

1 HOUSE OF REPRESENTATIVES
2 COMMONWEALTH OF PENNSYLVANIA

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4 Budget Hearing
5 Pennsylvania State System of Higher Education

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7 Appropriations Committee

8 Main Capitol Building
9 Majority Caucus Room 140
10 Harrisburg, Pennsylvania

11 Tuesday, March 3, 2020

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13 MAJORITY MEMBERS PRESENT:

14 Honorable Stanley Saylor, Majority Chairman
15 Honorable Rosemary Brown
16 Honorable Lynda Schlegel-Culver
17 Honorable Sheryl Delozier
18 Honorable George Dunbar
19 Honorable Jonathan Fritz
20 Honorable Matt Gabler
21 Honorable Keith Greiner
22 Honorable Seth Grove
23 Honorable Marcia Hahn
24 Honorable Doyle Heffley
25 Honorable Lee James
Honorable John Lawrence
Honorable Jason Ortitay
Honorable Clint Owlett
Honorable Chris Quinn
Honorable Greg Rothman
Honorable James Struzzi
Honorable Jesse Topper
Honorable Jeff Wheeland
Honorable Ryan Warner
Honorable Martina White

1300 Garrison Drive, York, PA 17404
717.764.7801

Key Reporters

keyreporters@comcast.net

1 MINORITY COMMITTEE MEMBERS PRESENT:

2 Honorable Matt Bradford, Minority Chairman
3 Honorable Donna Bullock
4 Honorable Morgan Cephas
5 Honorable Carolyn Comitta
6 Honorable Maria Donatucci
7 Honorable Elizabeth Fiedler
8 Honorable Marty Flynn
9 Honorable Edward Gainey
10 Honorable Patty Kim
11 Honorable Stephen Kinsey
12 Honorable Leanne Krueger
13 Honorable Stephen McCarter
14 Honorable Benjamin Sanchez
15 Honorable Peter Schweyer

16 NON-COMMITTEE MEMBERS PRESENT:

17 Honorable Mike Turzai, Speaker of the House
18 Honorable Curt Sonney, Majority Chairman
19 Education Committee
20 Honorable Mark Gillen
21 Honorable Tom Mehaffie
22 Honorable Brad Roae
23 Honorable Craig Staats
24 Honorable Meghan Schroeder
25 Honorable Tim Briggs
Honorable Carol Hill-Evans
Honorable Mary Isaacson
Honorable Kerry Benninghoff

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1 STAFF ATTENDANCE:

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David Donley
3 Majority Executive Director

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Ritchie LaFaver
5 Deputy Executive Director

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Ann Baloga
7 Minority Executive Director

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Tara Trees
9 Minority Chief Counsel

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TESTIFIERS

PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION

Chancellor Daniel Greenstein, Ph.D.

REQUEST FOR PRODUCTION OF DOCUMENTS

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1 MAJORITY CHAIRMAN SAYLOR: We'll call
2 the Appropriations Committee to order.

3 I will ask the Chancellor if he will
4 rise and raise his right hand.

5 (Whereupon, Chancellor Greenstein was
6 duly sworn by Majority Chairman Saylor.)

7 MAJORITY CHAIRMAN SAYLOR: We'll start
8 off right away this morning with Representative
9 Topper.

10 REPRESENTATIVE TOPPER: Good morning.
11 Good morning, Chancellor. Happy birthday,
12 Mr. Chairman.

13 Chancellor, if we could, last year we
14 spoke. You were fairly new here, and we spoke
15 about the system redesign. So, if you could just
16 walk us through that process of where we are in
17 that journey and also the appropriation that you
18 desire to go along with it and how that will help.

19 CHANCELLOR GREENSTEIN: That's great.
20 Thank you, and happy birthday, Chair. I remember
21 my 37th.

22 So, the system redesign really focuses
23 on two things simultaneously. The first really is
24 the financial stabilization of the system and its
25 universities, and that's absolutely critical.

1 The second really focuses on
2 transforming the system of universities so it
3 continues to serve the people of this state by
4 providing an affordable, quality, career-relevant
5 education in the way that our communities and our
6 employers need.

7 Critical to both of those objectives,
8 financial stabilization and transforming our
9 universities and service to the state is our
10 ability to leverage our operating scale; to stop
11 doing things 14 times over; to enable students
12 wherever they're located across our system to have
13 access to the educational programming that's
14 available elsewhere; to continue to assure that our
15 programs address the needs of employers and
16 communities and are, thus, relevant to our
17 students. So the system resign is really looking
18 at how we use our operating scale in that way.

19 It has a number of component parts, all
20 of which are marching forward. One is to reduce
21 cost through adopting a range of shared services.
22 Another is to put in place an infrastructure, which
23 allows our universities to do, share academic
24 programming to allow students at one university
25 have access to the programs at others, and there

1 are a variety of other aspects.

2 The appropriations request does three
3 things. It seeks a 2 percent increase in our
4 operating budget. That's basically our cost to
5 carry and allows us to continue our commitment to
6 student affordability. It asks for a 20-million
7 dollar one-time investment in that infrastructure,
8 which will enable us to transform ourselves and to
9 leverage our operating scale. As described, that
10 is seen as the first installment on a 100-million
11 dollar 5-year ask.

12 And then there are three pieces of
13 legislation which are making their way through the
14 House thanks to members of this Committee and the
15 Education Committee, which provide the board with
16 some of the enabling powers that it needs to be
17 more responsive in the time ahead.

18 The only other thing I'd say is that,
19 when I appeared before this body last time, I
20 promised to do five things in relation to the kinds
21 of issues and concerns that were being expressed to
22 me by many of the members of this Committee and
23 also many of the members in the General Assembly:
24 To be accountable for how we spend public and
25 nonpublic dollars; to be transparent in everything

1 we do; to address student affordability by not
2 continuing to raise tuition by aligning our costs
3 with our revenues and by getting our arms around
4 the challenges faced by our lower enrolled schools.

5 Over the last year, we have made
6 trackable progress in each of those areas. There
7 is, I'll admit, a great deal more to do, but we are
8 well on our way in achieving the objectives of this
9 system redesign. And I expect to continue to
10 deliver on the promises next year that I make for
11 the current.

12 REPRESENTATIVE TOPPER: What are some of
13 the things that you cannot do now that if -- if
14 this package of bills of the redesigned legislation
15 goes through, you will be able to do? Can you give
16 us a couple specific examples especially in terms
17 of the cost efficiencies and saving measures?

18 CHANCELLOR GREENSTEIN: Sure.

19 One of the things we're unable to do now
20 would be to change the structure of the corporate
21 entity. Only the General Assembly has the power to
22 change our corporate structure. So that, if we
23 wanted to, for example, set up a new school to
24 operate a school of nursing on a statewide level
25 because it made more sense, because it introduced

1 greater efficiencies, we would be unable to do that
2 without introducing leg -- asking you to introduce
3 legislation to enable us to do that. If that
4 school of nursing did not succeed, we would be
5 unable to -- to -- to go back to the way we're
6 operating currently. So there's an example of one
7 aspect, a critical aspect.

8 A second aspect is that, we are
9 regulated in our use of our dollars as if all of
10 our dollars were public dollars. Only 25 percent
11 of our dollars are public dollars, and so, we're
12 seeking in the second piece of legislation to have
13 a partition of funds more along the lines of the
14 state-related. So we're regulated appropriately
15 for our use of state dollars, but able to spend
16 private dollars without the burden of state
17 regulation.

18 REPRESENTATIVE TOPPER: And the one-time
19 appropriation spread out over five years, just
20 maybe -- And I know time's running short, although
21 I'm pretty sure some of my colleagues are gonna
22 follow up with some questions on this specifically,
23 a couple examples of how that money you foresee it
24 being spent.

25 CHANCELLOR GREENSTEIN: Yeah, sure.

1 So the critical -- The critical things
2 on the table at the moment are a suite of share
3 services that enable us to drive down our operating
4 costs by stop doing things 14 times over. We
5 reckon there's probably between a hundred --
6 between 90 and \$120 million in cost savings to be
7 taken off the table over the next five years. I
8 can break that down for you. That would be 260 to
9 280 million cumulative.

10 And then also, to put in place, the
11 infrastructure that would enable our students to
12 have a greater degree of fluidity across our
13 universities. So that, if you're a student at
14 Clarion and you need to take a specialty in your
15 nursing program that isn't available at Clarion but
16 is available elsewhere in the system, that you can
17 have access to that program.

18 Those would be two examples. Those are
19 the things we would actually seek to do this year
20 with the funding that we request with the
21 20 million.

22 REPRESENTATIVE TOPPER: Thank you.
23 Thank you for your work.

24 Thank you, Mr. Chairman.

25 CHANCELLOR GREENSTEIN: Representative.

1 MAJORITY CHAIRMAN SAYLOR: We have been
2 joined by several members who are not members of
3 the Appropriations Committee. We've been joined by
4 Representative Benninghoff, Representative Curt
5 Sonney, Representative Briggs, Representative
6 Isaacson, Representative Staats, and Representative
7 Roae. Representative Roae sits on the board of
8 trustees.

9 Chancellor, before I go to the next
10 question, maybe you want to introduce somebody
11 that's here with you today.

12 CHANCELLOR GREENSTEIN: There's a number
13 -- There is an internship program, the THIS
14 Internship Program, The Harrisburg Internship
15 Program, and the students of that program are here
16 for their lesson in civics, as is their faculty
17 member who is sitting to my right from West
18 Chester, manages the program and does a fabulous
19 job.

20 MAJORITY CHAIRMAN SAYLOR: Former
21 Representative Milne.

22 CHANCELLOR GREENSTEIN: And a former
23 Representative. Thank you for filling that in.

24 FORMER REPRESENTATIVE MILNE: Good
25 morning, Mr. Chairman.

1 MAJORITY CHAIRMAN SAYLOR: Good morning.

2 Very good.

3 Our next questioner is Representative
4 Sanchez.

5 REPRESENTATIVE SANCHEZ: Thank you, and
6 of course, a very happy birthday, Chairman Saylor.

7 Chancellor, welcome. Thank you for
8 being here today. I wanted to discuss a little bit
9 the balance of affordability and student debt, a
10 difficult tightrope you walk.

11 Some of the statistics, which I'm sure
12 you're familiar with, are staggering, insofar as
13 Pennsylvania is the fourth worst state for college
14 affordability. PA is 49th in higher ed support per
15 capita.

16 On the other side of the coin, \$39,302
17 is the average student debt for a Pennsylvania
18 graduate, and all of this has consequences, like,
19 you know, a 1,000-dollar increase in the student's
20 financial aid corresponds to a 9.2 percentage point
21 decrease in the likelihood that a student will drop
22 out of college, research indicates.

23 With all of that, can you give us some
24 of your efforts to work on affordability and also
25 eliminating and educating students about debt and

1 taking on too much debt, and also preparing them
2 for the future for a job when they're on the other
3 side of that.

4 CHANCELLOR GREENSTEIN: So, a couple of
5 things. First of all, obviously, the board
6 introduced a tuition freeze at its July meeting for
7 this current year. The board is giving guidance to
8 our universities to keep the net average price --
9 any net average price increase, which would include
10 tuition fees, room and board, where possible to,
11 within the rate at or below the rate of inflation.
12 There are individual universities which are working
13 incredibly hard to manage a price in room and board
14 as well as fees. So this is, obviously, a big
15 issue for us.

16 Obviously, education is critically
17 important. Financial aid literacy is critically
18 important to all students, even understanding
19 things that we intuitively understand. The
20 difference between grants and loans may not be
21 instantaneously obvious to a 17- or 18-year-old
22 student coming directly out of high school, so
23 ensuring that students know what they're getting
24 into; not just one -- not just one and done as they
25 enter college, but throughout their college career.

1 You know, I addressed this issue at the
2 Higher Education Funding Commission. To me, this
3 is a critical challenge to the economic health and
4 well-being of the State of Pennsylvania. The State
5 of Pennsylvania has a significant gap in the
6 education levels of its adult population, estimated
7 to require 60 percent of the adults have some form
8 of higher education already today. We're only at
9 47 and a half percent. One of the reasons is that,
10 our education is increasingly unaffordable, in
11 particular, to low- and lower-middle income people,
12 the students that typically have been served by
13 Pennsylvania State System universities.

14 This is a direct reflection of funding
15 levels. I said at the Senate a couple of weeks
16 ago, the economics of higher education are not that
17 complicated. Public funding will be reflected in
18 tuition levels, which will be then reflected in the
19 levels of student debt, which will then be
20 reflected in the level of adult attainment in the
21 education.

22 So, these are choices obviously that
23 need to be made by this body. Obviously, they're
24 choices that need to be made, I hope will be made
25 in partnership with us. We have a lot of work to

1 do on our side to maintain our costs; to ensure
2 students are well advised; to ensure that they're
3 making choices that make sense given their
4 financial situation and their aspirations.

5 But, at the same time we need to do that
6 in partnership with the state which understands the
7 investment in public higher education is a critical
8 factor in maintaining student affordability.

9 REPRESENTATIVE SANCHEZ: Do you have
10 certain workforce initiatives where people are
11 being, you know, well-prepared for jobs and more
12 likely to stay in Pennsylvania?

13 CHANCELLOR GREENSTEIN: So, we do. In
14 the accountability -- In the appropriations
15 request, we used the request as an opportunity to
16 really produce a first iteration of what I'm gonna
17 call our accountability dashboard.

18 We publish in that book data which show
19 the return on investment in a Pennsylvania State
20 System university education. You can see the
21 return on investment in terms of life-long salary
22 earnings, and you can see that by field of study or
23 area of study in which a student, you know -- how
24 STEM students differ, for example, from arts and
25 humanity students.

1 So, the ROI of our education is good.
2 Our programming is closely aligned to workforce
3 need. Our major programs are in business, health,
4 STEM and continuing education as well. And we're
5 continuing to refresh our work with employers to
6 align closely with their needs.

7 Over the course of the next several
8 months, we'll be doing several assemblies. The
9 idea is to work with employer associations and
10 opportunity zones, Philadelphia, Harrisburg,
11 Clarion, the northern tier, Mansfield, to work with
12 industries in manufacture and logistics,
13 information technology and health care in order to
14 identify high-need occupations and work with them
15 to build credentialing programs, degree programs
16 that enable us to recruit students into those
17 programs and into those jobs.

18 REPRESENTATIVE SANCHEZ: Thank you so
19 much, Doctor.

20 CHANCELLOR GREENSTEIN: Thank you.

21 MAJORITY CHAIRMAN SAYLOR: We've also
22 been joined by two members who are non-members of
23 the Appropriations Committee but here to observe
24 today is Carol Evans -- Kev -- Carol Evans -- Carol
25 Hill-Evans. I always screw that up. I always

1 screw -- (Cross talk). Watch it, Carol.

2 We've also been joined by Representative
3 Meghan Schroeder as well.

4 With that, we'll move to our next
5 questioner, Representative Struzzi.

6 REPRESENTATIVE STRUZZI: Thank you,
7 Mr. Chairman.

8 Good morning, Chancellor.

9 CHANCELLOR GREENSTEIN: Good morning.

10 REPRESENTATIVE STRUZZI: First, I want
11 to thank you for all the work you put over the past
12 year on the system redesign and everything else to
13 try to help the PASSHE system.

14 I want to continue on the system
15 redesign, specifically to talk about some of the
16 return on investment that the system redesign will
17 give not only -- I think it's important to focus
18 not only on what it will give back to the state
19 system, but our overall economy.

20 For those of us who are fortunate enough
21 to have a State System school in our communities,
22 and as you know I have IUP, you see the impact of
23 what's been happening with the downturn in
24 enrollment directly in our local communities. Just
25 for example, 5,000 students, that's roughly what

1 we've lost over the past five or six years in
2 Indiana. Imagine the impact of 5,000 fewer people
3 in your community.

