



PennState

Meetings of the Board of Trustees | July 21, 2017

Minutes

**MINUTES OF MEETINGS OF
BOARD OF TRUSTEES
VOLUME 301
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MINUTES OF MEETING
BOARD OF TRUSTEES

VOLUME 301
July 21, 2017

A meeting of the Board of Trustees was held in Room 210, Student Center, Capital Union Building, Penn State Harrisburg, Middletown, PA, at 1:00 p.m. on July 21, 2017.

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

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

Chairman Lubert called the meeting to order, and noted that the Board met in Executive Session earlier in the day to discuss various privileged matters. He thanked Dr. Mukund Kukarni, Chancellor of Penn State Harrisburg, his colleagues, and members of the campus' Board of Advisors, for hosting the Board of Trustees meetings at their campus. He welcomed new Trustees Lynn Dietrich, Michael Hoeschele, Jay Paterno, and Kevin Steele, and recognized outgoing Trustee Allie Goldstein. He then welcomed Staff Advisory Council leaders JeanMarie Jacob and John Ilie, and Steve Wagman, President of the Penn State Alumni Association (PSAA), all whom will serve as representatives to the Board. Next, he recognized the 2016-2017 Administrative Fellows, Zaryab Iqbal, Clarabelle Lin, and Felisa Preciado, who have recently concluded their fellowship year. Chair Lubert then thanked Susan Basso, Vice President for Human Relations, and Holly Brown, Board Office Assistant, for their service to the University and Board as they prepare to assume new positions. Finally, Chair Lubert thanked Trustees Detwiler, Oldsey and Rakowich for agreeing to serve on the Greek-Life Response Team Advisory Group.

Recorded remarks are available at <https://youtu.be/-Hol0poYdzE>.

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 May 5, 2017 and June 2, 2017.

Chair Lubert turned the meeting over to Thomas Poole, Vice President for Administration, and Secretary of the Board.

Election of Officers of the Board of Trustees

Thomas Poole, Vice President for Administration, in his role as Secretary of the Board, conducted the election of officers. With 33 voting trustees physically present, and one attending by telephone, 18 votes were needed to elect officers. On May 17, 2017, Trustee Huber, Chair of the Committee on Governance and Long-Range Planning, provided all Trustees with the process and timeline for electing candidates for the offices of Chair and Vice Chair of the Board. Trustees Capretto and Dambly announced their candidacy for Chair of the Board; and Trustee Schuyler announced his candidacy for the position of Vice Chair of the Board. Candidates submitted biographical sketches and vision statements which were distributed to all members of the Board. Each candidate was also provided an opportunity to speak to the board about their candidacy.

Dr. Poole called for nominations for the position of Chair. Trustee Weinstein nominated Trustee Capretto for Chair; the nomination was seconded by Trustee Pope. Trustee Potts nominated Trustee Dambly for

Chair; the nomination was seconded by Trustee Hoffman. There being no additional nominations from the floor, Dr. Poole declared the nominations to be closed.

Dr. Poole then called for nominations for the position of Vice Chair. Trustee Han nominated Trustee Schuyler for Vice Chair; the nomination was seconded by Trustee Doran. There being no additional nominations from the floor, Dr. Poole declared the nominations to be closed.

Dr. Poole stated that the remaining officers of the Board also required election. Incumbent officers included: Thomas G. Poole, Secretary of the Board; Associate Secretary Janine Andrews; Assistant Secretary Carmella Mulroy-Degenhart; Assistant Secretary Crystal K. Straw; Treasurer David Gray; and Assistant Treasurer Susan Wiedemer. The names of Patricia B. Battaglia and Kimberly J. Fisher were placed on the ballot to fill the two remaining Assistant Treasurer positions.

Dr. Poole called for any questions of the nominees. Trustees Lubrano, Pope, Doran, and Tribeck asked questions of Trustee Dambly, candidate for Chair of the Board; Trustee Tribeck asked a question of Trustee Capretto, candidate for Chair of the Board.

Dr. Poole provided the Trustees with voting instructions and stated that results of the election would be announced later in the meeting. Paper ballots were distributed to, and collected from, the Trustees by members of the Board Office staff. Tracey Huston, Interim Vice President for Outreach, and Zachery Moore, Vice President for Government and Community Relations, served as tellers for the election.

Dr. Poole indicated that a report on the results of the elections would be provided at the close of the meeting.

President's Report

Dr. Barron's report provided a philanthropy update, with special focus on the progress during the first year of the new campaign, *A Greater Penn State for 21st Century Excellence*. The goals for the campaign are ambitious (projected \$320M in annual average commitments), as are the themes: Open Doors, Create Transformative Experiences, and Impact the World. Dr. Barron shared Year One Results including: \$304.6M in new commitments, which is the third best year at Penn State. There were 50,000+ more donors than in the previous fiscal year and a 5 percent increase in alumni donors. Overall, *A Greater Penn State* has achieved 21.9 percent of its goal with 20 percent time elapsed. Dr. Barron also highlighted the Don Bellisario \$30M gift, the Philanthropists of the Year (Jack and Jeanette McWhirter), the PSAA \$1.5M gift, new matching programs, and a \$4.9M gift by CSL Behring.

Recorded remarks are available at <https://youtu.be/-Hol0poYdzE>. For companion slides, reference Appendix I.

[Appendix I]

Provost's Report

Executive Vice President and Provost, Dr. Nicholas Jones, discussed Penn State's Commonwealth Campuses and how they continue to fulfill the University's mission of teaching, research, and service individually and collaboratively. He emphasized the benefits of the University's unique structure, including how it provides residents of the Commonwealth access to higher education wherever they live.

Dr. Jones focused on three Penn State campuses in the Capital Region – Harrisburg, Carlisle, and Hershey – to show how those entities have many differences but still belong to and benefit from being part of what he called "One Penn State." He noted that the campuses proximity enables unique opportunities for academic collaboration, interdisciplinary research and entrepreneurship opportunities. Additionally, the Invent Penn State initiative has fostered innovation and entrepreneurship opportunities in the region.

Recorded remarks are available at <https://youtu.be/-Hol0poYdzE>. For companion slides, reference Appendix II.

[Appendix II]

Informational Report on Penn Harrisburg

Dr. Mukund Kulkarni, Chancellor, presented his report which reflected on the history of the campus; its fiftieth anniversary celebration; the student experience; collaboration and outreach to other campuses; and initiatives for the future.

Recorded remarks are available at <https://youtu.be/d4V3UlgyFVc>.

Reports from Standing Committees

Chairman Lubert advised that Standing Committees met in public session on Thursday, July 20, 2017, to consider any information or action items to come before the Board at the July 21, 2017 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 Harpster reported that the Committee on Academic Affairs and Student Life met on Thursday, July 20, with a quorum of the Committee present.

The Committee received the following items for information:

1. Information on Undergraduate Programs
 - a) Art Minor in the College of Arts and Architecture: New Program
 - b) Bachelor of Arts in Digital Journalism and Media delivered through World Campus in the Donald P. Bellisario College of Communications: New Program
 - c) Bachelor of Science in Cybersecurity Analytics and Operations in the College of Information Sciences and Technology: New Program
 - d) Bachelor of Arts in Organizational and Professional Communication delivered through World Campus in the College of the Liberal Arts: New Program
 - e) Bachelor of Science in Organizational and Professional Communication delivered through World Campus in the College of the Liberal Arts: New Program
2. Information on Graduate Programs
 - a) Master of Professional Studies in Corporate Innovation and Entrepreneurship in the Smeal College of business: New Professional Graduate Program
 - b) Master of Science/Master of Engineering in Additive Manufacturing and Design in Mechanical and Nuclear, Engineering Science and Mechanics, Industrial and Manufacturing Eng, MatSE, and SEDTAPP in the college of Engineering: New Program
 - c) Cellular and Integrative Physiology in the Biomedical Sciences Program in the College of Medicine: New Option
3. Information on Intercollege Programs
 - a) Resident Graduate Program in Energy, Environmental, and Food Economics Ph.D. and M.S. Program: New Program, and Drop Agricultural, Environmental, and Regional Economics Program. This program is a collaboration between the College of Agricultural Sciences, the College of Earth and Mineral Sciences, and the Smeal College of Business.
 - b) Dual-Title Ph.D. in Visual Studies: New Program. This program is a collaboration between the College of Arts and Architecture, the College of Communications, and the College of the Liberal Arts, and it has been adopted by the English and German graduate programs for the Ph.D.
 - c) Intercollege Graduate Degree Program in Bioinformatics and Genomics: New Program The academic home for the program is the Graduate School, with collaboration from seven different colleges: the Colleges of Agricultural Sciences, Engineering, Health and Human Development, Information Sciences and Technology, the Liberal Arts, Medicine, and the Eberly College of Science.

- d) The Committee received an update from Hunter DeBellis, Vice President of the Council of Commonwealth Student Governments, on behalf of all student government organizations; her report included updates on the results and turnout of the elections, civic engagement; diversity-related initiatives; and goals for the coming year. Administrative liaisons Damon Sims, Vice President for Student Affairs; and Nick Jones shared updates on LionPath and Canvas; the Strategic Plan; administrative and Dean searches; the student fee board process; counseling and psychological services; and fraternity and sorority life.
- e) Master of Professional Studies in Criminal Justice Policy and Administration (CJPA): New Program. This program is a collaboration between the College of the Liberal Arts at University Park and Capital College at Penn State Harrisburg.

Provost Jones provided updates on administrative searches; appointments; LionPATH; Canvas; WorkLion; and the replacement of the IBIS financial program. Vice President for Student Affairs, Damon Sims, provided overviews about a reorganization of student affairs at University Park; the University's relationship to its fraternities and sororities; and increased staffing for counseling and psychological services. Vice President and Dean for Undergraduate Education, Rob Pangborn, provided the committee with updates on summer and fall new student admissions; progress on implementing the general education integrative studies requirement; and the opening of the new Center for Financial Literacy and Wellness. Brianne Pragg, Vice President of the Graduate and Professional Student Association shared information from all of the student government organizations, including initiatives for the 2017-2018 academic year.

The Committee received presentations from Dr. Kulkarni, members of the Penn State Harrisburg faculty, and several doctoral students. Finally, the Committee benefited from hearing from the 2016-2017 Administrative Fellows, Iqbal, Lin, and Preciado, as they each reflected upon their experiences during their recently concluded fellowship year.

The Committee on Academic Affairs unanimously recommended that the Board of Trustees approve the following resolution:

RESOLVED, That the Board of Trustees hereby approves President Eric J. Barron's appointment of Dr. Lee R. Kump to the position of Dean of the College of Earth and Mineral Sciences effective immediately.

Following remarks from Provost Jones, a motion to approve the foregoing resolution as recommended by the Committee on Academic Affairs and Student Life was made and seconded and approved by the Board.

The Committee on Academic Affairs unanimously recommended that the Board of Trustees approve the following resolution:

RESOLVED, That the Board of Trustees hereby approves President Eric J. Barron's appointment of Dr. Justin Schwartz to the position of the Harold and Inge Marcus Dean in the College of Engineering effective August 15, 2017.

Following remarks from Provost Jones, a motion to approve the foregoing resolution as recommended by the Committee on Academic Affairs and Student Life was made and seconded and approved by the Board.

B. Committee on Audit and Risk

Chair Rakowich reported that the Committee on Audit and Risk met on Thursday, July 20, with a quorum of the Committee present.

The Committee reviewed the Committee roles and responsibilities matrix, and the Acknowledgement of Code of Ethics, which Vice President for Finance and Business/Treasurer, David Gray, and Joseph Doncsecz, University Controller, sign in connection with their fiduciary responsibility for the management and protection of University assets. The Committee received an

IT update from Michael Kubit, Vice President for Information Technology/Chief Information Officer. Dan Heist, Director of Internal Audit, provided an internal audit follow-up report and an open-issue status update as of June 30. He also reviewed the annual internal audit plan and the Internal Audit Department Charter update, both of which were approved by the Committee.

Finally, the Committee received updates from Trustee Cotner and University Risk Officer, Gary Langsdale, on the Subcommittee on Risk, including the acceptance of the University Risk Management Plan.

There were no action items presented to the Board.

C. Committee on Compensation

Chair Schuyler reported that the Committee on Compensation met on Thursday, July 20, with a quorum of the Committee present.

Per the duties and responsibilities contained in its Operating Guidelines, the Committee is charged with recommending for the Board's approval, the President's goals and objectives; to evaluate at least once a year, the President's performance in light of these established goals; to review peer compensation information, which targets total compensation, and based on this information, recommend the President's annual compensation. Additionally, the Committee discussed the process for distributing and collecting evaluations on the President's performance from members of the Board.

Finally, Susan Basso, Vice President for Human Resources, discussed the process for performance review and how changes in compensation for the President, Tier II and Tier IIA executives would occur, if appropriate.

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, July 20, with a quorum of the Committee present. He also noted that in advance of Thursday's meeting, the Committee was 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.

