



PennState

Meetings of the Board of Trustees | February 23, 2018

Minutes

**MINUTES OF MEETINGS OF
BOARD OF TRUSTEES
VOLUME 305
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MINUTES OF MEETING

BOARD OF TRUSTEES

VOLUME 305

February 23, 2018

A meeting of the Board of Trustees was held in Dean's Hall of the Penn Stater Conference Center Hotel, University Park, PA, at 1:00 p.m. on February 23, 2018.

The following Trustees were present: Dambly (chairman), Schuyler (vice chairman), Barron, Brown, Capretto, Casey, Cotner, Dandrea, Delligatti, Detwiler, Dietrich, Doran, Dunn, Fenza, Harpster, Hartzler, Hoeschele, Hoffman, Kleppinger, Lubert, Lubrano, Masser, Oldsey, Paterno, Pope, Potts, Rakowich, Rapp, Redding, Schneider, Tribeck, and Weinstein. Participating by phone were Trustees Han, Jubelirer, and McCombie.

Present by invitation were Faculty Senate officers Taylor and Woessner; student representatives DeBellis, Jordan, Krott, Pragg, Shockley, and Taylor; representatives Egolf, Ilie, Jacob, Strauss, and Wagman; and staff members Andrews, Beahm, Bieschke, Bundy, Dunham, Gray, Guadagnino, Hanes, Hillemeier, Huston, Jones, Kubit, Lokman, Moore, Mulroy-Degenhart, Pangborn, Poole, Sharkey, Sims, and Whitehurst.

Chairman Dambly called the meeting to order, and noted that the Board met in Executive Session both Thursday afternoon and earlier in the day to discuss various privileged matters. He noted the passing of Trustee Emeritus Edward P. Zemprelli in December and requested a moment of silence in his honor. Chair Dambly remarked on the success of THON, acknowledging that this year over \$10 million dollars was raised to benefit Four Diamonds at Penn State Children's Hospital. He then introduced THON Executive Director, [student] Andrew Smith, who reflected on his year-long experience. Next, Chair Dambly introduced students Marty Kassalen, Jill Beckman, Brandon Pelter, and Alex Sheinman, who recently served as members of the NFL Super Bowl staff. Alex Sheinman presented on behalf of the group, reflecting on the ways their participation was integrated into their academic experiences and the unique perspective afforded to them by working behind the scenes in the media center.

Chair Dambly then noted the recent Trustee Retreat that was held in Philadelphia; the announcement of the \$1 million gift from PNC Bank for the Happy Valley LaunchBox, which is being matched by a \$1 million commitment from Penn State; and the successful Invent Penn State in the Capitol Day. Finally, Chair Dambly introduced student government leaders Katie Jordan, President of the University Park Undergraduate Association; Matt Krott, President of the Graduate and Professional Student Association; and Council of Commonwealth Student Governments President Zak Taylor. Attending their final Board meeting as leaders of their organizations, each reflected on their experiences at Penn State, and addressed issues such as access and affordability, working together for the common good of the University, shared governance, and the importance of representation for all voices.

Recorded remarks are available at <https://youtu.be/ecusaDWQFQA>

The roll was called by Janine Andrews, Associate Secretary of the Board. Following the roll call, the Board voted to approve the *Minutes* of the meetings of the Board held on November 10, 2017, and December 15, 2017.

President's Report

The President's Report was titled Transformative Experiences: Digital Innovation, which is one of the priorities in the campaign, *A Greater Penn State for 21st Century Excellence*. He gave a brief overview of the vision for preparing students for the digital age, and where Penn State is positioned today. He then gave several examples of the ways Penn State is transforming teaching and learning by creating flexible, adaptable spaces; technology classrooms, with online and blend learning options; virtual and augmented reality; accommodations for multiple learning styles; and support for faculty innovation.

President Barron introduced faculty guests (Ann Clements, Scott McDonald, Scott Yabiku, Ashu Kumar), who are all winners of the annual Open Innovation Challenge. Each briefly presented the research they are conducting in the innovation space.

Recorded remarks are available at <https://youtu.be/ecusaDWQFQA>. For companion slides, reference Appendix I.

[Appendix I]

Reports from Standing Committees

Chairman Dambly advised that Standing Committees met in public session on Thursday, February 22, 2018, to consider any information or action items to come before the Board at the February 23, 2018 public meeting. Any action item considered and voted on in the Committee was included in reports by the respective Committee chairs. The full Board was asked to consider Committee recommendations at the conclusion of each report.

A. Committee on Academic Affairs and Student Life

Chair Oldsey reported that the Committee on Academic Affairs and Student Life met on Thursday, February 22, with a quorum of the Committee present.

