fiscal Year 2012/13 Technology Tuition Fee Schedule**

Student Classification	2011/12	2012/13	Change	
			Amount	Percent
Full-Time Academic Year				
Resident Undergraduate	\$348	\$358	\$10	3%
Nonresident Undergraduate	\$526	\$542	\$16	3%
Full-Time Semester				
Resident Undergraduate	\$174	\$179	\$5	3%
Nonresident Undergraduate	\$263	\$271	\$8	3%
Per Credit (part-time and graduate students)*				
Resident Undergraduate (less than 12 credits)	\$15	\$15	\$0	0%
Nonresident Undergraduate (less than 12 credits)	\$23	\$23	\$0	0%
Resident Graduate	\$20	\$21	\$1	5%
Nonresident Graduate	\$30	\$31	\$1	3%

**For graduate student charges; and undergraduate part-time, summer and interim session student charges.*

Finance, Administration, and Facilities Committee

July 9, 2012

SUBJECT: Fiscal Year 2012/13 Educational and General Appropriation Allocation (ACTION)

UNIVERSITIES AFFECTED: All

BACKGROUND: Board of Governors' Policy 1984-06-A, *Allocation Formula*, specifies the method by which the Educational and General (E&G) appropriation is allocated annually to the Universities for their basic funding requirements. To determine the amount of the fiscal year 2012/13 E&G appropriation that is to be distributed to the Universities through the allocation formula, certain items of System-wide significance must first be funded. These items and their recommended fiscal year 2012/13 funding levels are described in Attachment 1.

MOTION: That the Board of Governors approve the following allocation of funds from PASSHE's fiscal year 2012/13 E&G appropriation.

Item	Amount
Performance Funding	\$36,590,000
Dixon University Center Academic Programs	\$1,148,000
Office of Internal Audit and Risk Assessment	\$844,047
System Reserve	\$350,000
McKeever Environmental Learning Center	\$302,032

Supporting Documents Included: Funding of System-Wide Initiatives from the Fiscal Year 2012/13 E&G Appropriation (Attachment 1); Report of Expenditures from the System Reserve (Attachment 2)

Other Supporting Documents Available: Fiscal Year 2012/13 Appropriations Request; Commonwealth's Fiscal Year 2012/13 Budget; Board of Governors' Policy 1984-06-A, *Allocation Formula*

Reviewed by: N/A

Prepared by: James S. Dillon

Telephone: (717) 720-4100

**Pennsylvania State System of Higher Education
Funding of System-Wide Initiatives from the Fiscal Year 2012/13 E&G Appropriation**

Performance Funding\$36,590,000

Consistent with the performance funding program revisions adopted by the Board of Governors at its January 2011 meeting, the performance funding pool is established at 2.4% of the System's 2012/13 E&G budget, which is estimated to be \$1.52 billion.

Dixon University Center Academic Programs\$1,148,000

The academic programming performed at Dixon University Center has been partially funded through the E&G appropriation for many years. The appropriation provided for continuation of these academic services and associated maintenance of the Dixon University Center site for the 2011/12 was \$1,148,000. It is recommended that the allocation for the Dixon University Center be continued at the same level.

Office of Internal Audit and Risk Assessment\$844,047

This office is responsible for facilitating risk assessment activities and, in turn, structuring and executing an internal audit plan based on high risk areas. The office's fiscal year 2012/13 budget of \$895,625 was approved by the Board of Governors at its meeting on June 28, 2012. It is recommended that the Office of Internal Audit and Risk Assessment's budget be funded at \$844,047 as it has \$51,578 remaining from previous allocations.

Replenishment of the System Reserve\$350,000

The total recommended allocation to the System Reserve for fiscal year 2012/13 is \$350,000, which will replenish the System Reserve to the \$1,500,000 level required by Board of Governors' Policy 1984-07-A, *System Reserve Allocation and Expenditure Criteria*. Attachment 2 is a detailed list of expenditures for fiscal year 2011/12 and a list of projected expenditures for fiscal year 2012/13. The amount to be replenished differs from total expenditures as previous year's estimates are adjusted for actual expenditures.

McKeever Environmental Learning Center\$302,032

The Commonwealth created the McKeever Environmental Learning Center in 1974 to assist citizens of all ages in becoming better stewards of the earth's resources. The environmental education programs offered by the McKeever Center meet the needs of students from preschool through, and beyond, college and provide student interns with valuable teaching experience while working in an outdoor setting. The McKeever Center is administered by Slippery Rock University of Pennsylvania and is funded through a portion of PASSHE's E&G appropriation and user fees. The appropriation provided for the Center in 2011/12 was \$302,032. It is recommended that the allocation for the McKeever Environmental Learning Center be continued at the same level.

**Pennsylvania State System of Higher Education
Report of Expenditures from the System Reserve**

Actual 2011/12 Expenditures

Presidential Searches (East Stroudsburg, Edinboro, Indiana, and Slippery Rock)	\$165,509
System Financial Audit (Fiscal Year 2010/11)	82,183
Property Appraisals (Bloomsburg, Shippensburg, and West Chester)	<u>12,450</u>
Total Actual Fiscal Year 2011/12 Expenditures	\$260,142

Anticipated 2012/13 Expenditures

Presidential Searches (Mansfield, Millersville, and California)	\$126,000
System Financial Audit (Fiscal Year 2011/12)	<u>83,975</u>
Total Anticipated Fiscal Year 2012/13 Expenditures	\$209,975