The Committee received the following items for information:

1. Information Items
 - a) Lacrosse Field Synthetic Turf Replacement, University Park
 - b) Science Building Chemistry Laboratory Renovation, Penn State Wilkes-Barre
 - c) Dawson Building HVAC Upgrades, Penn State Worthington Scranton
 - d) Rename the Materials Research Laboratory the "Energy and the Environment Laboratory," University Park
 - e) Naming of Rooms, Portions of Buildings, and Plazas
 - f) Sale of Gifted Property Located at 2486 Oklahoma-Salem Road, Dubois, Pennsylvania
 - g) Status of Major Construction Programs and Borrowing
2. Action Items
 - h) Summary of Revised Funds
 - i) Summary and Acknowledgement of New Funds and Major Commitments

Chair Fenza reported that the Committee reviewed and approved the recommendation of Items H and I of the Finance, Business, and Capital Planning Committee *Consent Agenda* by unanimous vote. He then continued with his introductions of Agenda Items for consideration and approval.

Agenda Item 2 proposed the naming of Penn State Worthington Scranton, "Penn State Scranton" Agenda Item 3 proposed the naming of the Natural Resources Learning Center, "Donald J. Comes Natural Resources Learning Center," Smethport, Pennsylvania. Agenda Item 4 proposed the Naming of the Library, "The Mary M. and Bertil E. Lofstrom Library," at Penn State Hazleton. Agenda Item 5 proposed the appointment of an Architect, Pattee Library Renovations and Courtyard Infill, at University Park. The Committee approved the recommendation of resolutions for Agenda Items 2, 3, 4 and 5 by unanimous vote.

Agenda Items 6 and 7 included the Proposed Operating Budget for the 2018 fiscal year beginning July 1, 2017, and Proposed Tuition and Fees, effective with the 2017 Fall Semester. These items were presented in detail by President Barron. The Committee approved the resolutions for Agenda Items 6 and 7 by unanimous vote.

Agenda Item 8 proposed the appointment of a Design Build Team, Waste Water Treatment Plant Upgrade, at University Park. Agenda Item 9 proposed the Reauthorization to Expend Funds and Final Plan Revision Approval, West Campus Steam Plant Modifications, at University Park. Agenda Item 10 proposed final plan approval and authorization to expend funds for the Panzer Stadium Bleacher Seating and Enhancements at University Park. Agenda Item 11 proposed the acquisition of Rydal Property at the Abington Campus, Abington Township, Pennsylvania. The Committee approved the resolutions for Agenda Items 8, 9, 10 and 11 by unanimous vote.

Agenda Item 12 provided an update on the proposed Fiscal Year 2018-19 to Fiscal Year 2022-23 Capital Plan. This item was presented in detail by David Gray, Senior Vice President for Finance and Business/Treasurer, and Interim University Budget Officer, Andy Reisinger. The Committee approved the resolution for Agenda Item 12 by unanimous vote.

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

1. RESOLVED, That the conditions governing certain existing scholarships, fellowships, awards, and similar funds previously established at the University, identified in the Summary of Revised Funds for the period April 10, 2017 to June 23, 2017, be revoked and that the Officers of the University are authorized to put into effect the revised regulations as requested by the donors.
2. RESOLVED, That the Board of Trustees gratefully acknowledges the generous contributions of the many friends of the University identified in the Summary and Acknowledgement of New Funds and Major Commitments, in support of endowments, funds, and other major commitments as reported to the Committee on Finance, Business and Capital Planning at its meeting of July 20, 2017.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to convey the Board's appreciation to these generous benefactors who provide opportunities for many students to receive a quality education.
3. RESOLVED, That the Board of Trustees approves the change in name of Penn State Worthington Scranton to Penn State Scranton effective May 1, 2018.
4. RESOLVED, That the Natural Resources Learning Center in Smethport, Pennsylvania is named "Donald J. Comes Natural Resources Learning Center."

5. RESOLVED, That the Library at Penn State Hazleton is named "The Mary M. and Bertil E. Lofstrom Library."
6. RESOLVED, That WTW Architects of Pittsburgh, Pennsylvania, is the architect of record for the final plans for Pattee Library Renovations and Courtyard Infill, University Park.
7. RESOLVED, That the proposed Operating Budget for the University for the fiscal year beginning July 1, 2017, as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

[Appendix III]

8. RESOLVED, That tuition at all locations, effective for the 2017-2018 school year, and as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

[Appendix III]

9. RESOLVED, That the Officers of the University are authorized to employ The Haskell Company of Pittsburgh, Pennsylvania, to design and build the Waste Water Treatment Plant Upgrade 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.

10. WHEREAS, the construction cost of the West Campus Steam Plant Modifications has increased by \$9.2 million above the authorized amount of \$57.3 million.

WHEREAS, the design of the Steam Services Building has changed.

RESOLVED, that the authorization to expend funds to accomplish the project is increased to \$66,500,000 and the revised design of the Steam Services Building is approved.

11. RESOLVED, That the final plans for the Panzer Stadium Bleacher Seating and Enhancements at University Park, as designed by AP Architects, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project is approved in the amount of \$8,400,000.

12. RESOLVED, That the Board of Trustees approves the acquisition of the property at 1095 Rydal Road in Abington Township, Montgomery County, Pennsylvania, comprised of 1.72 acres and a four-story 31,012 square foot building, from Rydal Executive Realty Co., L.P. for \$5,455,000.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized and directed to take such steps as are necessary to make effective these resolutions.

A motion to approve the foregoing resolutions 1 through 7, and 9 through 11, as recommended by the Committee on Finance, Business and Capital Planning was made and seconded and approved by the Board.

A motion to approve the foregoing resolution 8, as recommended by the Committee on Finance, Business and Capital Planning was made and seconded. Following discussion, Chairman Lubert called for a roll call vote on the resolution which was approved by the Board, 27-6. Trustees Brown, Lubrano, Paterno, Pope, Tribeck and Weinstein cast dissenting votes.

A motion to approve the foregoing resolution 12, as recommended by the Committee on Finance, Business and Capital Planning was made and seconded. Following discussion, the resolution was approved by the Board. Trustees Jubelirer, Pope and Weinstein cast dissenting votes. Trustee Weinstein requested that his opposing statement be included in the meeting record:

“Please let the record state that though I very much understand and deeply respect the needs of our phenomenally successful and growing Abington Campus, in my professional appraiser's opinion, our Board of Trustees should be aware by this vote that Penn State may be expending an additional \$1 million to \$1.5 million, potentially, 25% to 33% in excess of the subject property's fair market value. Thank you.”

E. Committee on Governance and Long-Range Planning

Vice Chair Han reported that the Committee on Governance and Long-Range Planning met Thursday, July 20, with a quorum of the Committee present.

The Committee unanimously recommended the proposed appointment of Mr. Robert Bowman to the Board of Directors of The Milton S. Hershey Medical Center. Next, the Committee discussed the review process for individuals eligible for the status of Emeritus/a Trustee, and planning for the January 2018 Board Retreat; ad hoc committees will be formed to undertake these items.

Associate General Counsel, Frank Guadagnino, addressed the Pennsylvania State Auditor General's recent report. He then led the Committee through discussions of proposed amendments to the *Charter* and *Bylaws* regarding the reimbursement of travel expenses, personal liability, and indemnification. The Committee will review these proposals at its September meeting.

The Committee on Governance and Long-Range Planning recommended that the Board of Trustees approve the following resolution in accordance with the action taken by the Committee at the May 4, 2017 meeting:

1. RESOLVED, That the Bylaws of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on July 21, 2017;

FURTHER BE IT RESOLVED, That the Standing Orders of the Board of Trustees be amended as set forth in the appendix and presented at the meeting on July 21, 2017.

[Appendix IV]

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

1. RESOLVED, that the appointment of Robert Bowman to the Board of Directors of Penn State Milton S. Hershey Medical Center for a term commencing July 1, 2017 and expiring June 30, 2020 is hereby confirmed.

A motion to approve the foregoing resolutions as recommended by the Committee on Governance and Long-Range Planning was made and seconded and approved by the Board. Trustee Tribeck cast a dissenting vote on Resolution 1.

F. Committee on Legal and Compliance

Trustee Dandrea, Chair of the Committee on Legal and Compliance, reported that the Committee met Thursday, July 20, with a quorum of the Committee present.

The Legal and Compliance Committee received a report from Regis Becker, Chief Ethics and Compliance Officer, who provided updates about University compliance training, and he continued the refinement of the compliance courses to improve efficiency and reduce total training hours. University Athletics Integrity Officer, Robert Boland, updated the Committee on his background, and his vision for the program. Finally, the Committee held a generative discussion about the University's program for managing the review, revision and retirement of University policies.

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

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

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, It is the desire of The Pennsylvania State University to sell and serve alcoholic beverages under the conditions previously approved by the Board of Trustees; and

WHEREAS, it is the desire of The Pennsylvania State University to file appropriate applications for licensures and permits either through an application processes, biennial application renewal processes, or a validation process, as applicable; and

THEREFORE 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 applications, renewal forms, and any other documents or instruments required by the Pennsylvania Liquor Control Board, and to take such other actions as may be required in connection with any such applications, renewals or validations; and

RESOLVED FURTHER, That material changes to the terms and conditions previously approved by the Board of Trustees with respect to such licenses and permits shall be submitted to the Board of Trustees for its consideration and approval.

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

Following the public portion of the meeting, the Committee received a privileged legal update in Executive Session.

G. Committee on Outreach, Development and Community Relations

Trustee Kleppinger, Member of the Committee on Outreach, Development and Community Relations, reported that the Committee met Thursday, May 4, with a quorum of the Committee present.

The Committee welcomed new members Steve Wagman, President of the Penn State Alumni Association, and JeanMarie Jacob, Chair of the University Staff Advisory Council. Tracey Huston,

Interim Vice President for Outreach, provided information on the impact, breadth and reach of the Penn State Outreach programming portfolio. Paul Clifford, Chief Executive of the Penn State Alumni Association reported on its Affiliate Group Program, where there are more than 300 affiliate groups that extend Penn State experience around the world and impact every college and every campus. Zack Moore, Vice President for Government and Community Relations, provided a state budget update. Rich Bundy, Vice President for Development and Alumni Relations updated the committee on final commitment and receipt totals for the fiscal year ending June 30, 2017, and acknowledged the strong start of the University's *Greater Penn State for the 21st Century Excellence Campaign*.

Finally, a working group of the Committee has been formed to discuss the current status, and the future direction of the Public Comment portion of the board meeting cycle. The Committee's recommendations are scheduled to be presented to the Board in September.

There were no action items presented to the Board.

Report on Election of Officers

Chairman Lubert provided personal remarks as outgoing Chair of the Board. Following these remarks, Dr. Poole reported the results of the elections.

For the position of Chair there were 33 votes cast. Eighteen votes were necessary for election. Trustee Capretto received 12 votes; Trustee Dambly received 21 votes; there was one abstention. For the position of Vice Chair, there were 34 votes cast, 18 were necessary for election. Trustee Schuyler received 34 votes.

For each the Board Officer positions, Secretary, Associate Secretary, Assistant Secretaries, Treasurer, and Assistant Treasurer, there were 34 votes cast. Eighteen votes were necessary for election; each of the incumbents and the new candidates received 34 votes.

Mark H. Dambly was elected as Chair of the Board, effective immediately.

Matthew W. Schuyler was elected as Vice Chair of the Board, effective immediately.

The persons nominated to fill the offices of Secretary, Associate Secretary, Assistant Secretaries, Treasurer, and Assistant Treasurers of the Board were elected to such positions, effective immediately.

Announcements by the Chairman of the Board of Trustees

Following his election acceptance remarks, Chair Dambly called for other matters to come before the Board.

Trustee Lubrano provided remarks.

There being no other business, the public meeting was adjourned at 4:05 p.m. The meeting is available in its entirety at <https://youtu.be/-Hol0poYdzE>.

Respectfully submitted,

Janine S. Andrews
Associate Secretary,
Board of Trustees

A Greater Penn State: Philanthropy Update



President's Report to the Board of Trustees
July 21, 2017



Philanthropy Campaigns at Penn State

- *The Campaign for Penn State (1986–90) \$300 million*
- *A Grand Destiny (1996-2003) \$1.371 billion*
- *For the Future: The Campaign for Penn State Students (2007-14) \$2.188 billion*



The Tradition Continues...



