

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 2171

**PRINTER NO.** 4016

**AMOUNT**

See Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

January 22, 2020

**PRIME SPONSOR**

Representative Sonney

**DESCRIPTION**

House Bill 2171 amends Article XX-A (The State System of Higher Education) of the Public School Code to provide the State System of Higher Education (system) with expanded authority to redesign member institutions and makes other changes as follows:

Section 2002-A (Establishment of the State System of Higher Education and its Institutions)

- Affirms the system has sovereign immunity and official immunity status.
- Allows for the Board of Governors (board) to develop policies and procedures, by which it may create, expand, consolidate, transfer, or affiliate an institution, except for an institution with a Fall 2019 headcount enrollment greater than 10,000 students.
- Prohibits the board from closing an institution.
- Requires the board to direct the chancellor to conduct a review of the financial stability of an institution and develop a report and recommendations prior to taking action to create, expand, consolidate, transfer, or affiliate an institution.
- Upon the board’s receipt of the chancellor’s report and recommendations, requires the chancellor to develop a proposed implementation plan to be approved by a majority vote of the board.
- Requires the board, upon approval of the proposed implementation plan, to submit a copy to the chairperson and minority chairperson of the Appropriations and Education Committees in the Senate and the House of Representatives, make the plan available for public review, consult with stakeholders and solicit public comments for a period of no less than 60 days.
- After the public comment period, requires the board to approve the final implementation plan by two-thirds vote and submit the plan to the General Assembly within 14 days.
- Provides that final plan implementation cannot be approved before 12 months has passed from the time of the issuance of the proposed implementation plan.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

- Requires the chancellor to make quarterly in-person reports for any final implementation plan to the chairpersons of the Appropriations and Education Committees in the Senate and in the House of Representatives and present the reports before a joint hearing of the Appropriations and Education Committees in the Senate and a joint hearing of the Appropriation Committees in the House of Representatives.
- Provides that the board's authority to approve a final implementation plan expires 3 years after the effective date of the legislation.

### Section 2003-A (Purposes and General Powers)

- Allows the system to participate in, sponsor, conduct or administer cooperative use or purchasing agreements.

### Section 2004-A (Board of Governors)

- Provides for 11 members of the board to be appointed by the Governor with advice and consent of the Senate.
  - Requires 6 of the 11 members to be selected from residents of the Commonwealth.
  - Requires 5 of the 11 members to be selected from trustees of constituent institutions, except that no more than one trustee may represent a constituent institution.
- Provides for 3 of the board members to be students appointed by the board with the advice and consent of institution presidents.
- Allows a student member to be removed by the board.

### Section 2006-A (Powers and Duties of the Board of Governors)

- Provides the board with additional powers as follows:
  - To require institutions to share services and participate in collaborations when there is evidence of cost reductions and improved efficiencies provided that an institution's council of trustees may reject any new or altered shared service contract or collaboration by a two-thirds vote;
  - To document the movement of money from an account of the system or an institution to another account or institution and include a plan for repayment which shall be given priority when any new federal or state money is appropriated; and
  - To appoint student members to the board and councils of trustees.

### Section 2008-A (Councils of Trustees)

- Changes the method of appointing authority for a student trustee from the Governor to the board.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

### Section 2009-A (Powers and Duties of Councils of Trustees)

- Eliminates the requirement that the council consult with students, faculty and alumni before making a recommendation to the chancellor to dismiss a president.
- Adds language allowing the council to review and approve recommendations for charges for tuition and to approve room and board, and other fees except student activity fees and any fees related to the provision of contracted health services.
- Eliminates the requirement that a council conduct an annual physical inspection of facilities and make recommendations regarding maintenance and construction to the board.
- Eliminates the requirement that the council review and approve recommendations of the president as to standards for the admission, discipline and expulsion of students.

### Section 2010-A (Power and Duties of Institution Presidents)

- Allows the president to negotiate and awards contracts not exceeding \$18,500 as adjusted by the Consumer Price Index without the approval of the council.
- Provides the president the sole authority to enter into contracts to enable students to engage in student teaching or training in order to obtain experience in a particular field.

### Section 2011-A (Rental Fees and Other Charges)

- Removes the antiquated \$10 per semester fee charged to students and credited to DGS to meet building rentals due to the General State Authority.

### Section 2017-A (Annual Report)

- Eliminates provisions requiring the institutions to annually report instructional output and faculty salary cost data for programs to the Joint State Government Commission.

### Section 2019-A (Campus Police Powers and Duties)

- Authorizes campus police to disseminate investigative information to university officials for use in student disciplinary matters.

### Section 2021-A (Student Records)

- Clarifies student educational records are not subject to the Right to Know Law.

### Expiration of Provisions and Effective Date

- The provisions contained in section 2002-A (a.1), (a.2), (a.3), (a.4), (a.5), (a.6), (a.7) and (a.8) which provide the board with the authority to develop and implement system redesign plans shall expire when the requirement for the chancellor to make reports to the chairpersons of the

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

Appropriations and Education Committees in the Senate and House of Representatives have concluded upon notice being provided to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

- The legislation is scheduled to take effect immediately.

## **FISCAL IMPACT:**

The enactment of House Bill 2171 will have no fiscal impact on Commonwealth funds. The system believes the provisions included in the legislation will allow it to implement plans to redesign the member institutions to operate with greater efficiency and effectiveness and generate long-term savings. At this time, the amount of savings cannot be determined as they will be dependent on future actions taken by the board and the chancellor to implement redesign plans that have not yet been formulated.