

1
2 COMMONWEALTH OF PENNSYLVANIA
3 HOUSE OF REPRESENTATIVES
4 HOUSE APPROPRIATIONS COMMITTEE

5
6 THE MAIN CAPITOL
7 ROOM 140
8 HARRISBURG, PENNSYLVANIA

9 WEDNESDAY, FEBRUARY 22, 2012
10 9:00 A.M.

11
12 PUBLIC HEARING
13 STATE-RELATEDS
14 (UNIVERSITY OF PITTSBURG, TEMPLE UNIVERSITY,
15 PENNSYLVANIA STATE UNIVERSITY, AND LINCOLN
UNIVERSITY)

16 BEFORE:

17 HONORABLE WILLIAM F. ADOLPH, JR., CHAIRMAN
18 HONORABLE JOSEPH F. MARKOSEK
19 HONORABLE JOHN C. BEAR
20 HONORABLE MARTIN T. CAUSER
21 HONORABLE JIM CHRISTIANA
22 HONORABLE GARY DAY
23 HONORABLE GORDON DENLINGER
24 HONORABLE BRIAN L. ELLIS
25 HONORABLE MAUREE GINGRICH
HONORABLE GLEN R. GRELL
HONORABLE DAVID R. MILLARD
HONORABLE T. MARK MUSTIO
HONORABLE BERNIE O'NEILL
HONORABLE MIKE PEIFER
HONORABLE SCOTT A. PETRI

1 CONTINUED:

2 HONORABLE JEFFREY P. PYLE
3 HONORABLE THOMAS QUIGLEY
4 HONORABLE MARIO M. SCAVELLO
5 HONORABLE CURTIS G. SONNEY
6 HONORABLE MATTHEW D. BRADFORD
7 HONORABLE MICHELLE F. BROWNLEE
8 HONORABLE H. SCOTT CONKLIN
9 HONORABLE PAUL COSTA
10 HONORABLE DEBERAH KULA
11 HONORABLE TIM MAHONEY
12 HONORABLE MICHAEL H. O'BRIEN
13 HONORABLE CHERELLE L. PARKER
14 HONORABLE JOHN P. SABATINA, JR.
15 HONORABLE STEVE SAMUELSON
16 HONORABLE MATTHEW SMITH
17 HONORABLE GREG VITALI
18 HONORABLE RONALD G. WATERS

11 ALSO PRESENT:

12 HONORABLE KERRY A. BENNINGHOFF
13 HONORABLE JOHN R. EVANS
14 HONORABLE MARK M. GILLEN
15 HONORABLE PAUL I. CLYMER
16 HONORABLE WILL TALLMAN
17 HONORABLE DICK HESS
18 HONORABLE WILLIAM C. KORTZ, II
19 HONORABLE VANESSA LOWERY BROWN
20 HONORABLE H. WILLIAM DeWEESE
21 HONORABLE DAN FRANKEL
22 HONORABLE JAKE WHEATLEY
23 HONORABLE PETER J. DALEY

24 EDWARD NOLAN, MAJORITY EXECUTIVE DIRECTOR
25 MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR

21

22

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BRENDA S. HAMILTON, RPR
REPORTER - NOTARY PUBLIC

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	INDEX	
	NAME	PAGE
1		
2		
3	OPENING REMARKS BY CHAIRMAN ADOLPH	4
4	OPENING REMARKS BY REP. MARKOSEK	5
5	MARK A NORDENBERG, CHANCELLOR	9
6	UNIVERSITY OF PITTSBURGH	
7	RODNEY A ERICKSON, PRESIDENT,	9
8	PENNSYLVANIA STATE UNIVERSITY	
9	ANN WEAVER HART, PRESIDENT,	11
10	TEMPLE UNIVERSITY	
11	ROBERT R. JENNINGS, ED.D., PRESIDENT,	11
12	LINCOLN UNIVERSITY	
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

P R O C E E D I N G S

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CHAIRMAN ADOLPH: Good morning,
everyone.

THE AUDIENCE: Good morning,
Mr. Chairman. Good morning.

CHAIRMAN ADOLPH: I'd like to call to
order the House Appropriations budget hearing.
Today's first testifiers are the presidents of the
four state-related universities.

And before we get started, I just want
to go over some groundwork for those that were not
here yesterday. And this is to ensure that these
hearings are productive and that all members can
participate. We will follow a very similar format
that we had last year. We will have a first round of
questions for each member. I would ask the members
to be short with their questions and if the -- a
follow-up question is necessary, that's fine. But we
have scheduled approximately two hours for this
hearing. We have the State Treasurer coming in at
eleven o'clock. We'd like to try to stay on time.
So there will be a second round of questioning, if
necessary.

And I would ask the university

1 presidents to try to be brief with -- with their
2 answers. This is a budget hearing. I'd like the
3 questions to be budget related. Obviously there will
4 be some policy questions because some policy
5 questions get into the -- into the budget, but for
6 the most part we will keep it related to the budget.

7 My name is Bill Adolph. I'm the
8 Republican chair of the House Appropriations
9 Committee. I come from Delaware County.

10 I'd like the -- the other members to
11 identify themselves and the county that they
12 represent starting with the Democratic chair.

13 REP. MARKOSEK: Thank you, Chairman.
14 State Representative Joe Markosek. I represent parts
15 of Allegheny and Westmoreland Counties.

16 MR. NOLAN: Ed Nolan, executive director
17 House Appropriations Committee.

18 MR. CLARK: Dan Clark, House
19 Appropriations Committee's chief counsel.

20 REP. CAUSER: Good morning.
21 Representative Marty Causer, McKean, Potter and
22 Cameron Counties.

23 REP. GRELL: Hiding -- hiding back
24 here. Good morning. Glen Grell, representative from
25 part of Cumberland County.

1 REP. KILLION: Representative Tom
2 Killion of Delaware and Chester Counties.

3 REP. QUIGLEY: Representative Tom
4 Quigley, Montgomery County.

5 REP. PEIFER: Good morning. Mike
6 Peifer, Pike County.

7 REP. ELLIS: Brian Ellis, Butler
8 County.

9 REP. O'NEILL: Good morning.
10 Representative Bernie O'Neill, Bucks County.

11 REP. MUSTIO: Mark Mustio, Allegheny
12 County.

13 REP. PYLE: Good morning. Jeff Pyle,
14 60th District, Armstrong and Indiana Counties.

15 REP. MILLARD: David Millard, Columbia
16 County.

17 REP. GINGRICH: Good morning. Mauree
18 Gingrich, Lebanon County. Welcome.

19 REP. DAY: Good morning. Gary Day from
20 Lehigh and Berks County.

21 REP. SCAVELLO: Mario Scavello, 176th
22 District, Monroe County.

23 REP. DENLINGER: Gordon Denlinger from
24 Lancaster County.

25 REP. SMITH: Matt Smith, 42nd District,

1 Allegheny County.

2 MS. FOX: Miriam Fox, executive
3 director, House Democratic Appropriations Committee.

4 REP. PARKER: Cherelle Parker,
5 Philadelphia County.

6 REP. KULA: Good morning. Deberah Kula,
7 Fayette and Westmoreland Counties.

8 REP. CONKLIN: Scott Conklin, Centre
9 County, home of Penn State University.

10 REP. O'BRIEN: Mike O'Brien,
11 Philadelphia County.

12 REP. PAUL COSTA: Good morning,
13 everybody. I'm Paul Costa. I represent the 34th
14 District which is Allegheny County.

15 REP. MAHONEY: Good morning, everyone.
16 Tim Mahoney from Fayette County.

17 REP. WATERS: Good morning. Ron Waters
18 from Philadelphia and Delaware County.

19 REP. SABATINA: Good morning.
20 Representative John Sabatina from Philadelphia
21 County.

22 CHAIRMAN ADOLPH: I'd also like to
23 acknowledge the presence of the Republican chair of
24 the House Education Committee, Representative Paul
25 Clymer from Bucks County.

1 And I believe Chairman Markosek would
2 like to make some announcements as well for other
3 members.

4 REP. MARKOSEK: Yes. We have
5 Representative Michelle Brownlee from Philadelphia
6 County who has arrived, as well as Dan Frankel from
7 Allegheny County and Representative Bill Kortz from
8 Allegheny County and Representative Jake Wheatley
9 from Allegheny County.

10 CHAIRMAN ADOLPH: Okay. As members come
11 and go, we'll acknowledge them as well.

12 It's certainly my pleasure to introduce
13 to the committee Mark Nordenberg, chancellor of the
14 University of Pitt; Rodney Erickson, acting
15 president, Penn State University; Ann Weaver Hart,
16 president, Temple University; and Dr. Robert R.
17 Jennings, president of Lincoln University.

18 Lady and gentlemen, thank you so much
19 for being here. I'm not sure if each of you would
20 like to have an opening statement. You're certainly
21 entitled to.

22 We've -- we've received your written
23 statements and I'm sure all the members have read
24 them. So if you'd like to just say hello and make a
25 brief statement, that -- I think that would start the

1 hearing off fine.

2 PRESIDENT ERICKSON: Just a correction,
3 Mr. Chairman. I -- I am not the acting president. I
4 am the president of Penn State University. Thank
5 you.

6 CHAIRMAN ADOLPH: Very good. I just
7 read what's put -- put in front of me.

8 CHANCELLOR NORDENBERG: Would you like
9 us to make brief statements?

10 CHAIRMAN ADOLPH: Yes, please.

11 CHANCELLOR NORDENBERG: We -- we did
12 have a chance to submit written statements, and I'm
13 not sure any of us anticipated this opportunity, but
14 I really do appreciate it.

15 I want to say in a very general way that
16 this is an extraordinarily difficult time for the
17 universities that we represent and the many varied
18 constituencies that we serve.

19 It really is not an overstatement from
20 my perspective to say that in certain respects what
21 we're seeing is the dismantling of a long, long
22 commitment by the Commonwealth of Pennsylvania to
23 public higher education and particularly to its
24 public research universities. So I do welcome the
25 chance to engage in an exchange with you about the

1 value of our institutions and the work that we do to
2 the Commonwealth and its people today and moving into
3 the future.

4 CHAIRMAN ADOLPH: Thank you.

5 PRESIDENT ERICKSON: I would add as the
6 state's land grant university that Penn State has
7 always had a -- a very special and unique
8 relationship to the Commonwealth.

9 So viewing the -- the proposed budget
10 for the coming year, on top of many other budgets'
11 cuts, and this proposed budget would take us back to
12 a level of funding that was in nominal dollars equal
13 to what we had in the mid 1980s and inflation
14 adjusted dollars back into the 1960's.

15 This is a very, very difficult situation
16 for us that will clearly have significant long-term
17 impacts on the relationship of your land grant
18 university to the Commonwealth and the kinds of
19 education and the sorts of services that we're able
20 to provide.

21 So we look forward to the opportunity to
22 share with you some of the -- the preliminary
23 implications of these potential cuts as well as the
24 many positive things that our universities, our
25 state-related universities are contributing to the

1 Commonwealth.

2 Thank you.

3 CHAIRMAN ADOLPH: Thank you.

4 PRESIDENT HART: Thank you,
5 Mr. Chairman. I would echo what my colleagues have
6 already said and simply add that one of the things
7 that difficult times present to us is how we preserve
8 value while we are economical and remind all of us in
9 the room that the unemployment rate of graduates is
10 less than half the unemployment among high school
11 graduates and that our state really does need to
12 preserve its seed corn, to steal a metaphor from my
13 land-grant-college colleague, and that our
14 institutions represent that future.

15 And if we can find a way in difficult
16 times in the Commonwealth to -- to maintain that
17 commitment to our future, I think it will be
18 critically important to the citizens of the
19 Commonwealth.

20 PRESIDENT JENNINGS: Thank you,
21 Mr. Chairman. I would echo what my colleagues have
22 already said, but I would add a further statement to
23 say that Lincoln University is unique in its mission
24 along the institutions in our state.

25 We play a major role in preserving a

1 core of the state that I believe must be given
2 special attention if we're going to maintain the
3 quality of life that many of us have come to know and
4 expect and experience.

5 Fifty-four percent of our graduates
6 remain in this state after they graduate, and they
7 help this economy to be sustained. And I would hope
8 that we would consider that as you are making your
9 deliberations.

10 I would also echo what one of my
11 colleagues has said. I've looked at the kind of
12 appropriation that we have received last year and
13 what is being proposed for this year and would say to
14 you that it is equal to what we got in the 1980s.
15 1986 to be exact.

16 And you know, as well as I do, that we
17 just can't operate off of that level of funding and
18 provide the quality that is expected to maintain
19 people who stay in this state after they graduate and
20 help build this state and make us the leader that we
21 are in education.

22 CHAIRMAN ADOLPH: Okay. Thank you all
23 very much for those opening remarks.

24 I feel today is a real good opportunity
25 to -- for the members of the Appropriations Committee

1 to have dialogue with you and ask questions and --
2 and you respond to the questions and make your case.

3 Obviously the administration is -- feels
4 they should -- we should be going in a different
5 direction and -- today, and between now and June 30th
6 the General Assembly will see if we -- if we agree
7 with the administration on the direction of funding
8 for higher education or we're going to -- to continue
9 what we have been doing here in -- in the
10 Commonwealth of Pennsylvania.

11 So this will bring a real good
12 opportunity to all.

13 And the first question I have is, you
14 know, in the Governor's budget address he talked
15 about forming a commission on post education, post
16 secondary education.

17 And he stated in his budget address that
18 he wanted the universities to come to a realization
19 of training their students for the jobs that are
20 available here in Pennsylvania. And this is going to
21 be one of the charges that the commission will have.

22 I know that the -- the chairman of that
23 new commission is the president of the Chamber of
24 Commerce of Philadelphia and represents many of the
25 -- many of the companies that are the job creators

1 throughout the Commonwealth.

2 I would be interested in what your
3 universities are doing regarding getting your
4 graduates job ready when they graduate and especially
5 keeping them here in the Commonwealth, as
6 Dr. Jennings had stated in his -- in his opening --
7 opening comments.

8 So you all have a short comment or, you
9 know, if one says it all for you, you know, but I'd
10 be interested to find out what each university is
11 doing as far as making sure that their -- their
12 graduates are -- are -- are prepared for the
13 workforce.

14 PRESIDENT HART: I'm going to jump in if
15 I could and -- and point out that, as with Lincoln,
16 two-thirds of Temple students, even those from out of
17 state, say that they want to stay in the Commonwealth
18 of Pennsylvania after they graduate and as many as 65
19 percent of them within five years are right in the
20 Commonwealth.

21 Temple does, in fact, educate citizens
22 who stay in the Commonwealth of Pennsylvania.

23 It's little details about what kinds of
24 jobs those folks have an opportunity to -- to get and
25 then to attain is what, I think, Mr. Chairman, your

1 question addresses.

2 One of the things that is really
3 critically important about the state-related
4 institutions that sit before you is that of the 11
5 comprehensive universities in the Commonwealth where
6 one is able to -- to pursue an engineering -- an
7 engineering degree, the three institutions here,
8 Pitt, Penn State, and Temple, are the only publicly
9 related institutions where you can take a
10 comprehensive engineering curriculum.

11 And the STEM disciplines in -- in
12 science, technology, engineering, and mathematics, we
13 believe are disciplines that will be critical to the
14 future of the good jobs in our Commonwealth.

15 And when you add the critically
16 important biomedical educations that are available at
17 our institutions and the jobs in big pharma and in
18 the emerging medical and health services industries,
19 I mean we are critical to the future of this state.

20 CHANCELLOR NORDENBERG: You know, I -- I
21 think that what President Hart was saying in a very
22 nice way is that there was a fundamental disconnect
23 between the Governor's expressed desire to ensure
24 that there was a strong workforce for the innovation
25 economy of the 21st century and the action items

1 embedded in his budget.

2 In fact, the very week that the proposed
3 budget was released, there was a study from the
4 National Science Foundation entitled Science and
5 Engineering Indicators 2012 and what it indicated was
6 that a national problem was the diminished funding
7 for public research universities, in part because
8 more than half of the basic research done in this
9 Commonwealth today, research that is essential to
10 innovation, is done within research universities, and
11 also because we are the single biggest provider of
12 students who have focused on the STEM subjects at the
13 baccalaureate level, at the master's level, and at
14 the Ph.D. level.

15 To respond more directly to what I think
16 was the thrust of your question, Mr. Chairman, we do
17 have well-developed policies that even before a
18 student arrives on campus as a Pitt freshman
19 coordinate their career planning with their academic
20 planning so that they do have a sense of the range of
21 opportunities that exist and the educational
22 foundation that is going to be necessary for them to
23 successfully pursue those opportunities.

24 And inconsistent with what our national
25 trends, but that may be mirrored by the programs of

1 my colleagues here today, we find that there is a
2 strong and rising trend within our student body of
3 students who are, in fact, studying in these areas.

4 Our undergraduate engineering enrollment
5 has gone up 75 percent in the last 15 years.

6 And I also think I should say that the
7 public research universities have, in fact, enjoyed
8 strong support from the business community. We see
9 that in specific examples in western Pennsylvania
10 where -- when Westinghouse was being courted to
11 relocate to the Carolinas and take thousands of jobs
12 with it, its CEO said, one of the most important
13 factors in our decision to stay in western
14 Pennsylvania was the presence of the University of
15 Pittsburgh as a provider of qualified engineers.

