

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

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BUDGET HEARING
PENNSYLVANIA COMMISSION FOR COMMUNITY COLLEGES

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House Appropriations Committee

Main Capitol Building
Majority Caucus Room 140
Harrisburg, Pennsylvania

Thursday, March 1, 2012 - 3:00 p.m.

1300 Garrison Drive, York, PA 17404
717.764.7801 877.747.2760

1 COMMITTEE MEMBERS PRESENT:

2 Honorable William Adolph, Majority Chairman
Honorable John Bear
3 Honorable Gary Day
Honorable Gordon Denlinger
4 Honorable Brian Ellis
Honorable Mauree Gingrich
5 Honorable Glen Grell
Honorable David Millard
6 Honorable Mark Mustio
Honorable Michael Peifer
7 Honorable Scott Perry
Honorable Scott Petri
8 Honorable Tina Pickett
Honorable Jeffrey Pyle
9 Honorable Thomas Quigley
Honorable Mario Scavello
10 Honorable Curtis Sonney
Honorable Joseph Markosek, Minority Chairman
11 Honorable Matthew Bradford
Honorable Michelle Brownlee
12 Honorable Scott Conklin
Honorable Paul Costa
13 Honorable Deberah Kula
Honorable Tim Mahoney
14 Honorable Michael O'Brien
Honorable Cherelle Parker
15 Honorable John Sabatina
Honorable Steve Samuelson
16 Honorable Ronald Waters

17 NON-COMMITTEE MEMBERS PRESENT:

18 Honorable Rosemary Brown
Honorable Ron Miller
19 Honorable Jerry Stern
Honorable Will Tallman
20 Honorable Pamela DeLissio
Honorable H. William DeWeese
21 Honorable William Keller

22 STAFF MEMBERS PRESENT:

23 Dan Clark, Esquire, Chief Counsel
Ed Nolan, Majority Executive Director
24 Miriam Fox, Minority Executive Director

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1 CHAIRMAN ADOLPH: Good afternoon. I'd
2 like to call to order the House Appropriations
3 Committee budget hearing on the Pennsylvania
4 Commission of Community Colleges. Good afternoon,
5 everyone.

6 DR. JOHNSON: Good afternoon.

7 CHAIRMAN ADOLPH: Gentlemen, it's
8 certainly a pleasure to see you here this afternoon.
9 It's my privilege to introduce Doctor Alex Johnson,
10 President of the Pennsylvania Commission for
11 Community Colleges, as well as President of
12 Community College of Allegheny.

13 With Doctor Alex Johnson is the Vice
14 President of the Pennsylvania Commission for
15 Community Colleges, and President of Butler County
16 Community College, Doctor Nick Nepauer. How did I
17 do with that name?

18 DR. NEPAUER: Not too well.

19 CHAIRMAN ADOLPH: Not too well. I hope I
20 do better with the appropriation.

21 DR. NEPAUER: Newpower (phonetic).

22 CHAIRMAN ADOLPH: Newpower (phonetic).

23 And also joining them is Doctor Jim Links, z,
24 President of Bucks County Community College.

25 Good afternoon, gentlemen.

1 (Good afternoon response by all
2 testifiers).

3 CHAIRMAN ADOLPH: Doctor Johnson, would
4 you like to have some opening brief comments?

5 DR. JOHNSON: Yes, I would, and I hope you
6 don't hold the fact that Doctor Nepauer corrected
7 you against us.

8 I just want to say how pleased we are to
9 be here this afternoon and to extend our regards to
10 you, Chairman Adolph, and to Chairman Markosek, and
11 to other members of the House Appropriations
12 Committee and the guests. We want to thank you for
13 the honor of appearing before you, once again, to
14 talk about the Commonwealth's community colleges.

15 As you indicated, my name is Alex Johnson,
16 and I'm proud to serve the Commission as its
17 president, and also president of the Community
18 College of Allegheny County. And you've already
19 identified Doctor Nepauer and also Doctor Links. I
20 would also like to recognize Miss Diane Bosak, who
21 serves as the Executive Director of the Pennsylvania
22 Commission on Community Colleges, and who has done
23 an outstanding role in that regard.

24 You have been provided a copy of our
25 formal testimony. But I would like the honor of

1 just providing you with the brief -- with some brief
2 opening remarks. Those remarks will be followed by
3 a discussion of our capital outlay process by Doctor
4 Links; and then, of course, Doctor Nepauer will
5 talk about the impact of the financial situation on
6 Butler Community College and, in particular, with
7 implications for community colleges, in general.

8 All of you know that community colleges
9 have a long history of working with students from
10 varied backgrounds. These individuals have
11 different interests; they have different
12 motivations; they have different learning styles,
13 but their ultimate goal is to land a quality
14 family-sustaining jobs. Let me give you a brief
15 overview of these students in our institutions in
16 general.

17 The 14 community colleges, at the present,
18 serve 350,000 individuals in credit programs both
19 academic and workforce. We serve 55,000 individuals
20 through our contracted training programs involving
21 1215 employers, and through WEDnet we educate
22 another 21,116 individuals. Nearly 12,000 students
23 from high schools attend our institutions under the
24 dual enrollment program, and almost 3100 veterans
25 find our open doors very welcoming, indeed;

1 particularly, post 9/11. The total of all of these
2 students is just shy of over one-half million
3 individuals.

4 We also provide education and training in
5 campuses in locations at 44 of the Commonwealth's 67
6 counties, and we're working with PASSHE to expand
7 our outreach to our rural communities. Ninety-seven
8 percent of our students are from Pennsylvania and 40
9 percent are 25 years of age and older; 28 percent
10 are minorities, 58 percent attend part time, and 51
11 percent receives some form of financial aid either
12 from the federal government or from the state
13 government. On average, 91 percent of our students
14 that graduate from our institutions remain in
15 Pennsylvania.

16 The median family income for these
17 students across all institutions is just shy of
18 \$27,000; while the state's median family income
19 stands at \$49,000. There is little doubt, then,
20 that given this data, that our institutions are
21 clearly meeting a need that would otherwise go
22 unfulfilled.

23 But with the 10 percent reduction in state
24 support in this current fiscal year and the proposed
25 five percent reduction next year, state support for

1 a full-time student equivalent will be less than the
2 '95-96 appropriation levels, particularly during a
3 time when enrollment has grown at our institutions
4 to nearly 65,000. No new dollars are proposed once
5 again for capital projects, a point that Jim will
6 emphasize in his remarks.

7 Our community colleges, in response to
8 this, have instituted a laundry list of cost
9 reduction measures, including restructuring health
10 care, raising salaries, leaving vacancies
11 unfulfilled across institutions, and not providing
12 our students with the equipment and facilities that
13 they need to be successful.

14 While we are fortunate, indeed, to ex --
15 not to experience the cuts made and proposed by our
16 counterparts at PSSHE and state-related
17 institutions, the reductions are none -- nonetheless
18 problematic. These reductions mean that our
19 institutions will be unable to offer the courses and
20 programs, buy the equipment, and provide the
21 facilities needed to promote the Administration's
22 focus on workforce development in areas like energy,
23 manufacturing, agriculture and health care.

24 In the Pittsburgh region, for example,
25 there are 30,000 jobs that six of every 10

1 applicants are not qualified for. The unemployment
2 rate could be cut in half if these individuals have
3 the types of skills and training to land those jobs,
4 and certainly, community colleges can provide
5 those -- those skills.

6 Let me ask Doctor Linkszt to provide you
7 with an overview of our capital outlay process and
8 to provide you the Commission's concerns about that.

9 DR. LINKSZ: Thank you, Doctor Johnson. I
10 guess I'd -- I'd like to do two things. One is, I
11 believe you all have copies of our testimony. If I
12 can just ask you to turn to page 7 of the testimony,
13 I think the chart on page 7 pretty much summarizes
14 exactly what it is that I'm going to say about
15 Pennsylvania's commitment to community college
16 capital projects. I'd like to really talk to you
17 about this issue on three context. So, one is
18 fairness and equity; a second is return on
19 investment, and the third is really a
20 counterintuitive investment strategy by the state.

21 First, I've been chairman of the capital
22 working group for the Commission for Community
23 Colleges and for the 14 community colleges since
24 2005. I've worked closely with the colleges and
25 with the Department of Education in creating a new

1 process for capital funding. That process is in
2 place. It's been difficult to implement, but it is,
3 in fact, an effective process at this particular
4 time. Regrettably, it's already resulted in a
5 significant diminution in the commitment of the
6 state academic equipment.

7 Capital remains a huge problem for
8 community colleges. Elsewhere in your testimony --
9 in our written testimony, you'll note the fast-
10 growth enrollment at the community colleges. And
11 back in 2008, we commissioned a study regarding
12 facilities needed for that growth. That facility,
13 by the Benacet Corporation, revealed \$800 million in
14 unmet capital needs at the 14 community colleges.
15 We really strongly believe we need to begin
16 addressing those needs, because capital is funded,
17 as this body knows well, differently for community
18 colleges than for the state college universities, as
19 well as the state-related colleges.

20 Perhaps, there's some misunderstanding of
21 the fact that when the Governor talks about the fact
22 that this 46-million-dollar capital budget for
23 community colleges, that \$46 million represents the
24 state's share of a 50/50 funded set of projects; a
25 state share that really has not grown in five years.

