

PENNS^TATE



Meetings of the Board of Trustees

July 17, 2015

Minutes

**MINUTES OF MEETINGS OF
BOARD OF TRUSTEES
VOLUME 288
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MINUTES OF MEETING

BOARD OF TRUSTEES

VOLUME 288

July 17, 2015

A meeting of the Board of Trustees was held in the Lodge of the Student Union Building at Penn State Beaver in Monaca, PA, at 1:30 p.m. on July 17, 2015.

The following Trustees were present: Masser (Chair), Barron, Benson, Brown, Casey, Cotner, Dambly, Dandrea, Doran, Dunn, Eckel, Fenza, Goldstein, Han, Harpster, Hoffman, Huber, Jubelirer, Lord, Lubert, Lubrano, McCombie, Mead, Metaxas, Oldsey, Pope, Potts, Rakowich, Redding, Rivera, Rucci, Salvino, Schneider, Schuyler, Silvis, Tribeck; and Hanger. Emeritus Trustee Myers was also present.

Present by invitation were student representatives Horne and Lichvar; representatives Blew, Kremer, and Steele; and staff members Andrews, Basso, DiRaimo, Dunham, Gray, Guadagnino, Hanes, Hillemeier, Jones, Kirsch, Lokman, Mulroy-Degenhart, Pangborn, Poole, and Weidemann.

An opportunity for public comment was provided on July 17, 2015 during a public session of the Board at 11:30 a.m. in Room 16 of the Student Union Building at Penn State Beaver. Five speakers shared their views:

Jeff Goldsmith, alumnus

John O'Leary, Penn State Beaver Capital Campaign

Dana Sklack, alumna

John Hertneky, alumnus, Campus Advisory Board

Steve Wellendorf, alumnus

Chair Masser's opening remarks are included as follows:

“Good afternoon and welcome.

“Let me begin by expressing my appreciation to Penn State Beaver Interim Chancellor Donna Kuga and her staff, who are truly going above and beyond in showcasing this campus and hosting our meetings. The pride that faculty, staff, students, alumni and the community have in this great campus and for Penn State is contagious and we are so proud to be here. We look forward to a report later this afternoon from Dr. Kuga. Let me now welcome our new trustee colleagues to the Board: Rob Fenza, David Han, Chris Hoffman, Luke Metaxas, Julie Anna Potts, Kay Salvino, Mary Lee Schneider, Matt Schuyler and Rob Tribeck.

“In May, we welcomed our new Faculty Senate officers and newly elected student leaders. Our Staff Advisory Council leaders for the upcoming year are two familiar faces to the Board, Jenny Blew, a Co-chair from last year, become Chair effective on July 1, and will serve on the Committee on Outreach Development and Community Relations; and Jeremy Warner, who is not available to be with us today, assumes the role of Immediate Past Chair and we look forward to his participation on the Committee for Academic Affairs and Student Life. Replacing Roger Egolf as Chair of the University Faculty Senate Planning Committee is Gul Kremer. Dr. Kremer will be engaged with the Committee on Governance and Long-Range Planning, and we welcome her to her new role. And in welcoming her, I also want to thank Roger for his dedicated and thoughtful engagement in the past two years while serving in this role. Kevin Steele has assumed the Presidency of the Penn State Alumni Association, and we welcome him to this role and his participation with the

Board. I am also pleased that our 2014-15 Administrative Fellows are with us today as they end their year-long experience. Janda Hankinson, under the mentorship of Rod Kirsch; Lisa Wandel, under the mentorship of David Gray; and Wanda Knight, under the mentorship of Nick Jones. I hope you found your year to be rewarding and one of personal and professional growth. Thank you for sharing your experiences yesterday during your visit with the Committee on Academic Affairs and Student Life. We are also pleased to have faculty, staff and students from Penn State Beaver with us today at our meeting. I do want to note that among those with us today are Brianna D'Itri, President of the Penn State Beaver Student Government Association; Michael Hay, Chair of the Penn State Beaver Faculty Congress; and Greg Cerminara, Chair of the Penn State Beaver Advisory Council. Thank you for joining us."

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 April 9 and May 8, 2015.

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

Election of Officers of the Board of Trustees

Thomas G. Poole, Vice President for Administration, in his role as Secretary of the Board, conducted the election of officers. On May 15, 2015, Keith Eckel, 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 Anthony Lubrano and Keith Masser announced their candidacy for Chair of the Board; Trustees Ira Lubert and Alice Pope announced their 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 Walt Rakowich nominated Keith Masser for Chair; the nomination was seconded by Trustee Abe Harpster. Trustee Ryan McCombie nominated Anthony Lubrano for Chair; the nomination was seconded by Trustee Cynthia Dunn. There were no additional nominations from the floor. A motion to close the nominations was made and seconded and approved.

Dr. Poole then called for nominations for the position of Vice Chair. Trustee Bill Oldsey nominated Alice Pope for Vice Chair; the nomination was seconded by Trustee Barbara Doran. Trustee Mark Dambly nominated Ira Lubert for Vice Chair; the nomination was seconded by Trustee Ryan McCombie. There were no additional nominations from the floor. A motion to close the nominations was made and seconded and approved.

Dr. Poole stated that the remaining officers of the Board also required election. All were incumbent officers and included: Thomas G. Poole, Secretary of the Board; Associate Secretary Janine Andrews; Treasurer David Gray; Assistant Treasurer Deborah Meder; Assistant Treasurer Susan Wiedemer; Assistant Secretary Carmela Mulroy-Degenhart; Assistant Secretary Donna Newburg; and Assistant Secretary Carol Maddox.

Dr. Poole provided the Trustees with voting instructions. Paper ballots were distributed to, and collected from, the Trustees by members of the Board Office staff. Nick Jones, Executive Vice-President and Provost, and Madlyn Hanes, Vice President for Commonwealth Campuses, served as tellers for the election.

Following the President's report, Dr. Poole reported the results of the election. For the position of Chair there were 35 votes cast. Eighteen votes were necessary for election. Trustee Lubrano received 10 votes. Trustee Masser received 25 votes. For the position of Vice Chair, there were 35 votes cast, 18 were necessary for election. Trustee Lubert received 24 votes. Trustee Pope received 11 votes. For each the

incumbent positions, Secretary, Associate Secretary, Assistant Secretary, Treasurer, and Assistant Treasurer, there were 35 votes cast. Eighteen votes were necessary for election and each of the incumbents received 35 votes.

President's Report

Dr. Barron presented Penn State's 2015-16 Operating Budget for the approval of the Board. First, he reviewed the context for the budget, which includes an uncertain Commonwealth Appropriation, as well as university, state and nationwide budget trends. The Pennsylvania legislature and governor have made proposals for percentage increases in Penn State's appropriation ranging between three percent and eleven percent. Dr. Barron noted that the development of this budget proposal was guided by several priorities: keep tuition increases low or flat; stimulate Pennsylvania economy and student career success; identify expense reductions and moderate spending priorities; fund operating cost increases and selective strategic initiatives—with special focus on access and affordability; and maintain competitive positions to attract and retain the best talent. He then presented the recommended budget that included: a modest salary increase pool; funding to cover rising costs for employee health care and retirement; operating costs for finance and business related operations; strategic investments and program commitments; and for full time undergraduate students, an aggregate base increase of 0.00% for Pennsylvania residents (the lowest increase in 48 years) and a 2.84% aggregate base increase for non-Pennsylvania residents. In addition, the Information Technology Fee has been frozen; this is the first time in 20 years that the IT fee will not increase. The budget assumes no appropriation increase for Agricultural Research and Cooperative Extension, Penn College, or Penn State Hershey. Dr. Barron also presented a scenario in the event Penn State receives an appropriation increase greater than three percent. The Board voted to approve the budget later in the meeting, and passed two resolutions that will provide the president and his administration with flexibility to adjust the budget if the state appropriation is greater/less than the anticipated three percent increase.

Trustees Brown, Lubrano, Eckel, and Hanger provided comments following the President's report.

For the full text of Dr. Barron's report and companion slides, refer to Appendix I.

[Appendix I]

Chair Masser reported that there were three At-Large vacancies on the Executive Committee, and asked Committee Chair Eckel to convene the Committee on Governance and Long-Range Planning to consider his recommendation that Trustees Don Cotner, Barb Doran and Anthony Lubrano be considered to fill the vacancies. Chair Eckel called the Committee into session; a member of the Committee recommended that Cotner, Doran, and Lubrano fill the At-Large vacancies on the Executive Committee; the recommendation was moved and seconded and approved by the Committee on Governance and Long-Range Planning.

Chair Masser then called for the full Board to consider the committee recommendation. A motion to elect Trustees Don Cotner, Barb Doran and Anthony Lubrano as At-Large members of the Executive Committee was made, seconded, and approved by the Board.

Provost's Report

Dr. Nicholas Jones discussed Penn State's position as "one university, geographically distributed" and cited the University's Commonwealth Campuses and online World Campus as key elements "that enable success for [those] who wish to pursue an affordable and easily accessible education."

Penn State's unique multi-campus structure includes 24 locations. While the University Park campus is the largest and serves as Penn State's administrative hub, it is not defined as the "main" campus. Commonwealth Campuses are strong and serve more than 31,000 students, meeting their needs by offering a key starting point. About 85 percent of all Commonwealth Campus students are from Pennsylvania, and come to Penn State from more than 800 high schools statewide.

Jones also said that the Penn State World Campus now enrolls more than 15,000 people annually, from all 50 U.S. states, three U.S. territories and 80 countries. World Campus options particularly appeal to adult students, who may face unique challenges as they juggle school, work and families to further their personal and professional goals.

For the full text of Dr. Jones' report and companion slides, refer to Appendix II.

[Appendix II]

Informational Report on Penn State Beaver

Dr. Donna Kuga, Interim Chancellor, presented her report which highlighted the history of the campus, and physical and academic enhancements. This included information about the Ross Administration Building; the Gary B. Keefer Wellness Center named in honor of the Chancellor Emeritus; and ongoing renovations of the Michael Baker Science and Engineering building. Also included was information about degree programs, and enrollment and demographics. Dr. Kuga continued her report, providing highlights of faculty and student accomplishments, athletics, philanthropy, community outreach, alumni achievement, and the positive impact of economic development in western Pennsylvania on the campus and surrounding community.

Constructive Change in Service of the University's Mission

David J. Gray, Senior Vice President for Finance and Business/Treasurer, provided an informational report on constructive changes in support of Penn State's mission. These changes included: governance reforms; leadership; University processes and procedures; and a focus on compliance.

Reports from Standing Committees

Chair Masser advised that standing Committees met in public session on Thursday, July 16, 2015, to consider any information or action items to come before the Board in its full session. 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 Abe Harpster reported that the Committee on Academic Affairs and Student Life met on Thursday, July 16, with a quorum of the Committee present.

The Committee received the following items for information:

1. Information on Undergraduate Programs
 - a) Bachelor of Arts and Bachelor of Science in Global and International Studies in the College of the Liberal Arts: New Program
 - b) Bachelor of Science in Integrated Social Sciences delivered through World Campus in the College of the Liberal Arts: New Program
 - c) Bachelor of Science in Political Science in the College of the Liberal Arts: New Program
 - d) Bachelor of Science in Social Data Analytics in the College of the Liberal Arts: New Program
 - e) Associate of Science in Nursing in the College of Nursing: Phase Out Program
 - f) Child Maltreatment and Advocacy in Intercollegiate Programs: New Minor
 - g) Bachelor of Arts in Digital Media, Arts, and Technology at Penn State Erie, The Behrend College: New Program
 - h) Integrated Undergraduate/Graduate Bachelor of Science in Electrical Engineering and Master of Science in Electrical Engineering at Penn State Harrisburg: New Program

- i) Bachelor of Science in Applied Behavioral Science at Penn State Harrisburg:
Phase Out Program
2. Information on Graduate Programs
 - a) Integrated Undergraduate/Graduate Bachelor of Science in Electrical Engineering and Master of Science in Electrical Engineering: New Program
 - b) Data Analytics Intercollege Graduate Degree Program Academically Housed at Penn State Great Valley School of Graduate Professional Studies

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. Douglas R. Cavener as Dean of the Eberly College of Science effective July 18, 2015.

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.

Chair Harpster reported that the Committee received updates from administrative liaisons Nick Jones, Executive Vice President and Provost, and Robert Pangborn, Vice President and Dean for Undergraduate Education. Rob Pangborn updated the committee on LionPATH and the implementation of the related enterprise systems for class scheduling, course management, learning analytics and academic advising. Nick Jones provided updates on student insurance matters, graduate stipend improvements and new professional graduate programs. Nick also provided updates on summer camps programs, research experience for undergraduates, Invent Penn State grants and the progress of the University Strategic Plan.

The meeting provided an opportunity to learn more about Penn State Beaver. Dr. Cassandra Miller-Butterworth and her student, Ruhi Patel, presented information on the genetic structure of little brown bats and the corresponding spread of the White-Nose Syndrome. Dr. Chris Rizzo, Director of Student Affairs provided information on student affairs and described several student engagement programs, including student involvement on campus and in the community related to student activities career and leadership development, community service and on campus student employment initiatives. The Committee also heard from students Joshua Nussbaum, Maura Francis, and Brianna D'Itri on their experiences as Penn State Beaver students. Finally, 2014-15 Administrative Fellows Janda Hankinson, Wanda Knight, and Lisa Wandel shared their perspectives and experiences gained during their mentorship.

B. Committee on Audit and Risk

There was no public meeting of the Committee on Audit and Risk.

C. Committee on Compensation

Chair Paul Silvis reported that the Committee on Compensation met on Thursday, July 16, with a quorum of the Committee present.

The Committee approved revisions to Appendix A of their Operating Guidelines, which defines the executive positions within the Committee's purview. Susan Basso, Vice President for Human Resources, provided the Committee with detailed compensation spreadsheets that included market information for those executives whose compensation falls within the Committee's purview for approval. Based on that detailed market data and the recommendations of President Barron, the Committee approved salary increases for the Tier II and Tier IIA Executives, as proposed.

Additionally, in an executive session on June 29, 2015 the Committee reviewed President Barron's goals and accomplishments for the previous year. The Committee also reviewed a Presidential

Pay Competitive Analysis, prepared by an external Compensation Consultant and performance feedback. Based on this data, the Committee recommended to the full Board that, in lieu of an increase to base salary for the fiscal year beginning July 1, 2015, that the Board extend to President Barron a Merit Award, to be paid in a one-time lump sum payment on August 31, 2015.

All proposed increases for Tier II and Tier IIA executives were reported to the full Board and were publicly released by the University.

