

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE  
BUDGET HEARING

STATE-RELATEDS

STATE CAPITOL  
HARRISBURG, PENNSYLVANIA  
ROOM 140, MAJORITY CAUCUS ROOM

WEDNESDAY, MARCH 2, 2016  
1:00 P.M.

BEFORE:

HONORABLE WILLIAM ADOLPH, MAJORITY CHAIRMAN  
HONORABLE JOSEPH MARKOSEK, MINORITY CHAIRMAN  
HONORABLE KAREN BOBACK  
HONORABLE JIM CHRISTIANA  
HONORABLE GARY DAY  
HONORABLE GEORGE DUNBAR  
HONORABLE KEITH GREINER  
HONORABLE SETH GROVE  
HONORABLE SUE HELM  
HONORABLE WARREN KAMPF  
HONORABLE FRED KELLER  
HONORABLE JIM MARSHALL  
HONORABLE KURT MASSER  
HONORABLE DAVE MILLARD  
HONORABLE DUANE MILNE  
HONORABLE MARK MUSTIO  
HONORABLE JEFFREY PYLE  
HONORABLE MARGUERITE QUINN  
HONORABLE CURT SONNEY  
HONORABLE MIKE VEREB  
HONORABLE MATTHEW BRADFORD  
HONORABLE LESLIE ACOSTA  
HONORABLE TIM BRIGGS  
HONORABLE DONNA BULLOCK  
HONORABLE MARY JO DALEY  
HONORABLE MADELEINE DEAN  
HONORABLE MARIA DONATUCCI  
HONORABLE PETER SCHWEYER

1 (CONTINUED)

2 HONORABLE KEVIN SCHREIBER  
3 HONORABLE MARK ROZZI  
4 HONORABLE STEPHEN KINSEY  
5 HONORABLE MICHAEL O'BRIEN

6 NON-COMMITTEE MEMBERS:

7 HONORABLE MATT BAKER  
8 HONORABLE WILL TALLMAN  
9 HONORABLE BERNIE O'NEILL  
10 HONORABLE KRISTIN PHILLIPS HILL  
11 HONORABLE STAN SAYLOR  
12 HONORABLE RICK SACCONI  
13 HONORABLE ROBERT GODSHALL  
14 HONORABLE MARK GILLEN  
15 HONORABLE JAMES ROEBUCK

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23 COURT REPORTER/NOTARY PUBLIC  
24  
25

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2                   MAJORITY CHAIRMAN ADOLPH:  Thank you.  
3       Good afternoon, everyone.  I'd like to reconvene  
4       the House Appropriations Committee Budget  
5       Hearings for the fiscal year '16-'17.  I want to  
6       welcome everyone.

7                   Our first hearing today is the  
8       Pennsylvania State-Related Universities.  They  
9       include Penn State University, Temple  
10       University, University of Pitt, and Lincoln  
11       University.

12                  We will have the testifiers identify  
13       themselves in just a few minutes.  I'd just like  
14       to go over a couple of housekeeping items with  
15       you.  This is about the second week and  
16       probably, you know, maybe our 15th hearing; no  
17       one has listened to me yet, but I'd like to  
18       repeat myself.  If you have an iPhone on you, if  
19       you have an iPad on you, any type of electronic  
20       device, despite what Chairman Markosek may say,  
21       if you could turn it off, because it does  
22       interfere with the telecast.  Okay?

23                  These Budget Hearings are being  
24       televised by PCN, and there's an awful lot of  
25       people in this room.  I'd ask the testifiers to

1 pull the microphones up to them as close as they  
2 can so everyone in the room can hear you. Okay?

3 It is customary that Chairman Markosek  
4 and I invite the Chairman of the standing  
5 committees. And today we have the Republican  
6 Chair of the House Education Committee,  
7 Republican Chairman Stan Saylor; and also the  
8 Democratic Chair, Representative Jim Roebuck,  
9 with us.

10 At this time, I'm going to turn the mike  
11 over to whoever would like to go first; and I  
12 don't know who's the Dean up there. I can't  
13 keep track of who came in when. I don't know if  
14 you guys arm wrestled or whatever you did to  
15 figure out who was going to go first, but I'm  
16 not going to pick you.

17 MR. THEOBALD: Well, I think I'm the  
18 Dean.

19 MAJORITY CHAIRMAN ADOLPH: Okay. You're  
20 the Dean, Doctor?

21 MR. THEOBALD: Yes. Well, thank you,  
22 Chairman. I'd like to begin my very brief  
23 comments by saluting Chairman Adolph. This is  
24 my fourth and final time I'll have the privilege  
25 appearing before this Committee with you as the

1 Chair.

2 You are actually the first Pennsylvania  
3 Legislator that I met when I came here in 2012,  
4 and I have always found you direct and fair to  
5 me and to Temple University. Thank you very  
6 much.

7 The vital relationship between Temple  
8 and the Commonwealth is based on a simple  
9 understanding. We provide access to excellent,  
10 yet affordable education and healthcare for  
11 hundreds of thousands of Pennsylvanians.

12 In return, you as Representatives of the  
13 people of Pennsylvania, help to support  
14 Pennsylvania State-Related institutions like  
15 Temple.

16 You've been supplied with information  
17 that clearly shows how we have opened doors to  
18 the American dream for a more diverse class of  
19 students through the Temple option, how our Fly  
20 in 4 program has helped more students graduate  
21 on time and with less debt, how Temple Hospital  
22 has become the indispensable provider of  
23 healthcare in Philadelphia, by treating nearly  
24 150,000 patients without private insurance.  
25 That's more than 400 per day in our emergency

1 room last year, many with life-threatening  
2 injuries. Temple has clearly done its part.  
3 Yet, because of an 8-month delay in approving  
4 our Commonwealth appropriation, Temple  
5 University is facing a \$175-million budget  
6 deficit, merely \$150 million for educational  
7 programs and another \$26 million for Temple  
8 Hospital.

9 I have been asked many times in the days  
10 leading up to this testimony, What would Temple  
11 look like if we did not receive the Commonwealth  
12 appropriation? Our options are limited, and the  
13 implications are quite real and significant.

14 A shortfall of \$175 million cannot be  
15 covered with a hiring freeze. A loss of this  
16 scale would call for crippling layoffs. Neither  
17 can a shortfall of \$175 million be covered by a  
18 modest tuition surcharge.

19 Our discount for Pennsylvania residents  
20 is over \$10,000 per student. Philadelphia is  
21 the only major city or county in America without  
22 a public hospital. More than 85 percent of the  
23 patients seen at Temple Hospital are uninsured  
24 or dependent on government insurance. They are  
25 mostly indigent. Taking \$26 million out of this

1 environment will lower staffing levels and  
2 severely limit the type of services that we can  
3 provide.

4 Like you, Temple seeks to play its part  
5 in building strong communities in Pennsylvania.  
6 We treasure this role. Therefore, in addition  
7 to receiving our FY-16 and FY-17 Commonwealth  
8 appropriation, we want to strengthen our  
9 partnership with you so we can continue to  
10 provide talented and motivated students of all  
11 backgrounds with access to high-quality college  
12 experiences and continue to meet Philadelphia's  
13 healthcare needs.

14 Thank you for all you've done for our  
15 students and our patients.

16 MR. GREEN: I'm the least senior. Good  
17 morning, Chairman Adolph, and members of the  
18 Appropriations Committee. I want to thank you  
19 for this special opportunity to provide an  
20 expression of our appreciation of support in the  
21 past and an opening statement about our request  
22 for support for 2016 and 2017.

23 Let me digress a little bit. Lincoln  
24 University has proudly celebrated more than 161  
25 years as the first degree-granting historically



1 black college and university in the nation.  
2 From its very inception Lincoln has graduated  
3 students who have made exemplary contributions  
4 to the State of Pennsylvania, the nation, and  
5 the world.

6 Our students and our graduates have  
7 taken advantage of opportunities to pursue  
8 higher education at Lincoln when, historically,  
9 such opportunities were not widely available to  
10 the sons and daughters and grandsons and  
11 granddaughters of some of our residents of  
12 African-American descent.

13 From its founding in 1854, Lincoln has  
14 been an attractive place to study, not only for  
15 the citizens of Pennsylvania but students from  
16 neighboring states and from around the world.

17 We are proud, here in 2016, to serve a  
18 diverse student body population. With our  
19 largest numbers of students coming from  
20 Pennsylvania, our student body does reach out to  
21 30 states and some 17 foreign countries.

22 The University is committed to providing  
23 talent pools, especially minority graduates,  
24 necessary to maintain the vitality of the  
25 Commonwealth. As noted in materials previously

1 distributed, merely 54 percent of Lincoln's  
2 graduates remain in the State of Pennsylvania.  
3 Additionally, the university employs more than  
4 400 people, making it among the 30 largest  
5 employers and a major contributor to  
6 southeastern Chester County.

7           The United States News & World Report  
8 ranked Lincoln 17th among the 117 HBCUs in 2014  
9 and 21st in 2015. The University prides itself  
10 of having one of the highest retention rates for  
11 schools of its size.

12           Our graduates have been major  
13 contributors to the State of Pennsylvania and  
14 across the world, especially in sciences and  
15 medicine, in law; and over 20 percent of our  
16 graduates have been in the science area.

17           Our notable graduates have been lawyers  
18 and Supreme Court Judges, scientists, and, of  
19 note, members of society and major contributors  
20 across the world in the STEM area.

21           Lincoln has weathered the budget storms  
22 of the past and is facing the biggest challenge  
23 in this current arrangement. Over the past five  
24 years, experience in reduction in enrollment,  
25 thus reduction in tuition revenue and

1       fluctuations in the state appropriations has  
2       made it difficult. We have made efforts to  
3       address these issues by reducing staff; we have  
4       an early retirement plan; we've given no salary  
5       increases for administrators over the past six  
6       years; and we've made several other reductions.

7               Even in the face of such challenges, we  
8       respond to the Commonwealth's call to maintain  
9       tuition costs at a minimum. Thus, in 2014 and  
10       '15, the University has instituted a tuition  
11       freeze to maintain the students' tuition at the  
12       same level for the remaining four years of their  
13       period at the University.

14               This does result in savings, but it  
15       encourages students to finish in four years. In  
16       preparing the '16-'17 State budget, we took a  
17       look at our appropriations and our needs for the  
18       last several years and we've asked for an amount  
19       that will help us maintain the high quality in  
20       our programs.

21               We are on track, we think, to continue  
22       to be a strong contributor to the State of  
23       Pennsylvania. Lincoln is committed to its  
24       success, affordability, and academic excellence;  
25       and we appreciate this opportunity to request

1       again the kind of support you have provided in  
2       the past.

3               Thank you very much. There are more  
4       materials that have been handed out, and I hope  
5       they help in explaining our request.

6               MAJORITY CHAIRMAN ADOLPH: Thank you.

7               MR. GALLAGHER: Mr. Chairman, let me  
8       thank you for the opportunity. And since we  
9       have the written statement, let me just make a  
10      very brief encapsulation. I'm going to start in  
11      a maybe unexpected way with some good news and  
12      with a thank you.

13              You know, despite the budget impasse  
14      that we're all ending up talking about today in  
15      some form or another, it's worth remembering  
16      that the context actually is quite positive. It  
17      happened since I became Chancellor a  
18      year-and-a-half ago, working with many of you  
19      directly, there has been strong support from  
20      both chambers and from both parties on the  
21      important role that the State-Related  
22      Universities play for the Commonwealth of  
23      Pennsylvania.

24              And, in fact, there's been strong  
25      support for a path to reverse years of declines

1 and to begin to make investments there. And I  
2 haven't forgotten that. And I think, you know,  
3 one of the goals, I think, is how do we not lose  
4 that momentum around that very positive pathway?

5 And the reason I bring it up is, one of  
6 the consequences of a budget impasse like this  
7 is not just the short-term financial crisis.  
8 Yes, there's a deficit and fixed budget, as  
9 well. Yes, we are figuring how we would manage  
10 it.

11 What I am most concerned about, though,  
12 are two things: One is an opportunity cost.  
13 We're not talking about what these universities  
14 can do to be an engine of growth for the State  
15 of Pennsylvania.

16 Every problem we face financially is  
17 going to be a lot easier to deal with if we're  
18 growing and thriving. And these are your  
19 growth -- I think these are the four best growth  
20 engines in the State, whether it's educating our  
21 students, whether it's attracting businesses,  
22 whether it's bringing federal dollars in. We'd  
23 love to get back to those discussions and be  
24 talking about ways in which we can be most  
25 effective.

1           I think that, you know, the other thing  
2           that's really under discussion is the  
3           uncertainty and are we on a pathway towards  
4           restoring that momentum, or are we entering a  
5           period where there will be uncertain support for  
6           these universities? Or even worse, are we  
7           entering a period of time when there could be  
8           declining support?

9           In my view, those questions, in the  
10          long-term, are the ones that are most profound;  
11          because they are the ones that most directly  
12          touch things like the affordability of the  
13          education for Pennsylvania residents and the  
14          extent to which that -- you know, our mission is  
15          aligned with that of the State.

16          I'm an eternal optimist. I think we're  
17          going to get back on track and be having those  
18          positive discussions about how we can support  
19          the State mission. I really believe that with  
20          all of this, Pennsylvania wins. Thank you.

21          MR. JONES: Good afternoon. My name is  
22          Nick Jones. I've served the Pennsylvania State  
23          University as Executive Vice President and  
24          Provost since July of 2013.

25          As Executive Vice President, I serve as

1 Penn State's Chief Executive Officer in the  
2 absence of University President, Eric Barron,  
3 who sends his apologies.

4 As Provost, I'm the University's Chief  
5 Academic Officer responsible for the strategic  
6 direction of all Penn State's research and  
7 educational programs and for the general welfare  
8 of faculty, staff, and students.

9 In the combination of these roles, I'm  
10 responsible for the direction and management of  
11 the budget and resource allocation functions in  
12 support of Penn State's teaching, research, and  
13 service missions.

14 This combined role also includes the  
15 oversight of both the annual operating budget  
16 and the long-range budget planning for the  
17 University. The act of Congress establishing  
18 the land-grant colleges is regarded as one of  
19 the most important programs ever created by the  
20 federal government. And states throughout the  
21 nation, seize that opportunity to establish a  
22 new kind of institution of higher learning  
23 dedicated to public benefit.

24 Penn State exists today, as it has from  
25 the beginning, to create new knowledge,

1 disseminate that knowledge for the public good,  
2 and to educate students from all walks of life,  
3 many of whom would not have access to smaller  
4 and far more expensive private institutions.

5 Our pricing structure and multi-campus  
6 model are designed to maximize our service to  
7 students and communities. Penn State is unique  
8 in higher education and is highly successful in  
9 providing access to life-altering educational  
10 opportunities at a top-notch research  
11 university.

12 Many here in this building would attest  
13 to that supposition. By every measure, Penn  
14 State has fulfilled its mission and more. Each  
15 year Penn State educates nearly 100,000  
16 students, conducts more than \$800 million in  
17 research and serves humanity through countless  
18 volunteer hours and outreach efforts that  
19 address challenges related to energy,  
20 agriculture, science, technology, leadership,  
21 health and business.

22 Penn State is a world-class university,  
23 and brings all the stature and investment  
24 associated with that leadership position to the  
25 Commonwealth.



1           We are justifiably proud to hold a place  
2 as a top 100 university in the world, and we  
3 recognize the Commonwealth's very significant  
4 role in helping us achieve that rank.

5           I hope that like every prior Governor  
6 and the General Assembly, you will find a way to  
7 financially support our mission and that of our  
8 sister institutions and continue as Penn State's  
9 valued and trusted partner in teaching,  
10 research, and service to the Commonwealth.

11           Thank you.

12           MAJORITY CHAIRMAN ADOLPH: Thank you,  
13 gentlemen. And we certainly send Dr. Barron our  
14 best wishes. Hope he feels better.

15           Before we start with the questions, it's  
16 my privilege to introduce some members of the  
17 General Assembly that are with us today that are  
18 not necessarily members of the Appropriations  
19 Committee, but obviously have a lot of interest  
20 in the State-Related Universities:

21 Representative Rick Saccone, Representative  
22 Frankel, and the Speaker of the House,  
23 Representative Mike Turzai. Welcome, gentlemen.

24           Well, I might as well start. Okay? And  
25 I'm not going to get into specific questions,

1 but I think it's necessary for the viewing  
2 audience and for the student bodies and for the  
3 families of your universities to know what's  
4 going on, how much money's involved, and what  
5 the process is.

6 Because the budgetary process is very  
7 confusing and very complicated at times, and  
8 your four universities are different, from the  
9 standpoint they're called nonpreferred  
10 appropriations.

11 And the difference between your four  
12 universities and, say, the 14 State-Related  
13 Universities is that the State-Related  
14 Universities only need 51 percent of the vote in  
15 the Senate and the House to get to the  
16 Governor's desk.

17 The nonpreferred appropriations need  
18 two-thirds. I think there's another fifth  
19 nonpreferred appropriation, which happens to be  
20 the University of Penn Vet School.

21 I think there's been two votes taken in=  
22 the House, and one in June when I think the  
23 increase was about 3 percent across the board;  
24 and that vote failed to get to 66 percent.

25 Again, in December, we increased the

1       appropriation to Pitt, Penn State, and Temple to  
2       five percent and Lincoln University to 7  
3       percent. We were unable to get the 66 percent  
4       of the vote necessary.

5               And on top of that \$570 million that  
6       you're not receiving, your students and your  
7       universities went from July 1st, or let's call  
8       it September 1st, without PHEAA Grants. And in  
9       your comments, if you can mention how much that  
10      means to the universities.

11             And, gentlemen, I can't thank you enough  
12      for what you did to help the students when the  
13      PHEAA Grants did not get there for the first  
14      semester, as a result of the veto. I'm just  
15      laying it out. That's what it's all about.

16             Like Dr. Gallagher, I sure wish we were  
17      talking about something else; but this is what  
18      we need to do and move forward to '16-'17.  
19      Okay?

20             So thank you for allowing me to lay it  
21      out. But that's the way we are. And hopefully  
22      we can come to a consensus to get the 66 percent  
23      of the vote necessary to get you your  
24      appropriations.

25             Chairman Markosek.

1           MINORITY CHAIRMAN MARKOSEK: Thank you,  
2 Chairman Adolph. And, gentlemen, welcome. The  
3 Chairman, often, when we have multiple  
4 candidates in front of us, and there's usually  
5 at least one female, and he says it makes it  
6 easier for me, he says, Ladies first. He didn't  
7 have that opportunity today, and that's one of  
8 the first times I've seen him speechless, quite  
9 frankly, in quite awhile. We got through it.  
10 Thank you for your testimony.