1 And it represents a state share that is essentially
2 already committed to projects. So it's not
3 \$46 million rolling over and creating new money each
4 year. It's \$46 million in committed bond payments
5 to projects that already exists.

6 Fiscal '12-13, based on the Governor's
7 budget, will be the fourth year in a row without a
8 single new capital dollar. Last year -- The last
9 year capital money was received by the community
10 colleges was in '09-10, and that amount was
11 \$1.86 million relative to the proposal for
12 \$225 million for the state system of higher
13 education; \$70 million for the state-related
14 universities, and zero dollars for community
15 colleges.

16 The reason our funding is an effective way
17 in which the state might invest in community
18 colleges is that, not only does -- It is only 50
19 percent of the cost of capital projects. The other
20 50 percent having to be met by our local governments
21 or other local shares. But also, since it's bond
22 projects, a small amount of money reach a relatively
23 large commitment. So, for every million dollars
24 invested, essentially, \$10 million worth of projects
25 can be built using this methodology.

1 We also have already identified, of that
2 \$800 million of backlog projects, about a hundred
3 million dollars worth of projects that are
4 essentially ready to go. And we -- We really are
5 hoping that we can convince the legislature this
6 year to make a significant commitment to community
7 college capital funding.

8 I might also note that community colleges
9 are very supportive of Representative Petri's
10 legislation, House Bill 1279, which would move the
11 capital funding process to the state Public School
12 Building Authority and allow the colleges to plan
13 effectively and longer term for capital needs and
14 projects, as opposed to waiting each year to try and
15 figure out whether or not there's any money
16 available for these projects.

17 At the start I mentioned I was going to
18 talk about equity. I think I have done that.

19 The second thing I indicated I wanted to
20 talk about a little bit was return on investment.
21 And I think I tired to mention to you as well; that
22 the return on the state's investment in community
23 college capital is pretty significant. For every
24 dollar contributed in the capital fund, we can build
25 a hundred mill -- \$10 million worth of capital

1 projects.

2 The other thing I'd like to really talk
3 about is how this is counterintuitive. If, in fact,
4 this Commonwealth is interested in moving more
5 people into sustaining jobs; if we are interested,
6 indeed, in investing in programs and projects that
7 lead people to get reemployed. One of the
8 difficulties is, there's no investment potential now
9 for community colleges, and moving into areas that
10 aren't currently representative of our campus is
11 because there's no reason for us to invest in those
12 projects.

13 So, right now, if the state identifies,
14 for example, energy or agriculture or manufacturing
15 or biosciences or pharmaceuticals or health -- other
16 health-related professions, those areas in which
17 it's interested in training more people, that
18 training requires an investment in facilities and in
19 equipment to allow us to train those people.

20 At this particular moment there is zero
21 incentive for us to move into those new program
22 areas. There is no capital money available for the
23 facilities. There's no capital money available for
24 the equipment. And, as a consequence, there is a
25 really -- it's counterintuitive to the way the state

1 wants to go. So I'd like to just suggest that, as
2 we think not only about return on our investment, we
3 think about the fact that our process is
4 counterintuitive to what we really want to
5 accomplish as a Commonwealth's. Thank you.

6 Nick, I think, is going to speak to some
7 of these other issues.

8 DR. NEPAUER: Yes. I'll provide --
9 provide three or four examples; then be happy to
10 open it up to questions from you all.

11 In the examples that I'll provide are
12 unique -- aren't unique to Butler, but I'll provide
13 you with examples from Butler County Community
14 College. It certainly would be an example of what's
15 going on across the state.

16 As an example, we have maxed out our
17 facility at Cranberry Township in Butler County. We
18 frankly can't fit any more students into the
19 class -- into the classrooms that we have in
20 Cranberry. So we're looking to expand, and not only
21 expand for the purpose of increasing space, but also
22 expand into high-priority occupations such as
23 business logistics, a certification in
24 nondestructive testing; and, frankly, because we
25 don't have the opportunity with the capital dollars,

1 we just can't do that. And again, that's not unique
2 to Butler. Other colleges are holding on programs
3 such as welding, biotech and environmental
4 technologies.

5 At Butler, with the support of board of
6 trustee members like Representative Ellis, we're not
7 just focusing on Butler County, but we are focusing
8 on being the regional institution in northwestern
9 Pennsylvania. We're honored to go into areas that
10 do not have a community college, like Lawrence
11 County and Mercer County.

12 Right now we're focusing on three areas;
13 three counties along Interstate 80, which would be
14 Clearfield, Clarion and Jefferson County. We occupy
15 space in Jefferson Tech, a CTC, but we're really
16 hoping to invest in bricks and mortar that would
17 serve a underserved area in the Commonwealth that
18 you know has been talked about over and over. Right
19 now we're on hold with that because we don't have
20 the capital funds. And, of course, the operating
21 funds were cut by 10 percent.

22 On our main campus closer to home, we wish
23 to move forward with a state-of-the-art nursing in
24 allied health building that would replace a dated
25 old building that has been around since the

1 existence of our campus back in 1966. The same is
2 true for our library on the main campus, but we
3 simply cannot do it.

4 And I'll conclude with this before opening
5 it up for questions. We've been doing more with
6 less for several years, and we're concerned at
7 Butler that we're at a tipping point. We've
8 tightened our belts; basically come up with
9 everything creative that we possibly could. We've
10 kept vacant positions unfilled and have not
11 increased discretionary budgets in over five years.
12 Yet, somehow we still manage to offer quality,
13 affordable and accessible education and excel in
14 doing so. But, we are concerned that we're at a
15 tipping point with the revenue sources from the
16 state, certainly with the cuts.

17 CHAIRMAN ADOLPH: Thank you. I would ask
18 the members to direct their questions to whatever
19 gentleman they would like to answer that. Okay? If
20 they don't direct it to a specific person, Doctor
21 Johnson, I'm sure you'll take the question.

22 DR. JOHNSON: Yes.

23 CHAIRMAN ADOLPH: First question will be
24 from Representative Scott Petri.

25 REPRESENTATIVE PETRI: Thank you, Mr.

1 Chairman. Let me see if I can understand what I
2 think you -- you're saying.

3 As I understand it, the community colleges
4 collectively have identified projects that you
5 consider emergencies. And if I recall that list, it
6 was quite large. Can you give us the size of the
7 total capital projects listed among all the
8 community colleges?

9 DR. LINKSZ: The 208 study -- 2008 study
10 identified \$800 million worth of projects. They
11 include infrastructure projects such as roofs and
12 facilities, as well as new projects.

13 REPRESENTATIVE PETRI: And if I understand
14 the proposal, the way you want to get there is, you
15 just want a commitment that the transfer to
16 community college capital fund line item will be
17 sufficient to support the debt service that you
18 would have to incur; is that correct?

19 DR. LINKSZ: The current debt service
20 amount of \$46 million only supports current projects
21 at this particular point. No new projects can be
22 contemplated at this time, and no new projects have
23 essentially been approved as a base of new money for
24 the last four years.

25 REPRESENTATIVE PETRI: If I understand the

1 funding process, half of that funding comes from
2 local sources, so you're really looking for half of
3 the 800 million, or \$400 million?

4 DR. LINKSZ: That is correct. But it's
5 not only true -- Another thing that's true is that,
6 funding for community colleges' projects do not
7 really impact the state bond rating or the state
8 limits -- bonding limits because they come, really,
9 out of local bond funds.

10 REPRESENTATIVE PETRI: Okay. Has the
11 Administration had a dialogue with you, particularly
12 the Secretary of Education, about your needs and
13 indicated their position?

14 DR. JOHNSON: We have had ongoing
15 discussions with Secretary Tomalis, primarily
16 through his representatives, who come to our
17 meetings and who are very understanding of the
18 challenges that we have, both in terms of operations
19 and also with respect to capital. They believe
20 strongly in our institutions, but they also know
21 that, financially, the state's commitment to us has
22 to be measured, and it has to be measured in this
23 way.

24 First of all, they feel very, very
25 strongly that we should continue to reduce costs; be

1 more collaborative; work with Labor and Industry,
2 and they're willing to support our efforts in that
3 regard.

4 REPRESENTATIVE PETRI: Specifically, with
5 the idea of extending these monies you need to
6 improve your facilities and your equipment as you
7 described, have they indicated whether they would be
8 willing to do so?

9 DR. JOHNSON: No, not at all.

10 REPRESENTATIVE PETRI: Well, I would just
11 say from my vantage point, I know what kind of
12 resource all of our community colleges are to our
13 students. In a very number of short years, I'm
14 going to have a -- my own son will be looking at
15 colleges, and who knows what the financial ability
16 of any household is. Certainly, \$99 per tuition
17 credit, that's an incredible bargain in today's
18 market. So, let us see what we can try and do.
19 Thank you.

20 DR. JOHNSON: Thank you, sir.

21 DR. LINKSZ: Thank you.

22 CHAIRMAN ADOLPH: Thank you,
23 Representative. Chairman Markosek.

24 CHAIRMAN MARKOSEK: Thank you, Mr.
25 Chairman.

1 I have a question about your local
2 sponsors. I'm most familiar with Allegheny, of
3 course, because I live there, and I also -- part of
4 my district I represent Westmoreland County, so
5 Westmoreland Community College as well. Maybe I'll
6 ask Doctor Johnson.

