PASSHE News Post

April 2012

PASSHE Universities

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PASSHE universities facing unprecedented fiscal challenges

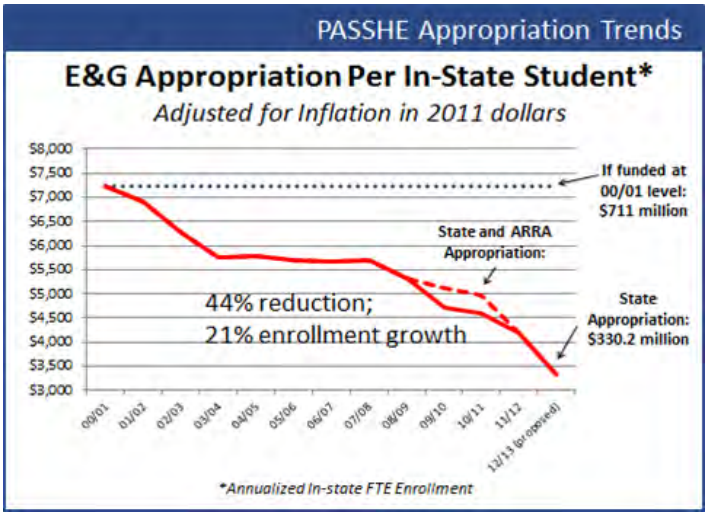
Proposed cuts would reduce PASSHE funding to near historic lows

The proposed cuts in state support for the Pennsylvania State System of Higher Education for 2012-13 — combined with the loss of $90 million in the current fiscal year — present the most severe financial challenge to the System since its creation in 1983. The funding level recommended in the Governor's proposed budget is **less than PASSHE received in 1988-89** – 24 years ago – when 23,000 fewer students attended the member universities.

Keeping its commitment to students that they would not be asked to shoulder the full impact of the loss of state support in the current fiscal year, the Board last June approved a $436 tuition increase. The increase was only about half of the $800 cut per student PASSHE experienced. PASSHE remains the lowest-cost option among all four-year universities, not only in the Commonwealth, but also in the Middle States region.

The Governor also has requested that PASSHE "freeze" an additional $20 million from this year's appropriation because of lagging state tax collections. When all of the reductions are combined, they would translate into a loss of almost $192 million — **12.4 percent of PASSHE's total operating budget** — in an 18-month period.

In addition to the loss in operating funds, PASSHE's capital funding has been reduced by 50 percent, from $130 million to $65 million annually, and the Governor's budget would eliminate all of the funding the System receives for maintenance of its facilities through the Keystone Recreation, Park and Conservation Fund (Key '93). Failure to maintain facilities now will inevitably result in higher costs later.



PASSHE universities making tough decisions to reduce costs

Cost cutting and cost avoidance procedures System wide have generated **$223 million in savings** over the last decade. To help balance their budgets in the face of declining state support, PASSHE and its member universities have:

- Hired fewer adjunct faculty, which has resulted in larger class sizes, especially in introductory level courses
- Eliminated or held vacant more than 900 positions on the campuses
- Postponed investments in new equipment and technology
- Delayed or canceled facility maintenance and renovation projects
- Eliminated athletic programs
- Consolidated business and IT operations
- Offered retirement incentive programs to most employees that will generate $10.8 million in annual savings
- Negotiated savings in new labor contracts with AFSCME and SPFPA (police and security officers) through revised work rule and healthcare offerings

PASSHE
Pennsylvania State System of Higher Education

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PASSHE seeks legislative changes to enhance universities' ability to develop revenue sources, reduce costs

Higher Education Modernization Act would create 'level playing field'

The Higher Education Modernization Act (HEMA) is critical to PASSHE's ability to compete on a level playing field with all other higher education institutions in the Commonwealth. It would allow PASSHE universities to:

- **Identify and develop new revenue sources** through the commercialization of research and new product development. (HB1343, SB 1308)
- Permit all PASSHE institutions to **offer applied doctorates,** a prerequisite for a number of professional occupations, especially in critical healthcare fields. (HB1343, SB 1133)
- Have their presidents and other university employees become more actively engaged in **private fund raising**. (HB 1343, SB 1221)

Additionally, separate legislation pending in the House would allow PASSHE universities to receive the proceeds from mineral extractions on campus properties, which could produce a significant new revenue source for the universities. (HB 1238, SB 367)

Another proposal would allow PASSHE to join multistate higher education purchasing consortia, which could significantly lower the cost of procuring commodities and other goods and services. (SB 1322)

PASSHE universities continually adapting programs to meet critical workforce needs

PASSHE universities work with employers to design new programs

In response to the changing workforce needs of Commonwealth employers, the 14 Pennsylvania State System of Higher Education universities are continually adapting their academic offerings.

Over the last four years, more than **60 existing programs have been revised, an additional 23 new degree programs** have been approved by the Board of Governors and **27 programs are in various stages of development.** All new programs must include collaborative efforts among the universities — working with each other and with business and industry to ensure the offerings are relevant to the changing economy.

Recently approved new programs include a Bachelor of Science in **allied health leadership** at Clarion University of Pennsylvania; a Bachelor of Applied Science in **technical leadership** at Bloomsburg University of Pennsylvania, offered in collaboration with Lehigh Carbon Community College and Lehigh Career and Technical Institute; and a Bachelor of Science in **information security** at East Stroudsburg University of Pennsylvania. Programs currently under development include **shale exploration and production, pharmaceuticals** and those involving skills required in the fields of science and technology, computer security and allied health.