11           You know, things are a little bit  
12 different with these hearings this year, a lot  
13 different with these hearings this year than  
14 they have been in the past, mainly because we  
15 don't have last year's budget done yet.

16           You were all here in front of us last  
17 year, and we still don't have that budget done.  
18 And now, of course, we're having hearings on the  
19 following fiscal year budget. So we're in a  
20 little bit of unchartered waters here.

21           Echoing a little bit from what Dr.  
22 Gallagher mentioned about, you know, getting  
23 back to where you need to be relative to the  
24 State budget; and we all know the last few years  
25 there have been some cutbacks for the

1 state-relateds. And I think Governor Wolf, in  
2 his budget address last year and this year, too,  
3 had the idea of getting you back to where you  
4 had been over a couple of years. Can't do it  
5 all at once, but getting it back to a couple of  
6 -- over a couple of years.

7           Since we don't have the budget passed,  
8 that timetable is probably going to have to be  
9 extended now. But that doesn't mean that we  
10 shouldn't still strive to get you back to where  
11 you need to be. And, you know, we just heard  
12 from you and all the good things you do; and I'm  
13 sure we're going to hear a lot more.

14           You know, no one knows better what the  
15 state-relateds do for not only the economy of  
16 Pennsylvania, but the society -- our society  
17 here in Pennsylvania. You are drivers not only  
18 of education, but of economic viability in the  
19 communities where you exist; because you're  
20 generally pretty big.

21           You drive research, your homes for a  
22 huge amount of research -- a lot of federal  
23 research that comes into your institutions and,  
24 of course, the medical part of our society. The  
25 eds and meds, if you will, is very prominent; so

1 we have to fund you. And everybody in this  
2 Committee, both parties, wants to do that.  
3 Nobody here is against additional funding for  
4 the State-Related Universities.

5 We had a situation in December where I  
6 think we were close to getting a sustainable and  
7 long-term budget put together. That didn't  
8 happen, but we need to move on. And we need now  
9 to focus on providing that sustainable budget  
10 for you, not just a one-time fix but a  
11 sustainable budget where year after year you'll  
12 continue to get the kind of funds that you need  
13 and we need you to have in Pennsylvania to keep  
14 our economy and our medical systems and our  
15 employment and everything else going.

16 I know just speaking for myself, it's  
17 going to take new revenue, quite frankly, to do  
18 that, some new revenue to do that. I can only  
19 speak for myself. I am willing to put up that  
20 vote to do that, to provide that revenue on a  
21 sustaining and a sustainable basis for you.

22 And I think most of the members of this  
23 Committee, I hope, would feel that way. And we  
24 can differ about what that level may be or what  
25 that particular vote may entail, but I think at

1 the end of the day, that's what we need to do  
2 here. And, you know, the legislative  
3 strategies, you know, that have gone on, they're  
4 more internal. And they're important, and I  
5 understand them, and we here understand them.  
6 Sometimes you don't, sometimes the public  
7 doesn't. But at the end of the day, we need to  
8 fund higher education; and not just the  
9 state-relateds. We had the state system in here  
10 earlier, and we have the Community Colleges  
11 next. So the higher-education system, as well  
12 as the basic-education system, very-high  
13 priority for all of us here in the room.

14 And in order to maintain that in  
15 Pennsylvania, in order to get back to where we  
16 need to be and move forward in a very good way,  
17 in a way that is sustainable, I think it's going  
18 to take new revenue.

19 I, for one, am willing to do that,  
20 willing to vote for that new revenue; and I look  
21 forward to working with all of you so we can  
22 get through this, get through this current  
23 crisis and move on so that you can continue to  
24 do the wonderful things that you do for the  
25 Commonwealth of Pennsylvania.

1 Thank you.

2 MAJORITY CHAIRMAN ADOLPH: Thank you,  
3 Chairman Markosek. At this time, I'd like to  
4 turn the mike over to the Republican Chair of  
5 the House Education Committee, Representative  
6 Stan Saylor.

7 CHAIRMAN SAYLOR: Thank you, gentlemen,  
8 for being here; and I appreciate the jobs that  
9 all of your universities do. I just want to let  
10 you know that I've not only voted, as Chairman  
11 Adolph said, once, but twice, to make sure you  
12 get your appropriation this year. I hope we get  
13 it to you soon.

14 For Penn State, Dr. Jones, the question  
15 I have for you starts off with, we had the  
16 state-relateds or state-owned earlier; and we  
17 know, as the Education Chairman, I have had to  
18 discuss with Chancellor Brogan and others that  
19 we have a number of our state-owned universities  
20 that are having real severe financial problems  
21 with students in attendance in their  
22 universities and schools and other things.

23 I know that you have, besides your  
24 technology school, your School of Medicine at  
25 Hershey and the main campus. You have about 20



1 satellite campuses and I believe there's about  
2 12 of those who have a thousand or less  
3 students. What are you experiencing as far as  
4 any problems or any financial viability of any  
5 of those campuses throughout or the ones you  
6 have? Can you --

7 MR. JONES: Thank you. That's a great  
8 question. Independent of the challenge we're  
9 facing this year, we've done a pretty detailed  
10 analysis of the viability of all of the  
11 campuses, including what the consequences would  
12 be, both direct and indirect, for considering a  
13 restructuring or of a campus.

14 Virtually, to a campus, most of them are  
15 on the margin revenue produces simply  
16 financially, in addition to the tremendous  
17 support that they provide to their local  
18 communities.

19 So when we say I'll likely say today  
20 that in response to other question, that at all  
21 times, all options are on the table, these are  
22 things that we have looked at in detail and we  
23 believe that our campuses and our collection of  
24 campuses represents a financially viable  
25 proposition.

1           CHAIRMAN SAYLOR: I know the York campus  
2 has a great deal of support from the local  
3 community and the business community, and I  
4 thank you for the cooperation there.

5           Dr. Green, a question for you has been,  
6 you know, Lincoln has had some financial issues.

7           MR. GREEN: Right.

8           CHAIRMAN SAYLOR: What initiatives has  
9 Lincoln instituted to increase enrollment and  
10 help solve the financial issues that you have  
11 there at Lincoln right now? I know you face a  
12 lot of challenges.

13          MR. GREEN: Sure. Yes, we do. And in  
14 the case of our attention to enrollment and  
15 recruitment, we have improved our enrollment  
16 activities. We have a special way of responding  
17 to students that we didn't have two years ago.  
18 For the immediate five years before this current  
19 academic year, enrollment was decreasing.

20          We turned that around this year, because  
21 of the efforts of our enrollment management  
22 team. We are 30 percent up in first year  
23 students and 4 percent overall. We've made a  
24 special effort to address those concerns that we  
25 had in the past, and we're moving forward.

1           One thing that we've done to try to make  
2           the institution more attractive is we've frozen  
3           tuition for incoming students. So they come in,  
4           they pay the same tuition for four years. We  
5           encourage them to finish in four years, which is  
6           a task for some of them. But if they finish in  
7           four years, they have done it with solid,  
8           straight same tuition.

9           If they stay a fifth year, tuition for  
10          the current incoming class is in effect. We  
11          have provided a better system for retention and  
12          service to students as they come in. At one  
13          time we provided a very robust remedial program.  
14          We no longer do that. We reduced the number of  
15          remedial activities, but we are putting students  
16          into the regular classes in mathematics and  
17          English and are giving them additional help.  
18          That's paying dividends for those students and  
19          for the university.

20          We had a balanced budget this past year,  
21          and that's very positive. We expect to have the  
22          same in the year to come. We are doing what we  
23          can to cut costs, and I can speak to those  
24          specifically. For example, we've offered an  
25          early retirement package to a number of faculty

1 and we will realize a three-quarters-of-a-  
2 million-dollar savings over the next several  
3 years. We will be very diligent and looking at  
4 the best way to spend those savings we accrue to  
5 make it a better program for all. But we are  
6 looking at our strategic plan.

7 When I came in a year ago, almost a year  
8 ago, we looked at the plan in place and we  
9 determined that the five goals that were there  
10 needed to be changed. We created seven  
11 strategic imperatives that will move us further  
12 into this 21st Century.

13 CHAIRMAN SAYLOR: Thank you very much,  
14 Dr. Green. Thank you, Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: Chairman  
16 Roebuck.

17 CHAIRMAN ROEBUCK: Thank you, Mr.  
18 Chairman. I certainly want to thank the four  
19 representatives of the colleges, the  
20 universities, for their presentations and  
21 certainly say that I very much as one  
22 Pennsylvanian, appreciate the job you do and the  
23 efforts you make.

24 I just wanted to ask one question, and  
25 that is to Dr. Green. I actually have Lincoln's

1 urban Philadelphia campus in my district, and  
2 I'm not -- one of the things that I would just  
3 ask is -- and I actually read the brochure  
4 here -- and I'm not quite clear as to whether  
5 that offers to students who might be interested  
6 in Lincoln the opportunity to pursue an academic  
7 degree, taking courses there; or is it, as the  
8 brochure seems to suggest, more of a  
9 community-based outreach that serves as somewhat  
10 of a different kind of role?

11 MR. GREEN: The 2030 Market Street cite  
12 for Lincoln was initially designed to be the  
13 graduate center, and it met the needs of working  
14 adults who probably could better take advantage  
15 of higher education at the graduate level in the  
16 evening.

17 We have made some adjustments there. We  
18 actually have an undergraduate program that can  
19 be fully taken there, albeit, serving working  
20 adults for the most part. But we do serve the  
21 community. We make the facility available to  
22 community citizens of the community, but we're  
23 looking at providing additional opportunities  
24 for full undergraduate programs there.

25 We will start with designated programs

1 in order to make happen. But we're moving  
2 forward. And part of our strategic imperative  
3 discussion was to make that a more robust  
4 opportunity for the citizens of that  
5 Philadelphia county.

6 CHAIRMAN ROEBUCK: Well, I certainly  
7 welcome that answer. And I will volunteer my  
8 willingness to be a partner with you. I think I  
9 have Lincoln as one of the six universities in  
10 my legislative district, and I value --

11 MR. GREEN: Sure.

12 CHAIRMAN ROEBUCK: -- it just as much as  
13 I do Drexel or Penn or University of Earth  
14 Sciences; and I hope it becomes a more vigorous  
15 and strong campus that will serve my  
16 constituents and constituents in Philadelphia.  
17 Thank you.

18 MR. GREEN: We're looking forward to  
19 that opportunity.

20 MAJORITY CHAIRMAN ADOLPH: Thank you,  
21 Chairman Roebuck. The next question will be  
22 asked by Representative Jeff Pyle.

23 REPRESENTATIVE PYLE: Thank you,  
24 Chairman. Hi. How are you all doing? Thanks  
25 for being with us today. I really wasn't going

1 to say anything until I heard the prior  
2 speakers, and I want to get it right out there.  
3 I was given two chances as a Representative to  
4 vote on the nonpreferred appropriations and  
5 voted positively each time, just to get that out  
6 there.

7 Now, I'm from Pittsburgh area,  
8 Chancellor; and I picked this up in the Sunday  
9 Post Gazette, and I thought there were a few  
10 points of clarification we had to make.

11 MR. GALLAGHER: Okay.

12 REPRESENTATIVE PYLE: We all readily  
13 acknowledge that you are doing a great job  
14 managing this funding crisis. Earlier you  
15 identified that what we need to do is push the  
16 vote over the 66 percent line. You're exactly  
17 right.

18 Again, I was given two chances and voted  
19 for it both times. I imagine everyone stepping  
20 to the microphone will tell you whether they did  
21 or they did not.

22 Now, I do have one favor; and this is  
23 for you, Chancellor, maybe save you some bucks.  
24 Right about 1:00 today there was a coordinated  
25 e-mail effort take place from the University of

1 Pittsburgh, and that's 283 e-mails in the last  
2 hour. That's not bad. That's impressive.

3 Sir, I voted for your funding package.  
4 Direct those at someone else who didn't. Okay?

5 MR. GALLAGHER: We've already taken that  
6 down, and I do apologize for the  
7 overenthusiastic and oversimplified response.

8 REPRESENTATIVE PYLE: That's -- I'm  
9 going to tell all of them, I keep doing what you  
10 want me to do. Why are you e-mailing me?

11 Anyway, Mr. Jones, my daughter's a  
12 freshman at your university. Thank you. This  
13 has been the best experience of her life.  
14 Temple's role in the healthcare of Philadelphia  
15 is absolutely irrefutable and undeniable.  
16 Without you being there, the quality of  
17 healthcare goes down. And, sir, I'm a history  
18 teacher by trade; I truly appreciate Lincoln's  
19 role, and I commend you as well.

20 We're trying our best to get this done.  
21 All right? But it comes down to a point I made  
22 on the floor one time, and I wish I could  
23 remember the exact quote from the gentleman from  
24 Clearfield, Mr. George, who used to bust out  
25 some of the greatest colloquialisms.



1           But the one I remember was, It takes hay  
2           to feed horses. You can talk about it all you  
3           want; but at day's end, you've got to feed them.  
4           That's what we've attempted to do. And I've got  
5           to tell you, pointblank, we're going to keep  
6           trying to do it. All right? But you could  
7           make the e-mails stop.

8           Thank you, Chairman.

9           MAJORITY CHAIRMAN ADOLPH: Thank you,  
10          Representative. Representative Kinsey.

11          REPRESENTATIVE KINSEY: Thank you, Mr.  
12          Chairman. And I'll be brief. I want to direct  
13          just two questions, one to Lincoln University  
14          and the other to Temple University. So I'll  
15          start with Lincoln University.

16          In the budget request this year, Lincoln  
17          has requested 2.5 million for IT upgrades.

18          MR. GREEN: Uh-huh.

19          REPRESENTATIVE KINSEY: Can you sort of  
20          share, to some extent, the ideal of what the  
21          upgrades will be with the request?

22          MR. GREEN: Yes.

23          REPRESENTATIVE KINSEY: And how it's  
24          going to help the University with the  
25          efficiencies of cost savings and so forth?

1           MR. GREEN: Yeah. That is a special  
2           consideration that we have been trying to  
3           address for several years. We need help in  
4           upgrading the computer capability across the  
5           campus, the IT capability across the campus. We  
6           have been behind in finding ways to do that. We  
7           need the resources.

8           We do get some help right now in our  
9           current budgets. This year we have 500 new  
10          computers that we're trying to distribute across  
11          campus. We need resources to help provide  
12          staffing for that purpose. We need 24/7  
13          involvement for our online engagement. That's  
14          something we have been slow to embrace, because  
15          we haven't had the resources.

16          This will help us do that. I hope that  
17          we can serve some of the communities in the  
18          Chester County area better by making use of our  
19          technology, and this appropriation would help us  
20          do that.

21          REPRESENTATIVE KINSEY: Great. And, Dr.  
22          Green, I want to also applaud you. A little bit  
23          earlier you talked about the outreach that you  
24          were doing. We met with the state colleges  
25          earlier today, and the conversation with the

1 state colleges, enrollment was going down with  
2 the exception, I think, of three of the  
3 universities. I specifically asked questions  
4 about Cheyney University, being that Lincoln and  
5 Cheyney are the only two historical black  
6 colleges in the State of Pennsylvania.

7 And we've seen a steady decline with the  
8 enrollment at Cheyney University. However, you  
9 know, as you mentioned over the past year or at  
10 least this expected year, there's an uptake of  
11 enrollment at Lincoln University; so I applaud  
12 you for that.

13 And then when we looked across the  
14 board, you know, there seemed to be concern that  
15 as many students -- there were just less  
16 students graduating from high schools that were  
17 entering into college. So, again, I want to  
18 thank you for what you've done.

19 I mean, I'm from Philadelphia County;  
20 and there have been quite a few students from my  
21 area who have attended Lincoln and they had that  
22 little conversation about who's the oldest  
23 between Lincoln and Cheyney University, but --

24 MR. GREEN: Yes.

25 REPRESENTATIVE KINSEY: -- it's always

1 good to see that HBCUs are still thriving, to  
2 some extent. And it seems as though there's an  
3 increase there at Lincoln University, so thank  
4 you for that.

5 And, Dr. Theobald, again, being the fact  
6 that I'm from Philadelphia, some time ago last  
7 year, there was conversation -- and we're going  
8 to meet with the community colleges later this  
9 afternoon -- but there was conversation in  
10 regards to the, I guess, the -- for community  
11 college students in regards to entering into  
12 four-year universities.

13 If I'm not mistaken, I believe that  
14 Temple University does have a relationship with  
15 the local -- I know the community college is not  
16 too far from the campus, but there is a  
17 relationship that allows for community college  
18 students to enroll at Temple University and  
19 those credits are transferred. Can you speak to  
20 that degree, please?

21 MR. THEOBALD: Yes, we have an  
22 agreement. We hold 2300 spots in each freshman  
23 class for transfers, almost all from community  
24 colleges. They receive conditional admission to  
25 Temple University, and as long as they meet the

1 grade-point average, take their courses, their  
2 course work is transferred to Temple and they  
3 are automatically admitted to the university.

4 REPRESENTATIVE KINSEY: So this is  
5 pretty much a smooth transition?

6 MR. THEOBALD: That has been our  
7 experience, yeah.

8 REPRESENTATIVE KINSEY: Great. And for  
9 Temple University, with the situation, in fact,  
10 and the impact on PHEAA, did that impact the  
11 students enrollment at Temple University, I  
12 guess, to delay, so to speak?

13 MR. THEOBALD: No, we had a little over  
14 \$25 million; and we loaned that money from our  
15 own resources to those students.

16 REPRESENTATIVE KINSEY: Great.

17 MR. THEOBALD: So they could continue  
18 their enrollment.

19 REPRESENTATIVE KINSEY: Great. Well,  
20 gentlemen, I want to thank you all for being  
21 here this afternoon; and thank you for the work  
22 that you're doing educating our future workers.

23 Thank you.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,  
25 Representative. I'd like to acknowledge the

1 presence of Representative Phillips-Hill, who  
2 has joined us.

3 Next question will be by Representative  
4 Karen Boback.

5 REPRESENTATIVE BOBACK: Good afternoon,  
6 gentlemen. Regarding student success, and I'm  
7 going to measure it by three criteria:  
8 graduation, retention, and placement rates,  
9 graduation, retention, and placement rates.

10 On average, what are the rates of your  
11 universities? Start with Pitt.

12 MR. GALLAGHER: So, of course,  
13 graduation rates are measured in either  
14 four-year or six-year. Average time to complete  
15 at Pitt is four years. And our four-year  
16 graduation rate is over 60 percent. Our  
17 six-year graduation rate is over 80 percent.  
18 And it's actually almost 90 percent when you  
19 factor in those that transfer somewhere else and  
20 then graduate.

21 Our retention rate, one we watch very  
22 closely, of course, is that retention from  
23 freshman year on, it's almost 92 percent; and  
24 we're above 90 all the way through. And our  
25 placement rate is -- we look at placement either

1 in work or in additional study, and it was over  
2 90 percent, as well, last year.