7 Specifically, in Allegheny, I know the
8 county for many, many years has been very, very
9 supportive of Allegheny County Community Colleges.
10 And given the situation in Allegheny County with
11 their budget and the whole reassessment issue and
12 property taxes, et cetera, et cetera, how do you see
13 their role here? Have you talked with them at all
14 relative to continuing their very strong role, and
15 is that something that you have some, perhaps,
16 concerns about for the future?

17 DR. JOHNSON: Yes.

18 CHAIRMAN MARKOSEK: I'm sure that same
19 question would probably relate to the other
20 gentlemen as well. But, maybe Doctor Johnson, have
21 you --

22 DR. JOHNSON: Let me talk about it with
23 respect to Allegheny County. I don't know if you
24 recall or not, Representative Markosek, but the
25 former county executive cut our budget within our

1 current fiscal year, last year, by \$2.5 million,
2 which means that we scrambled to identify ways that
3 we could offset that reduction. What we had to do
4 was increase our tuition.

5 In the proposed budget for the current
6 fiscal year -- In his proposed budget for the
7 current fiscal year, we were slated to be cut
8 another \$7 million, a total of \$9.5 million. Given
9 that we had instituted as many cost-containment
10 measures that we could, there was absolutely no way
11 that we could -- we could make that additional cut,
12 and particularly not on the backs of the students.

13 When the new county executive came in, he
14 rallied with the county council, and they decided to
15 pass a millage increase that would cover the
16 proposed \$9 million that -- that we were supposed to
17 be cut. Not only did they promote CCAC in that
18 regard, they also took care of some human services
19 cuts that were supposed to be made.

20 So, in general, we've gotten really,
21 really great support particularly from the current
22 county executive, Rich Fitzgerald, and the county
23 council. They took a bold and risky step to
24 increase that millage. They did come under some
25 fire, but they felt strongly that that was something

1 they needed to do.

2 In addition, we have received some
3 increase for capital improvements. I would suggest
4 to you, however, that the support that we get from
5 Allegheny County is not consistent across the state
6 with regard to the other community colleges. There
7 are instances where the local sponsors have cut, not
8 because they wanted to, but because in some
9 instances the state reductions required that they do
10 so, and we're having a difficult situation, as you
11 can imagine, in that regard; some of the community
12 colleges, most notably, Harrisburg Area Community
13 College.

14 CHAIRMAN MARKOSEK: It might be
15 interesting to note, and perhaps, you've already
16 noted this, the -- Speaking specifically with the
17 state education budget, but the overall proposed
18 budget this year, the Governor's proposed budget,
19 appears to have many, many additional cuts, not only
20 to education, but also to the human -- county human
21 services. You mentioned that because of previous
22 cuts to county human services, our county council
23 and county executive were forced to make some very
24 difficult decisions. But, more cuts are on the way.
25 I would suggest that they're probably on the way for

1 other counties, too, that are sponsors for community
2 colleges throughout the Commonwealth.

3 So, I would be aware that the overall
4 budget will affect you not only directly, but
5 certainly indirectly when a lot of the county
6 expenses and accounting subsidies from the state for
7 other needs are taken into effect. It can't spell
8 good news for the community college systems that
9 are -- that have those accountings or sponsors.

10 The other question I have, and the last
11 question would be for you, Doctor Johnson, what
12 percentage of your students county-wide, if you know
13 this, use mass transit?

14 DR. JOHNSON: I'm sorry. I didn't mean to
15 interrupt you, Representative Markosek.

16 A significant number do. And, in fact,
17 many of our campuses, particularly the South campus
18 and the Boyce Campus, would be hurt dramatically
19 given the proposed cuts to mass transit in Allegheny
20 County.

21 Our students feel so strongly about it
22 that they actually rallied in support of these -- of
23 these cuts not being made. Our hope is that the
24 county and the state will respond favorably to their
25 concerns and not reduce the level of mass transit

1 that they already experience. This is not the
2 only -- This is not the first cut of cost that
3 they've taken. There have been many, many more.
4 And not only does this affect Allegheny County, but
5 it affects the rest of the state as well.

6 CHAIRMAN MARKOSEK: Again, it's, um, you
7 know, it's not a budget issue that directly affects
8 you. Indirectly it affects you and many other
9 community colleges in the same fashion. We need
10 adequate funding for not only county human services
11 but also --

12 DR. JOHNSON: Mass transit.

13 CHAIRMAN MARKOSEK: -- mass transit. So
14 with that, good luck. We'll do what we can from
15 this end, certainly. And we appreciate the work
16 that you do. Thank you.

17 DR. JOHNSON: Thank you very much,
18 Representative Markosek.

19 CHAIRMAN ADOLPH: Thank you, Chairman.
20 Representative Mauree Gingrich.

21 REPRESENTATIVE GINGRICH: Thank you, Mr.
22 Chairman. Thank you, gentlemen, for being with us;
23 a strong proponent of community colleges. I'm happy
24 to have this dialogue.

25 And thank you for mentioning Harrisburg

1 Community College. I happen to be privileged to
2 have one of their campuses in my district in
3 Lebanon, so -- And I also act on several of their
4 curriculum task force groups. So I'm integrally
5 involved with a lot of what goes on there, so I can
6 emphasize some of the situations that you all are
7 talking about. In dealing with that at a time when
8 we need you all most, it becomes harder and harder
9 to fund, which leads me to my question to you.

10 In the economic downturn that we've been
11 experiencing for a little bit -- way little bit of
12 time now, I noticed in the community college that I
13 deal with that it seems directly related to
14 additional admissions for various purposes; either
15 the unemployed are looking to be retrained or new
16 direction, or to take that opportunity to continue
17 their education.

18 First let me ask you, do you have an idea,
19 in general, what proportion community colleges see
20 in a two-year curriculum and out to work versus a
21 two-year curriculum with a plan to articulate on for
22 a bachelor's degree or further? Do you have an idea
23 now in this particular time frame what you're seeing
24 most?

25 DR. JOHNSON: Well, I think, generally --

1 And I'd like for Doctor Nepauer and Doctor Linkszt to
2 respond as well. I think, generally, you're looking
3 at more -- fewer students seeking to transfer and
4 more students essentially looking to go into jobs
5 immediately that provide quality family-sustaining
6 jobs.

7 REPRESENTATIVE GINGRICH: Or workplace
8 direction.

9 DR. JOHNSON: And, in fact, at our
10 institution, that percentage has grown. So right
11 now, 35 percent of our students seek to transfer to
12 four-year institutions and 65 percent are looking to
13 complete degrees in what we call career-focused
14 education.

15 DR. LINKSZ: I think -- I think answering
16 for Bucks, we are slightly different than Allegheny.
17 We are seeing a significant growth in people heading
18 direct to work coming into our continuing education
19 and short-term and workforce development training
20 programs. But looking at the credited programs
21 themselves, 70 percent of our students still plan to
22 transfer to four-year colleges and universities, and
23 only about 30 percent are in jobs that are direct
24 job entry.

25 Now, that can be conflicting in one way,

1 because some of our -- some of our -- even our
2 direct-to-job program like nursing, for example,
3 many of our students will actually go on and get a
4 bachelor's degree in nursing, even though you,
5 theoretically, can go direct to work with that
6 degree.

7 I think the difficulty for us, too, I
8 might add, is that there really -- all of our
9 students really see these programs as job related.
10 They just may see them job related two years hence
11 as opposed to right now. So, some of our programs
12 they'll say, I want to go say to work in two years.
13 Others in the program say, I want to go to work in
14 four years, but I know I need a bachelor's to get
15 that job; therefore, I'm going to start at the
16 community college, that's a smart place to start,
17 and then move on.

18 REPRESENTATIVE GINGRICH: It's a great
19 place to start, too, when you can work in between,
20 by the way.

21 DR. LINKSZ: Right.

22 REPRESENTATIVE GINGRICH: Be able to earn
23 salary to help you finish --

24 DR. NEPAUER: And --

25 REPRESENTATIVE GINGRICH: -- the class to

1 the (inaudible word).

2 DR. NEPAUER: At Butler we're similar to
3 Bucks; about 70 percent transfer, 30 percent
4 occupational.

5 But something that Doctor Johnson brought
6 up, our continuing education and workforce
7 development program is not included in those
8 numbers. And last week we had, Mike Kelly, who
9 represents the Butler area, all the way up to Erie
10 and Washington D.C., a Congressman, and we walked in
11 on our Marcellus training class for displaced
12 workers. And that was made possible with a federal
13 grant that the community colleges in Pennsylvania
14 received. And it was a moving experience to see
15 these displaced workers, nontraditional students,
16 who were taking advantage of this wonderful
17 opportunity, and community colleges collectively are
18 helping along those lines, too. So we have more
19 than just the credit students that we're assisting
20 in the workforce development arena.

21 REPRESENTATIVE GINGRICH: I was most
22 interested in seeing if we are experiencing any kind
23 of a shift, because clearly, when the recession hit,
24 and it hit hard and jobs were lost, our community
25 colleges really saw an influx. I wasn't sure how

1 the balance was now.

2 We talk about those who choose, even from
3 day 1, make an articulation plan for themselves. I
4 know the community colleges I work with facilitates
5 that, I think extremely well. Do most of the
6 community colleges work with that transition, then,
7 to get these students with credits acceptable and no
8 backsliding in those cases?