4 So, I think that your success is our
5 success. And, unfortunately, your failure is gonna
6 be the failure of a lot of our small towns and
7 communities that rely on the State System.

8 So, with the \$20 million that you're
9 asking to reboot the State System, you mentioned
10 some of the return on investments and the --
11 between 260 million you said. Can you expound on
12 that and what that would mean?

13 CHANCELLOR GREENSTEIN: Yeah. So, in
14 terms of efficiency savings, we're looking at 57 to
15 65 million annual, 260 to 280 million cumulative
16 over a five-year period. You can break that down
17 into -- So I have it broken down into savings that
18 result from shared services; savings that result
19 from aligning our costs with our revenues, which
20 are big because they're the, in effect, salary
21 savings as we get smaller to meet our new
22 enrollments.

23 There's cumulative salary savings worth
24 \$200 million over the next five years, and then
25 there's savings that result from demolition of

1 underutilized buildings, so the cumulative effect
2 is significant over the next five years. I think
3 the important thing, though, it is important to go
4 into system redesign thinking of about cost and
5 cost efficiencies.

6 I think it's even more important, at
7 least in my view, to think about the kind of
8 enhancement of capability. So I'm just gonna give
9 you maybe a few examples of the kinds of things we
10 can do if we build an infrastructure which enables
11 us to share in academic programming.

12 So one thing -- And you all heard
13 stories about the student who needs a course to
14 graduate and can't somehow get in or find that
15 course, right? That is unacceptable in a
16 university which has 96,000 students. There needs
17 to be a course somewhere that that student should
18 be able to take. So that's an obvious example.

19 Another example, which I'm pretty
20 compelled by, in universities which are
21 experiencing significant enrollment decline, at
22 some point it becomes imperative to contract the
23 academic program; to begin to make cuts in the
24 available -- the scope of the available
25 programming. Of course, what happens is, there's a

1 danger that then that exacerbates the enrollment
2 decline.

3 REPRESENTATIVE STRUZZI: Right.

4 CHANCELLOR GREENSTEIN: Right?

5 So, we have an opportunity in our system
6 to ensure that universities, which are beginning to
7 emerge at a smaller size, can still offer the full
8 breadth of educational programming that's available
9 anywhere in the system by sharing with one another.
10 So that's another critical example.

11 Another one, and then I'll stop, for the
12 communities in particular, is that, if I'm in a
13 health care, if I'm in a physician assistant
14 program at any one of the universities that have
15 them--I think we have three, maybe four--I don't
16 just need physician assistants who work in
17 geriatrics. I need -- My community needs the full
18 range of specialities in physician assistants.

19 But, a university of my size may not be
20 able to hire faculty and staff to support the full
21 range of physician assistantships that my community
22 actually needs. By working together, by sharing
23 our programs, by enabling our students to take
24 courses and programs across our system, we can
25 ensure that any physician assistantship program

1 offers the full range of specialities that that
2 community will require.

3 So, there's significant capability
4 enhancements which return to our ability to deliver
5 to the state the workforce that it needs and to our
6 students, the education they need at a price they
7 can afford.

8 REPRESENTATIVE STRUZZI: So you're
9 requesting \$20 million over the next five years for
10 a hundred million dollars?

11 CHANCELLOR GREENSTEIN: It is 20 mill --
12 We haven't yet profiled the \$100 million, but
13 that's not an unlikely scenario, yeah.

14 REPRESENTATIVE STRUZZI: Um --

15 CHANCELLOR GREENSTEIN: So let me just
16 gloss on that. The aim is to only request money
17 we believe we can spend in the following year. The
18 20 million was -- This is what we need. This is
19 the prioritization that we need it in.

20 What, realistically, can we accomplish?
21 I want to be very realistic, because I expect that
22 we will and should be held accountable for anything
23 we do with those funds.

24 REPRESENTATIVE STRUZZI: Hypothetically,
25 what happens if you don't get the money?

1 CHANCELLOR GREENSTEIN: If -- So the
2 2 percent, which is the operating -- increase the
3 operating budget is absolutely critical to
4 maintaining our commitment to student
5 affordability.

6 So, to me, and this is obviously a
7 board-level decision, but my advice to the board
8 would be, do everything you can to maintain our
9 commitment to student affordability. And that if
10 we need to postpone system redesign, we will
11 basically do the best we can, but ultimately have
12 to take -- but ultimately need -- likely need to
13 adjust our course.

14 REPRESENTATIVE STRUZZI: Well, thank you
15 for that. As I said earlier, your success is our
16 success, and your failure will be a failure for
17 Pennsylvania. So we need to make sure you're
18 successful. Thank you.

19 CHANCELLOR GREENSTEIN: Thank you.

20 MAJORITY CHAIRMAN SAYLOR: Before I go
21 to the next questioner, we've also been joined by
22 Representative Dan Williams as well.

23 And our next questioner is
24 Representative Bullock.

25 REPRESENTATIVE BULLOCK: Thank you,

1 Mr. Chairman.

2 Good morning, Mr. Chancellor. How are
3 you? I'm right over here.

4 CHANCELLOR GREENSTEIN: Thank you.

5 REPRESENTATIVE BULLOCK: I'm just going
6 to dig right in. You have about 13,000, a little
7 bit over that, in staff across universities; is
8 that correct? Could you share with me -- I know
9 you had to make some cuts in the last year to
10 address some of your costs.

11 Could you share with me the diversity of
12 that staff?

13 And also, I'd like to specifically
14 highlight the numbers of university presidents and
15 provosts that would fall in certain categories of
16 diversity for woman or people of color, if you
17 could share those numbers with me as well.

18 CHANCELLOR GREENSTEIN: Yeah. I'm gonna
19 disappoint you 'cause I can do presidents in my
20 head; the provosts less likely. At the leadership
21 level, in terms of --

22 So, first of all, you're correct on the
23 -- around the number of staff. Our student
24 diversity is about -- is approximately the
25 diversity of the state. We're a little bit behind,

1 21 percent versus 23 percent. State level
2 nonwhite, we're 21 percent, a couple points behind.

3 But on the whole tracking grade,
4 well, in our student population, I don't have the
5 diversity numbers for faculty and staff immediately
6 in my head. It is an area for growth and
7 opportunity, I can tell you that much, especially
8 given the --

9 Especially in some of our schools, the
10 pace at which their student bodies are becoming
11 more diverse, the number in my head is that East
12 Stroudsburg has gone from 14 percent to 42 percent
13 nonwhite in, I believe, six or seven years. And,
14 obviously, that requires significant shift and --

15 REPRESENTATIVE BULLOCK: Is that the
16 student population?

17 CHANCELLOR GREENSTEIN: That is the
18 student population and that, of course, requires a
19 significant shift not only in supporting
20 development of cultural competencies among faculty
21 and staff, but also in terms of the -- the
22 composition of faculty and staff.

23 Oh, sorry. Yeah. Thank you.

24 REPRESENTATIVE BULLOCK: So I am
25 disappointed, as you started your comment off that

1 you don't have that information. But I am
2 impressed that we do have a very diverse student
3 population.

4 And with that being said, it's even more
5 imperative that the faculty and staff that they are
6 interacting with is just as diverse and reflective
7 of the Commonwealth. So I look forward to
8 receiving those numbers, and look forward to
9 talking to you more about how you do diverse your
10 faculty and staff as we have a more and more
11 growing diverse Commonwealth, and, in fact, student
12 population that's reflecting that as well.

13 You would understand my concerns around
14 that as students should be able to see themselves
15 in their professors and, hopefully, those
16 professors that are there are receiving training in
17 cultural competency and other issues that may
18 arise, when you have such diverse student
19 population.

20 And with those numbers, I would like not
21 to just know the numbers of people of color, but
22 also women as well.

23 CHANCELLOR GREENSTEIN: Yes.

24 REPRESENTATIVE BULLOCK: Thank you very
25 much.

1 CHANCELLOR GREENSTEIN: Thank you.

2 Just to build on your concern, the
3 cultural competencies, the training and support in
4 cultural competencies is critically important. We
5 have pockets of excellence. I think of the work
6 that IUP is doing in hate speech, in particular,
7 which has been exemplary at a national level.

8 I think some of the work that East
9 Stroudsburg is doing both in terms of educating
10 students, to operate effectively in very diverse
11 environments, as well as faculty and staff is also
12 exemplary. But this is an area of growth for us,
13 and I look forward to continuing the conversation.

14 REPRESENTATIVE BULLOCK: As we're
15 looking to diverse our workforce and we want to see
16 those students succeed, and so, fill in all of
17 those other positions where -- talk to other
18 departments where we're lacking in diversity, it's
19 important that those students feel welcome in your
20 university.

21 And I anecdotally have heard stories of
22 not so much, but I also know that there are places
23 that you do excel, and I look forward to hearing
24 more about what the efforts you're making to make
25 those students feel welcomed in their studies of

1 choice, and hopefully encouraging them to move on
2 into other careers throughout this Commonwealth.

3 Thank you very much.

4 CHANCELLOR GREENSTEIN: Thank you.

5 MAJORITY CHAIRMAN SAYLOR: Our next
6 questioner is Representative Delozier.

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

9 Thank you, Chancellor. Over here, this
10 direction. Over here. We're moving around on you.
11 Sorry.

12 My question comes down to the issue of
13 affordability. We have a lot of questions out
14 there, a lot of folks, certainly, in looking for
15 where their children are gonna go to school. The
16 cost of that tuition is, obviously, first and
17 foremost, the first question you probably ask,
18 maybe not the last consideration.

19 But my question goes to the fact that,
20 the college board has a ranking of states by
21 tuition and fees for four-year public institutions.
22 Pennsylvania is ranked at fourteen nine, where Ohio
23 is 11; eleven three; New Jersey fourteen five;
24 Maryland 10, and West Virginia 8.

25 But my question is, to expound on that,

1 part of that is because Pennsylvania brings into
2 its average Pitt, Penn and Temple, the schools that
3 also have much higher tuitions, and they are not --
4 they are the state-affiliated. They are not the
5 full PASSHE system. And I will be asking this
6 question later this afternoon when they are here as
7 well, as to why their tuitions are so much higher
8 in the same state as our State System.

9 So my question goes to you as to the
10 fact of a couple things. We kind of get a bad wrap
11 with our state average because we have those higher
12 schools that are state-associated -- state-
13 affiliated brought into our average. Is cost the
14 biggest issue that you're seeing with the declining
15 population and those that are applying to schools?
16 And why are we seeing this declining enrollment?

17 And, is the price point the biggest
18 issue? Because we, obviously, are a good buy when
19 it comes to -- when you take out the -- that
20 affiliated, state- affiliated that have higher
21 tuitions than our PASSHE system.

22 Why is it that we are seeing that
23 declining enrollment, as well as the fact of, are
24 other states seeing the same declining enrollment?

25 CHANCELLOR GREENSTEIN: So, our

1 enrollment exceeds that of other states. Our
2 enrollment decline is clearly related to cost,
3 affordability.

4 REPRESENTATIVE DELOZIER: Okay.

5 CHANCELLOR GREENSTEIN: It is primarily
6 related to cost and affordability. I mean, I don't
7 know how to put this any differently, so I'm just
8 gonna say what I know.

9 So, the gap between the Pennsylvania
10 State System university net average price of
11 attendance after grants has -- and the state-
12 relateds and the privates has collapsed over the
13 last eight or nine years in a way that reflects the
14 level of state funding.

15 And, I want to also argue that we have a
16 lot to do to control our costs. Our costs have not
17 been aligned with our revenues. I did some math.
18 It's Chancellor math, so take it for that. If we
19 were to align our costs with our revenues, and we
20 were to take all the savings and pour them into
21 student tuition, we could lower our tuition by
22 8 percent, right?

23 And average our costs out with our
24 comparative group. If we were to average our state
25 funding out with the nation, we would decrease our

1 tuition, our total cost of attendance by
2 22 percent. The real driver -- Right? So they're
3 both drivers. It is important that we partner to
4 address this situation.

5 But, again, I want to go back to the
6 Higher Education Funding Commission testimony.
7 This is about the economic health and well-being of
8 the State of Pennsylvania. In order to keep the
9 lights on in the economy; not to excel; just to
10 keep the lights on, we somehow have to get the
11 number of adults with some form of higher
12 education; not just a bachelor degree. It could be
13 a welding certificate--it doesn't matter--up from
14 where it is at 47 and a half percent to 60 percent.
15 There are not enough wealthy people left in the
16 state to fill that gap. We have to do better with
17 low-income students and students with color.

18 The only way to fill the gap and the
19 only way to do better with them is to make an
20 affordable pathway into and through higher
21 education.

22 REPRESENTATIVE DELOZIER: And I agree
23 with you whole-heartedly as the fact of an
24 affordable pathway and the ability to pay for
25 schools. We had PHEAA in here yesterday, obviously

1 dealing with school loans and indebtedness of our
2 students.

3 But my question would also be followed
4 up as to the fact that, obviously, you're saying
5 cost is the main driver. But yet, there are
6 hundreds of thousands of students that are picking
7 these higher expensive schools which, in my mind,
8 would mean their debt is gonna be that much higher
9 when they come out of those schools. Why are they
10 choosing -- why are they making that choice if cost
11 is the main driver?

12 If the cost is the main driver, in my
13 mind they would be picking one of the state's
14 system schools rather than a Penn State which the
15 tuition is much, much higher or Pitt or a Temple
16 here in Pennsylvania.

17 So, is there another -- What other
18 driver is there that would --

19 CHANCELLOR GREENSTEIN: So I'm not
20 necessarily --

21 REPRESENTATIVE DELOZIER: -- counter the
22 cost?

23 CHANCELLOR GREENSTEIN: I mean, I'm not
24 necessarily sure. I think there's a lot going on
25 and cost is not the only factor. But, you know,

1 this -- I'm going to ask this as a question.

2 So there I am, I'm a student. I don't
3 look at published price. I'm looking at net
4 average price, the price I'm gonna pay as a student
5 out of pocket, right?

6 So, if I'm offered a place at Penn State
7 or a private, and the total cost of that place is
8 \$2,000 a year more than it would be for me to go to
9 a Pennsylvania State System university, will I take
10 that 2,000 -- will I pay \$8,000 more for that
11 degree? And remember that eight, nine years ago,
12 the Delta would have been eight, nine, 10,000,
13 right? So that Delta has shrunk.

14 REPRESENTATIVE DELOZIER: And that's
15 good.

16 CHANCELLOR GREENSTEIN: It's good except
17 it's -- It's good in one way. It's bad if you're
18 from a middle-income family, right?

19 So what's happening in higher education,
20 in a -- in the situation we're in in Pennsylvania
21 -- the State of Pennsylvania and a handful of other
22 states is that, the reduction in state funding--And
23 again, we need to do this in partnership--has led
24 to a drift upward in the max.

25 So what's happening is, universities are

1 getting the maximal amount of money they can get
2 from every single student, which means that
3 affordable pathways are lost in the State of
4 Pennsylvania, which are gonna come back and have a
5 massive hit on the workforce. It's good if you
6 believe -- It's --

7 Yeah. Sorry. I'm going to leave it
8 there.

9 REPRESENTATIVE DELOZIER: All I would
10 say, and my time is up. And I appreciate -- The
11 only point that I would want to put out there is
12 the fact we can -- I think with the work you're
13 doing, and I commend the opportunity to look for
14 cost savings and efficiencies. And I think that
15 this system is taking a great look at that, and we
16 need to continue doing that. And we need to, in
17 any way we possibly can, encourage people with this
18 system and how strong it is and get that message
19 out there that it is a good deal and it is
20 providing good workers for our state.

21 Thank you.

22 CHANCELLOR GREENSTEIN: Thank you.

23 MAJORITY CHAIRMAN SAYLOR:

24 Representative Gainey.

25 REPRESENTATIVE GAINEY: Good morning.

1 How are you doing today?

2 CHANCELLOR GREENSTEIN: Thank you.

3 REPRESENTATIVE GAINEY: Quick question.

4 I just wanna let you know I appreciate
5 the work you did with Cheney along with the
6 Governor. I think you all did a wonderful job.