The Committee on Compensation recommended that the Board of Trustees approve the following resolutions:

WHEREAS, The Committee on Compensation has reviewed the Presidential performance goals and objectives as well as market and equity considerations; and

WHEREAS, The Committee on Compensation recommends annually to the Board of Trustees consideration of salary adjustments to the President's salary based upon the President's performance in light of established goals and objectives;

THEREFORE BE IT RESOLVED, That the Board of Trustees approves the salary terms for Eric J. Barron as recommended by the Committee on Compensation and presented to the Board of Trustees in executive session.

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

D. Committee on Finance, Business and Capital Planning

Chair Mark Dambly reported that the Committee on Finance, Business, and Capital Planning met on Thursday, July 16, with a quorum of the Committee present.

The Committee received the following items for information:

1. Information Items –
 - a) Women's Health Unit Renovations, The Milton S. Hershey Medical Center
 - b) Science and Technology Center Building Laboratory Renovations, Penn State Harrisburg
 - c) Naming of the Health and Human Development East Building the "Nursing Sciences Building," University Park
 - d) Naming of Rooms, Portions of Buildings, and Plazas
 - e) Status of Major Construction Programs and Borrowing
 - f) Summary and Designation of Gifts Received by the University
2. Action Items –
 - a) Summary of Revisions to Existing Scholarships, Fellowships, etc.
 - b) Acknowledgement of Endowments and Other Major Commitments

The Committee received reports on an administrative cost review briefing from Nick Jones and David Gray, and a photo report on selected construction projects from Ford Stryker, Director of Physical Plant.

Chair Dambly continued with his introductions of Agenda Items for consideration and approval. The committee reviewed and approved items F and G of the Finance, Business and Capital Planning Committee Consent Agenda by unanimous vote. Agenda Item 2 proposed the Operating Budget for the University for the fiscal year beginning July 1, 2015. Agenda Item 3 proposed Tuition

and Fees effective for fall semester 2015. The Committee approved those resolutions by unanimous vote.

Trustee Cotner, a member of the Committee on Finance, Business, and Capital Planning, moved to amend Agenda Items 8.D.2 and 8.D.3 to substitute schedules that were distributed to Trustees earlier in the day in place of those that were previously passed as Operating Budget Tables D and E. The motion was seconded, and approved by unanimous vote.

Agenda Items 4 and 5 proposed the appointment of designers for the Agricultural Digester and replacement of Dairy Barns, and for the Deike Building renovations, both at University Park. The Committee approved the resolutions by unanimous vote.

Agenda Item 6 proposed the purchase of property on Sandy Drive, University Park. The Committee approved this resolution 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 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 in support of endowments, funds, and other major commitments as reported to

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, WHEREAS, The Commonwealth of Pennsylvania has not approved its budget and related appropriation to The Pennsylvania State University as of July 1, 2015; and

WHEREAS, The Pennsylvania State University must continue to operate and is committed to provide exceptional educational experiences and positive workplace environments for all; and

WHEREAS, Both the General Assembly and the Governor's administration have signaled their support for an increase in the appropriation to Penn State; and

WHEREAS, The University must estimate the anticipated level of funding from the Commonwealth in order to enact an Operating Budget; and

WHEREAS, The 2015-16 Operating Budget Plan provides funding from tuition for the increasing costs of employee benefits, facilities, fuel and utilities, deferred maintenance, and need-based student aid; funding from internal sources – reallocation and expense reductions – for faculty and staff salary adjustments at approximately the rate of inflation, for faculty promotions, contractual obligations, and to address market and equity issues; and requested additional appropriations provide funding for

strategic investments in economic development, and student career success; and

WHEREAS, The 2015-16 Operating Budget Plan has been adjusted to reflect an anticipated 3% increase in the appropriation of General Support from the Commonwealth; and

WHEREAS, Such adjustments include removal of certain strategic investments in economic development and student career success, decreasing the amount available to address deferred maintenance, and introducing budgetary risk by including revenue from increased enrollment thereby setting a new and higher bar for enrollment; and

WHEREAS, The adjusted 2015-16 Operating Budget Plan also includes tuition increases for all Pennsylvania resident students that are lower than those that were included in the 2015-16 State Appropriation Request approved by the Board of Trustees on September 19, 2014 with no increase for students at eight Commonwealth Campuses;

THEREFORE BE IT RESOLVED, That in the event that the Commonwealth of Pennsylvania's appropriation to The Pennsylvania State University is not finalized by July 17, 2015, or is finalized at the level of support reflecting a 3% increase for The Pennsylvania State University, the proposed Operating Budget for the University for the fiscal year beginning July 1, 2015, as shown on Schedules I-V which are attached hereto and made part hereof, is approved.

BE IT FURTHER RESOLVED, In the event that the Commonwealth of Pennsylvania's budget is finalized after July 17, 2015, at a level of support that is higher than was provided in this resolution, the Officers of the University are authorized to effect an Operating Budget for the University for the fiscal year beginning July 1, 2015, that would deploy additional General Support, in order of priority and in the amounts as outlined in the 2015-16 State Appropriation Request as approved by the Board of Trustees on September 19, 2014, to the restoration of the planned investments in economic development and student career success, deferred maintenance, removal of the risk from relying on a sustained level of growth in enrollment, and with the balance, if any, to be used to reduce the student Information Technology Fee effective in the 2016-17 academic year.

BE IT FURTHER RESOLVED, In the event that the Commonwealth of Pennsylvania's budget is finalized after July 17, 2015, at a level of General Support that is less than a 3% increase, the Officers of the University are authorized to effect an Operating Budget for the University for the fiscal year beginning July 1, 2015, that would make a corresponding decrease to the amount of the investments in economic development and student career success outlined in the 2015-16 State Appropriation Request as approved by the Board of Trustees on September 19, 2014.

BE IT FURTHER RESOLVED, That in the event that the Commonwealth of Pennsylvania's budget is finalized after July 17, 2015 and the appropriation for The Pennsylvania State University is at a level that is more or less than the 3% increase referred to above, a revised operating budget, including any appropriation changes, for General

Support, Agricultural College Land Scrip Fund, The Pennsylvania College of Technology and the Milton S. Hershey Medical Center, will be prepared and reviewed with the Board of Trustees at the earliest opportunity.

[Appendix III]

4. WHEREAS, The Commonwealth of Pennsylvania has not approved its budget and related appropriation to The Pennsylvania State University as of July 1, 2015; and

WHEREAS, The Pennsylvania State University must continue to operate and is committed to provide exceptional educational experiences and positive workplace environments for all;

THEREFORE BE IT RESOLVED, That in the event that the Commonwealth of Pennsylvania's budget is not finalized by July 17, 2015, or is finalized and provides a General Support appropriation for The Pennsylvania State University at a 3% level, the tuition and fees at all locations are, effective for the 2015-16 academic year, as shown on Schedules 1-4 attached hereto and made part hereof. In the event that the Commonwealth of Pennsylvania's budget is finalized after July 17, 2015 with a General Support appropriation for The Pennsylvania State University at a level that is more or less than the amount appropriated in this resolution, the effect, if any, of the final appropriation on tuition and fees for the 2016-17 academic year will be summarized and reviewed with the Board of Trustees at the earliest opportunity.

[Appendix IV]

5. WHEREAS, The interview process has been conducted by the University's Office of Physical Plant.

RESOLVED, That the officers of the University are authorized to employ Mascaro Construction Company of Pittsburgh, Pennsylvania, to design and build the Agricultural Digester and Replacement of Dairy Barns 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.

6. WHEREAS, The interview process has been conducted by the University's Office of Physical Plant.

RESOLVED, That the officers of the University are authorized to employ Bostwick Design Partnership of Cleveland, Ohio, to design the Deike Building Renovations at University Park.

7. RESOLVED, That the Board of Trustees approves the acquisition of the property at 2185 Sandy Drive in Ferguson Township, comprised of 1.96 acres and a one story 15,088 square foot building, from Advanced Color Graphics for \$1,986,000.

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 as recommended by the Committee on Finance, Business and Capital Planning was made and seconded and approved by the Board.

E. Committee on Governance and Long-Range Planning

Chair Keith Eckel reported that the Committee on Governance and Long-Range Planning met Thursday, July 16, with a quorum of the Committee present.

The Committee held an off-cycle meeting on June 29, 2015, to consider amendments to *Standing Order IX*, which is specific to the granting of emeritus status and the associated rights and privileges of that status. Amendments include: 1) This status is reserved for any living, former member of the Board, who has served for six years or more with distinction. Eligibility for this consideration will be immediate upon retirement or resignation from active service on the Board, and will be reviewed by the Committee on Governance and Long-Range Planning using criteria which includes offices held, attendance, participation record, length of service, and other significant considerations. 2) Former Chairs of the Board will be entitled to automatic Trustee Emeriti status upon retirement or resignation. 3) Consideration for Trustee Emeriti will be brought forward during each year's September meeting cycle. 4) Emeriti status will be applicable for a term of six years. At the end of the six-year period, those granted emeriti status would retain the title and may be invited to participate in University activities and events at the discretion of the Board Chair. At the conclusion of that six-year term, all other privileges associated with the status will expire. 5) For existing Emeriti Trustees, i.e. those currently already having that status, the six-year clock will begin when the full Board adopts the amendments to the *Standing Orders*. 6) Emeriti Trustees will be invited to attend public meetings of the Board and standing committees, and may participate at the discretion of the presiding officer. 7) Emeriti Trustees will not have the right to attend executive sessions of the Board or any standing committees, or to attend any portion of any meeting at which attorney-client privilege discussions are held. 8) Emeriti trustees shall only receive materials that are public, with no access to confidential, proprietary or attorney-client privilege materials. It is noted that exceptions can be made to meeting participation and access to materials at the discretion of the presiding officer. 9) The Chair of the Board may appoint Emeriti Trustees to serve as non-voting members of certain standing or ad hoc committees. 10) At the discretion of the Board Chair, Emeriti Trustees will be invited to participate in University events and activities to serve as an advisor or monitor, to consult on University matters and/or serve in other capacities as the Chair may determine advisable and appropriate. 11) The University will reimburse for reasonable expenses associated with service as Trustee Emeriti.

The Committee on Governance and Long-Range Planning recommended, by a vote of 7 to 1, with Trustee Lubrano opposing, that the Board of Trustees approve the following resolution:

RESOLVED, That the Standing Orders of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on July 17, 2015.

[Appendix V]

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

Chair Eckel also reported that the Committee continued its conversations about Board Assessment, and has asked that Trustee Doran chair a subcommittee composed of Trustee Mead and Faculty representative Kremer to recommend a plan for assessment to the committee at the September meeting. The Committee received a report from the Presidential Search Review Task Force. Finally, Chair Eckel reported that Trustee Doran continued the conversation regarding the concept of a nominating committee.

F. Committee on Legal and Compliance

Trustee Rick Dandrea, Chair of the Committee on Legal and Compliance, reported that the Committee met on Thursday, July 16, with a quorum of the Committee present.

The Committee made two minor changes to its *Charter* in order to conform to prior changes made to the *Bylaws*. The Committee received reports from Regis Becker, Director of Ethics and Compliance, who updated the Committee on the University's Ethics and Compliance Plan; and from Julie Del Giorno, the Athletics Integrity Officer, who provided an update on the Athletics Integrity Agreement.

The Committee received a legal update in privileged executive session.

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

1. WHEREAS, It is the desire of The Pennsylvania State University to be granted a renewal Hotel Liquor License; and

WHEREAS, It is the desire of The Pennsylvania State University to be granted a renewal of Sunday Sales Permit for the sale of alcoholic beverages at The Nittany Lion Inn; and

WHEREAS, It is the desire of The Pennsylvania State University to be granted a renewal of Amusement Permit;

THEREFORE BE IT RESOLVED, That applications of License and Permits to expire January 31, 2017, be filed with The Pennsylvania Liquor Control Board and that Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller, and David J. Gray, Senior Vice President for Finance and Business/Treasurer, be authorized and any and all are authorized to execute the necessary applications and bond, and any other papers required by the Pennsylvania Liquor Control Board.

2. WHEREAS The Pennsylvania Liquor Code authorizes the Pennsylvania Liquor Control Board to issue various permits related to liquor sales, subject to a well-defined set of regulations; and

WHEREAS The Pennsylvania State University desires to file an application for a Wine Auction Permit issued by the Pennsylvania Liquor Control Board, on behalf of WPSU as part of its fund raising efforts;

HEREBY BE IT RESOLVED, That an application for a Wine Auction Permit be submitted to the Pennsylvania Liquor Control Board as part of WPSU's fund raising efforts.

FURTHER BE IT RESOLVED, That David J. Gray, Senior Vice President for Finance and Business/Treasurer, and/or Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller, is/are authorized to execute the applications and any other papers required by the Pennsylvania Liquor Control Board, and to take such other actions as may be required in connection with the application.

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

G. Committee on Outreach, Development and Community Relations

Trustee Dan Mead, Vice Chair of the Committee on Outreach, Development and Community Relations, reported that the Committee met Thursday, July 16, with a quorum of the Committee present.

The Committee received a year-end report for the Office of University Development from Rod Kirsch, Senior Vice President for Development and Alumni Relations. Planning is underway for the next comprehensive campaign, which will draw on the key objectives from the forthcoming Strategic Plan, and President Barron's six key imperatives. Michael DiRaimo, Vice President for Governmental Affairs, provided an update on the state budget appropriation, and key legislative issues impacting the University's operations and related expenditures.

Kevin Steele, President of the Penn State Alumni Association provided an update on year-end vital signs and engagement results. Additionally, Mr. Steele reported the results of an independent audit of its consolidated financials for the fiscal year 2013-14. Finally, Vice President for Strategic Communications, Lawrence Lokman, reported on the 150th anniversary of the Penn State Creamery; in addition to a number of events and celebrations, media stories are being generated to build pride and raise awareness of food science research in Penn State's College of Agricultural Sciences.

There were no action items presented to the Board.

Announcements by the Chairman of the Board of Trustees

Chair Masser thanked Trustee Kathy Casey for her service as Vice Chair of the Board, and welcomed Trustee Lubert as the new Vice Chair. He recognized President Barron, the administration, faculty and staff, students and alumni for their outstanding work on behalf of the institution during the past year. In closing, Chair Masser again thanked Dr. Kuga and the faculty, staff, students, and alumni of Penn State Beaver for hosting the meetings of the Board.

Chair Masser called for other matters to come before the Board. There being none, the meeting was adjourned at 4:18 p.m.