3 REPRESENTATIVE BOBACK: Very impressive.  
4 Thank you.

5 MR. JONES: For Penn State, our  
6 retention rate, I'll split between University  
7 Park campus and the Commonwealth campuses.  
8 University Park's retention is 93 percent. At  
9 the Commonwealth campuses, 81 percent, for an  
10 aggregate of 87.

11 Graduation rates: The six-year  
12 graduation rate at University Park is 86  
13 percent. At the campuses, 56 percent, for an  
14 aggregate of 70 percent. And for job placement  
15 at the baccalaureate level, 46 percent of our  
16 graduates are employed; 20 percent are  
17 furthering their education; and 6 percent go  
18 into military internship or public service.

19 And at the Master's level, 71 percent  
20 are employed; 9 percent are furthering their  
21 education beyond Master's; and 3 percent are to  
22 military internship or public service.

23 MR. THEOBALD: Our focus at Temple is on  
24 a four-year graduation rate. We, since I've  
25 been at Temple, we've increased the four-year

1 graduation rate from 39 percent to 44 percent.  
2 We have an initiative called Fly in 4, in which  
3 we guarantee all students the opportunity to  
4 graduate in four years.

5 Our sophomore class has 628 more  
6 students on track to graduate in four years than  
7 the same class a year ago. I mean, the positive  
8 of that, they will save over \$20 million on the  
9 cost of their education if they stay on track to  
10 graduate in four years. But that would increase  
11 our four-year graduation rate above 60 percent,  
12 so that's the goal we're shooting for.

13 In terms of retention rate, we're a bit  
14 under 90 percent from the freshman to sophomore  
15 year. Placement rates differ wildly by field.  
16 In engineering, 100 percent placement rate. The  
17 world is looking for engineers. Our business  
18 school graduates also have a very high placement  
19 rate.

20 There are fields in liberal arts that  
21 have a much lower placement rate, and clearly we  
22 are looking at how we reallocate resources  
23 across the university to support those areas  
24 that are in higher demand, while continuing  
25 those in lesser demand but possibly not



1 subsidizing them to the extent we did. So  
2 that's a work in progress.

3 REPRESENTATIVE BOBACK: Thank you.

4 MR. GREEN: At Lincoln University, the  
5 graduation rate at six years has gone from mid  
6 30s to about 42 percent this past year. The  
7 four-year rate is in the area of about 28  
8 percent. The retention rate from freshman to  
9 sophomore is 77 percent. We are working on how  
10 we increase both graduation rate and the  
11 retention rate in the undergraduate area.

12 Our students are, for the most part,  
13 first-time students. They come from households  
14 less than 50,000 a year, and some of them leave,  
15 a lot of them leave for good reasons related to  
16 financial aid. But we've done all we can to  
17 help that situation. We're going to do a lot  
18 more in the future to help keep students in.

19 As I mentioned earlier with the  
20 four-year guaranteed tuition rate, that will  
21 hopefully encourage students to finish in four  
22 years.

23 Placement rates vary, also, depending on  
24 field. We place a lot of students in the  
25 graduate school in the STEM areas, a lot of law

1 school students; and we're working to take  
2 advantage of the internship opportunities they  
3 have to make sure we enhance that.

4 What we found, too, is that students who  
5 participate in our study-abroad program persist  
6 more and graduate earlier.

7 REPRESENTATIVE BOBACK: Thank you. As a  
8 follow-up, if you don't have this data with you,  
9 if you can kindly get it to our Chairman, I  
10 would appreciate it.

11 Data on your recent graduates, their  
12 earning ability based on the field of study,  
13 approximately, what are they earning based on  
14 their field of study? And we realize in certain  
15 fields they'll be getting more money. But if  
16 you don't have that with you today, if you could  
17 submit that to our Chairman.

18 And, in conclusion, as a proud mother of  
19 a Pitt grad, I want you to know that I have and  
20 will continue to support your quest in your  
21 institutions, proudly support you. Thank you.

22 MR. GALLAGHER: Thank you.

23 MAJORITY CHAIRMAN ADOLPH: Thank you,  
24 Representative. Representative Dean.

25 REPRESENTATIVE DEAN: Good afternoon.

1 Welcome, Presidents, Vice President, Chancellor.  
2 We're glad to have you here. I want to let you  
3 know that I look at this conversation about  
4 policy and funding for education at every level  
5 through a couple of lenses: One certainly as a  
6 Legislator; but the other, before I came to the  
7 Legislature, I was an assistant professor at La  
8 Salle University for 11 years. So I had the  
9 real privilege of working with young people as  
10 they were claiming their education. And I think  
11 you're joined here by some students. Am I  
12 right?

13 MR. THEOBALD: Absolutely.

14 REPRESENTATIVE DEAN: Could you wave and  
15 let us know you're here?

16 (STUDENTS IN AUDIENCE WAVING.)

17 REPRESENTATIVE DEAN: Very good.

18 Welcome. Really glad to see all of you, and  
19 thank you for your participation.

20 I also look at it from the point of  
21 view, I'm a Commissioner on the Women's  
22 Commission; and I'm very pleased to see that  
23 you're all participating in It's On Us. Some of  
24 you before the Governor even began his  
25 initiative for this State to do what you can,

1 and I know you've been doing it for years, to  
2 raise awareness and ultimately stop sexual  
3 violence on campuses, so I thank you for that.

4 Two quick questions, maybe they're not  
5 so quick; but one area I'm interested in, we  
6 just had the State Universities in, and the  
7 historic trend of state support for education,  
8 higher education.

9 What we learned from them is that the  
10 historic trend has been that it's gone from 75  
11 percent state funding and 25 percent tuition and  
12 fees to the absolute inversion, now about 25  
13 percent state funding and 75 percent driven by  
14 student tuition and fees.

15 I'm wondering if you could tell us the  
16 trend for you? And I recognize that this is  
17 separate from our issue of the 8-month budget  
18 failure.

19 MR. GALLAGHER: That's exactly right.  
20 We're sitting on a long-term trend that's been  
21 quite clear. Since Pitt went state-related, I  
22 don't have the number for what it looked like in  
23 the early 1970s; but I did look back through to  
24 1992. And what's misleading with Pitt is, of  
25 course, we're a major research university. So

1 if you look at the state income as a fraction of  
2 our total revenue, it's down to just over 7  
3 percent right now.

4 But I think it's helpful to look at the  
5 educational activity, right, and take aside the  
6 research-related activities. If you look at it  
7 that way, what has happened since 1992 is it  
8 basically went from a one-to-one; they were  
9 about the same amount. And the state apportionment,  
10 that has fallen to about 15 percent of that  
11 educational total.

12 And that tracks with the trend that  
13 we're seeing, is that Pennsylvania, despite  
14 having great institutions, we are now what's  
15 called, you know, a low state support ranked  
16 tuition window. I think we're ranked 49th out  
17 of the 50 states in terms of the level of state  
18 support.

19 And it's really had the effect of  
20 shifting the cost onto the students and their  
21 families. We've now risen to basically the  
22 third position in terms of having the highest  
23 per-student debt level.

24 And so, you're right, we're sitting --  
25 this crisis is on this overlay of this broader

1 issue, and I think that was the origin of why we  
2 were all in agreement that it was time to start  
3 reversing that direction and hopefully we'll get  
4 back to that momentum.

5 MR. JONES: We've seen a very similar  
6 trend. It depends how far back you go to see  
7 where the crossover was and where we began. But  
8 right now we're at a point at Penn State where  
9 relative to total institutional budget, we're at  
10 13 percent -- I'm sorry -- we're at 6 percent.  
11 Relative to the educational and general funds  
12 budget, we're at 13 percent.

13 REPRESENTATIVE DEAN: Okay. Thank you.

14 MR. THEOBALD: Yeah, similar to our  
15 percentage. The state score would be 12  
16 percent.

17 MR. GREEN: Yeah. In terms of state  
18 support, we have a very small budget compared to  
19 my colleagues. Our budget is about 56 million;  
20 and if we receive 13 or 14 million, about 25  
21 percent of our budget is State-Related -- from  
22 the State-Related allocation.

23 We, too, find that we are strongly  
24 tuition driven. And probably of our \$56-million  
25 budget, a good 58 percent is related to tuition

1 -- the revenue is related to tuition.

2 REPRESENTATIVE DEAN: Thank you. And as  
3 we said, compounded and layered onto that is our  
4 budget failure. And I always enjoy being a part  
5 of these Appropriations Hearings, because you  
6 learn something new. So from my colleague on  
7 the other side of the aisle, I learned the  
8 expression, It takes hay to feed horses. I  
9 couldn't agree more. I'm thinking about that.  
10 We need hay. We need the revenues to feed the  
11 horses, to feed our students.

12 Second quick question to follow up: We  
13 learned also from our Secretary of Community and  
14 Economic Development that really the number one  
15 issue facing Pennsylvania is how we handle our  
16 educated workforce. Do we produce an educated  
17 trained workforce for this century and beyond?

18 And I think that really speaks to your  
19 mission, and it must be informing your mission  
20 as to how do we take a look at the demographic  
21 trends in Pennsylvania. We know our  
22 demographics are relatively flat with an  
23 increase in the aging population and a decrease  
24 in the working population.

25 So what is it that your universities are

1 doing to try to get more toward long-term  
2 learners and skilled workforce so that we can do  
3 this very thing and grow the economy here in  
4 Pennsylvania?

5 MR. GALLAGHER: So, you know, it's a  
6 great question; and it's exactly in our mission,  
7 right, we're here to -- I think one of the major  
8 assets that these universities provide the  
9 Commonwealth is they can be the growth engine.

10 We can bend the curve in terms of the  
11 expected amount of growth in the state. We can  
12 do that by attracting talent, keeping the best  
13 talent in Pennsylvania here to get an education  
14 stay. At Pitt, over 60 percent of our students  
15 who go through Pitt stay in the state  
16 afterwards. That's what our data's showing.

17 The opportunities are, in fact, growing.  
18 We can also -- we, of course, generate  
19 knowledge. So, you know, with over \$700 million  
20 of federal research funding coming in, there's,  
21 you know, each year 10 companies start up. Just  
22 with Pitt, IUP, the students start another ten  
23 and then we support another 89 in our region.  
24 We can do all of those kind of things.

25 One of the things the business leaders



1 tell you though is that all about access to  
2 talent. We're in a knowledge-driven economy,  
3 and I think there's a lot of optimism that the  
4 universities can provide and attract the  
5 high-end talent that they need.

6 I think there's sort of two outstanding  
7 problems. One is the full workforce issue is  
8 really a system. The community colleges are  
9 going to have a role. The universities and  
10 colleges are going to have a role.

11 Our ability to optimize that system is  
12 probably an area where we can do more, you know,  
13 more discussions between us and the community  
14 colleges in terms of how we can support their  
15 efforts.

16 It doesn't make any sense for us to pick  
17 up that role for them. Kind of gets to that  
18 earlier discussion about competition. And the  
19 other areas, just this idea that your learning  
20 doesn't stop when you graduate.

21 You know, we're starting an initiative  
22 at Pitt we call Pitt For Life where we're going  
23 to hold the university accountable not for the  
24 characteristics of the students at graduation  
25 but for whether they succeed for the rest of

1 their lives. It's kind of an interesting  
2 challenge. We now have to keep tabs on them and  
3 see how they're doing. And part of it is a  
4 continuous accountability, you know,  
5 professional recredentialing, education,  
6 somebody who wants to retool for a new career.

7 I think the university benefits from  
8 having that engagement. But the reality is,  
9 that's the current workforce; and we think that  
10 that's a key part of our mission.

11 MR. JONES: Four things I'll share that  
12 we're doing: First, taking advantage of our 19  
13 undergraduate campuses across the Commonwealth.  
14 In addition to University Park, we're working  
15 very hard with our chancellors and faculty at  
16 those campuses to ensure that there is relevant  
17 programming taking place at those campuses,  
18 offering new four-year degrees that we think are  
19 well-suited to the communities in which the  
20 campuses reside.

21 Second, we are placing a real premium on  
22 reaching more diverse demographics, in  
23 particular, developing programs through the  
24 world campus to reach out more aggressively to  
25 adult learners. In particular, not young men

1 and women, but older men and women who may, for  
2 whatever reason, have not finished their degree  
3 in one or two, or in some cases, even three  
4 years short but desire to finish. And so we're  
5 trying to really accommodate their needs in  
6 creative ways.

7 I would say generally more diverse  
8 programming for that provide workforce skills  
9 that compliment the core education, new  
10 certificates, new minors, new professional  
11 Master's programs at the postbaccalaureate  
12 level.

13 And then, finally, we're really placing  
14 a premium on student engagement, really looking  
15 for opportunities for our students through their  
16 undergraduate years to engage in opportunities  
17 outside the classroom and outside the campus to  
18 really learn more about the workforce that they  
19 will ultimately be entering so that they are  
20 better prepared and come back as more motivated  
21 learners.

22 MR. THEOBALD: I would say in addition  
23 to similar programs, two additional at Temple  
24 University: One, in my inaugural address, one  
25 of the six commitments I made was that we would

1 teach entrepreneurship across the curriculum.  
2 It's not simply a business skill. If you're in  
3 the arts, if you're in science, if you're in  
4 medicine, you need the capacity of the modern  
5 economy to be able to create your own job and  
6 manage your own career. So we have established  
7 that in each of the schools.

8           Then secondarily, we have started a  
9 number of professional master's degree programs  
10 and then we have -- went in with a Gallup  
11 organization and we are surveying our alumni to  
12 find how well a Temple education served them in  
13 the course of their lifetimes. These aren't  
14 just recent alumni; these are alumni over each  
15 generation. And what could we have done better?

16           And it's not so that we can change what  
17 happened to the alumni there, but what we can  
18 learn that we can put in practice today so that  
19 our students thrive in the way that those alumni  
20 -- or change things in which they were not  
21 thriving. So trying to learn from our alumni  
22 and spreading entrepreneurship across the  
23 curriculum.

24           MR. GREEN: Also, we are engaged in  
25 similar activities; but we're somewhat unique in

1 that we are providing opportunities for  
2 previously uninvolved students and coming from  
3 families where they're first in their families  
4 to attend college, coming from low-income  
5 situations where they haven't had the kind of  
6 exposure that would allow them to choose  
7 directions that would be positive in an economic  
8 front and a social front or in an engagement in  
9 the community.

10 But student engagement and student  
11 internships are highly important for Lincoln  
12 students. We do have a business and  
13 entrepreneurship department. We're looking for  
14 ways to partner with businesses. We have a  
15 rural campus with 422 acres. We're looking for  
16 business partners to come in and work with us  
17 for the benefit of our students as well as  
18 Chester County.

19 And we are embarking on that in a very  
20 positive way to have interdisciplinary  
21 approaches to workforce development. Our  
22 science program is very strong. We produce  
23 students that go on to graduate schools. We  
24 have partnerships with the other state-relateds  
25 in which our students are guaranteed, if they're

1 qualified, a graduate program entrance at those  
2 schools in some of the STEM areas. So we, too,  
3 are looking for ways to help the Commonwealth  
4 meet its needs.

5 Being a national, I would say, national  
6 university, we bring students here and we hope  
7 we keep them here from around the world and from  
8 around the country. And 54 percent of our  
9 students stay in Pennsylvania when they come  
10 here for their education.

11 REPRESENTATIVE DEAN: Well, for myself,  
12 I'd say I'm very proud of what you do. I happen  
13 to be the home of Penn State Abington, and the  
14 very things you were talking about are so  
15 evident on that campus, what they're doing to  
16 educate people in very modern ways and very  
17 substantive ways.

18 And my husband is one of those  
19 long-time-ago alums of Temple. You could talk  
20 to him, because he credits Temple with giving  
21 him a very solid foundation.

22 Thank you.

23 MR. THEOBALD: Thank you.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,  
25 Representative. Representative Keith Greiner.

1           REPRESENTATIVE GREINER: Thank you, Mr.  
2 Chairman. Good afternoon, gentlemen. Glad to  
3 have you here. I just wanted to echo my good  
4 colleague, Representative Pyle, earlier. I look  
5 at the four schools that you represent, and I  
6 actually firmly believe that you're the anchor  
7 of many great colleges and universities  
8 throughout this Commonwealth.

9           And I will say that, like him, on both  
10 occasions, I supported the 5-percent increases  
11 for your schools and the 7-percent increase for  
12 yours; and I think it's unfortunate that we were  
13 unable to get two-thirds of our legislative body  
14 in the House to support that. And I unabashedly  
15 say that I think it was deserved, and I'm hoping  
16 we can get to that point. I just wanted to  
17 share that with you.

18           Full disclosure: I'm a Nittany Lion.  
19 This question is going to be directed towards  
20 Penn State. In addition to the funding through  
21 the Department of Education, Penn State receives  
22 agriculture research and extension funding  
23 through the Department of Agriculture.

24           However, this year the Governor vetoed  
25 all this funding from the 2015-'16 budget. And

1 I know there's a lot of crazy things going on  
2 during this budget season. Agriculture's the  
3 number one industry in the Commonwealth, and  
4 it's the number one industry in most counties.  
5 So that one has me a little bit confused and  
6 baffled, also.

7 But in light of that, we'll have to work  
8 through this crisis. How has Penn State been  
9 funding those programs during the '15-'16 year,  
10 and what impact has that had on other programs  
11 at the university? And I have two other quick  
12 follow-ups then after that.

13 MR. JONES: Thank you for that question.  
14 We have been keeping the extension programs  
15 running through the fiscal year on the hope that  
16 the appropriation will be forthcoming. It has  
17 been difficult to do that.

18 We have leveraged, in advance, federal  
19 match again in anticipation of funding coming  
20 from the Commonwealth. We have just managed to  
21 do that by pulling resources from various places  
22 knowing that those resources can be replenished.  
23 Our assumption was when the appropriation came.

24 We are getting down to a critical point  
25 now planning for the future. This is not



1 something that is sustainable. It is certainly  
2 not sustainable into the next fiscal year. And  
3 so we have to begin thinking about the prospect  
4 of winding down our extension operation, which  
5 is very challenging and very impactful.

6 REPRESENTATIVE GREINER: Yeah, I do want  
7 to follow up. You made a good point. And  
8 that's what I was going to ask: How long can we  
9 continue? If I'm not mistaken, I believe Penn  
10 State's also sent information out warning people  
11 that there could be potential layoffs in the  
12 extension program. I mean, are we talking one  
13 month, two months, or are we -- is it that --  
14 it's probably sooner than later, is my fear.

15 MR. JONES: Yes, it's almost impossible  
16 for us to contemplate considering the programs  
17 into the next fiscal year, which gives us really  
18 a June 30th deadline. But in order to have an  
19 orderly wind-down of a program that's basically  
20 existed for 150 years and potentially impacts a  
21 little over 1100 employees, we need to begin  
22 formally that process 60 days in advance and the  
23 planning for it now.