16 It's one of the few institutions that
17 got back into nuclear engineering after everyone else
18 got out of it after Three Mile Island, and as a
19 research partner as we try to find ways to improve
20 our business model.

21 But also both the Allegheny Conference
22 in Pittsburgh and the Greater Philadelphia Chamber of
23 Commerce have been very supportive of the role played
24 by research universities in driving today's economy.

25 PRESIDENT JENNINGS: Mr. Chairman, I

1 would add to that that Lincoln University has looked
2 very closely at the areas where minorities, in
3 particular, are underrepresented and the bulk of our
4 graduates, the bulk of our enrollees, as well as the
5 graduates, are those who are in the STEM areas,
6 particularly science, mathematics, and technology.
7 That's the bulk of our -- our graduates.

8 When we look at what the nation is
9 saying that it needs -- I recently had a meeting with
10 Congressman Meehan who was meeting with us to say
11 that there is a problem because employers in this
12 state keep coming to him saying that there is a lack
13 of individuals to fill the jobs that they need in
14 computer science, in technology areas, and in the
15 hard sciences.

16 Well, we have taken a very serious look
17 at the fact that that exists, and we have tried to
18 pair what we do academically in terms of the
19 workforce development needs of this state, as well as
20 this nation.

21 And we believe, again, we play a unique
22 role because we are supplying to the marketplace a
23 number of individuals, minorities in particular,
24 though we graduate majority individuals as well, but
25 we are supplying a -- a great number of the

1 individuals who need to be in those jobs and kept
2 off -- kept on the payrolls of this -- of this state
3 and building this economy.

4 PRESIDENT ERICKSON: I would simply add
5 that if you look across the campuses of Penn State,
6 our programs are -- are really oriented very strongly
7 to -- to job ready graduates.

8 Half of our graduates stay in
9 Pennsylvania. Many, many more would like to stay
10 here if we had those opportunities.

11 Penn State and Georgia Tech always rank
12 as the two top producers of engineers in the
13 country. We have one of the largest undergraduate
14 business programs, science, earth and mineral
15 science, the only public college of agriculture in
16 the Commonwealth.

17 These are the things that make us
18 unique, but they also -- we need to understand, they
19 are very often the higher cost programs. It costs
20 more to deliver engineering programs and business
21 programs than it does many other kinds of liberal
22 arts education.

23 CHAIRMAN ADOLPH: Okay. Thank you.

24 I -- I'm sure, as the commission is
25 established and we hear from them, because you know,

1 as a father of three college graduates, you know, you
2 understand the cost of it, but I think, you know,
3 every dollar was worth it once they get out and get
4 into the work field and, you know -- and they have
5 their own success stories.

6 And I think it's great. But for every
7 success story there's one or two graduates that maybe
8 it was a bad choice of majors. You know, if you're a
9 Greek mythology major, you know, I don't know what --
10 what that leads to.

11 You know, it's -- it's great to have
12 those folks out there, but I think what the Governor
13 was really trying to say is we have -- he tied it in
14 with the Marcellus shale, and I know that the -- I
15 know the need, you know, for those specialized
16 engineers and so forth with this industry, which I
17 think is going to be around for the next century.

18 And I know some of your universities
19 have started to specialize in this -- in this gas
20 drilling and so on and so forth.

21 I just wanted to see where the
22 universities are and what type of effort they're
23 doing to make sure their graduates are preparing
24 themselves for the -- for the jobs and -- because I
25 know it's great to be educated, but -- and -- and

1 it's nice to talk about certain areas, but really
2 with the cost of education and the loans that these
3 students are graduating with, you know, you have to
4 pay them back and it's nice to have a job waiting for
5 you when you -- when you graduate.

6 Chairman Markosek.

7 REP. MARKOSEK: Thank you, Chairman.

8 My degree in Greek mythology is really
9 helping in this job.

10 Thanks very much. I -- I don't really
11 have a whole lot here and I know we have other
12 members that want to speak. But just, very briefly,
13 with the 19 percent cuts that most of you took last
14 year and -- and with the proposed cuts this year, I
15 just wanted to talk about each one of your facilities
16 and -- and your entities relative to the workforce in
17 Pennsylvania, not only in training the workforce as
18 you all mentioned, but the numbers of employees that
19 you yourselves have and the economic centers that you
20 all are in your communities and throughout the
21 Commonwealth.

22 And I was just wondering if you had any
23 statistics, or late statistics relative to now, the
24 cuts last year, along with the proposed cuts this
25 year, what that will mean to your workforces and

1 number of -- of people that you may or may not have
2 to let go?

3 PRESIDENT ERICKSON: Well, we're a -- a
4 major employer in the state. Penn State, including
5 the Milton S. Hershey Medical Center, employs between
6 24 and 25,000 full-time employees. Including
7 part-time employees, it's about 33,000.

8 Our economic impact in the Commonwealth,
9 direct, indirect, and -- and related approaches \$20
10 billion a year.

11 This proposed cut will certainly mean
12 that at the very least vacancies in the faculty and
13 staff will go unfilled. There will continue to be
14 programs that are cut as a result.

15 We've had about 20 years now of -- of a
16 very strong cost cutting recycling program that's
17 gone on where we've internally saved and reprogrammed
18 about \$230 million, particularly over the course of
19 the last seven to eight years as budgets have become
20 tighter and tighter.

21 We will continue to cut costs where --
22 wherever we can because we don't want to lay the
23 impact of -- of any further cuts any more heavily
24 upon our -- our family -- the students and their
25 families than we have to.

1 But at some point with -- with
2 continuing cutting we -- we simply can't -- we can't
3 do business as usual year in and year out. We need
4 to know where this is heading.

5 PRESIDENT JENNINGS: Yeah.
6 Mr. Chairman, I would echo something very similar to
7 that. We are one of the largest employers in
8 southern Chester County, 575 full-time employees and
9 about a hundred part-time employees.

10 Every time we have to increase tuition,
11 with the kind of student population that we attract
12 to our campus, we lose between five to seven percent
13 of the student body because they can't afford to
14 return because of the increase in tuition, because of
15 the size of the loans that they take.

16 96 percent of our students are Pell
17 grant eligible and are on loans. And so every time
18 we do that we have a residual effect in terms of the
19 number of people that we lose.

20 If we have to take a cut this year, I've
21 already done the -- the analysis, we're going to
22 lose -- we're going to have to lay off people, and
23 that's going to be between 60 to 78 people.

24 And that may sound like a small number,
25 but in a county like ours where those people live,

1 that's a huge number because it's going to have a
2 devastating impact not only on those individuals, but
3 also on the businesses that depend on those people to
4 buy goods and services.

5 So we've kind of done that analysis and
6 know the impact that it's going to have on the
7 population that we serve.

8 CHANCELLOR NORDENBERG: In southwestern
9 Pennsylvania, as I think you know, Mr. Chairman, the
10 two largest employers are the University of
11 Pittsburgh Medical Center and the University of
12 Pittsburgh.

13 We sit at the heart of the education and
14 health services supersector, and that is a U.S.
15 Department of Labor designation which is by now
16 the -- by far the largest source of employment in
17 western Pennsylvania.

18 That supersector is responsible for more
19 than one in every five jobs in the Pittsburgh
20 metropolitan statistical district.

21 We also are viewed as the best hope for
22 the jobs of the future through the companies that are
23 spun out of our technol -- technology management
24 operations.

25 Just looking at last year's cuts, and I

1 said this to people on our campus, if we had dealt
2 with those cuts simply by eliminating jobs, it would
3 have been a thousand jobs at the University of
4 Pittsburgh. A thousand jobs.

5 Well, we didn't do it that way. In
6 part, because we continue to be in an area of, quote,
7 business where the demand for our services is very
8 strong, whether that's in education or in research.

9 And we also didn't do it because in some
10 ways we thought by maintaining employment we were
11 helping the region move through this jobless recovery
12 from the great recession in ways that were food for
13 the community as a whole.

14 But with these added cuts, deep dramatic
15 disproportionate cuts, we can't keep escaping some of
16 those actions.

17 And I would say, too, that, you know,
18 there are very few things that President Obama and
19 the second President Bush have agreed upon. One of
20 them is the dramatic transformation of the economy of
21 western Pennsylvania.

22 President Bush came in and he said, what
23 used to be called Steel Town ought to now be called
24 Knowledge Town. President Obama brought the G20
25 there so the leaders from around the world could see

1 what could be done in terms of a transformation to a
2 more diversified economy. And in each case they were
3 pointing right at the University of Pittsburgh.

4 PRESIDENT HART: I --

5 CHAIRMAN ADOLPH: Thank you.

6 I just want to put this on the record.
7 This time last year the Governor was proposing a 50
8 percent decrease in funding and this legislature and
9 the men and women on this committee had an awful lot
10 to do with restoring the -- the funding and the final
11 decrease was the 19 percent. A big difference
12 between 50 percent.

13 And so I -- I just want that on the
14 record because I notice people forget where -- where
15 you started, where we ended up, and then obviously I
16 understand, you know, there was the mid-term decrease
17 as well, and I -- you know, which was a five
18 percent.

19 So, you know I like to talk about the
20 percentages and dollar amounts and I know with the --
21 the list is getting longer so I'm going to move to
22 Representative Tom Killion.

23 And I ask the members, if you have a
24 specific president of a university that you -- that
25 you would like to answer, please direct your question

1 to that president.

2 Thank you.

3 CHANCELLOR NORDENBERG: And I don't mean
4 to jump in, but can I say on behalf of all of us, we
5 have not forgotten what you did for us last year.

6 PRESIDENT HART: Absolutely.

7 PRESIDENT JENNINGS: Right.

8 CHANCELLOR NORDENBERG: And that ought
9 to be on the record, too. We are deeply grateful.

10 CHAIRMAN ADOLPH: I'm glad to hear that,
11 yes.

12 Representative. Representative Tom
13 Killion.

14 REP. KILLION: Thank you, Mr. Chairman.

15 I too look forward to the debate on the
16 role of the legislature in the funding of higher
17 education. For to -- I graduated from Penn State. I
18 have a daughter -- Chairman Adolph talked about
19 jobs. I have a daughter that graduated from Penn
20 State last year. Gainfully employed. Finally off my
21 payroll. Very happy about that. And I have a
22 sophomore there now.

23 As we all know, this has been a very
24 difficult year for Penn State. A lot of negative
25 press.

1 And I just -- I don't really have a
2 question. I just want to point something out. I'm
3 sure most of you are aware of it, but I think it
4 needs to be on the record what happened in State
5 College last weekend, with the 39th year of the dance
6 marathon.

7 Those students, student-run --
8 student-run event, raised \$10.7 million for children
9 cancer -- for childhood cancer.

10 And, you know, I Googled it yesterday
11 because I was involved with my fraternity, I'll have
12 to state, back in the late '70s, and I looked back to
13 see what we raised back then. It was \$72,000. And
14 then the first year, in 1973, they raised \$2,000.

15 And I think it was summed up best by an
16 Enquirer article where they talked about a father
17 named Michael Deckman walking through the dance
18 marathon with his son Caleb, who is four years'
19 cancer free and four years -- and four years ago he
20 was -- couldn't sleep at night because he didn't know
21 how he was going to pay his bills.

22 Well, the students raised the money to
23 help him and his son and I just want to thank Penn
24 State. And please pass our thanks on to all those
25 students for the hard work.

1 PRESIDENT ERICKSON: Thank you,
2 Representative Killion. It is indeed an awesome
3 experience. I invite you all to -- to participate
4 and experience it some year when you can.

5 REP. KILLION: Thank you, Chairman
6 Adolph.

7 CHAIRMAN ADOLPH: Thank you for those
8 comments.

9 Representative Parker.

10 REP. PARKER: Thank you, Mr. Chair.

11 Good morning to each of you.

12 You, you know, sort of all don't have to
13 respond, but I mean if you feel so led, you know,
14 please, please jump in.

15 I just want to start by putting my
16 comments in perspective and reflecting back on what
17 the chairman mentioned.

18 So proposed 50 percent, '11/'12. We end
19 up with 19 percent. I know Dr. Jennings, from
20 Lincoln, we thought you were going to run back out
21 the door when you receive -- came to Lincoln
22 University and you received that letter noting that
23 there was a five percent freeze --

24 PRESIDENT JENNINGS: Right.

25 REP. PARKER: -- that was coming. So

1 that's 19 percent, plus the five, you were at 24
2 percent. And although this is just sort of
3 introduced, we're talking about a proposed for the
4 three, in particular, 30 percent.

5 That would bring within -- but two
6 years, that would bring your cut to a proposed 54
7 percent, 54 percent for state-related institutions in
8 two years. You know, unbelievable.

9 But now I need you to justify why. And
10 when I say that, I mean I think Lincoln and,
11 President Hart, you -- you mentioned it earlier, I
12 would like for you to tell us similar to what PASSHE
13 does when they come. Chancellor Cavanaugh now does
14 outstanding job.

15 A 120,000 students in PASSHE schools.
16 Ninety percent of them are PA residents.
17 Eighty-three percent stay in Pennsylvania. Thirteen
18 percent are students of color.

19 Lincoln and Temple, I know you did just
20 mention in previous discussions what that was like
21 for you.

22 For Penn State and -- and Pitt, tell us
23 about your student body. How many are Pennsylvanians
24 and how many stay?

25 PRESIDENT ERICKSON: I can -- I can lead

1 things off. Among our undergraduate student
2 population, 75 percent of our students are from --
3 are Pennsylvania residents.

4 The -- the appropriation that we receive
5 from the -- the Commonwealth is -- is really in a --
6 in a few parts and I want -- I want to make reference
7 to -- to one particular part of it before I answer
8 your question. And that relates to the funding that
9 we receive for cooperative extension and agricultural
10 research.

11 I was very pleased to see in the
12 Governor's proposed budget that these two lines would
13 be -- be held flat, that the funding would be -- be
14 moved through the resource development fund but that
15 the funds would still be available for this important
16 area of service to the Commonwealth.

17 Now, our other lines, our general
18 support line, or what we called our educational in
19 general, would be dropped under this proposal to
20 under a hundred -- just under a hundred and fifty
21 million dollars.

22 The proposed -- the appropriation that
23 we receive as general support from the Commonwealth
24 really is used to lower the -- the tuition rate for
25 Pennsylvania residents. At the University Park

1 campus nonresidents pay 27,000 in tuition, resident
2 students pay 15,000. At our Commonwealth campuses
3 they pay 12 or 13,000.

4 So the appropriation is critically
5 important for keeping that tuition rate for our
6 students as low as possible.

7 I want to give you some information
8 about the situation, the demographics among our 19
9 Commonwealth campuses. These are our regional
10 campuses. The students at those campuses come from
11 families in which their median income is 10 percent
12 lower than the state median income. So they're below
13 average in terms of income.

14 Almost 40 percent of them are eligible
15 for a federal Pell grants. Sixty-two percent of them
16 work at least 22 hours a week. These are the
17 students that we're going to lose as the costs
18 inevitably increase regardless of what we do and as
19 appropriation goes down, and these are people who are
20 absolutely critical to the future of the
21 Commonwealth.

22 We established those campuses fifty and
23 in some cases a hundred years ago where we were asked
24 by the Commonwealth -- by the communities, by the
25 General Assembly, to establish campuses there. But

1 we can't continue to offer that kind of a -- a
2 tuition break for Pennsylvania residents as the
3 appropriation continues to fall.

4 So this will fall disproportionately on
5 students from lower income families scattered across
6 the Commonwealth, many of whom are committed, working
7 part-time already, they are long-term residents of
8 the Commonwealth. They will be the most hurt by all
9 of this.

10 REP. PARKER: Can you all -- just for me
11 immediately, after you finish, can you also tell us
12 if you had to make up the 30 percent cut, if it was
13 instituted as is, can you give us a dollar amount
14 that that would translate into as it relates to
15 tuition? If it was solely made up by tuition
16 increase because of the 30 percent cut, what would it
17 mean?

18 PRESIDENT ERICKSON: If it -- if it was
19 made up totally by Pennsylvania residents, it would
20 be 9.37 percent. But I assure you we will not do
21 that.

22 REP. PARKER: Okay.

23 CHANCELLOR NORDENBERG: I'd like to
24 begin where you began. I thought the way you framed
25 our situation was very telling; and that is, we came

1 in for our hearings last year, we were looking at a
2 proposed 50 percent cut to our education in general
3 appropriation, plus for some of us a hundred percent
4 loss of our academic medical center lines, and people
5 said, how can this be?

6 And today, if you just lump what
7 happened last year with the proposal that is now
8 before us, all we've done really is to spread it out
9 over an additional year. The cuts, when combined,
10 are as dramatic as those that were proposed for last
11 year and that you did, in so effectively discharging
12 your responsibilities, help us moderate.