9 DR. JOHNSON: Yes, absolutely. And, in
10 fact, the community colleges, historically, have
11 established articulation agreement individually.
12 So, the students that seek to go on to four-year
13 institutions have a smooth, almost seamless
14 transition to those institutions.

15 We also continue to work on the
16 legislative mandated transfer, an articulation
17 process with the state. So --

18 REPRESENTATIVE GINGRICH: How's that
19 going?

20 DR. JOHNSON: It's going reasonably well.
21 We're making progress. Of course, we do -- we do
22 see a lot of benefits in having that direct
23 relationship with the PASSHE institutions.

24 I will suggest to you, back to one of your
25 previous comments, is that, the shift we're seeing

1 is in the increase of what we call nontraditional
2 students. Those are students who work and seek to
3 go to school part time. They also represent many,
4 many older adults. We've got a lot more veterans
5 coming to our institutions, are people who are
6 looking really to take on more meaningful job
7 opportunities, and they see the community colleges
8 as a way to do that.

9 Not only do we do that at our -- at our
10 current individual campuses and centers, we're also
11 reaching out to the rural community. So, for
12 example, in Venango Valley, we have relationships
13 with the career and technical centers up there. And
14 then, of course, Doctor Nepauer talked about his
15 relationship with some of those career and technical
16 centers as well. So, we're doing a lot with limited
17 resources. But we're really, really pleased to be
18 able to extend our mission of education of
19 excellence in that regard.

20 REPRESENTATIVE GINGRICH: It's amazing
21 what community colleges are able to do, especially
22 in an effort to meet the needs of the community on
23 the street, whatever they might be, and whenever
24 they might be. I'm always amazed at how they're
25 about to do that. So I commend you for the work

1 you're doing. Thank you.

2 DR. JOHNSON: Thank you very much. Thank
3 you.

4 CHAIRMAN ADOLPH: Thank you,
5 Representative. Next question will be offered by
6 Representative Steve Samuelson.

7 REPRESENTATIVE SAMUELSON: Thank you, Mr.
8 Chairman.

9 And I have a couple questions about
10 enrollment and also tuition in light of last year's
11 10 percent cut. And I think my final question I
12 want you to talk about the mission of community
13 colleges, kind of as a reminder to the legislature
14 and any chief executives of Pennsylvania who might
15 be watching today.

16 I'm very disappointed that I'm at another
17 budget hearing in Pennsylvania where the words
18 education and cuts are linked in the same budget
19 hearing. Other states they're talking about
20 investments. Other states they're talking about the
21 future of the state. And here we have, last week we
22 had the state systems schools -- state-related
23 schools with a 30 percent cut. Next week we have
24 the state-related (sic) schools with a 20 percent
25 cut. Today we have community colleges with a five

1 percent cut on top of last year's 10 percent cut
2 which was proposed by the Governor and then,
3 ultimately, adopted by a majority of the House and
4 Senate.

5 I think we need to focus on the value of
6 investment our community colleges have been for more
7 than four decades in Pennsylvania, and the thousands
8 and thousands -- You described it as almost half a
9 million --

10 DR. JOHNSON: Yes.

11 REPRESENTATIVE SAMUELSON: -- students.

12 That could fill up Beaver Stadium five times.
13 That's a lot of Pennsylvanians who are a part of our
14 community college system in one way or another.

15 My specific questions are, last year with
16 the significant cuts to the state system and the
17 state-related schools, which led to increased
18 tuition, did that cause you to see more students
19 seeking to attend community colleges instead of one
20 of those four institutions?

21 DR. JOHNSON: That's a good question. We
22 saw our -- We saw, quite honestly, the significant
23 increases when the economic environment was at its
24 lowest. During that time, we increased enrollment
25 by 65,000 individuals.

1 With the economy recovering, we did have
2 slight enrollment declines on average, about two or
3 three percent, just this past year. But if you take
4 the aggregate of the last five years, the enrollment
5 growth has been fairly significant, around 65,000
6 individuals.

7 Now, I want to tell you, however, that
8 the -- we did have continued increases in what we
9 call our workforce and continuing education areas.
10 Those -- Those incre -- Those students continued to
11 increase, because they recognized that they could
12 get affordable, short-term training programs that
13 would lead -- lead to certificates and then,
14 ultimately, better-paying jobs.

15 In terms of tuition, I think on average,
16 Diane, after the 10 percent where were we?

17 MS. BOSAK: Seven dollars --

18 DR. JOHNSON: Seven dollars --

19 MS. BOSAK: -- per credit.

20 DR. JOHNSON: -- per credit hour on
21 average at all 14 institutions.

22 REPRESENTATIVE SAMUELSON: What is that on
23 percentage term as a tuition increase?

24 (Discussion between Dr. Johnson and Ms.
25 Bosak).

1 DR. JOHNSON: 7.1 percent.

2 REPRESENTATIVE SAMUELSON: So after the 10
3 percent cut in state funding --

4 DR. JOHNSON: Right.

5 REPRESENTATIVE SAMUELSON: -- tuition for
6 the students went up 7.1 percent.

7 DR. JOHNSON: 7.1 percent. Now, let me
8 just share with you that, if you throw out -- if you
9 throw out the zero percent increase that was at --
10 What was that? Let me think just for a second.

11 There was no increase at what college last year?

12 MS. BOSAK: Right.

13 (Discussion among the panel).

14 DR. JOHNSON: I'm sorry. There was no --
15 If you throw out zero percent at Lehigh Carbon, and
16 the \$30 per credit hour at the Harrisburg Area
17 Community College, then that -- at that percentage
18 increase becomes much, much smaller. But because
19 you had these -- these extremes, it brought it up to
20 about \$7 per credit hour.

21 REPRESENTATIVE SAMUELSON: And my final
22 question. I'm asking these questions because I --

23 DR. JOHNSON: Absolutely, yes.

24 REPRESENTATIVE SAMUELSON: -- think we're
25 moving in the wrong direction by cutting community

1 college funding.

2 DR. JOHNSON: We would tend to agree with
3 you, sir.

4 REPRESENTATIVE SAMUELSON: My closing
5 question would be, please take a moment to talk to
6 us again about the mission of community colleges,
7 and remain us about the important investment that
8 Pennsylvania committee can make.

9 DR. JOHNSON: Let me call on my colleagues
10 to address that in part.

11 DR. LINKSZ: Well, I think for the last 50
12 years in America and for the last 40 years in
13 Pennsylvania -- 40 plus years in Pennsylvania, the
14 mission has pretty much been the same.

15 Number 1, be the best place to part and
16 the right place to start a four-year program degree
17 program; the most cost-effective place to start a
18 four-year program is at the community colleges.

19 The second major project has been getting
20 students ready to enter the job market in fields
21 that are appropriate that require only one or two
22 years of post-secondary training.

23 The third has been to be connected to our
24 communities in very specific ways, particularly in
25 the areas of workforce and economic development;

1 working with in partnership the counties, the local
2 business and industry community that serve our
3 unique areas to try and forge ways in which we can
4 be the training partner for the industries that come
5 into our community.

6 So we, for example, at Bucks, think it's
7 equally important to be the training partner of our
8 wind energy company, the Gamesa Company, that's just
9 come into Bucks County, and that's a primary goal
10 for us as an institution; to find what those
11 opportunities are, working with major corporations
12 that are moving into our community; to train people
13 for those industries so that they're job ready when
14 the industries are there.

15 So those three things, I think, have been
16 our primary mission for 50 years, and we see them
17 differently in each of the 14 community colleges
18 service areas only because the community is
19 different one from another.

20 REPRESENTATIVE SAMUELSON: Well, thank you
21 for your answers today, and I hope that we can find
22 a way to restore the funding as this budget process
23 proceeds.

24 DR. NEPAUER: Thank you.

25 CHAIRMAN ADOLPH: Thank you. My colleague

1 from Lehigh Valley sometimes can be very persuasive
2 in his questioning, but he also has a habit of
3 leaving out the federal money that the State of
4 Pennsylvania lost last year. And he often confuses
5 the loss of federal money of \$23 million that was
6 sent to the community colleges. And that, in fact,
7 is the 10 percent decrease in the funding that the
8 community colleges received the year before.

9 You were, in fact, level funded with state
10 tax dollars. I would agree 100 percent, if I'm on
11 the receiving end, and you receive a 10 percent
12 decrease, it's a decrease. But I really believe,
13 when you are also the recipient of the money, you
14 should know where the money is coming from. And you
15 lost 10 percent of your funding as a result of the
16 10 percent ARRA federal funds.

17 I'd also like to remind you that last year
18 you received, at your request, and I happened to be
19 the Chair of the PHEAA board. And I know -- I know
20 the Secretary of Education worked very closely with
21 the Pennsylvania Commission of Community Colleges in
22 trying to extend the deadline for filing the fee
23 applications.

24 I believe all other college -- college
25 universities, both private and state owned and state

1 related, has a May 1st deadline. And the Secretary
2 of Education, who, by being the Secretary of
3 Education, is a member of the PHEAA board, requested
4 the PHEAA board to move back their deadline to
5 August 1st, because many of your students do not
6 know exactly where they're going to go to school;
7 how they're going to find out how much the financing
8 is going to be, and historically, are late filers.
9 We added \$6 million -- or, actually, \$10 million.
10 It was an additional \$6 million sent to students
11 that attend Pennsylvania community colleges.