24 REPRESENTATIVE GREINER: And maybe this  
25 is a -- maybe it's difficult to speculate,

1       because I know how much Penn State does for  
2       agriculture here in the Commonwealth. But what  
3       would be the impact statewide if, let's say,  
4       funding does stop? Let's say you have to do  
5       those layoffs. What's going to be the  
6       repercussions statewide? What's that going to  
7       affect? Is that going to affect our farmers  
8       directly? What are some of the results that  
9       could occur should that funding, you know,  
10      cease?

11               MR. JONES: After a 150-year  
12      partnership, I think the end of that would have  
13      a profound impact on the agricultural community.  
14      But, of course, we are all beneficiaries of the  
15      fruits of the agricultural industry; and so I  
16      think the repercussions will be felt well beyond  
17      that sector itself.

18               REPRESENTATIVE GREINER: Well, as I said  
19      to open, agriculture's the number one industry  
20      in the state; it is for many counties. It  
21      definitely is in Lancaster County, even though  
22      we're a largely populated county, too. And I'm  
23      hoping this can come to a resolution.

24               And I appreciate you taking the time.  
25      I'm sorry Dr. Barron couldn't be here today, but

1       it's great to have you.  And, other gentlemen,  
2       thank you.  And thanks, Mr. Chairman.

3               MR. JONES:  Thank you.  We hope so, too,  
4       that it's resolved.

5               MAJORITY CHAIRMAN ADOLPH:  Thank you,  
6       Representative.  Representative Bullock.

7               REPRESENTATIVE BULLOCK:  Thank you,  
8       Chairman.  Good afternoon, gentlemen.  I'm proud  
9       to say that I have at least one young person on  
10      my block for each of your universities, who have  
11      either attended or graduated in recent years.  
12      That's the way a Philadelphia block goes, and  
13      that's very great that we have representation.

14              I have been asking many of our agencies  
15      about employment practices throughout the state.  
16      I believe that each of our agencies and  
17      universities should be model employers; and I'm  
18      not going to belabor the point, and would just  
19      ask that if we can just kind of do a little bit  
20      of a rapid-fire round from each of the  
21      universities on -- if you can give us a report  
22      on your hiring demographics and diversity  
23      amongst your workforce.

24              MR. GALLAGHER:  So we've announced a  
25      major -- in fact, it's one of our strategic

1 priorities in our new 10-year plan, to focus on  
2 diversity and inclusion at the university. One  
3 of the focal points of that is to enhance the  
4 diversity of our faculty and staff.

5 One of the things I noticed coming in is  
6 that Pitt, in my view, underperformed. If we're  
7 attracting the best faculty from around the  
8 country, that we would should see a greater  
9 diversity than we do.

10 I was looking for the numbers while I  
11 was talking here, but we are looking at  
12 enhancing our -- the way we compete for jobs,  
13 basically, to make sure that we broaden the  
14 competition, do more to attract high-quality  
15 candidates and reach out.

16 And, of course, as you might imagine,  
17 the strategy is a little bit different for staff  
18 which tend to be hired more locally versus, in  
19 some cases, faculty where it might be an  
20 international, worldwide competition.

21 Presently, in our faculty and staff, our  
22 African-American population only represents 2.8  
23 percent and our Hispanic Latino at 3.2 percent.  
24 In our staff, it's higher. Our African-American  
25 cohort is 9 percent. Hispanic/Latino is very

1 low. We're at 1.28 percent. So you're seeing  
2 some of the impact of western Pennsylvania  
3 demographics on the staff hiring there.

4 REPRESENTATIVE BULLOCK: Can you repeat  
5 the staff numbers again? I'm sorry.

6 MR. GALLAGHER: The staff numbers for  
7 African-American is 9 percent. And a little  
8 over one-and-a-quarter percent for  
9 Hispanic/Latino.

10 REPRESENTATIVE BULLOCK: Do you have the  
11 numbers on your women employees?

12 MR. GALLAGHER: I do, but not on the  
13 sheet in front of me.

14 REPRESENTATIVE BULLOCK: That's okay.  
15 We'll come back to you.

16 MR. GALLAGHER: Okay. I can look it up  
17 for you.

18 MR. JONES: Penn State, we are and have  
19 been for some time, committed to building a  
20 diverse and representative workforce. I think  
21 we've made progress over the last decades. But,  
22 frankly, President Barron and I both are simply  
23 not satisfied with the progress we have made.  
24 So we are redoubling our efforts and as  
25 articulated in our next strategic plan, really

1 embracing the power of building a more diverse  
2 workforce. Our numbers vary dramatically across  
3 our 24-campus locations. But, unfortunately, I  
4 will say that in some of the locations where we  
5 might expect to draw a more diverse workforce,  
6 we have not.

7 And so we have some hard work to do as  
8 well as just placing an overall premium and  
9 focus in this area. So much accomplished, but  
10 much to be done.

11 REPRESENTATIVE BULLOCK: And if you  
12 don't have the numbers with you today, can you  
13 get that to our Chairman?

14 MR. JONES: We will absolutely get those  
15 to you, yes.

16 REPRESENTATIVE BULLOCK: Thank you.

17 MR. THEOBALD: For Temple University,  
18 full-time faculty, 21 percent minority. Last  
19 year's full-time faculty hiring, 29 percent  
20 minority. Our staff are 52 percent minority.  
21 And our spending for the university is 5 percent  
22 of the university spend goes to minority or  
23 female-owned business.

24 REPRESENTATIVE BULLOCK: And, Dr. T, do  
25 you have the numbers -- I'm sorry I called you

1 Dr. T. That's our neighborhood nickname for  
2 him.

3 MR. THEOBALD: No problem.

4 REPRESENTATIVE BULLOCK: Do you have  
5 your numbers on your women employment for --

6 MR. THEOBALD: I do not, but we'll get  
7 those to you.

8 REPRESENTATIVE BULLOCK: Thank you.

9 MR. GREEN: I don't have specific  
10 numbers, but we are the most diverse institution  
11 represented at this table now. We started as a  
12 potentially -- we were as diverse when we  
13 started. We were founded by the Presbyterian  
14 Church for students of African descent.

15 We had 100 percent white administrators  
16 from the president down to faculty and board  
17 for years. We're moving back in the other  
18 direction. So I will get you the exact figures;  
19 but we are probably the most diverse as it  
20 relates to the workforce and women, too. I'll  
21 get that information, but it's more diverse than  
22 most of the institutions here.

23 REPRESENTATIVE BULLOCK: Thank you, Dr.  
24 Green. Chancellor, did you find those other  
25 numbers?

1           MR. GALLAGHER: I did. So for staff  
2           it's 60 percent women. And it looks like on the  
3           faculty side it's approximately 40 percent.

4           REPRESENTATIVE BULLOCK: Thank you.

5           MR. JONES: I found mine, too.

6           REPRESENTATIVE BULLOCK: Turn in your  
7           homework, sir.

8           MR. JONES: For faculty, we've gone from  
9           total minority underrepresented, we've gone from  
10          15.9 percent in 2005 to 17.6 percent one decade  
11          later. Again, more to be done. Women have gone  
12          from 34.2 percent faculty to 40 percent in that  
13          same decade. For staff -- total across all  
14          employees, total minority is 10.8 percent and  
15          female 49.8 percent.

16          REPRESENTATIVE BULLOCK: Thank you. And  
17          I actually would like to let you all know I  
18          think that your numbers are promising and I'm  
19          very encouraged. There's some work to do in  
20          some of our faculty areas, but definitely the  
21          staff representation is close to reflective of  
22          our Commonwealth population; and I appreciate  
23          your work.

24          MAJORITY CHAIRMAN ADOLPH: Thank you.  
25          Representative Marguerite Quinn.



1           REPRESENTATIVE QUINN: Thank you, Mr.  
2 Chairman; and thank you all for coming here  
3 today. I especially want to welcome the  
4 students and the members of your Government  
5 Relations Team. It's always a pleasure to work  
6 with them.

7           Ironically, last night I sat down to do  
8 some homework at my desk and I saw not one, but  
9 two reports just issued in February of 2016  
10 issued from the Joint State Government  
11 Commission, so they were certainly helpful in  
12 augmenting the testimony that's come in.

13           In fact, for some of the budget items,  
14 per institution, they drilled down even further.  
15 One of the things that I found consistent as I  
16 looked in this book (indicating), when it breaks  
17 down grand total expenditures under headings  
18 that say total university general funds  
19 operating revenues and expenditures, I found  
20 that the number one cost drivers, no surprise,  
21 total salaries and wages, listed here -- well,  
22 I'll say this number two cost driver is other,  
23 followed by three, employees' benefits; and  
24 four, travel. And the travel's a very small  
25 one, maybe one-a-half percent.

1           But my question to you here is, What is  
2           other? Does pension fall under employee  
3           benefits, or is that what makes the other  
4           category jump to a number two spot, with number  
5           two being 32.1 percent of Penn State's budget,  
6           39 percent of Lincoln, 42 of Pitt, and 37  
7           percent of Temple?

8           And if you don't have this now, that's  
9           fine to come back to me with it. And while  
10          you're looking, there's an index for the  
11          employee benefits. It says, Includes fringe  
12          benefit recovery. And I should have asked that  
13          of one of the brainiacs that I sit with over  
14          here, but what does fringe benefit recovery  
15          mean?

16          MR. GALLAGHER: So I'm going to start by  
17          saying, let me get back to you with a careful  
18          answer.

19          REPRESENTATIVE QUINN: Okay. Fair  
20          enough.

21          MR. GALLAGHER: But it's not pension in  
22          our case. So almost all Pitt employees are on a  
23          defined contribution plan, so it's not  
24          pension-related costs.

25          The kinds of things I'm seeing on our

1 balance sheets, that's where we'd want to  
2 crosswalk it for you, is supplies, business and  
3 professional services, utilities, maintenance,  
4 depreciation costs. But, again, this is being  
5 put into the educational general and I want to  
6 make sure we get that correct for you.

7 REPRESENTATIVE QUINN: Thanks. And,  
8 Chancellor, how long have all of your employees  
9 been on a defined benefit plan?

10 MR. GALLAGHER: Well, since long before  
11 I got there. A defined contribution?

12 REPRESENTATIVE QUINN: Defined  
13 contribution, yes.

14 MR. GALLAGHER: A long time. More than  
15 18 years.

16 REPRESENTATIVE QUINN: Okay.

17 MR. GALLAGHER: I just learned that.

18 MR. JONES: I would surmise that the  
19 other category contains the item that Chancellor  
20 Gallagher just indicated. We can double-check  
21 that. But the big one that seemed to be missing  
22 for me is operational expenses for the  
23 university, including utilities and supplies and  
24 so on.

25 We have -- we're different from the

1 other three universities in terms of retirement  
2 plan. We offer both. But there's been a shift  
3 over the last several decades from the majority  
4 being in a defined benefit plan to now the  
5 majority are in a defined contribution plan.  
6 That's been a strong shift we've seen.

7 REPRESENTATIVE QUINN: A voluntary  
8 shift?

9 MR. JONES: Yes. And the fringe  
10 benefits recovery is resources that come in  
11 generally on federal grants and contracts that  
12 pay for the cost or make contributions to the  
13 benefit costs. That's what we use to infer the  
14 number.

15 REPRESENTATIVE QUINN: Okay. Fringe  
16 benefit recovery sounds much better than that.

17 MR. JONES: Right.

18 REPRESENTATIVE QUINN: Going back to the  
19 -- did you want to continue?

20 MR. THEOBALD: Same.

21 MR. GREEN: Same.

22 REPRESENTATIVE QUINN: I think we're all  
23 on the same page here as to where it goes. As I  
24 look to the employee benefits, I'm looking  
25 across, for the most part all of you have, you

1 know, well in excess of -- well, you have  
2 thousands of employees.

3 I brought this up at a couple of the  
4 other hearings, but I've sent a letter to each  
5 of you to ask for you to get back with a number  
6 in terms of your employees that you have, full  
7 and part-time and the costs of your GGO  
8 increases that relate to healthcare expense  
9 increases.

10 What I found in some of the -- well, in  
11 a number of states in the most -- past couple of  
12 years, they've actually undertaken a dependent  
13 benefit eligibility audit, okay, just to see  
14 where, if there's been slippage.

15 And the statistics that I've read, and  
16 it's consistent with the findings in these  
17 states, some of them have found up to 3500  
18 percent return on investment from the audit.  
19 Well, I'll say not a typical, but about  
20 8-percent slippage, which just in turn conveys  
21 it to costs. And when you have very large  
22 systems, that's an awful lot of cost.

23 In my own little Bucks County  
24 government, we found in one year cost savings  
25 going forward of \$600,000. Put that on any of

1 the scales of the institutions you run, wow,  
2 that could pay for a lot of students'  
3 educations.

4 So I will ask for you to get back to me  
5 with that. And if any of you are aware of any  
6 audits like that that have been conducted,  
7 please either let me know now or bring it back  
8 to my attention when you respond to me.

9 MR. THEOBALD: Just to give you an idea  
10 of scale, we have a little over 16,000  
11 employees.

12 REPRESENTATIVE QUINN: Wow. You're the  
13 big boss. Huh?

14 MR. THEOBALD: And we just had a  
15 dependent audit the year before last. We found  
16 400 dependents that were not eligible to be on  
17 our insurance plan. So your point is exactly  
18 right; it is a very viable efficiency step to be  
19 taken.

20 REPRESENTATIVE QUINN: With that 400,  
21 were you able to calculate the cost savings  
22 going forward with that?

23 MR. THEOBALD: Well, it would be our  
24 benefits are about 34 percent of salary; so it  
25 would depend on what their salary is. But the

1 average salary, let's say they make 50,000, to  
2 make my math easy, 16,000 times 400 would be 1.4  
3 million.

4 REPRESENTATIVE QUINN: That's a lot of  
5 students. Thank you very much.

6 MR. JONES: We did a similar audit three  
7 years ago. We found, also, significant savings  
8 that we implemented. I don't have the number,  
9 but we can get that to you.

10 REPRESENTATIVE QUINN: And those were  
11 all dependent eligibility or just across --

12 MR. JONES: Correct.

13 REPRESENTATIVE QUINN: Okay. Thank you.

14 MR. GREEN: We have 400 employees, and  
15 we've changed benefits companies; and we did an  
16 audit. I don't have the figure in terms of our  
17 savings at this point. I can get it to you  
18 later.

19 REPRESENTATIVE QUINN: Okay. Thank you  
20 very much. And thanks for the great job that  
21 you do educating our youth, our future.

22 MR. GREEN: Thank you.

23 REPRESENTATIVE QUINN: Thank you, Mr.  
24 Chairman.

25 MAJORITY CHAIRMAN ADOLPH: Thank you,

1 Representative. Representative Schreiber.

2 REPRESENTATIVE SCHREIBER: Thank you,  
3 Mr. Chairman. Gentlemen, over here  
4 (indicating). Foremost, our students, I want to  
5 say thank you all for being here today. I  
6 certainly hope you're all getting extra credit.  
7 And I really want to thank you for engaging in  
8 your government and encourage you to do that on  
9 into the future well beyond your academic  
10 career.

11 And if any of you are from York,  
12 Pennsylvania, congratulations. If you're not,  
13 there's still time to be upon graduation. Okay.  
14 All right.

15 Gentlemen, on behalf of your  
16 institutions, you had submitted an editorial  
17 across the Commonwealth effectively testifying  
18 that the proposed appropriation for your  
19 institutions would be at the lowest level since  
20 1995.

21 It's hard to believe that was 21 years  
22 ago. And while 1995 was an incredible year, if  
23 the Chairman will indulge, I want to walk down  
24 memory lane and just remind everyone how  
25 incredible of a year '95 was.



1           The Atlanta Braves won the World Series.  
2           The 49ers won the Super Bowl, just two years  
3           after the '93 Phillies. Popular quotes that  
4           year in culture were, "Houston, we have a  
5           problem.", "No soup for you", and "If it doesn't  
6           fit, you must acquit."

7           Some of the accomplishments of that  
8           year: The Rock & Roll Hall of Fame opened,  
9           Starbucks served its first frappuchino,  
10          Match.com launched. We're all happy for that.  
11          The George Foreman also launched. The Time  
12          Magazine man of the year was Newt Gingrich.  
13          Celebrity deaths included Jerry Garcia and  
14          Selena.

15          Some movies from that year were Toy  
16          Story, Apollo 13, Jumanji, and everyone's  
17          favorite, Batman Forever. Topping the charts  
18          were Boyz II Men, "This Is How We Do It" by  
19          Montell Jordan, Waterfall by TLC, Kiss From a  
20          Rose by Seal, and Gangsta's Paradise by Coolio.

21          So as good of a year as 1995 was, and  
22          clearly it was, I would posit that a lot has  
23          changed, a great deal has changed in our state  
24          and across our country since then, including  
25          your enrollment, which has increased across the

1 board. So when we discuss voting for an  
2 appropriation for a nonpreferred line item,  
3 whether once or twice, we're discussing voting  
4 for an amount that is equivalent to 21 years  
5 ago.

6 So it shouldn't shock us when last week  
7 our Independent Fiscal Office was in here  
8 testifying as well, and they testified that  
9 while student debt growth, the growth in student  
10 debt has slowed somewhat in these past couple  
11 years somewhat, Pennsylvania, alarmingly, still  
12 is ranked third nationally in student debt per  
13 capita among graduates with debt, at about a  
14 little over \$32 on average.

15 So since I have Penn State York in my  
16 district and am an alumni of Penn State, I'd  
17 like to just direct this question to Dr. Jones.  
18 And if anyone else feels compelled to chime in,  
19 you're welcome to. But could you discuss the  
20 correlation between state funding, the amount of  
21 state funding, your tuition rates increasing or  
22 decreasing the inverse relationship between  
23 state funding and tuition rates and student  
24 debt?

25 MR. JONES: Yes. How much time do we

1 have? Clear correlation, I think. As the --  
2 despite best efforts, believe it or not, the  
3 cost of providing a higher-education opportunity  
4 to students continues to grow. We are a  
5 person-powered dominated industry. Costs have  
6 continued to increase as the subsidy provided to  
7 education from state support has decreased  
8 during that time period, the gap has to be made  
9 up for in other ways. Part of it is through  
10 tuition, and some of that tuition ultimately is  
11 provided by students and their families through  
12 them taking out indebtedness.

13 I know that for Penn State, the average  
14 is about -- average indebtedness upon graduation  
15 is on order of \$37,000 per year. I find this,  
16 and I know that President Barron finds this, an  
17 unacceptable number; and we are absolutely  
18 committed to doing everything that we can do to  
19 reduce that number and reduce it significantly.