Provost Nick Jones provided updates on administrative searches, noting the appointment of Laurie Badzek, professor of nursing and director of the School of Nursing at the University of North Carolina Wilmington (UNCW) as the Dean for Penn State's College of Nursing effective July 1, 2018. Searches for the Dean of the Colleges of the Liberal Arts and Health and Human Development are ongoing. Provost Jones also provide admissions update, and led a discussion about the ongoing graduate student unionization effort. Vice President for Student Affairs, Damon Sims, reported on student psychological services; Greek life reform; compliance monitoring; and THON. Vice President Sims then introduced a presentation from members of the Penn State Global Safety Resources team, who oversee off-campus supervision and safety.

The Committee received a data-rich presentation from Kathleen Bieschke, Vice Provost for Faculty Affairs on University faculty composition, which led to a discussion that included the strategic faculty mix by department; by college; by campus; promotion and advancement opportunities for nontenure line faculty; and the importance of multi-year extended contracts for fixed term faculty. The Committee would like to receive an update of faculty in academic year 2018-2019. The Committee will focus on academic student advising at its meetings in May, 2018.

There were no action items presented to the Board.

B. Committee on Audit and Risk

Chair Rakowich reported that the Committee on Audit and Risk met on Thursday, February 22, with a quorum of the Committee present.

The Committee reviewed the Committee roles and responsibilities matrix, and received an internal audit follow-up report from Director of Internal Audit, Dan Heist. Michael Kubit, Vice President for Information Technology/Chief Information Officer, provided an IT update, including goals, and the alignment of IT initiatives with University priorities and the Strategic Plan. Joe Doncsecz, Corporate Controller, reviewed the Deloitte management letter, including responses and resolutions. An update was provided by the Subcommittee on Risk which noted the addition of Greek Life Issues and Compliance Issues to the list of Board oversight risks; the Committee unanimously approved the list as presented. Joseph Doncsecz then provided a detailed report on the University's audited financial statements. Finally, the Committee reviewed, and unanimously approved the engagement letter authorizing Deloitte to serve as the University auditor of financial accounts for fiscal year ending June 30, 2018.

The Committee on Audit and Risk recommended that the Board of Trustees approve the following resolution:

1. RESOLVED, That the Officers of the University are authorized to engage Deloitte & Touche LLP, Certified Public Accountants, for the audit of the accounts of the University for the year ending June 30, 2018.

A motion to approve the foregoing resolution as recommended by the Committee on Audit and Risk was made, seconded and approved by the Board

C. Committee on Compensation

Chair Masser reported that the Committee on Compensation met on Thursday, February 22, with a quorum of the Committee present.

The Committee reviewed materials related to the annual Presidential assessment process; reviewed executive compensation strategies; and reviewed its Operating Guidelines.

There were no action items presented to the Board.

D. Committee on Finance, Business and Capital Planning

Chair Fenza reported that the Committee on Finance, Business, and Capital Planning met on Thursday, February 22, with a quorum of the Committee present. In advance of Thursday's meeting, Trustees were provided with opportunities for briefings and inquiry on agenda items, to ensure each Trustee had a comfortable level of information and to address any outstanding inquiries. Two separate webinar offerings, along with accompanying detailed information on the Board portal, was supplemented with the University's administration making itself available to answer questions.

Chair Fenza introduced Paul Shrivastava, the University's Chief Sustainability Officer and Director of the Sustainability Institute; and Steve Maruszewski, Associate Vice President of Physical Plant, who shared a presentation on sustainability living laboratories, and the Orchard Road solar energy development project.

Chair Fenza continued with his introductions of Agenda Items for consideration and approval.

Agenda Item 1 proposed the naming of a non-University employee to the Penn State Investment Council. Agenda Item 2 authorized HOK of New York, NY, to design the Henning Building replacement at University Park. The Committee approved the recommendation of the resolution for Agenda Item 1 with two abstentions, and Agenda Item 2 was approved unanimously.

Agenda Item 3 proposed the final plan approval and authorization to expend funds for the East Hall renovation - Phase 1C at University Park. Agenda Item 4, proposed the final plan approval and authorization to expend funds for the Children's Hospital Overbuild at Penn State Health Milton S. Hershey Medical Center. These items were presented in detail by Senior Vice President for Finance and Business/Treasurer, David Gray. Agenda Item 5 proposed an increase in room and board charges for 2018-2019 academic year. The Committee approved the recommendation of resolutions for Agenda Items 3-5 by unanimous vote.

The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, That J. Alex Hartzler, non-University employee and voting member of the Board of Trustees, is appointed to the Penn State Investment Council for a term ending in 2020.

2. RESOLVED, That the Officers of the University are authorized to employ HOK of New York City, New York, to design the Henning Building Replacement at University Park.

FURTHER BE IT RESOLVED, Final plans for the project will be brought to the Board of Trustees for approval when designed and costs have been established.

3. RESOLVED, That the final plans for the East Halls Renovation – Phase 1c at University Park, as designed by Clayco, Inc., of St. Louis, Missouri, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project is approved in the amount of \$84,500,000.