The meeting is available in its entirety at
<https://www.youtube.com/watch?v=kNoiN8vQ64A&feature=youtu.be>

Respectfully submitted,

Janine S. Andrews
Associate Secretary,
Board of Trustees

Remarks from President Eric J. Barron

Meeting of the Penn State Board of Trustees, Penn State Beaver, Monaca, PA

July 17, 2015

“Well, good afternoon, wonderful to see a full house with every Board member. The operating budget is one of the most important topics that we address as a University. So today, I will devote all of my speaking time to that particular subject. So you'll be getting both my President's report and the University's budget report in one presentation. As you know, the state budget is under consideration by the General Assembly and final action has not yet been taken. Governor Wolf's executive budget indicated the restoration of the 2011-12 cuts in state higher education funding will be a priority for his administration, something that this entire Board and administration appreciates deeply. Additional state investment in public higher education also has the support in the General Assembly and we're hopeful that when the Commonwealth's budget is finalized, we will see the beginning of the restoration of those previous appropriation reductions. In the meantime, the University must put together an operating budget and set tuition and fees for the upcoming academic year. The numbers that I will present, and ask you to approve, are based on our conservative estimates for the appropriation, enrollment and anticipated cost, and the introduction of some level of risk in the management of the University. Later in the meeting, we will also pass two resolutions that will give us some flexibility when the appropriation is passed if it's needed.

“To begin, I want to provide some historical context for the budget. This chart shows Penn State's appropriation for the past 14 years. The dark blue bars indicate the years in which, subsequent to the initial appropriation, the state rescinded some percentage as a part of adjusting the state's finances, when tax and other revenues came in under the initially budgeted amounts. Notice that the initial amount for 2001 to 2002 of 334.8 million, and the 2014-15 amount of 289.3 million, as the next slide shows the impact of that difference with inflation. Over the last two decades, the state appropriation for Penn State has declined significantly. This chart shows what would be available if the appropriation had grown at the rate of only inflation, compared to the actual dollars received. The difference for this year, what you see in the brackets, is \$161.7 million. One percent tuition increase is \$11 million. So you can see the magnitude of tuition increases based on this difference, solely, from inflation. The difference under that curve is more than a billion dollars in lost revenue just from inflation alone. Now, we understand that this institution that we're part of a state, and an economy, and a national economy that struggled for many years, and we do not lay blame here, but merely point out that this is a major reason why tuition has increased.

“This chart, which many of you have also seen, tracks the appropriation versus tuition and fees as a percentage of the General Funds Budget. Penn State, like every single public institution that I know and land grant institution, is clearly increasingly relying on tuition and fees and enrollment growth to make up for declining contributions from different states as a portion, as a share of a total. One difference for Penn State is that this crossover, which for us occurred quite some time ago, occurred significantly earlier than most public education institutions in the country. Penn State, in response, has also undertaken some serious belt-tightening measures and there have been significant savings, more than \$360 million dollars, of what is today a \$1.8 billion educational general budget. These are not one time cuts. They're permanent savings, permanent reductions and expenditures that means savings year after year. Very early--OK, one last thing, I would like you to see--I don't know whether I have a light here. I would like to see that at the time of the appropriations adjustment that we just showed the largest one that the slope of this curve has become much steeper indicating that the institution's effort to find savings ratcheted up a level. There's actually a couple of different times at which this effort ratchet up savings has increased.

“It's important to note that in addition to reducing overall expenditures, we reallocate funds and recycling has been a major factor at Penn State. Essentially, this is what this means and this occurred to me as I--while I was a Dean at Penn State University. Every year, the Provost said, ‘can I have 1% of

your budget back? Can I have 2% of your budget back? I want to take off what's at the bottom of your priority list.' And you might get it back depending on whether or not you had a good idea by which you could apply and convince the administration to provide those additional funds. And of course, not all of those funds were spent. They contributed to permanent cuts. This is an institution that innovated by cutting, by year after year, telling the Deans, 'give us your lowest priority.' This is not an institution that keeps adding things and adding things and never forgetting to take something off. For almost two decades, we required colleges and units to give back money. And this was a mechanism by which this institution promoted innovation.

"Now nationwide, we see various similar trends; perhaps it is comforting to realize that we're not alone in this issue that I just described. Education and related expenditures per full-time student at APLU high research institutions like Penn State, increased by 7% since 2006-07 after adjusting for inflation. APLU is the American Public and Land-Grant University group that has Presidential recognition representation across the nation. So for very high research institutions, education and related expenditures went up 7%. State and local appropriations during the same period of time substantially declined across the board by 29%. Tuition and fee revenue made up for much of the difference, rising 33% at very high research institutions like Penn State. The interesting thing is that because there are other expenditures that go into this budget, regulations that are applied, for example, or other issues taken together, the appropriations plus tuition and fees revenues provided a 1% decline in instruction and educational efforts for our students. The way you should look at this is to consider that for this period of time, from 2006-07, each year our students have been paying more in the United States and getting a less--a smaller investment in instructional enterprise. That, in my mind, is a serious problem.

"Nationwide, a typical public college and university has responded to this stress on their budget. They raised tuition, they've raised fees, they add supplemental expenses for their students, they do budget cuts, they recruit more and more out-of-state students, or more international students that pay a larger amount of funds than the in-state students. We tend, very much, in this country, to always focus on the tuition number rather than the number which is the total cost of education of a student. But we see across the board that universities have been using these four or five levers to balance their budgets while increasing tuition and seeing state support decline.

"This brings us today--to today and the environment in which we need to build our budget. The development of this budget proposal was guided by several priorities. The first one, and most significant is to keep tuition increases low or flat. The second is to stimulate Pennsylvania's economy and student career success building on the momentum of Invent Penn State and Penn State's \$30-million investment in this area. The best thing for this Commonwealth, the best thing for this University, the best things for our students is for us to use our \$800-million research machine to promote economic development of the state, to attract people to this state, to have the people in the state have better jobs and in turn, to reinvest in public higher education. We also will identify and have identified expense reductions and moderate spending priorities given the anticipated increases and the cost of benefits and health insurance. As a priority, we have funding operating cost increases and selective strategic initiatives with a special focus on access on affordability for our students and particularly, to ensure that the need-base students graduate at the same high level as every other student and that the cost of their education does not exceed the cost of the education for a student that is better off financially. We also want to maintain our competitive positions to attract and retain the best talent who provide the foundation for the quality of our academic programs. I believe many people would be astounded by which institutions in this country are trying to hire away the faculty from this institution, as well as administrators.

"So, our budget considerations. Although there are still uncertainty about Penn State's appropriation, there have been budget proposals with increases ranging from 3% to 11% and we based our budget on conservative estimates. Three percent was the funding level that was included in the proposal by the Majority Party of the General Assembly and is the lowest amount recommended in state budget deliberations. To be responsible, to take a conservative position, we've adopted the lowest number even though we would dearly like to have the highest number. Although the Majority Party and

the General Assembly recommended an increase in agricultural college, land scrip fund, the Governor's Executive Budget included level funding consistent with this conservative approach to assuming the lowest amount recommended at any stage of the budget process that proposed 2015/16 operating budget assumes level funding for Agricultural Research and Cooperative Extension. The exception to this approach is Penn College, which has already approved a budget plan for 2015/16 with the assumption of flat state funding. Therefore, level of funding is also included in this presentation as a part of their appropriation.

“Now, let's look at how that fits into Penn State's total institutional budget. This pie chart presents the anticipated sources of Penn State's revenue for fiscal 2015/16 with those assumptions; 81% of our revenue is generated by three primary activities: teaching, patient care and research. This year, hospital and clinical revenues generated by Penn State Milton S. Hershey Medical Center edged past tuition and fees to represent the largest share of the University's total revenue. Restricted funds, primarily from sponsored research grants and contracts, account for 14% of Penn State's total budget. The total institutional operating budget for Penn State is 4.9 billion for the fiscal year that begins on July 1st with the approval of this budget proposal. This is a proposed total increase of 105.6 million across general funds, restricted funds, and auxiliary enterprises, plus 161.7 million at the Hershey Medical Center. Drilling down, let's look at the General Funds Budget which encompasses the core academic and teaching-related elements of the University's operations, Educational and General, Agricultural Research and Cooperative Extension and the College of Medicine and Penn College. The General Funds Budget are supported by three sources of revenue, student tuition and fees at nearly 80%, the state appropriation at 13.2%, and other much smaller sources. The educational and general subset excludes Ag Research and Cooperative Extension, and as you can see, it is even more heavily dependent on tuition.

“Now, let's see what happens with those assumptions in a 3% budget increase and how it translates into dollars. It includes our General Support Line, 220.5 million; 17.6 million for Penn College; a total of 46.2 million for Agricultural Research and Cooperative Extension appropriated through the Agricultural College Land Scrip Fund; and an estimate of 11.4 million for Penn State Hershey, from State and federal medical assistance funds made available through the Department of Public Welfare. This slide shows a greatly simplified version of the E&G operating budget for 2015/16 in terms of expense changes. The full version is shown in table 3 in the operating budget that you have received, although there has been an adjustment, so you may not have received it quite yet. The total cost increases identified are 90.6 million, of which, 34.4 million will be covered through known budget reductions and other targeted expense cuts. An additional, approximately, 17 million is currently unidentified savings which will be identified during the coming year. This amount is composed--the \$34 million as I said identified, that amount is composed of funding set aside in prior years to address future employer cost for State Employee's Retirement System, operating savings from restructuring post-retirement health care liability, decreases in some of the projections of increases in health care, retirement benefit and many other operational savings add up to come up with 34.4 million. With those level of cuts, 39.2 million is required to balance, covered by other sources, to balance the budget proposed for the coming year.

“To give you a better understanding of what the E&G expense changes entail, I will briefly cover some of the major items. We have included in here modest salary increases that would be enacted retroactively on July 1, 2015. More than a decade ago, the Board of Trustees adopted a multi-year plan to make Penn State faculty salaries more competitive relative to our institutions--our peer institutions in the Big 10 and the Association of American Universities. To maintain the progress that has been made, a salary pool would provide 1.5 to 2% compensation adjustments for faculty and staff distributed based on merit in an attempt to keep up with inflation. Plus an additional 1% to address market issues, equity issues among employees, exceptional merit and to provide faculty with the promotional increments and related benefits that come as they pass from assistant to associate to full professor. Next, mandatory cost of 12.8 million for the projected increase in employer's share of health care cost and the subsidy provided for health care insurance for graduates, assistants and fellows. Plus 13.6 million for the projected increase in employer contribution from SERS for state retirement. So this is significant and that we have more than \$25 million of the funds that we see are associated with these benefit issues.

“Next is operating cost for finance and business related to operations. This includes \$9.1 million for deferred maintenance, for capital improvement, for maintenance and operations of new facilities, for fuel and utilities projections, for property and liability insurance, and audit. Finally, the budget includes funding for critical strategic investments and program commitments. As you know, I've had several major key priorities. One of which is stimulating Pennsylvania's economy based on our \$800-million research machine and ensuring that our students can have greater career success and hopefully, build our company and lives in the State of Pennsylvania in partnership with the Commonwealth. And second is to focus on academic excellence, student aid, grants-in-aids and efforts that promote access on affordability along the lines that I've previously mentioned. So this includes 5.8 million for the first strategic priority, 4.9 that fits into that second strategic priority, 4.1 for student-related support services, activities and facilities that were recommended and approved by the student population themselves.

“This shows how we intend to cover the planned expense changes with a combination of targeted budget reductions, the estimated state appropriations, facilities and administrative cost recovery, facilities and investment income, and tuition. So this will include tuition income changes of 27.9 million, includes a rate increase that should generate 18.3 million and enrollment increase that assumes a level of risk. We're essentially assuming that the uptick in enrollment that occurred over the last two years because our yields on applications were higher than anticipated, that we've assumed that those numbers are permanent even though they exceed the optimum level of student enrollment at University Park. Their upper division changes that are based on limited majors, a state appropriation of 6.4 million, student fees as I suggested of 1.2, F&A, investment income and other of 3.7. Our number one priority continues to be a commitment to keeping tuition and fee increases at the lowest level possible without compromising academic quality, internal reallocations, targeted budget reductions, strong enrollments and delayed planned investments, and Commonwealth and Penn State priorities have allowed us to propose a base tuition increase for Pennsylvania undergraduate students at zero percent, which is an historic event for this University.

“The non-PA resident tuition reflects a 2.84% aggregate base increase. Those along with those changes in enrollment is how that number in the previous slide for tuition revenues is generated. This slide shows a comparison of the tuition increases for resident students that were included in the budget plan that was part of the 2015/16 State Appropriation Request that the Board of Trustees approved in September 2014. So that is State Appropriation Request, SAR. So this column is what the Board approved last September. And then as you will note, in the Finance and Appropriations Committee, we approved something that was lower and this current proposal for in-state students, with zero percent at every campus for incoming freshmen or existing in-state students. So this will be the plan that we are asking you to approve today. In addition to lowering all the resident tuition increases, we freeze the information technology fee, making 2015/16 the first year in the last 20 years for which this fee has not increased. So, we have an historic 49-year date for freezing tuition for Pennsylvania residents and an historic 20-year history of not having frozen the information and technology fee. As budget conditions allow, it is our intent for this fee to be targeted for reduction and eventual elimination as a part of the effort to drive down the total cost of a degree. I will say here personally that I could drive down the cost of this degree and the American public, because of the way it's reported, would give Penn State no credit. And that's because we have to be very cognizant that tuition is what everybody talks about; the cost of a degree is what everybody should be talking about. And then this is a particular case where we're actually driving down the cost of a degree and we have frozen this for this year, but it is our intent to work, if we can at all possible, to phase out that particular fee.

“Here are the tuition increases for a group of public universities from across the country. Our public Big 10 peers who report they will not have a tuition increase for the resident students in 2015/16 received a much higher percentage of their general funds from their states. The majority of them have seen significant increases in state appropriation. Many of them have traded frozen tuition for a defined state appropriation. Many of them have increased cost for different segments of their students or added particular fees or changed and increased the number of out-of-state students to balance their budgets in order to achieve that zero percent. Although we do not have an appropriation, we're unable to actually

define and address some of these cost increase based on that appropriation, we are focused on enabling our Pennsylvania residents to get a world class education at Penn State. I also want to say and make clear even though many of the Board members already know it, we are piloting several--in addition to the tuition discussion, we are piloting several potential strategies to increase need-based student aid, bringing the cost to a total degree for many, decrease student debt, decrease the time to graduation which is equivalent to the cost of the degree. And your institution outside of this has invested \$11 million in this last year with that objective in mind. I hope that you can see that on every front and every element of the true cost of a degree, whether it is tuition, whether it is the fees or whether it is the investment in those students that need the most, that Penn State is stepping up to this challenge.