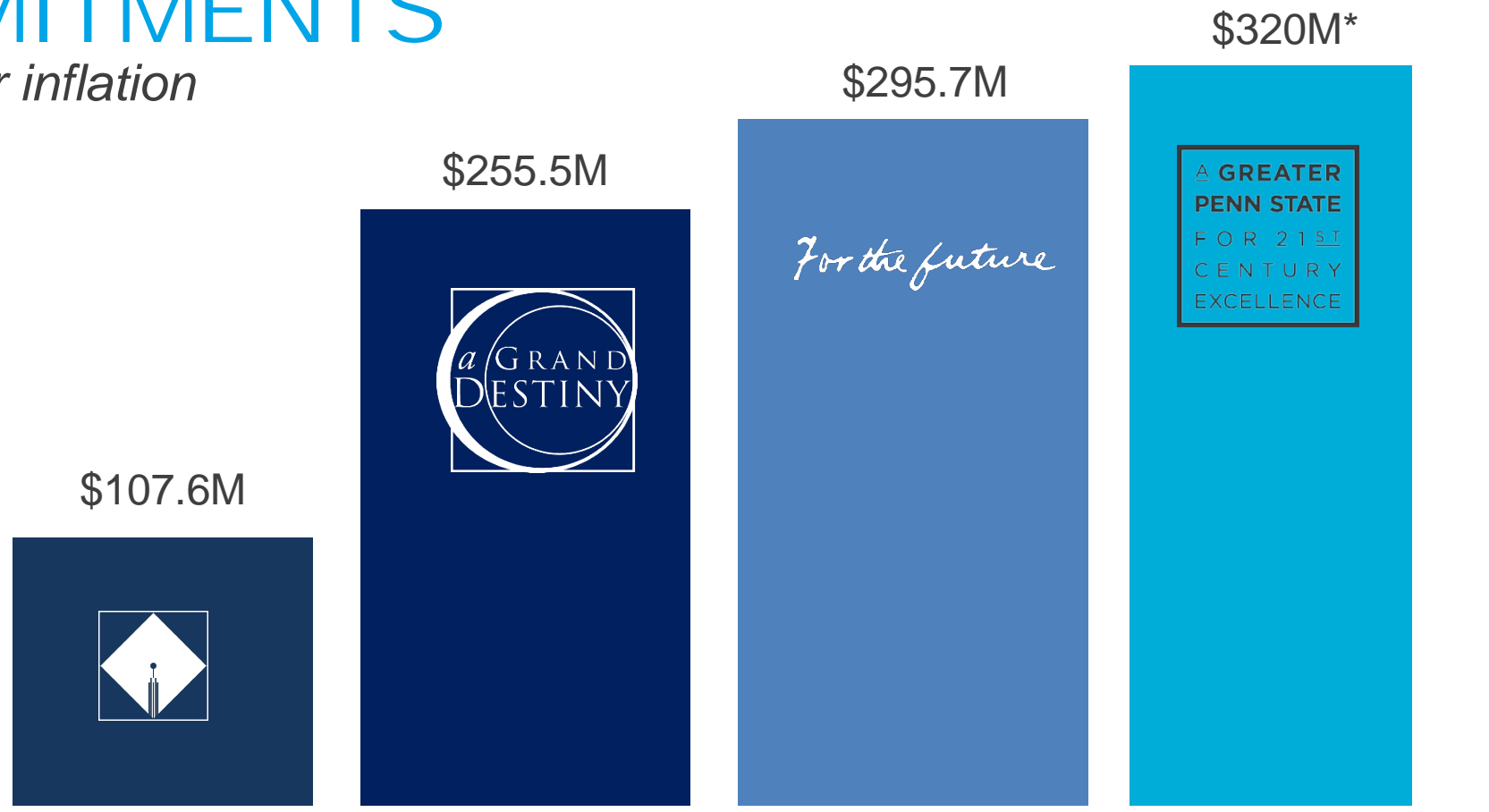
Our Strategy:

- Thematic
- Focused on accomplishing the strategic plan
- 5-year
- Designed to create sustained annual level of giving significantly above the last campaign



ANNUAL AVERAGE CAMPAIGN COMMITMENTS

Adjusted for inflation



*Projected results



**Our themes focus on how
we can make our great
university even greater.**



Open Doors

Private support can not only bring talented students from every background to Penn State—it can help them to graduate on time and on track to successful careers and lives.

**A GREATER
PENN STATE
FOR 21ST
CENTURY
EXCELLENCE**



Create Transformative Experiences

Philanthropy will provide the opportunities—in our classrooms, on our campuses, and in the larger world—that let students and faculty discover their full potential and make a difference.

A **GREATER
PENN STATE**
FOR 21ST
CENTURY
EXCELLENCE



Impact the World

With the visionary gifts of alumni and friends, we can tackle the world's most pressing problems—and solve them.

**A GREATER
PENN STATE
FOR 21ST
CENTURY
EXCELLENCE**



PennState

Year One Results

- **\$304.6M in new commitments—third best year ever at Penn State**
- **\$202.8M in receipts**
- **50,000+ more donors than in the previous fiscal year**
- **6% increase in alumni donors—a strong reflection of support at a time when many other institutions are seeing significant decreases in alumni donors**



A GREATER PENN STATE

Time Elapsed: 20% (as of June 30, 2017)

Open Doors – Goal: \$500M

Current Progress: \$123.3M (24.6%)



Create Transformative Experiences – Goal: \$225M

Current Progress: \$61.2M (27.2%)



Impact the World – Goal: \$475M

Current Progress: \$119.2M (25.1%)



TOTAL FUNDRAISING PROGRESS – Goal: \$1.6B

Current Progress: \$350.4M (21.9%)



2016-17 Highlight: Don Bellisario \$30M Gift

“When some young man or woman says, ‘I was going to drop out of school; I wasn’t going to make it....’ Well, I know what that’s like because I was there. And I’m very proud and glad that I could afford to do this.”

– Don Bellisario '61 had to borrow \$600 from Penn State to finish his education



2016-17 Highlight: Philanthropists of the Year

- **Jack and Jeanette McWhirter**
- **Honored June 2, 2017 for generously sharing their time, talents and resources with Penn State.**
- **Most recently, they gave \$10M to support the graduate program in the Department of Chemical Engineering**



2016-17 Highlight: PSAA Gift

- The Alumni Association pledged \$1.5 million in scholarship support to Penn State students.



New Matching Programs Launched July 1

- **Open Doors Scholarship Matching Program**
- **First-Time Donor Endowed Scholarship Matching Program**
- **Graduate Scholarship Matching Program**
- **Leadership Gift Matching Program**
- **Faculty Endowment Challenge: Early Career Professorship Matching Program**
- **Economic Development Incentive Matching Program**
- **LaunchBox Matching Program**

Example: Open Doors Scholarship Matching Program

- **2:1 match for donors who create scholarships benefiting students enrolled in one of the five pilot programs designed to help students earn their degrees, reduce debt and excel at Penn State.**
- **Available for one year—until June 30, 2018**
- **Minimum gift: \$30,000**
- **Thank you to Ira Lubert for contributing \$500,000 for an Open Doors Scholarship at Penn State Abington (as part of his recent \$5M gift.)**



A Strong Start to the new Fiscal Year!

- CSL Behring, a global biopharmaceutical company, just gave a \$4.9M gift for a fermentation lab.

CSL Behring
Biotherapies for Life™



Thank you!



Provost's Report

“A Tale of 24 Campuses ... and One University”

Dr. Nicholas P. Jones
Meeting of the Board of Trustees
Penn State Harrisburg
Friday, July 21, 2017



PennState

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST

New Penn State Chancellors



**Dr.
Jacqueline
Edmondson**
Penn State
Greater
Allegheny



**Dr. Darcy
Medica**
Penn State
Schuylkill



Serving the Commonwealth



PennState

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST

The Benefits of Penn State's Unique Structure



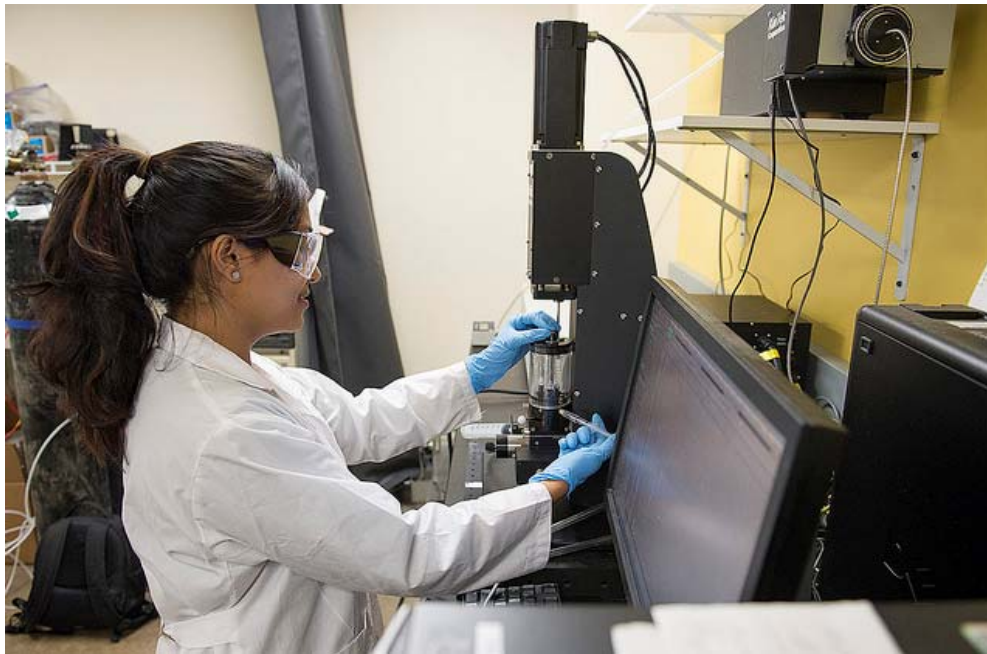
The Commonwealth's land-grant institution



PennState

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Our Commitment to Impact



PennState

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“A Tale of Three Campuses”



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Penn State Harrisburg



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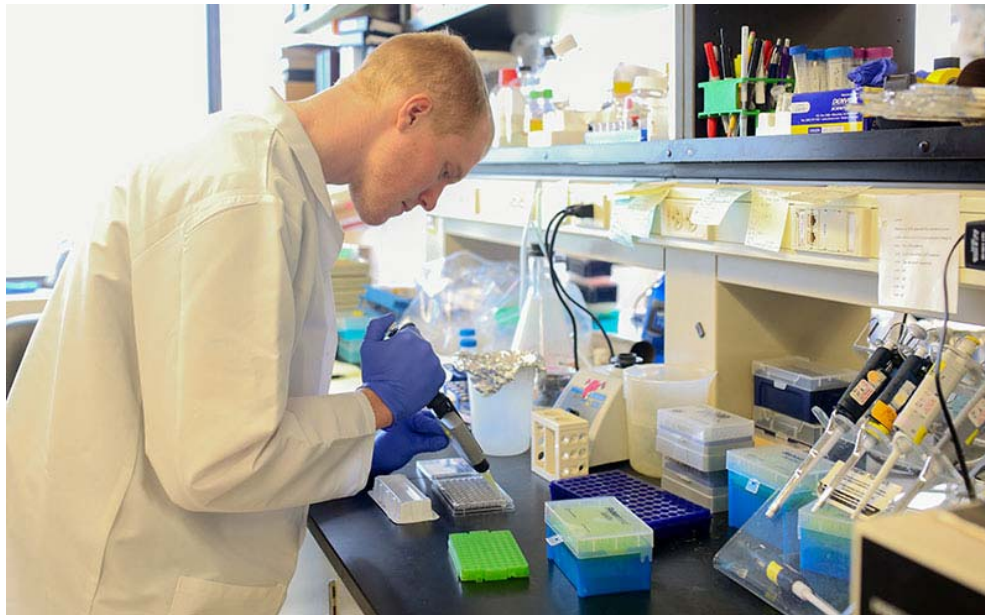
Dickinson Law - Carlisle



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College of Medicine - Hershey



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Putting the Pieces Together



PennState

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Key Collaborative Endeavors



STRATEGIC PLANNING: Craig Hillemeier, dean of the College of Medicine, spoke during the April 2017 Strategic Planning forum, "Enhancing Health," held at Penn State Harrisburg.

- Joint degree program offerings
- Interdisciplinary research
- Focus on innovation and entrepreneurship through Invent Penn State initiative
- Strategic planning



One University, United



- Commonwealth Campuses are vital to our integrated structure.
- They make a difference in their communities and support our strategic plan with their activities.



Thank You. Questions or Comments?



PennState
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OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST

THE PENNSYLVANIA STATE UNIVERSITY

**BOARD OF TRUSTEES
JULY 21, 2017**

**PROPOSED 2017-18 OPERATING BUDGET
AGENDA ITEM 7.D.6**

**PROPOSED 2017-18 TUITION AND FEES
AGENDA ITEM 7.D.7**

**THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET**

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TAB A

2017-18 OPERATING BUDGET

THE PENNSYLVANIA STATE UNIVERSITY 2017-18 OPERATING BUDGET

The Board of Trustees will be asked to consider and approve Penn State's operating budget on July 21, 2017.