7 My question is, for the first time it
8 seems like they've been able to stabilize their
9 budget. I just wanted to get a snapshot of what's
10 going on over there, and do you feel that they're
11 on an uptake in the right direction?

12 CHANCELLOR GREENSTEIN: So, um -- So the
13 summary, at least in my head, of Cheney's path, and
14 it's actually quite clever in many ways, is that,
15 they're basically saying we're gonna to be a low-
16 enrolled school. It's a niche market. It's an
17 important niche market. I apologize for using that
18 market-based language.

19 And the way they're going to allow
20 themselves to be a low-enrolled school in a
21 tuition-driven industry is by utilizing their land
22 and buildings in creative new ways in partnership
23 with for-profit providers. And the idea is, if you
24 can generate 25 percent or 30 percent of your
25 revenues through those partnerships, you can

1 sustain operations as a low-enrolled school.

2 Obviously, if you do that in the context
3 of a sharing system, of a system redesign, you can
4 give your students lots of opportunity. There's
5 still a long way to go. I think if President
6 Walton were sitting here, he'd tell you the same
7 thing.

8 The interesting -- The other interesting
9 aspect of it is, by partnering with those -- those
10 third parties, you're not only generating revenues,
11 you're also providing internship opportunities for
12 your students on campus, which is kind of cool.

13 REPRESENTATIVE GAINEY: Do you feel that
14 the state could do more to help Cheney out? And
15 so, what would it be?

16 CHANCELLOR GREENSTEIN: Well, it's a
17 great question. We have -- We continue to do a lot
18 to help Cheney out. I think the -- the -- the
19 relief of Cheney's debt to the universities was --

20 REPRESENTATIVE GAINEY: Major.

21 CHANCELLOR GREENSTEIN: -- a massive
22 gesture, as much for Cheney ensuring it's continued
23 accreditation, as it was for the other universities
24 which have been -- would have been on the hook for
25 the \$45 million worth of debt.

1 I think the directions that we're headed
2 with in the system redesign will help it control
3 costs, as it will help control costs of other
4 universities.

5 I think the emphasis on sustainable --
6 sustainable business planning and a whole new
7 accountability regime, which holds leadership at
8 all universities accountable for delivering on
9 strategies that not only are good for their
10 students, but good for their bottom line, I think
11 will help Cheney and, again, the opportunity to
12 share programs will also help Cheney.

13 REPRESENTATIVE GAINEY: Do we have a
14 snapshot of whether we have more students leaving
15 the State of Pennsylvania to go to college in other
16 states compared to how many stay here to go to
17 college here, particularly in our PASSHE system?

18 CHANCELLOR GREENSTEIN: We do. It is
19 not -- Those numbers -- I mean, those numbers can
20 be -- My data person is sitting over here. We can
21 get those numbers. The latest numbers I've seen
22 are a couple years old. And Pennsylvania was at
23 that state still a relatively small exporter of
24 students; is that right? Anyway, I'm gonna get you
25 those numbers.

1 My bigger concern is, as the
2 affordability issue begins to emerge, we are
3 shipping 43,000 students every year to out-of-state
4 online providers. Those are dollars from
5 Pennsylvania students that are going to people who
6 are not employed in Pennsylvania. I'm concerned as
7 well.

8 Online education is a great thing. I'm
9 a little concerned with -- It tends to be at five
10 universities, kind of a big-box, retail-style of
11 higher education. Not a bad thing necessarily, but
12 those universities won't necessarily have access to
13 the kinds of job preparation, community roots that
14 our universities will have access to. That
15 concerns me to a certain extent; suggests we're
16 underperforming in that important market.

17 REPRESENTATIVE GAINEY: So two quick
18 questions. One is, have we seen an increase on
19 online education in the State of Pennsylvania?

20 CHANCELLOR GREENSTEIN: Yes.

21 REPRESENTATIVE GAINEY: And have we seen
22 an increase in minority students in our PASSHE
23 system? CHANCELLOR GREENSTEIN: We have seen

24 both, yes.

25 REPRESENTATIVE GAINEY: Thank you.

1 MAJORITY CHAIRMAN SAYLOR: Next is
2 Representative Owlett.

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

5 Thank you, Chancellor, for being here
6 today. The students are taking great notes up
7 here. I don't know if you can see that.

8 CHANCELLOR GREENSTEIN: I'm going to get
9 grilled afterwards.

10 REPRESENTATIVE OWLETT: Yes. They're
11 gonna hit you hard.

12 I want to talk about workforce
13 development a little bit. You touched on this
14 briefly and just the challenges that we are going
15 to face, just to even keep the lights on. This has
16 come up in several of our hearings prior to this.

17 In the past we've discussed how the
18 system continually receives its program -- or
19 reviews its programs and degrees with an eye
20 towards eliminating some programs or maybe placing
21 some in a moratorium, while, at the same time,
22 looking for new additional educational
23 opportunities to add to our workforce needs.

24 Is that process ongoing, and can you
25 give us a recent example of some programs or majors

1 that we discontinued and how that decision is made,
2 and what groups must approve such an elimination?

3 CHANCELLOR GREENSTEIN: So, program
4 elimination happens at a university level. New
5 program approval happens at the system level. It's
6 a board authority which has been delegated to the
7 Chancellor. So let me give you a couple of
8 examples.

9 I want to go deep into a university,
10 because where a university is able to develop a
11 workforce-aligned program with an industry partner,
12 really interesting and good things happened. So,
13 we just mentioned Cheney working with some of the
14 third parties, which are leasing space on campus,
15 are providing lab opportunities and other
16 internship opportunities for students as a
17 phenomenal projectory into the workforce.

18 We have a similar program at
19 Shippensburg, which has a partnership with Volvo,
20 which provides all sorts of career development
21 opportunities for students and provides
22 opportunities for Shipp to work with Volvo to
23 provide re-skilling and up-skilling opportunities
24 for its employees.

25 We have similar, sort of the spoke

1 relations between, for example, Millersville and
2 Lancaster General Health, or between Millersville
3 and Rock Lititz, which is this cool thing going on
4 in the entertainment industry. And there's any
5 numbers of countless examples like that across the
6 system.

7 So that's, you know, at the intimate
8 level where the universities are working closely
9 together with a local employer or employer group to
10 fill a high-demand need. We're now escalating that
11 work in the regional assemblies that I've spoken
12 about; working across a number of areas, including
13 manufacture, construction, extraction, logistics
14 and supply chain, working with major employers in
15 each of those areas:

16 UPS and Walmart in logistics; Info-Tech,
17 Apple, Unisys, Amazon, Unilever; Giant Foods in
18 information technologies; Shell and Chesapeake
19 Energy in extracting; and the list goes on.

20 The idea is to come together with those
21 employer groups, and say, what do you really need
22 in the jobs of the future and how can we build
23 programs with you? Not just for the students who
24 are going into your employment, but also for your
25 employees who need to up-skill and re-skill.

1 In terms of the general academic
2 programming, again, that's data that's available to
3 you in the appropriations request where you will
4 see that our undergraduate, graduate and
5 certificate nondegree courses are very highly
6 aligned in terms of our productivity and workforce
7 need, and that results from the state-driven,
8 analytically-driven approach to evolving our course
9 -- our academic program.

10 One last thing I will say, we have taken
11 not -- we listened again, not only to our Assembly,
12 Representatives and Senators, but also to the
13 advice we were given through the RAND report, which
14 really looked at how we could share academic
15 programming so that we don't all need to do the
16 same program. So we've begun to actually think
17 about what should our programming footprint look
18 like in five, six and seven years, so that we're
19 not mounting programs in one university that's
20 cannibalizing or competing directly with programs
21 at another.

22 How do we share in the -- How do we
23 determine what program should be offered where in
24 the interest of the employers of the state?

25 REPRESENTATIVE OWLETT: So, as far as

1 the pace of which we would eliminate some of these
2 outdated majors or programs that we would offer, is
3 it a long process, is it a short process?

4 If a university wanted to look at some
5 of these new opportunities, what kind of time frame
6 does that take currently? Are there things that we
7 could do to speed that up to make sure we are
8 creating jobs that will, like you said, keep the
9 lights on.

10 CHANCELLOR GREENSTEIN: So the major
11 obstacle to program elimination is an appropriate
12 one. It ensures -- the creditor requires us to
13 ensure that any student is taught out, so you don't
14 -- student doesn't have to be forced out, so that's
15 -- That's just ensuring that that program exists in
16 some form so they can -- your existing cohort can
17 continue.

18 Program development can -- It doesn't
19 need to take a long time. You know, people will
20 complain and say that in some cases they can run
21 two, two and a half years. But it doesn't need to.

22 You know, in so many ways we stand in --
23 we stand in our own way. I'm always impressed when
24 -- And I've said this publicly. People will always
25 tell me all the things we can't do. And then you

1 just push a little bit at the edges and you
2 realize, voila`, we can in fact. Get out of our
3 way and we can do them.

4 I've watched all sorts of amazing things
5 happen quickly. It's a sense of urgency, will and
6 belief in ourselves that we can do it and that we
7 have the support with our partners. I'm pretty
8 confident we can move with alacrity. And,
9 actually, our program approval and delivery process
10 demonstrates that's true.

11 One is the example I'll give you, but
12 it's ramified -- it's articulated across our
13 universities. Our universities will have like
14 Skunk Works where they're developing new programs
15 all the time. They typically start out as minors
16 or major areas of concentrations, and then they use
17 them to test student demand, which is really a good
18 thing because, before you invest full borne a
19 program and, you know, getting the faculty and
20 getting all the stuff you need in order to launch
21 one, good to know that maybe people might be
22 interested in it.

23 And then they use their -- They're
24 reading those data all the time in terms of, you
25 know, to see where the opportunities lie, and then

1 they're able to leap on to them so that the program
2 development time can actually appear super quick
3 because all the bones are already in place through
4 some of these developmental initiatives.

5 REPRESENTATIVE OWLETT: Well, I
6 appreciate any continued work we can do to make
7 sure we're developing programs and degrees that
8 really fit the jobs in the future I think -- which
9 I think is so important.

10 I remember last year the deer-in-
11 headlight look you had when you came to this
12 committee and --

13 CHANCELLOR GREENSTEIN: It's still
14 there.

15 REPRESENTATIVE OWLETT: Well, I see some
16 very distinct passion for this. I appreciate your
17 commitment to the system and the work that you're
18 doing, and look forward to continuing to work with
19 you.

20 CHANCELLOR GREENSTEIN: Thank you, sir.

21 REPRESENTATIVE OWLETT: Thank you.

22 MAJORITY CHAIRMAN SAYLOR:

23 Representative Kim.

24 REPRESENTATIVE KIM: Good morning,
25 Chancellor.

1 CHANCELLOR GREENSTEIN: Hi.

2 REPRESENTATIVE KIM: We have several
3 bills before us that we have to consider, and it's
4 a major -- a major puzzle piece for the overall
5 redesign and eventual recovery.

6 House Bill 2171 is Chairman Sonney's
7 bill. If passed, it will reform the governance of
8 PASSHE, shift the composition and duties from the
9 Legislature to the board of councils -- to the
10 Board and Council of Trustees. What would you say
11 to legislators that are hesitant of this potential
12 change?

13 When you decide to leave and when the
14 makeup of the board changes completely, how can we
15 be sure that they will make the best decision for
16 the students, faculty, and the schools in general.

17 CHANCELLOR GREENSTEIN: So to me this is
18 really all about accountability and how the General
19 Assembly holds the Chancellor and the Board
20 accountable for the operations of the system.

21 My understanding is, whatever the
22 Legislature giveth, the Legislature can taketh
23 away. So that, obviously, would be an option. I
24 would only --

25 As I am managing our university as its

1 CEO, my approach is to devolve as much
2 responsibility as possible to my CEOs, my
3 presidents and their leadership teams, working with
4 their councils and trustees, and holding them
5 accountable for delivering, again, clearly
6 articulated performance measures. And it gives me
7 and the board the opportunity to realize that we
8 put in the hands of the real experts, the folks who
9 are closest to the ground, the ability to manage
10 situations which we can't possibly see here from
11 Harrisburg.

12 And I think, in some regards, we're
13 looking at a similar approach with respect to this
14 -- of this legislation. But I would certainly urge
15 the General Assembly, obviously, to consider the
16 bill, hopefully favorably, but also to consider the
17 accountability regime that it would want to
18 surround the Pennsylvania State System with.

19 The reason that we've come with an
20 appropriations request, which is an accountability
21 dashboard, is to demonstrate the accountability
22 that we want to actually have imposed on ourselves
23 and -- and to be subjected to from our partners and
24 the General Assembly.

25 REPRESENTATIVE KIM: In terms of the

1 decision making, is there any way negotiating a
2 deal with you? Just kidding. You know, to amend
3 it where there are stricter guidelines in terms of
4 when decisions are made, you know, more than a
5 majority? You know, just --

6 CHANCELLOR GREENSTEIN: Yes, of course.

7 REPRESENTATIVE KIM: Just a reassurance
8 that these decisions are not led by one person.

9 CHANCELLOR GREENSTEIN: Yes, of course.
10 I've heard great -- I've had great conversations
11 across both chambers about some of those
12 protections, Sunset clauses, accountability
13 measures, and we're open, obviously, to all of
14 those.

15 Look, I mean, the situation we're in, to
16 be perfectly honest, is an urgent one. I'm
17 confident that we have a path. It's a tricky path.
18 It might be a little narrow, but I'm confident we
19 can pull it off if we can try.

20 We don't actually have the authorities
21 we need to sustain the operations that we need and
22 believe we ought to sustain for the good of the
23 Commonwealth without those authorities. But
24 putting some constraint on them is certainly within
25 the boundaries.

1 REPRESENTATIVE KIM: Then my last
2 question is, you know, we have to make a lot of
3 difficult decisions. APSCUF had to make their
4 difficult decisions.

5 In the end, what are we going to see?
6 Are we going to see status quo and financial
7 solvency, which is good, or are we gonna not even
8 recognize the new PASSHE in terms of --

9 You know, you've said to me before, you
10 know, this is above my pay grade. What are we
11 going to see after \$20 million? After changing the
12 powers to the Board, what are we going to see
13 afterwards, Chancellor?

14 CHANCELLOR GREENSTEIN: So, I think in
15 the short term you're gonna see a march towards
16 financial sustainability. That's absolutely
17 critical. None of the good things happen unless we
18 get there.

19 But, I think you're also gonna see real
20 progress towards some of the exciting opportunities
21 that lie ahead of us in the future. The work --
22 Aligning our programs with workforce, the work that
23 focuses particularly on adults who need up-skilling
24 and re-skilling in order to sort of sustain
25 themselves in the current economy is already

1 underway. We will see that grow.

2 The work, encouraging program sharing so
3 that students at any university can have access to
4 the educational talent and programs elsewhere is
5 already underway. We will see that grow.

6 My expectation is that the PASSHE we see
7 in five or six years is fundamentally different or
8 showing signs of being fundamentally different than
9 the one we see today. Frankly, we're at a choice
10 point and that will be true no matter which path we
11 go on. We cannot contain to sustain the operation
12 as currently, currently managed.

13 REPRESENTATIVE KIM: Thank you.

14 Thank you, Mr. Chairman.

15 MAJORITY CHAIRMAN SAYLOR: Our next
16 questioner is Representative Lawrence.

17 REPRESENTATIVE LAWRENCE: Thank you,
18 Mr. Chairman.

19 Chancellor, thank you for being here
20 today. I appreciate your willingness to testify
21 before the Committee.

22 I think, overall, you're doing a good
23 job in a challenging role. I did want to follow up
24 on a situation that I asked about last year, and
25 that is the situation at California University of

1 Pennsylvania. The Vulcan parking garage has been
2 closed since shortly after its construction due to
3 shotty workmanship.