4. RESOLVED, That the final plans for the Children’s Hospital Overbuild at Penn State Health Milton S. Hershey Medical Center, as designed by Payette Associates of Boston, Massachusetts, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project is approved in the amount of \$148,100,000.

5. RESOLVED, That room and board charges at all locations be increased as shown on Schedules I through V attached hereto and which are a part of this resolution.

[Appendix II]

A motion to approve foregoing resolutions 1 through 5, as recommended by the Committee on Finance, Business and Capital Planning, was, seconded and approved by the Board.

E. Committee on Governance and Long-Range Planning

Vice Chair Hoffman reported that the Committee on Governance and Long-Range Planning met on Thursday, February 22, with a quorum of the Committee present.

The Committee received a Retreat recap from Trustee Potts who served as Chair of the Retreat Planning Committee. The Committee received updated information from the Skill Set Inventory that was recently completed by the Board, and following discussion determined that moving forward, Board members will be asked in July to update their individual inventories. Trustees Doran and Hoeschele provided the Committee with an update on Operating Guidelines. The Committee discussed, and unanimously recommended an appointment of a Director to the Penn State Health Milton S. Hershey Medical Center Board of Directors.

Previously, the Committee determined that additional time was needed to discuss proposed revisions to the Standing Orders on Public Comment. Following discussion, the Committee voted unanimously to recommend the proposed revisions to the full Board during the May meeting cycle. The Committee had continued discussions on expectations of membership, which will again be addressed at the meeting in May.

Finally, the Committee received a presentation from Craig Hillemeier, Chief Executive Officer, Penn State Milton S. Hershey Medical Center, Senior Vice-President for Health Affairs, Dean, Penn State College of Medicine; and Nan Crouter, Dean of the College of Health and Human Development.

The Committee on Governance and Long-Range Planning recommended that the Board of Trustees approve the following resolution:

1. RESOLVED, That the appointment of Tony G. Farah, M.D. to the Board of Directors of Penn State Milton S. Hershey Medical Center for a term commencing February 23, 2018 and expiring June 30, 2021 is hereby confirmed.

A motion to approve the foregoing resolution as recommended by the Committee on Governance and Long-Range Planning was made, seconded and approved by the Board.

F. Committee on Legal and Compliance

There Committee on Legal and Compliance met on Thursday, February 22, with a quorum of the Committee present.

Chair Dandrea reported that the Committee had a single action item, and voted unanimously to recommend that the Board authorize the filing of an application on behalf of the College of Arts and Architecture to receive a wine auction permit for a fund-raising event. The Committee also discussed their contribution to the Board's oversight of intercollegiate athletics. Steve Dunham, Vice President and General Counsel, and Regis Becker, Director of University Ethics and Compliance, addressed the obligations of their respective offices for athletics oversight.

The Committee on Legal and Compliance recommended that the Board of Trustees approve the following resolution:

1. WHEREAS, The Pennsylvania Liquor Code authorizes the Pennsylvania Liquor Control Board to issue various licenses and permits related to the sale and service of alcoholic beverages, subject to a well-defined set of regulations; and

WHEREAS The Pennsylvania State University desires to file an application for a Wine Auction Permit on behalf of The College of Arts and Architecture as part of its fundraising efforts for the Palmer Museum of Art;

THEREFORE BE IT RESOLVED, That an application for a Wine Auction Permit be submitted to the Pennsylvania Liquor Control Board.

FURTHER BE IT RESOLVED, That David J. Gray, Senior Vice President for Finance and Business/Treasurer and/or Joseph J. Doncsecz, Corporate Controller, or any appropriate designee(s) is/are authorized to execute, deliver and file all necessary applications, documents and instruments, and any other papers required by the Pennsylvania Liquor Control Board, in connection with the foregoing.

A motion to approve the foregoing resolution as recommended by the Committee on Legal and Compliance was made, seconded and approved by the Board.

The Committee met in Executive Session later in the day for privileged legal updates.

G. Committee on Outreach, Development and Community Relations

Chair Harpster reported that the Committee met on Thursday, February 22, with a quorum of the Committee present.

The Committee approved its Operating Guidelines, and will now forward them to the Committee on Governance and Long-Range Planning for final review and approval. Zack Moore, Vice President for Government and Community Relations, provided a state budget update, which recommends level funding for Penn State College of Technology, Agricultural Research and Extension, and Penn State Health for the next fiscal year; and federal relations efforts, including student aid, research funding, tax reform, higher education, reauthorization, and immigration policy issues. Lawrence Lokman, Vice President for Strategic Communications, led a discussion on enrollment, marketing

and the strategies used to support campus recruitment, including the world campus. Chief Executive Officer of the Penn State Alumni Association, Paul Clifford, provided an update on Lion Link, a networking platform offering career services for alumni. Finally, Rich Bundy, Vice President for Development and Alumni Relations, reported on the fund-raising progress of the campaign, which is currently tracking ahead of schedule; funding methods and oversight; and goals and priorities related to intercollegiate athletics.