20 But there is definitely a correlation,  
21 in our view, between the growth and tuition, the  
22 growth in indebtedness across the country that  
23 declining levels in state support for higher  
24 education.

25 REPRESENTATIVE SCHREIBER: Thank you.

1 And if I could ask each of you gentlemen just a  
2 straight yes-or-no question here, Is it  
3 acceptable to say that even if the State General  
4 Assembly and the Governor were to approve a  
5 5-percent or 7-percent increase, respectively,  
6 that that amount would still not restore you to  
7 funding levels you have previously seen?

8 MR. GALLAGHER: There's no question that  
9 would still be far short of -- if we had stayed  
10 on the growth curve that we had diverted from a  
11 decade ago -- that's why I said, this is a step;  
12 and that's why the moment consensus is so  
13 important.

14 MR. JONES: Yes.

15 MR. THEOBALD: Yes.

16 MR. GREEN: Yeah.

17 REPRESENTATIVE SCHREIBER: Thank you  
18 very much. So it is fair to say that what is  
19 before us today, what's been talked about  
20 repeatedly throughout the course of this hearing  
21 and throughout the course of this day is  
22 appropriating an amount to higher-ed that is  
23 equivalent to 1995?

24 And to the students in the room, many of  
25 you were probably born at or around that time;

1 so please continue engaging in your state  
2 government.

3 Thank you, Mr. Chairman.

4 MAJORITY CHAIRMAN ADOLPH: Thank you. I  
5 do believe \$578 million is better than zero, and  
6 there's no other piece of legislation that's  
7 been introduced in this House that is higher.

8 Representative Warren Kampf.

9 REPRESENTATIVE KAMPF: I'll have to take  
10 a few deep breaths, Mr. Chairman, after that,  
11 before I launch into my questions.

12 So I can at least say, I won't ask the  
13 fine presidents, provosts, and Chancellor this  
14 question. I can testify from personal  
15 experience that there was educational debt in  
16 the 1980s and early 1990s, because my wife and I  
17 are still paying those debts.

18 So this is a national issue. This is a  
19 cost-of-education issue. There are lots of  
20 things wrapped up in it, and I do think that the  
21 prior -- my colleague, perhaps, oversimplified  
22 the matter in his comments and questions.

23 And I go to the Chairman's comments. I  
24 won't put you on the spot, gentlemen. But I'd  
25 imagine if you knew that the State Treasury had

1       \$500 million in it that everybody agreed had  
2       your name on it, you would want to be able to  
3       access that. We're having difficulty getting  
4       that to you, but I assure you all of us want to  
5       get you at least that someday soon.

6                 With respect to the subject of cost,  
7       however, I notice that each of your submissions  
8       talked about initiatives to try to tackle  
9       long-term costs in different ways.

10                And, President Green, I know you spoke a  
11       bit about that in one of your questions. But if  
12       each of you could talk a little bit about what  
13       you're working on, sort of long-term initiatives  
14       that might address that question.

15                And then, President Theobald, I have a  
16       question for you about Fly In 4.

17                MR. THEOBALD: Yep.

18                MR. GALLAGHER: Yeah, I'd be happy to.  
19       I think -- and I share your sense that this has  
20       to be tackled comprehensively. There's issues  
21       of cost, quality, the affordability, and the  
22       transaction of the debt piece.

23                On the cost side, because there have  
24       been cuts over the past ten years, you know, we  
25       have been actually not just starting this

1 process right now. And, you know, it's probably  
2 helpful to think of our efforts in several  
3 buckets. So one is in the cost cutting. We've  
4 begun to take a critical look, not just at the  
5 beginning, we've been taking a critical look at  
6 programs. Over the past couple decades, we've  
7 actually cut 65 different academic programs.

8 Nonpersonnel costs that go to the  
9 school, we've capped. They have not received  
10 even inflationary increases in those accounts.  
11 That forces a reprogramming within the schools  
12 that is painful, but we think it leads to  
13 operational efficiencies.

14 On the compensation side, which has been  
15 talked about, is always a big part of a  
16 university's cost structure, we have been  
17 looking at benefit costs, including these kind  
18 of dependent costs of healthcare but also in  
19 looking at our life insurance, our medical  
20 insurance.

21 We've capped university contributions  
22 for some categories of members. We've  
23 aggressively worked to manage workman's  
24 compensation claims against the University. So  
25 we've been doing a number of things in the

1 budget reduction side. We've also moved towards  
2 what I would call efficiency metrics. So we've  
3 tried to do a lot of strategic sourcing through  
4 a lot of consolidation on the procurement of  
5 supplies, services, IT equipment, things of that  
6 type.

7 Those have resulted, when we've been  
8 able to enact them, in quite significant cost  
9 reductions. In our plant and utilities, we own  
10 and operate a lot of space. We've been putting  
11 in energy conservation initiatives, particularly  
12 in air handling and lighting.

13 We've been doing aggressive spot pricing  
14 on the market to lock in the utility rates when  
15 they're low. And then we've done a voluntary  
16 early retirement a couple years ago. We've only  
17 replaced a small portion of those salary dollars  
18 that were displaced through that, and so that's  
19 resulted in significant savings as well.

20 So, you know, I think it's always a fair  
21 criticism to say, Can we do more? Yes, I think  
22 we can do more; and we're going to -- we will  
23 continue to double down and look at the  
24 efficiency and the cost effectiveness of the  
25 administration.



1           MR. JONES: Very similar for us, so I'll  
2 be brief. In the cost-reduction category, when  
3 folks retire or depart, we take a very hard look  
4 at whether the position should be replaced. If  
5 they're replaced at all, they're generally  
6 replaced with a more junior person; so a  
7 lower-cost employee. Sometimes this is done in  
8 a targeted manner through voluntary retirement  
9 programs, for example.

10           In addition, and this speaks to the  
11 question that was asked previously, we've looked  
12 very hard at opportunities to save money on  
13 employee benefits budgets. In some areas like  
14 medical benefits, we're self-insured; and so  
15 there are many creative strategies that have  
16 been employed to try to manage the -- bring down  
17 the rate of growth of our healthcare.

18           In the cost-containment category, we're  
19 looking much more aggressively for strategic  
20 purchasing opportunities and more aggressive  
21 negotiations across the university to get better  
22 deals, better deals on energy, by making energy  
23 commitments multiple years out, and looking for  
24 savings on IT equipment, a never-ending cost;  
25 but we're looking for ways to be considerably

1 more efficient in that space.

2 And then just in terms of efficiency,  
3 and probably the best examples I can give there  
4 are, we had planned to build a new classroom  
5 building, because we had no space to teach. But  
6 then when we dug a little deeper, we found that  
7 we did have space to teach but we needed to  
8 really redouble our efforts to make sure that  
9 that space was available.

10 And by doing that and installing a new  
11 classroom scheduling system, among other things,  
12 we were able to remove the need for that new  
13 classroom building; so that's one less building  
14 we have to put up.

15 We're also investing heavily in  
16 transforming our human resources operation.  
17 That's a place where there's actually a lot of  
18 money spent that could be done much more  
19 efficiently, and so we believe there's great  
20 opportunities for savings in the HR space.

21 MR. THEOBALD: As my response to  
22 Representative Quinn indicates, we've done a lot  
23 with benefits; so I won't go through all of that  
24 in detail. I'd say the focus overall has been  
25 to make the cuts as far away from the classroom

1 and the lab as possible. The reason we exist is  
2 for the students. So we have looked at our  
3 administrative structure, eliminated layers.  
4 Rather than having as many people reporting to  
5 people, we took out layers and eliminated  
6 administrative roles so that we could keep down  
7 our overhead costs.

8 We eliminated five varsity sports, which  
9 saved us about \$3 million a year. But, boy,  
10 does that lead to some blowback in case any one  
11 of the other three here are thinking about that.  
12 And we've dramatically decentralized the  
13 University.

14 When I arrived, it was very top down;  
15 all the funding came to me and then when people  
16 came to me and asked for money, I gave it to  
17 them or told them they couldn't have it.  
18 Dramatically, we decentralized. But the funds  
19 -- we want these decisions being made as close  
20 to the classroom, as close to the lab as we can;  
21 and then we make it very public what is taxed  
22 back to run the administrative structure of the  
23 University so that it's very transparent of what  
24 my office costs, what Kaiser's office costs,  
25 George, Kenny, and so on.

1           So a combination of cutting  
2           administrative costs, trying to hold our  
3           extracurricular activities to a lower cost base  
4           and decentralizing the funding of the academic  
5           units.

6           MR. GREEN: In addition to monitoring  
7           and moderating the tuition costs for students,  
8           we've had some administrative reduction that  
9           have reduced some of the layers. We've had no  
10          increases for administrators for the last five  
11          or six years.

12          We're embarking on an energy  
13          conservation program in hopes of saving money.  
14          We've looked at our vendors in terms of quality  
15          and affordability, and we are hoping to save  
16          considerably there. We've been doing this for a  
17          few years, and it's very important that we  
18          continue it right now.

19          There are other things we're doing, but  
20          those are the major initiatives we have.

21          REPRESENTATIVE KAMPF: Chairman, I won't  
22          ask my second question. But, President  
23          Theobald, in a later question, if you could slip  
24          in the explanation of Fly In 4, that would be  
25          great. Thank you.

1 MR. THEOBALD: Sure. I would love to.

2 MAJORITY CHAIRMAN ADOLPH: We'd like to  
3 hear it. That's fine.

4 MR. THEOBALD: Sure. In the question of  
5 student debt, the primary determinant of how  
6 much student debt a student will take on, on  
7 average, is how long it takes them to get their  
8 degree.

9 Something that struck me when I came to  
10 Temple was how many students I interacted with  
11 who were in their five, sixth, seventh year at  
12 Temple. So Fly In 4 has two components to it:  
13 One is that we guarantee every incoming student  
14 the chance to graduate in four years.

15 That was my response earlier, that that  
16 program began last year. At this point, we have  
17 628 more second semester sophomores on track to  
18 graduate in four years. They'll save \$20  
19 million by that.

20 The second piece of it is that if you  
21 talk to students, Gee, why are you taking so  
22 long to graduate? I have to work.  
23 Higher-education's expensive. So we set up a  
24 scholarship program. The 500 media students in  
25 each class receive a grant that's equal to what

1       they would earn working 35 hours a week versus  
2       what they'd earn working 15 hours a week.  
3       Research will show that a student that works up  
4       to 15 hours a week actually does better than a  
5       student that doesn't work at all, just because  
6       of managing their time and so on. But they must  
7       sign a contract they will not work more than 15  
8       hours a week, and we follow up on that.

9                So that it isn't -- when I first took  
10       this to my Board, it isn't that we pay kids not  
11       to work, no. We're going to pay them to shift  
12       their allocation of their time from working at  
13       Bed, Bath and Beyond or to wherever, to their  
14       course work and get out of here in four years.  
15       So that's what Fly In 4 is all about.

16               MAJORITY CHAIRMAN ADOLPH: Thank you.  
17       Representative Matt Bradford.

18               REPRESENTATIVE BRADFORD: Thank you,  
19       Chairman. And thank you to all the  
20       representatives of the schools that are present  
21       here today.

22               Chairman Adolph, I think, said two  
23       things that are obvious by their simplicity but  
24       I think slightly misleading by how they play out  
25       in this debate and with the issues we're having

1       financially.

2               He states, and I think no one can  
3       disagree with the fact that 500-million plus in  
4       support is better than none; and I don't see  
5       how anyone can disagree with that. And he says  
6       the only problem here in the Legislature is  
7       getting to 66 percent or two-thirds required  
8       constitutionally to pass a nonpreferred  
9       appropriation.

10              And, again, with all due respect to the  
11       Chairman, that would seem simple; but in this  
12       day and age of Tea Party politics, that is very  
13       difficult to do in this body.

14              I would respectfully suggest that the  
15       one number that hasn't been thrown out isn't the  
16       lack of getting \$500 million or getting to 66  
17       percent of the Legislature, but it's a  
18       \$2-billion structural deficit that has not been  
19       mentioned at all in this discussion.

20              And the simple reality is, we can  
21       promise what we cannot pay for and we can  
22       promise an appropriation that is not funded; but  
23       to be so disingenuous, with students here, to  
24       say that we want to give you 3 percent, 5  
25       percent, and act like this is a bidding war for

1 the hearts and soul of Pennsylvania students is  
2 beyond disingenuous; it's just wrong.

3 So let me just start by a little bit of  
4 factual history and lay out the funding levels  
5 that our universities have dealt with. I'm  
6 going to suggest we start with Pitt and Penn  
7 State; because in their books, Penn State's on  
8 page 13, I believe; and Pitt's on page 2. They  
9 give kind of a flashback of levels of State  
10 funding that these universities have received.

11 And I think the admonition or the -- not  
12 even admonition, the little nugget of knowledge  
13 that states that lack of State support drives  
14 indebtedness, that was discussed; and I think is  
15 important to keep in mind when we talk about  
16 these levels.

17 So I would start with Penn State, if I  
18 could, and go back and kind of look at what,  
19 from 2001 to 2015-2016, and again, I don't want  
20 to use artificial numbers because we can pick a  
21 day in time and create a reality that, you  
22 know -- playing with numbers. But let's just  
23 use what's in your book.

24 The appropriation in 2001-2002, can you  
25 tell everyone what your final State



1 appropriation was in 2001-2002?

2 MR. JONES: That would be \$325 million.

3 REPRESENTATIVE BRADFORD: And what was  
4 it in 2014-2015?

5 MR. JONES: 2014-'15?

6 REPRESENTATIVE BRADFORD: Yes.

7 MR. JONES: It was \$289 million.

8 REPRESENTATIVE BRADFORD: Right. And,  
9 again, I would just throw out, again, lack of  
10 State support drives student indebtedness. Then  
11 I would go to Pitt, if I could. And, again,  
12 there's a great chart here that kind of shows  
13 the roller-coaster ride that is, probably in  
14 fairness, goes up and down with recessions and  
15 good and bad economic times in the world.

16 But you basically see from, I think,  
17 from '95 to '02, the curve goes up pretty -- on  
18 a pretty fair basis, I guess, from about 144  
19 million to north of 180 million. I think that's  
20 a fair assessment. Is that about where it goes  
21 to?

22 MR. GALLAGHER: I believe so.

23 REPRESENTATIVE BRADFORD: Okay. Then we  
24 hiccup after and, obviously, in light of 9/11,  
25 the terrorist attacks and the early recession of

1 2000, it drops down a little bit and rises up in  
2 about '09-'10 to the period of about 190 million  
3 for State support of Pitt.

4 That's a pretty good reading of what's  
5 in the book?

6 MR. GALLAGHER: That's correct.

7 REPRESENTATIVE BRADFORD: How much is  
8 the cut -- after the 2010-2011, it looks like  
9 there's a nose-dive in State support. How much  
10 is that cut?

11 MR. GALLAGHER: It was about 25 percent.  
12 (Conferring with staff.) A little over 20  
13 percent.

14 REPRESENTATIVE BRADFORD: All right. My  
15 recollection of that -- and again, this is where  
16 Chairman Adolph deserves a lot of credit, the  
17 Governor at that time proposed a 50-percent cut,  
18 I believe. And through bipartisan work led by  
19 Chairman Adolph, what was a 50-percent cut  
20 turned into, I think the agreed-to number was  
21 18, 19 percent for each of the universities.

22 Unfortunately, there were subsequent  
23 freezes in the first Corbett year of the  
24 Administration. It resulted in about a 23-,  
25 24-percent cut, if I recollect. Is that fair?

1 And I'll ask all the presidents: Is that a  
2 fair number on how much the cut was in one year,  
3 24, 25 percent?

4 MR. THEOBALD: That's my understanding.

5 MR. GREEN: Yeah.

6 REPRESENTATIVE BRADFORD: Okay. And,  
7 again, I think it's important to remember that  
8 lack of State support drives student  
9 indebtedness.

10 I think one of the things we've got to  
11 keep in mind for those of us who don't want to  
12 seem to support another budget that includes  
13 these kind of cuts, or even more disingenuously,  
14 promises funding that there is no revenue to  
15 support.

16 We have a \$2-billion structural deficit.  
17 We don't have the money to pay this; because if  
18 we pay this nonpreferred appropriation, who  
19 doesn't get paid? Who goes to the back of the  
20 line? Do we tell those with intellectual  
21 disabilities; do we tell Medical Assistance;  
22 those who need Medicare; those who need a  
23 nursing home for grandmom?

24 Is that really the type of choices in  
25 this shameless political charade that has gone

1 on for way too long? So we can all stand up and  
2 say who voted for the appropriation and who  
3 didn't; but what we should talk about isn't who  
4 voted for the appropriation; let's talk about  
5 who voted to fund the appropriation.

6 Let's talk about the tough work of  
7 governing, because governing's not what's  
8 happening here. A lot of political talk and  
9 back and forth, and you're seeing a disgraceful  
10 exhibit by our Legislature.

11 Nobody wants to tell the hard truth: We  
12 promise what we cannot deliver. We don't have  
13 the revenue to support the appropriation. And  
14 if we supported this appropriation, what  
15 appropriation would we not support?

16 I think when you look at the history of  
17 this roller-coaster ride of funding that is not  
18 supported and is not honest, not intellectually  
19 honest with the students and the taxpayers of  
20 Pennsylvania, you realize we're playing a  
21 political game and we're not doing right by  
22 Pennsylvania.

23 Now, let me just say this: We talk  
24 about we have the third highest student  
25 indebtedness in the country. We talk about, on

1 a bipartisan basis, we have a structural  
2 deficit. We can throw rocks at each other all  
3 day long. We've been doing it for months.

4 On Christmas Eve, there was an exit  
5 strategy. For some of us, the exit strategy was  
6 passing a budget. For other of us, it was jump  
7 on the Turnpike and go home.

8 Let's get back to passing a real budget.  
9 Let's stop playing the games; let's fund these  
10 schools yesterday, because that's the right  
11 thing to do.

12 Thank you, Mr. Chairman.

13 MAJORITY CHAIRMAN ADOLPH: Thank you,  
14 Representative. I'm not going to comment on  
15 that right now. I'm like the national debates;  
16 even though my name was mentioned, I don't have  
17 to jump right into it right now.

18 But I will try to get the two years  
19 together in some closing comments.

20 MAJORITY CHAIRMAN ADOLPH: Representative  
21 Sue Helm.

22 REPRESENTATIVE HELM: Thank you, Mr.  
23 Chairman. Gentlemen, thank you for answering  
24 our many questions; and you did answer my  
25 question on student debt and employment, which I

1 was really interested in. So let's go to online  
2 education. In 2013-'14, PHEAA began funding a  
3 5-year pilot program to provide student grants  
4 for distant education. It allows students to  
5 take more than half of their postsecondary  
6 credits via distance education usually online to  
7 qualify for the PHEAA student grants.