13 So that really is a good way to look at
14 it. At the University of Pittsburgh we're not quite
15 an enterprise the size of Penn State's. We do have
16 four regional campuses, so we have a campus in
17 Pittsburgh and we have campuses in Bradford,
18 Greensburg, Johnstown and Titusville.

19 Our undergraduate enrollment system-wide
20 is close to 80 percent Pennsylvania graduates. Our
21 total enrollment system-wide, that is, with graduate
22 and professional programs included, is over 70
23 percent Pennsylvania residents. And close to 70
24 percent of our graduates do stay in Pennsylvania and
25 live and work and contribute here.

1 And I think that is an important point
2 to note. Because while it's not dispositive, one of
3 the factors that is most influential in where a young
4 person ultimately does work and live and contribute
5 is where he or she went to college.

6 And so if you lose Pennsylvanians to
7 other geographic destinations as students, there's a
8 pretty good chance you're going to lose them more
9 permanently and they're not going to come back and be
10 contributing citizens in the 21st century.

11 PRESIDENT HART: Thank you,
12 Representative Parker. I would -- if we -- if we
13 were to make up all of the 30 percent just on
14 undergraduate, in-state tuition would be almost
15 \$4,000. So it's a -- it's a significant amount.

16 And I would add that there's a cost to
17 extending the time it takes a young person to finish
18 their degree that is deeply embedded in their futures
19 related to the amount of money that they borrow, and
20 that graduation rate is directly affected by the
21 number of hours they work per week.

22 So, for example, for our students at
23 Temple who do not work, we have over 70 percent
24 graduation rate here as our six-year graduation. If
25 you go down to more than 25 hours, it's all the way

1 down to 36.4 percent.

2 And so everything that we do that makes
3 it more difficult for young people to complete their
4 educations and go into the workforce, not only
5 affects their immediate finances, but stretches out
6 for -- for years to come in their ability to become
7 productive members of -- of the workforce.

8 I think those are very, very telling and
9 very, very important numbers.

10 I also think it's important to know that
11 the -- that the average, the median family income of
12 our students declines dramatically as we -- as we
13 move into underrepresented groups in our -- in our
14 community.

15 And Temple is one of the top ten
16 universities in the entire United States in the
17 number of bachelor degrees that we award to
18 African-Americans. Those ahead of us are all either
19 H -- HCB -- BCUs or distance education institutions.

20 So we're right at the heart of making
21 sure that -- that they have access to a world quality
22 higher education.

23 But I would just note that among
24 American Indians the median family income is under
25 \$50,000 for the entire family. Among Hispanics it's

1 only -- it's also under \$50,000. Among Asian
2 Americans, because we have so many Asian Americans in
3 the Philadelphia area who are first generation
4 families, it's 36,000. These are family incomes of
5 the students that attend Temple.

6 And so these are disproportionate
7 impacts on the least advantaged working and lower
8 working -- middle working class people.

9 PRESIDENT JENNINGS: Representative
10 Parker, we have similar numbers in that if we have to
11 take a cut, we would have to pass an additional
12 \$1,350 on to our students in tuition.

13 That's a lot of money because, again, 51
14 percent of the student body are the first in their
15 families to ever go to college and in most instances
16 the whole family has sort of band together trying to
17 put what dollars and cents they can come up with
18 together to send Johnny off to college.

19 And so this is going to be an additional
20 strain. What we have seen historically happen at the
21 university is every time we've increased tuition
22 we've lost between five to seven percent of the
23 student body, those students who would be returning.
24 Not to mention the fact that we have more than 40
25 percent of the students who are currently working

1 what is equivalent to a full-time job trying to go to
2 college

3 And so it takes them longer to get out
4 of school, plus they're struggling to try to, you
5 know, maintain the kind of grade point average that
6 they want to maintain over a four- to six-year
7 period.

8 So this is going to be devastating to
9 our population in particular.

10 It goes without saying that, while we
11 may be historically a black university, we train also
12 all students. We've targeted the Latino population
13 in our community because in southern Chester County
14 that's a growing population that nobody seems to be
15 trying to pick up on to get into a four-year
16 institution.

17 And so we -- we've made a special effort
18 to try to reach out to those individuals to draw them
19 in as well.

20 So we have a fairly good dynamic on the
21 campus of all races, all creeds, all colors.

22 CHAIRMAN ADOLPH: Yes. Thank you.

23 REP. PARKER: I know my time is up,
24 Mr. Chair.

25 CHAIRMAN ADOLPH: Representative, I just

1 want to remind the members and -- and -- and the
2 presidents that -- to try to be as concise as
3 possible in your answers.

4 REP. PARKER: Thank you.

5 CHAIRMAN ADOLPH: But I -- because
6 there's an awful lot of members that want to ask
7 questions and there will be a round two.

8 Representative Martin Causer.

9 REP. CAUSER: Thank you, Mr. Chairman.

10 Good morning and welcome, everyone.

11 My question, I'm going to direct my
12 question to Chancellor Nordenberg and perhaps
13 President Erickson would also like to talk about this
14 topic.

15 And my question deals with the -- the
16 impact of the Governor's proposal on the regional
17 branch campuses of the -- of your universities.

18 I come from one of the most rural parts
19 of the state, you know, an area where there are no
20 community colleges, there are no state system
21 universities. We have one fine educational
22 institution, and that's the University of Pittsburgh
23 at Bradford and, you know, looking at the -- the cuts
24 that have been proposed in the Governor's proposal,
25 I'd be interested in your thoughts on how that might

1 affect the regional branch campuses of your
2 universities.

3 CHANCELLOR NORDENBERG: Well, as you
4 know, the branch campuses have been a very important
5 part of the Pitt system, and as I think you know,
6 I've always had a special place in my heart for the
7 University of Pittsburgh at Bradford.

8 That's what happens when you marry
9 someone from that area.

10 And -- and it is a campus that in some
11 ways doesn't square with people's perceptions of
12 Pitt, a city university, because Pitt-Bradford serves
13 a sparsely populated geographic area about the size
14 of the state of Connecticut.

15 If you look at what is happening through
16 these accumulated cuts, basically we're being pushed
17 in the direction of being private institutions, which
18 has implications for the question just asked in terms
19 of tuition, too.

20 You know, at Pitt, if we absorbed all of
21 this cut through tuition alone, it would be an 18
22 increase for our in-state students or nearly \$3,000.

23 But you can look at it another way, and
24 that is, if somebody is telling us we ought to be
25 private, well, private school tuition at a comparable

1 university would be 40 or \$45,000 a year. So we
2 could be going up \$25,000 a student.

3 Another thing that you see about private
4 research universities is that they don't have branch
5 campuses. I mean if you think about institutions
6 that are roughly equivalent to Pitt, city-based,
7 major-research universities, they don't have branch
8 campuses. And so that becomes a key question for
9 us.

10 And I know that President Erickson and I
11 have talked about this, and he already has alluded to
12 it. There are going to be particular challenges
13 attracting and supporting students who really need
14 those educational programs on the campuses that are
15 not located at the center of the university.

16 I pledge to you that we're not looking
17 to do anything to those regional campuses. We love
18 all four of them. But we're being pushed in a way
19 where thinking about that becomes inevitable.

20 PRESIDENT ERICKSON: I think President
21 Nordenberg has described the situation very well.
22 We, too, are -- are very strongly committed and have
23 been for decades and decades to our -- our
24 Commonwealth campuses, to our regional campuses,
25 which serves such an important role in the overall

1 mission of -- of Penn State.

2 But as -- as President Nordenberg
3 indicated, it's -- it's increasingly challenging.
4 All of our regional campuses, our Commonwealth
5 campuses, are viable at this point. But the question
6 is really for the future.

7 As funding continues to decline,
8 students will no longer be able to attend. So it's
9 not a matter of what we do to the campuses. It's
10 really a matter of the -- of the students making
11 choices on the basis of what they can possibly
12 afford.

13 And increasingly they will be unable to
14 afford a Penn State education, either to stay for --
15 for four years at a campus in a -- in a -- in a
16 program that's -- that's very much oriented to local
17 workforce needs or to move to another campus,
18 including University Park where they have access to a
19 -- a couple hundred different -- different majors.

20 But either way it's going to be
21 increasingly challenging. And as -- as President
22 Nordenberg indicated, one only has to look around
23 at -- at private research universities to see the
24 difference in the -- the mission and structure.

25 We've always been very strongly

1 committed to our land grant mission, to our role as a
2 public research university, but it's getting more and
3 more difficult every year to see that model be
4 sustained over the -- over the years ahead.

5 We really need to have a better
6 understanding of where we're going.

7 REP. CAUSER: I appreciate your
8 response, and I think these regional campuses are
9 vitally important for access to people in rural
10 areas. So I appreciate those comments, and -- and
11 it's very obvious to me looking at the Governor's
12 proposal that we -- we certainly have some work to
13 do.

14 So thank you very much for your
15 comments.

16 Thank you, Mr. Chairman.

17 CHAIRMAN ADOLPH: Thank you,
18 representative.

19 I'd like to acknowledge the presence of
20 Representative Gillen, Representative Tallman and
21 Representative John Bear.

22 Chairman.

23 REP. MARKOSEK: And also Representative
24 Steve Samuelson and Representative Matt Bradford have
25 arrived.

1 CHAIRMAN ADOLPH: The next question will
2 be from Representative Scott Conklin.

3 REP. CONKLIN: I want to thank you,
4 Mr. Chairman, and I want to thank what your
5 universities do for the state of Pennsylvania.
6 You -- you really are a treasure and one that myself
7 and my colleagues are very proud to be associated
8 with, and I hope the day never comes to where we lose
9 that association with you.

10 But I want to talk just a little bit
11 about some figures that have been put out and
12 numbers. And I think there's a little misleading
13 concept that's done with numbers that folks like to
14 use them to their own discretion to back their own
15 case.

16 And recently I read a report to where
17 they said, you know, these cuts are anywhere from
18 one-and-a-half percent to three percent of your total
19 operating budget, is all that the state is doing.

20 What I want you to do is explain to the
21 public that the money that we give to your
22 universities, how it goes directly to the students,
23 and, two, is that your budget is made up of research
24 contracts, military contracts, private entrepreneurs
25 that come in and pay to have research done.

1 Because I really believe that the public
2 is being buffaloed a little bit when we're talking
3 about cuts and where this comes from when it's
4 actually hurting those students, especially those of
5 limited needs.

6 If you could just respond to that a
7 little bit.

8 PRESIDENT HART: Well, let me jump in
9 very quickly. The -- the low number that you've
10 heard thrown around is, I think, 1.8 percent of our
11 total operating budgets. But as -- as you pointed
12 out -- and thank you so much for doing so -- the --
13 the appropriation is for general and education and is
14 a direct subsidiary to the in-state tuition rate.

15 Temple has less of a research budget
16 than -- than my two colleagues to my right, but as
17 you have pointed out very, very succinctly, the --
18 the money that comes in from grants and contracts is
19 absolutely targeted to those activities that are part
20 of that grant.

21 And you would be joining us all in
22 prison if you instructed us to spend that money
23 otherwise, most particularly, NIH and NSF and other
24 federal grants, in federal prison which I'd just as
25 soon avoid. It's never been a family aspiration.

1 But we also have auxiliaries. We have
2 food services. We have resident halls that all float
3 on their own bottom, and their revenue and their
4 operating costs are -- are directly tied together.

5 And so the appropriation is a proportion
6 of what you heard referred to earlier as general and
7 education which is the portion of our operating
8 budget that directly relate to the delivery of the
9 education to our students, and that very low number
10 also includes our health science centers and our
11 academic medical centers and -- and that's direct
12 medical care and also biomedical research and -- and
13 other expenditures.

14 So we really have to be careful, as you
15 pointed out, to separate those -- where the money
16 comes from to where it actually has been targeted,
17 and it -- it -- that money is not fungible.

18 CHANCELLOR NORDENBERG: Yeah. And, you
19 know, it is an interesting spin, as you put it,
20 because if you look at the budget sheets that were
21 released, there it is, 30 percent. Then you pick up
22 the paper and you see, well, it's only two percent or
23 something like that.

24 Pitt has a huge research enterprise.
25 \$800 million in research expenditures last year,

1 expenditures that are a sign of institutional
2 strength, that support pioneering work, but that also
3 are critical to the local economy.

4 But as President Hart says, if I tried
5 to divert an NIH grant that was awarded to target
6 Parkinson's disease to some kind of general
7 educational mission, there'd be a U.S. attorney
8 knocking on my door. I don't have the freedom to
9 move those funds around freely.

10 And so in a way whoever is doing that
11 calculation is punishing us for being effective at
12 bringing other funds into the institution for the
13 good of our mission, for the good of our communities,
14 and seems to be suggesting that we can take monies
15 from those pots to make up for what we do not receive
16 from the state. That simply is not true.

17 PRESIDENT JENNINGS: Mr. Chairman, I --
18 I would echo that as well. But I would also add that
19 if we did not bring in the research dollars that our
20 institutions bring in, they probably would not be the
21 competitive institutions that cause students, both
22 in-state and out-of-state, to be attracted to those
23 institutions.

24 So we have to do that and not be
25 penalized for doing that. Just to give you an

1 example, to make it real clear, of the \$11 million
2 that we received last year in appropriation from the
3 legislature, \$4.5 million of that money was used in
4 scholarships alone, just to maintain students, to
5 attract students, and to keep students matriculating
6 at the university.

7 If we had not those dollars, I can
8 almost guarantee you that that wouldn't be the case
9 of maintaining those students.

10 The other funds were used for general
11 operations, just to keep the place afloat, so that we
12 can actually be the viable institution of higher
13 learning that we are.

14 PRESIDENT ERICKSON: I would simply add
15 that -- that the Penn State situation is -- is very
16 similar. Out of our roughly \$4.1 billion budget 1.2
17 billion is in the medical center. There's another
18 805 million of research expenditures. Our housing
19 and food service and intercollegiate athletics are
20 tubs on their own bottom.

21 So the cut is really \$64 million as
22 proposed out of 1.65 billion in terms of our
23 educational in general. And similarly to -- in the
24 same manner as my colleagues here, we're not allowed
25 to divert those funds.

1 One other point I would make that --
2 that is often brought up is what about all that money
3 that these universities have in endowment? Can't you
4 just take some of that?

5 The answer is no. Those funds were
6 given -- were entrusted to us as endowment to
7 continue to grow those funds and to use the proceeds
8 off of them for specific purposes.

9 To the best of my knowledge, no one has
10 ever given the university money to pay the electric
11 bill. Those are monies, the most significant amount
12 of that is for scholarships for our students, both
13 merit and need based, for faculty and program kinds
14 of support, but between 98 and 99 percent of all of
15 those funds in our endowment are directed to specific
16 purposes. They are not unrestricted. We can't use
17 them for things that we simply might want to.

18 And that's in contrast to many of the --
19 the older private universities that have large,
20 unrestricted endowments. We do not.

21 REP. CONKLIN: Thank you.

22 And I want to thank you, Mr. Chairman,
23 and I want to thank the folks for coming, and,
24 remember, please, strive for excellence and don't
25 allow the call for mediocrity to rule your

1 universities. Thank you.

2 CHAIRMAN ADOLPH: Thank you,
3 representative.

4 Representative Millard.

5 REP. MILLARD: Thank you, Mr. Chairman.
6 Thank you, panel, for appearing here
7 today.

8 As the father of two children who are
9 military veterans, one recently, a daughter, having
10 come out of Afghanistan and finishing up her service
11 in the Air Force with an eye toward higher education,
12 Pittsburgh specifically, I'd like to ask this
13 question and, Chancellor Nordenberg, if you could
14 answer first.

15 An issue that's been gaining attention
16 nationally is the number of veterans that are and
17 will continue to leave military service in the future
18 and will be seeking higher education.

19 Have your universities seen an increase
20 in student veterans and do you have any special
21 programs to, A, recruit and, B, support them?

22 CHANCELLOR NORDENBERG: Thank you. That
23 is a tremendously important question.

24 And when you think about the general
25 circumstances that we're in today, I -- I sometimes

1 am reminded that when our veterans returned from
2 World War II there was nothing that this country
3 thought it could do that would be a greater reward
4 than providing them with access to a higher education
5 through the GI BILL.

6 We have wonderful programs at the
7 University of Pittsburgh and in the broader
8 community. When he was still the chairman of the
9 joint chiefs of staff, Admiral Mullen came to Pitt
10 because he thought it was a -- a center that could
11 provide inspiring examples to others in terms of the
12 educational opportunities that we're providing, in
13 terms of the links that we have in terms of
14 employment opportunities in the community for
15 returning veterans, and also because of the
16 biomedical research work that we're doing that is
17 tied directly to the needs of wounded warriors.

18 So we do have a separate office that
19 provides broad-ranging services to returning
20 veterans. It is well staffed. We are regularly
21 recognized as one of the most veteran-friendly
22 universities in the country, and we also do have both
23 an Air Force ROTC unit and an Army ROTC unit on our
24 campus. Also are the major provider of students for
25 the Naval ROTC unit headquartered at Carnegie

1 of vets are increasingly attending Temple
2 University's Japan campus because of their being
3 stationed in -- in Asia and seeking careers in Asia,
4 they are increasing attending Temple in Tokyo.