There were no action items presented to the Board.

Appointment of Directors of Penn State Health

A motion to approve the following resolution was made and seconded and approved by the Board. It is noted that Trustee Paterno cast an opposing vote to the resolution:

RESOLVED, that the following persons be elected to the Board of Directors of Penn State Health, for a one-year term commencing March 15, 2018 through June 30, 2019:

Eric J. Barron	Mark H. Dambly
Clifford G. Benson, Jr.	David J. Gray
Dennis P. Brenckle	A. Craig Hillemeier, M.D.
Peter N. Carlino	Keith E. Masser
Kathleen L. Casey	Peter G. Tombros

Proposed 2019 Dates for Meetings of the Board of Trustees

The Board of Trustees voted to approve the proposed meeting dates for 2019 as follows. Unless otherwise noted, all meetings will be held at University Park.

January 10-11, 2019	(Thursday-Friday) – Board Retreat/Professional Development
February 21-22, 2019	(Thursday-Friday)
May 2-3, 2019	(Thursday-Friday)
July 18-19, 2019	(Thursday-Friday) – Penn State Brandywine
September 12-13, 2019	(Thursday-Friday)
November 14-15, 2019	(Thursday-Friday)

Announcements by the Chairman of the Board of Trustees

Chair Dambly called for other matters to come before the Board.

There being no other business, the public meeting was adjourned at 3:04 p.m. The meeting is available in its entirety at <https://youtu.be/ecusaDWQFQA>

Respectfully submitted,

Janine S. Andrews
Associate Secretary,
Board of Trustees

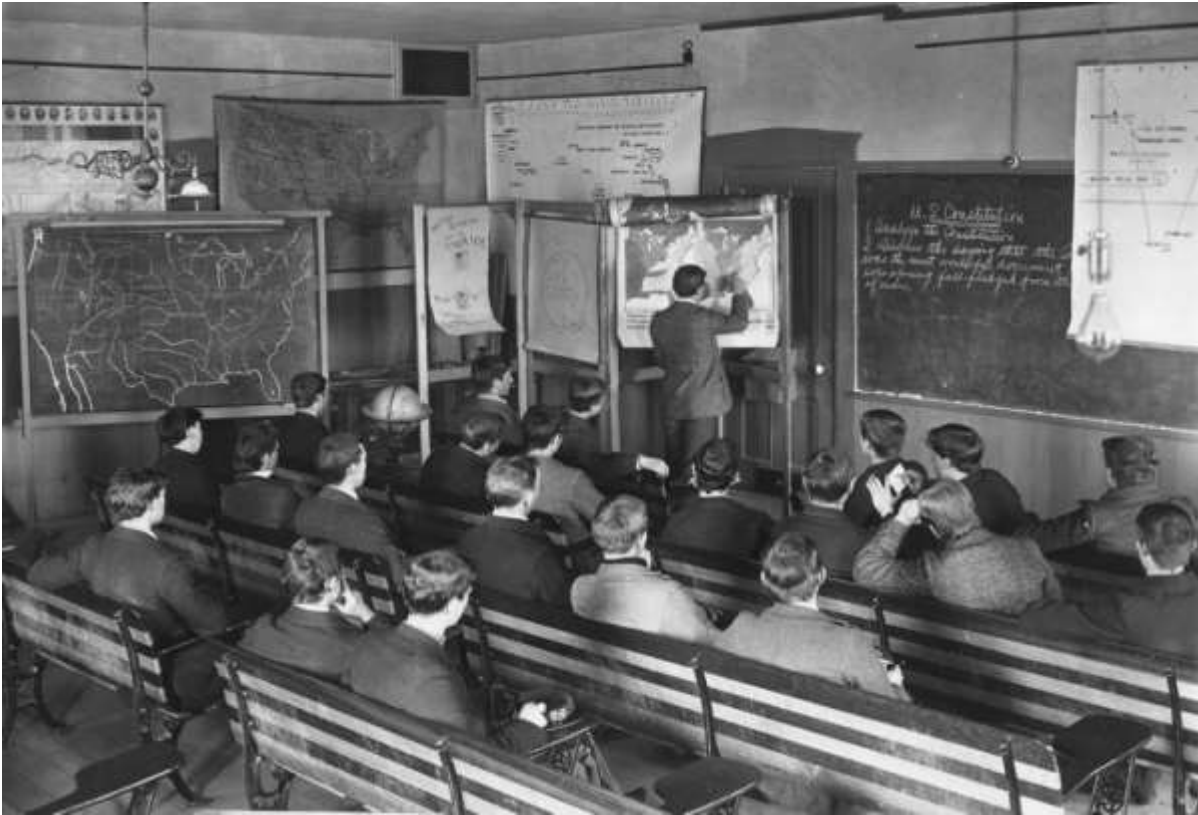


PennState

Transformative Experiences: Digital Innovation

**President's Report
to the Board of Trustees
February 23, 2018**

Penn State classrooms circa 1894 and 1957



Digital Innovation is Transformative

From smart phones to self-driving cars to online educational technology to sensors that translate brainwaves into action, technology is transforming our lives, as well as our classrooms.