“Now, let's turn to Agriculture Research and Cooperative Extension portions of the budget. Ag Research and Cooperative Extension are two important areas of the general funds budget that are not supplemented with tuition revenue. These programs provide critical support for Pennsylvania's principal industry. The flat funding provided by the Commonwealth means that the program will need to be cut to free up 1.6 million for compensation and benefits increases. Additional appropriations would be used to offset this figure and to minimize potential program reductions. For the Milton S. Hershey Medical Center and the College of Medicine, we project an overall budget of nearly 1.9 million. Doctor of Medicine students for Pennsylvania residents will pay additional \$2098 per academic year for a total tuition of 48,690, 4.5% increase. The estimated level of medical assistance funding made available to the Medical Center through the Pennsylvania Department of Public Welfare remains at the level provided in 2013-14. Penn College is a wholly owned subsidiary of Penn State based in Williamsport. The 2015/16 budget will increase by 1.85 million and will bring the total operating budget to 154 million.

“Now let's consider what would happen if Penn State receives more than the anticipated 3% increase of general support. Here's what we would do if we are provided with additional funding. These are based, in large part, on what I view and I've presented to you in detail as strategic priorities for higher education. If we have additional funding, we would like to fund our economic development and student career success priority. This includes funding for entrepreneurs and residents and personnel investments to contribute to student's success in area of greatest need for Commonwealth's workforce, in areas of engineering, business and nursing, strategic investment and support of Commonwealth priorities and cutting edge research with direct relevance to economic development opportunities for PA and natural gas research and cyber science. Penn State in this budget has committed 5.8 million, but we need an additional 2.1 million to fund the full \$7.9 million proposal which for sure provided to the Commonwealth as the highest priority from Penn State. We would also like to fund the planned increase and deferred maintenance. The budget adjustments lowered the planned increment to the funds that Penn State sets aside to address deferred maintenance from an aging physical plant. We decreased that from need of 3 million to 1 million. In the event of a larger appropriation, we would like to consider the 2 million as a potential to restore to that plan. Next, we would like to reduce the risk of assuming recent enrollment increase is permanent. In order to push tuition increases lower and adjust the budget plan to lower than requested state funding, our plan incorporates 7.3 million into the recurring expense base of tuition revenue from enrollment growth at Penn State. Essentially, if that sounded like code, we had a higher yield on the acceptances of applications. That put a lot of pressure at University Park including issues with where to put freshmen when they were coming in to the door and making sure that we were providing them with the courses that they needed. Our target for a successful student body is about 7700 students. We've come in in the mid-8000s. That puts a lot of strain. We've taken a portion of that and assume that it's permanent in order to keep tuition low even though our preference is for the quality of the education to have a student body that is a little bit smaller. So, although demand for Penn State is strong, conservative enrollment planning would dictate that we'd plan for more measured enrollment estimates in future years. So, with additional funding, we'd like to remove this risk of being forced to take extra students in order to balance our budget.

“We also have included in here, and without a slide, is that we will need to identify 17 million of permanent cuts to match the 17 million that so far is unidentified. And of course, with increased appropriation, we would rather invest these dollars into our students and make sure that the depth at

which we're doing tuition reductions does not create downstream problems. In our continuing effort to lower the overall cost of a degree, additional appropriations would be used to reduce or eliminate the information technology fee which cost students \$504 per academic year. It requires 8 million for every \$100 reduction in fees. Basically, this is also an agreement that we have made with student government last year that the fees we have are fees at which the students vote on what the increases are and the uses. Because these fees serve the students outside of the academic process for which we're responsible. A long time ago, that technology fee was something that was new and we created the fee in order to justify a new investment in something that was emerging. It's now \$504 per semester, significant. And two things are important, the students are not involved in what we do with those funds, so this is philosophically counter to the notion of appropriate use of fees in my mind and in their mind. In addition to that, technology is now a standard part of the educational process and it should just be incorporated in tuition. It would be nice to remove this \$504 and just put it simply into tuition, but we realized the stress that that would cause--people don't realize that the cost of their degree would be the same, but the tuition would be \$500 higher. We would like to transition this fee by slowly getting rid of it. And so, for each \$8 million that we can come up with, we will drop this fee \$100.

"Now, if we got a remarkable state appropriation, but it comes in a month or two, it is impossible for us to change this fee in midyear. And the reason is because we would do considerable harm. Any midyear changes that are required will do considerable harm to the financial aid process and how parents can budget. And we do not want to provide that stress for our parents. So for example if we gave them more money, they would have to write a check to return it because they would have had excess financial aid. The reason why I'm saying this to you is because this type of reduction given the slow process of getting the appropriation this year, this would have to be a change in next year. What we would do is we would use those dollars to invest in IT and prepay elements of the IT so that we can continue to face that out in future years. It becomes the easiest way for us to take a dollar and use it in a way that's not permanent so that it makes it easier to release this fee.

"To fund that scenario that I just laid out, all those things that we have on our list would require 19 to 20% increase in the state appropriation. That would fund economic development student career success, deferred maintenance, reduce the risk in enrollment management, it would reduce the IT fee, it would allow us to capture right now unidentified funds for our effort to serve the Commonwealth and the students by having a zero percent increase. Obviously, this budget provides stresses. We're hopeful that much of that priority scenario can come to be realized if we all work hard to promote a state appropriation above 3%. The pressure is on for us as a community to have the Commonwealth and the administration aid Penn State while we assume a higher level of risk in order to achieve what I view as a historic moment in tuition modulation at Penn State. It continues to be our goal to keep a Penn State education within the reach of Pennsylvania citizens as we work with our partnership with the Commonwealth. We don't intend to rest with this budget. As the Board knows, I intend to bring forth other suggestions for areas in which we can change revenues or change cost. We're committed to demonstrating the economic benefits of Penn State as the state's land grant research institution to bring to the Pennsylvania families and communities a higher standard of living. We're also committed to responsible stewardship of tuition and taxpayer dollars. We spend an enormous amount of time carefully examining each one of those dollars and budgets as we have the \$360 million of budget cuts over the period of time that I demonstrated. Through the outstanding work of our students, faculty, staff and alumni, Penn State will continue to have a positive impact on the state, on the nation and the world. This concludes my report on the proposed 2015/16 operating budget. I am happy to take your comments and questions. When we have finance and business report, that report will include the resolutions to adopt this budget, but I thought it was more efficient to do it this way and to give us the authority to manage any changes in the appropriation beyond what this budget has included today. Thank you very much."

2015-16 Operating Budget

Board of Trustees Meeting, Penn State Beaver

July 16-17, 2015

PENNSTATE



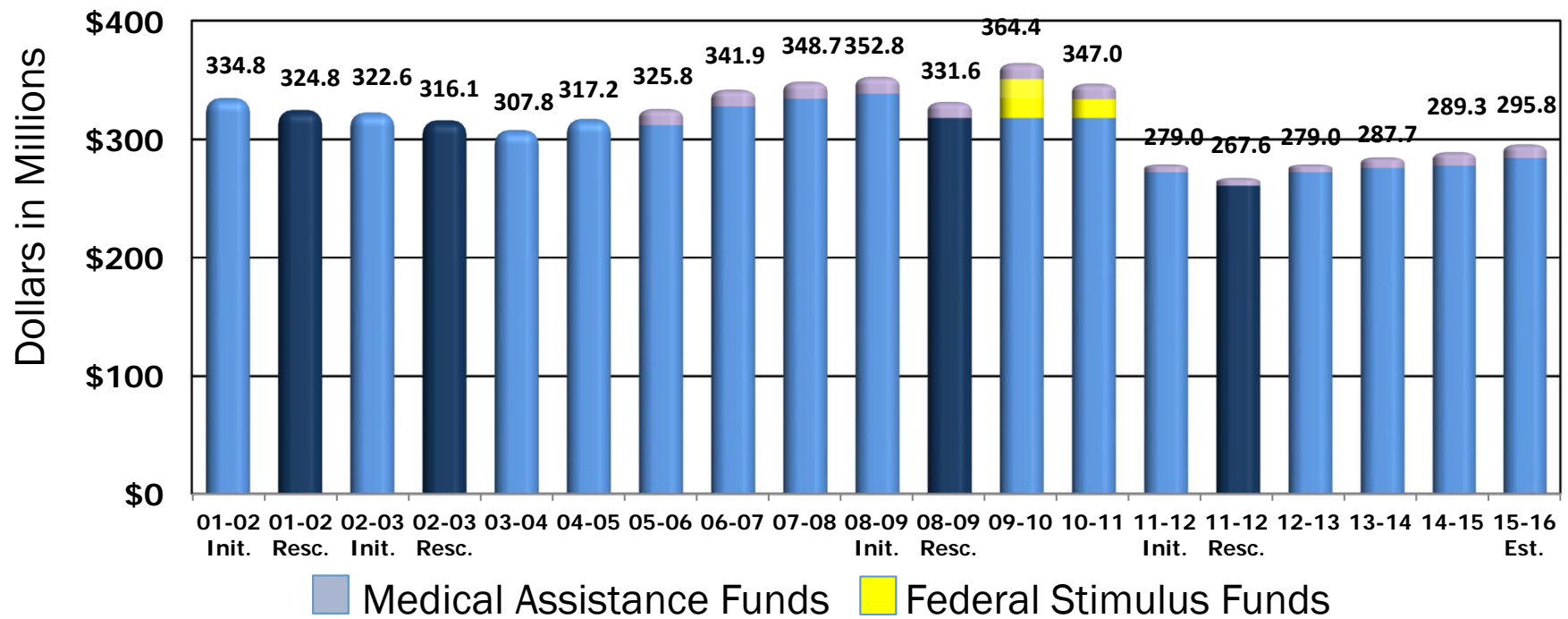
OFFICE OF THE PRESIDENT

2015-16 Budget Context

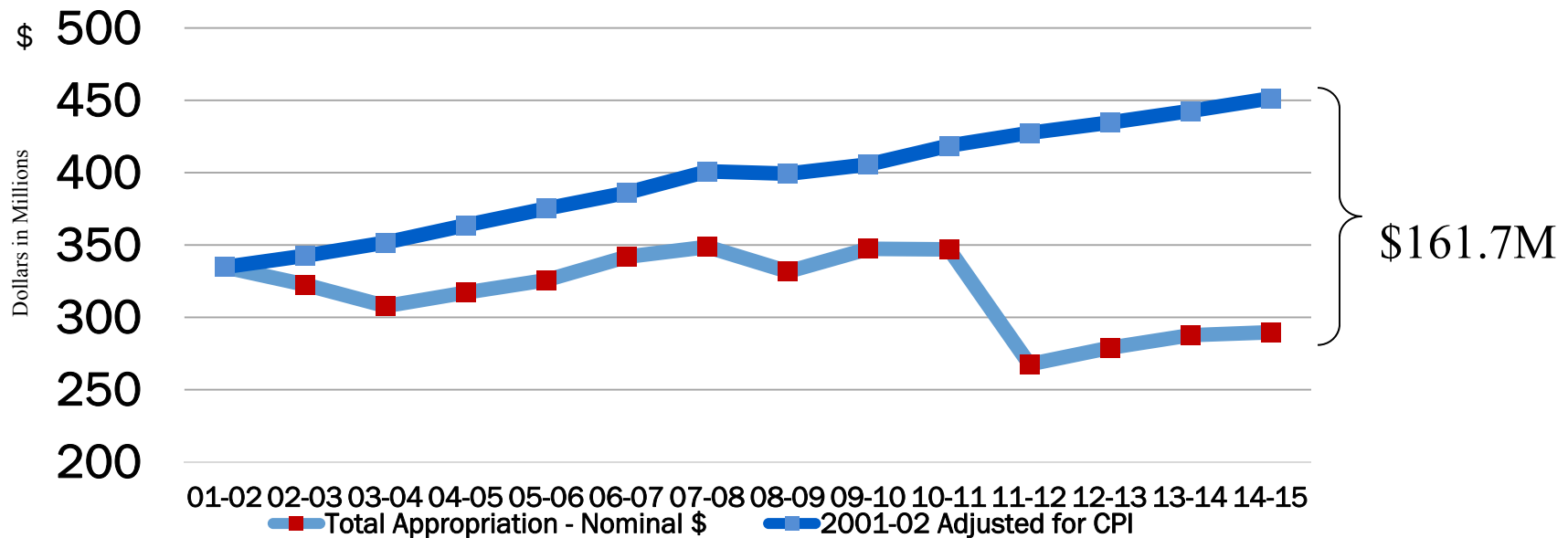
- Uncertain Commonwealth appropriation
- Record applications & strong and stable enrollments
- Rising costs



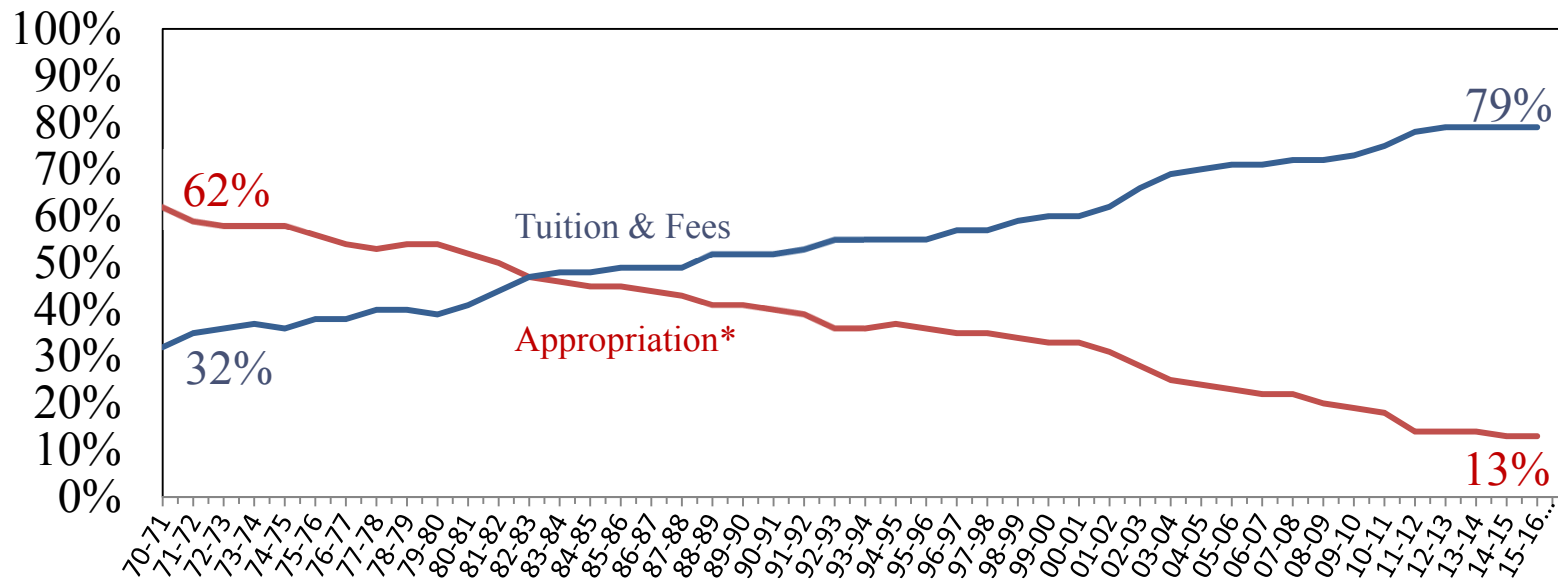
Summary of State Appropriations 2001-02 through 2015-16 est.