5 PRESIDENT JENNINGS: We too have special
6 outreach to veterans. We have a sizable number of
7 veterans who we have recruited and are retaining on
8 the campus. Certainly not as many as we'd like to
9 have, but we have a special initiative reaching out
10 to them, trying to attract them back into college.

11 CHANCELLOR NORDENBERG: Doubling back to
12 your daughter just for a moment, on Friday we will
13 honor three distinguished alums at our honors
14 convocation. One is Lieutenant General Patricia
15 Horoho, who is the first woman ever and the first
16 nurse ever to be named the surgeon general of the
17 army and -- and that goes back to her ROTC days at
18 Pitt.

19 REP. MILLARD: Thank you.

20 Thank you, Mr. Chairman.

21 CHAIRMAN ADOLPH: Thank you.

22 Representative Matt Smith.

23 REP. SMITH: Thank you, Mr. Chairman.

24 And thank you all for testifying today.

25 I really appreciate it and I think it's very

1 important to the committee to get your insight.

2 And I do want to commend, particularly
3 Chairman Adolph, on -- on offsetting a lot of the
4 Draconian cuts last year that Governor Corbett
5 proposed -- proposed in his '11/'12 budget,
6 particularly as it relates to the state-related
7 universities.

8 But I do think it's important to provide
9 some context as to the negative impact from a funding
10 standpoint that each of your institutions have
11 incurred over the last couple years.

12 And the graph we put up, the chart we
13 put up, shows that in the '10/'11 budget year you
14 were funded at around 635 million, of which about 31
15 million was federal stimulus funds.

16 Then in last year's budget you were
17 funded at the level of about 514 million overall. So
18 that that was about a 90 million to a hundred million
19 dollars cut in just education funding from state
20 dollars.

21 And then when I think you take the
22 Governor's proposal this year, it brings you all down
23 to about 370 million, for an overall cut, just in
24 terms of state dollars -- and I think that's
25 important to emphasize. This has nothing to do with

1 the federal stimulus dollars that your institutions
2 received.

3 That \$31 million was received in '10/'11
4 and gone after that point, and -- and I don't think
5 any of you, unless you correct me, expected that that
6 funding would be sustainable. That was a one-time
7 shot of revenue.

8 And so I think it's important to
9 emphasize that the cuts that the Governor has
10 instituted and he proposes to institute again would
11 cumulatively total about 230 million over the course
12 of two years. And I think it's important to not take
13 a look at this in a one-year snapshot but to look at
14 it as a two-year snapshot, as I think Chancellor
15 Nordenberg stated, and that -- that being said, the
16 overall cut would be about 230 million.

17 Can you -- and specifically, Chancellor
18 Nordenberg, you talked a little bit about the
19 national science study which came out, I think, about
20 two months ago or so which basically said that we're
21 not investing enough in our higher education
22 institutions, particularly as it relates to the STEM
23 subjects, science, technology, education and math.

24 Can you talk a little bit about what
25 these sorts of cuts over a two-year period -- and I

1 think the message has been sent by the Governor that
2 this will continue in year three, year four of the
3 Corbett administration. Can you talk a little bit
4 about the detrimental impact, not so much in terms of
5 direct employment but in terms of that -- that
6 indirect multiplier of employment and economic
7 development and innovation and research that this
8 will cause to your institution?

9 CHANCELLOR NORDENBERG: It's a -- it's a
10 wonderful question and -- and, again, provides an
11 opportunity to maybe counter what are some of the
12 impressions, and, that is, again, that if you're able
13 to bring in all of this other money, what do you need
14 the state for?

15 When, in fact, if you don't have a
16 strong university and you don't have a strong school
17 of engineering or department of chemistry or
18 department of biological sciences, then no one else
19 is going to invest in your programs.

20 So this has an effect that does go
21 beyond the kind of tuition increases that we're
22 talking about. It affects our ability to maintain
23 both instructional and research facilities, labs. It
24 affects our ability to reinvest in people who we
25 believe are going to be able to attract dollars from

1 other sources.

2 You know, we had one good example just
3 last week, Representative Smith, and that is that the
4 Richard King Mellon Foundation announced that it was
5 making a \$22 million grant to our Center for Energy.

6 PRESIDENT HART: Yes.

7 CHANCELLOR NORDENBERG: And everyone in
8 this state, from the Governor on down, says that
9 energy is going to be the future.

10 And certainly in western Pennsylvania
11 Pittsburgh is positioning itself to be the energy
12 capital of America. We've got coal. We've got
13 nuclear. We've got Marcellus shale. We've got the
14 National Energy Technology Lab, and we've got great
15 university strengths.

16 But if the university isn't strong, then
17 the foundation is not going to invest in our
18 programs. And without that investment, the ripple
19 effects that you've just described begin and they
20 become more pronounced over time.

21 You know, there was a sentence in the
22 Governor's budget address that really touched my
23 heart when he said, we can't let current debt crowd
24 out future dreams. Well, that is exactly what's
25 going to happen here in terms of the impacts of these

1 dramatic cuts over time.

2 REP. SMITH: If anyone else wants to
3 address the issue as well.

4 PRESIDENT HART: Absolutely I agree with
5 Chancellor Nordenberg, and I would add that it even
6 affects the rate of recovered indirect costs that our
7 institutions receive from the grants and contracts
8 that are a part of this incredible seed corn. I
9 referred to it earlier.

10 So the less we invest the less we're
11 able to recover as well.

12 PRESIDENT ERICKSON: One -- one
13 additional quick comment here. I agree entirely with
14 Chancellor Nordenberg and President Hart.

15 The -- the other aspects of this that --
16 that are very difficult and have long-run
17 implications is -- is the competitiveness of these
18 Commonwealth state -- or public -- publicly funded
19 research universities.

20 Our faculty and staff have gone two of
21 the last three years holding the line on -- on salary
22 increases. We're going to be challenged again this
23 year in terms of that budget.

24 But as that continues, it makes our
25 institutions and the faculty who form really the

1 heart of our universities much more susceptible to --
2 to moving to other places. Retaining and recruiting
3 faculty, the best quality faculty is absolutely at
4 the heart of everything that we do.

5 Facilities are as well. And as we kick
6 this can down the road on deferred maintenance, it's
7 only going to multiply over time.

8 REP. SMITH: President Jennings.

9 PRESIDENT JENNINGS: Well, I would
10 certainly ditto what my colleagues have said here. I
11 think we cannot lose sight of the fact that the
12 research dollars we bring to our university helps to
13 strengthen teaching, and we want to be able to use
14 that in a way to produce the best and the brightest
15 that the state and the nation has to offer.

16 Every time we take a cut, as I said
17 earlier, it has a residual effect on almost
18 everything that we do. Our faculty is complaining
19 right now that their salaries are not competitive
20 with others who's -- we are similarly situated with.

21 And what -- what ultimately ends up
22 happening is you lose some of your best people
23 because they can go elsewhere and -- and command the
24 kinds of salaries that they expect and need.

25 REP. SMITH: But -- and that was

1 actually a great transition to my final question,
2 which is related to the ability to attract and retain
3 high quality professors and researchers.

4 And I'm encouraged and -- and
5 discouraged at the same time by the fact that there
6 is a Governor from a northeastern state who gets the
7 value of higher education, happens to be across the
8 border in New Jersey.

9 And it was interesting yesterday where
10 Governor Christy unveiled his budget and in that --
11 and in that budget address he referred to higher
12 education as, quote, the key to advancement in life,
13 and also said about New Jersey's universities, that
14 we cannot compete, we being New Jersey, cannot
15 compete economically with, quote, good but not great
16 universities, and he's striving to make New Jersey
17 the national leader in medical education and
18 biomedical research.

19 And he really in his budget proposal put
20 dollars behind the words where -- and he increased
21 Rutgers' budget by six percent, \$26 million. He
22 increased tuition assistance by ten percent, an
23 increase of \$37.5 million. He increased Rowan
24 University's budget, and he actually proposed
25 creating a -- regional higher education research

1 hubs.

2 And -- and with that, just right across
3 the river, particularly for our friends on the
4 eastern side of the state, you know, tell us a little
5 bit about how that makes it that much more difficult
6 to compete for these higher quality researchers
7 and -- and also retaining the high quality
8 researchers that you have right now when we're seeing
9 an obvious de-emphasis and deceleration in higher
10 education funding at the same time that New Jersey is
11 actually increasing and investing in their
12 universities and Governor Christy is -- is touting
13 the benefits of higher education, the need for higher
14 education, and the fact that in order to stay
15 competitive economically they have to invest in their
16 higher educational institutions.

17 PRESIDENT HART: Well, I'm going to jump
18 in from Philadelphia, because, as you know, that's a
19 direct challenge to the eds and meds across the
20 river.

21 And -- and we already have a huge
22 movement across between New Jersey and -- and the
23 greater Philadelphia region. And it's not just in
24 education. It's in research and big pharma and in --
25 and, frankly, in the delivery of medical services.

1 \$8 billion a year crosses the river to seek direct
2 medical care in Philadelphia, and we've been told
3 that that challenges a direct attempt to keep all of
4 that revenue in New Jersey and to compete with the
5 greater Philadelphia region.

6 CHAIRMAN ADOLPH: Thank you. Just
7 trying to move on.

8 REP. SMITH: Thank you, Mr. Chairman.

9 CHAIRMAN ADOLPH: I appreciate your
10 questions, representative.

11 Representative Scott Petri.

12 REP. PETRI: Thank you, Mr. Chairman.

13 And thank you, Presidents, for being
14 here today.

15 I -- first, if I might, Mr. Chairman, I
16 would like to acknowledge President Hart. For those
17 of you who don't know, she is retiring and moving
18 on.

19 And I would just like to state for the
20 record that Arizona's good fortune is our tremendous
21 loss, and I just want to compliment you on the vision
22 you have developed with your team at Temple and --
23 and all the great work you've done for the
24 Commonwealth. And thank you.

25 PRESIDENT HART: Thank you.

1 REP. PETRI: Now for the tough
2 questions. Sorry. That was the softball.

3 One of the struggles that we have in
4 this process is that this is really a three-party
5 discussion, and one of the parties doesn't get to
6 participate in this discussion, and that's our
7 students and parents.

8 And what I mean by that -- and I know
9 you know this, but for those who are listening -- we
10 can set an appropriation and you -- and that may or
11 may not relate to what your tuition number will be.
12 It has an impact, but we never know when we set that
13 appropriation what that tuition number would be.

14 Likewise, until we set the appropriation
15 number, it's very difficult for you to say what that
16 tuition number would be.

17 So the question I have is, can we, as
18 institutions and as the General Assembly, agree that
19 whatever is allocated to general support, that line
20 item, could go a hundred percent towards student
21 tuition, in-state tuition reduction, at least for
22 this year in order to help these students stay in
23 school and -- and attend your schools?

24 And maybe you can't answer that without
25 going to your board. But that's where I would like

1 to be at the end of this process, and then I know
2 that I can do my level best, as all my colleagues
3 will, to drive home where 97 percent of my students
4 want to go.

5 CHANCELLOR NORDENBERG: You know, I'll
6 maybe take the bullet first and say, I don't think I
7 could responsibly answer that question today.

8 I think that there is a history, both
9 recent and long term, demonstrating that we have had
10 the interests of our students at heart.

11 Certainly that was true in terms of the
12 increases that were imposed last year that did not
13 come any place close to making up for the gap in
14 funding.

15 And -- and as you can imagine, it makes
16 a difference whether you're talking about restoring
17 from a 30 percent cut, whether you're talking about
18 restoring from where we left off last year.

19 There are so many variables that come
20 into play because we also all do have other costs
21 that are rising on our campuses and we also have big
22 employment bases of people who work hard, who have
23 already been through a succession of freezes, and
24 with respect to whom we also have to pay attention.

25 And what I would say is you will have a

1 chance to interact with our students, I think, before
2 this process is over. Pitt Day in Harrisburg is
3 coming up about March the 12th or the 13th, and I
4 know the Pitt students from your region or from your
5 district would like to meet with you.

6 The other thing, if I can say one more
7 thing and I -- okay. I won't.

8 CHAIRMAN ADOLPH: You're -- you're fast
9 with your hands, because the president of Penn State
10 University is ready to say something and you went --
11 you know, so I'm -- keeping everybody engaged.

12 PRESIDENT ERICKSON: I -- I would -- I
13 would say that -- that we can't specifically say at
14 this point, but I would tell you that -- and other
15 members of the Appropriations Committee, that we will
16 do our level best to turn over every rock to find the
17 cost savings where we can, to use every possible
18 dollar of -- of any amelioration in the -- the cut
19 to -- to pass that on as lower tuition rates to our
20 students.

21 We have the same interests that you have
22 in terms of keeping our tuition affordable and
23 keeping access open to students.

24 PRESIDENT HART: I would say that is, in
25 fact, the foundation of the difference between

1 in-state and out-of-state tuition and between the
2 difference you will see between the many wonderful
3 private institutions in the Commonwealth and your
4 publicly supported universities.

5 At Temple we have cut \$83 million in the
6 last three years. We also have had salary freezes.
7 And we -- and we truly -- if you look at the last ten
8 years and grasp the -- decrease -- the declining real
9 dollars in the appropriation with the increase in
10 tuition that has followed it, that they are directly
11 correlated.

12 PRESIDENT JENNINGS: I would say
13 something very similar in that I would also just ask
14 you to look at what we've done with the dollars in
15 the past.

16 As I mentioned earlier, of the \$11
17 million, almost \$5 million of those dollars were
18 spent just for tuition reduction, to maintain the --
19 the low tuition that our students have to have.

20 Every time that there's a tuition
21 increase, we lose five to seven percent of the
22 students because of the kind of student we attract.
23 So if we have to pass that kind of cost on to
24 students, you can almost be guaranteed that we're
25 going to lose students.

1 REP. PETRI: Thank you, Mr. Chairman.

2 Thank you for your answers.

3 CHAIRMAN ADOLPH: Thank you.

4 Representative Paul Costa.

5 REP. PAUL COSTA: Thank you,

6 Mr. Chairman.

7 To the presidents, you guys can take a
8 breather. My questions are directly for Chancellor
9 Nordenberg.

10 Chancellor, yeah, congratulations. If
11 the support continues to decline year after year, how
12 does Pitt change as a university?

13 CHANCELLOR NORDENBERG: Well, again, I
14 think the best way to answer the question is to say
15 if you look at the line on the chart that was
16 prepared by Representative Smith, we're being pushed
17 in the direction of becoming private universities.

18 If you look at the major distinguishers
19 between private research universities and public
20 research universities, the first thing that catches
21 everyone's attention is the tuition is, you know,
22 three times what it is for an in-state student, or in
23 that neighborhood.

24 Second, to go back to the question that
25 was put to us earlier, if our current student

1 in-state/out-of-state ratio is 75 percent in-state
2 and 25 percent out-of-state, at comparable private
3 research universities you'd see them flipped around.
4 25 percent in-state students and 75 percent coming in
5 from other places.

6 You see a -- a compression of programs.
7 You don't see regional campuses. And -- and I would
8 say you also see less of a commitment to the
9 community and the public good.

10 And I don't say that to be critical. I
11 think that most colleges and universities try to do
12 things for their communities, but I think there is a
13 marked difference between a public university and a
14 private university and -- and you can see that in
15 some of the other funding decisions that have come
16 down in the last year.

17 You know, last year we lost 50 percent
18 of the funding from the Commonwealth for our special
19 needs dental clinic which serves the needs of an
20 otherwise underserved population for a wide range of
21 territory around Pittsburgh.

22 Well, what are we supposed to -- to do
23 if -- if we don't have the funding for delivering
24 those services to the citizens who need them?

25 So I think that it is a change that can

1 in some ways be measured in dollars and cents. It is
2 a change that can be measured in terms of composition
3 of student body, but there also is a markedly
4 different tone.

5 REP. PAUL COSTA: Thank you,
6 Chancellor. I actually had a follow-up question but
7 I think you answered it pretty well.

8 My follow-up was going to be what kind
9 of impact is it going to have on our students, you
10 know from western Pennsylvania and the Commonwealth
11 as a whole? You've pretty well addressed it.
12 Increase in tuition, fewer opportunities, and less
13 community involvement.

14 And I hate to see that that's the
15 direction we're going because, as you mentioned
16 earlier, the University of Pittsburgh is a huge
17 employer for our region and I'd hate to see that --
18 that that starts to decline and it has a major impact
19 on southwestern Pennsylvania, and ultimately the
20 Commonwealth.

21 CHAIRMAN ADOLPH: Thank you,
22 representative.

23 Representative Mauree Gingrich.

24 REP. GINGRICH: Thank you,
25 Mr. Chairman.

1 Thank you all for being here this
2 morning. And, of course, we want you to know that
3 not only do we share in your commitment to higher
4 education but the quality, the access, and the
5 affordability are key. So I'm so glad that we're
6 talking about that today.

7 Obviously, and very clearly, in this
8 current economy that we face it -- it does affect all
9 levels of society and higher levels of education most
10 certainly.