Will Penn State and its students lead or follow?

Penn State's Vision

“Penn State will prepare students for success in the digital age and use digitally optimized outreach to foster economic prosperity in communities across Pennsylvania and beyond.”

Driving Digital Innovation--Strategic Plan

Where Penn State is positioned today

Through World Campus and hybrid classrooms we have a head start on educational technology, but...

...we need to create the innovative learning environments that empower students outside the classroom and create lifelong learners who are resilient in an ever-changing job market.

How Penn State is transforming teaching and learning

- **Flexible, adaptable spaces.**
- Technology classrooms; online and blended learning options.
- Virtual and augmented reality.
- Accommodations for multiple learning styles.
- Support for faculty innovation.

Collaborative Classrooms



Classroom with overhead screens and several students collaboration on laptops.



Rogers Family Trading Room—Smeal College of Business

Design Experience Lab *Willard 109*



- Design based on principles essential to collaborative learning and creative thinking.
- Faculty from IST, Engineering, Eng. Design, Telecommunications, Journalism, Biobehavioral Health and Entrepreneurship were involved in the room design.
- Used for classes in 8 colleges— Arts & Architecture to Liberal Arts to Science.



BlueBox Studio *Althouse 101*



- Designed as an experimental classroom where teachers can test new methodologies and methods involving group and technology facilitated learning.
- Accommodates 44 students; has hosted 40 courses across 5 colleges over 4 semesters with 32 faculty.



New STEAM Suite

Penn State Fayette, The Eberly Campus



Engineering and arts suite with:

- **4 traditional classrooms,**
- **Arts classroom,**
- **Computer lab,**
- **2 electrical engineering technology labs that simulate industrial environments,**
- **Lab with six 3-D printers.**



How Penn State is transforming teaching and learning

- Flexible, adaptable spaces.
- **Technology classrooms; online and blended learning options.**
- Virtual and augmented reality.
- Accommodations for multiple learning styles.
- Support for faculty innovation.

One Button Studio & Media Commons



- PSU developed software that allows for simplified video recording, and the creation of high-quality videos.
- Used by 15K+ students annually on all PSU campuses.
- Penn State system has been adopted by 100+ universities worldwide including: Indiana, Iowa, Nebraska, Florida, and Notre Dame.



Blended Learning Transformation Program

BlendLT

Development • Design • Research

- Supports faculty who wish to redesign an existing residential course to an innovative blended (face-to-face and online) format.
- Started fall '16; to date supported 23 faculty and 2,000 students.

How Penn State is transforming teaching and learning

- Flexible, adaptable spaces.
- Technology classrooms; online and blended learning options.
- **Virtual and augmented reality.**
- Accommodations for multiple learning styles.
- Support for faculty innovation.

Immersive Experiences Lab (IMEX Lab)

Ag Sciences 109



- Opened Fall 2017
- Technology to support consumption and creation of immersive media.
- Hosts courses from: Ag Sciences, Liberal Arts, Arts & Architecture, Engineering, IST, and EMS.



The Dreamery *Shields Building*



- Co-learning space where students, faculty and staff can explore virtual reality and immersive technologies.
- Used as a model for a new Virtual Reality lab on Lehigh Valley campus.



How Penn State is transforming teaching and learning

- Flexible, adaptable spaces.
- Technology classrooms; online and blended learning options.
- Virtual and augmented reality.
- **Accommodations for multiple learning styles.**
- Support for faculty innovation.

Maker Commons *Pattee Paterno Library*



- University-wide initiative to enrich teaching and learning through 3D printing, rapid prototyping, design thinking and direct support.
- Supports courses in 8 colleges with 24/7 online access.
- 36 Makerbot 3D Printers.
- Last year, nearly 1,600 students printed 6,742 projects.



Artificial Intelligence: *Making Free Textbooks*



- This human-assisted computer approach use open source material to create textbooks and specialized materials.
- Relevant resources can be combined, remixed, and re-used to support specific learning goals.



World Campus 360-degree Videos



- For the first time, online students can use a VR headset to watch 360-degree immersive videos.
- The videos place students in a virtual classroom to learn how to respond to challenging behaviors.
- Helps students better understand the content and skills they are learning.