4 Can you provide the Committee with a
5 current status of the garage, and how the debt that
6 was incurred to pay for the garage is being
7 addressed since the revenues from parking in the
8 garage were going to go to pay down the bonds?

9 CHANCELLOR GREENSTEIN: Yeah. I do not
10 -- I hate to disappoint you, and I'm sorry. I do
11 not have that information at the top of my head,
12 and I should.

13 I can tell you that my focus is on
14 stabilizing California financially as an operating
15 entity. I imagine that work with a parking garage
16 is very much within that purview.

17 REPRESENTATIVE LAWRENCE: So I would
18 appreciate it if you could get some additional
19 details about that to the Committee. You can
20 certainly send them to Chairman Saylor, and he'll
21 get that out to the rest of the Committee.

22 CHANCELLOR GREENSTEIN: Yep.

23 REPRESENTATIVE LAWRENCE: So, just to
24 follow up on that a little bit, recent press
25 reports indicate that the contractor who built the

1 garage, donated tens of thousands of dollars to the
2 university around the time the contract for the
3 parking garage was awarded.

4 I realize this was long before your
5 tenure, and I'm not asking you to speak to this
6 specific situation. But, are you confident that
7 proper protections are in place so that we can
8 prevent a similar situation from occurring in the
9 future?

10 CHANCELLOR GREENSTEIN: I am. And I'm
11 gonna give you a general observation. Obviously,
12 reviewed our policy environment on the
13 administration on the finance side and also on the
14 academic side, and there are places where our
15 policies need to be updated and brought into line
16 with our current realities, and we're, obviously,
17 working our way through that.

18 My observation is where things go wrong
19 it's not the policies, though. It's the people.
20 And it's because at the -- And, so I've spent a lot
21 of time focusing my attention on ensuring that
22 accountability is in place, both individual as well
23 as institutional accountability, and we have pretty
24 much in the last year reconstructed our
25 accountability and executive performance review

1 process to ensure that those accountabilities are
2 in place.

3 So, yeah, I have a greater degree of
4 confidence now, and I think you should, than maybe
5 we could have a year or so ago.

6 REPRESENTATIVE LAWRENCE: I appreciate
7 that. Thank you.

8 Mr. Chairman, I appreciate the
9 indulgence.

10 MAJORITY CHAIRMAN SAYLOR:
11 Representative Krueger.

12 REPRESENTATIVE KRUEGER: Thank you, Mr.
13 Chairman.

14 Thank you, Chancellor, so much for
15 joining us here today. It's clear that public
16 education funding is not one of the top priorities
17 in Pennsylvania when we look at the way that
18 Pennsylvania hasn't kept up its commitment to
19 financing public education, including public higher
20 education, and this is a problem that the General
21 Assembly helped create.

22 You said repeatedly today that our
23 education is not affordable for low- and middle-
24 income families. Yet, we know that quality
25 education is a key pathway to family-sustaining

1 wages. We have to get people on track for family-
2 sustaining jobs.

3 So, I'm looking at the charts in the
4 appropriations request that you gave us. My first
5 question is on page 24. You show that Pennsylvania
6 is the third worst in the nation of funding higher
7 education, and its tuition, not state funding,
8 that's covering almost 73 percent of the cost for
9 students.

10 Now, the chart also shows that the
11 national average is 46.6 percent. If Pennsylvania
12 were funding our students at the same rate as the
13 national average, how much more affordable would
14 education at your universities be for our students?

15 CHANCELLOR GREENSTEIN: That's my
16 Chancellor math again, 22 percent.

17 REPRESENTATIVE KRUEGER: 22 percent.

18 CHANCELLOR GREENSTEIN: We would be able
19 to reduce tuition -- student tuition by 22 percent.

20 REPRESENTATIVE KRUEGER: Again, you
21 talked over and over again about the impact on low-
22 and middle -- low- and middle-income families. Any
23 idea as to how more students would be able to
24 enroll?

25 CHANCELLOR GREENSTEIN: That's a great

1 question. (Pause). No. I mean -- I mean, I would
2 go back to our high watermark enrollment, which was
3 30,000 students ago. And those students,
4 interestingly enough, I can't find them. I'm not
5 seeing them showing up in the growth of other
6 Pennsylvania universities. I'm seeing a bunch of
7 them probably in those 43,000 that are going out of
8 state online, right?

9 REPRESENTATIVE KRUEGER: You said 30,000
10 students high watermark. What year was that?

11 CHANCELLOR GREENSTEIN: 2010-11.

12 REPRESENTATIVE KRUEGER: Right after --
13 Right before there was some key decisions made in
14 this building to cut public education funding.

15 My second question, the page right
16 before shows that after a steep cut in 2011, right
17 after the high watermark, our appropriation has
18 been essentially flat over that time. What would
19 it have looked like if the State System
20 appropriation had kept with inflation over the last
21 10 years, what would your line item be for this
22 coming budget year?

23 CHANCELLOR GREENSTEIN: So, I can do the
24 math going back, thanks to the hearing in the
25 Senate where these data were presented to be, and I

1 assume them to have been right. If we had kept
2 pace with the rate of inflation, our current
3 appropriation -- from about 2005-6, our current
4 appropriation would be about \$670 million.

5 REPRESENTATIVE KRUEGER: 670 million.
6 And how much are you expecting in the next budget
7 year?

8 CHANCELLOR GREENSTEIN: We have asked
9 for a 2 percent increase. It would put us up to
10 487 million, and we've asked for a 20 million one
11 time.

12 REPRESENTATIVE KRUEGER: Okay. That's a
13 pretty big gap.

14 Last question, we often hear from
15 colleagues on the other side of the aisle about
16 faculty salaries. The APSCUF faculty who I know
17 are very hard working; put in late hours and long
18 hours; meeting with students, grading papers;
19 really committing to the future of the students
20 that they're working with. And I have to imagine
21 that if you actually broke it down to an hourly
22 rate, these folks probably wouldn't be earning very
23 much.

24 How much have the salaries of university
25 presidents, provosts and deans increased?

1 CHANCELLOR GREENSTEIN: So, our -- I did
2 -- We did a little analysis in this accountability
3 dashboard of our cost drivers.

4 By the way, I would urge this level of
5 accountability on any education entity that takes
6 any public dollars. I mean, we should know what
7 we're getting for public dollars. As a taxpayer of
8 Pennsylvania, I want to know what we're getting,
9 and I want you to know what you're getting.

10 So, I did an analysis of cost drivers.
11 75 percent of our costs are tied up in salaries and
12 benefits, so obviously, it's the largest chunk.
13 There's a few things that drive those: Number of
14 personnel, salary level, and benefits, right?
15 Benefits are fixed costs and they're rising rapidly
16 in our pension, and particularly in our industry as
17 in every other.

18 Our salary levels, both for executives
19 and our faculty, are largely average. We compare
20 ourselves against our benchmark institutions. Our
21 executives are average. I say that about their
22 salaries; not the people. Our faculties are a
23 little bit above average for that comparative
24 group, but if it's 8 or 10 percent, that's not
25 significant.

1 It's our -- The biggest driver of our
2 misalignment between costs and revenues is our
3 enrollments have shrunk much more quickly than our
4 employee count.

5 REPRESENTATIVE KRUEGER: Okay. Thanks
6 so much for joining us here today.

7 MAJORITY CHAIRMAN SAYLOR:
8 Representative Brown.

9 REPRESENTATIVE BROWN: Thank you,
10 Mr. Chairman.

11 Good morning, Chancellor.

12 CHANCELLOR GREENSTEIN: Good morning.

13 REPRESENTATIVE BROWN: You have
14 mentioned a lot, system redesign and the
15 accountability measures that, of course, we want to
16 see with everything. You also mentioned,
17 obviously, we can't sustain the way that we're
18 currently working.

19 The budget materials that you did
20 provide contain university financial efficiency and
21 sustainability measures, and which include the
22 annual operating margin ratio, which basically
23 shows for every dollar of revenue a university
24 receives how much is left after operating expenses.

25 The primary reserve ratio, which shows

1 how long a university can function and pay its
2 obligations, and then the university minimum
3 reserves which shows the number of days that a
4 university can operate without additional revenue.

5 It looks, unfortunately, as the trend
6 obviously is not going in a good direction. We see
7 it plummeting down. Obviously, there's concerns
8 there. But, specifically, could you produce those
9 measures by university? Can we break those out?
10 And if so, is there a significant variation? You
11 know, are there similar measures or are they very
12 different?

13 I know in an area that represents East
14 Stroudsburg University, they have made some very
15 difficult decisions.

16 My question is on the sustainability
17 piece, how many universities are sustainable
18 currently, and what are the other universities
19 doing to take those measures to become more
20 sustainable as well? So, multi-question there.
21 Sorry.

22 CHANCELLOR GREENSTEIN: No. It's a
23 great question.

24 So, those three measures you mentioned,
25 plus enrollment, we really are at the core of our

1 sustainability policy and our plan. And we look at
2 those measures for every university, and then we
3 determine which are the ones that have the most
4 challenging financial situations, and we ask those
5 -- have asked those to produce five years'
6 sustainability plans. They're currently being
7 produced. They're in draft and they will be --
8 they will factor into the budget appropriations
9 process by -- through their completion by August or
10 September of this year. So, we do have those
11 measures for each university.

12 As with virtually every other measure
13 that you see in this book, our universities vary
14 enormously in ways that reflect regional
15 differences, different histories, different
16 trajectories, different leadership over the years.

17 To your other question, I believe that
18 every one of our universities is sustainable. To
19 Representative Kim's question, they are not
20 sustainable. There are several which are not
21 sustainable without radical transformation, which
22 is really what system redesign is all about.

23 You know, I might -- Why do we go -- Why
24 do we go the path of sustainability and ensuring
25 that each university is able to offer

1 Pennsylvanians the quality, career-relevant
2 education that they need and that the state needs,
3 because the gap in the adult workforce is that big.

4 This is not a time where we should be
5 diminishing educational opportunity. We have to
6 expand it. So, if we wanted to fill that gap, that
7 60 -- 47 and a half to 60 percent, we need that gap
8 now. We need to fill it today.

9 But let's give ourselves the arbitrary
10 deadline of 2025. To get there, we have to
11 increase our credentialing productivity every
12 university and college in the state by 8 percent
13 per year, year on year.

14 Who knows one university or college in
15 this state growing its credentialing by 8 percent?
16 I do not know any. Across the state we're
17 traveling at negative 1.2 percent. That's our
18 annual growth rate, is negative. The gap is
19 getting wider. So we need to think together about
20 how to ensure continued affordable career-relevant
21 opportunities across the state. That's why we've
22 chosen that path.

23 REPRESENTATIVE BROWN: Right. And
24 again, those breakouts by university I think are
25 very important. So I'm looking forward to seeing

1 that report September, you said, right? Okay.

2 The other question I have, if you talk
3 about specific universities and we talk about the
4 funding levels of increases that we would
5 appropriate, so let's say the 2 percent increase
6 that was requested is appropriate, I think
7 oftentimes it's though that that 2 percent goes
8 automatically. Every university get a 2 percent
9 increase.

10 And, unfortunately -- I see you smiling
11 because you know what I'm gonna say. The Board of
12 Governors that makes that decision on how the
13 distribution occurs. And we have this in K through
14 12, which, you know, I kind of do that fight as
15 well, and we have it here.

16 What is the current status of that
17 funding formula and the distribution of those
18 dollars, which I think are very significant as we
19 appropriate whatever dollars to our State System?

20 CHANCELLOR GREENSTEIN: So, great
21 question. So, as you know, there was considerable
22 concern inside as well as outside of the
23 Pennsylvania system about our budgeting practices
24 and processes, and we spent a lot of time over the
25 last year rectifying those in close consultation

1 with our leadership, our presidents, their vice
2 presidents for administration and finance, we
3 decided to freeze the formula at its current.

4 The reason is financial predictability
5 is the number one concern, right? So, financial
6 predicted by freezing the formula, people know
7 where they stand and what they can expect year on
8 year. So that's the first thing.

9 The second thing is the sustainability
10 planning process ensures a high degree of
11 accountability that every university, whatever it's
12 receiving, is accountable for balancing its budget
13 and for aligning its cost with its revenue. We've
14 set ourselves the target of ensuring every single
15 university is sustainable within this five-year
16 period.

17 I think we'll accomplish that, but that
18 is the purpose. So we focus on putting in place
19 the accountability measures and the budgeting
20 processes that allow us to understand where the
21 individual universities are; what their needs are,
22 and to work with them to ensure that they can get
23 where they need to get to in a financially
24 responsible manner.

25 REPRESENTATIVE BROWN: Thank you. I'll

1 be keeping an eye on that funding formula, but
2 thank you for all your work. Thank you.

3 CHANCELLOR GREENSTEIN: Appreciate that.

4 MAJORITY CHAIRMAN SAYLOR: Our next
5 questioner is Representative Cephas.

6 REPRESENTATIVE CEPHAS: Thank you,
7 Chairman.

8 Thank you, Chancellor, again for your
9 continued commitment to making college affordable
10 in the Commonwealth of Pennsylvania.

11 So many of my colleagues have already
12 mentioned it, but I want to go on record mentioning
13 it again. We roughly have 39 -- student loan debt
14 per student is roughly around 39,000. In the
15 Commonwealth of Pennsylvania, we have 68.2 billion
16 in outstanding debt.

17 And additionally we -- An additional, we
18 have \$7.2 billion of debt in delinquent status.
19 And as you are well aware, this creates an economic
20 issue for the Commonwealth of Pennsylvania. We
21 literally have a generation currently that is
22 deferring the starting of families, purchasing
23 homes, purchasing cars. The list goes on and on.

24 But with this reality, we have new
25 applicants now asking the questions to the business

1 community about loan forgiveness programs. And we
2 do have companies that do offer that to be more
3 attractive and more competitive. And in some
4 states, there is a tax credit given to businesses
5 that offer that opportunity for students.

6 And I'm also excited to hear that you
7 have been partnering with the business community
8 around strengthening our system that we control,
9 but also looking at opportunities, the Opportunity
10 Zone.

11 So, can you talk more about those
12 partnerships, how you're creating workforce
13 development pathways, but also what role can the
14 business community play in offsetting some of the
15 student loan debt like student loan forgiveness
16 programs?

17 CHANCELLOR GREENSTEIN: Yeah. So, I'll
18 take the second part of the question first.

19 In my testimony to the Higher Education
20 Funding Commission, I outlined a variety of
21 policy-based incentives for businesses to engage in
22 higher education in a variety of ways. And so, tax
23 credits, for example, would stimulate employers for
24 tuition assistance programs or loan forgiveness
25 programs, or actually establishing internships and

1 apprenticeship programs, absolutely critical.

2 Another area we have been very active is
3 engaging directly with employers in high-need or
4 high-demand occupations; working with them to, you
5 know, identify the skills and competencies that
6 employees need beyond the -- You want employees to
7 be able to show up at work and drug test negative
8 or whatever. But to create a real competency map
9 that then universities and college can build
10 credentialing programs around; that's exciting.
11 It's work that's been done very effectively in
12 other states, so there's models out there that
13 we're really trying to implement here.

14 The employer community has been
15 incredibly open to these opportunities. They're
16 particularly interested in the non-degree programs
17 because often, if they're looking at their existing
18 workforce, they're experiencing re-skilling and up-
19 skilling opportunities. Sometimes that's enabling
20 them to retain their employers for a longer period
21 of time in other situations and the communications,
22 you know, where you're moving to the cloud and away
23 from physical baselines, you're looking at how you
24 actually transition workers into whole new roles.
25 So, really engaging industries around developing

1 those opportunities has been -- has been really
2 exciting part of our work.

3 REPRESENTATIVE CEPHAS: That's great.
4 And I look forward to having further conversations
5 about how again we can incentivize the business
6 community to play a part in this loan debt issue.