Penn State – 2001-2002 Appropriation Adjusted for Inflation vs. Annual Total Appropriations

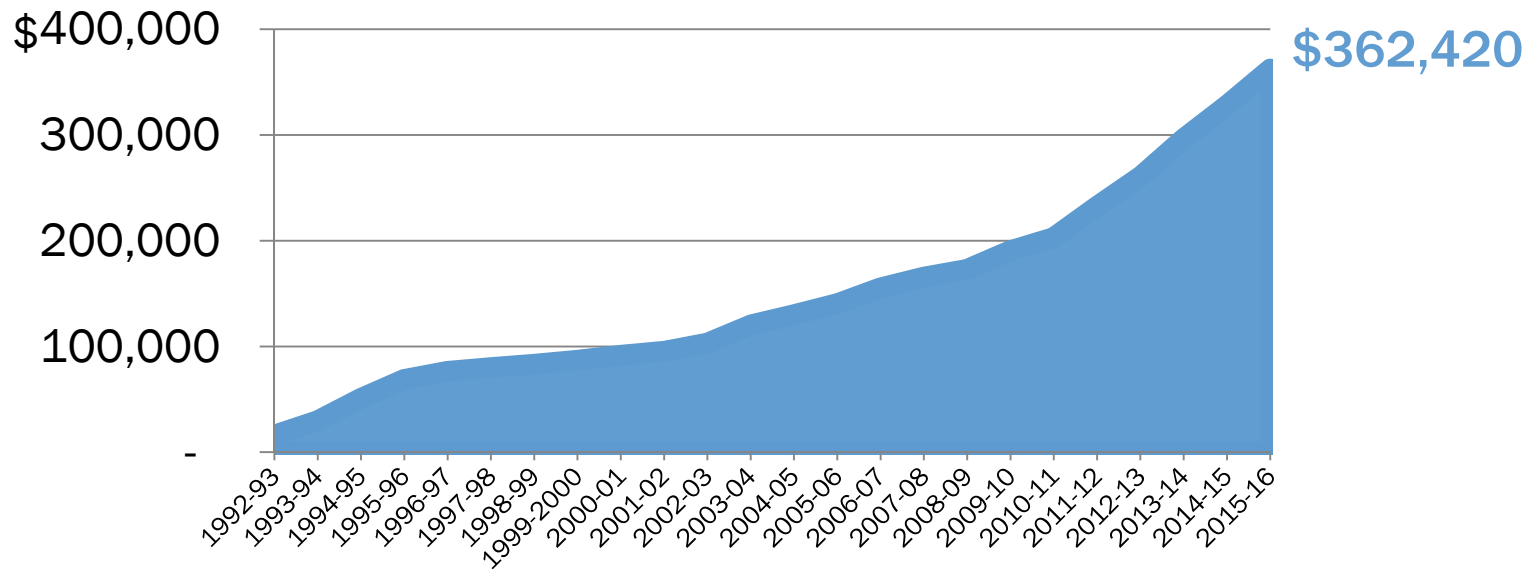


Appropriation vs. Tuition and Fees as a Percent of the General Funds Budget



*Includes Federal Stimulus Funds for 2009-10 and 2010-11.

Cumulative Budget Reductions and Reallocations Since 1992-93 (\$000's)



Nationwide Budget Trends Since 2006-07

- Education/related expenditures per FTE student at APLU “very high” research institutions increased by 7%
- State and local appropriations substantially declined across the board—about 29%
- Tuition/fee revenue made up for much of difference, rising 33% at “very high” research institutions
- Taken together, appropriations plus tuition/fees revenue (\$\$ available for instruction) declined by 1%

Typical Public University Response

- Raising tuition and fees
- Budget cuts
- Recruiting more out-of-state students



2015-16 Budget Priorities

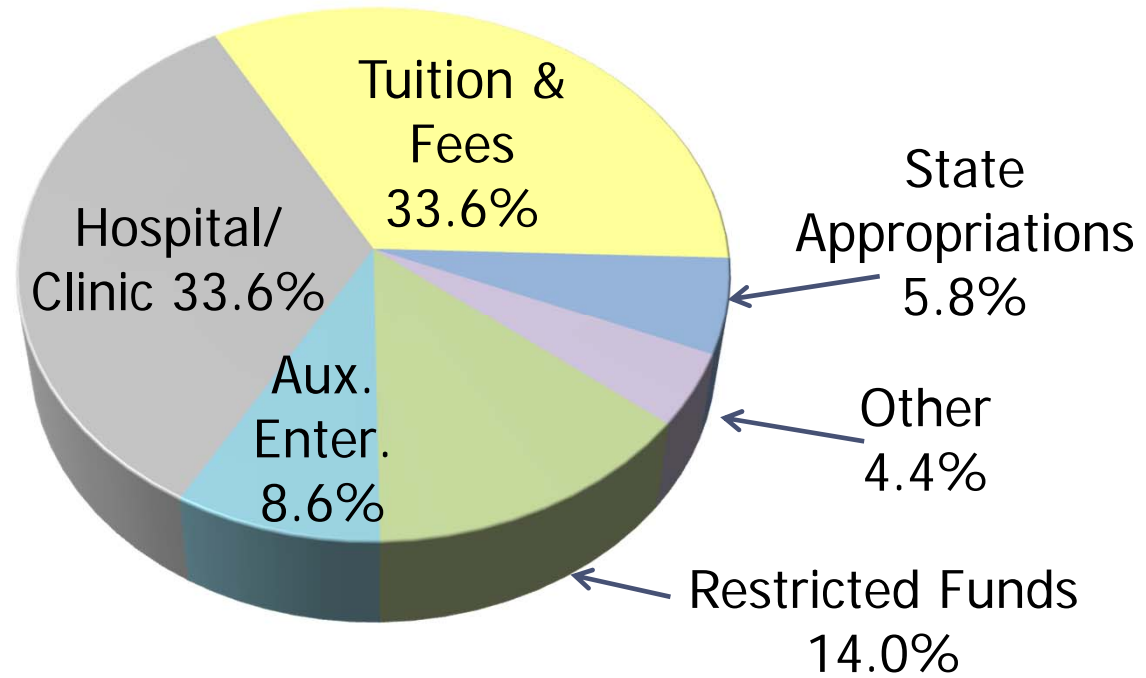
- Keep tuition increases low/flat
- Stimulate PA economy and student career success
- Identify expense reductions and moderate other spending priorities
- Fund operating cost increases and selective strategic initiatives
- Maintain competitive position to attract/retain the best talent

2015-16 Budget Considerations- Appropriation

- Budget proposals from 3.0 to 11%
- Penn State E&G budget based on 3.0% increase in General Support appropriation
- Level funding for Ag Research and Cooperative Extension, Medical Assistance and Penn College



2015-16 Total Institutional Budget- Income



**Total Budget:
\$4.903 billion**

2015-16 Total Institutional Operating Budget (\$000's)

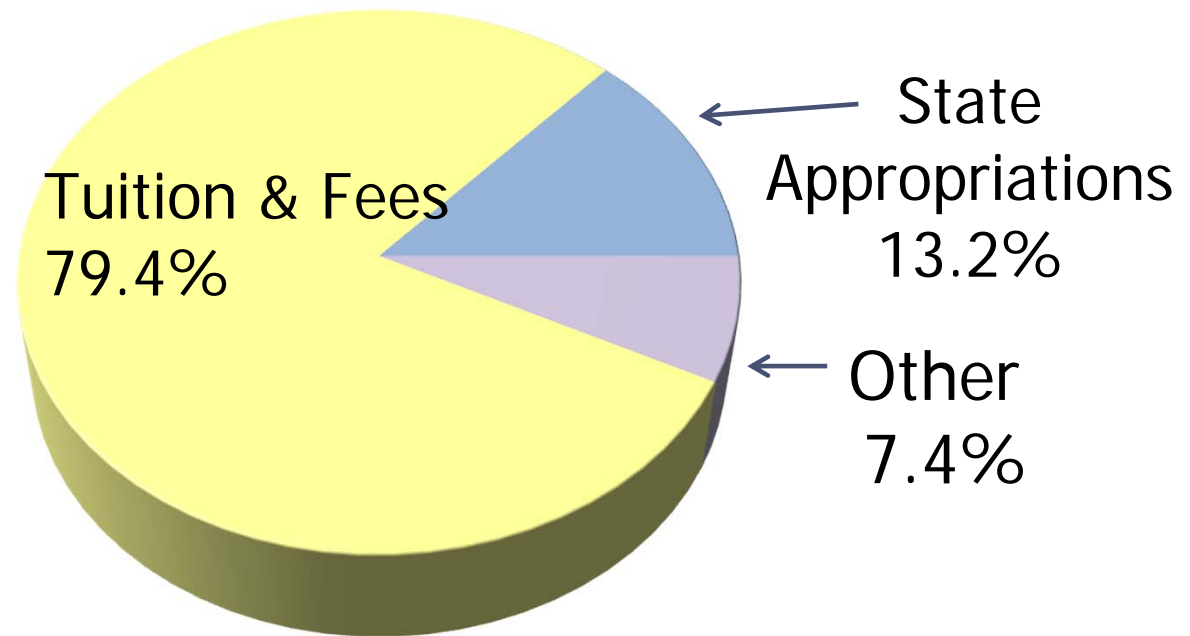
• 2014-15 Total Budget	\$4,636,069
• Budget Changes	105,609
• Hershey Medical Center Changes	<u>161,714</u>
2015-16 Total	\$4,903,392

General Funds Budget Components

- Educational and General (E&G)
- Agricultural Research & Cooperative Extension
- College of Medicine
- Penn College

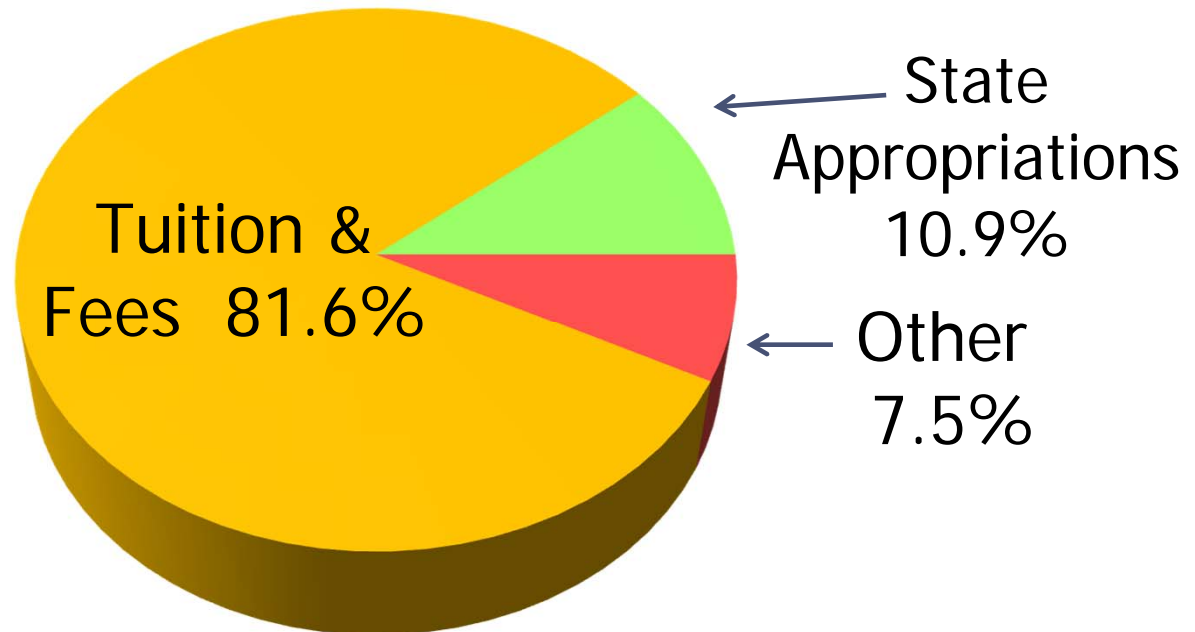


2015-16 General Funds Budget-Income (Excluding Hershey and Penn College)



**General Funds:
\$1.913 billion**

2015-16 Educational & General Budget-Income (Gen. Funds less Ag Research & Coop. Ext.)



**E&G Budget:
\$1.863 billion**

Summary of Estimated 2015-16 State Appropriation (\$000's)

• General Support	\$220,533
• Penn College	17,584
• Ag Research & Coop. Ext.	46,237
• Medical Assistance Funding	<u>11,399</u>
2015-16 Total	\$295,753

E&G Expense Changes

\$90.6 million total cost increases

\$34.4 million of budget reductions and other targeted
expense cuts

\$17.0 million of unidentified cost savings

\$39.2 million balance to be covered by new sources

E&G Expense Changes

Modest salary increase pool

- Up to 2.0% for merit
- Additional 1.0% for market, equity, promotion and exceptional performance

E&G Expense Changes

Rising costs for employee health care and retirement

- Mandatory costs of \$12.8 million in employer share of health care costs and subsidy for health care insurance for grad assistants/fellows
- \$13.6 million projected increase for SERS

E&G Expense Changes

Operating costs for finance and business related operations

- \$9.1 million for deferred maintenance, capital improvement, maintenance and operation of new facilities, fuel and utilities, property and liability insurances, and audit

E&G Expense Changes

Strategic investments and program commitments including:

- \$5.8 million for Strategic Priority-Economic Dev. and Student Career Success
- \$4.9 million for Academic Excellence Scholarships, and increases in student aid and grants-in-aid
- \$4.1 million for student-related support services, activities and facilities

Anticipated E&G Income Changes (\$000's)

Tuition		\$27.9
• Rate Increase	18.3	
• Enrollment Increase	7.3	
• Upper Division	2.2	
State Appropriation		6.4
Student Fees		1.2
F&A, Investment Income, Other		<u>3.7</u>
Total		\$39.2

No. 1 Priority: Keep Tuition Increases Low/Flat

- Aggregate base increase for PA residents is 0.00% – Lowest increase in at least 40 years
- 2.84% aggregate base increase for Non-PA residents
- Modest tuition increase enabled by aggressive expense control and continued strong enrollments

Comparison of Resident Tuition Increases Proposed in the 2015-16 State Appropriation Request (SAR) and Current Proposal

	<u>SAR</u>	<u>Current Proposal</u>
University Park	2.99%	0.00%
Altoona, Abington, Behrend, Berks, Harrisburg	2.40%	0.00%
Brandywine, Great Valley, Hazleton, Lehigh Valley, Schuylkill, Worthington Scranton, York, World Campus	1.80%	0.00%
Beaver, DuBois, Fayette, Greater Allegheny, Mont Alto, New Kensington, Shenango, Wilkes-Barre	0.00%	0.00%

In addition, the Information Technology Fee has been frozen. This is the first time in 20 years that the IT Fee will not be increased.