How Penn State is transforming teaching and learning

- Flexible, adaptable spaces.
- Technology classrooms; online and blended learning options.
- Virtual and augmented reality.
- Accommodations for multiple learning styles.
- **Support for faculty innovation.**

Partnership with Adobe Creative Cloud Designed to Foster Digital Fluency



- Since last fall, 24,000+ students, faculty and staff downloaded Creative Cloud for no cost (previously cost up to \$250 per person/yr.)
- Provides access to 20 Adobe desktop and mobile applications for design, photography, video and web.
- PSU negotiated savings of \$1M/yr. on this enterprise license, plus Adobe agreement resulted in a \$5M software gift to campaign.



Faculty Fellows



- Yearlong program with 5 faculty.
- Team-based approach to innovation and research.



Symposium for Teaching and Learning with Technology



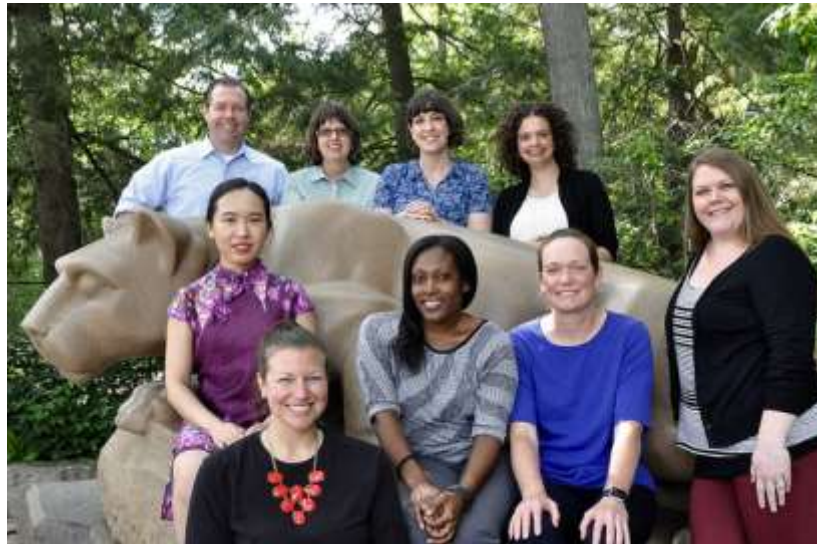
- *March 17, 2018 at The Penn Stater*
- Annual event bringing together people and ideas that transform education.



Annual Artificial Intelligence Competition



- Teams develop AI-based solutions to improve the PSU student experience.
- First round: Select projects receive \$2,500 in seed money; second round awards an additional \$5,000 to develop minimum viable projects; third round awards from remaining \$50,000 pool.
- 2017 Challenge engaged: 6 campuses, 8 colleges, 30+ departments, 12 faculty, 24 staff, 72 students and 9 IBM mentors.



2017 winner: TransferMatch Team



4th Annual Open Innovation Challenge

Saturday, March 17, 2018



- High profile opportunity to present innovative ideas; audience votes on winning concept.
- 40+ entries annually; 6 finalists; 1 winner.
- Winner works with PSU Ed Tech team to explore/develop idea.

Welcome our Faculty Guests

- **Ann Clements:** associate professor and graduate program chair for music education; 2015 Open Innovation Challenge winner.
- **Scott McDonald:** associate professor of science education and Director of the Krause Innovation Studio; 2016 Open Innovation Challenge winner.
- **Scott Yabiku:** professor of sociology and demography; 2017 Open Innovation Challenge winner.
- **Ashu Kumar,** instructor, IST and program coordinator of the Entrepreneurship and Innovation minor, Penn State Beaver; finalist in 2017 Open Innovation Challenge.



Summary

Penn State is among the thought leaders in digital innovation, and is funding two Strategic Plan initiatives in Driving Digital Innovation.

Still, the major challenge is to scale up.

- **Do we have the resources we need to advance innovation fast enough?**
- **What can we do to ensure that more worthwhile activities are funded?**

Discussion



2018/19

Room and Board Rate Proposal Housing and Food Services

- Budget Planning Factors
- Expense Increases
- Proposed Room and Board Rates
- History of Double Room and Meal Plan Rates



Budget Planning Factors for 2018/19

Housing and Food Services is a self-supporting auxiliary enterprise. As such, monies paid by students and guests for food and lodging are the only funds available to pay all operating expenses, building loans, and interest payments as well as costs for major maintenance and facility renewal. Neither state funds nor tuition dollars are used for construction, maintenance of facilities, or the operations of the housing and dining program.

Housing and Food Services continues to make progress with the construction and renovation plan to improve residential living for students. This will be year six of the fifteen-year renewal plan.

In fall 2018, a new residence hall, Martin Hall, will open at University Park, adding 415 bed spaces to East Halls. The renovations to Stuart, McKean, and Pennypacker Halls will be completed for fall occupancy. By fall 2018, University Park will have renovated 819 bed spaces in East Halls, and added 1067 new bed spaces through the construction of Martin, Earle, and Robinson Halls.