11 But in this time of prolonged
12 unemployment, many people are looking to fill their
13 time and advance their opportunities by furthering
14 their education in -- in many different capacities,
15 oftentimes to train for something else that may be in
16 the marketplace as more viable to them.

17 I've noticed having a community college
18 in my district that many folks are choosing community
19 colleges in order to save money so that they can then
20 matriculate, you know, to their further plans,
21 whatever that may be.

22 I'm curious to know. And this can be a
23 two-part question. Hopefully it -- they won't be
24 elongated answers. You can tell us something really
25 positive.

1 Have you seen that happening? Because
2 I've seen the enrollment in my area, and I'd like to
3 know if it's happening at your universities and how
4 you are maximizing, capitalizing on that, or
5 facilitating those transfers? Because I think we're
6 going to be seeing that for a while, certainly in
7 the -- the economic situation we're in now,
8 affordability and maybe it breaking down into pieces,
9 I think we're going to see more often.

10 Your -- your thoughts, please.

11 PRESIDENT HART: Thank you,
12 Representative Gingrich. At Temple University 45
13 percent of our graduates graduate with some transfer
14 credits and we have articulation agreements with
15 community colleges in our region and in -- even in
16 New Jersey and that grows every year. We added two
17 last year. We have six community colleges with whom
18 we have dual admission agreements.

19 And -- and those articulation agreements
20 tell the students exactly what they need to take in
21 their two-year associate degree curriculum to
22 transfer directly into Temple University, and we're
23 very proud to say that our community college
24 transfers from our dual enrollment closely
25 articulated graduate from Temple at the same rate and

1 in the same time as first-time, first-year students.

2 PRESIDENT ERICKSON: We have long
3 provided a lot of associate degree education at Penn
4 State. We've been out across the Commonwealth doing
5 that. In fact, provided some of the role that
6 community colleges might typically have had in other
7 states.

8 We graduated last year over a thousand
9 associate degrees. So we're one of the largest
10 producers of associate degrees that are targeted
11 toward like engineering, technology, and so forth.

12 But similar to President Hart's comment,
13 we have over 60 articulation agreements. We -- with
14 the 14 community colleges, as well as over half of
15 the State System of Higher Education universities, we
16 transferred over 65,000 credits last year into Penn
17 State and we have a number of programs that are --
18 that are really tailored to specific needs.

19 Just a couple quick examples. As the
20 Marcellus shale industry has developed, we introduced
21 an associate degree program at our Fayette campus in
22 mining engineering.

23 At many of our campuses now we're
24 offering a program that will take individuals who
25 have R.N. degrees in nursing to a B.S. degree.

1 So we're very much in tune to -- to
2 helping reach their educational goals by taking what
3 they have and building on that.

4 CHANCELLOR NORDENBERG: I'm looking at
5 the chairman to see if I stay on his good graces --

6 REP. GINGRICH: Just speak quickly.

7 CHANCELLOR NORDENBERG: -- to see if I
8 don't answer --

9 REP. GINGRICH: He won't get nasty if
10 you talk fast.

11 CHANCELLOR NORDENBERG: I'd just say
12 last year the Community College of Allegheny County
13 gave me their Legends in Leadership Award. That was
14 not a personal tribute to me but really was a credit
15 to the way that Pitt has worked with the community
16 colleges to develop and implement articulation
17 agreements.

18 So we do see those trends. We're
19 working to manage them to the good of the students,
20 and information technology really makes a big
21 difference. You know, we actually used to pay to
22 have a Pitt employee physically present at CCAC to
23 advise students. Today they can get most of what
24 they need online and they're doing it.

25 REP. GINGRICH: Thank you very much.

1 And I'm glad to see that you agree in the value, and
2 this is another opportunity to make it more
3 affordable to more people. Thanks.

4 CHAIRMAN ADOLPH: Thank you.

5 I'd like to recognize Representative
6 Benninghoff who is here today.

7 And the next question will be by
8 Representative Ron Waters.

9 REP. MARKOSEK: Excuse me, chairman,
10 before we do that, Representative Vanessa Brown from
11 Philadelphia is here and Representative Greg Vitali
12 from Delaware County is here as well. Thank you.

13 REP. WATERS: Thank you. Thank you,
14 Mr. Chairman.

15 Mr. Chairman, I just want to say to all
16 the presidents who are here from -- from Penn State,
17 Pitt, Temple, and Lincoln, that you have all come and
18 presented a very strong case as to why proper funding
19 for your institutions is critical to the -- to the --
20 to the good of this Commonwealth and -- and beyond.

21 A couple of points that were made, I
22 heard -- I believe it was the president from Pitt
23 talked about the public good, and I heard the
24 president of Temple, Ms. Hart, mention the -- she
25 don't want to go to prison. Okay.

1 But the public good and prison, from
2 those two perspectives right there, there's something
3 that always -- I'm always conscious of, is that
4 people who -- I believe who know better will do
5 better.

6 And in order for us to be able to
7 address the concerns of public safety, I believe
8 people who are gainfully employed will be less likely
9 to get into trouble or harm anyone.

10 So -- and as I hear President Jennings,
11 as he speaks about the -- the effect of a tuition
12 increase will mean less students entering into the
13 Lincoln University, I just -- I just can't help but
14 to -- want to know on the flip side of what we've
15 been talking about, tuition increases, what would
16 happen, in your opinion -- I'd like to start with
17 President Jennings, what would happen in your opinion
18 if we was able to realize a decrease in tuition?

19 I know it's wishful thinking. But we
20 are here to fight, like we did last year, for our
21 interests, which is public -- which is education.

22 What would a decrease in your opinion
23 mean towards opportunities for people entering into
24 your universities and colleges?

25 PRESIDENT JENNINGS: Well, in short

1 order, it would mean less students because we would
2 have to increase tuition.

3 REP. WATERS: No. A decrease in
4 tuition?

5 PRESIDENT JENNINGS: Oh, if we --

6 REP. WATERS: At this -- the funding so
7 that the tuition costs would be decreased.

8 PRESIDENT JENNINGS: Oh, if the tuition
9 was decreased, I could almost guarantee you that we
10 would have an increase in students. We could attract
11 more students, many of those who say that they can't
12 come because even the amount of tuition that we're
13 paying -- that they're paying right now is too much.
14 So we would more than likely have an increase in
15 tuition [sic].

16 We could probably also have some funds
17 by which we could continue to attract some of the
18 best and brightest faculty that we have not been able
19 to attract because we can't afford to pay those
20 salaries.

21 And we would more than likely be able to
22 sustain some of those that we currently have who may
23 be looking elsewhere because they can't get the type
24 of raises that they've expected over the last three
25 to four years.

1 So that's probably what would happen.

2 CHANCELLOR NORDENBERG: The other thing
3 that would happen is that these hard working, worthy
4 young people would be moving into the workforce with
5 less of a debt load, and that means that not only
6 would they be better positioned to start their own
7 lives, but they'd be better positioned to actually
8 spend money in ways that would help elevate the
9 economy for all of us rather than making those loan
10 payments, big loan payments every month.

11 PRESIDENT JENNINGS: Not to mention that
12 they would probably be able to give back a
13 contribution much earlier to the institution which
14 would help to grow our endowments or provide more
15 scholarships to students. That would certainly be
16 something that we could -- could look forward to.

17 REP. WATERS: So in the -- in the long
18 run the ripple effect will be more -- will be a
19 positive ripple effect, because as -- I heard you --
20 all of you speaking earlier about ripple effect of
21 what tuition costs would mean in terms of losing
22 people from staff and people who don't enter into the
23 -- the colleges in the first place.

24 If we don't have a workforce where
25 people who are looking to maybe land in -- their

1 product or to develop their product in certain
2 regions, they look -- they may look elsewhere,
3 outside of Pennsylvania, because they don't see the
4 work -- the developed workforce.

5 PRESIDENT JENNINGS: Right.

6 PRESIDENT HART: Sure. Absolutely.

7 CHAIRMAN ADOLPH: Thank you.

8 Representative Mario Scavello.

9 REP. SCAVELLO: Thank you,
10 Mr. Chairman.

11 And good morning. Thank you for all of
12 your testimony and -- and thank you for preparing our
13 young future leaders for the challenge of tomorrow.
14 It's really appreciated.

15 I'm probably going to have the most
16 difficult question here, because I -- I think it's
17 something that should be said. Four years ago the
18 General Assembly passed the Right to Know legislation
19 that provided openness and transparency in state
20 government for information and records.

21 However, state-relateds, as you know,
22 are not subject to its requirements. Now,
23 legislation has been introduced that would change --
24 making your universities comply with the Right to
25 Know.

1 I'd like to know, do you support or
2 oppose the change and what it would mean for your
3 universities?

4 But before you answer, you know, over
5 the years it's billions and billions of dollars over
6 the last 50 years that have gone into the -- into the
7 schools, the state-related schools, and, you know,
8 especially in these tough economic times where, you
9 know, taxpayers really want to know what's happening
10 with their dollars, where those dollars are being
11 spent.

12 Now, in many cases you've explained some
13 of your issues -- you know, where some of the dollars
14 are being spent, but truly, you know, like the state
15 system schools, for example, every dollar needs to be
16 counted and then it's available for anyone that wants
17 to see.

18 What's your views on it if you don't
19 mind?

20 PRESIDENT HART: Well, let me jump in
21 since that's our favorite question, as you can
22 imagine.

23 First of all, I -- I think that it's
24 important to remember that the state relateds are
25 included in the legislation in a special category and

1 that we -- we do, in fact, participate, even though
2 it's not on the same -- under the same basis as -- as
3 the rest of state government.

4 It's also important to note that we
5 prepare very, very, very detailed reports about how
6 we spend our state dollars, and those reports also
7 come to the state every year.

8 And -- and so I -- I don't want to leave
9 the impression that as state relateds we don't
10 participate openly and as full partners in sharing
11 with the citizens of the Commonwealth where -- how we
12 use those state dollars and -- and I would encourage
13 everyone who hasn't had a chance to see those
14 reports, they're very, very, very extensive.

15 So it isn't a matter of -- of hiding but
16 a matter of the nature of our participation in that
17 full legislation.

18 I think that we also know that there
19 are -- because of the different provisions that there
20 could be, in fact, some pretty serious economic
21 impacts for our institutions if we were to shift from
22 our current participation in Right to Know into the
23 -- the system used by the state government.

24 And I think, at least for Temple, that
25 we're interested in talking with you about it, but

1 that we don't want to leave the impression to the
2 citizens of the state that we don't re -- that we
3 don't report openly and fully on the use of the
4 appropriation that is provided.

5 REP. SCAVELLO: President Hart, you
6 mentioned economic conditions if you complied. What
7 were you referring to?

8 PRESIDENT HART: Well, we would
9 certainly need an officer. As you looked in state
10 government, but also in the -- in the state system,
11 that depending on the kinds of requests that come in,
12 there is a significant cost related to some of the
13 kinds of requests and -- and we -- we estimate
14 several million dollars of direct impact on
15 developing an office and responding to the requests
16 that might come in.

17 And I can't tell you exactly what those
18 numbers are, but it's a bit different than the
19 reporting that we currently participate in.

20 REP. SCAVELLO: I've just totaled the
21 four requests from the four state relateds. It's
22 over six hundred -- \$605 million, that that state
23 taxpayer dollars will be going into your
24 universities.

25 You know, if you're talking a couple

1 million dollars to set the office up, that's a
2 one-time set. Then after that, you know, it's just
3 the staff getting the office set up is your -- and
4 it's a one-time cost. Correct? And then you're just
5 --

6 PRESIDENT HART: No. No. There are
7 employees involved.

8 REP. SCAVELLO: Yes.

9 PRESIDENT HART: It's not --

10 REP. SCAVELLO: Yes.

11 PRESIDENT HART: Yeah. No. But it's
12 not a one-time cost. It's a recurring cost.

13 CHANCELLOR NORDENBERG: Just to
14 underscore President Hart's basic response, those are
15 our disclosures made during the last year.

16 So that very typically when we're
17 dealing with people in government in particular, they
18 say, well, we'd like to know this or we'd like to
19 know that and we say, well, we sent it in.

20 And people don't realize just what we
21 are required to produce under the Right to Know law
22 and under other provisions.

23 And -- and I would say I think this is a
24 topic that always is a fair topic for discussion.

25 PRESIDENT HART: Uh-huh.

1 CHANCELLOR NORDENBERG: But, you know,
2 if we're heading toward being made private
3 institutions, then should we be made to set up these
4 offices and invest those dollars along the way?

5 REP. SCAVELLO: I can understand that.

6 PRESIDENT ERICKSON: I would add that we
7 would certainly look forward to conversations with
8 members of the General Assembly about this and
9 hopefully ending up at a -- at a good place that
10 would meet everyone's needs.

11 We have certain aspects, for example,
12 with respect to private philanthropy, with research
13 contracts, with industry and -- and sensitive
14 information and things of that nature that -- that
15 really don't -- don't involve public funding
16 whatsoever.

17 And, of course, if this budget were to
18 be passed, we would be looking at something in the
19 neighborhood of -- of five to six percent of our
20 total budget that would be contributed by the
21 Commonwealth.

22 But I would also say that, as I've taken
23 the reins of the presidency at Penn State, I've also
24 committed to -- to much more openness. I've
25 generated a new website, openness.psu.edu, where

1 we're providing a lot of information and -- and
2 really ways to access information that might not have
3 been as apparent as possible.

4 For example, in addition to all of
5 the -- the information that -- that we provide, as
6 Chancellor Nordenberg indicated, we produce about
7 3,000 web pages of information every year on Penn
8 State's budget and how the money is spent.

9 But a lot of people don't know that
10 apparently, but we're trying to direct people. And
11 I've had a new kind of primer or a road map for how
12 to navigate that information.

13 And what I've said is -- is we would
14 provide, to the extent that we can and with the
15 resources that we have, is requests for information
16 where it doesn't violate law, where it doesn't
17 violate prior contract, or where it doesn't intrude
18 on individual's privacy rights.

19 And I will continue to operate under
20 that principle during the time that I serve as
21 president at -- at Penn State.

22 PRESIDENT JENNINGS: I think you will
23 discover we are as open and as transparent as we can
24 possibly be in the confines of not being able to
25 divulge what restricted donors have asked us not to

1 divulge about their private gifts, but we have always
2 been open in this administration, my administration
3 plans to maintain that same kind of posture.

4 REP. SCAVELLO: Thank you very much.

5 CHAIRMAN ADOLPH: Thank you.

6 Representative Steve Samuelson.

7 REP. SAMUELSON: Thank you. And I
8 appreciate Chairman Adolph giving us each the
9 opportunity to ask these questions and to state
10 our -- our views about what Governor Corbett has
11 proposed.

12 And I know some of the committee members
13 have said we have work to do and there will be time
14 to see whether or not the House agrees with Governor
15 Corbett on this proposed 30 percent cut to Penn
16 State, Pitt and Temple.

17 Well, I want to say very clearly I
18 disagree with that approach that Governor Corbett
19 has -- has put forward, and I think we have to state
20 for the record that -- I know many of the Democrats
21 on this committee have said strongly that we do not
22 agree with Governor Corbett and his significant
23 cuts to higher education.

24 I hope that by the end of this budget
25 process we reverse this cut and restore the funding.

1 Last year Governor Corbett wanted a 50
2 percent cut, and in the end it was 19 percent. Now,
3 I know that lessened the impact of what Governor
4 Corbett had in mind, but I still have to say 19
5 percent was a significant cut to higher education and
6 it had consequences.

7 One of the consequences I noticed is
8 after the budget was voted on June 29th and June
9 30th, very shortly after that tuition increases were
10 announced.

11 I wanted to just have the -- the college
12 presidents state for the record what, even with a 19
13 percent cut, that had significant consequences, what
14 were the tuition increases last year?

15 PRESIDENT HART: The blended increase
16 across Temple was 7.9 percent.

17 PRESIDENT JENNINGS: It was six percent
18 at Lincoln University.

19 CHANCELLOR NORDENBERG: Our institutions
20 are more complicated. Our tuition increases, as I
21 recall, ranged from two percent for certain students
22 on the regional campuses to eight-and-a-half percent
23 for some of the students in Oakland.

24 PRESIDENT ERICKSON: Our overall blended
25 rate was 4.9 percent, including some variations in

1 different categories.

2 REP. SAMUELSON: Thank you. And I fear
3 what would happen if Governor Corbett gets his way
4 and state funding is cut another 30 percent.

5 I mean there was -- there's been talk of
6 a 50 percent cut that didn't happen. Well, a 19
7 percent cut followed by 30 percent, that's pretty
8 darn close. And I -- and I fear that if this cut
9 goes through, there will be additional consequences
10 for students and families.

11 There's been some talk about what if the
12 Governor's real motivation is moving us in the -- in
13 the direction of private institutions with no state
14 funding.

15 Now, I know that flies against 150 years
16 of history. It flies against governors of both
17 political parties, but some suspect that what he's --
18 what he's proposing is the state gradually
19 withdrawing its commitment to -- to higher
20 education.

21 Some might ask, what does Governor
22 Corbett want to give up for lent? Well, the state's
23 commitment to higher education.