12 So, I just want to set the record
13 straight; that this budget last year was passed with
14 even -- with level funding from the state, a loss of
15 10 percent to you, which I understand, but you have
16 to get the record straight, okay. That 10 percent
17 decrease in federal funding is a decrease to you,
18 but was not state money. We level funded you last
19 year. So, I just wanted to get that on the record.

20 And also -- I also, I know a good
21 percentage of your students, a good percentage --
22 And I'd liked to hear from Doctor Johnson now, since
23 we're on this matter, what is the percentage of the
24 total enrollment at your community colleges that
25 received PHEAA grants?

1 DR. JOHNSON: It's a very, very small
2 percent of the overall PHEAA pot.

3 CHAIRMAN ADOLPH: That's not my question,
4 Doctor.

5 DR. JOHNSON: Right.

6 CHAIRMAN ADOLPH: My question is, what is
7 the percentage of your enrollment that receives
8 PHEAA grants?

9 DR. JOHNSON: Let me -- Let me ask Diane
10 if she has that information available, because I
11 don't want to give you a number that's incorrect.

12 MS. BOSAK: I'm looking it up, but I
13 believe about 40 percent from PHEAA dollars.

14 DR. JOHNSON: It's 40 percent from PHEAA
15 dollars. At least that's --

16 CHAIRMAN ADOLPH: Forty percent of your
17 enrollment --

18 (Discussion between Dr. Johnson and Ms.
19 Bosak).

20 DR. JOHNSON: Yes, yes. Forty percent of
21 our student body receive small awards from PHEAA.
22 So, while it's 40 percent, the amount of money that
23 they receive from PHEAA, in general, is pretty small
24 in comparison to the state-related, the state-
25 supported and the private institutions.

1 CHAIRMAN ADOLPH: It's all based, but part
2 of the -- part of the ex-factors are the -- is the
3 cost of tuition.

4 DR. JOHNSON: Right, the cost of tuition.

5 CHAIRMAN ADOLPH: The cost of tuition.

6 DR. JOHNSON: The cost of the tuition, and
7 that was a point I wanted to make also; that since
8 1980, the largest state universities have raised
9 their tuitions by more than 270 percent; state-
10 supported institutions by about 240 percent; and for
11 us, that percentage is somewhere between 150 and 160
12 percent since -- since 1980. So we made -- we made
13 a choice to keep the tuition favorable for the
14 students that attend our institutions.

15 CHAIRMAN ADOLPH: We certainly appreciate
16 that.

17 DR. JOHNSON: Yes, sir.

18 CHAIRMAN ADOLPH: And I know -- I know
19 when Secretary Tomalis approached the PHEAA board
20 regarding your request to move the deadline back --

21 DR. JOHNSON: Yes.

22 CHAIRMAN ADOLPH: -- staff over at the
23 PHEAA building, and, you know -- Obviously, when you
24 have so much in a pot and you're going to extend the
25 deadline, more students get involved and that means

1 less for those that applied by May 1st. Why are you
2 shaking your head, Doctor?

3 DR. LINKSZ: I think that's incorrect.

4 DR. JOHNSON: Yeah.

5 DR. LINKSZ: Students could apply for
6 community colleges or four-year colleges by the
7 original May 1st deadline.

8 CHAIRMAN ADOLPH: That's correct.

9 DR. LINKSZ: And so, the extension of the
10 deadline simply allows more students to apply late
11 at community colleges or any other institution.

12 CHAIRMAN ADOLPH: That's correct.

13 DR. JOHNSON: Right.

14 CHAIRMAN ADOLPH: But it reduces the
15 amount of the total dollars that each student that
16 would have applied by May 1st would have received,
17 because you now have more students eligible.

18 DR. LINKSZ: Unfortunately, I don't know
19 that I can answer that question. I think --

20 CHAIRMAN ADOLPH: Well, I can. I can.
21 When you extend a deadline, you have more pupils
22 that are eligible. You only have "x" amount of
23 dollars. So when you extend a deadline, that --
24 that increases the number of people that are
25 eligible. That decreases everybody's grant.

1 And PHEAA, through it's own earnings last
2 year, contributed \$50 million. And that's where the
3 \$6 million -- And, actually, it was \$10 million that
4 was earmarked only for community college students.
5 Only community college receives that extra deadline,
6 which allows your students -- your extra students to
7 receive the PHEAA grant.

8 DR. LINKSZ: Correct.

9 CHAIRMAN ADOLPH: Thank you. I'd like to
10 at this time acknowledge the presence of
11 Representative Will Tallman. And the next question
12 will be by Representative Gordon Denlinger.

13 REPRESENTATIVE DENLINGER: Thank you, Mr.
14 Chairman, and good afternoon, gentlemen.

15 In terms of the overall footprint of the
16 Commission, there are, of course, 14 schools. I'm
17 wondering if you could share with me the degree of
18 coordinated financial management within the
19 Commission itself? Each of these are organized
20 separately, each of the schools. But, as far as
21 opportunities for bonded indebtedness, is there a
22 coordinated borrowing in which you all rely on each
23 other's debt rating, if you will, credit rating,
24 credit worthiness, or do you each stand alone within
25 the 14?

1 DR. LINKSZ: Each college stands alone.

2 DR. JOHNSON: Right.

3 DR. LINKSZ: Each college borrows through
4 either a local authority or through the full faith
5 and credit of its own county, for example, if
6 they're county sponsored.

7 REPRESENTATIVE DENLINGER: Okay. So there
8 is some coordination with municipal authorities --

9 DR. LINKSZ: Yes.

10 DR. JOHNSON: Yes.

11 REPRESENTATIVE DENLINGER: -- in terms of
12 credit worthiness. Okay.

13 DR. JOHNSON: And we're required to do
14 that, yes.

15 REPRESENTATIVE DENLINGER: I'm wondering,
16 of the 14, are there any that you would consider to
17 be, shall we say on the bubble; that are a little
18 more shaky from a financial perspective?

19 DR. LINKSZ: Let me try and answer it.
20 From a general perspective, I think the smaller the
21 college, the less likely it is to have any reserve
22 capacity or the capacity to change more rapidly.
23 The bigger the institution, the more flexible in
24 general terms that they can become.

25 I think there are, as Doctor Johnson

1 noted, the amount of local contribution varies
2 significantly from college to college. And many of
3 them are now below the 10 percent rate respective to
4 the original intention of the legislature in 1964,
5 that a third of the resources for the college for
6 the operating resources be provided by localities.
7 So, the smaller the college and the simultaneous
8 decline in the amount of local funding, I think may
9 precipitate greater problems in some institutions
10 than others.

11 REPRESENTATIVE DENLINGER: I think, if I
12 understand Representative Samuelson's question on
13 enrollments, what we're seeing is, over the last
14 four years you have significant increases in
15 enrollment, as folks, obviously, are between job
16 situations and take advantage of education
17 opportunity. But in the last year we've seen a bit
18 of a -- kind of a crest of the hill and seen some
19 declines; is that correct?

20 DR. JOHNSON: Yes, that is correct.

21 REPRESENTATIVE DENLINGER: What do you see
22 going out three to four years in the future?
23 Obviously, we are all hoping for better economic
24 times. Do you see continuing declines in
25 enrollment? Is that where we're headed?

1 DR. JOHNSON: Well, first of all, let me
2 just echo what was conveyed to you by Doctor Linksz.
3 Indeed, the level of local funding has a great deal
4 to do with the stability of an institution, and
5 also, tuition. We've kept tuition reasonably low in
6 comparison to the state-supported and the
7 state-related institutions, because we recognize
8 that students need that.

9 But, at the same time, that's not a
10 robust -- that doesn't intend to be a robust
11 resource base because the tuition is low. We
12 believe very, very strongly -- Given the role of
13 community colleges in promoting workforce and
14 economic development and getting individuals into
15 quality jobs, we believe very, very strongly that
16 our enrollments will continue to remain very, very
17 strong.

18 The caveat, however, is that, in order for
19 our enrollments to remain strong, we've got to
20 provide to these individuals the programs and
21 courses that would lead to these well-paying jobs.
22 And with, you know, the budget issues that we
23 confront, both at the state level and at the local
24 level, that's gonna -- that's gonna continue to be
25 exceedingly difficult to do.

1 So we believe, as I indicated strongly,
2 that our enrollments will continue to be robust.
3 However, the reason for that would be increased
4 opportunities in programs and courses for students.

5 REPRESENTATIVE DENLINGER: I appreciate
6 those remarks. And two -- two brief closing
7 questions. Within the system of 14 that are out
8 there, do you see any likelihood of mergers of
9 smaller entities? Is that a possibility or it's not
10 anticipated?

11 DR. JOHNSON: Well, we -- we're all very,
12 very unique. We have extended service areas beyond
13 our counties. And those community colleges
14 essentially serve as the hub to promote educational
15 betterment and development for those areas. So we
16 don't -- we don't see any merging of institutions,
17 but we see greater collaboration among our
18 institutions.