At the Penn State Behrend campus, Trippe Hall will open in fall 2018, adding capacity for 250 residential students. New housing facilities were opened in fall 2017 at Abington and Brandywine, and are meeting their occupancy projections.

The room and board rates provided in this proposal apply a new market-driven approach to housing rates at several of the Commonwealth campuses. To support the University's commitment to address affordability for our students, there will be no increase in on-campus housing rates for students attending the Mont Alto, Hazleton, Greater Allegheny, or Beaver campus. In addition, Housing and Food Services is offering a housing discount of \$1,000 per semester at the Hazleton campus for the 2018/19 year. This action is taken, in partnership with the Office of the Vice President for Commonwealth Campuses, as a pilot program to assess the impact to enrollment at the campus by establishing tiered, market-driven housing rates, similar to the tuition rate tier structure.

The Pittsburgh Promise, a private scholarship program for graduates of Pittsburgh high schools, has asked Penn State to partner with them to reduce the cost of living on-campus. To support this effort, Housing and Food Services has pledged to provide a subsidy of \$1,000 per semester for housing costs for those Pittsburgh Promise students who elect to attend either the Beaver, Greater Allegheny, Hazleton, or Mont Alto campus.

Housing and Food Services is proud to participate in these programs to support the University's efforts to encourage student recruitment at the Commonwealth campuses.

EXPENSES

Payroll and Related

The financial plan for salary expense has provided for an increase of 2.50 percent at the recommendation of the University Budget Office. The salary expense for bargaining unit employees is planned to increase 2.25 percent, in compliance with the contract. The fringe benefit expense is budgeted to increase by 3.90 percent.

Food Costs

Food costs for 2018/19 are expected to increase by 1.50 percent. This is less than the anticipated change in the CPI of 2.0 percent, and is achieved by purchasing directly from manufacturers, and through consolidated purchasing for dining operations statewide. Economies of scale are also possible by combining purchasing for other units within Auxiliary and Business Services, which include Hospitality Services and the Bryce Jordan Center.

Utilities and Other Operating Expenses

The utility budget for existing facilities is anticipated to be stable for the coming year, due in part to consumption containment initiatives. Additional provision is included for the new facilities coming on line in 2018/19.

Residence Life

The fee for services provided by the Office of Residence Life will increase by \$453,000 to cover increases in operating costs, anticipated salary increases, and room and board charges for resident assistants at all campuses.

OVERHEAD EXPENSES

Housing and Food Services Administration and Support Services

Administration and support services are expected to increase by \$122,000.

University Overhead

The budget for University administrative services is expected to increase by \$1,511,000. Housing and Food Services pays for central administrative services as a percentage of gross revenue. This rate is expected to be 5.0 percent for 2018/19.

PROPERTY EXPENSES

Debt Service

As our new and renovated residence halls come on line, debt service will increase by \$4,300,000 for 2018/19 to \$42,600,000.

Deferred Maintenance and Facility Renewal

The budget provides \$34,829,000 for facility renewal, deferred maintenance, and emergency reserves. Annual maintenance includes items such as furniture and equipment replacement, elevator and roofing repairs, painting, and security upgrades for all facilities statewide.

Capital Assessment

Housing and Food Services will enter the sixth year of the fifteen year H&FS capital plan, which includes the renovations of East and Pollock Halls at University Park. This impacts 23 buildings with a total of 6,362 bed spaces, representing nearly 50 percent of the total University Park bed capacity. To support a project of this scale, the Board of Trustees approved a multi-year capital assessment, which is applied to all room rates for a ten-year period. For 2018/19, the assessment will be 2.0 percent of the room rate, and will generate an additional \$2,520,000 to meet the financial requirements of the capital plan.

INCOME

The room and board rate for a student living in a standard double room, and choosing the mid-level meal plan, will increase in 2018/19 by 2.50 percent over the prior year. The rate for a renovated double room, along with the mid-level meal plan, will increase by 2.64 percent more than the prior year. The recommended rate increases will generate the \$14,320,000 to maintain progress with our capital plan, support the University's initiatives on affordability, and maintain operations.

The increase of 2.50 percent for housing and the meal plan is the lowest increase required in the last eight years, and the second lowest increase since 2000/01.