SUMMARY OF THE BUDGET PLAN

In building the proposed 2017-18 Operating Budget, Penn State has placed the highest priority on keeping tuition increases as low as possible while continuing to provide a high-quality educational experience to students. The budget plan approved by the Board of Trustees as part of Penn State's 2017-18 Appropriation Request reflected one of Governor Wolf's goals – to restore the 2011-12 cuts in state higher education support over several years, which would have allowed Pennsylvania Resident Undergraduate tuition rates to be held level with 2016-17. The requested General Support appropriation increase was \$25.3 million.

When Governor Wolf presented his 2017-18 Executive Budget in February 2017, fiscal realities at the state level prohibited the Governor from continuing his planned restoration of the 2011-12 cuts, and his recommendation was that Penn State's General Support appropriation be held flat with the 2016-17 level. After the Governor presented his budget plan in February 2017, Penn State adjusted the planning parameters for the 2017-18 operating budget to include no increase in our appropriation.

At this writing, Penn State's 2017-18 state appropriation has not yet passed the General Assembly. Support for Penn State and all of higher education remains strong in Harrisburg and we are hopeful for a positive resolution to the current budget impasse. In the meantime, the University must put an operating budget in place and set tuition rates for the upcoming academic year. This budget proposal has been formulated on an assumption of level funding for our General Support line item, a \$500,000 increase in Agricultural Research and Cooperative Extension, a \$2 million increase for Penn College and level funding for Medical Assistance Funding.

After the Governor's executive budget settled at level funding, planning efforts focused on minimizing the impact on Penn State's students. Mandates and unavoidable cost increases must be funded, while some priorities will be addressed with one-time sources, and the time frames for others will be extended. In addition, the University has taken steps to initiate longer-term strategies that will lower future base operating costs. Significant budget reductions have also

been identified, along with non-tuition revenue that contributes to the effort to keep tuition increases low.

In addition to non-tuition revenue increases and significant budget reductions, the proposed budget includes modest tuition rate increases. In aggregate, base undergraduate tuition for Pennsylvania students is proposed to increase by 2.45 percent, and by 3.85 percent for non-resident undergraduate students. University Park lower-division Pennsylvania undergraduate students would see a tuition increase of \$232 per semester. Pennsylvania lower-division undergraduates at eight Commonwealth campuses would see no tuition increase, while those at eleven campuses would see increases ranging from \$155 to \$173 per semester. Increases for non-resident and graduate students would be slightly higher.

2017-18 TOTAL OPERATING BUDGET

The University is proposing changes totaling \$94.7 million in general funds, restricted funds, and auxiliary enterprises, plus \$156.7 million at Penn State Health, bringing the total 2017-18 operating budget to \$5.7 billion. A summary of the budget is shown in Table 1.

STATE APPROPRIATIONS

Under the assumptions described, Penn State's 2017-18 appropriations would total \$318.2 million. The General Support (E&G) appropriation would be held level with the 2016-17 total, the Agricultural College Land Scrip Fund would increase by \$500,000, and the Pennsylvania College of Technology amount would increase by \$2 million. Medical Assistance funding for the Penn State Milton S. Hershey Medical Center funded through the Pennsylvania Department of Public Welfare would be held level with the 2016-17 amount. A summary of the appropriation is shown in Table 2.

THE GENERAL FUNDS BUDGET

The components of the General Funds budget include: the Educational and General budget, which supports most of the University's basic teaching, research, and public service programs; the budgets for Agricultural Research and Cooperative Extension; the College of Medicine at the Milton S. Hershey Medical Center; and the Pennsylvania College of Technology.

Excluding the College of Medicine and the Pennsylvania College of Technology, 79.2 percent of the income supporting the 2017-18 General Funds budget will come from tuition and fees and 13.2 percent from state appropriations.

With the proposed increases of \$71.1 million, the General Funds budget will total \$2.3 billion, a 3.2 percent increase over 2016-17.

The sections that follow focus on the changes in the General Funds budget.

TABLE 1
TOTAL UNIVERSITY BUDGET
SUMMARY OF 2017-18 CHANGES
(dollars in thousands)

	2016-17 Adjusted Budget	Changes	2017-18 Changes
General Funds:			
Educational and General	\$ 1,941,957	\$ 60,399	\$ 2,002,356
Agric. Research & Cooperative Extension	55,092	500	55,592
Sub -Total	1,997,049	60,899	2,057,948
College of Medicine	137,930	9,062	146,992
Pennsylvania College of Technology	110,447	1,121	111,568
Total - General Funds	2,245,426	71,082	2,316,508
Federal Funds - Agriculture	21,866	0	21,866
Restricted Funds:			
Educational and General	506,147	5,061	511,208
Agric. Research & Cooperative Extension	47,707	477	48,184
College of Medicine	98,000	0	98,000
Pennsylvania College of Technology	13,025	262	13,287
Total - Restricted Funds	664,879	5,800	670,679
Auxiliary Enterprises:			
Educational and General	402,173	18,054	420,227
College of Medicine	3,700	61	3,761
Pennsylvania College of Technology	28,332	(338)	27,994
Total - Auxiliary Enterprises	434,205	17,777	451,982
TOTAL	\$ 3,366,376	\$ 94,659	\$ 3,461,035
Penn State Health System	2,057,896	156,745	2,214,641
TOTAL UNIVERSITY	\$ 5,424,272	\$ 251,404	\$ 5,675,676

TABLE 2
SUMMARY OF STATE APPROPRIATION
(dollars in thousands)

	<u>2016-17</u> <u>Appropriation</u>	<u>Changes</u>	<u>2017-18</u> <u>Total</u>
<u>Direct State Appropriation:</u>			
General Support	\$230,436	0	\$230,436
Pennsylvania College of Technology	20,074	2,000	22,074
Sub-Total	<u>250,510</u>	<u>2,000</u>	<u>252,510</u>
<u>Agricultural College Land Scrip</u>			
<u>Fund:</u>			
Agricultural Research and Cooperative Extension	51,813	500	52,313
<u>PA Department of Public Welfare:</u>			
M.S. Hershey Medical Center:			
Medical Assistance Funding (estimate)	13,400	0	13,400
Total	<u>\$315,723</u>	<u>\$2,500</u>	<u>\$318,223</u>

EDUCATIONAL AND GENERAL BUDGET

Expense changes for the 2017-18 Educational and General (E&G) portion of the University's general funds operating budget total \$60.4 million, bringing the E&G budget to \$2.0 billion. The changes are described below and summarized in Table 3.

SALARIES

The 2017-18 budget proposal includes a salary pool to adequately fund contractual amounts for the two labor agreements that apply to Penn State technical-service employees and campus health professionals, centrally funded amounts for faculty promotions in the professorial ranks, a 3.0 percent increase in graduate assistant stipends, and a 2.0 percent pool to provide merit-based salary adjustments for faculty and staff and to make equity or market adjustments. Benchmarking data show that a 2.0 percent salary pool puts Penn State near the middle of the range of our Big Ten peers. Also included in the \$24.8 million for compensation adjustments are the related costs of the increased employer contributions to Social Security and retirement plans as well as the projected compensation increases for employees of the Dickinson Schools of Law.

The competitiveness of Penn State's salaries is a very important component of the University's ability to attract and retain the best faculty and staff. Information regarding Penn State's faculty salary rankings can be found in Tab B of this document.

BENEFITS

For 2017-18, the cost of the University's benefits program is projected to increase, beyond the amounts already budgeted, by \$27.4 million. Additional funding for mandatory costs for the increase in the employer share of health care for employees, graduate assistants and fellows is projected to increase by \$12.5 million. The University plans to budget an additional \$14.8 million for mandatory employer retirement contributions. The increase in the mandatory contribution to SERS constitutes \$12.3 million of this amount. The employer contribution rate for the State Employees' Retirement System (SERS) for most of Penn State's members will increase from 29.95 percent to 34.44 percent for 2017-18. Approximately one-third of Penn State's full-time employees are enrolled in SERS.

PROPERTY AND LIABILITY INSURANCES

No increases will be needed for property and liability insurances in 2017-18.

FACILITIES AND MAINTENANCE

A total of \$10.7 million will be budgeted to address facility and maintenance needs. Included in this amount is \$3.2 million for the maintenance and operation of new or newly remodeled facilities scheduled to come on line in 2017-18. These facilities include Agricultural Engineering, the E&G portion of the newly renovated IM building, Research West, support for Environmental Health & Safety, utilities and steam plant improvements, renovations to the Adler Gymnasium at Penn State Altoona and the Student Union at Penn State Brandywine, and other smaller projects.

Energy and water conservation is important to the University's financial and environmental goals. The University will budget an increase of \$4.2 million to fund the utility costs associated with the new or newly renovated facilities, the amortization of the loan for the gas conversion at the West Campus Steam Plant and an energy savings loan, and several smaller projects.

As a supplement to the capital funds received from the Commonwealth, the Educational and General Capital Improvement Program was established to address the critical need to provide modern laboratory and classroom space. These funds enable the University to incur debt for building construction and renovation. Extraordinary budget pressures, including the significant appropriation reduction in 2011-12, prompted the University to delay any additional investments in the Capital Improvement Program for three years. In order to keep the Chemical and Biomedical Engineering Building project on schedule, \$5.0 million was budgeted to support borrowing in 2016-17. In 2017-18, \$3.4 million will be budgeted to support significant improvements to the College of Engineering areas and for renovations to the Henning Building. These projects will occur very early in the next capital plan, and funding for related debt service needs to be in place before the design phases for these projects can begin.

The University continues to face the challenge of financing the renovation and renewal of an aging physical plant. The most recent estimate, as assessed by the consulting group Sightlines and the Office of Physical Plant, to maintain the current condition of all campuses is \$130 million per year. To go beyond maintaining the current condition and reduce the asset preservation backlog would require an additional \$118 million per year. In addition to the \$31.1 million E&G budget that has been established for this purpose, one-time funds dedicated to the Capital Plan, gifts, and student fees provide the funding sources for facility renovations and renewals. Ideally, additional recurring funds would be added to the \$31.1 million budget that addresses these needs. In order to reduce the amount of new recurring funds that need to be identified for 2017-18, thereby keeping tuition increases lower, an allocation will be made available from non-recurring funding sources.

INNOVATION AND OTHER PROGRAM COMMITMENTS

The proposed 2017-18 budget includes \$9.0 million for innovation initiatives to advance the thematic priorities articulated in Penn State's Strategic Plan, "*Our Commitment to Impact*" (<http://strategicplan.psu.edu/>). These funds will also provide support for workload issues due to enrollment growth and allow for graduate assistant stipend grade level increases to ensure we can compete in this highly competitive marketplace.

Another \$200,000 is related to budget changes within the Dickinson Schools of Law.

BUDGET REDUCTIONS AND COST SAVINGS INITIATIVES

For 2017-18, the budget includes reductions in operating budgets made possible through cost savings initiatives totaling \$21.0 million. This amount is composed of a combination of capping and reducing the subsidy provided to the World Campus and University Outreach, increasing the tax that applies to the prior year's revenue from Auxiliary Enterprises, reducing the E&G subsidy to the Office of Development & Alumni Relations by increasing the amount of administrative expenses supported by endowment earnings, savings related to a change in our medical and prescription drug administrators and reductions from a review of central budgets that could be closed without having negative effects on operations.

LIBRARIES AND INFORMATION TECHNOLOGY

As part of the strategy to drive down the total cost to earn a degree, 2017-18 will be the third academic year that the student Information Technology Fee will not increase. When this fee was introduced more than two decades ago, the University needed a dedicated and immediate revenue stream to fund newly emerging technology. Today, the infrastructure supported by Information Technology Fee revenue is as integral to the operation of the University as any other cost that is supported by tuition. Students have expressed a strong desire to include the fee as part of tuition so that all student fees are specifically under their control. To that end, the University would like to eliminate the fee by combining it with tuition. However, this combination, while not raising the cost of a degree, could appear as a large tuition increase to students, parents, and the public if they did not, at the same time, understand that the fee had been eliminated. A public awareness effort will need to be launched so that, when this change occurs in the future, the impact will be as visible as possible.

STUDENT INITIATED FEE

Beginning in Fall 2017, the Student Activity Fee and Student Facilities Fee will be combined into one fee to be known as the Student Initiated Fee. Our students requested this change as a way to allow them more discretion in what services and programs to support. Additional revenue of \$3.7 million will result from varying increases in the Student Initiated Fee, as determined by the students themselves, over the total of the two prior fees. These funds will be used to support student activities, programs and facilities at the generating campuses. The increase for 2017-18 brings the amount budgeted from the fee to \$33.5 million. Student Initiated Fee charges by campus can be found in Schedule 3 in Tab E of this document.

STUDENT AID

As the University implements tuition increases to provide necessary funds to meet strategic goals, it is important that the amount of student aid also be increased. This imperative will help ensure that any qualified student from the Commonwealth can afford to attend Penn State through a combination of institutional, federal, state, and private philanthropic support.

An additional \$2.0 million is included in the 2017-18 budget for student aid. These funds will be used to leverage private donations for student support and to provide additional need-based aid.