19 For example, Butler, Allegheny, Beaver and
20 Westmoreland, all work together to promote
21 development of workers for the natural gas industry.
22 We will continue to see a lot of that, not only
23 among community colleges, but also between the
24 PASSHE institutions and two-year institutions in our
25 state.

1 Another example of our efforts to be more
2 collaborative is the support that we got from the
3 federal government through the Department of Labor;
4 \$20 million divided among community colleges to
5 train individuals in specific areas, including
6 energy, health care and manufacturing. We will
7 continue to do that.

8 REPRESENTATIVE DENLINGER: I appreciate
9 that. My own area could be served by Harrisburg
10 Area Community College, Delaware County Community
11 College and the Reading area.

12 DR. JOHNSON: Yes.

13 REPRESENTATIVE DENLINGER: I sense some
14 differences in their effectiveness, I guess you
15 would say, their enrollment procedures in reaching
16 out to persons in public school community in my
17 area. So it seems like more collaboration would be
18 called for.

19 DR. JOHNSON: Right. We agree. And you,
20 particularly, highlighted an important
21 responsibility and role that we have, and that is,
22 to be more proactive in our efforts with the public
23 schools. We recognize that individuals who come to
24 us probably need to develop more fully their
25 academic skills before they actually enroll in our

1 institutions, and we intend to do more in that
2 regard to ensure that. Thank you so much.

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

5 CHAIRMAN ADOLPH: Thank you,
6 Representative. Next question will be by
7 Representative Brian Ellis.

8 REPRESENTATIVE ELLIS: Thank you, Mr.
9 Chairman. Gentlemen, thank you so much for coming
10 today. I want to go into a couple different
11 directions.

12 First I want to start with the comment
13 that Doctor Links made. You said one of the goals
14 of a community college is to stay connected with the
15 communities. That being said, and being a trustee,
16 I know that we do our best in Butler.

17 You're getting funded on -- from the
18 state, from the locals in tuition. Primarily, those
19 are the main funding areas. Is it commonplace in
20 all the community colleges at this time, when the
21 funding will be reduced from the state, state chair
22 minus the federal money that we're no longer able to
23 give you guys, are you doing okay with the counties?
24 And are you expanding programs within the community
25 that will enhance the revenue for the colleges?

1 DR. NEPAUER: I would say that it varies
2 among the colleges. At Butler, as you know, we do
3 have a very good commissioner support. A very good
4 commissioner support and county support translates
5 to about 13 percent in operating money. And,
6 obviously, that's far less than the 33 percent
7 originally from the Community College Act. Now, we
8 do receive capital dollars as well.

9 But our model, when we have gone into
10 underserved areas, is to approach the local
11 government county and seek support. And when there
12 is support that is not there, we actually tax the
13 user and we tax the student. And even when we tax
14 the student with the nonsponsored rate, it is still
15 significantly lesser than nearby universities or
16 colleges.

17 DR. LINKSZ: Well, I think just adding to
18 what Doctor Nepauer mentioned, I think we're always
19 looking for ways in which to reach out to our
20 community and figure out how to do something
21 smarter, better, faster that works for us; whether
22 it's a big corporation or whether it's an
23 aggregation of small businesses.

24 Frequently, many of our communities are
25 full of small businesses, and that requires kind of

1 a different approach than working with an individual
2 large corporation. But it continues to be something
3 that we ought to do and try to do aggressively all
4 the time.

5 Our support from the counties--Again, I
6 can speak from the Bucks' perspective most
7 specifically--has declined rather substantially over
8 time arithmetically. So it's now between 11 and 12
9 percent of the college's budget is being provided by
10 the local sponsor at this particular point, even
11 though they are very supportive and have been and
12 have maintained their support level throughout the
13 difficult times even in the county as well. So
14 we're getting the kind of support we need. Clearly,
15 we'd love to get more.

16 But, I think the goal is to try and find
17 ways to be smart about the resources that we have;
18 use them wisely; work with partners in our community
19 and try to make a difference on a continuing basis.

20 REPRESENTATIVE ELLIS: I appreciate that.
21 And in your testimony, Doctor Johnson, you talked
22 about some of the nonmandated capital funding that
23 you thought you were going to get; you didn't get;
24 and last, the Governor put that back into the
25 general fund and we, obviously, are spending it

1 elsewhere.

2 Did they give you an indication of why --
3 What was the projects and why did you lose them?

4 DR. JOHNSON: My recollection, and this
5 was last year --

6 (Discussion between Dr. Johnson and Ms.
7 Bosak).

8 DR. JOHNSON: Yeah. We really don't know
9 the rationale in terms of why the nonmandated
10 capital didn't get to us. That happened under the
11 previous Administration. Those funds were, for lack
12 of a better term, obliterated. And when we acquired
13 about -- acquired (sic) about them, it was to
14 Governor Corbett and his staff, and they don't know,
15 quite honestly, what happens -- what happened to
16 those funds. So there has been no indication that
17 those would be restored.

18 REPRESENTATIVE ELLIS: Okay. I just
19 didn't want it to seem like we cut the money from
20 you.

21 DR. JOHNSON: Right.

22 REPRESENTATIVE ELLIS: The money was
23 promised and then never delivered.

24 DR. JOHNSON: Yeah. My understanding is
25 that it's not only promised, but it is a requirement

1 under the Community College Act, and we felt that
2 those money should come to us. And my hope is that,
3 under the current Administration, that those funds
4 would be restored.

5 REPRESENTATIVE ELLIS: If we can go back
6 to the overall funding picture again, and Doctor
7 Links, you said about 12 percent comes from the
8 county. How does the pie graph look for funding?
9 What's the student, what's the state, what's the
10 county, generally speaking, for community colleges?

11 DR. LINKS: Students are probably 50
12 percent or more at this particular point. The
13 state's probably around 25, and the county is the
14 remainder, essentially, and some other auxiliary
15 enterprise profits, for example, from book stores or
16 cafeterias.

17 REPRESENTATIVE ELLIS: Well, I will just
18 say that I know you guys are doing a great job.
19 I've been in the legislature, this is my 8th year,
20 and I made tough votes. And as a trustee, raising
21 tuition is the hardest thing we have to do because
22 we know what it does. And if we take away an
23 opportunity for one more person to get an
24 opportunity to get educated, just because of
25 financial reasons, that is -- that is problematic.

1 But I appreciate the willingness of the
2 community colleges in the last two years as the
3 state has gone through a financial crisis, as
4 America has, your understanding that we can't just
5 magically come up with more money for you. The work
6 that you guys have done on an individual level at
7 each college, trimming the costs and cutting the
8 costs -- And I know firsthand at Butler Community
9 College how -- Doctor Nepauer said we've cut
10 everything, we have cut everything. I know you guys
11 did that across the board, so I commend you on that.

12 Finally, it's -- I guess, possibly, it may
13 be effective, and I don't know, that's why I'm going
14 to ask. But a lot of high schools now are
15 participating with community colleges as far as
16 getting their students an opportunity to have
17 college credits before they graduate high school.
18 Is the recession having any effect on whether or not
19 schools are participating with you guys in joint
20 agreements, or are you expanding the amount of
21 children that are getting college education while
22 they're in high school?

23 DR. JOHNSON: Well, as you know, the dual
24 enrollment program is slated to be cut entirely in
25 the proposed budget. We believe strongly that that

1 would do irreparable harm to individual's ability to
2 experience a community college education while
3 they're in high school. We also believe very, very
4 strongly that that creates a significant pathway to
5 success. So, when students come to us, not only are
6 they able to go into college-level courses, they're
7 able to bring some credit with them.

8 There are families that strive to pay the
9 tuition for these students because they recognize
10 how monumentally important this could be for them.
11 So right now we have 3100 individuals from high
12 schools at our institutions. Some of us have
13 decided to allow these individuals to come to our
14 institution free of charge in terms of tuition,
15 because we do have, in some instances, excess
16 capacity in those courses that they ultimately get
17 an opportunity to enroll in. They pay their own
18 fees and books, but some of us have taken
19 responsibility to provide them with tuition support.

20 DR. NEPAUER: And Doctor Johnson and I are
21 on a committee that is examining best practices
22 across the country for CTCs, Vo-Techs. And in
23 Butler, as you know, we partner with our local CTC,
24 so rather than us investing in HVAC equipment, this
25 partnership and collaborative effort allows us to

1 use the HVAC equipment at the Butler CTC in off
2 hours. And we articulate those students and work
3 very well with them coming into BC 3 with those
4 credits that they've earned at the CTC and then
5 articulating them into a degree program.

6 DR. JOHNSON: I wanted to mention also
7 with respect to dual enrollment, that some school
8 systems, despite the fact that the funding has
9 leveled off over time, have decided to still support
10 these students desire to take on college course
11 work. So I would commend them for their continued
12 support as well.

13 REPRESENTATIVE ELLIS: I guess -- So we
14 talked about it. The actual answer that I was
15 looking for is, are we increasing the number of
16 students or is the number of students decreasing?

17 DR. JOHNSON: It's --

18 MS. BOSAK: Slightly decreasing.

19 DR. JOHNSON: Yeah, there's been a slight
20 decline because of the lack of funding at the state
21 level, but it has not been significant.