7 Switching gears just a little bit. So,
8 as you know, there's been a national conversation
9 as it relates to criminal justice reform around
10 banning the box on job applications. That
11 conversation has folded over into the education
12 space. As you know, in order to move out of
13 poverty and along the economic spectrum, you need
14 access to opportunities; not just jobs, but access
15 to education. So, you know the question I'm going
16 to ask.

17 Can you respond -- Well, can you talk
18 through the ability to ban the box, ban the
19 question of asking about someone's criminal and
20 juvenile record on applications, at least for our
21 system?

22 CHANCELLOR GREENSTEIN: Yeah. I know --
23 I'm smiling because I believe I have a meeting with
24 Secretary Wetzel on my calendar for this week.

25 REPRESENTATIVE CEPHAS: Did you need me

1 to come?

2 CHANCELLOR GREENSTEIN: I'm certainly
3 very happy to convey your best wishes and thoughts.

4 You know, I think there's a variety of
5 interesting opportunities -- I'm sure there's a
6 variety -- I know there's a variety of interesting
7 opportunities in corrections and education,
8 generally.

9 Again, my testimony to Higher Education
10 Funding Commission talked about how we can break
11 down silos of activity, right? The prisons are,
12 and should be, a great source of education of
13 up-skilling, of re-skilling. How do we think about
14 dollars spent through the corrections system and
15 dollars spent through the public education system
16 in a way that actually achieves these societal
17 goods, rather than as, you know, stylized
18 organizations of activity.

19 So there's a variety of opportunities,
20 whether it's employing -- creating programs for
21 prisoners who are re-entering society; whether it's
22 creating educational opportunities in prison;
23 whether it's banning the box. I think there's a
24 suite of opportunities that we really must take
25 advantage of. Again, this workforce number, that

1 gap, this is a math problem. Count the people in
2 Pennsylvania and how we fill that gap. You have to
3 go into every population that's currently
4 underserved, including this one.

5 REPRESENTATIVE CEPHAS: No, and I agree.
6 And I think as we continue having this criminal
7 justice reform conversation, we have to ensure that
8 we're creating safety nets and removing barriers
9 for those that are transitioning back into society.
10 And this is yet one of the other barriers that
11 could be addressed simply through a conversation or
12 a meeting.

13 Thank you.

14 CHANCELLOR GREENSTEIN: Thank you.

15 MAJORITY CHAIRMAN SAYLOR:
16 Representative Rothman.

17 REPRESENTATIVE ROTHMAN: Thank you,
18 Chancellor. Over here. Good morning. Thank you
19 for being here. A couple questions.

20 I did want to respond to a question
21 about our state commitment to funding since 2010.
22 Our appropriation per full-time student has
23 actually increased by 22 percent, because you've
24 seen about a 25,000 number of student decrease
25 enrollment. Should there be any correlation

1 between the number of students the state's serving
2 and the amount of money we appropriate for them?

3 CHANCELLOR GREENSTEIN: I think
4 expenditure per student is a really important
5 efficiency measure, and it's actually referenced in
6 the appropriations request is something that we
7 track as part of our sustainability planning.

8 And the answer to your question is yes.

9 REPRESENTATIVE ROTHMAN: And to that
10 end, if 75 percent of your costs are salaries and
11 benefits -- And I think I saw somewhere in here
12 that your -- your average professor's making about
13 \$115,000 a year?

14 CHANCELLOR GREENSTEIN: Yes.

15 REPRESENTATIVE ROTHMAN: Your average
16 executive is making \$220,000 per year?

17 CHANCELLOR GREENSTEIN: The numbers in
18 my head, our average staff is about 90 -- mid-90s
19 and our average faculty, one fifteen, one twenty.

20 REPRESENTATIVE ROTHMAN: Thank you.

21 I have a specific question about the
22 Governor's budget proposal for a Nellie Bly Tuition
23 Program. Did the Governor seek any input from the
24 State System in developing this proposal?

25 CHANCELLOR GREENSTEIN: Yeah. We had --

1 I mean, in terms of the mechanics of the
2 proposal and the specific targeting of it, we have
3 been working closely with the Governor's Office
4 staff on various -- the analytical aspects, yeah.

5 REPRESENTATIVE ROTHMAN: So a series of
6 questions I have about the scholarship. The
7 criteria for the scholarship, would it be eligible
8 for non-Pennsylvania students that come --

9 CHANCELLOR GREENSTEIN: That is my
10 understanding.

11 REPRESENTATIVE ROTHMAN: It's going to
12 be a grant of about \$10,000 per year or \$8,000 per
13 year per student?

14 CHANCELLOR GREENSTEIN: I think it would
15 vary in terms of -- It would be tied to the
16 student's expected family contributions.

17 REPRESENTATIVE ROTHMAN: So every year
18 we're gonna have to -- we'll be having to provide
19 200 million or 204 million every year. That's the
20 idea?

21 CHANCELLOR GREENSTEIN: My understanding
22 it's a six-year; that it would run for six years in
23 the first instance.

24 REPRESENTATIVE ROTHMAN: Because we only
25 appropriate per year, so it's -- You're gonna have

1 to come back next year.

2 So -- And if a student doesn't graduate,
3 one of the really alarming statistics is that the
4 State System -- And this has nothing to do with
5 you. You've only been here for a year. And it's
6 actually ticked up a little bit, but only
7 60 percent of the students actually graduate within
8 six years.

9 So, if a student receives the Nellie Bly
10 Grant and doesn't graduate, are they still
11 responsible for paying it back?

12 CHANCELLOR GREENSTEIN: That's a great
13 question. I don't know the answer to it.

14 REPRESENTATIVE ROTHMAN: I'm told they
15 have to stay in the state. If they stay in-state
16 each year, then it's forgiven or they don't pay it
17 back. But if they don't stay in-state, they move
18 to another state or even to another country, is the
19 State System gonna collect those loans? How do you
20 intend to collect those loans?

21 CHANCELLOR GREENSTEIN: My understanding
22 is that the scholarship program is administered by
23 the Department of Education.

24 REPRESENTATIVE ROTHMAN: And they'll
25 collect the loans?

1 CHANCELLOR GREENSTEIN: I don't know the
2 answer to that.

3 REPRESENTATIVE ROTHMAN: Any interest on
4 the loans?

5 CHANCELLOR GREENSTEIN: I don't know the
6 answer to that question.

7 REPRESENTATIVE ROTHMAN: I mean, I
8 understand -- We've been reading all about Nellie
9 Bly the last couple days. Her father was a judge
10 and a landowner in a town he founded, Cochran Mills
11 just south, now a suburb of Pittsburgh. She become
12 a world traveler, a journalist, author, adventurer,
13 industrialist, and ended up with a manufacturing
14 company.

15 I'm wondering where it came from that
16 she left college because of cost. It seems to me
17 that she left college for other opportunities. In
18 a free market, people do that. I'm just --

19 Taking the money from an industry that
20 employs 23,000 people, I mean, seems to me that the
21 market works. And the market is telling us that
22 the cost of education is not worth the benefit,
23 especially if these students aren't graduating,
24 because we all agree that the degree is what
25 creates the value, right.

1 CHANCELLOR GREENSTEIN: That's correct.
2 Sixty percent of our students graduate. But if you
3 include the students who leave us, go to another
4 institution and get their degree, that number
5 increases very significantly.

6 REPRESENTATIVE ROTHMAN: We should have
7 that because that's important, and I appreciate
8 that. And I think that our economy is changing in
9 Pennsylvania where you're gonna have people
10 lifetime learning and continuing education.

11 I was recently at a manufacturing
12 facility that has 70 openings in Franklin County
13 starting at \$16 an hour up to \$30 an hour. They
14 don't require a degree. Thirty dollars an hour is
15 a pretty good salary, starting salary, anyway.

16 I just wanna -- I just wanna remind you,
17 when you gave the statistic of more than half of
18 the adults in Pennsylvania don't have any higher
19 education or don't have a college degree, I think
20 it's probably closer to 70 percent that don't have
21 a college degree. Yet, when we tax them, we're
22 asking people that don't have the college degree to
23 pay for someone else's college.

24 I just want to be sensitive to that and
25 understand, when we're -- when we're taking money

1 from one industry to give it to higher education,
2 we're pitting two industries against -- well,
3 pitting two groups of people against each other,
4 even in a way putting generations against each
5 other, so...

6 CHANCELLOR GREENSTEIN: Yeah. And I
7 would just urge you to look at the extent to which
8 college graduates contribute to the overall tax
9 base of the state, which is significant.

10 REPRESENTATIVE ROTHMAN: I understand
11 that. But --

12 CHANCELLOR GREENSTEIN: Nationally,
13 there's a direct correlation, the more you earn --
14 the more you learn, the more you earn.

15 REPRESENTATIVE ROTHMAN: That's right.
16 The degree is important.

17 CHANCELLOR GREENSTEIN: The degree is
18 important. It's an economic driver.

19 REPRESENTATIVE ROTHMAN: Thank you for
20 your time.

21 MAJORITY CHAIRMAN SAYLOR: Our next
22 questioner is Representative Fiedler.

23 REPRESENTATIVE FIEDLER: Good morning.
24 I'm going to do sort of a sharp pivot away from
25 that and ask a little bit about the coming

1 recession, which I think is becoming increasingly
2 clear that something in terms of our economics will
3 happen. Hard to tell exactly when, but I think
4 we're seeing a lot of signs of it potentially.

5 Now, could you talk about the ways in
6 which you're helping to prepare the system to be
7 prepared in case of an economic downturn, and also
8 the ways in which you are helping to think about
9 the ways in which we will need to help prepare our
10 students.

11 So, thinking about an increase in
12 students who will need financial assistance to even
13 be able to pursue some of these degrees and higher
14 education opportunities, and also thinking about
15 the sorts of jobs that students will need. I think
16 you alluded to it earlier when you were talking
17 about jobs of the future. If you could talk about
18 that, please.

19 CHANCELLOR GREENSTEIN: Yeah.

20 Higher education is a countercyclical
21 industry, so we would expect to see enrollment
22 growth across the state as a result of a downward.
23 That doesn't mean we're cheering one on, just to
24 say.

25 In advance of that recession, we need --

1 And this is why financial stabilization is so
2 critically important, but it's also critically
3 important that we are able to introduce the kind of
4 programming agility that we'll need in order to
5 meet the re-skilling and up-skilling needs which
6 will eventually result -- which will result from a
7 recession.

8 REPRESENTATIVE FIEDLER: And in terms of
9 thinking about the way we can support this
10 potential increase in students who would be
11 attending, do you have thoughts, or is that work
12 that's being done as we look at ways to expand the
13 financial support we give to potential students of
14 our higher education system?

15 CHANCELLOR GREENSTEIN: So, I think it
16 goes back in some ways to the scholarship program,
17 which is, it's not our plan. It's the Governor's
18 plan, but it's basically addressing the
19 affordability issues that we've been talking about.

20 You know, affordability is critical to
21 meeting the workforce needs of the state. It is --
22 It is a policy choice. In the public sector of
23 institutions, it needs to be made in partnership
24 with universities who are running at optimum
25 efficiencies, highly accountable, and ensuring that

1 their programming is relevant, right, to our
2 students. When that works and where it works, it
3 works well for the state and its citizens. Where
4 it doesn't work, there's problems that lie ahead.

5 REPRESENTATIVE FIEDLER: Thank you.
6 And certainly, as we look at a potential economic
7 downturn, as my colleagues have mentioned, these
8 places are economic engines within their region,
9 right? And we would want to make sure that they
10 are financially strong and enable to start from a
11 firm footing so all the folks can stay employed at
12 these places.

13 Thank you very much.

14 MAJORITY CHAIRMAN SAYLOR: We've also
15 been joined by Representative Gillen, who is not a
16 member of the Appropriations Committee, but here
17 observing today.

18 And our next questioner is
19 Representative Hahn.

20 REPRESENTATIVE HAHN: Thank you,
21 Mr. Chairman.

22 Good morning, Chancellor. How are you?

23 CHANCELLOR GREENSTEIN: I'm good.
24 Thanks.

25 REPRESENTATIVE HAHN: When you're

1 talking about building these programs for
2 workforce, you know, certificate programs or degree
3 programs. So, I'm a little concerned, that's what
4 the community colleges do. Do you feel that you're
5 going to cannibalize the programs at the community
6 colleges, and is your tuition going to be
7 comparable to them?

8 So, my understanding is, you go to
9 community college. A lot of students in the area
10 go to the community colleges before they go to a
11 PASSHE school. So, can you just give me your view
12 on that?

13 CHANCELLOR GREENSTEIN: Sure. Again,
14 I'll refer to testimony that I gave to the Higher
15 Education Funding Commission.

16 But, going forward -- And this is tough
17 for all of us of a certain age to get our heads
18 around. When we went to school, you know, there
19 were sectors. You went to a particular school to
20 go into a particular part of the labor market, and
21 schools and sectors would focus on particular
22 segments of the student population, particular
23 employers. They would.

24 Today, it's no longer feasible to assume
25 that a student just goes to a higher ed, whether

1 two years or four years, get themselves stuffed,
2 filled with information for two or four years and
3 then goes on with their life and never returns to
4 college. The journey is constantly into and out of
5 some form of higher education.

6 REPRESENTATIVE HAHN: I just don't want
7 to see PASSHE schools turning into community
8 colleges or competing with the community colleges.
9 I mean, they do a good job for the population at
10 that level. I'm just concerned that -- You know,
11 where's your tuition rate gonna be?

12 CHANCELLOR GREENSTEIN: So let me
13 clarify a point, if I may. The point is that we
14 need to line ourselves up along those educational
15 pathways. Not grab hold and to them say, these are
16 mine. And what we're experiencing here, as in
17 other states, is that -- And I understand it. It's
18 kind of a Hunger Games mentality. It's costly.

19 And we saw that recently, you know, in
20 the partnerships that community colleges are
21 establishing with out-of-state big-box retail
22 providers. It's costly to our state, costly to our
23 students. We have to overcome that kind of gut
24 instinct to protect markets and work together.
25 That work together is going to be driven by

1 employers who are not going to require, this sector
2 do that, this sector do that. They're gonna
3 require well-developed articulated pathways where
4 students can go and out of the workforce between
5 various different colleges who respect and align
6 with each other.

7 REPRESENTATIVE HAHN: But, I mean, the
8 workforce comes into community colleges as well to
9 develop those programs. I just don't think we need
10 to cannibalize our two school systems. I want to
11 make sure it's affordable to the -- to the
12 students.

13 CHANCELLOR GREENSTEIN: And I want to be
14 clear, if I can, that workforce is not the
15 responsibility of any single sector.

16 REPRESENTATIVE HAHN: I --

17 CHANCELLOR GREENSTEIN: I believe that
18 the Pennsylvania State System was developed largely
19 as teaching schools. The last time I checked
20 education was part of the workforce.

21 REPRESENTATIVE HAHN: And I think --

22 CHANCELLOR GREENSTEIN: The point is,
23 the workforce is a long and continuous process.
24 How do we work together to align in a way as
25 opposed to command and control?

1 REPRESENTATIVE HAHN: And I think when
2 we look at the enrollments being down; so your
3 enrollment's down, the community college
4 enrollments are down, and they're reducing their
5 staff to go with their lower enrollment.

6 So my question is, are you lowering your
7 staffing, reducing your staff to equal proportions?
8 I think the community college enrollment was down
9 by 16 percent and they reduced staff by 15 percent.

10 CHANCELLOR GREENSTEIN: Vigorously.

11 REPRESENTATIVE HAHN: And they don't
12 have another group of schools that they can borrow
13 from.

14 CHANCELLOR GREENSTEIN: Vigorously, and
15 that's obviously the trust of system redesign,
16 financial stabilization. Look, if the community
17 colleges and the four years, not just ours, work
18 better together in this state, a lot of these
19 issues --

20 I mean, I think about this from a
21 student's lens. We're a confusing mess to a
22 student. A student wants to understand, what's my
23 pathway through engineering? I want to start out
24 with a certificate as a machinist assistant, but I
25 might end up becoming an engineer. And that

1 pathway is gonna take me through a vocational tech,
2 a vocational training college, a community college,
3 and a four-year college, and I want to know what
4 that pathway looks like over a 30-, 35-, 40-year
5 period. And we comport ourselves. We are designed
6 to not do that.

