

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

Meeting Minutes

179th Meeting
Monday, July 9, 2012
Via Conference Call
Boardroom, First Floor
Administration Building
2986 North Second Street
Harrisburg, PA 17110-1201

2:00 p.m.

ATTENDING

Board of Governors:

Ms. Jennifer G. Branstetter (designee for Governor Thomas W. Corbett)
Ms. Marie Conley
Representative Michael K. Hanna
Mr. Ronald G. Henry
Mr. Kenneth M. Jarin
Ms. Bonnie L. Keener
Mr. Jonathan B. Mack
Mr. Joseph F. McGinn
Mr. C.R. "Chuck" Pennoni
Mr. Guido M. Pichini, Chairman
Mr. Robert S. Taylor
Secretary Ronald J. Tomalis
Mr. Aaron A. Walton
Senator John T. Yudichak

Representative Matthew E. Baker, Senator Jeffrey E. Piccola, and Mr. Harold C. Shields were absent.

Office of the Chancellor:

Dr. John C. Cavanaugh (Chancellor)
Ms. Karen S. Ball
Mr. Gary K. Dent
Mr. James S. Dillon
Dr. Peter H. Garland
Dr. James D. Moran
Mr. Leo Pandeladis

Also in attendance from the Office of the Chancellor: Ginger S. Coleman, Audrey J. Guistwhite, Lois M. Johnson, Kenn D. Marshall, and Georgia K. Prell.

University Presidents in attendance: F. Javier Cevallos, Michael A. Driscoll, Michael Fiorentino, Jr., Allan J. Golden, Interim President, Geraldine M. Jones, Acting President, Francine G. McNairy, Cheryl J. Norton, William N. Ruud, Greg R. Weisenstein, Marcia G. Welsh, Karen M. Whitney, and Julie E. Wollman.

Presidents David L. Soltz and Michelle R. Howard-Vital were absent. Dr. Richard Rugen represented President David L. Soltz, and Ms. Ramona Dixon represented President Michelle R. Howard-Vital.

Additional participants on the call were: Dr. Charles T. Curry, Vice President for Finance and Administration, Slippery Rock University; Dr. Barbara G. Lyman, Provost and Senior VP for Academic Affairs, Shippensburg University; Ms. Dawn E. Reese, Budget Director, Millersville University; and Mr. Richard A. Staneski, VP for Finance and Administration, East Stroudsburg University.

Chairman Pichini called the meeting to order at 2:01 p.m.

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

It was noted for the record that Representative Matthew E. Baker was recusing himself from all Board deliberations and votes until subsequent notice to the Board Secretary, and recusing himself from all matters regarding Mansfield University's presidential search pending its final resolution.

Mr. Pennoni presented the report on behalf of the Finance, Administration, and Facilities Committee. The Committee reviewed one information item: Fiscal Year 2012/13 Operating Budget Update. (Attachment #1)

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

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE THE FISCAL YEAR 2012/13 TUITION AND TECHNOLOGY TUITION FEE RATES, AS ATTACHED.** A REQUEST WAS MADE TO SEPARATE THE MOTION ON TUITION AND TECHNOLOGY FEE RATES, SO THE MOTION WAS WITHDRAWN.

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE THE FISCAL YEAR 2012/13 TUITION RATES AS ATTACHED.** (Attachment #2)

The motion passed unanimously.

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE THE TECHNOLOGY TUITION FEE RATES AS ATTACHED.** (Attachment #3)

The motion passed with one no vote.

Mr. Pennoni moved **THAT THE BOARD OF GOVERNORS APPROVE THE FOLLOWING ALLOCATION OF FUNDS FROM PASSHE'S FISCAL YEAR 2012/13 E&G APPROPRIATION.**
(Attachment #4)

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

The motion passed unanimously.

PUBLIC COMMENTS

No public comments.

ADJOURNMENT

There being no further items of business to come before the Board, the Chairman adjourned the meeting at 2:21 p.m.

ATTEST: _____
Peter H. Garland
Secretary to the Board

Commonwealth FY 2012/13 Appropriations for Higher Education

As enacted June 30, 2012

General Funds

(amounts in thousands)

	FY 2011/12 ORIGINAL APPROPRIATION	FY 2012/13 APPROVED APPROPRIATION	Change	
			\$	%
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.

**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.

**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