GRANTS-IN-AID RELATED TO TUITION RATE INCREASES

A total of \$3.7 million is included in the 2017-18 budget for increased costs of grants-in-aid, which are related to the tuition rate increases, primarily for graduate assistants, fellowships, employees, and dependents.

TABLE 3
EDUCATIONAL AND GENERAL OPERATING BUDGET
2017-18 EXPENSE CHANGES
(dollars in thousands)

Compensation (and Related Benefits Adjustments)

1. Inflationary (merit-based) and Contractual	\$ 22,961
2. Faculty Promotions & Summer Session	<u>1,805</u>
Sub-Total - Compensation (and Related Benefits Adj.)	24,766

Benefits

1. Employee Health Insurances	12,549
2. Retirement	<u>14,828</u>
Sub-Total - Benefits	27,377

Property and Liability Insurances 0

Facilities and Maintenance

1. Deferred Maintenance	0
2. Capital Improvement	3,367
3. Maintenance and Operation of New Facilities	3,168
4. Fuel and Utilities	<u>4,202</u>
Sub-Total - Facilities and Maintenance	10,737

Innovation, Program Commitments & Prior Year Budget Gap 9,208

Libraries and Information Technology 0

Budget Reductions and Expense Adjustments (21,044)

Student Initiated Fee 3,694

Student Aid 2,000

Grants-In-Aid 3,661

TOTAL EXPENSE CHANGES \$ 60,399

EDUCATIONAL AND GENERAL INCOME CHANGES

Income changes of \$60.4 million support the 2017-18 Educational and General (E&G) budget of \$2.0 billion. These changes are described below and summarized in Table 4.

STATE APPROPRIATION

Until the appropriation is finalized, the proposed budget includes level funding for the Educational and General portion of the budget with state appropriation support of \$230.4 million.

TUITION

Tuition rate schedules for resident and non-resident students by student level and by campus are shown in Schedule 1 in Tab E of this document. In aggregate across all campuses, base tuition increases of 2.45 percent for undergraduate Pennsylvania residents and 3.85 percent for undergraduate non-residents are proposed. The proposed increases continue to widen the differential between University Park and the Commonwealth Campuses as well as the differentials among campuses to reflect demographic and programmatic variations.

The tuition rate changes would generate \$44.4 million, including \$872,000 from the law school's 3.95 percent tuition increase to \$48,000. An additional \$7.5 million would be budgeted, which includes \$5.0 million from a conversion of income from the temporary pool to permanent funds, consistent with prior years. This will require an ongoing higher level of enrollment to sustain the recurring revenue that has been incorporated into the expense base. It also includes \$1.0 million from tuition available from Summer Session and \$1.5 million from adding to the recurring budget growth in the fee charged to international students, which is offset by related additional costs incurred.

STUDENT INITIATED FEE

An additional \$3.7 million will result from increases ranging from an \$8 increase at the Commonwealth Campuses to a \$36 increase at University Park in the Student Initiated Fee (as determined by the student leadership groups). This fee is the combination of the former Student Activity Fee and the Student Facility Fee. The fee at University Park will now include a fitness pass for all students, which will significantly reduce the net increase for the many students who had previously purchased these passes.

FACILITIES AND ADMINISTRATION COST RECOVERY

The University continues to make a significant effort to better track and more fully account for costs in support of sponsored research activities. As a result of this initiative and projected increases in research expenditures, additional income in the amount of \$3.0 million will be available from increased facilities and administration cost recovery from grants and contracts in 2017-18.

OTHER NON-TUITION INCOME

An additional \$2.0 million will be budgeted as the University continues to implement a long-term plan to gradually eliminate an historical transfer of the General Support appropriation to the College of Medicine. In addition, the Dickinson Schools of Law anticipates a small reduction in non-tuition revenue.

TABLE 4
EDUCATIONAL AND GENERAL OPERATING BUDGET
2017-18 INCOME CHANGES
(dollars in thousands)

State Appropriation	\$	0
Tuition		51,898
Information Technology Fee		0
Student Initiated Fee		3,694
Facilities and Administration Cost Recovery		3,000
Investment Income		0
Other Income		<u>1,807</u>
TOTAL INCOME CHANGES	\$	<u><u>60,399</u></u>

AGRICULTURAL RESEARCH AND COOPERATIVE EXTENSION

The traditional line items for Agricultural Research and Cooperative Extension were removed from Penn State's direct appropriation bill in 2011-12. Again in 2017-18, the funds will be made available to Penn State through the Agricultural College Land Scrip Fund. The budget bill currently proposed would increase for Agricultural Research and Cooperative Extension by \$500,000 for a total of \$52.3 million.

Expense and income changes for the Agricultural Research and Cooperative Extension budgets are summarized in Table 5. Expense changes include \$1.8 million for compensation adjustments and benefits cost increases and a decrease of \$1.3 million in program funds. The budgets are funded primarily through state appropriations and support salaries, benefits, and operating costs for each program.

The College of Agricultural Sciences relies on the more than 150-year-old land grant partnership of federal, state, and county governments as the foundation for agricultural research and statewide extension programs. The state provides the required matching funds that allow Penn State to access Federal Agricultural Research appropriations and support from Pennsylvania's counties for Cooperative Extension.

TABLE 5
AGRICULTURAL RESEARCH AND COOPERATIVE EXTENSION
2017-18 CHANGES
(dollars in thousands)

Income:

Appropriation	\$ <u>500</u>
TOTAL INCOME CHANGES	\$ <u><u>500</u></u>

Expense:

Compensation and Employee Benefits Costs*	\$ 1,837
Program Changes	<u>(1,337)</u>
TOTAL EXPENSE CHANGES	\$ <u><u>500</u></u>

*Includes benefits cost increases for salaries paid on Agricultural Federal Funds.

**THE COLLEGE OF MEDICINE
AND
PENN STATE HEALTH**

COLLEGE OF MEDICINE

General funds expense and income changes for the College of Medicine at the Milton S. Hershey Medical Center for 2017-18 are shown in Table 6.

Expenses will increase by a total of \$9.1 million, which reflects increases of \$12.6 million for instruction and program needs, \$1.5 million for compensation, and \$2.0 million for employee benefits, along with a decrease of \$7.0 million for facilities and physical plant costs.

Income changes include increases of \$2.0 million in academic support from the Milton S. Hershey Medical Center and \$9.6 million in earnings of departments. A decrease of \$2.0 million from the third year of a long-term plan to phase out the historical transfer of part of Penn State's General Support appropriation and a decrease of \$500,000 from tuition revenue will also be budgeted.

Effective Fall 2016, the College of Medicine implemented a single tuition rate for Pennsylvania resident and non-resident medical students. No increase is proposed for 2017-18. The rate effective Fall 2017 will remain at \$49,800 per academic year.

The total 2017-18 operating budget for the College of Medicine is \$248.8 million, as shown in Table 6A. The budget includes \$147.0 million for general funds, \$98.0 million for restricted funds, and \$3.8 million for auxiliary enterprises.

THE PENN STATE HEALTH SYSTEM

The Penn State Health System is a subsidiary corporation within Penn State that was formed to operate the clinical activities, both hospital and physician, that occur at the Hershey Medical Center and the St. Joseph Medical Group.

Budgeted expenses and income of \$2.2 billion for 2017-18, as shown in Table 6A, were approved by the Board of Directors of the Health System.

Medical Assistance funds appropriated to the Milton S. Hershey Medical Center through the Pennsylvania Department of Public Welfare are expected to total \$13.4 million. This estimated amount includes level funding of \$7.3 million for the amount Penn State Hershey first secured from the Commonwealth in 2014-15, that will be available in the 2017-18 budget to support the continuing development of the Regional Medical Campus at University Park. With a focus on the preparation of medical students for careers in primary care and rural medicine, this program is helping to address the healthcare needs in both Centre County and the entire northern region of Pennsylvania. This funding is used to facilitate contributions by, and collaborations with, the Department of Public Health Sciences, which is utilized to support the analysis of the healthcare needs of the Commonwealth and the development of clinically integrated networks to meet those needs.

When combined with the College of Medicine, the budget for the entire medical center operation for 2017-18 is \$2.5 billion.

TABLE 6
THE COLLEGE OF MEDICINE
2017-18 GENERAL FUNDS BUDGET CHANGES
(dollars in thousands)

Expense:

Instruction	\$ 9,879
Programs Needs	2,758
Compensation Adjustments	1,511
Employee Benefits	1,973
Facilities and Physical Plant	<u>(7,059)</u>
TOTAL - EXPENSE CHANGES	\$ <u>9,062</u>

Income:

Tuition and Fees	\$ (527)
Facilities & Administration and Investment Income	0
Earnings of Departments	9,624
Academic Support from The M.S. Hershey Medical Center	1,965
Other Transfers	<u>(2,000)</u>
TOTAL - INCOME CHANGES	\$ <u>9,062</u>

TABLE 6A
THE COLLEGE OF MEDICINE AND
THE PENN STATE HEALTH SYSTEM
2017-18 TOTAL OPERATING BUDGET
(dollars in thousands)

	<u>2016-17 Adjusted Budget</u>	<u>Changes</u>	<u>2017-18 Budget</u>
College of Medicine (COM):			
General Funds	\$ 137,930	\$ 9,062	\$ 146,992
Restricted Funds	98,000	0	98,000
Auxiliary Enterprises	<u>3,700</u>	<u>61</u>	<u>3,761</u>
Sub-Total - COM	239,630	9,123	248,753
Penn State Health System	<u>2,057,896</u>	<u>156,745</u>	<u>2,214,641</u>
TOTAL	\$ <u>2,297,526</u>	\$ <u>165,868</u>	\$ <u>2,463,394</u>

THE PENNSYLVANIA COLLEGE OF TECHNOLOGY

EXPENSE AND INCOME CHANGES

Expense and income changes included in the 2017-18 budget for the Pennsylvania College of Technology (Penn College) are described below and shown in Tables 7 and 7A.

The Penn College Board of Directors approved a budget plan on June 15, 2017, that did not include an increase in state support. General Fund expenses and income for 2017-18 will increase by \$1.1 million for a total General Funds budget of \$111.6 million.

Tuition and mandatory fees for Pennsylvania residents will increase by 1.68 percent, or \$270, from \$16,080 to \$16,350 per academic year, based on 30 credit hours. Non-resident tuition and fees will increase by 1.70 percent, or \$390, from \$22,890 to \$23,280 per academic year. The state spending bill includes a \$2 million increase in state funding for 2017-18.

Additional tuition revenue of \$1.9 million will be budgeted from a combination of estimated enrollment changes and tuition rate increases. Other income will decrease by \$784,000.

The total 2017-18 operating budget for Penn College is \$152.8 million, as shown in Table 7A. This includes the general funds budget of \$111.6 million, restricted funds of \$13.3 million, and \$28.0 million for auxiliary enterprises.

TABLE 7
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2017-18 GENERAL FUNDS BUDGET CHANGES
(dollars in thousands)

Income:

State Appropriation*	\$	0
Tuition and Fees		1,905
Other		(784)
		<hr/>
TOTAL - INCOME CHANGES	\$	1,121
		<hr/> <hr/>

Expense:

Compensation Adjustments	\$	1,987
Employee Benefits		1,452
Other Expense		(2,318)
		<hr/>
TOTAL - EXPENSE CHANGES	\$	1,121
		<hr/> <hr/>

*Penn College Board of Directors approved a budget plan on June 15, 2017 that did not include an appropriation increase. An appropriation increase of \$2,000,000 has been proposed by the Commonwealth.

TABLE 7A
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2017-18 TOTAL OPERATING BUDGET
(dollars in thousands)

	<u>2016-17 Adjusted Budget</u>	<u>Changes</u>	<u>2017-18 Budget</u>
General Funds	\$ 110,447	\$ 1,121	\$ 111,568
Restricted Funds	13,025	262	13,287
Auxiliary Enterprises	<u>28,332</u>	<u>(338)</u>	<u>27,994</u>
TOTAL	\$ <u>151,804</u>	\$ <u>1,045</u>	\$ <u>152,849</u>

**SCHEDULES INCLUDED IN THE
RESOLUTIONS FOR APPROVAL OF THE
2017-18 OPERATING BUDGET, TAB D**

Schedule I provides a summary of the proposed total University budget for 2017-18. Amounts shown for restricted funds are estimates, which are included to provide a complete picture of the total University budget. Actual restricted funds amounts will depend on continuing receipt of grants and contracts and may be higher or lower than estimated.

Total University general funds expenditures, including the College of Medicine and the Pennsylvania College of Technology, are shown in Schedule II, and Schedule III shows corresponding estimated general funds income.

Schedule IV shows the total proposed expenditures for the College of Medicine, and Schedule V presents estimated College of Medicine income.

Footnotes to Schedules I through V in Tab D provide additional explanations of the proposed expense and income changes.