22 REPRESENTATIVE ELLIS: Okay. Thank you
23 very much.

24 MR. LINDSZ: Thank you.

25 DR. JOHNSON: Thank you.

1 REPRESENTATIVE ELLIS: Thank you, Mr.
2 Chairman.

3 CHAIRMAN ADOLPH: Thank you.
4 Representative Mark Mustio.

5 REPRESENTATIVE MUSTIO: I was the one to
6 bring up that 10 percent reduction in taxpayer
7 support. I'm glad you got that clarified a little
8 earlier, because it was a little different than the
9 materials that we were provided earlier today.

10 Thank you, gentlemen, for being here. I
11 was involved with the Community College of Allegheny
12 County several years ago when other smaller
13 businesses that I'm in were having a challenge in
14 recruiting a certain type of work, so we approached
15 the community college and they were able to develop
16 a program. We as business owners funded it and it
17 worked very well. So I wanted to just do that
18 commercial for you.

19 I'm on your website, and I noticed that 43
20 percent of your students report that they would not
21 have attended college without attending CCAC. And I
22 also noticed that \$16 million in taxpayer and
23 private grants were awarded to you in 2009-2010. I
24 think that's a great thing.

25 But one thing I think would help us get a

1 better picture, this little chart here that you
2 pointed us to earlier that, you know, graphically
3 shows that the state taxpayer wasn't contributing to
4 your capital budget there. I think, maybe, if you
5 gave us another chart that let us compare how the
6 counties were supporting you as well might give us a
7 more clarifying picture; and also, perhaps, include
8 some of these other grants that you go out and get.

9 Is it a fair assumption on my part that
10 all of you -- all of your schools are in challenging
11 positions right now?

12 DR. JOHNSON: Yes.

13 REPRESENTATIVE MUSTIO: Would it also be a
14 fair statement that some are in a more challenging
15 positions than others?

16 DR. JOHNSON: That would be correct, sir.

17 REPRESENTATIVE MUSTIO: The reason I say
18 that is, I know, in particular, the Community
19 College of Allegheny County opened up a west campus
20 within the last few years, which is a very nice
21 campus that I've toured several times and a lot of
22 great programs going on there.

23 So I think that for us to get a -- as
24 appropriator of funds, for us to get a better
25 picture, I think if we had all the information as

1 opposed to just part of the information, it's
2 painting a picture perhaps one way; getting all the
3 information in full disclosure might help us be
4 better advocates for you. Just a suggestion from
5 this one person's opinion.

6 You mentioned partnerships a little
7 earlier. I'd liked to get into that a little bit
8 more. I know that businesses out there you
9 mentioned are looking for skilled workers and don't
10 necessarily want to bring them in from other states
11 and we don't want them to do that. We want them to
12 hire Pennsylvanians; create Pennsylvania taxpayers,
13 right?

14 Have those types of industries -- The ones
15 I'm thinking of primarily are the medical field,
16 Marcellus; as Brian Ellis was just talking, take
17 that him, Marcellus, or the gaming industry; have
18 any of those partnered with any of your institutions
19 or any of your colleagues' institutions?

20 DR. JOHNSON: I can give you some examples
21 at Community College of Allegheny County, and they
22 span the spectrum of businesses and corporations in
23 our community at large. One example would be a
24 current partnership with three gas companies in
25 Allegheny County, Pittsburgh. They include EQT,

1 Columbia Gas and also People's Gas, and we're
2 working with them to identify the competencies and
3 skills that individuals need to be customer -- care
4 technicians, pipe fitters and welders; and then, of
5 course, for those individuals not to be interview
6 ready but job ready.

7 Other examples are the ones that we've had
8 traditionally with places like UPMC. In fact, they
9 regard our training so high that some of the
10 programs that they -- that they house traditionally
11 to train individuals, they've actually turned over
12 to us and now we're providing the training, as well
13 as the number 1 producer of nurses and allied health
14 technicians for them.

15 Manufacturing is taking off in Allegheny
16 County, so we have a number of partnerships with
17 manufacturers, and we work directly with them to
18 supply them with the ready-skilled workforce as
19 well. So I think we're doing a very, very good job
20 in that regard. I think all the community colleges
21 have those types of associations, and it's part of
22 our effort to be more entrepreneurial.

23 You talk about the grants that we're
24 securing. Well, quite honestly, that's a more
25 recent phenomenon. We become more competitive at

1 the federal level securing the types of grants that
2 you're talking about, and we've launched our own
3 fundraising efforts related to, you know, securing
4 funding from foundations; corporations, in general,
5 and also individuals. So we are making an effort to
6 not only collaborate with the corporate community,
7 but engage in more extensive fundraising and
8 financing efforts along that line.

9 REPRESENTATIVE MUSTIO: It's great when
10 the partnership exists and the jobs are there at the
11 end. Do they also contribute financially to help
12 support underwriting costs of (voice trails off) --

13 DR. JOHNSON: Yes, they do. In fact, with
14 the instances of our partner with the -- with the
15 energy companies, they're providing the adjunct
16 professors to do that. They're also providing
17 equipment and training facilities. In some
18 instances, we have the classrooms and, perhaps, the
19 rudimentary equipment. But when it comes to field
20 experiences, the companies provide that opportunity
21 for our students.

22 REPRESENTATIVE MUSTIO: Very good. I'd
23 love to see a paper, an example of one or two of
24 those. That would be nice.

25 DR. JOHNSON: You don't need to ask twice.

1 I'll get it to you right away.

2 CHAIRMAN ADOLPH: Thank you,
3 Representative. Representative Gary Day.

4 REPRESENTATIVE DAY: Thank you, Mr.
5 Chairman. Thank you for being here today.

6 I'm interested in taking every opportunity
7 to understand our higher education system in the
8 Commonwealth, and specifically wanted to ask your
9 opinion, or your view, of the role of each of the
10 different types of higher ed and their interaction
11 between.

12 It used to be that, you know, a private
13 four-year, public four-year and community colleges
14 were providing more separate than they are today
15 types of education or services. As a matter of
16 fact, in Lehigh Valley, we have many private
17 schools. Penn State has a presence there. There
18 was even agreements, when Penn State came into town,
19 they would only do certain types of services, and
20 that's pretty much gone by the wayside in today's
21 world.

22 But now, community colleges and their,
23 what I believe successes, we've talked about the
24 dual enrollment program; reaching into the high
25 schools and, also, the agreements with other

1 four-year institutions. Lehigh Carbon has done that
2 quite successfully. There's three different
3 community colleges within an hour from my district
4 offices who are all very successful. And that
5 success to me has blurred those old lines. It's not
6 necessarily a bad thing. It's just a confusing
7 thing to the public, maybe; maybe to some
8 legislators like me, maybe.

9 But, can you explain how you see the role
10 of community colleges in that little bit of a blurry
11 market and maybe into the future.

12 DR. NEPAUER: I'd like to begin with this
13 one. I've worked at research universities, liberal
14 arts institutions, and at those institutions we
15 would talk about where students graduated from their
16 high school classes; what the SAT score was and
17 would look to see the ratings in the U.S. News;
18 rating systems for colleges and universities.

19 Community college, we're all about open
20 access. I have the benefit of still teaching a
21 class. I taught it last night. And in my class
22 last night, a class of 14, an Introduction to PR
23 class, by show of hands I asked how many of those
24 students not only attended classes at Butler, but
25 also worked, and every hand went up. In that class

1 I had a gentleman who attempted Clarion University;
2 didn't make it there; reversed transfer to Butler; a
3 young lady who did the same thing at Grove City.

4 So where we fit in the equation, and I
5 often tell this story, when we go into other
6 counties that do not have community colleges, we are
7 reaching a population that otherwise might not have
8 an opportunity to go into higher education. And
9 when I take our show on the road and go into a
10 Clarion County or a Jefferson County, please don't
11 view us as a competitor. View us as an institution
12 that will reach a population that otherwise may not
13 get an opportunity for higher education. We run
14 them through our system. And then when they're done
15 and get that degree at the sophomore level, we
16 articulate them into your place, and chances are
17 they're going to stick around because their
18 retention rate has increased with the experiences
19 they've had at the community college.

20 DR. LINKSZ: Let me try a different answer
21 to your question; maybe getting at a different
22 aspect of it that you proposed. I've been in
23 Pennsylvania for a while. I was here in 1964,
24 writing the original community college master plan
25 with the company that the Department of Education

1 hired to do the master plan for the state.

2 Since that time it's been exceptionally
3 evident that Pennsylvania has a very unique higher
4 education system; a system that is essentially
5 competitive rather than collaborative; a system in
6 which various institutions compete for funds at the
7 state level; a system without effective management;
8 without an effective master plan; without an idea of
9 how it's going to serve all of its citizens.

10 So, as a consequence, you have the unusual
11 nature in Pennsylvania where you have Penn State
12 University spinning off two-year campuses. You have
13 the 14 state universities thinking they'd like to do
14 one or more of those campuses, and the community
15 college system that actually is designed to do
16 precisely that. So you have a very competitive
17 environment, and a master planning system that is
18 efficiently deficient as far as creating effective
19 ways in which to guide the legislature in how to
20 spend those dollars.

21 So, I don't think it's a surprise that we
22 are competitive with one another. The public sector
23 institutions are competitive. The private sector
24 institutions is kind of a Commonwealth free-for-all
25 as we have defined our own system. And so, I think

1 you do have these overlapping situations in
2 Pennsylvania that you don't find in many other
3 states in which the mission of the community college
4 is very clear.