8 How involved are your universities in  
9 online education, and do you know if any of your  
10 students have been able to participate in this  
11 pilot program? The program was designed to  
12 determine if distance education should be  
13 incorporated into the regular student grant  
14 programs.

15 And based on what you know of the  
16 program and online education, in general, do you  
17 think distance education should be a part of the  
18 student grant program?

19 MR. GALLAGHER: Representative Helm,  
20 interestingly, this question came up in the  
21 Senate Hearing this morning and I couldn't  
22 answer it there. And my ability to answer  
23 hasn't improved since this morning, so I will  
24 get back to you with the exact numbers for how  
25 many of the Pitt students are using the PHEAA

1 grant program, because I know we're part of  
2 that. At Pitt, generally -- clearly online  
3 education is a growing and important part of the  
4 toolbox we use to deliver. We have not done the  
5 kind of large-scale undergraduate programs that  
6 Penn State has done.

7 We've been moving a little bit more  
8 cautiously in the undergraduate level and  
9 focusing instead on some of the continuing  
10 education and postgraduate continuing-ed  
11 programs. But let me get back to you with the  
12 actual focused answer to your great question.

13 REPRESENTATIVE HELM: All right. I  
14 would be interested; because I have my  
15 hesitations on online education at times, too.  
16 I know a lot people who do continuing-ed, and  
17 they don't always personally do their  
18 continuing-ed.

19 So I realize if somebody wants to learn  
20 something, they should actually do it  
21 themselves. So I look forward to your comments.

22 MR. GALLAGHER: Thank you.

23 MR. JONES: At Penn State we embraced  
24 online learning through our world campus  
25 starting about 15 years ago. In the last decade

1       our enrollments have grown from about 2500  
2       student in 2006, to 12,200 in 2015; so the  
3       program has been very successful. I will  
4       emphasize that the programs are all housed in  
5       their respective colleges, and so the academic  
6       control of the programming remains the purview  
7       of the academic colleges. The world campus  
8       serves in a delivery role and does very well.

9               Penn State students have participated in  
10       the program to which you refer. We were part of  
11       that pilot effort.

12               REPRESENTATIVE HELM: Thank you.

13               MR. THEOBALD: The focus at Temple  
14       University in online has been for graduate  
15       students and place-bound adults. We have the  
16       number one ranked MBA program online in the  
17       country.

18               We use it at the undergraduate level  
19       more sparingly. We would use it in 300- and  
20       400-level courses as supplements to in-person  
21       education. We use it very little at the 100 and  
22       200-level. Our reasoning is that teaching is a  
23       highly interpersonal skill. Most of the 18 and  
24       19-year-olds that attend Temple University will  
25       do better and will complete their degree in four



1 years, which is our goal, in an onsite classroom  
2 environment rather than online environment.

3 REPRESENTATIVE HELM: Thank you.

4 MR. GREEN: At Lincoln, we have not had  
5 the massive use of online programs, online  
6 teaching. We're looking at the appropriate  
7 programs to use online. But I must point out  
8 that a number of our faculty are using online as  
9 part of their teaching process as a blended  
10 approach, a combination of in classroom and  
11 online.

12 But we're looking at the role of our  
13 nursing program at the bachelor's level and  
14 maybe eventually at the doctoral level, to meet  
15 the needs of students who don't have the  
16 opportunity to come to campus. We have a  
17 proposal together to try to look at the most  
18 appropriate use of online at Lincoln University.

19 REPRESENTATIVE HELM: Thank you very  
20 much. Thank you, Mr. Chairman.

21 MAJORITY CHAIRMAN ADOLPH: Thank you,  
22 Representative. Representative Schreiber  
23 (sic.).

24 REPRESENTATIVE SCHWEYER: Schweyer or  
25 Schreiber?

1 MAJORITY CHAIRMAN ADOLPH: I'm sorry. I  
2 didn't have my glasses on. Representative  
3 Schweyer.

4 REPRESENTATIVE SCHWEYER: That's okay.  
5 The younger guy with the haircut. I got ya.  
6 Thank you, Mr. Chairman.

7 First and foremost, thank you all for  
8 being here and talking to us a little bit today  
9 about what is really ultimately one of the most  
10 important things we'll face in terms of talking  
11 about the cost of educating our young folks.

12 And I do want to start by talking to the  
13 students of all the universities here. Back in  
14 the day when Representative Schreiber was  
15 talking about Coolio, I sat in the same seats  
16 that you sat in when I was a student at Penn  
17 State.

18 And I was part of Penn State Student  
19 Government, and I was advocating then for what  
20 you're advocating for now, which is additional  
21 funding for my alma mater, my school, and my  
22 opportunity to go to college in a manner that  
23 didn't take me 15 years to pay off my student  
24 loans, which, oh, by the way, it did.

25 And so congratulations to you, and thank

1       you all for participating; because your voices  
2       matter to us. It means more to hear from you  
3       than it does anybody else, with all due respect  
4       to your administrators and other folks. You're  
5       the most powerful voice that your universities  
6       have and the best advocates, so thank you for  
7       that.

8                To the various administrators, I just  
9       want to -- I don't want to take too much time,  
10      but I do want to get to a key point. Now,  
11      generally speaking, every single one of you has  
12      higher out-of-state tuition costs than your  
13      in-state tuition, correct?

14               MR. JONES: Yes.

15               MR. THEOBALD: Yes.

16               REPRESENTATIVE SCHWEYER: Okay. And  
17      it's significantly higher, 15 percent higher,  
18      some derivative thereof? Okay. A lot of them  
19      nodding, yes. Okay.

20               So I just want to put that aside for a  
21      second. It's been described that your overall  
22      budgets are based on a three-legged stool of  
23      private contributions. I'll throw a specific  
24      federal funding in there for research grants or  
25      whatever, tuition and state funding. Is that a

1 rough encapsulation of the majority of your  
2 funding?

3 MR. THEOBALD: Yes.

4 MR. JONES: Yes.

5 REPRESENTATIVE SCHWEYER: And so is it  
6 fair to say that -- and you talked about this  
7 before. When state funding goes down, you  
8 generally have to make it up through tuition  
9 costs to be able to balance your budgets, as  
10 well as cost-savings measures and those other  
11 sorts of things. Jump in if I'm making any  
12 mistakes.

13 So if I'm in your position and I see  
14 state funding zeroed out, not passed or  
15 potentially being down to levels equal to when I  
16 was in high school in 1995, you may have an  
17 economic incentive to find students who are  
18 paying a higher tuition level. Is that a fair  
19 assumption to make? No?

20 So a lack of state funding does not  
21 drive you to look to out-of-state students?

22 MR. THEOBALD: I think the state funding  
23 creates -- there's a partnership between the  
24 university and the state in term of keeping  
25 education affordable. Clearly, if we receive

1 less state funding, we either have to cut our  
2 costs, which is what we have tried to do, so  
3 that we can keep our in-state tuition -- it will  
4 increase but not as much. So I do not -- in the  
5 last -- the period we were talking about earlier  
6 where our state appropriations have gone down,  
7 our number of resident students has gone up.

8 REPRESENTATIVE SCHWEYER: Okay.

9 MR. THEOBALD: So it's -- I understand  
10 the economics of what you're arguing about, but  
11 that's --

12 REPRESENTATIVE SCHWEYER: Not arguing,  
13 asking. Yeah.

14 MR. THEOBALD: That makes sense, but  
15 that's not how it plays out.

16 REPRESENTATIVE SCHWEYER: Okay. So  
17 there's been no -- and I'm sorry.

18 MR. JONES: I was just going to say, we  
19 have worked very hard, tried very hard at Penn  
20 State to ensure that decisions about admission  
21 of students and the makeup of our student body  
22 is not driven by these financial considerations;  
23 and so we try to keep that out of the picture.

24 Some of our peer institutions in other  
25 states have not been able to do that. Good

1 example is the University of Alabama, which went  
2 from about 72 percent in-state, to about 35  
3 percent in-state students over the last decade.

4 We, fortunately, with the levels that we  
5 have had, have been able to manage to not have  
6 that factor into our decision-making process.  
7 But if there are major changes, further changes  
8 in appropriation, we'll be challenged in our  
9 ability to continue to do that.

10 MR. GALLAGHER: You know, it's an  
11 interesting question. But the other way to ask  
12 it is, are we incentivized to be private?

13 REPRESENTATIVE SCHWEYER: Or are you --  
14 yes.

15 MR. GALLAGHER: The answer's, no. I  
16 mean, if we're private, we are competing  
17 nationally and internationally for the best  
18 students on a very different tuition marketing  
19 model.

20 And, frankly, you know, could we do it?  
21 You know, maybe. Should we? You know, I'm left  
22 with this deep sense of, no. Our core mission  
23 at the University of Pittsburgh is to support  
24 western Pennsylvania and the region. I think it  
25 would be a mistake.

1           So it's not a question of a financial  
2           incentive. I agree with the Provost that we  
3           have seen this happen in a couple of states.  
4           The advantage we have in the Commonwealth is  
5           that these are exceptionally strong  
6           institutions.

7           And what we're trying to do is preserve  
8           the benefit that they can bring to the  
9           Commonwealth. So we're not actually driven.  
10          And you don't see it in our numbers that we're  
11          trying to distort the admissions profile of our  
12          incoming classes.

13                 REPRESENTATIVE SCHWEYER: Dr. Green?

14                 MR. GREEN: Yeah, the same is true with  
15                 us. We have been -- since our inception I  
16                 think, have been a worldwide institution in  
17                 terms of attracting students, the early mission  
18                 of institutions.

19                 Students actually come to us because  
20                 they want to. That's the choice they make. But  
21                 we don't see that as a negative. And we're  
22                 looking for quality students where they exist.

23                 REPRESENTATIVE SCHWEYER: Sure. We're  
24                 all looking for quality students. But what  
25                 we're talking about, sir, is a level of state

1 funding and making sure that the first priority  
2 for our tax dollars goes to Pennsylvania  
3 students; and I say that as a Penn State alum,  
4 as someone who was a poor kid growing up, first-  
5 generation college student that was only able to  
6 go to college because I went to an affordable  
7 school that I started off at a branch campus and  
8 I had the accessibility and the affordability to  
9 be able to go there.

10 And I'm glad to hear that all four of  
11 your institutions have not skewed your  
12 admissions process against Pennsylvania  
13 students, because of inaction from the  
14 Legislature and the State government as a whole  
15 in doing that.

16 That's commendable of all four of you,  
17 and I appreciate learning that very much. To  
18 that point, for all four of you, and I'm not  
19 going to ask you to answer this question now,  
20 but I am going to ask through the Chairman, if  
21 you would all be so kind, I'm very interested to  
22 find out, of your Pennsylvania students, how  
23 many of them come from academically distressed  
24 high schools and school districts.

25 It is -- I had the same conversation



1 with the state system students -- or colleges.  
2 We need to make sure that those universities  
3 that we are funding are not creating any sort of  
4 barrier for those economically distressed  
5 students.

6 My district looks very different from  
7 the overwhelming majority of the districts  
8 you're going to find in the Commonwealth of  
9 Pennsylvania. My district is overwhelmingly  
10 diverse; 52 percent of my constituents are  
11 Hispanic. I have one of the youngest districts  
12 in the Commonwealth. Less than 10 percent of my  
13 constituents are senior citizens.

14 And so when I look at my district, I'm  
15 young and diverse and poor; and that's different  
16 than many others. And I need to make sure  
17 before I continue to put up votes for increased  
18 taxes, increased revenues, which I'm willing to  
19 do to fund your institutions, that the students  
20 that live in my district and similar districts,  
21 have all the opportunities to go to your  
22 institutions as well. That's a priority for me.

23 So, again, gentlemen, thank you very  
24 much. Thank you for your commitment to  
25 Pennsylvania students, and thank you for your

1       commitment to the Commonwealth.

2               Thank you, Mr. Chairman.

3               MAJORITY CHAIRMAN ADOLPH: Thank you,  
4 Representative. Representative Mike Vereb.

5               REPRESENTATIVE VEREB: Thank you, Mr.  
6 Chairman. Good afternoon, gentlemen. And to  
7 our students from Lincoln, welcome, again.

8               I talked to some of you ahead of time,  
9 but I was not really going to get up, but I was  
10 going to go back to a debate of a few weeks ago  
11 where for two hours, Republicans nailed each  
12 other back and forth. I was going to do my  
13 Donald Trump routine. I borrowed this tie off  
14 of him.

15               But then I remembered the social media  
16 trending of two hours of debate. The trend was  
17 Dr. Ben Carson saying, Will someone please  
18 attack me? And it's because he was somewhat a  
19 sideshow, or maybe perhaps he ended up being the  
20 main show with that quote. Why watch the  
21 sideshow in the middle of the stage?

22               So my good friend from Montgomery  
23 County, be glad I felt like Ben Carson when he  
24 went on his last tear. So I needed to come up  
25 and ask my original question and then follow up

1 with some of the skullduggery that was flowing  
2 here a few minutes ago.

3 Security and safety of our campuses: So  
4 as you know, Dr. Theobald, my son is a proud  
5 freshman and I've been to the campus several  
6 times before, and certainly more times than he  
7 probably wishes now that he's there.

8 And I can tell you from my background of  
9 just being there and the appearances, while the  
10 media may not portray it all the time, I think  
11 that Temple's doing a great job; but that  
12 doesn't mean everything I see is right.

13 So across the board here, how are we  
14 doing with our planning, our support of our  
15 police, either the police from the community or  
16 your own police and/or security? How is that  
17 going?

18 And then are you getting the support  
19 from the Commonwealth in any type of planning  
20 that you would need?

21 MR. GALLAGHER: Yeah. Let me start. So  
22 I have no complaints on our coordination with  
23 other law enforcement, state, local or  
24 otherwise. It's been excellent. This is a high  
25 priority. Pitt is in an urban campus, as well.

1           It's imperative that our students be  
2 safe. The Pitt police is actually the third  
3 largest police department in Allegheny County;  
4 so it's imperative that we work closely with  
5 them. And we have responsibility both for the  
6 campus, the surrounding community, and some of  
7 the local hospitals.

8           I would say things are good. But just  
9 looking at the crime statistics data for the  
10 area, you know, the only trend I see, we've seen  
11 an upward tick in sexual assault filing. And  
12 that's, you know, of concern, given what we've  
13 seen on the campuses.

14           But this may, in fact, be a positive in  
15 the sense that one of the things we've been  
16 pushing on the educational side with the  
17 students is to not be passive bystanders, to  
18 report more.

19           We are seeing an increased willingness  
20 for the students to report and bring those  
21 forward. That's actually good news. That means  
22 we can get in front of these issues and start to  
23 address them. But that's the only noticeable  
24 trend line, and we continue to really focus on  
25 preparation and training.

1           That's students, faculty, staff; so I  
2           don't have any complaints on that side.

3           MR. JONES:   At University Park, we have  
4           made a priority, even in light of some of the  
5           budgetary challenges, ongoing investment in our  
6           police force for Penn State.

7           This includes recruiting high-quality  
8           officers and making salary adjustments to retain  
9           the excellent ones that we have, some of them  
10          with many many years of service.

11          At our campuses at 24 locations across  
12          the Commonwealth, frankly, at some of those  
13          locations, the level of security that was being  
14          provided was less than adequate, in our opinion.  
15          So working with David Gray, the Senior Vice  
16          President for Finance and Business, we have also  
17          begun strategic investment in ensuring that we  
18          have high-quality police services at all of our  
19          campus locations.

20          At both University Park and at the  
21          campus locations, I think our police officers  
22          and forces, have an excellent relationship with  
23          the officers in the surrounding local and  
24          regional communities. And I think particularly  
25          on days like game days, there's a very strong

1 collaborative spirit and a sweet accord that  
2 exists among the forces. So I think we have a  
3 little bit of work to do, but we've identified  
4 where some of the areas of needs are, and we're  
5 making the necessary investments.

6 Nothing is really more important than  
7 ensuring the safety and security of our --  
8 particularly our students, but all of our people  
9 in general.

10 MR. THEOBALD: You were kind enough,  
11 Representative Vereb, to note that students -- I  
12 just want to make it clear -- on student break,  
13 we have four Temple students sitting over here  
14 as well there. I really appreciate them being  
15 here.

16 You are correct, the perception of  
17 safety at Temple is not borne out by facts. If  
18 you look at the federal reports we file, we have  
19 the lowest crime rate of the six large  
20 universities in Philadelphia. So very safe  
21 environment.

22 But we are -- we have a number of  
23 students that live in the community near the  
24 campus; so in a decision made last week, we're  
25 going to reallocate a million 3 from other

1 administrative costs to add even more police  
2 officers. We have 135 police officers. And we  
3 will add another, I believe, 18, if I remember  
4 the number right. So we are the safest within  
5 Philadelphia. We plan to continue that process  
6 and make sure we can do more on-foot patrols in  
7 the neighborhoods around our campus.

8 MR. GREEN: At Lincoln, as our six  
9 students would attest to, we have a very robust  
10 security system. We have a fully certified  
11 police force. We've worked closely with the  
12 local police and the State Troopers. We have  
13 24-hour coverage.

14 When I arrived at Lincoln, we had maybe  
15 six entrances and egresses to the campus. After  
16 some difficulties, we closed four of those. We  
17 have two fully-covered entrances. And after a  
18 certain hour we only have one, so we control the  
19 campus.

20 Our alert system is very effective. We  
21 have a monitoring system that alerts all of the  
22 parents and students and faculty and staff when  
23 there's a problem on campus; and we provide  
24 instructions as it relates to safety.

25 So we're doing a good job. Our

1 statistics are better, and we are making some  
2 changes that may not all be appreciated by  
3 students, but it all is intended to make a safer  
4 environment for everyone.

5 REPRESENTATIVE VEREB: Good. And I  
6 think it's an important conversation. Because  
7 by the time something happens, lawmakers locally  
8 and statewide begin to question and react to  
9 what happened on these campuses. So I just know  
10 that it's a very important question to me.

11 And, Dr. Theobald, you have to know that  
12 my son's watching, so he's here by proxy.  
13 That's five. And I think George Kennedy's  
14 watching, so he's here by proxy; so we're even  
15 at six.

16 Just real quick to the students that are  
17 here: You know, there's a reason Donald Trump  
18 is growing his numbers the way he is. It's  
19 because people are tired of hearing some of what  
20 we've heard here today, the first time in a week  
21 and a half. They expect government to work.

22 And the reality of it is, this issue  
23 with our state-related universities, I don't  
24 know that it goes back to Governor Mifflin, I  
25 think we've accused every other governor along



1 the road of doing something in their tenure.  
2 But the reality is, when I got here, in my first  
3 term in 2007, we were in the minority.  
4 State-relateds went to Christmas break without  
5 having their money. It just seems this way  
6 regardless of who's in charge, that our  
7 state-relateds somehow get tied up.