TAB B

ACADEMIC SALARY INFORMATION

**Comparison of Average and Faculty Salaries
Penn State's Rank by Year
Among Big Ten and
Selected Public AAUDE* Institutions**

	<u>Professor</u>	<u>Associate Professor</u>	<u>Assistant Professor</u>
Penn State's Rank -- Big Ten			
2015-16	2nd	3rd	4th
2014-15	3rd	3rd	5th
2013-14	2nd	3rd	5th
2012-13	2nd	2nd	6th
2011-12	4th	3rd	6th
2010-11	3rd	2nd	5th
2009-10	3rd	3rd	7th
2008-09	2nd	2nd	7th
2007-08	3rd	2nd	7th
2006-07	4th	2nd	6th
2005-06	2nd	2nd	3rd
Penn State's Rank -- Selected AAUDE			
2015-16	3rd	4th	6th
2014-15	3rd	4th	7th
2013-14	3rd	4th	7th
2012-13	4th	2nd	9th
2011-12	9th	8th	13th
2010-11	7th	6th	10th
2009-10	6th	6th	14th
2008-09	5th	5th	13th
2007-08	6th	5th	13th
2006-07	7th	5th	13th
2005-06	2nd	4th	6th

*Association of American Universities Data Exchange

TAB C

TUITION COMPARISONS

Announced Resident Undergraduate Tuition Increases 2017-18

	Tuition % Increase
University of Connecticut, Storrs (a)	6.90%
University of Kentucky, Lexington	4.00%
West Virginia University, Morgantown (b)	5.00%
University of Massachusetts, Amherst	2.94%
University of Iowa, Iowa City	3.00%
University of Colorado, Boulder (a) (b)	4.90%
University of Michigan, Ann Arbor	2.90%
University of Utah, Salt Lake City	3.00%
Cornell University, Contract Colleges	3.75%
Michigan State University, East Lansing	2.80%
University of North Carolina, Chapel Hill (a) (b)	1.90%
University of South Carolina, Columbia	3.46%
University of Arizona, Tucson	3.20%
University of Texas, Austin	3.00%
University of Virginia, Charlottesville	2.20%
Virginia Tech, Blacksburg (b)	2.90%
University of Minnesota, Twin Cities	2.00%
University of Nebraska, Lincoln	5.40%
Texas A&M University, College Station	0.00%
University of Tennessee, Knoxville	1.80%
Florida State University, Tallahassee	0.00%
Indiana University, Bloomington	1.40%
Ohio State University, Columbus (a)	5.50%
Purdue University, West Lafayette	0.00%
University of California - System	0.00%
University of Illinois, Urbana-Champaign	0.00%
University of Missouri, Columbia	2.10%
University of Wisconsin, Madison	0.00%

(a) Incoming Freshman Only

(b) Tuition and Fees

Gathered from legislative, university and news web sources as of July 12, 2017.

2016-17 Undergraduate Tuition and Mandatory Fees at Selected Private Universities

National (AAUDE*):

Columbia	55,056
Carnegie-Mellon	52,310
Southern California	52,217
Tulane	51,010
Pennsylvania	51,464
Dartmouth	51,438
Brown	51,366
Duke	51,265
Cornell	50,953
Northwestern	50,855
Johns Hopkins	50,410
Washington University	49,770
Massachusetts Institute of Technology	48,452
Stanford	47,940
California Institute of Technology	47,577
Harvard	47,074
Vanderbilt	45,610
Princeton	46,347

Other Pennsylvania Universities:

Bucknell	51,960
Gettysburg	50,860
Villanova	49,280
Lehigh	48,320

*Association of American University Data Exchange

Source: University of Virginia Survey/Websites

**2016-17 Undergraduate Tuition and Mandatory Fees
at Big Ten and Other Regional Universities - Main Campuses**

	<u>Resident</u>	<u>Non-Resident</u>
Pittsburgh	\$18,618	\$29,758
Penn State	17,900	32,382
Illinois	15,698	31,320
Virginia	15,924	45,268
Rutgers	14,372	30,023
Michigan	14,402	45,410
Minnesota	14,142	23,806
Michigan State	14,063	37,890
Wisconsin	10,488	32,738
Indiana	10,388	34,246
Ohio State	10,037	28,229
Purdue	10,002	28,804
Maryland	10,181	32,045
Nebraska	8,538	23,058
Iowa	8,575	28,813

TAB D

**THE PENNSYLVANIA STATE UNIVERSITY
MEETING OF THE BOARD OF TRUSTEES**

**FRIDAY, JULY 21, 2017
FINANCE, BUSINESS AND CAPITAL PLANNING
AGENDA ITEM 7.D.6**

**CONSIDERATION OF PROPOSED OPERATING BUDGET FOR THE
UNIVERSITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2017**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Proposed Operating Budget for the University for the fiscal year beginning July 1, 2017, as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE I
SUMMARY SCHEDULE FOR TOTAL UNIVERSITY

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
General Funds:			
Educational & General	\$ 1,941,957,000	\$ 60,399,000	\$ 2,002,356,000
Agric. Research & Cooperative Extension	55,092,000	500,000	55,592,000
Sub-Total	1,997,049,000	60,899,000	2,057,948,000
College of Medicine	137,930,000	9,062,000	146,992,000
Pennsylvania College of Technology	110,447,000	1,121,000	111,568,000
Total - General Funds	2,245,426,000	71,082,000	2,316,508,000
Federal Funds - Agriculture	21,866,000	0	21,866,000
Restricted Funds (a):			
Educational & General	506,147,000	5,061,000	511,208,000
Agric. Research & Cooperative Extension	47,707,000	477,000	48,184,000
College of Medicine	98,000,000	0	98,000,000
Pennsylvania College of Technology	13,025,000	262,000	13,287,000
Total - Restricted Funds	664,879,000	5,800,000	670,679,000
Auxiliary Enterprises (b):			
Educational & General (c)	402,173,000	18,054,000	420,227,000
College of Medicine	3,700,000	61,000	3,761,000
Pennsylvania College of Technology	28,332,000	(338,000)	27,994,000
Total - Auxiliary Enterprises	434,205,000	17,777,000	451,982,000
TOTAL	\$ 3,366,376,000	\$ 94,659,000	\$ 3,461,035,000
Penn State Health System	2,057,896,000	156,745,000	2,214,641,000 (d)
TOTAL UNIVERSITY	\$ 5,424,272,000	\$ 251,404,000	\$ 5,675,676,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE II
SUMMARY OF EXPENDITURES

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
Instruction and Research	\$ 789,821,000	\$ 5,896,000	\$ 795,717,000
Other Public Service	23,800,000	(115,000)	23,685,000
Academic Support	398,361,000	1,295,000	399,656,000
Institutional Support	322,308,000	1,649,000	323,957,000
Student Services	128,595,000	3,864,000	132,459,000
Student Aid	64,807,000	5,358,000	70,165,000
Physical Plant Operations	205,218,000	11,354,000	216,572,000
University Contingencies	9,047,000	0	9,047,000
Cost Savings/Internal Reductions	0	(21,044,000) (e)	(21,044,000)
Compensation & Employee Benefits Adj (f):			
Merit-based Inflationary Salary Increases	0	19,793,000	19,793,000
Merit-based Inflationary Related Benefits	0	3,167,000	3,167,000
Market, Equity & Faculty Promotions	0	1,556,000	1,556,000
Market, Equity & Faculty Promo. Rel. Bene.	0	249,000	249,000
Benefits Cost Increases	0	27,377,000	27,377,000
Total Educational & General (g)	1,941,957,000	60,399,000	2,002,356,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION (h):			
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	517,000	517,000
Merit-based Inflationary Related Benefits	0	83,000	83,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	1,237,000	1,237,000
Program Changes	55,092,000	(1,337,000)	53,755,000
Total Agricultural Research & Cooperative Extension (i)	55,092,000	500,000	55,592,000
Sub-Total	1,997,049,000	60,899,000	2,057,948,000
COLLEGE OF MEDICINE	137,930,000	9,062,000	146,992,000
PA COLLEGE OF TECHNOLOGY (j)	110,447,000	1,121,000	111,568,000
TOTAL GENERAL FUNDS	\$ 2,245,426,000	\$ 71,082,000	\$ 2,316,508,000

Note: Footnotes follow Schedule V.

301-77
THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE III
SUMMARY OF INCOME

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
State Appropriation:			
Educational & General	\$ 230,436,000	\$ 0 (k)	\$ 230,436,000
Transfers	(4,032,000)	0	(4,032,000) (l)
Sub-Total - State Appropriation	226,404,000	0	226,404,000
Tuition and Fees	1,574,484,000	55,592,000 (m)	1,630,076,000
Facilities & Administration and Investment Income	94,265,000	3,000,000	97,265,000
Sales and Services Income	29,285,000	(193,000)	29,092,000
Other Income	29,519,000	0	29,519,000
Other Transfers	(12,000,000)	2,000,000 (n)	(10,000,000)
Total Educational & General	1,941,957,000	60,399,000	2,002,356,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION:			
State Appropriation:			
Agric. Research & Cooperative Extension	51,813,000	500,000 (o)	52,313,000
Transfers	2,581,000	0	2,581,000 (p)
Sub-Total - State Appropriation	54,394,000	500,000	54,894,000
Sales and Services Income	698,000	0	698,000
Total Agricultural Research & Cooperative Extension	55,092,000	500,000	55,592,000
Sub-Total	1,997,049,000	60,899,000	2,057,948,000
COLLEGE OF MEDICINE	137,930,000	9,062,000	146,992,000
PA COLLEGE OF TECHNOLOGY (q):			
State Appropriation:			
PA College of Technology	20,074,000	0 (r)	20,074,000
Transfers	396,000	0	396,000 (s)
Sub-Total - State Appropriation	20,470,000	0	20,470,000
Tuition and Fees	87,185,000	1,905,000	89,090,000
Other Income	2,792,000	(784,000)	2,008,000
Total PA College of Technology	110,447,000	1,121,000	111,568,000
TOTAL GENERAL FUNDS	\$ 2,245,426,000	\$ 71,082,000	\$ 2,316,508,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE IV
SUMMARY OF EXPENDITURES
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER**

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			132,459,000
Instruction and Research	\$ 40,433,000	\$ 9,879,000	\$ 50,312,000
Other Public Service	4,622,000	(498,000)	4,124,000
Academic Support	16,453,000	(2,218,000)	14,235,000
Institutional Support	35,685,000	1,338,000	37,023,000
Student Services	3,285,000	2,555,000	5,840,000
Student Aid	3,574,000	1,581,000	5,155,000
Physical Plant Operations	33,878,000	(7,059,000)	26,819,000
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	1,303,000	1,303,000
Merit-based Inflationary Related Benefits	0	208,000	208,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	1,973,000	1,973,000
TOTAL GENERAL FUNDS	137,930,000	9,062,000	146,992,000
RESTRICTED FUNDS (t)	98,000,000	0	98,000,000
AUXILIARY ENTERPRISES (u)	3,700,000	61,000	3,761,000
TOTAL	\$ 239,630,000	\$ 9,123,000	\$ 248,753,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE V
SUMMARY OF INCOME
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER**

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			
Tuition and Fees	\$ 37,780,000	\$ (527,000) (v)	\$ 37,253,000
Facilities & Administration and Investment Income	18,000,000	0	18,000,000
Academic Support from MSHMC (w)	43,435,000	1,965,000	45,400,000
Sales and Services Income	19,165,000	112,000	19,277,000
Other Income	6,495,000	9,512,000	16,007,000
State Appropriation: Transfers	1,055,000	0	1,055,000 (x)
Other Transfers	12,000,000	(2,000,000) (y)	10,000,000
TOTAL GENERAL FUNDS	137,930,000	9,062,000	146,992,000
RESTRICTED FUNDS (z)	98,000,000	0	98,000,000
AUXILIARY ENTERPRISES (aa)	3,700,000	61,000	3,761,000
TOTAL	\$ 239,630,000	\$ 9,123,000	\$ 248,753,000

Note: Footnotes follow Schedule V.

Schedule I:

- (a) Includes Grants, Contracts, Restricted Gifts and Restricted Endowment Income. The 2017-18 Budget is based on preliminary 2016-17 actual and 2017-18 estimated income. Expenditures are offset directly by income for the same purpose.
- (b) Self-supporting budgets representing sales and services, primarily to individuals. Educational and General Auxiliary Enterprises include Housing and Food Services, Intercollegiate Athletics, Commons Operations, Penn State Hospitality Services, Bryce Jordan Center, and Airport Operations.
- (c) Includes \$16,697,000 from room and board rate increases approved by the Board of Trustees on February 24, 2017, and other adjustments. Expenditures are offset directly by income for the same purpose.
- (d) Total income from the 2017-18 budget for The Penn State Health System that was approved by the Board of Directors of PSHS on June 30, 2017.