2015-16 Tuition Increase Percentages for Select Public Universities (resident)

Virginia*	11.00%	North Carolina*	2.80%
West Virginia*	9.70%	Michigan	2.70%
Connecticut	6.75%	Michigan State	2.70%
Cornell (contract colleges)	5.90%	Texas A&M	1.93%
Maryland	5.00%	Nebraska	1.75%
Massachusetts	5.00%	Minnesota	1.50%
Arizona*	4.14%	Illinois	0.00%
Virginia Tech*	3.90%	Indiana	0.00%
Kentucky*	3.00%	Iowa	0.00%
Tennessee	3.00%	Ohio State	0.00%
Colorado	2.90%	Purdue	0.00%
South Carolina	2.90%	Wisconsin	0.00%

*Tuition and Fees; Note: Gathered from legislative, university, and news web sources.



Agricultural Research and Cooperative Extension

- Proposed budget assumes no appropriation increase for 2015-16
- Activities not supported by tuition
- Estimated inflationary cost increases of \$1.6 million
- Program reductions of \$1.6 million would be required; additional appropriations would be used to offset this figure and to minimize potential program reductions

2015-16 Budget College of Medicine and Penn State Hershey Medical Center (\$000's)

• College of Medicine:	
General Funds	\$123,805
Restricted/Auxiliary Funds	<u>110,181</u>
Total College	233,986
• Penn State Hershey Med. Center	<u>1,649,693</u>
Total	\$1,883,679

Pennsylvania College of Technology (\$000's)

• 2014-15 Adjusted Budget	}	\$152,205
• Total Changes		<u>1,850</u>
Total 2015-16 Budget		\$154,055

Scenario for Appropriation Increase Greater Than 3.0%



Fully Fund Economic Development and Student Career Success Priority

- Penn State has committed \$5.8 million
- \$7.9 million proposed; need an additional \$2.1 million



Fully Fund the Planned Increase in Deferred Maintenance

- Penn State has committed \$1.0 million
- \$3.0 million proposed; need an additional \$2.0



Reduce the Risk of Assuming a Recent Enrollment Increase Is Permanent

- Allows for more conservative enrollment planning
- Need \$7.3 million



Phase Out Information Technology Fee

- Lower cost of degree by phasing the **\$504 IT fee** for all students
- Each \$100 in fee reduction requires \$8 million





Thank You!



Remarks from Provost and Executive Vice President Nicholas P. Jones

Meeting of the Penn State Board of Trustees, Penn State Beaver, Monaca, PA

July 17, 2015

“Good afternoon. I’m excited that our meeting today is being held at Penn State Beaver—a beautiful campus about which you’ll hear even more from Chancellor Donna Kuga after my remarks. I’d also like to officially welcome Tina Richardson to the Penn State family. Formerly the Associate Dean of Academic Affairs at Drexel University’s School of Education, Tina is the new Chancellor at Penn State Lehigh Valley. We are thrilled to have an educator of her caliber among our leadership.

“In today’s presentation I will discuss all of our Commonwealth Campuses, our World Campus, and other key elements of how Penn State operates that enable success for those who wish to pursue an affordable and easily accessible education. It’s a vital topic that merits our collective in-depth awareness and understanding. The Pennsylvania State University faces many challenges every day, as all universities do, but in 2015 it clearly is a growing and thriving institution of higher learning and research. When we say the words, *‘This Is Penn State,’* it means many things. Some facts you may know already:

- There are 24 campuses across the Commonwealth, putting Penn State within practical commuting distance of most Pennsylvania residents.
- We have more than 23,000 acres of land and 1,784 buildings statewide, including 7,343 acres and 947 buildings at University Park.
- Our rapidly growing online World Campus enables learners to pursue an education—anytime, anywhere—and U.S. News & World Report ranked its undergraduate programs No. 1 out of 185 institutions in its 2015 list of online educational programs, based on the World Campus’ academic reputation, broad accessibility, and affordability. The World Campus also ranked No. 1 for online undergraduate programs for military veterans.
- Penn State already has approximately 100,000 students, yet baccalaureate applications for summer and fall 2015 were up more than 4 percent over last year, and graduate and medical applications were up 6 and 8 percent, respectively.
- As of July 1, we have more than 645,000 living alumni, and more than 110,000 life members of the Penn State Alumni Association.
- Our teaching hospital, the Penn State Milton S. Hershey Medical Center, provides care to more than 1 million patients a year, and our research funding exceeds \$800 million, ranking us among the top U.S. universities.

“These quick facts offer a solid, albeit limited, snapshot of what success looks like for our university today. We still have much room for improvement and growth, however—so while we can be excited about the great things we’re accomplishing, we cannot rest. There is still a lot of work to be done. Penn State’s Strategic Plan for 2015-16 through 2019-20, which will be completed later this year, represents Penn State’s blueprint for the future, articulating not only our institution’s mission, vision and values, but also its foundational principles, imperatives, and strategic priorities that will enable Penn State to continue to thrive. It also reveals how Penn State will continue to have positive impacts not only in this Commonwealth, but also throughout the United States and worldwide.

“Today I want to focus more on Penn State’s unique multi-campus structure, and how it has evolved over time to serve the University’s founding land-grant mission and to ensure educational access and affordability for future students. This is a vital consideration in our forthcoming strategic plan. Penn State’s structural uniqueness is such that we are not a system as generally considered within the United States’ higher education environment. University systems usually represent a collection of institutions, each with substantial autonomy and curricular independence whose leaders report to a president or central coordinating office dealing largely with external and legislative affairs. Big 10 institutions that are considered systems include the University of Wisconsin and the University of Maryland. Penn State,

however, truly functions as one University, geographically distributed, not only in concept, but also in practice.

“As you know, we have one University President; one Board of Trustees; one University Faculty Senate; one set of policies and procedures for faculty, staff, and students. Penn State’s budget planning and implementation processes are entirely centralized under the direction of the Executive Vice President and Provost—that’s me—and the Senior Vice President for Finance and Business/Treasurer, and supported by the University Budget Office. On the student side, much of our course content is consistent across campuses, including the World Campus, and you are a Penn State graduate no matter how, when, or where you achieved your degree. We are a single university; we are not a university system. Penn State as a multi-campus entity informs everything we say and do. One intrinsic benefit of our unique structure—one university, geographically distributed—is that it provides for an accessible Penn State education with choices to fit most personal situations, preferences, and challenges. While the University Park campus is the largest one and serves as our administrative hub, it is not defined as the “main” campus. The Commonwealth Campuses, which vary in size and program portfolio, advance the University’s mission and serve their broader communities. Penn State’s structure has served well to fulfill its role as the Commonwealth’s land-grant institution, and we continue to take pride in our unified, multi-campus approach.

“Commonwealth Campuses such as Penn State Beaver are essential portals to the broader University. Of our total first-year student population, about six of every ten Penn State students pursuing associate or baccalaureate degrees start their coursework at a Commonwealth Campus. More than 5,000 students transition annually among Penn State campuses, and nearly 2,500 additional students annually transfer to Commonwealth Campuses from other Pennsylvania-based colleges and universities. Typically, about 85 percent of all first-year Pennsylvania applicants receive an offer to a baccalaureate degree program at one of Penn State’s 20 undergraduate campuses, including University Park. Incoming students represent a wider range of educational and socioeconomic backgrounds at the Commonwealth Campuses than at University Park, but all of our campuses attract motivated students, and they fulfill the University’s mission of providing access statewide for learners whose family incomes may be too low to make other higher education options viable. The Commonwealth Campuses have long served Pennsylvanians well, and that continues today; 85 percent of all Commonwealth Campus students are from Pennsylvania and come to us from more than 800 high schools statewide.

“Within this ‘one university, geographically distributed’ philosophy, our so-called ‘2+2’ mission is an enduring success story. Through the 2+2 enrollment model, Commonwealth Campuses meet many students’ needs by offering a key starting point: access to higher education with lower tuition costs, greater contact with faculty, and in many situations, the ability to avoid room-and-board costs. An individual may spend two years studying at a Commonwealth Campus closer to home before completing his or her degree at University Park. Still others begin their studies at a Commonwealth Campus and remain there or transition to another Commonwealth Campus to earn their degrees.

“Regardless of where they begin or end within the University, or the cost of tuition, students receive the quality of education that is expected as part of the Penn State experience. For the 2015-16 academic year, as you now know, tuition costs at Commonwealth Campuses will be flat. The campuses targeted for these zero increases are those with the higher percentage of need-based students, as well as the most socio-economic and demographic challenges in the surrounding communities. Ultimately, our Commonwealth Campuses are strong, serving more than 31,000 students who are vital to our integrated University structure.

“Consider the story of Niccia Griffin-McKinney, a ‘2+2’ student who earned her bachelor’s degree in May from University Park and blogged regularly about her college experience. In August 2011, she started her college career at Penn State Mont Alto, noting that she accepted the offer of admission over other schools’ because of its location and because it’s what her mother could afford. She added, ‘I joined Lion Ambassadors at Mont Alto and instantly became great friends with some pretty phenomenal people, and I realized that I made the right choice.’ She later transitioned to University Park, where she joined the College of Communications Student Council and continued her involvement with THON that had begun at Mont Alto. In the end, she wrote, ‘I attended the best university in the world, and I had the time of my life.’

“And then there’s the story of Philadelphia native Dominique Robinson. When he first arrived at Penn State Berks, he thought he would complete two years there, and then complete a degree in business management at University Park. But as a student at Berks, he discovered his passion for applied psychology and decided to complete that degree right where he was. ‘Penn State Berks helped me find myself and discover the person I want to be,’ Robinson said. ‘I met so many good people who have changed my life—students, faculty, and staff members. I consider this home.’ He graduated in May 2015 and is moving on to pursue a graduate degree in social work at Virginia Commonwealth University.

“Now meet Yuanheng ‘Arthur’ Wang, who came to the United States in 2006. The Kuming, China, native is a junior at Penn State Erie, The Behrend College, where he is thriving. He has made the Dean’s List every semester, joined the Lambda Sigma National Honor Society, served as the regional vice president of the Student Pennsylvania State Education Association, and was recently accepted into the University’s Schreyer Honors College. But that’s not all. This China native is majoring in English. Why? He says, ‘I like English, and I like communication. They just make me excited. I want to help those who are learning English, but in order to do that, I have to master the language myself.’ Arthur says he’s thrilled he chose to pursue a higher education at one of Penn State’s acclaimed Commonwealth Campuses, and it’s opened many doors for him. He said, ‘I’m not here to accept or receive an education. I’m here to ‘claim’ an education. I want to claim all of the resources here available to me.’

“During your time here at Penn State Beaver, you’ve already heard and will hear even more success stories from students whose lives are better thanks to the affordable access to a top-shelf education that they received here. Their stories and some I’ve shared with you today—along with that of Jill Bender, shown here, who started as an elementary education student at Penn State Beaver and ended up working here full time in the Student Development Center—are all testimony to Penn State’s ability to give individuals the education they need, where they need it, so they can lead meaningful lives, personally and professionally.

“Beyond our brick-and-mortar campuses, enrollments in our online World Campus are growing, and the World Campus will continue to ensure that even more students can take advantage of affordable access to higher education. Penn State and its faculty and staff understand that adult students deal with many outside responsibilities and challenging life circumstances, and through the World Campus they help distance learners to achieve their personal and professional goals. The World Campus value proposition is geared toward what learners want: a ‘real’ Penn State degree; convenience and flexibility; extraordinary student support; an exceptional learning experience; and a connection to the Penn State family—a true worldwide network. Our World Campus students, such as U.S. Air Force Captain Neil Barnas, shown here, come from all 50 U.S. states, three U.S. territories, and 80 countries, yet they share the goal of making their lives better through education. Approximately 700 Penn State faculty, both fixed-term and tenured, teach in more than 125 academic programs delivered through the World Campus.

“Beyond making a Penn State education accessible more broadly, the World Campus’ success also delivers vital financial benefits across the University and its units. Gross tuition revenue from the World Campus totaled approximately \$120 million in the 2014-15 academic year, and we expect these revenues to grow significantly over time. Education, research, and service have been the foundations of Penn State for the past 160 years. It is with renewed focus that we look ahead to educating our nearly 100,000 students, continuing to lead the nation as a world-class academic and research institution, and to expanding our commitment to service. We will continue to leverage our unique structure— including Penn State’s Commonwealth Campuses and World Campus—to meet our obligations regarding educational access and affordability and ongoing fulfillment of Penn State’s land-grant mission.

“Thank you for your attention this afternoon. Now I have some time to answer a few questions.”

Provost's Report

Meeting of the Penn State Board of Trustees
Penn State Beaver – Monaca, PA
Friday, July 17, 2015

PENNSTATE



OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST

This Is Penn State, Now By the Numbers

- 24 campuses throughout the Commonwealth
- No. 1 online undergraduate program (World Campus)
- 100,000 students
- 645,000 living alumni
- \$800 million + in annual research funding

Still Room to Improve and Grow With Strategic Plan on the Way



Recently Opened:
The new Health and
Human Development
Building on the
University Park campus

Our Multi-Campus Structure: “We Are Not a System”



Abington



Greater Allegheny

Our Unique Structure's Benefits



- Flexibility
- Convenience
- Consistency
- Accessibility
- Affordability
- Unity

Our Commonwealth Campuses



OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST

“The Song Remains the Same” Penn State = Quality Education



Beaver



Wilkes-Barre

Meet Niccia Griffin-McKinney: A “2+2” Success Story



Two years at Mont Alto +
Two years at University Park

*“I attended the best University
in the world, and I had
the time of my life.”*

Meet Dominique Robinson: A “This Is Home” Success Story



Four years at Berks

“Penn State Berks helped me find myself and discover the person I want to be.”