8 And just know this: We're going to  
9 do -- and, you know, some of what my good friend  
10 said, I do agree with, with the struggles. But  
11 we're paid money to work through those  
12 struggles, and we're obligated to work through  
13 those struggles and it takes student engagement  
14 to make sure that your elected leaders get  
15 through those struggles.

16 So the time for, you know, doing some of  
17 the things that Donald Trump does needs to be  
18 over and we need to make sure this happens. And  
19 I hope that, during this time, it's safety and  
20 security of all of our students at all of our  
21 schools remains a top priority for you.

22 Thank you.

23 MR. THEOBALD: Thank you.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,  
25 Representative. Representative Daley.

1           REPRESENTATIVE DALEY: Thank you, Mr.  
2 Chairman. And I would like to join my  
3 colleagues in thanking the students for being  
4 here today. It's really great to see you. And  
5 for some of the young women out there, I hope  
6 you think about running for office someday. We  
7 really need more women in this process. So I  
8 hope you've enjoyed what you've been seeing, and  
9 think that could be something you could follow  
10 up on.

11           And I also want to thank each of you for  
12 being here and representing your wonderful  
13 institutions. It's always so interesting to be  
14 with you, just because of the breadth of what  
15 you do and the opportunities that you offer to  
16 Pennsylvanians. I really appreciate it.

17           I do want to direct my question to Dr.  
18 Jones about Penn State. And I want to just tell  
19 you briefly why I'm asking a question about  
20 agriculture. Because I live in a county that is  
21 not typically thought of as an agricultural  
22 county; although, I've long been aware of the  
23 extension service and its master gardener  
24 program. But as a southeast Pennsylvania  
25 resident, I was also aware of urban agriculture,

1 being kind of a foodie and, you know, I like to  
2 read that kind of thing. And I know that Penn  
3 State has had a big initiative on that.

4 But I also had the opportunity this past  
5 summer to serve on the medical marijuana working  
6 group. And so I got it into my head that I  
7 could call the extension service and say, Well,  
8 you know, what would be the possibilities of  
9 growing marijuana for medical use in an urban  
10 environment, and would you be willing to talk to  
11 me about that? So I was basically told, flatly,  
12 No, we cannot talk to you about that. And I  
13 understood that, and I did understand it.

14 But they also then invited me on a tour  
15 of some of the urban farms in the Philadelphia  
16 area. And I have to tell that it was just a  
17 really incredible experience to be able to go  
18 and see what's happening in urban agriculture in  
19 Philadelphia County.

20 I happen to live 8 miles from  
21 Philadelphia, so I'm quite honestly closer to  
22 Philadelphia than some parts of my own district  
23 in Montgomery County.

24 And so the reason I'm, you know -- and I  
25 just want to -- like, the breadth of the

1 program, the number of the farms, the  
2 collaboration with the Pennsylvania  
3 Horticultural Society and how you're working  
4 with the neighborhoods, the health benefits of  
5 having these farms in, you know, kind of food  
6 deserts, where people are actually getting, you  
7 know -- they're getting kids to come in and be  
8 part of the programs.

9 I mean, it was just such -- there were  
10 so many positive benefits. So my question --  
11 oh, and I also want to say that we then went  
12 down to Representative Leslie Acosta's district,  
13 which is in a completely different part of the  
14 world than mine is; but it was very interesting  
15 to have that conversation because of some of  
16 those possibilities.

17 So I think that it was the beginning of  
18 a good conversation. So it's very difficult,  
19 you know. With the zero funding, I realize that  
20 the program -- I'd like to give you an  
21 opportunity to just comment on what that zero  
22 funding means, if the funding is not renewed.

23 But before you start, I also want to say  
24 I'd be willing to vote for the hay, going back  
25 to earlier conversations.

1 MR. JONES: Well, we can grow it or get  
2 it grown.

3 REPRESENTATIVE DALEY: I'm sure you can.

4 MR. JONES: Well, I mean, the prospect  
5 of zero funding from the Landscape Fund is  
6 pretty dire. Unlike other areas, we are very  
7 limited in our ability to move funds around to  
8 backfill. We can do it on a temporary basis,  
9 because we can borrow from a pot knowing that we  
10 will replenish it later.

11 But the prospect of no funding now or in  
12 the future really presents us with a very  
13 difficult challenge. Basically, the challenge  
14 is that after the -- as we move into the next  
15 fiscal year, we will not be able to continue to  
16 carry ag research and extension.

17 It's not just the money that comes from  
18 the Landscape Fund. It's the fact that that  
19 leverages a federal match and then those two  
20 sources together leverage additional resources  
21 from the counties, 67 of them; and then those  
22 dollars leverage additional resources in ground  
23 and contract support for our and the  
24 Commonwealth's mission.

25 So it's really with very heavy hearts

1 that we even put ourselves in a position where  
2 we must plan for the possibility of a phaseout  
3 of agricultural extension come June 30th.  
4 Unfortunately, certain timing constraints that  
5 are imposed upon us from a legal and HR  
6 perspective require that we can't wait till June  
7 30th.

8 We have to begin that planning now with  
9 a view to execute, probably at the latest,  
10 around the first of May. But, as I said, it's  
11 with very heavy hearts that we do that. This is  
12 not something that any of us can remotely  
13 conceive, given the length and the depth and  
14 extent of the partnership that has existed among  
15 the Commonwealth, Penn State, the agricultural  
16 community, and the federal government.

17 So it's really a very difficult position  
18 that we find ourselves in, and we feel awful  
19 about it.

20 REPRESENTATIVE DALEY: And can you give  
21 us an idea of the number of people that this  
22 affects, in terms of employees or volunteers,  
23 members?

24 MR. JONES: Yep. So it's about 1100  
25 employees, thousands of volunteers, and upwards

1 of a hundred thousand people across the  
2 Commonwealth who will be directly impacted,  
3 including students who participate in the 4-H  
4 programs and things like that.

5 So the direct impact will be very broad.  
6 And then as I mentioned earlier, the indirect  
7 impact in terms of us all depending on  
8 agricultural production across the Commonwealth  
9 for all of our well-being, the indirect impact  
10 will be, I believe, significant, also.

11 REPRESENTATIVE DALEY: Is there anything  
12 that takes its place as a program or -- I mean,  
13 is it possible that that would actually really  
14 not just be a temporary suspension, but that it  
15 would be a longer-term suspension of that  
16 program? I mean, are you talking about that  
17 this would be the end?

18 MR. JONES: It is a program that  
19 practically, I think, is difficult to pause and  
20 then restart. Because if I was one of those  
21 people who was paused, I'd probably be looking  
22 to make other arrangements.

23 And if we look at critical issues that  
24 are facing us, like Avian Flu, there are many  
25 other states in the union that are also

1 preparing for Avian Flu and they are looking for  
2 good people to help them with those efforts. So  
3 one of the things that we're deeply concerned  
4 about is that actions we take, even in advance  
5 of June 30, may render some of those actions  
6 almost irreversible.

7 And, in fact, when I talked to my  
8 colleagues in the college, there was a period a  
9 number of years ago where there were cutbacks;  
10 and even though ultimately much of the funding  
11 was restored, still several years later, we're  
12 still trying to fully recover from the long-term  
13 impacts of those cuts.

14 REPRESENTATIVE DALEY: Does it also  
15 impact the ag research to the same extent?

16 MR. JONES: Yes, it does. We have a  
17 College of Agricultural Sciences, but it is so  
18 intimately intertwined with ag research and  
19 extension that it will have a major impact on  
20 that college as well.

21 REPRESENTATIVE DALEY: So -- and your  
22 timeline kind of coincides with the growing  
23 season, which I'm guessing may have a little bit  
24 to do with some of the activities, but -- all  
25 right.



1 Well, thank you. I guess I was hoping  
2 that there was not such a definitive answer; but  
3 it sounds pretty dire, especially for a state  
4 that considers itself an agricultural state.

5 MR. JONES: Yeah. I wish I could give  
6 you a less definitive one myself.

7 REPRESENTATIVE DALEY: Yeah. Thank you.

8 MAJORITY CHAIRMAN ADOLPH: Thank you,  
9 Representative. Representative Gary Day.

10 REPRESENTATIVE DAY: Thank you, Mr.  
11 Chairman. Gentlemen, thank you for being here  
12 today. I appreciate the tough circumstances  
13 this year, working through those. And I have --  
14 excuse me, Mr. Chairman -- I have this article,  
15 and I have some questions about it, as well.

16 (HANDING A DOCUMENT TO STAFF.)

17 REPRESENTATIVE DAY: There's some  
18 statements in there that I'd like to ask you  
19 guys to maybe explain a little bit further so I  
20 can understand the concepts behind the premise  
21 of the article.

22 And I appreciate when anyone chooses to  
23 participate in the process, whether then to hide  
24 from it and, you know, give us your best  
25 expertise and that's what -- I really believe

1 that was your intent to do that. In a few  
2 moments, I'm going to ask you to give me your  
3 definition of punishing our students, you know,  
4 as you see fit, from each of your institutions.  
5 And I'm going to, in a few moments, also ask you  
6 to give me an idea -- there was a paraphrase or  
7 a quote, long-term funding amount. I want to  
8 know what that would look like. I'm going to  
9 ask you that in a minute.

10 But I always try to keep time down,  
11 because you're here so long it gets to be a  
12 little bit of a stamina issue and I'd like to be  
13 respectful of that and stay focused on financial  
14 things to do with the operations of the  
15 different institutions and --

16 But, you know, I went to Penn State and  
17 I have my Kutztown University tie on today,  
18 because they're in my district and I wanted to  
19 be supportive of them. My Penn State ring is  
20 getting fixed right now. But I'm a Penn State  
21 grad, and my daughter's a second-year mechanical  
22 engineering student; I love to say that, because  
23 she says I'm really having a tough time. And I  
24 say, if it's speech communications, I can help  
25 you; but not if it's physics or something like

1 that. I had that in 11th grade and one class in  
2 college; not as good there. We're very much  
3 tied to the University.

4 You know, there were some things going  
5 on that you had to make decisions; and I wanted  
6 to talk about that a little bit. When I was  
7 there I learned about statistical-based  
8 economics. I'm an economics major. And what I  
9 did was, I took -- it's in both colleges or it  
10 was at the time, in business and in liberal  
11 arts, statistical and liberal arts taught me a  
12 certain way to think about economics.

13 Took the minor in business. And I  
14 really, to the students here today, you know,  
15 sometimes you sit there and you ask yourself,  
16 when am I ever going to use this, what I  
17 learned? Well, I use some of those concepts  
18 every day in my job here and every job that I've  
19 had.

20 You know, we are in an impasse; and some  
21 of my colleagues have talked about this. And we  
22 try to be very respectful of each other's  
23 positions, and I think we both understand each  
24 other's position as groups.

25 But, you know, there's one group that

1 would like to say, we want to invest in a lot of  
2 things, and that's my colleagues, not the group  
3 that I'm part of; we would like to invest in a  
4 lot of things, also. But when I was at Penn  
5 State I learned about tax policy and I learned  
6 about there's a cap; so that's what we try to  
7 balance.

8           You try to balance it as well,  
9 expenditures, and, you know, income or revenue;  
10 and you try to balance that as well. We look  
11 at -- you know, there's a certain method to  
12 proceed after you're in an impasse, and that's  
13 where we are now.

14           My colleagues on the other side had  
15 talked about, you sit down and you try to put  
16 together a grand plan, and we did that; we did  
17 that for a year. And then when I read in, you  
18 know -- you outlined it; you said 8 months of  
19 this is too long; it's way too long.

20           An impasse should go on for maybe three  
21 weeks, two or three weeks after the deadline of  
22 June 30th. And that would be a regular, in the  
23 business cycle, Whoops, we made a big mistake.

24           So when you talk about 8 or 9 months, it  
25 becomes a colossal, not mistake, but just a

1 colossal reflection on the Legislature and the  
2 ability to accomplish what we're here to do. So  
3 as I sit here and I look through what I'm trying  
4 to talk -- you know, get to, you end up with a  
5 list after you can't make the grand plan.

6 I've negotiated labor agreements, and  
7 this happens a lot of times there, where there's  
8 a labor group and there's a management group and  
9 you can't get through that; and you guys  
10 probably do that as well.

11 And what do we do when that happens? We  
12 sit down and we professionally look across the  
13 table with our negotiating partners and we say,  
14 We're going to make a list, 1 to 46, usually  
15 it's 40 or 50 items, because everybody throws  
16 everything on there.

17 The idea is, put everything on the  
18 table. Some of my colleagues like to just --  
19 and you heard it today. I don't want to point  
20 out exactly. We don't do that. But you heard  
21 it today, just talk about this and that. But  
22 the proper business way is what we're trying to  
23 do in the majority. You lay out a list, put  
24 everything on the table; and then you try to  
25 work together, our staff, both teams. Our

1 Republican and Democratic staff here are  
2 outstanding at this.

3           They can organize and know exactly where  
4 the real top ten bullet points are and where the  
5 bottom ten ones are that are easy to knock off.  
6 For me, and I don't think -- we don't speak for  
7 each other, but I want to speak for most of the  
8 people I know in the majority caucus, education  
9 is the best redistribution program that  
10 Pennsylvania does, that anybody does.

11           Gives people an opportunity where the  
12 public sector puts money into education, the  
13 people have to rise up who use that asset, they  
14 have to rise up, challenge themselves; they have  
15 to apply themselves. It is the thing we all  
16 agree on. That's why it's in our constitution,  
17 education, in general, in our constitution.

18           Unfortunately, this funding isn't in  
19 there. But people work hard and do that. The  
20 way to properly resolve a dispute is to do  
21 exactly what we did, Hey, we all agree on this;  
22 there's an amount we can push out to these  
23 people; let's do it. That's what the vote was.  
24 We voted to push that out. We need two-thirds  
25 of the Legislature; it didn't happen. I think

1 -- I wouldn't want to speak for other people --  
2 they can speak for themselves, but I believe in  
3 my heart that they want to push more out, or as  
4 my colleague said, I'll repeat what he said, he  
5 said, I don't know if there will be funding for  
6 all the other things I want to do, that's No.  
7 36, 26, 22, 10, and 5. I know. We know that,  
8 too.

9 But the way to get through an impasse,  
10 I've done it for 20 years in the private sector  
11 and the public sector, and the way to get  
12 through it is to do it this way: Lay it out  
13 there for a vote and move forward.

14 So I appreciate the opportunity. The  
15 reason why I want to make that comment is  
16 instead of going back and forth and putting you  
17 guys on the spot in the middle of a political  
18 impasse, I don't want to do that -- but we do  
19 need to have a little bit of a balance of what's  
20 being said here today under comments; and I  
21 wanted to do that.

22 So let me give you guys an opportunity.  
23 What did you mean when you said, We're punishing  
24 our students?

25 MR. GALLAGHER: I think the phrase, if I

1 recall it, was -- the goal of the article was to  
2 do two things: One, I don't think -- well, I  
3 certainly felt that -- I didn't think a lot of  
4 people understood that this impasse was now  
5 moving into the state-relateds.

6 The punishing students really refers to  
7 the consequence of, if there is a long-term loss  
8 of support for State-Related funding, the shift  
9 is going to go to the students in the form of  
10 tuition.

11 REPRESENTATIVE DAY: Anyone else, or is  
12 that good enough? Okay. The Governor has  
13 decided not to fund agriculture. He's  
14 blue-lined that. He's said, I'm not going to  
15 let that go through; I'm not going to let that  
16 go out.

17 There's two schools of thought on that,  
18 I would think, to be as fair as I can -- one is,  
19 I'm going to not fund that because I want to  
20 fund other things. It's not No. 46 for him, or  
21 maybe if we're not going to fund something, it  
22 is 46 and he doesn't want to fund that.

23 If that's the case, he's made the  
24 decision, which is okay. I said at the  
25 beginning, we have a cap on taxes is the way the



1 majority looks at this. There's only so much  
2 you can go up to. Whatever that is, we can  
3 argue about that if we can ever get through a  
4 budget. We can argue about where that should  
5 be. We can never get to that argument if we  
6 don't get through this process through going  
7 through each vote.

8 Now, the Governor made a decision not to  
9 fund agriculture; and I don't know if you guys  
10 know or not, if you've talked to anybody, do you  
11 think he doesn't value ag programs, or do you  
12 believe that he just doesn't think it's as  
13 valuable as all the other things the State does?  
14 Do you guys know, by chance?

15 MR. JONES: No.

16 REPRESENTATIVE DAY: Anybody?

17 MR. THEOBALD: No.

18 REPRESENTATIVE DAY: Then the reason why  
19 I asked you that question is, I want to know,  
20 What do you think? You, you know, at Penn  
21 State, made the decision to not reallocate  
22 money; and you're sending out the signals that  
23 we may have to close down 4-H and different  
24 agricultural programs. So you're making the  
25 decision that, at Penn State, ag programs and

1 4-H, we're not going to take money from  
2 elsewhere or do anything else; and maybe it's --  
3 I'll give you a chance to address this, but  
4 you've made that decision that it is at the  
5 bottom of what we do as well, maybe or maybe  
6 not. So could you address that, as well?

7 MR. JONES: Yes. I would say that we're  
8 not making a decision to not allocate resources.  
9 We cannot allocate resources. We do not have  
10 resources that are allocatable for this  
11 function. For example, we can't take tuition  
12 dollars from a family in Schuylkill County or  
13 Montgomery County, say, and put those dollars  
14 towards research and extension that benefits  
15 mushroom farming in another part of the state.

16 REPRESENTATIVE DAY: Okay. Thank you.  
17 I appreciate that. And I didn't know exactly.  
18 That's why I asked the question. If I knew the  
19 answer, I wouldn't ask you the question.

20 Impact of what is about to happen if we  
21 don't push these dollars out, I want to ask you  
22 about the impact on farming in Pennsylvania, the  
23 impact of, you know, the invasion of insects or  
24 disease. What do you see happening to the  
25 agricultural industry in Pennsylvania and food

1 production?

2 MR. JONES: I can only speculate here,  
3 because it's in the future. If there is an  
4 unchecked Avian Flu, influenza, outbreak in the  
5 Commonwealth, that we don't have the resources  
6 to invest to manage, it could have a devastating  
7 impact on the poultry industry, whether it's an  
8 insect or some farmer in a county somewhere sees  
9 an odd growth on the leaf of a potato plant,  
10 that farmer now has the ability to call somebody  
11 at extension and that person will either send a  
12 picture of it on a phone or have somebody from  
13 extension come out and help them figure out what  
14 this is and what they need to do about the  
15 inability to provide that sort of support and  
16 resource in which we're looking to really bring  
17 into the 21st Century in an extremely powerful  
18 way, I think will have very serious, both short  
19 and long-term impacts on the agricultural  
20 industry in Pennsylvania.