Schedule II:

- (e) Cost savings made possible by the new medical and prescription drug plan, a combination of capping and reducing the subsidy provided to the World Campus and University Outreach, released debt service, and reductions from a review of central budgets that could be closed without having negative effects on operations.
- (f) A salary pool to satisfy contractual obligations, increases in graduate assistant stipends, faculty promotions, and to provide compensation increases between 1.5 and 2.0 percent for faculty and staff to keep up with inflation distributed based on merit, market and equity considerations.
- (g) Employee benefits expense distributed by function.
- (h) Includes expenditures offset by funding allocated by the Commonwealth and by sales and services income.
- (i) Includes allocated employee benefits for Agricultural Research and Cooperative Extension personnel paid on Federal Funds-Agriculture.
- (j) The Pennsylvania College of Technology (Penn College) is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.

Schedule III:

- (k) State appropriation support will remain constant at the 2016-17 level.
- (l) Represents the following transfers: \$1,055,000 to the College of Medicine for redistribution of 2004-05 increase, for graduate and nursing programs, for the prior years' Tuition Challenge Grants, and for a proportionate share of the 1997-98 Special Projects appropriation (which was folded into E&G in the 1998-99 appropriation); \$2,977,000 to other line items for redistribution of 2005-06 and 2004-05 increases; and for a proportionate share of the 1997-98 Special Projects appropriation.

Schedule III (continued):

- (m) Includes tuition rate changes for 2017-18 of \$44,398,000, additional tuition income resulting from recent enrollment growth of \$5,000,000 and summer income of \$1,000,000. Reflects additional income of \$3,694,000 from the Student Initiated Fee and \$1,500,000 from the International Tuition and Fee Swap.
- (n) Additional E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (o) Includes state support increase of 1 percent from the 2016-17 level.
- (p) Represents the following transfers: \$1,018,000 redistribution of 2005-06 increase, \$1,136,000 redistribution of 2004-05 increase and \$427,000 for a proportionate share of the 1997-98 Special Projects appropriation.
- (q) Penn College is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.
- r) Penn College Board of Directors approved a budget plan on June 15, 2017 that did not include an appropriation increase. The anticipated 10 percent appropriation increase, pending approval by the Commonwealth, will provide an increase of \$2,000,000.
- (s) Represents the following transfers: \$293,000 redistribution of 2004-05 increase and \$103,000 for a proportionate share of the 1997-98 Special Projects appropriation.

Schedule IV:

- (t) Expenditures are offset directly by income for the same purpose.
- (u) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include student housing. Expenditures are offset directly by income for the same purpose.

Schedule V:

- (v) Reflects a zero percent increase for both in-state and out-of-state medical student tuition.
- (w) Reflects funding received by the College of Medicine from The Milton S. Hershey Medical Center (MSHMC).
- (x) Represents the following transfers: for redistribution of 2004-05 increase, for graduate and nursing programs, for the prior years' Tuition Challenge Grants, and for a proportionate share of the 1997-98 Special Projects appropriation (which was folded into E&G in the 1998-99 appropriation).
- (y) Decrease in E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (z) Expenditures are offset directly by income for the same purpose.
- (aa) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include housing.

TAB E

**THE PENNSYLVANIA STATE UNIVERSITY
MEETING OF THE BOARD OF TRUSTEES**

**FRIDAY, JULY 21, 2017
FINANCE, BUSINESS AND CAPITAL PLANNING
AGENDA ITEM 7.D.7**

**PROPOSED TUITION AND FEES EFFECTIVE 2017 FALL SEMESTER,
THE PENNSYLVANIA STATE UNIVERSITY**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That tuition at all locations, effective for the 2017-2018 school year, and as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

**Schedule 1
University Park Tuition
Projected 2017-18 Tuition Rates**

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	16,952	464	17,416	8,476	232	8,708	706	20	726
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	20,226	554	20,780	10,113	277	10,390	843	23	866
Nursing	21,884	600	22,484	10,942	300	11,242	912	25	937
All Other Programs	18,326	502	18,828	9,163	251	9,414	764	21	785
<i>Graduate :</i>									
MBA	24,488	942	25,430	12,244	471	12,715	1,020	40	1,060
Business, Science, IST, EMS, & Engineering (b)	21,294	820	22,114	10,647	410	11,057	887	34	921
All Other Programs	19,964	768	20,732	9,982	384	10,366	832	32	864
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	31,434	1,210	32,644	15,717	605	16,322	1,310	50	1,360
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	35,044	1,350	36,394	17,522	675	18,197	1,460	56	1,516
Nursing	37,218	1,432	38,650	18,609	716	19,325	1,551	59	1,610
All Other Programs	33,034	1,272	34,306	16,517	636	17,153	1,376	53	1,429
<i>Graduate :</i>									
MBA	39,358	1,516	40,874	19,679	758	20,437	1,640	63	1,703
Business, Science, IST, EMS, & Engineering (b)	35,650	1,372	37,022	17,825	686	18,511	1,485	58	1,543
All Other Programs	34,266	1,320	35,586	17,133	660	17,793	1,428	55	1,483
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-

Schedule 1
Medicine, Law, and Great Valley School of Graduate Professional Studies
Projected 2017-18 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition
<u>Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	49,800	0	49,800	24,900	0	24,900	-	-	-
Graduate	21,294	820	22,114	10,647	410	11,057	887	34	921
Master of Physician Assistant Program	-	-	-	12,192	0	12,192	-	-	-
Great Valley Graduate Center:									
MBA	22,776	876	23,652	11,388	438	11,826	949	37	986
All Other Programs	22,776	876	23,652	11,388	438	11,826	949	37	986
Dickinson Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000
Penn State Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-
<u>Non-Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	49,800	0	49,800	24,900	0	24,900	-	-	-
Graduate	35,650	1,372	37,022	17,825	686	18,511	1,485	58	1,543
Master of Physician Assistant Program	-	-	-	12,192	0	12,192	-	-	-
Great Valley Graduate Center:									
MBA	37,140	1,430	38,570	18,570	715	19,285	1,548	59	1,607
All Other Programs	37,140	1,430	38,570	18,570	715	19,285	1,548	59	1,607
Dickinson Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000
Penn State Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-

Schedule 1
Altoona, Berks, Erie and Harrisburg
Projected 2017-18 Tuition Rates

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,868	346	14,214	6,934	173	7,107	578	14	592
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	16,870	420	17,290	8,435	210	8,645	703	17	720
All Other Programs	15,094	376	15,470	7,547	188	7,735	629	16	645
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	842	32	874
Business, Science, IST, EMS, & Engineering (c)	21,132	814	21,946	10,566	407	10,973	881	33	914
All Other Programs	19,812	762	20,574	9,906	381	10,287	826	31	857
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	21,874	842	22,716	10,937	421	11,358	911	36	947
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	25,118	968	26,086	12,559	484	13,043	1,047	40	1,087
All Other Programs	23,272	896	24,168	11,636	448	12,084	970	37	1,007
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	1,315	51	1,366
Business, Science, IST, EMS, & Engineering (c)	27,416	1,056	28,472	13,708	528	14,236	1,142	44	1,186
All Other Programs	26,104	1,006	27,110	13,052	503	13,555	1,088	42	1,130
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-

**Schedule 1
Abington
Projected 2017-18 Tuition Rates**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,212	328	13,540	6,606	164	6,770	543	14	557
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	16,054	400	16,454	8,027	200	8,227	628	16	644
All Other Programs	14,298	356	14,654	7,149	178	7,327	588	15	603
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	21,132	814	21,946	10,566	407	10,973	881	34	914
All Other Programs	19,812	762	20,574	9,906	381	10,287	826	31	857
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	20,782	800	21,582	10,391	400	10,791	866	33	899
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	23,826	918	24,744	11,913	459	12,372	993	38	1,031
All Other Programs	22,000	848	22,848	11,000	424	11,424	917	35	952
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	26,888	1,036	27,924	13,444	518	13,962	1,120	44	1,164
All Other Programs	25,578	984	26,562	12,789	492	13,281	1,066	41	1,107

Schedule 1
Brandywine, Hazleton, Lehigh Valley, Schuylkill, Worthington Scranton, York, and World Campus *
Projected 2017-18 Tuition Rates

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,174	310	13,484	6,587	155	6,742	542	13	555
Upper Division: (a)									
Junior & Senior:	14,258	336	14,594	7,129	168	7,297	584	12	596
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	20,828	802	21,630	10,414	401	10,815	868	33	901
All Other Programs	19,712	758	20,470	9,856	379	10,235	821	32	853
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	20,608	794	21,402	10,304	397	10,701	859	33	892
Upper Division: (a)									
Junior & Senior	21,574	830	22,404	10,787	415	11,202	899	35	934
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	26,562	1,022	27,584	13,281	511	13,792	1,107	42	1,149
All Other Programs	25,364	976	26,340	12,682	488	13,170	1,057	41	1,098

* World Campus - applicable rates are PA Resident, Lower Division, Upper Division and Graduate All Other Programs (other program-based rates may apply).

Schedule 1
Beaver, DuBois, Fayette, Greater Allegheny, Mont Alto, New Kensington, and Wilkes-Barre
Projected 2017-18 Tuition Rates

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>	<u>2016-17</u>	<u>Increase</u>	<u>2017-18 Tuition</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	12,718	0	12,718	6,359	0	6,359	524	0	524
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	14,396	0	14,396	7,198	0	7,198	579	0	579
All Other Programs	13,768	0	13,768	6,884	0	6,884	567	0	567
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	19,882	766	20,648	9,941	383	10,324	828	32	860
All Other Programs	18,816	724	19,540	9,408	362	9,770	784	30	814
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,598	754	20,352	9,799	377	10,176	817	31	848
Upper Division: (a)									
Junior & Senior	20,750	798	21,548	10,375	399	10,774	865	33	898
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	25,260	972	26,232	12,630	486	13,116	1,053	40	1,093
All Other Programs	24,122	928	25,050	12,061	464	12,525	1,005	39	1,044

**Schedule 1
Shenango
Projected 2017-18 Tuition Rates**

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	12,474	0	12,474	6,237	0	6,237	504	0	504
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	14,396	0	14,396	7,198	0	7,198	579	0	579
All Other Programs	13,502	0	13,502	6,751	0	6,751	542	0	542
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	18,672	718	19,390	9,336	359	9,695	778	30	808
All Other Programs	17,670	680	18,350	8,835	340	9,175	736	28	765
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,220	740	19,960	9,610	370	9,980	801	31	832
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	21,366	0	21,366	10,683	0	10,683	890	0	890
All Other Programs	20,350	784	21,134	10,175	392	10,567	848	33	881
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	24,776	954	25,730	12,388	477	12,865	1,032	40	1,072
All Other Programs	23,658	910	24,568	11,829	455	12,284	986	38	1,024

Footnotes for 2017-18 Tuition Rate Schedules

- (a) The upper division rate will apply to undergraduate students with a minimum of 59.1 credits, regardless of how earned.
- (b) Includes upper division and graduate programs at University Park in the Smeal College of Business (excluding MBA), the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the College of Information Sciences and Technology. Also includes the intercollege programs of Acoustics, Bioengineering, Ecology, Genetics, Integrative Biosciences, Materials, Neuroscience, Operations Research, Physiology, and Plant Biology.
- (c) Includes upper division and graduate programs in the following Erie and Harrisburg departments/schools: School of Science (Erie), School of Business (Erie), School of Engineering and Engineering Technology (Erie), Science/Engineering (Harrisburg), and Business Administration (Harrisburg). Also includes upper division programs in the Altoona and Berks departments of Business and Science. Also includes upper division and graduate programs at Altoona, Berks, Erie, and Harrisburg in the Smeal College of Business, the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the School of Information Sciences and Technology.
- (d) Includes upper division and graduate programs in the following: Abington, Beaver, Brandywine, DuBois, Fayette, Greater Allegheny, Hazleton, Lehigh Valley, Mont Alto, New Kensington, Schuylkill, Shenango, Wilkes-Barre, Worthington Scranton, and York departments of Business and Science. Also includes upper division and graduate programs at Abington, Beaver, Brandywine, DuBois, Fayette, Greater Allegheny, Hazleton, Lehigh Valley, Mont Alto, New Kensington, Schuylkill, Shenango, Wilkes-Barre, Worthington Scranton, and York in the Smeal College of Business, the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the School of Information Sciences and Technology.

NOTE: Specific tuition rates for each student by campus, level and program can be accessed at the following web site: <http://tuition.psu.edu>.