Meet Yuanheng “Arthur” Wang: An International Success Story



Currently a junior at Penn State
Erie, The Behrend College

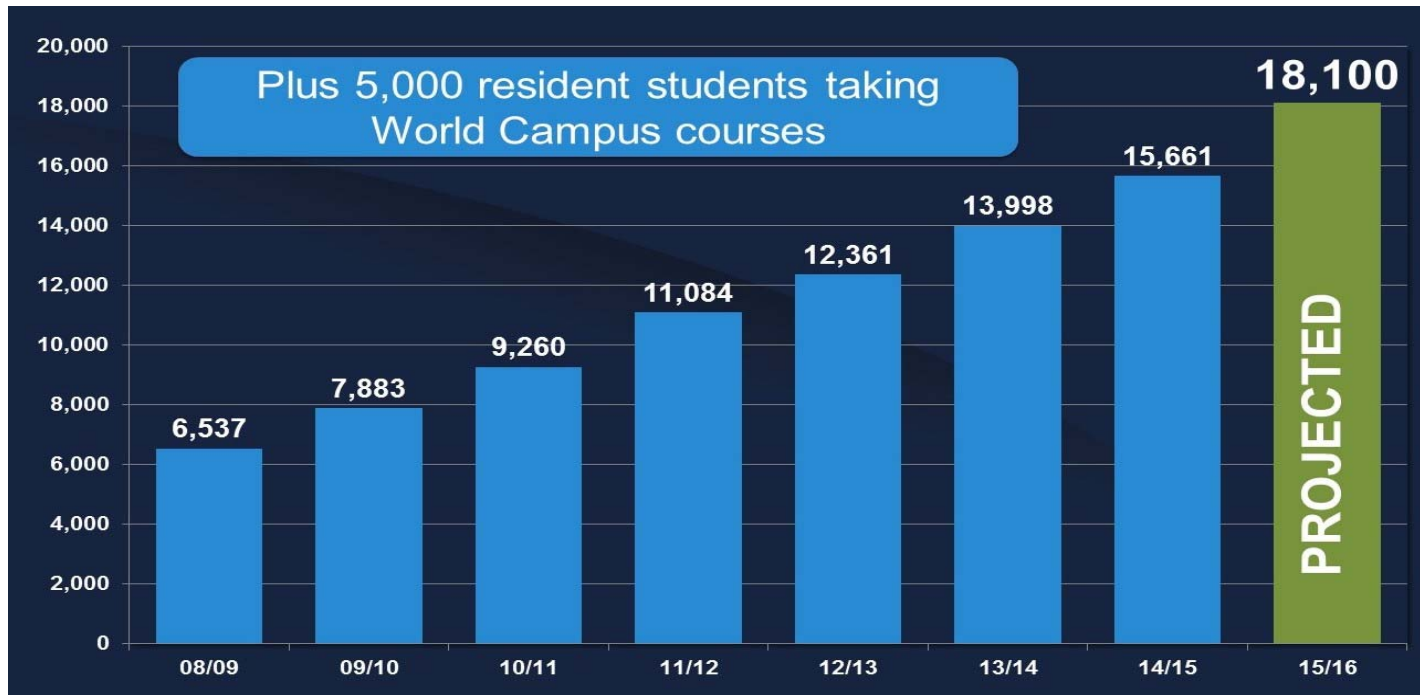
*“I’m not here to accept or receive
an education. I’m here to ‘claim’
an education.*

Commonwealth Campuses Support Meaningful Lives



Penn State Beaver's Jill Bender: From first-year student in Elementary Ed to five years and counting as a Student Development Center employee

World Campus Student Headcount



World Campus Value Proposition: What Our Learners Want

- A “real” Penn State degree
- Convenience and flexibility
- Extraordinary student support
- Exceptional learning experience
- A connection to the Penn State worldwide network

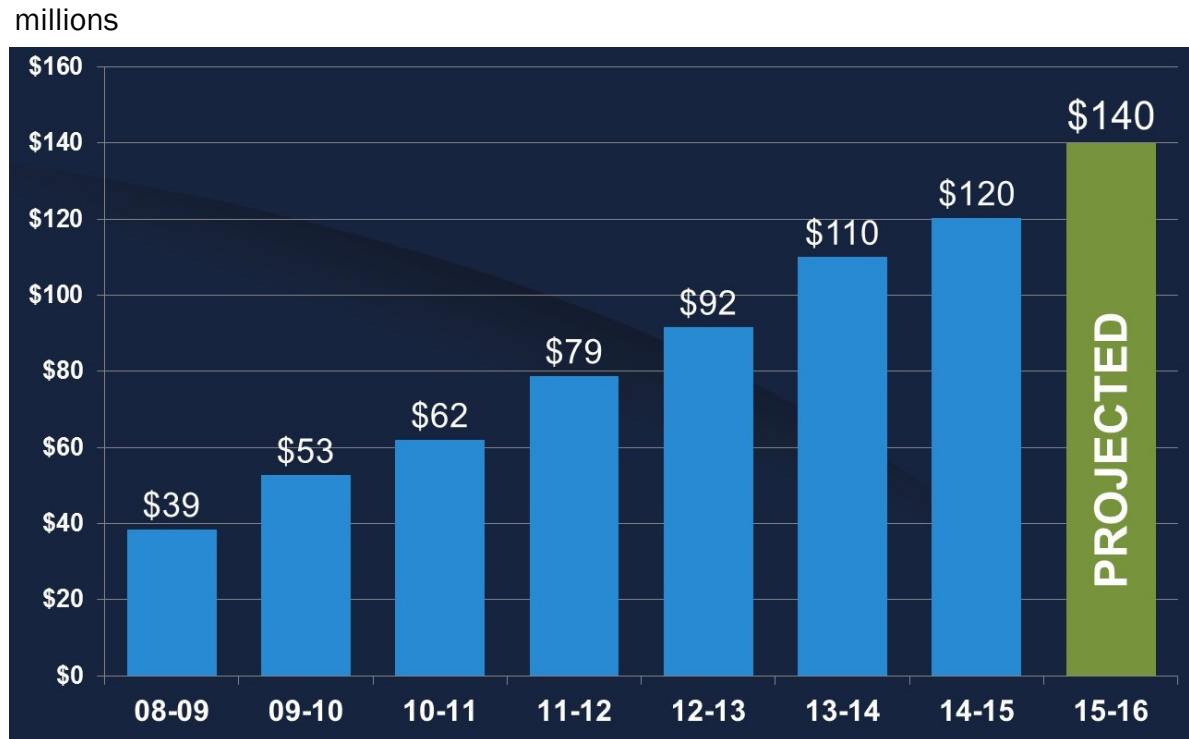
Penn State's World Campus: An Air Force Captain's Success Story



It took Neil Barnas only two years to earn his master's degree in systems engineering from the World Campus.

"I wanted a quality education that would make a difference in my career. And Penn State really sets itself apart in that regard."

World Campus Gross Tuition Revenue



Access and Affordability: Supporting Penn State's Mission



One University, geographically distributed

Thank You! Questions?

PENNSSTATE



Beaver



OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST

**THE PENNSYLVANIA STATE UNIVERSITY
2015-16 OPERATING BUDGET
SCHEDULE I
SUMMARY SCHEDULE FOR TOTAL UNIVERSITY**

	(1) Adjusted Budget 2014-15	(2) Changes	(3) 2015-16 Budget
General Funds:			
Educational & General	\$ 1,807,069,000	\$ 37,924,000	\$ 1,844,993,000
Agric. Research & Cooperative Extension	49,504,000	0	49,504,000
Sub-Total	1,856,573,000	37,924,000	1,894,497,000
College of Medicine	119,803,000	4,002,000	123,805,000
Pennsylvania College of Technology	108,021,000	1,021,000	109,042,000
Total - General Funds	2,084,397,000	42,947,000	2,127,344,000
Federal Funds - Agriculture	21,862,000	0	21,862,000
Restricted Funds (a):			
Educational & General	488,893,000	7,330,000	496,223,000
Agric. Research & Cooperative Extension	46,082,000	690,000	46,772,000
College of Medicine	90,000,000	16,600,000	106,600,000
Pennsylvania College of Technology	15,963,000	97,000	16,060,000
Total - Restricted Funds	640,938,000	24,717,000	665,655,000
Auxiliary Enterprises (b):			
Educational & General (c)	368,839,000	19,147,000	387,986,000
College of Medicine	3,833,000	(252,000)	3,581,000
Pennsylvania College of Technology	28,221,000	732,000	28,953,000
Total - Auxiliary Enterprises	400,893,000	19,627,000	420,520,000
TOTAL	\$ 3,148,090,000	\$ 87,291,000	\$ 3,235,381,000
The Milton S. Hershey Medical Center	1,487,979,000	161,714,000	1,649,693,000 (d)
TOTAL UNIVERSITY	\$ 4,636,069,000	\$ 249,005,000	\$ 4,885,074,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2015-16 OPERATING BUDGET
SCHEDULE II
SUMMARY OF EXPENDITURES**

	(1) Adjusted Budget 2014-15	(2) Changes	(3) 2015-16 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
Instruction and Research	\$ 752,044,000	\$ 10,619,000	\$ 762,663,000
Other Public Service	23,300,000	272,000	23,572,000
Academic Support	378,630,000	97,000	378,727,000
Institutional Support	278,209,000	1,014,000	279,223,000
Student Services	121,838,000	1,158,000	122,996,000
Student Aid	51,862,000	6,693,000	58,555,000
Physical Plant Operations	191,139,000	9,074,000	200,213,000
University Contingencies	10,047,000	0	10,047,000
Cost Savings/Internal Reductions	0	(51,374,000) (e)	(51,374,000)
Compensation & Employee Benefits Adj (f):			
Merit-based Inflationary Salary Increases	0	18,835,000	18,835,000
Merit-based Inflationary Related Benefits	0	3,013,000	3,013,000
Market, Equity & Faculty Promotions	0	10,380,000	10,380,000
Market, Equity & Faculty Promo. Rel. Bene.	0	1,661,000	1,661,000
Benefits Cost Increases	0	26,482,000	26,482,000
Total Educational & General (g)	1,807,069,000	37,924,000	1,844,993,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION (h):			
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	457,000	457,000
Merit-based Inflationary Related Benefits	0	73,000	73,000
Market & Equity Salary Increases	0	207,000	207,000
Market & Equity Related Benefits	0	33,000	33,000
Benefits Cost Increases	0	785,000	785,000
Program Changes	49,504,000	(1,555,000)	47,949,000
Total Agricultural Research & Cooperative Extension (i)	49,504,000	0	49,504,000
Sub-Total	1,856,573,000	37,924,000	1,894,497,000
COLLEGE OF MEDICINE	119,803,000	4,002,000	123,805,000
PA COLLEGE OF TECHNOLOGY (j)	108,021,000	1,021,000	109,042,000
TOTAL GENERAL FUNDS	\$ 2,084,397,000	\$ 42,947,000	\$ 2,127,344,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2015-16 OPERATING BUDGET
SCHEDULE III
SUMMARY OF INCOME

	(1) Adjusted Budget 2014-15	(2) Changes	(3) 2015-16 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
State Appropriation:			
Educational & General	\$ 214,110,000	\$ 6,423,000 (k)	\$ 220,533,000
Transfers	(4,032,000)	0	(4,032,000) (l)
Sub-Total - State Appropriation	210,078,000	6,423,000	216,501,000
Tuition and Fees	1,473,450,000	27,796,000 (m)	1,501,246,000
Facilities & Administration and Investment Income	90,015,000	2,750,000	92,765,000
Sales and Services Income	27,998,000	(45,000)	27,953,000
Other Income	19,528,000	0	19,528,000
Other Transfers	(14,000,000)	1,000,000 (n)	(13,000,000)
Total Educational & General	1,807,069,000	37,924,000	1,844,993,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION:			
State Appropriation:			
Agric. Research & Cooperative Extension	46,237,000	0 (o)	46,237,000
Transfers	2,581,000	0	2,581,000 (p)
Sub-Total - State Appropriation	48,818,000	0	48,818,000
Sales and Services Income	686,000	0	686,000
Total Agricultural Research & Cooperative Extension	49,504,000	0	49,504,000
Sub-Total	1,856,573,000	37,924,000	1,894,497,000
COLLEGE OF MEDICINE	119,803,000	4,002,000	123,805,000
PA COLLEGE OF TECHNOLOGY (q):			
State Appropriation:			
PA College of Technology	17,584,000	0 (k)	17,584,000
Transfers	396,000	0	396,000 (r)
Sub-Total - State Appropriation	17,980,000	0	17,980,000
Tuition and Fees	87,549,000	1,479,000	89,028,000
Other Income	2,492,000	(458,000)	2,034,000
Total PA College of Technology	108,021,000	1,021,000	109,042,000
TOTAL GENERAL FUNDS	\$ 2,084,397,000	\$ 42,947,000	\$ 2,127,344,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2015-16 OPERATING BUDGET
SCHEDULE IV
SUMMARY OF EXPENDITURES
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER**

	(1) Adjusted Budget 2014-15	(2) Changes	(3) 2015-16 Budget
GENERAL FUNDS:			
Instruction and Research	\$ 39,579,000	\$ (133,000)	\$ 39,446,000
Other Public Service	3,803,000	244,000	4,047,000
Academic Support	11,965,000	768,000	12,733,000
Institutional Support	27,120,000	386,000	27,506,000
Student Services	3,177,000	109,000	3,286,000
Student Aid	2,349,000	65,000	2,414,000
Physical Plant Operations	31,810,000	1,920,000	33,730,000
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	805,000	805,000
Merit-based Inflationary Related Benefits	0	129,000	129,000
Market & Equity Salary Increases	0	548,000	548,000
Market & Equity Related Benefits	0	88,000	88,000
Benefits Cost Increases	0	(927,000)	(927,000)
TOTAL GENERAL FUNDS	119,803,000	4,002,000	123,805,000
RESTRICTED FUNDS (s)	90,000,000	16,600,000	106,600,000
AUXILIARY ENTERPRISES (t)	3,833,000	(252,000)	3,581,000
TOTAL	\$ 213,636,000	\$ 20,350,000	\$ 233,986,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2015-16 OPERATING BUDGET
SCHEDULE V
SUMMARY OF INCOME
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER**

	(1) Adjusted Budget 2014-15	(2) Changes	(3) 2015-16 Budget
GENERAL FUNDS:			
Tuition and Fees	\$ 33,369,000	\$ 2,495,000 (u)	\$ 35,864,000
Facilities & Administration and Investment Income	18,548,000	(886,000)	17,662,000
Academic Support from MSHMC (v)	30,452,000	3,007,000	33,459,000
Sales and Services Income	17,266,000	6,000	17,272,000
Other Income	5,113,000	380,000	5,493,000
State Appropriation: Transfers	1,055,000	0	1,055,000 (w)
Other Transfers	14,000,000	(1,000,000) (x)	13,000,000
TOTAL GENERAL FUNDS	119,803,000	4,002,000	123,805,000
RESTRICTED FUNDS (y)	90,000,000	16,600,000	106,600,000
AUXILIARY ENTERPRISES (z)	3,833,000	(252,000)	3,581,000
TOTAL	\$ 213,636,000	\$ 20,350,000	\$ 233,986,000

Note: Footnotes follow Schedule V.