7 REPRESENTATIVE HAHN: Do those -- The
8 Nellie Bly grants they were talking about, would
9 someone who went to a community college first, be
10 able to apply for those and then go to the
11 secondary schools, do you know? Probably a
12 question I should have asked Secretary of
13 Education.

14 CHANCELLOR GREENSTEIN: I believe -- The
15 answer is, I believe so.

16 So, this program is evolving as you
17 know, as well as we do. I certainly didn't -- I've
18 heard a discussion like that, but I don't know what
19 the result has been.

20 REPRESENTATIVE HAHN: And again, I think
21 everyone has their path that they can take. For
22 us, I think when you look at affordable tuition,
23 you want to make sure that it stays affordable. If
24 you're competing against one another, is that a
25 good thing or is that hurting someone? I just want

1 to make sure --

2 CHANCELLOR GREENSTEIN: I agree.

3 REPRESENTATIVE HAHN: -- the students
4 gets the best bang for their buck as well.

5 CHANCELLOR GREENSTEIN: And you get the
6 best use of public dollars. And I think --

7 REPRESENTATIVE HAHN: Correct.

8 CHANCELLOR GREENSTEIN: -- you should
9 watch that very carefully. Thank you for doing
10 that.

11 REPRESENTATIVE HAHN: All right. Thank
12 you.

13 Thank you, Chairman.

14 MAJORITY CHAIRMAN SAYLOR:
15 Representative Schweyer.

16 REPRESENTATIVE SCHWEYER: Thank you,
17 Mr. Chairman.

18 Chancellor, hello. I hope you're well
19 today, sir. Thank you for joining us. I'm gonna
20 go a little off brand and actually start with
21 something nice. I did that for you, Chairman
22 Bradford.

23 And honestly compliment the State System
24 after our back and forth last year. I was
25 concerned last year that the number of students of

1 color that was dropping, certainly not as quickly
2 as the number of Caucasian students that you had,
3 but it appeared that your growth market, was my
4 argument then and still my argument today, of
5 potential students are actually those African-
6 American, Latino students particularly in our urban
7 core, and I see the total number of African-
8 American students is roughly, almost identical, the
9 same, as it was 2010.

10 Your 10-year look-back is straight -- is
11 stable there. Again, your number of Hispanic and
12 Latino students is 2400 in that same 10-year span,
13 while your overall enrollment is dipping in those
14 two key categories.

15 Your numbers are better than they have
16 been. And, in fact, last year you saw an increase
17 in the number of Latino students that are choosing
18 PASSHE schools. You are to be commended for that.
19 That was a concern I had last year.

20 In response to -- And I wish present,
21 Hanna were here. In response to the line of
22 inquiry last year, Bloomsburg signed a historic
23 agreement with Allentown to be able to continue to
24 increase the number of historically disadvantaged
25 students that will enter his university.

1 Without getting too far ahead of myself,
2 ASD, 17,000 students, 90 percent of which are
3 children of color, will -- is going to be in
4 negotiation with another university. I understand
5 Millersville and Reading have a similar agreement
6 recently. And that is -- that is welcomed news for
7 our select communities there.

8 I'm curious, though. I'm going to give
9 you a moment here to take a step back and look at
10 the issue broader. What more is PASSHE doing
11 specifically on a -- on a more global standpoint,
12 or even some of those smaller indications --
13 smaller ways to invest more in our urban cores, in
14 our communities of color, and our more
15 disadvantaged communities?

16 CHANCELLOR GREENSTEIN: So a handful of
17 things, actually. Many of them kind of paralleling
18 the initiatives that you mentioned, and thanks for
19 that -- calling that out.

20 Dual enrollment programs are really
21 important. There's really good evidence to show
22 that students -- and then there's
23 disproportionately positive effects for low-income
24 students and students of color who have some access
25 to a college program -- college course while

1 they're in high school will do better in college,
2 and actually enroll in college, expanding dual
3 enrollment programs.

4 Expanding the kind of outreach
5 opportunities, targeting it very specifically into
6 urban areas, we have a great deal of activity going
7 on at Kutztown, as you mentioned, at Bloom, at
8 Millersville, at East Stroudsburg. I mean, East
9 Stroudsburg has really demonstrated phenomenal
10 success in substantially diversifying its student
11 body. So, all of that is good.

12 I also look at the persistence and
13 graduation rates of low-income students and
14 students of color. And you'll also see in this
15 accountability report that we have our work to do,
16 we have our work cut out for us. We need to hold
17 our feet to the fire for that. We're doing good
18 work. I think there's a lot of excellent work
19 going on through targeted programs at our
20 universities.

21 East Stroudsburg has a great program
22 with men of color. There's a great multicultural
23 center at Indiana, and I could go on about the
24 variety of initiatives that are available and
25 beginning to show real result. It's a slower

1 moving -- it's a slow-moving needle, but I would
2 hate to be here in two or three years' time
3 demonstrating that we've closed enrollment gaps,
4 but we haven't actually closed persistent and
5 graduation gaps accordingly.

6 REPRESENTATIVE SCHWEYER: No, I
7 understand that. And I think -- Well, they're both
8 important indicators, however. I mean, you
9 certainly aren't going to be able to graduate folks
10 if they don't walk into your door in the first
11 place.

12 So, we have -- we have those two
13 parallel tracks that need to be addressed that I
14 certainly -- I certainly appreciate that.

15 So you're seeing every one of your
16 universities, in your opinion, doing a better job
17 of trying to figure out a way where they can
18 diversify, by and large, or most of your
19 universities?

20 CHANCELLOR GREENSTEIN: I think, by and
21 large, I think that -- Diversity means different
22 things depending on where you are. I don't want to
23 lose the rural/urban dimension of Pennsylvania.

24 REPRESENTATIVE SCHWEYER: I understand.

25 CHANCELLOR GREENSTEIN: When I think of

1 education gaps, I think of them between black and
2 white, rich and poor, urban and rural. The gaps
3 between urban and rural are as big or bigger than
4 the gaps between --

5 REPRESENTATIVE SCHWEYER: It's an
6 excellent point. I certainly don't want to -- I
7 certainly don't want to gloss over that topic.

8 Again, for me, in addition to an
9 economic justice and fairness initiative and
10 concern, there's also your potential growth market;
11 who your students are going to be, not just this
12 year but in the coming five or 10 years, and
13 building that infrastructure to be able to recruit
14 them -- recruit those students, make them to --
15 encourage them to -- to choose your universities
16 and also be successful once you're there. That's
17 an infrastructure that needs to continue to be
18 built.

19 But again, kudos to the universities.
20 It's certainly better this year. I feel more
21 confident this year than I did last year.

22 CHANCELLOR GREENSTEIN: Thank you.

23 REPRESENTATIVE SCHWEYER: Thank you.

24 Thank you, Mr. Chairman.

25 MAJORITY CHAIRMAN SAYLOR:

1 Representative Greiner.

2 REPRESENTATIVE GREINER: Thank you,
3 Mr. Chairman.

4 Good morning, Chancellor. I want to
5 circle back to Cheney University, in addition to a
6 couple other schools. In November of last year,
7 The Middle States Commission on Higher Education
8 indicated that it would allow Cheney University to
9 keep its accreditation. And one of the key
10 factors, of course, in that decision was Governor
11 Wolf's pledge to make sure that Cheney's
12 40-million-dollar debt to the other State System
13 schools was eliminated.

14 And I guess what I'm wondering, because
15 I know there was questions about what was occurring
16 there, and I don't think a lot of the schools at
17 the time were particularly thrilled about that, but
18 somehow it got worked out.

19 Do you know how the Governor plans to
20 make the other 13 universities whole after
21 forgiving Cheney's debt.

22 CHANCELLOR GREENSTEIN: So, yes. So let
23 me explain. So, the -- So, imagine --

24 The universities had not yet written
25 down the debt, so there was nothing to make whole,

1 except this was a paper debt. Had Cheney failed to
2 repay -- had the debt failed to be repaid by
3 Cheney, a portion of that debt would have been
4 allocated to each of the universities and drawn
5 down from this reserve?

6 REPRESENTATIVE GREINER: From their
7 reserve.

8 CHANCELLOR GREENSTEIN: So, just to get
9 that -- to make that clear. So what the Governor
10 did was offered \$45 million in GDS capital dollars
11 to the university -- to the system in -- over three
12 years, 15 million a year. Those dollars can be
13 used in a way that will enable us to ensure that
14 the universities -- that we're not writing down the
15 debt again.

16 REPRESENTATIVE GREINER: So, is it
17 15 million over what we normally put in the capital
18 budget?

19 CHANCELLOR GREENSTEIN: It has --
20 Correct. Our capital budget annually is about
21 70 million, and this will be 15 million over the
22 budget.

23 REPRESENTATIVE GREINER: So it will be
24 about 85 million?

25 CHANCELLOR GREENSTEIN: Correct.

1 REPRESENTATIVE GREINER: That's --
2 That's how that was dealt with.

3 Let me kind of segue on background.
4 I've -- I've done auditing. And I will say the
5 pledge only eliminated Cheney's debt, but the
6 budget provides no additional funding for the
7 university other than across the board. Well, let
8 me just keep on going.

9 Cheney's latest audit -- well, latest up
10 to -- maybe not the most recent one, but I -- And I
11 do want to kind of segue because I looked at the
12 other schools, too, but it shows that it still has
13 a net operating loss; its position decreased; it's
14 cash and cash equivalence continued to decline, and
15 I think the biggest thing, and being an auditor, it
16 was a going-concern opinion. That's like, Houston
17 we have a problem. And that's a real problem.

18 CHANCELLOR GREENSTEIN: Correct.

19 REPRESENTATIVE GREINER: And I'm
20 wondering, what is being done to help right this
21 ship permanently, instead of temporarily billing it
22 out? You kind of alluded to some of the
23 partnerships. But I am worried about what happens
24 if we don't get additional funding to Cheney.

25 CHANCELLOR GREENSTEIN: Yeah. So -- And

1 this is -- I can speak about this generally as well
2 as for Cheney.

3 The whole onus behind the part of system
4 redesign, which gets to sustainability planning,
5 ensuring that all of our universities are
6 financially sustainable within five years and
7 putting in place the accountabilities, which makes
8 sure that that happens.

9 REPRESENTATIVE GREINER: I do wanna -- I
10 just do want to follow up because that's a good
11 point because, like I said, I reviewed some of the
12 other financial statements. So I don't wanna
13 single out just Cheney because, as we've said
14 before, my colleagues, enrollment has dropped, 12
15 of the 14, you know, universities or the schools
16 over the last eight years.

17 And let's face it, statewide, I have an
18 article here from KYW. There's different articles
19 there were written about Cheney. They received a
20 lot of attention. But the reality is, when you
21 look at some of the other schools, they may not
22 have going-concern opinions, but oh, my goodness,
23 they're treading water. I just want to know how
24 some of these other schools -- And like I said,
25 it's -- it's more than just one.

1 How they're going to deal with -- How
2 they're going to cope with this? Because, I'll be
3 upfront, when I looked at a couple schools and
4 there's another one, in particular, I immediately
5 went to the opinion because I thought maybe that
6 one might be a going-concern also.

7 CHANCELLOR GREENSTEIN: Yeah. No,
8 there's serious issues. And these problems didn't
9 just develop overnight, which is again, why I think
10 it is really important to be totally transparent
11 about where we are.

12 The sustainability planning process is a
13 major step forward. The fact that we're doing
14 budgeting now in aligned ways so nobody can hide
15 the ball. We know methodologically what we're
16 looking at.

17 But, more importantly, we did three
18 things over the past year, which I want to call
19 out. One of them is, we worked collaboratively
20 with our collective bargaining units to develop
21 mostly four-year agreements, which are fiscally
22 responsible as well as fair. That's a big deal.

23 The second is, we have introduced an
24 enhanced sick leave payout for faculty which
25 encourages retirement. I'm pleased to say we hit

1 our target just -- yeah, just over the weekend or
2 on Friday, so that will be moving forward and
3 substantially help us in reducing our head count
4 and aligning our costs with our revenues.

5 And, having gone through the -- going
6 through the sustainability of process, I have
7 issued a directive to our presidents to do a number
8 of things. To really execute against what it means
9 to share, to be a system; to curtail use of
10 temporary faculty, using permanent, where possible,
11 across the system; to consolidate existing roles,
12 even at the executive level, including across the
13 system; to hire only essential positions, giving
14 consideration to doing so to faculty and staff at
15 other universities who might be at risk, and to
16 eliminate or consolidate low-enrolled programs,
17 including working across the system.

18 So, we're putting in a number, to the
19 question that came up earlier, a pretty aggressive
20 means to address our challenges.

21 REPRESENTATIVE GREINER: I'm just saying
22 that I have people back in my community talk about
23 consolidating schools in general locations, closing
24 a couple. That comes up. I'm talking about people
25 out in Lancaster County. People coming to me and

1 say, hey, we've got an issue here. Is there a way
2 to save costs?

3 Look, it's a complex issue. There's a
4 lot of people working on this. I want to thank
5 you. But you and I talked about this, about the
6 possible closing of schools. I'm just saying to
7 the rank-and-file people out there, they're
8 thinking, boy, business would do it. So, anyway.

9 Thank you for your time.

10 And thank you, Mr. Chairman.

11 CHANCELLOR GREENSTEIN: Thank you.

12 MAJORITY CHAIRMAN SAYLOR: I also want
13 to recognize we've been joined by the Speaker of
14 the House, Mike Turzai. So, Speaker, welcome.

15 Next questioner is Representative
16 Comitta.

17 REPRESENTATIVE COMITTA: Thank you,
18 Mr. Chairman.

19 Good morning, Chancellor. I bring you
20 greetings from two of your PASSHE schools in my
21 district, Cheney and West Chester University. I
22 want to thank you for the ways that you've worked,
23 certainly with President Walton of Cheney, and many
24 of us who are hoping to chart a successful path for
25 Cheney's future. And the private-public

1 partnership is exciting, and our chambers are
2 involved. So it's -- We're hitting on all
3 cyclinders there, and I want to thank you for that.

4 So, I also want to mention, in talking
5 with faculty and administration at both Cheney and
6 West Chester how pleased everyone is that you're
7 moving things in a positive direction regarding
8 faculty staffing, as you were describing.

9 So, in my district I have the very
10 successful school and I have the struggling school.
11 So, could you just talk a little bit more about how
12 you are making sure that we protect our very
13 successful schools like West Chester. I'm class of
14 '74, by the way, proud Golden Ram.

15 As we also work to stabilize the
16 struggling schools, you've talked a little bit more
17 about that. Do you see a path of stability that
18 will not require some retrenchment of our permanent
19 faculty?

20 CHANCELLOR GREENSTEIN: So, a couple of
21 questions there. Let me see if I can break them
22 out.

23 First, I'm glad you're hearing good
24 things from our faculty and staff. I want to
25 commend Doctor Mash who's head of APSCUF for his

1 partnership in helping with that. That's a result
2 of a collective effort.

3 Second, I think the best protection that
4 we can afford a financially stronger university is
5 to ensure that the others are financially stable,
6 because we are basically a single bank account, and
7 weakness anywhere in the system drags everywhere in
8 the system. And I think leadership at all of our
9 universities recognize this.

10 In fact, I had a retreat with our
11 presidents in early February, which moments of the
12 conversation gave me goose bumps because of the
13 recognition that we have to work together to help
14 all of us, which is not something you expect to see
15 in a leadership team at a system which has been --
16 universities have been largely independent and
17 competing with each for 120-plus years. So it was
18 really powerful. I commend my presidents for that.
19 So, I think that's the most important thing.