Schedule 2
2017-18 Information Technology Fee
Per Semester

Fall and Spring 2017-18

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$252.00	\$189.00	\$86.00
Altoona	252.00	189.00	86.00
Beaver	252.00	189.00	86.00
Berks	252.00	189.00	86.00
Brandywine	252.00	189.00	86.00
DuBois	252.00	189.00	86.00
Erie	252.00	189.00	86.00
Fayette	252.00	189.00	86.00
Great Valley	252.00	189.00	86.00
Greater Allegheny	252.00	189.00	86.00
Harrisburg	252.00	189.00	86.00
Hazleton	252.00	189.00	86.00
Lehigh Valley	252.00	189.00	86.00
Mont Alto	252.00	189.00	86.00
New Kensington	252.00	189.00	86.00
Schuylkill	252.00	189.00	86.00
Shenango	252.00	189.00	86.00
University Park	252.00	189.00	86.00
Wilkes-Barre	252.00	189.00	86.00
Worthington Scranton	252.00	189.00	86.00
York	252.00	189.00	86.00
World Campus	252.00	189.00	86.00
Dickinson Law	252.00	189.00	86.00
Penn State Law	252.00	189.00	86.00
Hershey (non-medical)	252.00	189.00	86.00
Hershey (medical)	331.00	Charge per Semester	

**Schedule 3
2017-18 Student Initiated Fee
Per Semester**

	Fall and Spring 2017-18		
	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$236.00	\$177.00	\$73.00
Altoona	236.00	177.00	73.00
Beaver	236.00	177.00	73.00
Berks	236.00	177.00	73.00
Brandywine	236.00	177.00	73.00
DuBois	205.00	154.00	64.00
Erie	236.00	177.00	73.00
Fayette	205.00	154.00	64.00
Great Valley	128.00	96.00	40.00
Greater Allegheny	236.00	177.00	73.00
Harrisburg	236.00	177.00	73.00
Hazleton	236.00	177.00	73.00
Lehigh Valley	236.00	177.00	73.00
Mont Alto	236.00	177.00	73.00
New Kensington	236.00	177.00	73.00
Schuylkill	205.00	154.00	64.00
Shenango	173.00	130.00	54.00
University Park	258.00	194.00	80.00
Wilkes-Barre	173.00	130.00	54.00
Worthington Scranton	236.00	177.00	73.00
York	236.00	177.00	73.00
Dickinson School of Law	91.00	68.00	28.00
Penn State Law	258.00	194.00	80.00
Hershey (non-medical)	36.00	27.00	11.00
Hershey (medical)	72.00	Charge per Academic Year	

Section 5.09 Delegation of Duties. The Board of Trustees may in its discretion delegate for the time being the powers and duties, or any of them, of any officer to any other person whom it may select. Upon authorization by the Board of Trustees, an officer may delegate performance of specific duties to employees and agents of the University.

(a) Notwithstanding the foregoing, the following matters shall require the approval of the Board of Trustees:

- (i) Basic University Organization and Policy
 - (1) Amendments to the Charter, Bylaws and Standing Orders;
 - (2) All reports of standing or special committees of the University's Board of Trustees;
 - (3) All major modifications of educational policy;
 - (4) Authorization to grant degrees to graduates;
 - ~~(5) The determination of the major goals of the University, including the establishment and review of long range plans for the educational, financial and physical development of the University; and (5) The University's Strategic Plan; and~~
 - (6) University intellectual property policy.
- (ii) Fiscal Matters
 - (1) Establishment of, or material changes in existing, major University fiscal policies;
 - ~~(2) Annual operating budgets and changes in the approved totals, state State appropriation requests, and appropriation of building funds unappropriated and annual operating budgets;~~
 - (3) Acceptance of gifts, bequests, grants, fellowships, scholarships, loan funds that are not in accord with established policy;
 - (4) Establishment of, or changes in, ~~fees including~~ tuition, room and board rates and mandatory student fees;
 - (5) Authorization to borrow money; authorization of persons to sign checks, contracts, legal documents, and other obligations, and to endorse, sell, or assign securities; and
 - (6) Selection of a firm to make annual audit of University accounts.
- (iii) Capital Projects

- (1) Establishment of, or changes in the University's five year Capital Plan;
 - (2) Establishment of, or changes in, existing policies, on matters such as selection of architects, naming of buildings and roads, preservation of campus landmarks;
 - ~~(3)~~ Purchase of land and other real estate with a purchase price of \$1 million or more;
 - ~~(34)~~ Sale of land or other real estate, with the exception of the sale of land and other real estate with a sale price of less than \$3 million gifted to the University for the express purpose of sale with proceeds benefitting the University;
 - ~~(45)~~ Honorific names for individual buildings and roads;
 - ~~(56)~~ Any new construction or renovation project for which the total project cost is \$510 million or more, including
 - (A) Total project cost; provided however, that the Officers of the University shall have the discretion to expend up to an additional 10 percent of the approved total project cost, as necessary;
 - (B) Appointment of designers, unless such project is funded in whole or in part with Commonwealth funds or designed by University employees;
 - (C) Design; and
 - (D) Awarding of contracts for construction;
 - ~~(67)~~ Projects under \$510 million in cost that are bond-financed;
 - ~~(78)~~ Other capital expenditures of \$510 million or more.
- (iv) Personnel Matters.
- (1) The selection, evaluation, compensation and removal of the President of the University, in accordance with policies and procedures adopted by the Board of Trustees from time to time. This responsibility includes a commitment to grant the President broad delegated authority, to support the President in his/her exercise of such authority, to judge the performance of the President, and if necessary, to remove the President. In the selection of a President, the Board shall consult with representatives of the faculty and the student body;
 - (2) The establishment of and any changes to the University's executive compensation philosophy;

(3) The establishment of and any changes to the employment terms and conditions of the President of the University; and

~~_____~~ (4) The appointment ~~of Vice Presidents and Deans and the appointment~~ and removal of the Vice President and General Counsel and the process by which Vice Presidents (other than the Vice President and General Counsel) and Deans are appointed, and any material amendments or modifications to such process.

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(v) Miscellaneous

(1) Selection of the recipients of Distinguished Alumni Awards, honorary degrees and the Penn State Medal; and

(2) Selection of specific dates for regular meetings of the Board of Trustees.

(b) The delegation of authority set forth in this Section 5.09 requires that the Board of Trustees rely on the judgment and decisions of those who operate under its authority. However, this reliance of the Board of Trustees must be based upon its continuing awareness of the operations of the University. Therefore, the Board of Trustees shall receive and consider thorough and forthright reports on the affairs of the University by the President or those designated by the President. The Board of Trustees has a continuing obligation to require information or answers on any University matter with which it is concerned. In addition to such matters as the President of the University may determine, or as requested by the Chair of the Board of Trustees, the following matters shall be presented to the Board of Trustees for information:

(i) Basic University Organization and Policy

(1) New curricula and major changes in existing curricula;

(2) Major policy matters affecting student welfare and activities;
and

(3) Major policy matters affecting research.

(ii) Fiscal Matters

(1) Financial statements, and gifts, bequests, grants, fellowship, scholarships, loan funds that are in accord with established policy; and

(2) The University's annual reports filed under the Clery Act and the Pennsylvania Right to Know Act.

(iii) Personnel Matters

(1) Policies. New policies or changes in existing policies governing appointments, promotions in academic rank, leaves of absence,

resignations, retirements, academic freedom and tenure, hours and conditions of employment, and fringe benefits; and

(2) Executive Compensation. Information regarding

(A) the evaluation and compensation of University executives (other than the President of the University), in accordance with policies and procedures recommended by the committee on compensation from time to time.

(B) The establishment of and any changes to executive compensation and benefit programs and policies.

(3) Information regarding the appointment and removal of Vice Presidents and Deans.

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(iv) Capital Projects

(1) New construction or renovations projects with a total project cost equal to or greater than \$15 million but less than \$510 million;

(2) Generic naming of individual buildings and roads and honorific naming of ~~rooms, portions of~~ University facilities other than individual buildings; and ~~plazas~~ roads;

(3) Purchase ~~or sale~~ of real estate with a price of less than \$1 million;

~~(5) Proceeds from~~ (4) Reports on the sale of land and other real estate with a sale price of less than \$3 million gifted to the University for the express purpose of sale;

~~(6)~~ Capital budget request submitted to the Commonwealth of Pennsylvania; and

~~(7)~~ Reports ~~(including photographs)~~ on the progress of new construction or renovation projects with a total project cost of \$510 million or more.

(d) Expectations of Membership. In exercising the responsibilities of trusteeship, the Board of Trustees is guided by the expectations of membership, each of which is equally important. It is expected that each Trustee will:

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(i) Understand and support the University's mission, vision, and values;

(ii) Act in good faith at all times and in the best interests of the University ~~in a non-partisan manner, maintain independence from external stakeholders and act~~ without regard to the manner in which such Trustee was appointed or elected to the Board of Trustees;

(iii) Make the University a top philanthropic priority to the very best of one's personal ability and fulfill on a timely basis all financial obligations and pledges of support to the University;

(iv) Prepare diligently, attend faithfully, and participate constructively in all Board of Trustees meetings and related activities by reading the agenda and supporting materials;

(v) Speak openly, freely and candidly within the Board ~~and publicly support, while being mindful that any public dissent from Board decisions reached by must be done in the Board; it being recognized~~ context of being trusted stewards of a public institution. ~~Because a university is a free marketplace of competing ideas and opinions, its governance mandates open communication as well as principled, civil, and understood that once respectful debate. At the Board of Trustees, as same time, trustees must always protect and act in the governing body best interest of the University, makes a decision, it can be counterproductive and potentially damaging to being cognizant that the tone and substance of their words reflect on the University for individual Trustees to publicly criticize or attempt to subvert such decision; that they are dedicated to serve and have consequences on its overall wellbeing;~~

(vi) Make decisions and instruct the administration collectively as the governing body of the University; it being recognized and understood that unless specifically authorized by the Board or the Chair, no individual ~~Trustee~~ trustee has the authority to direct administrators with respect to the performance of their duties for the University or to otherwise act on his or her own on behalf of the University or the Board;

(vii) Participate regularly in events that are integral parts of the life of the University community;

(viii) Disclose promptly and fully any potential or actual conflicts of interest in accordance with the Board's conflict of interest policies, and personally maintain exemplary ethical standards;

(ix) Refrain from requests of the President or staff for special consideration or personal prerogatives, including admissions, employment, and contracts for business;

(x) Maintain the confidentiality of confidential information without exception; it being recognized and understood that for this purpose "confidential information" includes nonpublic information concerning the University, including its finances, operations and personnel, as well as nonpublic information about internal Board discussions and dynamics;

(xi) Advocate the ~~University's~~University's interests, but speak for the Board or the University only when authorized to do so by the Board or the Chair; it being recognized and understood that it is important for the Board of Trustees to convey a consistent message and that, ~~in most instances,~~ the Chair of the Board of Trustees ~~should serve or his or her designee,~~ serves as the spokesperson; ~~for the Board;~~

(xii) Respect University policies relating to the acquisition of information and communication; it being recognized and understood that all such information should be used only for purpose consistent with such Trustee's duties and responsibilities to the University; and

(xiii) Extend goodwill to one another and to all members of the University community.

Regular attendance at meetings by members of the Board is expected. If a member of the Board is unable to attend at least four of the six scheduled meetings each year, such Board member should discuss with the Chair of the Board of Trustees the question of his or her ability to continue attendance appropriate to a Trustee.

ORDER IX. TRUSTEES EMERITI

- (1) Granting the Status of Trustee Emeritus to Former Members of the Board.
 - (a) The status of Trustee Emeritus shall be reserved for any living former member of the Board of Trustees who has served as a board member for six years or more with distinction. Trustees shall be eligible for consideration to receive such status immediately upon retirement from active service on the Board of Trustees. The Committee on Governance and Long-Range Planning shall review the service of a Trustee upon such Trustee's retirement and shall make a recommendation to the Board of Trustees. Criteria to be considered by the Committee shall include offices held, attendance record, participation in the activities of the Board, length of service, or other significant contributions to the governance of the University. The Committee may also take into account the Trustee's fulfillment of the Board's expectations of membership as set forth in these Standing Orders. Each former Chair of the Board of Trustees will be entitled to automatic trustee emeritus status upon retirement or resignation.

NEW STANDING ORDER

ORDER X. PROCESS REGARDING THE APPOINTMENT OF VICE PRESIDENTS AND DEANS

The following process will be followed in connection with the search for, and appointment of, Vice Presidents and Deans.

- (1) Members of the Board of Trustees will be notified in writing by the President or his or her designee when a vacancy occurs. This notification shall include:
 - a. Position description/advertisement.
 - b. Roster of search committee members.
 - c. Information about any search firm engaged to assist in the search.
 - d. A description of the search process, the projected timeline and a tentative interview schedule.
- (2) When a successful finalist has been chosen, the Executive Committee of the Board of Trustees will be notified and sent the application materials of the candidate, a summary of the interview feedback and any other relevant materials, as determined by the President or the Executive Vice President and Provost.
- (3) The notice to the Executive Committee members will specify a date by which the members of the Executive Committee shall have an opportunity to express any concerns to the President. If there are no concerns, the University may proceed with the hiring and announcement of the candidate and shall introduce the hire at the next meeting of the Board of Trustees. If any Executive Committee member expresses a concern with respect to a candidate, a conference call will be held at which Executive Committee members may express their concerns and discuss any issues with the President.
- (4) The process set forth in this Standing Order X shall not be applicable to the Vice President and General Counsel. The appointment and removal of the Vice President and General Counsel shall remain subject to approval by the Board of Trustees as set forth in the *Bylaws*.