Footnotes for Schedules I - V

Schedule I:

- (a) Includes Grants, Contracts, Restricted Gifts and Restricted Endowment Income. The Adjusted Budget 2015-16 is based on 2014-15 actual and 2015-16 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 \$7,757,000 from room and board rate increases approved by the Board of Trustees on March 20, 2015, and other adjustments. Expenditures are offset directly by income for the same purpose.
- (d) Total income from the 2015-16 budget for The Milton S. Hershey Medical Center (MSHMC) that was approved by the Board of Directors of MSHMC on June 19, 2015.

Schedule II:

- (e) Cost savings made possible by restructuring post-retirement health care liability, reductions in the earlier estimates for health care and retirement increases, funding set aside in prior years for the State Employees' Retirement System, and targeted central budget reductions. \$17M remains as unidentified cost savings.
- (f) A salary pool to provide compensation increases between 1.5 and 2.0 percent to keep up with inflation distributed based on merit, and an additional 1.0 percent has been used for market and equity considerations, and faculty promotions.
- (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) The 2015-16 operating budget reflects an estimated State Appropriation increase of 3.0 percent for E&G.
- (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 2015-16 of \$17,472,000, additional tuition income resulting from recent enrollment growth of \$7,337,000 and summer income of \$1,800,000. Reflects additional income of \$607,000 from Student Activities Fee and \$580,000 from Student Facilities Fee.
- (n) Additional E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (o) Assumes that state support will remain constant at the 2014-15 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) 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:

- (s) Expenditures are offset directly by income for the same purpose.
- (t) 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:

- (u) Reflects an annual increase of \$2,098 for in-state medical student tuition. Out-of-state medical student tuition will not increase for 2015-16.
- (v) Reflects funding received by the College of Medicine from The Milton S. Hershey Medical Center (MSHMC).
- (w) 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).
- (x) Decrease in E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (y) Expenditures are offset directly by income for the same purpose.
- (z) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include housing.

Schedule 1
University Park Tuition
Projected 2015-16 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	16,572	0	16,572	8,286	0	8,286	691	0	691
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	19,378	200	19,578	9,689	100	9,789	807	9	816
Nursing	21,394	0	21,394	10,697	0	10,697	891	0	891
All Other Programs	17,916	0	17,916	8,958	0	8,958	747	0	747
<i>Graduate:</i>									
MBA	23,080	628	23,708	11,540	314	11,854	962	26	988
Business, Science, IST, EMS, & Engineering (b)	19,882	540	20,422	9,941	270	10,211	828	23	851
All Other Programs	18,816	512	19,328	9,408	256	9,664	784	21	805
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	29,522	882	30,404	14,761	441	15,202	1,230	37	1,267
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	32,622	1,176	33,798	16,311	588	16,899	1,359	49	1,408
Nursing	34,952	1,046	35,998	17,476	523	17,999	1,456	44	1,500
All Other Programs	31,022	928	31,950	15,511	464	15,975	1,293	38	1,331
<i>Graduate:</i>									
MBA	36,962	1,106	38,068	18,481	553	19,034	1,540	46	1,586
Business, Science, IST, EMS, & Engineering (b)	33,386	998	34,384	16,693	499	17,192	1,391	42	1,433
All Other Programs	32,180	962	33,142	16,090	481	16,571	1,341	40	1,381
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-

Schedule 1
Medicine, Law, and Great Valley School of Graduate Professional Studies
Projected 2015-16 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition
<u>Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	46,592	2,098	48,690	23,296	1,049	24,345	-	-	-
Graduate	19,882	540	20,422	9,941	270	10,211	828	23	851
Master of Physician Assistant Program	-	-	-	11,667	525	12,192	-	-	-
Great Valley Graduate Center:									
MBA	-	-	-	-	-	-	922	8	931
All Other Programs	22,132	200	22,332	11,066	100	11,166	922	8	931
Dickinson Law	42,720	1,680	44,400	21,360	840	22,200	1,780	70	1,850
Penn State Law	42,720	1,680	44,400	21,360	840	22,200	1,780	70	1,850
<u>Non-Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	51,984	0	51,984	25,992	0	25,992	-	-	-
Graduate	33,386	998	34,384	16,693	499	17,192	1,391	42	1,433
Master of Physician Assistant Program	-	-	-	11,667	525	12,192	-	-	-
Great Valley Graduate Center:									
MBA	-	-	-	-	-	-	1,491	27	1,517
All Other Programs	35,772	644	36,416	17,886	322	18,208	1,491	27	1,517
Dickinson Law	42,720	1,680	44,400	21,360	840	22,200	1,780	70	1,850
Penn State Law	42,720	1,680	44,400	21,360	840	22,200	1,780	70	1,850

Schedule 1
Altoona, Berks, Erie and Harrisburg
Projected 2015-16 Tuition Rates

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2014-15</u>	<u>Increase</u>	<u>2015-16 Tuition</u>	<u>2014-15</u>	<u>Increase</u>	<u>2015-16 Tuition</u>	<u>2014-15</u>	<u>Increase</u>	<u>2015-16 Tuition</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,658	0	13,658	6,829	0	6,829	569	0	569
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	16,218	200	16,418	8,109	100	8,209	676	8	684
All Other Programs	14,866	0	14,866	7,433	0	7,433	619	0	619
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	811	10	821
Business, Science, IST, EMS, & Engineering (c)	19,882	540	20,422	9,941	270	10,211	828	23	851
All Other Programs	18,816	512	19,328	9,408	256	9,664	784	21	805
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	20,890	502	21,392	10,445	251	10,696	870	21	891
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	23,700	768	24,468	11,850	384	12,234	988	32	1,020
All Other Programs	22,226	534	22,760	11,113	267	11,380	926	22	948
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	1,256	30	1,286
Business, Science, IST, EMS, & Engineering (c)	26,088	626	26,714	13,044	313	13,357	1,087	26	1,113
All Other Programs	24,932	598	25,530	12,466	299	12,765	1,039	25	1,064
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-

Schedule 1
Abington
Projected 2015-16 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,012	0	13,012	6,506	0	6,506	535	0	535
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	15,414	200	15,614	7,707	100	7,807	618	0	618
All Other Programs	14,082	0	14,082	7,041	0	7,041	579	0	579
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	19,882	540	20,422	9,941	270	10,211	828	23	851
All Other Programs	18,816	512	19,328	9,408	256	9,664	784	21	805
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,848	476	20,324	9,924	238	10,162	827	20	847
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	22,464	740	23,204	11,232	370	11,602	936	31	967
All Other Programs	21,012	504	21,516	10,506	252	10,758	876	21	897
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	25,584	614	26,198	12,792	307	13,099	1,066	26	1,092
All Other Programs	24,430	586	25,016	12,215	293	12,508	1,018	24	1,042
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-

Schedule 1
Brandywine, Hazleton, Lehigh Valley, Schuylkill, Worthington Scranton, York, and World Campus *
Projected 2015-16 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,012	0	13,012	6,506	0	6,506	535	0	535
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	14,396	0	14,396	7,198	0	7,198	584	0	584
All Other Programs	14,082	0	14,082	7,041	0	7,041	579	0	579
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	19,882	540	20,422	9,941	270	10,211	828	23	851
All Other Programs	18,816	512	19,328	9,408	256	9,664	784	21	805
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,848	358	20,206	9,924	179	10,103	827	15	842
Upper Division: (a)									
Junior & Senior:	21,012	142	21,154	10,506	71	10,577	876	5	881
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	25,584	460	26,044	12,792	230	13,022	1,066	19	1,085
All Other Programs	24,430	440	24,870	12,215	220	12,435	1,018	18	1,036
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-

* 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 2015-16 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition
<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	0	19,882	9,941	0	9,941	828	0	828
All Other Programs	18,816	0	18,816	9,408	0	9,408	784	0	784
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,404	0	19,404	9,702	0	9,702	809	0	809
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	21,154	0	21,154	10,577	0	10,577	881	0	881
All Other Programs	20,544	0	20,544	10,272	0	10,272	856	0	856
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	25,010	0	25,010	12,505	0	12,505	1,042	0	1,042
All Other Programs	23,884	0	23,884	11,942	0	11,942	995	0	995
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-

Schedule 1
Shenango
Projected 2015-16 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 Tuition	2014-15	Increase	2015-16 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	0	18,672	9,336	0	9,336	778	0	778
All Other Programs	17,670	0	17,670	8,835	0	8,835	736	0	736
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,030	0	19,030	9,515	0	9,515	793	0	793
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	21,154	0	21,154	10,577	0	10,577	881	0	881
All Other Programs	20,148	0	20,148	10,074	0	10,074	840	0	840
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	24,530	0	24,530	12,265	0	12,265	1,022	0	1,022
All Other Programs	23,424	0	23,424	11,712	0	11,712	976	0	976
Graduate Assistantships, Fellowships	16,020	440	16,460	8,010	215	8,230	-	-	-

Schedule 2
2015-16 Information Technology Fee
Per Semester

Fall and Spring 2015-16

	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
	252.00		
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
2015-16 Student Activities Fee
Per Semester

Fall and Spring 2015-16

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$95.00	\$71.00	\$29.00
Altoona	100.00	75.00	31.00
Beaver	95.00	71.00	29.00
Berks	100.00	75.00	31.00
Brandywine	100.00	75.00	31.00
DuBois	100.00	75.00	31.00
Erie	100.00	75.00	31.00
Fayette	100.00	75.00	31.00
Greater Allegheny	95.00	71.00	29.00
Harrisburg	100.00	75.00	31.00
Hazleton	100.00	75.00	31.00
Lehigh Valley	100.00	75.00	31.00
Mont Alto	100.00	75.00	31.00
New Kensington	100.00	75.00	31.00
Schuylkill	100.00	75.00	31.00
Shenango	95.00	71.00	29.00
University Park	95.00	71.00	29.00
Wilkes-Barre	95.00	71.00	29.00
Worthington Scranton	100.00	75.00	31.00
York	100.00	75.00	31.00
Dickinson Law	87.00	65.00	27.00
Penn State Law	120.00	90.00	37.00
Hershey (non-medical)	32.00	24.00	10.00
Hershey (medical)	64.00	charge per academic year	

Note: The student activities fee does not apply to students enrolled at Great Valley.

Schedule 4
2015-16 Student Facilities Fee
Per Semester

Fall and Spring 2015-16

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$124.00	\$93.00	\$38.00
Altoona	124.00	93.00	38.00
Beaver	124.00	93.00	38.00
Berks	124.00	93.00	38.00
Brandywine	124.00	93.00	38.00
DuBois	62.00	47.00	19.00
Erie	124.00	93.00	38.00
Fayette	93.00	70.00	29.00
Great Valley	124.00	93.00	38.00
Greater Allegheny	124.00	93.00	38.00
Harrisburg	124.00	93.00	38.00
Hazleton	93.00	70.00	29.00
Lehigh Valley	124.00	93.00	38.00
Mont Alto	124.00	93.00	38.00
New Kensington	93.00	70.00	29.00
Schuylkill	93.00	70.00	29.00
Shenango	93.00	70.00	29.00
University Park	124.00	93.00	38.00
Wilkes-Barre	93.00	70.00	29.00
Worthington Scranton	93.00	70.00	29.00
York	124.00	93.00	38.00
 Penn State Law	 124.00	 93.00	 38.00

Note: The facilities fee does not apply to students enrolled at Dickinson Law, and Hershey.

Proposed draft language to amend Standing Order IX (Trustees Emeriti)

Standing Order IX shall be deleted in its entirety and the following substituted therefor:

- (1) Granting the Status of Trustee Emeritus to Former Members of the Board of Trustees.
 - (A) The status of Trustee Emeritus shall be reserved for any living former member of the Board of Trustees who has served as a member of the Board of Trustees for six years or more with distinction. Trustees shall be eligible for consideration to receive such status immediately upon retirement or resignation 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 or resignation 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. Each former Chair of the Board of Trustees will be entitled to automatic trustee emeritus status upon retirement or resignation.
 - (B) The election of Trustees Emeriti will be held at the September meeting of the Board of Trustees.
 - (C) The status of Trustee Emeritus shall be applicable for a term of six years. At the end of such six year period, individuals who have been granted Trustee Emeritus status shall retain the title and may be invited to continue to participate in University activities and events at the discretion of the Chair of the Board of Trustees. All other privileges associated with the status of Trustee Emeritus shall expire. Any person to whom trustee emeritus status was granted prior to July 17, 2015 shall have a six year term commencing July 17, 2015.
 - (D) Individuals with the status of Trustee Emeritus shall be invited to attend public meetings of the Board of Trustees and Standing Committees thereof and may participate at the discretion of the presiding officer of such meeting. Trustees Emeriti shall not have the right to attend executive sessions of the Board of Trustees or any Standing Committees thereof or to attend any portion of any meeting at which attorney-client privileged discussions are held unless the presiding officer of such session determines, after consultation with counsel, that such attendance is appropriate and advisable. Trustees Emeriti shall receive or be given access to documents and other materials that are made public, and may receive or have access to the University's confidential, proprietary or attorney-client privileged materials at the discretion of the presiding officer of the meeting at which such materials are to be discussed.
 - (E) Trustees Emeriti may be appointed by the Chair of the Board of Trustees, at the Chair's discretion, to serve as non-voting members of certain Standing Committees or ad hoc committees.
 - (F) At the discretion of the Chair of the Board of Trustees, Trustees Emeriti shall be invited to participate in University events and activities, to serve as an advisor or mentor, to consult on University matters and/or to serve the University in such other capacities as the Chair may determine are advisable and appropriate.
 - (G) The University shall reimburse Trustees Emeriti for reasonable expenses associated with service as Trustees Emeriti in accordance with policies adopted by the Board of Trustees from time to time.