Expense Increases for 2018/19

	2017/18 Budget	Proposed 2018/19 Budget	2018/19 Increase	2018/19 % Change
Payroll & Related	\$56,918,000	\$57,997,000	\$1,079,000	1.90%
Food Costs	30,624,000	31,372,000	748,000	2.44%
Utilities	18,921,000	19,071,000	150,000	.79%
Other Operating Expenses	32,779,000	33,760,000	981,000	2.99%
H&FS Admin. & Support	2,440,000	2,562,000	122,000	5.00%
University Overhead	10,240,000	11,751,000	1,511,000	14.76%
Property	80,355,000	90,084,000	9,729,000	12.11%
Total Expense	\$232,277,000	\$246,597,000	\$14,320,000	6.17%

Proposed Residence Hall Room Rates and Undergraduate Apartment Rates

Rate/Person/Semester

Room Description	Number of Occupants	2017/18 Current Rate	2018/19 Proposed Operating Increase	2018/19 Proposed Capital Assessment	2018/19 Proposed Rate	2018/19 Proposed Increase
Standard Double	2	\$3,090	\$33	\$62	\$3,185	\$ 95
Standard Double/Bath	2	3,255	35	65	3,355	100
Renovated Double	2	3,380	42	68	3,490	110
Small Double	2	2,315	24	46	2,385	70
Triple	3	2,780	29	56	2,865	85
Triple/Bath	3	3,090	33	62	3,185	95
Quad	4	2,780	29	56	2,865	85
Quad/Bath	4	3,090	33	62	3,185	95
Quad as Triple	3	3,090	33	62	3,185	95
Standard Single	1	4,210	36	84	4,330	120
Standard Single/Bath	1	4,295	39	86	4,420	125
Renovated Single	1	4,295	39	86	4,420	125
Eastview Single/Bath	1	5,360		70	5,430	70
Eastview Large Single/Bath	1	5,760		70	5,830	70
RA Rate	1	1,935	16	39	1,990	55
Standard Double Suite	2	3,650	42	73	3,765	115
Standard Double Suite as Triple	3	3,085	38	62	3,185	100
Standard Single Suite, 1/bedroom	4	4,265	40	85	4,390	125
Double Suite	2	3,920	42	78	4,040	120
Single Suite	1	5,165	42	103	5,310	145
University Park, Nittany Apartment						
<i>Rate/Person/Semester*</i>						
2 Bedroom Garden	4	\$3,745	\$40	\$75	\$3,860	\$115
4 Bedroom Garden	4	4,210	36	84	4,330	120
4 Bedroom Townhouse	4	4,360	48	87	4,495	135
Erie, Behrend Apartment						
<i>Rate/Person/Semester*</i>						
2 Bedroom Garden	4	3,745	40	75	3,860	115
Harrisburg & Abington Apartment						
<i>Rate/Person/Semester*</i>						
Apartments-Bedroom Single	4	4,470	46	89	4,605	135
Apartments-Bedroom Double	6	3,930	41	79	4,050	120
Apartments-Bedroom Triple	9	3,540	34	71	3,645	105
Beaver, Greater Allegheny, Hazleton, & Mont Alto						
Standard Double	2	3,090	0	0	3,090	0
Standard Double Suite	2	3,650	0	0	3,650	0
Townhouse Double	2	3,255	0	0	3,255	0

Supplemental assignments will be priced at a 20 percent discount from the applicable suite or room rate. Single occupancy of rooms intended for double occupancy will be priced at 25 percent more than the double occupancy rate for that room type.

University Park Graduate Apartment Rates
No change required for 2018/19

Room Description	2018/19 Rate
University Park, Graduate Family Apartment	
<i>Rate/Month*</i>	
White Course 1 Bedroom	\$1,125
White Course 2 Bedroom	1,275
White Course 3 Bedroom	1,430
White Course 3 Bedroom w/Half Bath	1,445
University Park, Graduate Apartment	
<i>Rate/Person/Month*</i>	
White Course 4 Bedroom	905

**Apartment rate includes utilities*

**Proposed Board Plan
Rates/Semester**

Meal Plan	2017/18 Current Rate	2018/19 Proposed Rate	2018/19 Proposed Increase	2018/19 Dining Dollars
Plan 1	\$1,985	\$2,025	\$40	\$ 640
Plan 2	2,305	2,345	40	\$ 960
Plan 3	2,550	2,600	50	\$ 1,215

History of Double Room and Mid-Level Meal Plan Rates 2000–2019

Year	Semester Rate	Semester Increase	Percent Increase
2018/19 Proposed	\$5,530	\$135	2.50%
2017/18	\$5,395	\$165	3.15%
2016/17	\$5,230	\$155	3.05%
2015/16	\$5,075	\$190	3.89%
2014/15	\$4,885	\$200	4.27%
2013/14	\$4,685	\$190	4.23%
2012/13	\$4,495	\$125	2.86%
2011/12	\$4,370	\$185	4.42%
2010/11	\$4,185	\$100	2.45%
2009/10	\$4,085	\$250	6.52%
2008/09	\$3,835	\$245	6.82%
2007/08	\$3,590	\$165	4.82%
2006/07	\$3,425	\$160	4.90%
2005/06	\$3,265	\$150	4.82%
2004/05	\$3,115	\$145	4.88%
2003/04	\$2,970	\$140	4.95%
2002/03	\$2,830	\$180	6.79%
2001/02	\$2,650	\$195	7.94%
2000/01	\$2,455	\$110	4.69%