21 REPRESENTATIVE DAY: Thank you very  
22 much. I appreciate that. For the other  
23 gentlemen, one of the things I wanted to ask you  
24 is, I think you might have said something about  
25 funding levels back 20 years ago, where we are

1 now on the growth curve. I think you had made,  
2 in one of your answers, comments about diverting  
3 away from that growth line. So I talked earlier  
4 in another hearing about that, you know, Penn  
5 State and the Commonwealth are not businesses  
6 and you can't really run them like a business.

7 But when I use that phrase, I mean about  
8 balancing what's coming in and what's going out  
9 and making those decisions on what we're going  
10 to do and move forward; so I wanted to be clear  
11 when I use that phrase what I mean.

12 When you talk about that growth amount  
13 -- so we had a certain funding amount, and it  
14 would be on my economics chart, you know, a line  
15 that goes up, right? Most of them do, and that  
16 happens in all industries.

17 So at some point, that funding starts to  
18 go not straight up and it starts to go over this  
19 way and it levels off, might even dip down and  
20 just not go at that growth that it was going at.

21 You had mentioned about, you know, it  
22 should be there. And I sense from the Governor  
23 that he feels that that's happened in many  
24 different line items in our budget. And I sense  
25 that he feels that we should jump right back up

1 to that with a large tax increase, you know, 20,  
2 22 percent on all Pennsylvanians to get back to  
3 that point.

4 Our friends in the private sector go  
5 through contraction and expansion all the time.  
6 As you know, you're in different parts of the  
7 universities and are in working with businesses  
8 all the time.

9 Air Products & Chemicals is a big  
10 company in my district, and they're going  
11 through a contraction. You hire a person who is  
12 -- someone who is a contractor, somebody who  
13 contracts businesses. He's selling off things  
14 that I sit there as an investor in that company  
15 for 25 years, I say, Why are you selling that  
16 off? He's contracting.

17 Then you hire someone to expand. When  
18 that person comes back in to expand, they never  
19 come back in and say, What were we spending 20  
20 years ago? So I read through, and I didn't want  
21 to go into -- very eloquently, there's many  
22 things that you talked about that you do do  
23 cost-saving contraction issues, and I want to  
24 applaud you all for doing that; because that's  
25 important to do. And I want to recognize that I

1 see that you're doing that. But what I'm  
2 interested in is, do you believe that we should  
3 expand, raise the taxes? What does that  
4 long-term funding look like? Are you actually  
5 supporting that we somehow jump back up to where  
6 that number would be as if we never left the  
7 line?

8 MR. GALLAGHER: Well, you know, it's  
9 difficult for me to say what the position should  
10 be statewide; so let me just look at the  
11 university situation.

12 You know, there is no long-term  
13 commitment. This is a year-to-year decision  
14 that the appropriations process makes every  
15 year. My observation was that the general trend  
16 of adding increases began to dissipate and then  
17 we have entered a more up-and-down pattern for  
18 the last 15 years or so; and it's had a clear  
19 impact of basically shift and --

20 The university's actually in a very  
21 strong position in terms of market. So if you  
22 were looking at us from a business side, we're  
23 seeing unprecedented student demand. We compete  
24 actually on value, even more than cost; and  
25 that's about the only way to explain that. And

1       what's happening is, that our business partner  
2       is shifting, that the amount of the relationship  
3       between how much came publicly through the  
4       State, how much came individually from  
5       individual students is shifting. That's a fact.

6               My only comment in terms of something I  
7       think lawmakers should be looking at is that,  
8       you know, you could look at that as a structural  
9       anomaly and us. The one thing that these  
10       universities can do, is they can -- I believe  
11       they can have a real effect in bending the  
12       growth curve for the state, in the sense that  
13       they are great assets in terms of bringing new  
14       business, new people into the state, starting  
15       new companies and having -- and we'd like to  
16       play that role. It will require a consensus and  
17       understanding between us.

18               This has been a great partnership, and  
19       that's really all we're advocating for.

20               REPRESENTATIVE DAY: Thank you very  
21       much. You know, there's so much to talk about.  
22       And I apologize; I zeroed in on a couple people.  
23       I know you guys are probably happy about that  
24       actually. But I zeroed in on a couple of people  
25       just to talk about things that I'm comfortable

1 with and know about. I appreciate you being  
2 here today. And I do want to say, one of the  
3 things that I'm trying to do is get through this  
4 budget impasse so that I can be one of the  
5 people that talks inside my own caucus about all  
6 the values that you just talked about and how  
7 investing in education can bring economic growth  
8 to the Commonwealth of Pennsylvania, more taxes,  
9 broaden the base, more taxes to Pennsylvania in  
10 order to be able to allocate.

11 But we can't even get there, because  
12 we're in a crisis mode and trying to force our  
13 way to numbers instead of build a rational  
14 business argument for why we should increase and  
15 invest in Pennsylvania.

16 Gentlemen, I'd like to thank you for  
17 being here today; and thank my Chairman, both  
18 Chairmen, for allowing me a little bit of extra  
19 time today. I appreciate that.

20 MR. GALLAGHER: Thank you.

21 MR. THEOBALD: Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Representative  
23 Maria Donatucci.

24 REPRESENTATIVE DONATUCCI: Thank you,  
25 Mr. Chairman. And thank you to all the students



1 that are here today. Your voices are important  
2 to us, and we need to hear them; because you're  
3 our future. So thank you. And, gentlemen,  
4 thank you for your wealth of information and for  
5 bearing with us.

6           Unfortunately, enrollment in higher  
7 education is down for several different reasons.  
8 Not every student does well taking standardized  
9 tests like, SATs and ACTs. So there are times  
10 when test scores don't accurately represent a  
11 student's true potential to succeed in higher  
12 education.

13           Temple University has taken a new  
14 approach with Temple Option. Doctor Theobald,  
15 can you explain what Temple Option is? Are all  
16 students eligible, and has it had a positive  
17 impact on enrollment? Are more students  
18 applying and/or being accepted?

19           MR. THEOBALD: Yeah. What the Temple  
20 Option is, is that we have two paths to be  
21 admitted to Temple University. There's the  
22 traditional path where you send in your grades,  
23 your recommendations, your standardized test  
24 scores.

25           Given that we're sitting in the center

1 of north Philadelphia, a real concern we have is  
2 that if you look at, you know, research on test  
3 prep, having a tutor help you prepare for the  
4 SAT, your scores will show you that works. So  
5 you will score higher if you can afford to have  
6 someone prepare you for the exam than you will  
7 if you don't have the income to have someone  
8 prepare you.

9           Also, the standard practice is, you can  
10 take the SAT as many times as you like and you  
11 only report your highest score. Again, that  
12 biases the admissions process towards those that  
13 have the wealth to take the SAT repeatedly and  
14 against those that can't.

15           So, therefore, we, in partnership with  
16 the Gates Foundation, developed an alternative  
17 admissions route. We still look at GPA; we  
18 still look at recommendations. These are  
19 students that we would admit if they only had  
20 high enough SAT scores.

21           So this year we have 890 freshman who we  
22 do not know what their SAT was. They came  
23 through the alternative route. Characteristics  
24 of them: They come from an underserved part of  
25 Pennsylvania, as far as higher education. They

1 are predominately first-generation students.  
2 There are significantly more underrepresented  
3 minorities. So if we look at our freshman class  
4 this year with the 890 versus our freshman class  
5 last year, we have a 20-percent increase in the  
6 number of African-American students; we have a  
7 26-percent increase in the number of Latino  
8 students.

9 So it has allowed us to reflect the  
10 diversity of north Philadelphia and Pennsylvania  
11 as a whole. The other part of the Gates Grant  
12 is that we are tracking these students semester  
13 to semester, due to students that we admit  
14 without an SAT. How do they perform compared to  
15 students with the SAT? At the end of the first  
16 semester, there was no difference in their  
17 performance in their first semester. We're only  
18 one semester into this program.

19 So I look forward to reporting back to  
20 you of the success of that in future years.

21 REPRESENTATIVE DONATUCCI: Thank you.  
22 Do any of the other institutions represented  
23 here have similar programs?

24 MR. JONES: We don't have a formal  
25 program. But I can tell you that in our

1 admissions process, we place considerably more  
2 weight on the applicant's transcript and, of  
3 course, the GPA is part of that. That's a  
4 single number that can cover a multitude of  
5 factors.

6 We dig in a little bit more deeply  
7 looking not just at the sustained performance,  
8 but were the courses that the applicant took  
9 easy courses or hard courses? Did they come  
10 from a high school where there were more  
11 difficult courses available to them, because in  
12 some cases they weren't. So we try to dig more  
13 deeply into the transcript as an indicator of  
14 sustained performance and potential and  
15 emphasize that over the SAT.

16 MR. GALLAGHER: We don't have anything  
17 at the scale on formality of Temple's program,  
18 but I would say this is something that we're  
19 experimenting with. We have a program called  
20 Pitt In High School, that allows us to offer  
21 Pitt course work online and in other ways, so  
22 you begin to form that relationship early.

23 And one of the things we're looking at  
24 is whether that can replace some of the  
25 assessment that we've normally done by

1 standardized tests, because you already are  
2 working with the students ahead of time. So I  
3 think this is going to be a growing trend at our  
4 university, as well.

5 MR. GREEN: We don't have a formal  
6 program that segments the applicants in the way  
7 that Temple does, but we have a very  
8 individualized approach in addition to the  
9 standard parameters that are used to attract  
10 students.

11 REPRESENTATIVE DONATUCCI: Okay.  
12 Secondly, the fasc of higher education is  
13 changing as the needs of students change. There  
14 are now what they call the nontraditional  
15 students who are older, many with jobs and  
16 families, who need program changes to  
17 accommodate them so they can continue their  
18 higher education.

19 They're much different than students  
20 coming out of high school. What program changes  
21 are being done to accommodate the nontraditional  
22 students? What are some of the challenges? And  
23 is this also having a positive effect on  
24 enrollment?

25 MR. THEOBALD: I mean, our approach

1 with place-bound students or adult students is  
2 much more online. It's very difficult in many  
3 cases for someone with a family or with a career  
4 to be able to come in to Philadelphia and take  
5 classes at the university.

6 I think the challenges we face there --  
7 I mean, there are technical challenges. It's  
8 providing enough advising. Most of this has to  
9 be done online, because literally these people  
10 are not physically on campus.

11 So we need to have ways for them to  
12 receive the information they need and the  
13 counseling they need through a non-face-to-face  
14 environment, I think, is the major challenge.  
15 But it has grown rapidly in our certification  
16 and our graduate programs, and so I think  
17 overall it's definitely been a success.

18 MR. GREEN: We have an approach that  
19 takes advantage of our Philadelphia location at  
20 2030 Market Street, close to  
21 mass-transportation. We do use a blended  
22 approach for some of our graduate programs. We  
23 have a new undergraduate program there that is  
24 geared toward the working adults, and we're  
25 looking to expand that program in Philadelphia.

1           The other location we have is in  
2       Coatesville, and we're experimenting with a  
3       similar program there.

4           MR. JONES: Penn State, we have a major  
5       focus on nontraditional learners. One of the  
6       ways we reach that population is through our  
7       world campus, which provides flexible access.

8           But, in addition, I don't want to  
9       understate the importance of our campus  
10      structure in reaching to some of these  
11      populations.

12           For example, at our Shenango campus in  
13      Sharon, PA, my last visit there I asked for a  
14      show of hands; about 60 percent of those  
15      students at the Shenango campus are  
16      nontraditional students; and many of them are  
17      working.

18           Many of them are working full-time and  
19      attending class, and so I suspect that some of  
20      those -- they're not young men and women.  
21      They're older men and women, transitioning  
22      directly to world campus and an online learning  
23      environment might not be best for them. So the  
24      access that they have to the campus and the  
25      access to faculty and more intimate settings, I

1 think, is really very, very helpful to them and  
2 hopefully many of them will, indeed, transition  
3 to online offerings for their upper-class  
4 courses.

5 MR. GALLAGHER: I'm pretty much going to  
6 end up repeating the same thing, in the sense  
7 this is a growing direction. I mean, this is --  
8 we are talking about the need for lifelong  
9 learning. This is clearly putting pressure on  
10 us to adapt. And whether that's students in  
11 nontraditional circumstance, whether that's  
12 people way past their initial matriculation who  
13 are now working who are coming back to retool,  
14 get new skills, looking at continuing the  
15 learning. This is impacting us quite strongly.

16 I would say -- you asked the question  
17 about whether it's changing our enrollment  
18 pattern. I would say not yet, at least for  
19 Pitt, I haven't seen direct evidence that we're  
20 seeing big shifts in the pattern of people at  
21 the numbers that would skew our enrollment. But  
22 it's clearly driving a lot of the innovation  
23 that our faculty and schools are doing to  
24 support this.

25 REPRESENTATIVE DONATUCCI: Thank you,



1 gentlemen. And thank you, Mr. Chairman.

2 MAJORITY CHAIRMAN ADOLPH: Thank you.  
3 Representative Seth Grove.

4 REPRESENTATIVE GROVE: Thank you, Mr.  
5 Chairman. Gentlemen, good afternoon. How are  
6 you?

7 MR. JONES: Good.

8 REPRESENTATIVE GROVE: Good. I'm going  
9 to go quick. I got some questions, but we'll  
10 try to get to this quick. I understand you guys  
11 want to go to an event real quick, so we'll try  
12 to get you out there.

13 What have the four of you gentlemen done  
14 within your student facilities to educate your  
15 students that the Senate, in a bipartisan  
16 fashion, passed your State funding and the House  
17 voted on it twice?

18 MR. GALLAGHER: Well, we haven't done  
19 anything at the university level beyond what's  
20 clear in the media.

21 REPRESENTATIVE GROVE: Okay.

22 MR. JONES: Yeah. Our students, I  
23 think, figured most of the details out on their  
24 own and with their colleagues at other  
25 state-related institutions.

1 MR. THEOBALD: Our State Government has  
2 been very involved in this.

3 REPRESENTATIVE GROVE: Okay.

4 MR. GREEN: Student Government has been  
5 involved in this in a very detailed way.

6 REPRESENTATIVE GROVE: Good. Great. I  
7 got to say, John Lawrence, who represents  
8 Lincoln University, has done an avid job on  
9 debates on the floor. I mean, that man would  
10 have died on the sword to get you your funding,  
11 I'll tell you that much.

12 MR. GREEN: Okay. We appreciate that.

13 REPRESENTATIVE GROVE: He did an amazing  
14 job, yeah. You probably don't have it now, but  
15 can you provide us an analysis of your percent  
16 tuition increases from 1995 to current?

17 MR. JONES: Sure.

18 MR. GALLAGHER: Yes.

19 REPRESENTATIVE GROVE: I would greatly  
20 appreciate that.

21 Looking through the different Senate  
22 bills that are in front of the House that  
23 obviously the Senate's passed in a bipartisan  
24 fashion to meet the two-thirds constitutional  
25 requirement, and I printed out, basically, a

1 tracking run of the 2015-'16 framework budget  
2 and then the 2015-2016 enacted budget with the  
3 Governor's proposed supplements; and basically  
4 everything lines up perfectly. So the Senate  
5 request -- the bills that are in front of the  
6 House, the bills that the Senate passed in a  
7 bipartisan fashion, all the numbers are exactly  
8 the same. There's no difference.

9 Does that -- would you agree with that  
10 assessment?

11 MR. GALLAGHER: You have more  
12 information on those issues than I do, but I'll  
13 take your word for it.

14 REPRESENTATIVE GROVE: Let me give you  
15 numbers. So Penn State, \$244.4 million; that's  
16 obviously without ag; University of Pittsburgh,  
17 143 -- \$193 million; Temple University, \$146.913  
18 million; Lincoln 14,084,000, correct?

19 MR. GREEN: Uh-huh.

20 REPRESENTATIVE GROVE: With the Governor  
21 agreeing to those numbers, the Senate passing  
22 it, is there any reason not to pass that  
23 allocation? Like, if you guys were in  
24 negotiation, everybody agrees to it, you take  
25 that, you move it off the table and you work on

1 the harder stuff, correct -- or normal  
2 negotiations, correct? I mean, it's just a  
3 common-sense negotiations practice, correct?

4 Agriculture budget: The University  
5 provides, obviously, a lot of the research  
6 support. Avian Flu: Researched that. Health,  
7 safety, welfare of the public, correct?

8 MR. JONES: Uh-huh.

9 REPRESENTATIVE GROVE: That line item  
10 was line-item vetoed at zero currently, correct?

11 MR. JONES: Correct.

12 REPRESENTATIVE GROVE: Are you aware of  
13 the Department of Agriculture filing any Act 146  
14 waivers to move unspent dollars from the '14-'15  
15 fiscal year up to this current year?

16 MR. JONES: Don't know the specific  
17 details; but we've heard that there was some  
18 action being taken to move some resources to  
19 address that issue.

20 REPRESENTATIVE GROVE: Okay. Has that  
21 flowed to Penn State, the agriculture research,  
22 as of yet?

23 MR. JONES: No.

24 REPRESENTATIVE GROVE: No. Okay.

25 MR. JONES: Don't believe so.

1           REPRESENTATIVE GROVE: Okay. All right.  
2 We'll follow up with the Department of Ag on  
3 that. Recently, the Administration asked for  
4 some payments for Department of Corrections for  
5 health, welfare, and safety under the Department  
6 of Corrections. Are you aware if the  
7 Administration asked those similar requests for  
8 the line item?

9           MR. JONES: I'm not specifically aware  
10 of that, but we can check into that.

11           REPRESENTATIVE GROVE: Okay. Okay. I  
12 appreciate that. And, again, gentlemen, I would  
13 urge if, in fact, your appropriations are put up  
14 again, I would urge a full-court press for  
15 bipartisanship, just like they had in the Senate  
16 to get those across the goal line.

17           Thank you.

18           MAJORITY CHAIRMAN ADOLPH: Thank you.  
19 Not much more to say, considering the hour. I  
20 just want to thank each and every one of you for  
21 being here today. I want to thank the folks  
22 that you brought up. We will continue to work  
23 on this appropriation line item for you.

24           I apologize that it's not there, and  
25 we'll continue to work on it; and hopefully

1 we'll be able to resolve this problem. So thank  
2 you so much for being here; and keep up the good  
3 work. Thank you.

4 MR. JONES: Thank you.

5 MAJORITY CHAIRMAN ADOLPH: For the  
6 members' information, the House Appropriations  
7 Committee will reconvene in 5 minutes with the  
8 Community Colleges.

9 (Whereupon, the hearing concluded at  
10 4:15 p.m.)

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CERTIFICATE

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

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Tracy L. Markle,  
Court Reporter/Notary