24 I want to ask this question. If the
25 state really withdrew all funding -- and I know you

1 have out-of-state students that don't benefit from a
2 tuition discount that's with the state funding, what
3 is the differential at each -- at each of the four
4 colleges between what is an in-state tuition and
5 out-of-state tuition?

6 CHANCELLOR NORDENBERG: Again, it varies
7 a bit from program to program, but I think at the
8 undergraduate level you're talking about a
9 differential that is closer to \$10,000 a year.

10 PRESIDENT ERICKSON: It -- it varies
11 across Penn State as well. At our -- our regional
12 campuses it's in the neighborhood of a \$6,000
13 differential. At University Park it's a \$12,000
14 differential.

15 PRESIDENT JENNINGS: It -- at Lincoln
16 University there is a differential of \$4,966.

17 PRESIDENT HART: At Temple we've
18 actually seen a change. As recently as five years
19 ago out-of-state tuition was double in-state tuition,
20 but because of these -- dramatic decline in the
21 proportion in the general and education budget that
22 comes from the state appropriation, our trustees have
23 actually reduced that differential and it's now about
24 80 percent.

25 REP. SAMUELSON: And I --

1 CHAIRMAN ADOLPH: Thank you. Thank you.
2 Representative Gordon Denlinger.

3 REP. DENLINGER: Thank you,
4 Mr. Chairman.

5 And thanks to each of you for joining us
6 today.

7 I was a little hesitant to ask this
8 question because of the timing of it, but I'll go
9 ahead anyway.

10 In the recent days the United States
11 Supreme Court signaled a willingness to review the
12 University of Texas case entered by a student who is
13 asserting, I guess you'd say, discriminatory practice
14 in their admissions process.

15 To the extent that we will, I guess,
16 hear the results of that later this year, I'm
17 wondering have you opened a discussion with your
18 boards or with your financial advisors in terms of
19 what a -- a significant change in federal guidelines
20 with regard to admissions might mean for your
21 institutions and as it relates to our deliberations
22 as an Appropriations Committee, is there anything
23 that you'd like to share with us in terms of the --
24 of changes and impacts that could result from a set
25 aside or certain preferences?

1 PRESIDENT ERICKSON: We -- we have a
2 completely level playing field in terms of
3 admissions, you know, regardless of -- of particular
4 characteristics or even residency. It's -- it's
5 simply a level playing field.

6 CHANCELLOR NORDENBERG: As the law
7 professor in the group, I'll probably be the most
8 cautious about answering. What I have read about the
9 Supreme Court's agreement to review this case, which
10 I think just came yesterday.

11 PRESIDENT HART: Yesterday.

12 PRESIDENT JENNINGS: It did.

13 CHANCELLOR NORDENBERG: The predictions
14 from the true experts run from about here to here,
15 that is, it -- it may not have much of an impact or
16 it could be -- used as a vehicle for sweeping
17 change.

18 So I haven't had time to discuss it with
19 the board or anyone else and don't know what we'll be
20 able to predict until the arguments are made and the
21 decision comes down.

22 PRESIDENT HART: Well, I agree with
23 Chancellor Nordenberg. I think it's also, however,
24 important to remember in the case of Temple that we
25 have always worked very, very hard to be the access

1 to excellence for the American dream from all
2 newcomers to -- to American higher education.

3 And we are very, very proud of our
4 diversity university and work hard in recruitment,
5 not just in terms of admission, but we go out of our
6 way to recruit a diverse student body.

7 And some of the more dire predictions of
8 this kind of -- of change in federal law actually
9 speculate that we could lose our ability to have
10 targeted scholarships even provided by private donors
11 and that our very, very intense recruitment in our
12 neighborhoods and among the diverse population of our
13 Commonwealth actually might also no longer be
14 allowed.

15 PRESIDENT JENNINGS: I -- I would just
16 say that we have always had a strong history of being
17 open to all and everyone who is interested in
18 receiving a higher education. While we are
19 historically a black school, we've always had an open
20 door, and we've always tried to recruit all students
21 and make them feel welcome and educate them.

22 REP. DENLINGER: Thank you for those
23 comments.

24 PRESIDENT ERICKSON: I would just add
25 that we -- we use many of the same approaches that

1 President Hart has indicated, aggressive recruitment,
2 strong programs for retention, and that's what's been
3 the key to our success in terms of a more diverse
4 student body.

5 REP. DENLINGER: I appreciate your
6 comments, and I appreciate your consistent concern
7 and -- and -- and -- and dedication to diverse
8 student body in -- in each case.

9 As this could again have earthquake-size
10 impacts to higher education, please stay in touch
11 with us on the Appropriation Committee. As we move
12 forward, I think we want to walk through with you any
13 significant changes that could be in the future.

14 Thank you.

15 CHAIRMAN ADOLPH: Thank you,
16 representative.

17 For the members' information, we have
18 moved the state treasurer back to 11:45.

19 Representative Matt Bradford.

20 REP. BRADFORD: Thank you, Chairman.

21 I have a question, I guess, for -- for
22 the whole panel. One of the issues that's been
23 raised by some of those -- Governor's budget
24 secretary and I think the budget -- the sec -- the
25 Governor himself has touched upon it on a couple of

1 occasions, is that over a period of years support for
2 our state universities continues to go up but
3 increases in tuitions out-paced the increases, and
4 basically the logic was that increases in state aid
5 did nothing to suppress tuition increases.

6 And a kind extrapolation and a little bit of
7 perverse logic was made, but what has been stated a
8 lot of times by the administration is, well, since
9 increases didn't keep tuition down, let's see if we
10 dramatically cut state aid to our state-relateds,
11 will that then result in cuts in tuition?

12 Is there any basis in economics or practical
13 logic to lead you to believe that there's any basis
14 in this theory?

15 CHANCELLOR NORDENBERG: I don't think
16 there's any basis in logic or practical experience
17 for the theory, and I think that also the historic
18 trends may be quite difficult.

19 I am attentive to statements like those
20 when they are made. If you go back and look at the
21 dollar increases to tuition at the University of
22 Pittsburgh, I think that they would fit into the
23 modest category, as labeled by most, until we got to
24 about 2000 and then the -- kind of the pattern of
25 freezes and decreases hit, and then you did see

1 tuition going up.

2 But we've been able to graph it from
3 1967 to 2012, and basically what you see is a very
4 direct correlation. If state support goes up,
5 tuition increases are more moderate. If state
6 support goes down, tuition increases are more
7 dramatic.

8 Now, you can't expect that there will be
9 no increases as our cost base goes up. And if you've
10 got two revenue streams that are designed to support
11 that cost base, tuition and state appropriation,
12 they're probably both going to go up some. The
13 question is how much they're going to go up.

14 And, again, the patterns of the past
15 show that increased state support does, in fact, have
16 a moderating impact on tuition.

17 REP. BRADFORD: On that similar topic --
18 and I know Representative Petri raised the issue of
19 it being a multi-party discussion when we talk about
20 tuition and where costs are being picked up between
21 parents, between the university, the Commonwealth,
22 and students in terms of grants and loans into the
23 future.

24 And one of the things -- and I think
25 President Obama has spoken about this, too -- is the

1 long-term costs that we're saddling our students with
2 in terms of these loans they're now -- you know, from
3 my own law school experience, in some cases 30-year
4 loans that are going out there.

5 What in total does indebtedness look
6 like for your students right now? What -- what
7 portion of tuition is being picked up by parents in
8 terms of either cash outlays or PLUS loans? What is
9 being already felt by the average parent and student
10 at your universities?

11 PRESIDENT ERICKSON: About 80 percent of
12 our Penn State students are on some form of financial
13 aid. The average debt upon graduation for our most
14 recent graduates is right about \$33,000, which is
15 somewhat ahead of the national average, but that
16 national average is moving very quickly towards
17 \$30,000. Some have described it as a home mortgage
18 without a home.

19 But -- but clearly the -- the returns to
20 education are also great. As President Hart
21 indicated earlier, college graduates can expect to
22 earn at least a million dollars more than a -- than a
23 high school graduate during the course of their --
24 their -- their lifetime earnings.

25 But clearly it's -- it's more -- it's

1 more complex than that even, in the sense that --
2 that the prospect of a lot of that debt also does
3 have a influence on the particular career -- career
4 paths that students are -- are taking.

5 And I think that's -- that's unfortunate
6 when students feel less able to follow their
7 particular dream in terms of their -- their future.

8 So it affects many, many different
9 facets of student life and the student experience.
10 And -- and obviously it's something that we're very
11 concerned about and why we want to keep our tuition
12 increases as low as we possibly can. Especially as
13 we're getting into this zone where it's -- it's
14 becoming clearly -- it's clearly impacting students'
15 ability to access and affordability.

16 REP. BRADFORD: To follow up on your
17 comment and to make it grounded in the state issue,
18 what role do PHEAA grants play at your specific
19 universities and what does the Governor's proposal
20 mean to students who rely on PHEAA grants to attend
21 your universities?

22 PRESIDENT HART: The average PHEAA grant
23 at Temple is \$2,400. But recall that there are
24 private universities in the Commonwealth with tuition
25 and fees of \$42,000 a year. And so if you place us

1 in that context, I think this is a huge investment
2 in -- in our future and we don't want to go down that
3 path of not -- not committing as a Commonwealth to
4 higher education.

5 REP. BRADFORD: One of the ideas
6 that the admin --

7 CHAIRMAN ADOLPH: Representative.

8 REP. BRADFORD: Is that my ten minutes?

9 CHAIRMAN ADOLPH: No. There's no --
10 there's no minutes involved.

11 REP. BRADFORD: Okay.

12 CHAIRMAN ADOLPH: There's one question
13 with -- with a comment; and if the other presidents
14 would like to answer that question, that's fine. But
15 there will be second rounds. Okay?

16 Did anyone else want to answer the
17 question regarding PHEAA grants to their
18 universities?

19 PRESIDENT ERICKSON: We're similar.

20 PRESIDENT HART: Similar.

21 CHAIRMAN ADOLPH: No? Okay. All right.
22 Representative Jeff Pyle.

23 REP. PYLE: Thank you, Chairman. Much
24 appreciated.

25 Presidents, thanks for being here

1 today. You know, when you're at the one-hour mark
2 and you guys are sitting there at the table feeling a
3 lot like an entree, I understand you want the
4 questions simple and -- and quick.

5 A few comments before I start,
6 Mr. Chairman. First of all, I think we share our
7 concern with higher education in Pennsylvania. It
8 was the best six years of my life.

9 It's a joke. I got two degrees,
10 Chairman.

11 Anyway, there's a statement given here
12 that I have to ask, and it -- I think it lends to the
13 perspective of the state. Nobody wants to see our
14 students suffer from this. And my sisters and -- and
15 my family, my mother and my father are all
16 Pennsylvania college grads.

17 Diminished levels of state support stand
18 as the primary contributor to rising of public
19 university tuition and its impact on access and
20 affordability. Virtually everyone who has seriously
21 examined these issues has fairly called for colleges
22 and universities to do even more to control their
23 costs in challenging times, but it's also recognized
24 that the key culprit is reduced state funding.

25 I'm not calling anybody out on that, but

1 I think part of that equation was glossed over a
2 little much. We're doing our best to control costs
3 knowing -- President Erickson, you said that you cut
4 \$200 million in your budget over the last few years.

5 How much has your state appropriation
6 been that you've been able to cut \$200 million?

7 PRESIDENT ERICKSON: Over the course of
8 the last ten years the total appropriation has been
9 just over 300 million.

10 REP. PYLE: Over the last ten years the
11 state has given you 300 million and --

12 PRESIDENT ERICKSON: No. I'm saying
13 that's been our annual appropriation.

14 REP. PYLE: So you're talking 3 billion
15 and you managed to carve out 200 million of it. Is
16 that right?

17 I'm just trying to understand what
18 you're telling us.

19 PRESIDENT ERICKSON: Yeah. We've had
20 typically cut out -- last year, for example, you
21 know, we -- we cut out funding by -- by not giving
22 salary increases the year before.

23 And we -- we figured out other ways to
24 cut funds. For example, we -- we changed some of our
25 benefit packages.

1 REP. PYLE: Let's talk about that if
2 that -- I'm sorry to interrupt. What I've noticed --
3 and I've only been here eight years -- is that every
4 time there's a need for money you come, but you don't
5 call us to negotiate your contracts, which I imagine
6 are a lot of your cost driver.

7 And this brings up what the President
8 from Lincoln brought up. Earlier he was able to
9 quote that out of the \$11 million that we made
10 available to Lincoln University 4 million of it went
11 directly to student aid assistance.

12 Is it possible for me -- and I don't
13 need it now. I'm not trying to call you out. Is it
14 possible for me to get a breakdown --

15 PRESIDENT HART: Uh-huh. Sure.

16 REP. PYLE: -- from your universities
17 like the gentleman from Lincoln has done?

18 CHANCELLOR NORDENBERG: Sure. Sure.

19 PRESIDENT ERICKSON: Yes.

20 REP. PYLE: Great. And, Chancellor
21 Nordenberg, if I may specifically, earlier you
22 brought up a -- a question about the University of
23 Pitt Medical School could suffer if this tuition goes
24 into -- into effect and President Erickson brought up
25 that their endowment funds that are specifically

1 earmarked by federal or by private donor accession.

2 Now, being a western Pennsylvanian, I'm
3 well, well, well aware of the little shoot-out we had
4 last year between UPMC and Highmark.

5 It was understood at the time when I
6 asked you last year what is the relationship between
7 the University of Pittsburgh and UPMC and you said
8 they were totally separate entities, that UPMC was
9 used to fund your medical school training.

10 Now, if UPMC is a separate entity from
11 Pitt, how can Pitt cut the medical school funding if
12 that's funded out of UPMC, a separate entity, as I
13 was told previously?

14 CHANCELLOR NORDENBERG: The UPMC is a
15 legally distinct --

16 REP. PYLE: Understood.

17 CHANCELLOR NORDENBERG: -- separately
18 managed entity where there are relationships that
19 relate to both the delivery of clinical care --

20 REP. PYLE: Sure.

21 CHANCELLOR NORDENBERG: -- and the basic
22 research.

23 I'm not sure what I said earlier -- and
24 I say this respectfully -- that was confusing. The
25 University of Pittsburgh's School of Medicine is a

1 part of the university. It's not a part of UPMC.

2 REP. PYLE: University of Pittsburgh but
3 not UPMC?

4 CHANCELLOR NORDENBERG: That's right.

5 REP. PYLE: Thank you.

6 CHANCELLOR NORDENBERG: So the School of
7 Medicine and all the health science schools are in
8 the university.

9 REP. PYLE: Perhaps that's where I
10 misunderstood. I -- I'd like to --

11 CHANCELLOR NORDENBERG: I may have
12 misspoke so --

13 REP. PYLE: Well, I'd love to talk to
14 you about it --

15 CHANCELLOR NORDENBERG: Okay.

16 REP. PYLE: -- sometime.

17 And to close, Mr. Chairman, with due
18 respect to Temple, I loved Arizona. I hope you have
19 a great time.

20 And, Lincoln, you have my upmost
21 respect.

22 And, President Erickson, there's an
23 elephant in the room, and I'm not going to try to
24 dwell on it. I appreciate that you're dealing with
25 adverse circumstances right now in State College. My

1 sister is heartbroken.

2 Without being very specific, can you
3 look me in the eye and tell me that none of the
4 state's appropriation is going towards your legal
5 defense funds?

6 PRESIDENT ERICKSON: Yes, I can. As
7 I've stated repeatedly, there will be no use of state
8 tax dollars, no use of tuition money or no use of
9 donor money, no use of philanthropy.

10 REP. PYLE: Thank you very much.

11 Thank you, Mr. Chairman.

12 CHAIRMAN ADOLPH: Thank you,
13 representative.

14 For the members' knowledge, we have
15 three more members that have not asked the first
16 round of questions. So before I go to the second
17 round, we're going to stay on the first round
18 members. Okay?

19 Representative O'Neill.

20 REP. O'NEILL: Thank you. Thank you.
21 Thank you. Good evening or afternoon or morning.
22 Whatever it is.

23 I just have some questions for -- for
24 Pitt and Temple, and then I just have a comment I
25 want to make and maybe you can respond to the comment

1 very quickly.

2 But, first, I want to tell you,
3 Representative Killion was talking about THON
4 earlier. I was actually at the very first THON
5 so...so, yeah.

6 Can you explain to me at Temple and Pitt
7 why your tuition ranges? You know, like, for
8 example, Penn State has a specific amount for
9 students as does Lincoln, but yours -- we're getting
10 ranges from like, for example, I think Pitt is 14
11 something to 19 something or whatever.

12 PRESIDENT HART: Actually Temple
13 doesn't. We have an in-state tuition and an
14 out-of-state tuition.

15 REP. O'NEILL: So it doesn't range
16 then?

17 PRESIDENT HART: No.

18 REP. O'NEILL: Okay. The information I
19 got was it ranged. Okay.

20 CHANCELLOR NORDENBERG: We have
21 in-state, out-of-state. We have lower tuition on the
22 regional campuses and then obviously there is a
23 different tuition rate as you move from professional
24 school to professional school. But within schools
25 there are no ranges.