20 Look, I think that if we are able to
21 work effectively together across our universities
22 to share in a way I hope, ultimately, we'll begin
23 to share more with the community colleges to
24 recognize that we can't all simply command our own
25 programs because we will cannibalize each other; to

1 think holistically about programming, so that it is
2 in the interest of the state; not necessarily just
3 our universities in our region; that we cannot only
4 ensure, you know, great benefit for those that are
5 financially strong, but for the State of
6 Pennsylvania as a whole.

7 It's -- it's a -- It's a powerful
8 vision. I'll be the first to tell you it's tough
9 as heck to execute against because, culturally and
10 systematically and infra-structurally, we're just
11 not wired to do it, but it's our path, and it's a
12 powerful path. And, frankly, given the workforce
13 needs of the state, I'm struggling to think of
14 another one that would serve us and the state in
15 the same way.

16 REPRESENTATIVE COMITTA: I agree with
17 you. I mean, you've talked about goose bumps. It
18 is an exciting time and what we're seeing, and
19 whether it's with PASSHE or in, you know, other
20 challenging areas that people are seeing that. You
21 know, people who don't usually talk with each
22 other, work with each other, sometimes work against
23 each other.

24 In order to preserve and protect our
25 collective future, in this case PASSHE and our

1 students' future success, we have to work together
2 --

3 CHANCELLOR GREENSTEIN: Yeah.

4 REPRESENTATIVE COMMITTEE: -- and we have
5 to compromise, and so on, so I'm excited to see.
6 And I thank you for your leadership on that. I
7 know that that is something that needs to be
8 nurtured.

9 Can you talk also a little bit about the
10 -- how you are -- how we're working to attract some
11 of those students who are going to those online --
12 I mean, there's incentives for students to go to
13 Southern New Hampshire, or whatever. We want them
14 to be right here in Pennsylvania. Can you just
15 again underscore what you're doing there, because
16 that's real? We need those students right here.

17 CHANCELLOR GREENSTEIN: Yeah. No, I
18 think we need to aggressively ramp up our
19 undergraduate. In fact, our Chief Academic
20 Officer, Donna Wilson, is meeting with the
21 universities and looking at those that are already
22 offering undergraduate online programs and trying
23 to ramp those up.

24 It's unconscionable to me. I mean, it's
25 unconscionable to export them, but it's

1 unconscionable, I mean, to actually -- actively
2 export them. It's unconscionable to me to not
3 serve them. And our price point, the tuition, it's
4 tuition only if it's online. Our price point is at
5 or below all but one of the five big providers. I
6 think I'm right in saying that.

7 And, we also know that students who do
8 an online program will always prefer and typically
9 attend a program which is within 75 or a hundred
10 miles of their house, so we're leaving it on the
11 table. And this is to me -- I mean, this goes back
12 to partnership. We need a partnership with the
13 General Assembly, obviously, because of our funding
14 needs.

15 But we also, our part of that
16 partnership is to get out of our own way and go
17 after these opportunities aggressively,
18 thoughtfully, analytically, and accountably, but we
19 have to go -- We have got to continue to evolve our
20 practice so it meets the needs of our students.

21 REPRESENTATIVE COMITTA: Thank you again
22 for your leadership.

23 MAJORITY CHAIRMAN SAYLOR:
24 Representative James.

25 REPRESENTATIVE JAMES: Thank you,

1 Mr. Chairman.

2 Welcome, Chancellor Greenstein.

3 CHANCELLOR GREENSTEIN: Pleasure to be
4 here.

5 REPRESENTATIVE JAMES: Thank you for
6 your commentary today.

7 In a moment I'm going to ask a question
8 or two about the faculty labor contract which we
9 got into last year but not very deeply. Before I
10 go there, I'd like to ask one more question about a
11 three-bill package that Representative Kim
12 mentioned.

13 How would you characterize the genesis
14 of that three -- of the three bills? Did you have
15 a lot of input into it, or who developed them,
16 please?

17 CHANCELLOR GREENSTEIN: Well, so --

18 Yeah, I would like to think I had a lot
19 of input into it. But we socialized. We worked
20 extensively with all of our key constituencies:
21 Board members, councils of trustees, presidents,
22 naturally, staff and faculty groups, naturally,
23 members of the General Assembly.

24 And we basically took Act 188, which was
25 written in 1983, you know, imagine what's happened

1 since 1983. This thing called the Internet and a
2 bunch of other stuff has happened. And basically
3 looked at Act 188 and said, look, of all these --
4 Given our deep knowledge of where we are and what
5 we need to accomplish, let's look at Act 188 and
6 ask ourselves, seriously, what is holding us back?
7 Are there things statutorily, put it that way, that
8 are holding us back from accomplishing what we need
9 to accomplish?

10 And those bills, basically -- And we
11 went through that exercise with all those
12 constituency groups gathering input, and those
13 bills really reflect that process.

14 REPRESENTATIVE JAMES: So there are many
15 contributors to that, and they kind of funneled
16 through your office. I wanted to be clear on that.

17 CHANCELLOR GREENSTEIN: That is correct.

18 REPRESENTATIVE JAMES: There are some
19 that believe that it all came from you.

20 CHANCELLOR GREENSTEIN: I wish I was
21 that smart. I'm not.

22 REPRESENTATIVE JAMES: Well, you
23 probably are.

24 Last year, as I mentioned, a question
25 was asked--I think maybe it was even me--that asked

1 about the faculty labor contract at that point.
2 You deferred because you were brand-new at that
3 point. So, let's open that door one more time if
4 we could.

5 The whole idea of the new contract, at
6 least in theory, was to help the system hold down
7 expenses; operate more efficiently so certain
8 changes could be made. What can you say about the
9 new contract at this point? Are we -- Are we
10 making progress?

11 CHANCELLOR GREENSTEIN: So the contract
12 was completed. We signed it in October, but it was
13 completed sort of August-ish, September-ish. Yeah,
14 it was -- We introduced a new process to negotiate
15 it, which was a collective problem-solving
16 approach, so it wasn't positional bargaining.
17 People get in the room together and work together
18 to figure out what their issues are and how to
19 address them. Probably one of the most rewarding
20 experiences of my life, to be perfectly honest.
21 Opportunity to be transparent, collaborative in a
22 whole different way.

23 The net result is that the total
24 incremental cost of the contract over the next four
25 years, comparing apples to apples, will be about

1 half of what the last four-year contract was. I
2 think it was both fiscally responsible and fair
3 both in terms of --

4 I think we touched or amended more than
5 half of the articles in the contract, which is --
6 was unheard of, and it just reflects the
7 collaborative nature of the group. It was sort of
8 a pinned-up desire to address issues over time, but
9 never been addressed because relations had been, I
10 think, quite challenging I'm told. But, you know,
11 finding this kind of new collaborative approach
12 enabled us to really spend a lot of time improving
13 all sorts of aspects, which will give us a lot of
14 help, frankly, and collaborative work with our
15 faculty in tough times over the next couple of
16 years.

17 REPRESENTATIVE JAMES: Your response is
18 excellent. Very encouraging.

19 CHANCELLOR GREENSTEIN: I'm very
20 encouraged.

21 REPRESENTATIVE JAMES: I have to ask a
22 cost question. As you look forward over the next
23 12 or 24 months, about how much will that add to
24 your overall cost to run the system?

25 CHANCELLOR GREENSTEIN: 22 million.

1 REPRESENTATIVE JAMES: Okay. Thank you.

2 CHANCELLOR GREENSTEIN: 22.9.

3 REPRESENTATIVE JAMES: If the
4 appropriation doesn't --

5 CHANCELLOR GREENSTEIN: That's over --

6 REPRESENTATIVE JAMES: That's close
7 enough.

8 CHANCELLOR GREENSTEIN: -- four years.

9 REPRESENTATIVE JAMES: Oh, four years.
10 That's even better.

11 If your appropriation doesn't cover all
12 of the salary expenses, will that -- do you
13 anticipate that would increase tuition? These guys
14 want to know that.

15 CHANCELLOR GREENSTEIN: Oh, no. I
16 understand that.

17 Look, I think, given where we are
18 affordability -- Look, our historic market has been
19 the low- and middle-income students that this state
20 needs us to educate to fill that gap. We have to
21 stay in that market. We belong in that market.
22 We're good in that market. These kids need us in
23 that market, and we have to do everything we can to
24 stay there.

25 So, you're asking me, I think

1 affordability has got to be our number 1 priority.

2 This sustainability planning allows us
3 to manage our costs to our new enrollment levels,
4 which will have a direct benefit for our ability to
5 not continue to put the price onto the shoulders of
6 our students.

7 REPRESENTATIVE JAMES: Okay. So it
8 sounds like you're getting very close to matching
9 expenses with revenues?

10 CHANCELLOR GREENSTEIN: We have a ways
11 to go, but I'm, in the next four to five years I
12 will be here, and I will tell you that every one of
13 our universities is financially stable. They will
14 look different some of them, but they will be
15 stable, and they'll be delivering the 21st century
16 higher education that our state needs them to
17 deliver.

18 REPRESENTATIVE JAMES: Okay. Thank you
19 very much for your responses.

20 Thank you, Mr. Chairman. If I could
21 make one comment, I would encourage all of our
22 members to take a hard look at that three-bill
23 package and vote yes when you get the opportunity.
24 Thank you.

25 CHANCELLOR GREENSTEIN: Thank you.

1 MAJORITY CHAIRMAN SAYLOR: We informed
2 the students that we're going to do a pop quiz
3 after this so that they see how much they learned
4 from the Chancellor today.

5 FORMER REPRESENTATIVE MILNE: Spoiled my
6 surprise, Mr. Chairman.

7 MAJORITY CHAIRMAN SAYLOR: Sorry about,
8 Duane.

9 Next questioner is Representative
10 McCarter.

11 REPRESENTATIVE McCARTER: Thank you very
12 much, Mr. Chairman.

13 And again, thank you very much for being
14 here today, Chancellor. I want to go back to a
15 little bit of a conversation I know we've had in
16 the past; a concern that I have, and it's an
17 ongoing one, dealing with the grounding of all
18 students in basic liberal arts.

19 As we look at the, you know, package
20 that we're looking at of different bills, and also
21 looking at the new design plan that we want to do
22 implementation; again, what are the guarantees that
23 you can give to make sure that all students -- and
24 this great changing time of, obviously,
25 technological change that we're going through and

1 talking about STEM education and all of the changes
2 that are happening, that we can still make sure all
3 the students who come through our state
4 universities still have a good grounding in the
5 liberal arts?

6 CHANCELLOR GREENSTEIN: So, a couple
7 things. One of them is our universities,
8 historically, have been a general education-based
9 place that create a -- actually provide also a
10 technical layer so that students can launch their
11 careers. That's a real strength in today's
12 economy. Who knew? So that's important.

13 I think the system redesign strategy
14 that we're pursuing gives us a wider range of
15 options that we had before to ensure full breadth
16 of educational programming in the liberal arts. We
17 don't need to sustain celtic poetry, my favorite,
18 at every university to make sure that celtic poetry
19 is available somewhere in the system, and you can
20 slot in for celtic poetry at any number of
21 different --

22 REPRESENTATIVE McCARTER: Would that be
23 only as an elective, or would that be something --
24 Is there a basic grounding that still would be to
25 be, that every student would have to take a certain

1 number of liberal arts courses?

2 CHANCELLOR GREENSTEIN: I think if we're
3 talking about the degree program, I don't see our
4 faculty --

5 REPRESENTATIVE McCARTER: It is a degree
6 program.

7 CHANCELLOR GREENSTEIN: I don't see our
8 Faculty Curriculum Committee doing anything any
9 time soon to abolish the general education, unless
10 my colleagues chime in and tell me different.

11 REPRESENTATIVE McCARTER: Okay.

12 CHANCELLOR GREENSTEIN: I'm getting a
13 look that would suggest no.

14 REPRESENTATIVE McCARTER: That's good to
15 hear. Let me spin to another area then very
16 quickly.

17 Obviously, we're all dealing and coping
18 with the possibility of COVID-19 spreading
19 throughout our schools and spreading throughout our
20 society here. I'm curious as to the planning
21 that's taking place at your level in terms of the
22 universities to deal with that; whether we've had
23 to return students from overseas programs, or what
24 has taken place so far, and what plans are you
25 doing at the present moments?

1 CHANCELLOR GREENSTEIN: Yeah, good
2 question. I was just on the phone this morning
3 with my presidents talking about this subject
4 exactly. So, here are the things we have done.

5 First, we are in close contact with the
6 CDC and the Departments of Health, both state and
7 federal, making sure that our universities are
8 aware, as we are all aware, of the guidelines as
9 they continue to evolve. We've pulled our
10 continuity -- business continuity plans off the
11 shelf and refreshed them where they needed to be
12 refreshed to deal with pandemic, or potentially
13 pandemic events. So, that's in progress.

14 With respect to student travel abroad,
15 universities are going -- obviously making
16 information available to their faculty, staff and
17 students; not typically -- They're not sending --
18 they're canceling programs that are intending to go
19 into high-risk areas; areas identified as Level 3
20 in the state department, or 4. Where students
21 returning from those areas, they're taking steps to
22 ensure that they're quarantined.

23 You know, I think -- And then
24 universities are individually dealing with the
25 issues that arise from the trips that are planned

1 next month for Jamaica or Costa Rica or the various
2 other educational destinations.

3 So, I'm convinced that we're being --
4 obviously looking at this and taking it very
5 seriously, as you would expect, and doing
6 everything in our power to ensure our students,
7 staff and faculty are as safe as they can in these
8 times.

9 REPRESENTATIVE McCARTER: Okay. Thank
10 you very much.

11 MAJORITY CHAIRMAN SAYLOR:
12 Representative Fritz, next.

13 REPRESENTATIVE FRITZ: Thank you there,
14 Mr. Chairman.

15 Thank you, Chancellor, for being with us
16 today. Chancellor, I understand the State System
17 is moving away from a uniform tuition price for PA
18 residents attending one of our PASSHE schools, and
19 allowing universities, rather, to make the case for
20 more individualized pricing. And I get why that
21 would occur. There's supply and demand principles.
22 There's different operational cost variables.
23 There's different overhead variables.

24 So my question is, who, at any given
25 school, sets the rate? And, in particular, my

1 curiosity is, is it just the bean counters, or is
2 it a more diverse panel that looks at broader
3 criteria?

4 CHANCELLOR GREENSTEIN: So, our policy
5 still gives the board the authority to approve, um,
6 the tuition. Even so universities are under a new
7 policy able to propose their own tuition plans, the
8 board will still have to say yay or nay, so that
9 meeting will happen in April of this year.

10 We're taking a whole price approach,
11 because the price a student pays ultimately is made
12 up of tuition fees, room and board. Any grants
13 that they -- that they get from PHEAA or from PELL
14 or other sources. And so, our objective is to
15 ensure that students are able to be protected from
16 price increases that exceed the rate of inflation,
17 but taking account of all of those price
18 components, if that makes sense. So, when the
19 board looks at tuition proposal, tuition makes up
20 less than half of the total price a student pays,
21 they will be asking questions of the university
22 about their university based fees, et cetera, to --
23 to ensure we stay within those parameters.

24 REPRESENTATIVE McCARTER: How many
25 schools have adopted a new pricing structure?

1 CHANCELLOR GREENSTEIN: None have
2 adopted it. The first -- The first -- The time
3 that a university will be able to propose a new --
4 Their own tuition will be this year. The board
5 will consider those proposals in April, and at this
6 stage there are three proposals that we're looking
7 at.

8 REPRESENTATIVE McCARTER: Given one
9 that's been revealed to point in this process, do
10 we see where rates are going up, down, staying the
11 same? Can you speak to that?

12 CHANCELLOR GREENSTEIN: So again, I
13 think universities are taking a whole price
14 approach and trying to contain the cost to
15 students, but there are a lot of levers that a
16 university and the system can pull which aren't
17 just tuition. Again, there's some literature in
18 the book which is worth looking at.