5 The transfer to the state-system
6 university is absolute and guaranteed and, in which,
7 the state-related universities stick to their
8 research university mission and don't start spawning
9 community colleges. So, Pennsylvania is kind of an
10 interesting state.

11 DR. JOHNSON: I would -- I would tend to
12 agree with you. I think this hodgepodge has created
13 issues of communication. It sent mixed messages to
14 our citizens at large.

15 As you know, the Governor has established
16 a task force on higher education, and its role is to
17 look very carefully at the manner in which we're
18 delivering education in the state and to provide,
19 offer recommendations on how it could be improved.

20 I must confess to you that Pennsylvania
21 does have a premiere, I wouldn't say system of
22 higher education, but it has some premier
23 institutions of higher learning, including our
24 community colleges. And we feel strongly that they
25 must all work together to promote the overall

1 economic well-being of the Commonwealth.

2 Is there work to be done to ensure that
3 each and every one of them have their both
4 collective and individual roles? Oh, absolutely.
5 But, I think that's something that we can work on
6 continuously.

7 REPRESENTATIVE DAY: Thank each one of you
8 for your responses. It's much more than I expected.
9 I really appreciate it. It spurs me to ask another
10 question on the same lines.

11 You're governor for the day; you're king
12 for the day. Let's say you're king. You're the
13 legislature and governor all wrapped into one. We
14 have to made a decision; we're going to spend this
15 amount of dollars. How do you divide -- How do you
16 divide that up? Not how should we. How would you
17 divide that up? Would it be per student or per
18 outcome? How would you divide up the percentage
19 across those levels?

20 (Telephone interruption).

21 REPRESENTATIVE DAY: Saved by the bell,
22 gentlemen.

23 DR. JOHNSON: That's a very interesting
24 question. If you noted, I looked to either side of
25 me to see which one of my colleagues would pick it

1 up, but they decided not to --

2 DR. LINKSZ: We'll pick it up.

3 DR. JOHNSON: -- not to do that. Doctor
4 Linksz just indicated that he'd be glad to respond.

5 DR. LINKSZ: You might not want my
6 response.

7 REPRESENTATIVE DAY: All to the (inaudible
8 word) kinds.

9 DR. LINKSZ: In terms of the context of
10 the comment that I made earlier, I think if you're
11 looking for outcomes, to use your term, and the
12 effective expenditure of state dollars, I think
13 those two things have to come together. So, if
14 you're saying to yourself, how could I take this
15 pool of funds that I'm that spending for higher
16 education in Pennsylvania, I guarantee there are
17 ways to spend it differently than Pennsylvania is
18 spending it, and, perhaps, more cost effectively.
19 Give you one example.

20 Why not immediately require all students
21 starting higher education -- public higher
22 education, to start at a community college. The
23 state saves money; the student saves money; the
24 community saves money. Then you could take the 14
25 state universities, turn them into upper-division

1 universities and immediately double the capacity of
2 your higher education system without spending a
3 single extra dollar. You'd actually save -- Take
4 all the money that you save by sending the students
5 to the community college first and plow it into the
6 four-year colleges to make them even more successful
7 upper-division institution.

8 So, I think there are interesting and
9 exciting prospects and ways to do this. We're
10 disinclined as a state to really do that. In fact,
11 the reverse is happening. I think I'm going to be
12 out here again on Monday talking to Secretary
13 Tomalis about how community colleges can start
14 offering baccalaureate degrees.

15 REPRESENTATIVE DAY: Thank you. And your
16 answer would be more toward access, right? Because
17 you had a great answer about access.

18 A specific question. I was sitting here
19 behind the podium so I didn't see who made the
20 comment. You were talking about calculating the
21 tuition increase. I think the number was 7 percent
22 or 7.1. Did I -- I need a clarification. Did you
23 throw out the outliers? I believe Carbon was zero
24 and someone else. What was the amount?

25 DR. JOHNSON: Harrisburg Area Community

1 College. I don't know the exact percentage, but
2 they increased their tuition for sponsored students
3 by \$30.

4 REPRESENTATIVE DAY: Okay.

5 DR. JOHNSON: Thirty dollars. So if you
6 throw out those outliers, the average would be more
7 about 4.3 percent.

8 REPRESENTATIVE DAY: At zero percent --
9 throw out a zero percent, excuse that number, that
10 figure.

11 DR. JOHNSON: Well, my contention is that
12 \$30 a credit hour does as well. I think on
13 average -- You have to look at the average. On
14 average, the tuition increase is, even with the
15 reduction, was somewhere around 4.3, 4.5 on average.

16 REPRESENTATIVE DAY: I would agree with
17 your comment. I appreciate that.

18 Finally, Mr. Chairman, of our committee, I
19 want to thank you for your description of our
20 current budget situation. By handling it in the
21 manner that you did has saved me and this committee
22 a long line of inefficient questions for me, and I
23 really appreciate the way you handled that, and I
24 just wanted to say so.

25 Gentlemen, thanks for your comments today

1 and answers to my questions.

2 CHAIRMAN ADOLPH: Chairman Markosek.

3 CHAIRMAN MARKOSEK: Yeah, thanks. I'd be
4 remiss if I didn't mention that I have a community
5 college in my district, the Boyce Campus of the
6 Allegheny County Community College, which I'm very
7 proud of, and they do a great job out there. It's
8 just a wonderful, wonderful facility.

9 I also would be remiss if I didn't correct
10 the record a little bit. You did lose some state
11 money; not much; not like the other entities. But
12 yes, there is some state money that you did not get.
13 It wasn't all ARRA money.

14 DR. JOHNSON: No.

15 CHAIRMAN MARKOSEK: And you did lose some.
16 So I wanted to correct the record with that.

17 And I also wanted to say that the
18 statement that Representative Samuelson made about
19 other states being far more enthusiastic about
20 higher ed, I think New Jersey is a very good example
21 here recently where their Governor has come forward
22 and wants to really make higher ed something greater
23 is totally opposite from what we're doing here in
24 Pennsylvania, where we seem to be going quite the
25 other way. We're almost -- It's almost like there's

1 a goal to dismantle higher ed in many ways, and that
2 is just not good.

3 And finally, I want to congratulate my
4 colleague and chairman who does just a wonderful job
5 on the PHEAA board. I served with him on the PHEAA
6 board at one time. They are under assault again
7 this year from the Governor's budget. And I promise
8 to work hand in hand with the chairman and all the
9 other members here to restore funding for PHEAA,
10 community colleges and all the other higher ed
11 entities here in the Commonwealth.

12 Thank you, Mr. Chairman.

13 DR. JOHNSON: Thank you, Representative
14 Markosek.

15 CHAIRMAN ADOLPH: Thank you, Chairman
16 Markosek.

17 Gentlemen, I want to thank you for being
18 here today; certainly appreciate what you do for the
19 residents of Pennsylvania. Certainly, community
20 college has a place in the higher education
21 community.

22 Doctor Linksz, I think your explanation of
23 the competition that exists out there, it was
24 perfect. I know we have a need analysis committee
25 over at PHEAA. And each segment of the higher

1 education is part of that need analysis. And boy,
2 I'll tell you what, Big Ten football schedule can't
3 be as tough as that need analysis committee when it
4 comes to trying to divide up these precious dollars.

5 The state legislature takes the funding of
6 higher education very, very important, and it's a
7 tough priority of ours. And we will do our best to
8 make sure that the community colleges are funded at
9 the proper level this year.

10 So, with that being said, thank you again.
11 Looking forward to working with you.

12 DR. JOHNSON: Well, let us extend our
13 thanks to both you and Representative Markosek for
14 your time today and other members of the committee.
15 And so, on behalf of the Commission and its 14
16 community colleges, we express our sincere
17 appreciation.

18 I do want to share with you one correction
19 to the record. It has come to my attention that the
20 percentage of our students who receive support from
21 PHEAA is not 40 percent, but 14 percent.

22 CHAIRMAN ADOLPH: 14 percent?

23 DR. JOHNSON: 14 percent.

24 CHAIRMAN ADOLPH: That really surprises
25 me. I thought it was much higher than that.

1 DR. JOHNSON: Yes, yes, 14 percent.

2 CHAIRMAN ADOLPH: 14 percent.

3 DR. JOHNSON: Yes.

4 CHAIRMAN ADOLPH: I thought that was much
5 higher. As a -- When we -- That \$6 million actually
6 went to the students of community college.

7 DR. JOHNSON: Yes.

8 CHAIRMAN ADOLPH: Do you agree with that?

9 DR. JOHNSON: Yes, we do. Yes, sir.

10 CHAIRMAN ADOLPH: Okay. Thank you.

11 DR. JOHNSON: Thank you again. Thank you.

12 CHAIRMAN ADOLPH: For the members of the
13 committee, the hearings will continue on Monday at
14 10 a.m. Thank you.

15 (At 4:23 p.m., the PA Commission for
16 Community Colleges budget hearing concluded).

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C E R T I F I C A T E

I, Karen J. Meister, Reporter, Notary Public, duly commissioned and qualified in and for the County of York, Commonwealth of Pennsylvania, hereby certify that the foregoing is a true and accurate transcript of my stenotype notes taken by me and subsequently reduced to computer printout under my supervision, and that this copy is a correct record of the same.

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