1 REP. O'NEILL: Okay. Great. Thank
2 you. I appreciate that.

3 PRESIDENT HART: I'm going to jump in
4 and clarify that there are some programs that have
5 been -- traditionally have a differential tuition
6 because of cost of delivery. So I don't want to --
7 for example, the Tyler School of Art has had an
8 add-on for years and years because of the -- the
9 special programs.

10 REP. O'NEILL: Good.

11 PRESIDENT HART: Yeah.

12 REP. O'NEILL: Okay. Great. And --

13 PRESIDENT HART: Yeah.

14 REP. O'NEILL: And while you're there, I
15 want to thank you. Because I sit on the board of
16 trustees for -- for Bucks County Community College,
17 and I really appreciate the agreement that we have
18 with -- the long standing agreements. It's been a
19 long time. Several.

20 PRESIDENT HART: Yes.

21 REP. O'NEILL: And it's great. I took
22 the -- the advantage of it when I was up at State
23 College a couple weeks ago, of meeting with the
24 president's staff, because I wanted to learn more
25 about tuition because it's -- you know, we hear all

1 the time and it's always been a big argument here of
2 how the state dollars impact the actual tuition of
3 students. Particularly, you know, urban state
4 students. And it's almost dollar per dollar we're
5 hearing all the time.

6 So I sat down with your staff and they
7 literally -- I wanted to learn how higher education
8 is actually funded, how higher education actually
9 comes about, and figuring out their tuition, you
10 know.

11 And I was amazed because they were, you
12 know, comparing private to public with me, and
13 everything, and I was really amazed at that.

14 And I was amazed once I went through the
15 process and saw that process how it really does
16 impact student tuition. And -- and I -- and I think
17 to your advantage, to help educate people around here
18 and educate people in the state and in the Governor's
19 office, I think it would really be advantageous if
20 maybe somehow you got that same message out as it was
21 presented to me.

22 Because I was really shocked at how it
23 really does impact based on that and, you know -- and
24 they were sitting down and showing me formulas and
25 the whole nine yards, and I think that's something

1 that we maybe need to see.

2 Because I know some people were always
3 saying, oh, well, tuition went up even though we gave
4 you money, and yada yada yada, and -- and I think
5 it's important for you to get that message out.

6 PRESIDENT ERICKSON: Our doors are open.

7 REP. O'NEILL: Thank you.

8 CHAIRMAN ADOLPH: Thank you. As is
9 customary, we allow the chairs of certain House
10 committees to testify or to make a statement at the
11 Appropriations budget hearings.

12 So with us today is Chairman Paul Clymer
13 of the House Education Committee. He'd like to ask a
14 question or make a statement.

15 REP. CLYMER: Thank you, Mr. Chairman.

16 And good morning, everyone. Glad --
17 glad to see you're here this morning, and I do have a
18 question.

19 President Obama in his state of the
20 union address made higher education an important part
21 of his -- of his policies, and in a recent article by
22 the Associated Press it talks about President Obama
23 and then it's -- and the administration and it makes
24 these statements.

25 It says about 40 percent of college

1 students at universities, at four-year schools are
2 not graduating and in the two-year programs only 40
3 percent of students graduate or are transferred.

4 And that's according to an analysis by a
5 group called College Measures -- I'm not sure what
6 they are -- but then it goes on and says, college
7 dropouts are expensive, not just for the individual,
8 but it is costing taxpayers hundreds of millions of
9 dollars annually. And that's according to a report
10 by the American Institute For Research.

11 So here's my question. Is the dropout
12 rate at the four universities in that 30 to 40
13 percent category? And if it is, that means we're
14 losing hundreds of millions of dollars because those
15 students, if they could be in school, in the
16 classroom, would be paying tuition. So we're losing
17 money that -- that -- that could be brought into the
18 universities and the colleges as well.

19 If that is the case, does that beg the
20 question, if we're losing that 30 to 40 percent of
21 dropouts, does that beg the question then that our --
22 our students from our public schools or other
23 institutions and other places of education are not
24 being properly trained, are not being trained
25 adequately to -- to undertake schooling at our

1 university and colleges?

2 So that's my question. And you're --
3 your -- your -- your thoughts, appreciate it. Thank
4 you.

5 PRESIDENT ERICKSON: There -- there is
6 certainly increasing interest in that particular
7 question from a lot of quarters, including --
8 including Congress and the Administration in
9 Washington.

10 For our part at Penn State we do a very
11 good job of graduating students. For students who
12 start at the University Park campus, for example, the
13 six-year graduation rate is about 87 percent. The
14 average time to graduation is 4.2 years.

15 But you really have to -- to put that in
16 the context that at our other campuses there's a very
17 different -- different demographic. You may not have
18 been here early in the -- earlier today, but I
19 explained that -- that 62 percent of our students at
20 -- at our Commonwealth campuses work 20 hours, 22
21 hours or more a week.

22 So many of them are part-time. They
23 take much longer to graduate. They have families.
24 They stop in and stop out of the educational
25 process.

1 And unfortunately the -- the data that
2 are provided by most of our institutions do not
3 adequately reflect the fact that many students start
4 at one of our community colleges, for example, and
5 move on or vice-versa.

6 And once they drop out of our system, it
7 really -- they're -- they're kind of lost to our
8 data. So much of the data that you see I think
9 underestimates the extent to which students actually
10 persevere in a train of -- of different
11 institutions.

12 Some students come to us with the intent
13 that they're not seeking a degree. They're simply
14 seeking additional education as a nondegree student.

15 And, furthermore, I think most of the --
16 when you lump all of these data together in one --
17 one big mass, it -- it does tend to bring down the
18 total because the -- the largest problem in terms of
19 graduation and persistence tends to be with
20 proprietary colleges.

21 CHANCELLOR NORDENBERG: I would say,
22 too, that it is an issue that is deserving of
23 attention. If you looked at the records of the
24 institutions at this table in terms of retention, in
25 terms of graduation, in terms of placement, they

1 would stand out as positive models.

2 And I know that Temple and Pitt were
3 singled out last year. There was a study about
4 declining rates of retention and graduation amongst
5 American's universities, and -- and we were each in
6 the top five in terms of improvement in those rates,
7 which really is a very never-ending job.

8 PRESIDENT HART: I would second what my
9 colleagues have said, but -- and also emphasize that,
10 unlike many forms of data, we really don't know where
11 students go when they transfer from one institution
12 to the other.

13 So we only can track the students that
14 are -- that start with us and then graduate. But
15 that it is critical -- it is clearly a critical
16 issue, and I would emphasize, again, that when a
17 student leaves and does not transfer to another
18 institution, but has accumulated debt, they have a
19 much more difficult problem, because without the
20 degree, it's much more difficult to pay off that
21 debt.

22 And I do want to emphasize what
23 Chancellor Nordenberg said, those of you who watched
24 Frontline last night may have seen the challenge that
25 we have with for-profit schools and the tuition they

1 charge and their huge dropout rate.

2 PRESIDENT JENNINGS: There was another
3 part to your question or your comment when you
4 started, and that was whether or not the products
5 that we're getting on the front end are, in fact, not
6 of the quality we need in order to matriculate on our
7 campuses.

8 I would be the first to say to you that,
9 yes, we could receive a better product. And so what
10 we're doing at Lincoln is to try to bridge that
11 relationship by having stronger partnerships with K
12 through 12, to start talking early on in the process
13 about what it is we're not seeing so that when young
14 people arrive on our campus we can do a better job of
15 making certain that they are prepared.

16 But I would venture to say to you that
17 all of your institutions here have fairly strong
18 tutorial programs that lead toward better retention
19 of those individuals, but we are still seeing
20 nationwide a number of individuals who come to
21 college who need some extra assistance and some
22 preparatory work to kind of help them get through the
23 process.

24 REP. CLYMER: Well, I think it's an
25 issue that you want to keep on the -- on the radar

1 screen.

2 And thank you, Mr. Chairman, for this
3 opportunity to participate. I appreciate it.

4 CHAIRMAN ADOLPH: Thank you, Chairman.

5 We're going to go to the second round
6 now. I'm going to ask the members to see if they can
7 speed the questions up, and I would ask the
8 Presidents and Chancellor of the universities to do
9 the same. Thank you.

10 Representative Parker.

11 REP. PARKER: Thank you, Mr. Chair.

12 And Chairman Clymer and I were actually
13 looking at the same article. You know, I, too, want
14 to just sort of reference President Obama's remarks
15 during the state of the union, sort of putting higher
16 education on notice.

17 But -- but sometimes I think when
18 elected officials, politicians, attempt to provide a
19 legislative prescription for something that we could
20 do via policy if we -- if we had a conversation about
21 what we were trying to accomplish.

22 And one of the things that the
23 administration proposed is this sort of scorecard for
24 the universities across the country whereupon they
25 include school statistics, graduation rates, sort of

1 a shopping sheet for U.S. students where you talk
2 about how much it not only costs to attend, but how
3 much debt you will possibly incur if you attend this
4 university over four years.

5 And unlike what we usually get, is we
6 find out about the debt when we graduate upon our
7 exit interviews, can we do that?

8 And I want to ask the same thing of our
9 state system schools and we could do a scorecard for
10 all Pennsylvania schools.

11 In addition to that -- and I'm a little
12 biased here -- I've heard a lot of conversations
13 about STEM, science, technology, engineering and
14 math. I think it's great and it's wonderful and we
15 should focus on those areas.

16 But let's not forget about the
17 humanities. I was an English education major,
18 certified secondary English teacher.

19 Dr. Jennings, you mentioned K through
20 12. You know the challenges that we have in basic
21 education today. We need you to work extremely hard
22 to produce qualified teachers who can go in urban
23 Pennsylvania, go in rural Pennsylvania, and who are
24 doing an -- an outstanding job.

25 And, finally, because I don't want to

1 forget anything, I want you to talk about minority
2 participation in contracting on your universities.

3 I know that DGS monitors this. I know
4 it is DGS's responsibility. But I just want to know
5 if you have any systems in place at each of your
6 respective institutions that say, you know, yes, we
7 make sure that when we are working on building, you
8 know, a new facility that minority participation is
9 actually included.

10 PRESIDENT HART: I'm going to
11 jump straight --

12 CHAIRMAN ADOLPH: I knew there was going
13 to be a question in there somewhere.

14 PRESIDENT HART: All right. We're
15 averaging 28 percent minor -- minority- and
16 women-owned businesses. We're shooting for 35 and
17 currently are meeting with the unions on our -- on
18 our projects.

19 So, yes, we do, and it's an ongoing part
20 of Temple University and we report to the facilities
21 committee on the minority contracting.

22 I want to remind every -- reinforce your
23 comment about the humanities, as a history
24 undergraduate major, and remind us all that the
25 average American now changes careers, not jobs,

1 careers, four times in their lives.

2 And so being well educated in general
3 is, in fact, one of the most important things that --
4 that we can do.

5 PRESIDENT ERICKSON: I would -- I would
6 say to your comment about the humanities, here here.
7 I couldn't agree with you more. We -- we -- we must
8 continue to -- to keep them strong.

9 In many ways the -- the arts and
10 humanities and social sciences are very much a core
11 of our -- our universities.

12 The information you talk about,
13 graduation rate, all of that is really available
14 currently on our -- on our websites and that's
15 actually quite easy to find.

16 PRESIDENT HART: There's also a scope --
17 a scorecard that the members of the Association of
18 Public Land Grant Universities all belong to that's
19 on its website as well, and it -- it could be that we
20 just need to do a better job of sharing with people
21 how to access it.

22 CHANCELLOR NORDENBERG: Or it could be a
23 matter, too, of looking at particular institutions
24 within a much broader higher education community.

25 Because I think all of us have

1 participated in the development of scorecard-like
2 reporting devices and do have them up.

3 And when you talk about the humanities
4 and the social sciences or professor -- President
5 Erickson expanded it to social sciences, I mean,
6 again, this is another characteristic of public
7 universities.

8 You know, we have these disciplines. We
9 do have schools of education and schools of social
10 work and schools of nursing and have a breadth of
11 programs that are designed to meet the broader needs.

12 CHAIRMAN ADOLPH: Thank you.

13 Representative Matt Smith.

14 REP. SMITH: Thank you, Mr. Chairman,
15 and I will be brief.

16 Thank you all again.

17 The one area I wanted touch on and just
18 sort of follow up on is -- is something that
19 Chancellor Nordenberg conveyed in -- in your
20 testimony, and that is that the -- the cut that you
21 are receiving, all of you are receiving, that last
22 year and this year combined are relative to the
23 overall state of the Commonwealth's budget.

24 And Chancellor Nordenberg says in your
25 testimony, for instance, last year the state-relateds

1 in this fiscal year were cut -- Pitt was cut 22
2 percent. At the same time, the overall state
3 appropriation was only reduced four percent. This
4 year Pitt's going to be cut around 30 percent. At
5 the same time, the overall state appropriation will
6 be reduced about one percent.

7 So there is a specificity with the
8 Draconian cuts that you all are going to incur that
9 is disproportionate relative to the overall state
10 budget.

11 And in that context, I'm just wondering,
12 I think each of you in your own way has -- has stated
13 today that you are being -- each of your institutions
14 are being asked in a way by your respective
15 communities to do more for the community than you did
16 even five or ten years ago, and it may take the form
17 of research, it may take the form of community
18 activity, community leadership, economic development,
19 but you're clearly being asked more and you're doing
20 more than you did five, ten years ago.

21 Can you just describe a little bit,
22 number one, you know, how do your institutions
23 function differently today versus five or ten years
24 ago?

25 And, two, the detrimental impact that

1 these cuts will have on those outside activities that
2 you're going to mention in the first part?

3 CHANCELLOR NORDENBERG: Let -- let me
4 just give one example that I think will be telling,
5 and that is the example of policing.

6 I'm sure that Temple has a similar
7 situation. The University of Pittsburgh supports the
8 third largest police department in Allegheny County.
9 It's the city of Pittsburgh, Allegheny County, the
10 University of Pittsburgh.

11 We do a great deal of the policing in
12 Oakland, which is the third busiest commercial
13 district in the Commonwealth of Pennsylvania.

14 You know, those are expenses that really
15 get passed on to us. They're services that we need
16 to provide to our students.

17 But more than 80 percent of our policing
18 interactions have nothing to do with our students.
19 It's just that our police are there and there is a
20 community need.

21 So we are being asked to do a lot of
22 other things. We do them willingly, but they do cost
23 money.

24 REP. SMITH: Thank you, Chancellor
25 Nordenberg.

1 Thank you, Mr. Chairman. I just hope
2 that Governor Christy would convey the importance of
3 higher education funding to Governor Corbett this
4 budget cycle.

5 Thank you, Mr. Chairman.

6 CHAIRMAN ADOLPH: Thank you,
7 representative.

8 Representative O'Brien.

9 REP. O'BRIEN: Thank you, Mr. Chairman.
10 In round one I'd withdrawn my question,
11 but as the -- as the conversation moved forward the
12 talk of a move towards privatizing your universities
13 deeply disturbed me.

14 You know, as -- as a father who -- who
15 drowned in educational debt for eight years, it's --
16 it's -- it's really an awful place to be.

17 So being as it's round two, do me a
18 favor. Make the case why you are a good return on
19 investment. How much money do each of you put into
20 the regional economy where you are? Salaries, buying
21 paper, hotel rooms that are rented for conferences,
22 all of the expenses or all of the revenue that your
23 institutions bring in, please make that case.

24 PRESIDENT HART: Just -- just in the
25 greater Philadelphia area a couple of years ago the

1 estimate was \$4 billion, and there is a greater
2 impact across the state.

3 PRESIDENT JENNINGS: In southern Chester
4 County, I mentioned earlier that we are one of the
5 largest employers.

6 I also mentioned that 54 percent of our
7 graduates remain in -- in the state, and not to
8 mention the fact that we pass more than \$65 million a
9 year through the -- the local economy.

10 PRESIDENT ERICKSON: We did an economic
11 impact across the state, including our campuses,
12 three or four years ago, and we'd be delighted to
13 provide that information to the committee.

14 At that time our statewide economic
15 impact was about \$17 billion. It's a huge impact
16 across the Commonwealth from one end of the state to
17 the other.

18 I would also indicate that -- that one
19 other area that we haven't talked a lot about is --
20 is the public service mission that all of our
21 universities engage in. And I'm talking about not
22 just things like cooperative extension where there's
23 -- there's a clear and direct funding line, but many
24 of us also provide a lot of other services to the
25 Commonwealth.

1 For example, public broadcasting. Penn
2 State reaches one out of every two households in the
3 Commonwealth in one form or another through the --
4 the courses that we provide through the rural
5 campus. All of these things contribute to the -- the
6 economic well being of the Commonwealth and the
7 educational base.

8 And those things are going to become
9 increasingly difficult to provide in a privatized
10 kind of world.

11 CHANCELLOR NORDENBERG: We, too, have a
12 document that I will get to you. So let me just
13 focus briefly on one distinctive form of
14 contribution.

15 The University of Pittsburgh, our
16 research expenditures last year exceeded \$800
17 million. Our appropriation was under \$140 billion.
18 So if you do the math, which I'm trying to do quickly
19 here at the table, that's more than five dollars in
20 research support imported into the Commonwealth for
21 every dollar of the appropriation. That's quite a
22 return.

23 REP. O'BRIEN: Even a guttersnipe like
24 me can see that. Thank you very much.

25 Thank you, Mr. Chairman.

1 CHAIRMAN ADOLPH: Thank you,
2 representative.

3 Representative Samuelson.

4 REP. SAMUELSON: Thank you,
5 Mr. Chairman.

6 I also want to give the presidents an
7 opportunity to talk to this legislature about the
8 value of investing in -- in higher education. I know
9 families across Pennsylvania are struggling to -- to
10 pay the bills to send their children to college, but
11 they still recognize the value of that investment and
12 they are sacrificing a lot because they know that
13 that investment is a wise one for their -- for their
14 children.

15 I wanted to ask -- I know, as I'm
16 reading through the materials that you presented, I
17 see some examples of -- hist -- historic examples
18 that Chancellor Nordenberg used in the founding of
19 the University of Pittsburgh in colonial times, when
20 there were a lot of other things to worry about, a
21 university was founded in western Pennsylvania.

22 And President Hart talks about the
23 number of jobs that are going to need a college -- a
24 bachelor degree in the future.

25 I just wanted to give you one

1 opportunity, that we have a budget on the table
2 presented by our Governor that would cut 30 percent
3 from these appropriations. I hope we change that. A
4 lot of my colleagues have talked about the value of
5 higher education today.

6 I wanted to give the presidents one more
7 opportunity to convince this legislature that we
8 should change that proposal from the Governor and we
9 should not be cutting higher education by 30 percent.

10 PRESIDENT HART: Well, I'm going to jump
11 in and talk about the land grant, the original
12 Morrill Act.

13 If this nation can commit to its public
14 universities in the middle of the Civil War, we can
15 certainly take the challenge now.

16 PRESIDENT ERICKSON: I think it's
17 absolutely essential that the partnership that has
18 grown up over the years between the Commonwealth and
19 our state-related universities be strengthened.

20 It's important to our students. It's
21 important to the well-being of the economy. It
22 really is in many ways the future of Pennsylvania.

23 PRESIDENT JENNINGS: I certainly think
24 that if the Commonwealth is going to remain a leader
25 in education, which it is known in several circles

1 that I have been in prior to my arriving here, that
2 you would want to maintain the support at appropriate
3 levels and certainly continue the kind of support
4 you've been giving, but to look seriously at
5 increasing that support in light with where our
6 country is and where we're going as a nation.

7 CHANCELLOR NORDENBERG: You know, no one
8 seems to disagree about the levels of quality and
9 accomplishment and impact that are associated with
10 our institutions, and the steps that have been taken
11 to reduce our state support over the course of the
12 last two years now really are dramatic and -- and
13 disproportionate.

14 And I would say that most people would
15 sit back and say, this is something awfully good.
16 We've worked to put it together for a long time. It
17 looks as if it's being dismantled in front of our
18 eyes. How about a year when we don't have any more
19 cuts and we get our bearings and we see where we want
20 to go?

21 CHAIRMAN ADOLPH: Thank you.

22 Representative Curt Sonney.

23 REP. SONNEY: Thank you, Mr. Chairman.

24 I thank all of you for your patience
25 here this morning. You know, when we get right down

1 to it, we're -- we're talking about, you know, if
2 there's a reduction that -- how is that going to
3 affect the students? How is it going to affect the
4 tuition?

5 And, you know, my question is pretty
6 simple. You know, all of the universities, you know,
7 have a lot of other functions besides the education
8 to the students. Obviously through the research and
9 the -- the many other avenues that -- that all of you
10 undertake.

11 But when it comes right down to it,
12 what -- when -- when you look at tuition, how much of
13 the total bill is that tuition paying? In other
14 words, is tuition paying for all of the
15 administration, all of the professors, all of the
16 buildings, you know, all of the upkeep, all of the
17 utilities?

18 You know, what percentage of -- of your
19 total operating cost is the tuition paying for?

20 PRESIDENT ERICKSON: As I recall, and we
21 can get you the exact figures there, but tuition
22 makes up over three-quarters of your educational and
23 general budget, now 77 or 78 percent.

24 The -- the cost structures are -- are --
25 are walled off so that we don't use tuition money to

1 support the medical center, the hospital operations,
2 intercollegiate athletics, or -- or things like that.

3 So the tuition and the support that we
4 receive from the Commonwealth really goes to our core
5 academic mission of -- of instruction and scholarship
6 and to a very small extent outreach and service.

7 CHANCELLOR NORDENBERG: Yeah. And we
8 would view it the same way; that is, the state
9 appropriation and the tuition dollars paid by
10 students basically support the educational mission,
11 supplemented obviously by private fundraising,
12 endowments that are directed to the support of
13 educational programs, and with the recognition that
14 the research enterprise, though it is distinct in
15 some ways, really adds richness to the experience of
16 the students and in that sense really is a
17 contributor to what they get at our university.

18 REP. SONNEY: I would -- I would really
19 appreciate it if -- if all four of you could -- could
20 get that breakdown to the committee chairman. I
21 would be very interested to see that.

22 CHANCELLOR NORDENBERG: Okay.

23 REP. SONNEY: And just as a quick
24 follow-up, you know, the universities all seem to not
25 be lacking in -- in students wanting to attend. You

1 know, in the world that we live in today, the higher
2 education is stressed so much amongst all of our high
3 school graduates and -- and with that being said, you
4 know, your -- your ability to expand, you know,
5 has -- has continued to grow.

6 You know, I have a Behrend College in --
7 in -- in my area and it's -- it's expanded a lot, you
8 know, over -- over the last 20 years and -- and which
9 is a good thing. You know, obviously it's -- it's --
10 it's a major employer in our area, and -- and it
11 serves an absolute vital function in our area.

12 But has there been any discussion, you
13 know, throughout these last few years of difficult
14 budgets of -- of slowing down your growth at all?

15 PRESIDENT ERICKSON: Well, virtually all
16 of our net student growth in the last several years
17 has been in the rural campus. We've added about a
18 10,000 head -- head count enrollment in the rural
19 campus which is fully online. That's where our
20 growth has been and, in fact, that's where we expect
21 our growth to be in the future, serving both
22 Pennsylvania students as well as students outside the
23 Commonwealth and outside the country.

24 CHANCELLOR NORDENBERG: Well, we have
25 had campus growth. We're particularly pleased with

1 the growth that has come in places like
2 Pitt-Bradford. And, of course, if you've ever been
3 to Oakland, you will know that there's a constraining
4 force called challenging topography in the middle of
5 an urban area, which means that we don't have great
6 expanses of space within which to expand.

7 PRESIDENT HART: We actually -- Temple
8 actually experienced most of its growth prior to the
9 last five years, and we've had to work very, very
10 hard to keep our overall enrollment from -- from
11 slipping up over 39, 40,000 because we really do
12 believe we have a limited capacity.

13 The net impact of that increase in
14 demand with very, very modest growth over the last
15 few years is that we are more selective and there are
16 more students who are not able to attend Temple.

17 PRESIDENT JENNINGS: We've had a -- a
18 decline in growth and that's been largely due to the
19 fact we have not been able to keep tuition as low as
20 we'd like for it to be and we've not been able to
21 offer the scholarship support that we'd like to be
22 able to offer in order to attract and retain
23 students.

24 We have had more students who have had
25 to stop out or drop out just to go get a job to try

1 to make some money to be able to return to pay that
2 tuition, and they still leave with a ten-year loan
3 that they have to repay after they graduate, and
4 that's a sizable amount.

5 So our growth has not been over the last
6 three years what we saw prior to the -- the -- that
7 period of time, and we don't believe that it's going
8 to continue to increase if we have to continue to
9 increase tuition and fees and --and the like.

10 REP. SONNEY: Thank you.

11 Thank you, Mr. Chairman.

12 CHAIRMAN ADOLPH: Thank you.

13 Representative Matt Bradford.

14 REP. BRADFORD: Thank you, Chairman.

15 And actually I wanted to start on an
16 issue that I know is near and dear to your -- to the
17 Chairman, and last year obviously when there was a
18 cut to PHEAA, because of the work of Chairman Adolph
19 and others on the PHEAA Committee, that was able to
20 be largely absorbed by PHEAA's own abilities, its own
21 money that it put away through proper management, and
22 that's appreciated.

23 And obviously this year Governor Corbett
24 has proposed, I believe, a 19 million or five percent
25 cut to PHEAA and obviously it's still to be

1 determined how that works out.

2 And I know that Chairman Adolph has
3 always worked diligently on that issue. So I wanted
4 to point that out.

5 And before Representative Smith runs off
6 to New Jersey to support Governor Christy for
7 president, I'd point out that TAP grants are actually
8 going to be increased ten percent by our Governor to
9 the east and I think that shows the difference of
10 those of us in the southeast who believe in a model
11 where we need to compete and win for high wage, high
12 tech jobs that really grow our economy in the
13 southeast. That's why we're able to continue to have
14 the job growth we are.

15 And I want to thank Temple in particular
16 in the southeast for being a large engine for our
17 community.

18 One of the things, though, because of
19 the, multi-layered nature of these cuts -- and I know
20 Temple in particular will deal with this also
21 operating a urban hospital, is what does this budget
22 mean not just in terms of students -- and we've
23 spoken about that at length in terms of tuition and
24 support for Temple University, but in terms of Temple
25 health system and -- and in part in terms of Temple,

1 what it means to Temple Ambler, to the hospital, the
2 health network? What does this mean for Temple as a
3 body? What does it mean for the southeast?

4 PRESIDENT HART: Well, it's critically
5 important -- thank you for your question -- for me to
6 first emphasize that -- that Temple University health
7 system is also a separate business entity.

8 But because the university is so
9 interdependent with the health system and the
10 hospitals, while they may be legally separated
11 entities, our ability to continue to educate doctors
12 and other health care professionals for the broader
13 community is affected by -- by this -- the
14 appropriation.

15 Outside of the -- the -- the general
16 appropriation, the general and education that we're
17 talking about, we're still running the only
18 psychiatric hospital, behavioral health hospital in
19 the region that's accessible unless you're a
20 cash-paying customer.

21 And so the -- the deeply suffering
22 members of our community who need a hospitalization
23 have no where to go but Episcopal, and we still don't
24 have this year's appropriation to support that
25 hospital and yet we have young men and women who's

1 parents are taking out second mortgages on their
2 homes to pay undergraduate tuition while we are
3 unable to pay for health care for the poor.

4 Philadelphia has no public hospital, and
5 we have a built-in structural deficit that ranges
6 from 30 to 50 million and we still don't have the
7 2012 fiscal year appropriation for some of that
8 care.

9 So when you combine the DPW questions
10 related to our -- our core mission with the -- the
11 incredible need for the education of doctors and
12 other health care professionals in our community,
13 which we cannot do if we don't have clinical
14 settings, this is a perfect storm that -- that could
15 result in a huge crisis of the available -- of the
16 availability of health care for the citizens of the
17 southeast.

18 And -- and at some point, how do you
19 look at a blue collar family and say, we're going to
20 take your tuition and pay for health care for the
21 poor? You can't. You won't.

22 So I -- I don't have an answer for you
23 other than to thank you for your question and
24 encourage all of us to continue that dialogue.

25 REP. BRADFORD: Thank you.

1 And thank you, Chairman.

2 CHAIRMAN ADOLPH: Thank you.

3 Representative Deb Kula.

4 REP. KULA: Thank you, Mr. Chairman.

5 Just -- I think this came to me from
6 Chairman Clymer's question about the quality of the
7 education you're seeing coming out of our public
8 schools into your institutions.

9 And we've not only seen the cuts that
10 are occurring to you, but we are also seeing cuts in
11 the budget to public schools where advanced placement
12 programs, there is -- there is no funding for that
13 program, which gave high school students the
14 opportunity to take those college placement classes
15 and maybe have a little jump start in furthering
16 their education.

17 Are you looking at what it will mean to
18 higher education because of the destruction that
19 we're seeing in secondary, elementary education, preK
20 programs, all-day kindergarten, larger class sizes,
21 fewer teachers?

22 Can you see a correlation in what's
23 going to happen down the road to our higher education
24 because of the cuts to basic education?

25 PRESIDENT JENNINGS: I -- I most

1 definitely can see a correlation. I think what is
2 going to happen is we're going to get a student who
3 is not as well prepared for college entrance as we'd
4 like to have, which means we're going to have to do
5 more even on our end through tutorials to remain at
6 the retention rates that we all aspire to have.

7 We've got to --

8 REP. KULA: Which could possibly mean
9 more cost to that student --

10 PRESIDENT JENNINGS: That's exactly
11 what it's --

12 REP. KULA: -- because they would have
13 to take the extra credits before they can enter --

14 PRESIDENT JENNINGS: That's right.

15 REP. KULA: -- your institution.

16 PRESIDENT JENNINGS: And it's -- in a --
17 in all likelihood it's also going to mean that the
18 student is going to be there much longer. And
19 students are in a posture today where they're not
20 looking to stay at the college longer. They are
21 hoping to be able to get out sooner. Just because
22 they need to get into the world of work and start
23 trying to earn some dollars to make a decent living
24 to pay back the loans and -- it's -- I mean it's just
25 a domino effect.

1 And so you're right. It's going to mean
2 that we're not going to get the kind of product
3 coming into our institutions that we once had and
4 that we certainly want to have. Faculty is going to
5 have to work harder, not just smarter, but they're
6 going to have to work harder.

7 And it often means that where office
8 hours were two to three days a week might have to be
9 five days a week, just to try to accommodate the
10 different kind of student that we see coming on
11 college and universities campuses today.

12 REP. KULA: Thank you.

13 CHAIRMAN ADOLPH: Thank you,
14 representative.

15 Chairman Markosek.

16 REP. MARKOSEK: Yeah. Just briefly to
17 kind of close the remarks here. I -- I just want to
18 congratulate all four of you on the very wonderful
19 and enthusiastic, very powerful presentation that
20 you've all made about how important your institutions
21 and higher ed are to our Commonwealth of
22 Pennsylvania.

23 We came in here with questions about
24 some of the obvious things of tuition costs and
25 layoffs of employees, but I think through your

1 testimony you've educated us -- all of us in how deep
2 and how much of a part of the fabric that you all are
3 of our great Commonwealth here.

4 And I just want to say this is -- it's
5 been a very impressive hearing, and it's been --
6 there have been wonderful questions from both sides
7 of the aisle here today, of the -- of the members of
8 the committee, but the four of you have just done a
9 wonderful job of indicating how important you are to
10 our great Commonwealth. Thank you.

11 PRESIDENT ERICKSON: Thank you.

12 CHANCELLOR NORDENBERG: Thank you.

13 PRESIDENT HART: Thank you.

14 PRESIDENT JENNINGS: Thank you.

15 CHAIRMAN ADOLPH: Thank you, Chairman.

16 I'd also like to acknowledge your
17 presentation and the information that you gave us.

18 I want to remind everyone that every
19 governor's budget address is a proposal. It's a
20 starting point, a blueprint. And we will take a look
21 at each line item in the Governor's budget, and we
22 will do our best to make sure that the people of
23 Pennsylvania are represented in the Governor's
24 budget.

25 I need to say this, because sometimes

1 this is often overlooked. I would -- I just want to
2 remind your institutions that the Pennsylvania
3 revenues are still at the 2007/2008 figures. So we
4 all are facing these type of realities.

5 As one that is a tremendous supporter of
6 higher education here in the Commonwealth of
7 Pennsylvania, I want to congratulate your
8 universities for what you do for our children and --
9 and what you do for the areas that you are located
10 in. It's -- it's a big factor.

11 And we will certainly do our best to
12 make sure that your appropriation is correct and --
13 for this year.

14 And, President Hart, good luck.

15 PRESIDENT HART: Thank you.

16 CHAIRMAN ADOLPH: I echo Representative
17 Petri's sentiments. Arizona's gain is our loss, but
18 I'm sure Temple is going to be out looking for your
19 replacement as we --

20 PRESIDENT HART: Thank you.

21 CHAIRMAN ADOLPH: As we speak now. So
22 thank you very much. And, please, cooperate with us
23 during these very difficult times, and we're going to
24 be communicating with your offices.

25 Thank you.

1 PRESIDENT ERICKSON: Thank you.

2 CHANCELLOR NORDENBERG: Thank you.

3 PRESIDENT HART: Thank you.

4 PRESIDENT JENNINGS: Thank you.

5 CHAIRMAN ADOLPH: We're going to take
6 about -- about a five-minute break and then we'll get
7 right back with the state treasurer.

8 (The hearing was adjourned at
9 11:49 a.m.)

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1
2 I hereby certify that the proceedings and
3 evidence are contained fully and accurately in the
4 notes taken by me on the within proceedings and that
5 this is a correct transcript of the same.

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8 Brenda S. Hamilton, RPR
9 Reporter - Notary Public
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