19 Tuition makes up less than half the cost
20 a student pays. Room and board is significantly --
21 is the larger -- by far the larger part, and so,
22 universities can do a lot to -- to actually
23 depress, lower room and board costs.

24 So, again, I think it's important to
25 take that whole pricing approach.

1 REPRESENTATIVE McCARTER: I believe you
2 and I's focus is the same. But really, what I'm
3 trying to shine a light on, especially for our --

4 CHANCELLOR GREENSTEIN: Yes.

5 REPRESENTATIVE McCARTER: -- college
6 students in attendance here today --

7 CHANCELLOR GREENSTEIN: Yes.

8 REPRESENTATIVE McCARTER: -- you shared
9 the axiom, the more you learn the more you earn.

10 CHANCELLOR GREENSTEIN: Yeah.

11 REPRESENTATIVE McCARTER: And it's spot
12 on.

13 CHANCELLOR GREENSTEIN: Yep.

14 REPRESENTATIVE McCARTER: But the flip
15 side of that coin is, debt is disabling --

16 CHANCELLOR GREENSTEIN: Yep.

17 REPRESENTATIVE McCARTER: -- and
18 oftentimes down right paralyzing. And I just need
19 to make sure we have our low- and middle-income
20 folks that are gonna be able to be empowered
21 through higher education, and they're not being
22 left behind.

23 CHANCELLOR GREENSTEIN: Yeah,
24 absolutely.

25 REPRESENTATIVE McCARTER: So that's what

1 I'm trying to impart here today, and I hope that we
2 can all have that same focus.

3 CHANCELLOR GREENSTEIN: Now, and again,
4 it gets back to affordability, at least in my view,
5 and I said this at the Higher Education Funding
6 Commission. It is the biggest barrier, not just
7 for our students, but to the economic health and
8 well-being of the state.

9 I mean, I know all the numbers are
10 pretty dramatic, but it is a pretty dramatic
11 problem, and it is a problem that we need to solve
12 in partnership. We have our part to do. And we
13 hope the General Assembly can work with us in this
14 support.

15 REPRESENTATIVE McCARTER: Thank you,
16 Mr. Chancellor. Thank you for testimony and your
17 dialogue.

18 Thank you, Mr. Chairman.

19 MAJORITY CHAIRMAN SAYLOR:
20 Representative Flynn.

21 REPRESENTATIVE FLYNN: Thank you,
22 Mr. Chairman.

23 Chancellor, good afternoon. Over here.
24 Chancellor, I want to focus my question on one of
25 our most important callings, I would say in

1 Pennsylvania, our teachers.

2 Pennsylvania's PASSHE system has
3 historically been labeled nationwide, is above
4 average in teaching curriculum. Throughout the
5 years our teachers have been poached by
6 neighborhood states, and our ranks in Pennsylvania
7 have always been full.

8 This year there's been a 66 percent
9 decrease in students focusing their studies on
10 education, the pathway to becoming a teacher.
11 66 percent. What's the PASSHE system doing to
12 combat this, and how will this affect our system?

13 CHANCELLOR GREENSTEIN: So, just to add
14 onto the challenge, my understanding is that the
15 state will require 2 percent net new teachers by
16 2025. So, rather than educating less, we have to
17 educate more in order to meet the state's workforce
18 development need in that sector.

19 This is an affordability issue. This is
20 a great example of everything we've been talking
21 about. Students choose wisely about -- You know,
22 they're paying a significant price for their
23 education, and they want to understand what the
24 return on investment is at the other end of that
25 education. And with certain critical professions--

1 social work is certainly one; teaching is
2 another--their earnings -- With teaching they still
3 justify the investment, but they're getting close
4 to the point where they don't. Social work? Not
5 so much.

6 So, this affordability issue is not just
7 about ensuring we keep the lights on in the
8 economy. It's ensuring that we have a capable,
9 ready workforce in critically, socially necessary
10 occupations. Teaching would be the primary one.
11 But what you're seeing in teaching is --

12 I mean, the market works. The market is
13 working. The price of a higher education -- The
14 price of a public higher education is showing up in
15 the choices that students are making about the
16 subjects that they follow.

17 REPRESENTATIVE FLYNN: So a 66 percent
18 decrease, what do you think is -- is contributing
19 to this? Do you think it's the demonization of
20 teachers? You're taking away their pension.
21 You're taking away the defined pension, making a
22 hybrid system. What do -- What do you personally
23 feel that is --

24 CHANCELLOR GREENSTEIN: My experience --

25 REPRESENTATIVE FLYNN: -- contributing

1 to this?

2 CHANCELLOR GREENSTEIN: -- of our
3 students, and I know there's a bunch of them
4 sitting over here so I'm really reticent about
5 making this point, is that they are -- They're
6 great.

7 One of the reasons they're great is that
8 they're super sharp. They're not just going
9 la-de-da into education and just, let's go have a
10 good time in college. They are thinking very
11 critically, as they ought to, about the choices
12 that they're making. The programmatic choices that
13 they're making.

14 REPRESENTATIVE FLYNN: So we, as
15 legislators, you feel we should make it more -- we
16 should make it easier for -- for our students to
17 want to come to the -- to try to tweak the market
18 here to bring them -- to want to get into this
19 profession?

20 CHANCELLOR GREENSTEIN: So again, going
21 back to the Higher Education Funding Commission,
22 I'll take my robes off as Chancellor of the State
23 System just for a minute.

24 This is a statewide problem. There are
25 high-demand occupations, and there are policy --

1 there are policies that can encourage people into
2 high-demand occupations that the state, in my view,
3 ought to consider seriously or risk not having the
4 workforce it needs to meet the demands of the
5 citizens in the future.

6 REPRESENTATIVE FLYNN: Thank you,
7 Chancellor.

8 CHANCELLOR GREENSTEIN: Thank you.

9 MAJORITY CHAIRMAN SAYLOR:
10 Representative Grove.

11 REPRESENTATIVE GROVE: Thank you,
12 Mr. Chairman. Happy birthday.

13 Good to see you, Mr. Chancellor.
14 Students, welcome.

15 Yesterday we had PHEAA. I discussed the
16 current lawsuit, whistle blower lawsuit pending
17 with Cheney. PASSHE is named, so you're not able
18 to discuss the specifics of the case, so I'm not
19 gonna have you do that.

20 One of the lines in there did say that
21 one of the whistle blowers did approach the board
22 prior to being fired as a whistle blower.

23 Pennsylvania state law, obviously, has a robust
24 whistle protection law. Does that law apply to
25 your office as it relates to the institutions, or

1 does that law just apply to those institutions in
2 those cases?

3 CHANCELLOR GREENSTEIN: The answer is, I
4 can't answer that question definitively. And since
5 it's a legal issue, I'd rather not get it wrong.

6 REPRESENTATIVE GROVE: Okay.

7 There are two other -- The article I
8 read, there were two other issues that were brought
9 up. Number 1, the board just recently wiped out
10 Cheney's debt of \$40 million. With that, I
11 understand there's a promise from the Governor's
12 Office to buy off the other universities who footed
13 that bill to do capital projects, correct?

14 CHANCELLOR GREENSTEIN: There's some
15 technicality, but generally correct.

16 REPRESENTATIVE GROVE: Okay.

17 Cheney University has been on the
18 federal watch list. I believe they're federal
19 monitor, financial monitoring 2. I don't know if 2
20 is the lowest or middle, or what. But there is a
21 reality that they may have to pay back the federal
22 government \$29 million. Um --

23 CHANCELLOR GREENSTEIN: Yeah, go ahead.

24 REPRESENTATIVE GROVE: Potentially. Has
25 there been a determination on that?

1 CHANCELLOR GREENSTEIN: There has. So
2 there's two things going on. One of them is that
3 Cheney is on the heighten cash management 2, which
4 is the elevated level. Under heighten cash
5 management 2, they need to apply for federal funds,
6 student federal-aid dollars retrospectively.
7 Typically, those dollars flow when students arrive
8 on campus. Cheney has to apply for them
9 retrospectively. So that's HCM 2.

10 The debt to the Department of Education
11 is different. That results from a self-report that
12 Cheney did in 2016 or '17 about potential
13 misallocation of federal dollars. That report was
14 fully investigated by the U.S. Department of
15 Education, which has settled. Actually, just this
16 last week we finally, I think, got the settlement
17 letter; has settled with Cheney for \$14.3 million
18 to be paid back by Cheney to the U.S. Department of
19 Education.

20 A plan is in place. That repayment is
21 scheduled over a period of years. A plan is in
22 place, it's been agreed to by both parties. I
23 don't have the details in my head.

24 REPRESENTATIVE GROVE: Okay.

25 Could you get that financial plan over

1 to us?

2 CHANCELLOR GREENSTEIN: Of course, I
3 can.

4 REPRESENTATIVE GROVE: Finally, what
5 worries me is financial malfeasance. Now, you
6 brought up several cases that you're looking for
7 more accountability, particularly on the -- your
8 financial internal control system. Can you
9 describe some of those internal controls you're
10 putting into place to ensure that state tax dollars
11 are not being misused or misspent or
12 misappropriated into places they are not?

13 CHANCELLOR GREENSTEIN: Yeah. So, I
14 think the cornerstone to this -- of this to me is
15 the sustainability policy where we have identified
16 a handful of measures that we're gonna watch
17 hawkishly year on year. And it's not just the
18 Chancellor's office and the board. The presidents,
19 for the reasons we discussed earlier about, you
20 know, it's a single bank account--We all have an
21 interest in getting this right--are, in effect,
22 working with us and watching each other, which is a
23 good thing.

24 The second is, we hold our university
25 leadership accountable for developing multi-year

1 goals and then delivering against those goals. And
2 the executive performance review protocol or
3 procedure, or whatever, was revised last year to
4 account for that. So that, every year I have a
5 conversation with the president about, you know,
6 what are the goals, and those goals align to the
7 kind of -- the ones that they put in their
8 sustainability policies or their multi-year plans,
9 and then every year we can have a conversation with
10 our trustees about how we're doing.

11 And it's not about gotcha. It's not a
12 game of gotcha. It's to able -- to enable us to
13 put in place the supports we need to put in place
14 so the things like -- the kinds of issues that have
15 occurred in the past don't -- don't happen again.
16 I have said publicly, you know, can bad decisions
17 still be taken? Yes. But they can no longer be
18 taken invisibly.

19 REPRESENTATIVE GROVE: I appreciate
20 that. And students, if you want to know anything
21 about government, finance and follow the money. It
22 is the bread and butter of everything we do.
23 Budgets are the largest policy document we do. And
24 if you don't know where the money is going, you're
25 failing not only the taxpayers, but moving forward

1 as a society.

2 Thank you, Chancellor.

3 CHANCELLOR GREENSTEIN: I agree with the
4 gentleman. Thank you.

5 MAJORITY CHAIRMAN SAYLOR:
6 Representative Dunbar.

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

9 Good afternoon, Chancellor.

10 CHANCELLOR GREENSTEIN: Hi.

11 REPRESENTATIVE DUNBAR: We all deal with
12 limited resources. You have to deal with limited
13 resources. We have to deal with limited resources
14 as well. We love to fund in everything we could
15 possibly have on our wish list, but we know it's
16 not possible.

17 We're looking at two different type of
18 proposals for the PASSHE system; one being the
19 Nellie Bly Scholarship and the other being the
20 system redesign investment. Not saying we can't do
21 both; not saying it's one or the other; not saying
22 we can do any of them at all.

23 But, out of curiosity, and let me be
24 your genie for a few seconds here and grant you one
25 wish, what would your one wish be? Which would you

1 prefer?

2 CHANCELLOR GREENSTEIN: Sophie's choice.

3 REPRESENTATIVE DUNBAR: Yes.

4 CHANCELLOR GREENSTEIN: Let me tell you
5 what I -- what I tell you what we --

6 REPRESENTATIVE DUNBAR: And you're not
7 going to ask for four more wishes or anything like
8 that?

9 CHANCELLOR GREENSTEIN: No, I'm not
10 gonna ask for more wishes. That would be
11 imprudent. No.

12 Look, what we need is in the
13 appropriations request. We need --

14 REPRESENTATIVE DUNBAR: Which is the
15 redesign?

16 CHANCELLOR GREENSTEIN: -- \$20 million.
17 Yeah, redesign and the cost to carry, the
18 2 percent.

19 Nellie Bly addresses a larger issue, and
20 it's an important one, but it's in a different
21 bucket in my head as a one-time policy guy. It
22 really gets at this fundamental issue of student
23 affordability and workforce development. I mean,
24 it's -- And I'm not discussing the source of the
25 funding. That's an issue, obviously, for you and

1 others to take up.

2 But there is a major affordability
3 issue. We have a part to play in that by reducing
4 our costs, but these are policy choices that I
5 think are gonna have to be taken, in my view,
6 sooner rather than later.

7 REPRESENTATIVE DUNBAR: I know we are
8 gonna have to make some hard choices. That's why I
9 wanted to have you on the record as what your
10 preference was.

11 Thank you.

12 CHANCELLOR GREENSTEIN: Thank you.

13 MAJORITY CHAIRMAN SAYLOR:

14 Representative Heffley.

15 REPRESENTATIVE HEFFLEY: Thank you.
16 Just a couple of quick questions.

17 Obviously, we're all aware of the
18 staggering cost of higher education and the debt
19 that our younger generation is acquiring in
20 obtaining that higher education. Funds are
21 limited. I mean, everybody that comes in here,
22 PennDOT, any group that comes in here is looking
23 for more money, more resources.

24 With that said, there are limited
25 resources, and the tax base can only support so

1 much. Some people say make everything free. We
2 have free public education, but yet, I hear nonstop
3 from my property owners about how not free it is.

4 So, with that, looking for cost savings,
5 and I mentioned this a little bit yesterday when we
6 were talking with PASSHE. The community college
7 program, dual enrollment programs with high school
8 and community colleges, any student that really
9 wants to pursue a college education should
10 participate and take part in that program. And
11 there's no reason why any student graduating high
12 school can't already have an associate's degree at
13 the same time they obtain their high school
14 diploma.

15 CHANCELLOR GREENSTEIN: Right. Correct.

16 REPRESENTATIVE HEFFLEY: That there cuts
17 off two years and significantly reduces college
18 loan debt. That's something that we really should
19 be promoting.

20 With that said, many community colleges
21 also have dual enrollment programs with some of the
22 state universities and some of the nonpreferred
23 universities.

24 So, my question is two-part. How can we
25 better use online education through community

1 colleges, whether students take classes at the
2 community colleges as they pursue their bachelor's
3 degree. I've heard talk about how many students
4 are going out of state for online education.

5 At the same time, how can we -- Also, if
6 you could -- two-part. I'll ask one -- two-part
7 question. How can we better get agreements between
8 community colleges and our State System for dual
9 enrollment?

10 CHANCELLOR GREENSTEIN: Yeah.

11 REPRESENTATION HEFFLEY: Also, with
12 students that attend a state university for their
13 first two years of education, what is the
14 percentage of students that drop out before they
15 obtain their two years? And, how many articulation
16 agreements are there between community colleges to
17 accept those credits so that when that student,
18 maybe they just don't like the experience or they
19 have an underlying issue they have to move home and
20 they could transfer those credits to the community
21 college to at least accomplish an associate's
22 degree and then maybe move forward?

23 So it's a two-part question. I think it
24 could be significant cost savings to our generation
25 as we move forward.

1 CHANCELLOR GREENSTEIN: So I absolutely
2 agree. And this goes back to the conversation we
3 were having about how do we actually align around
4 life-long learning pathways? Not command and
5 control over the market that we historically had.
6 And there are ample opportunities to do that with
7 high school, communities colleges, and for
8 universities; not just in the Pennsylvania State
9 System.

10 On credit transfer, let me -- there's
11 nothing -- There's been a lot of emotion; not so
12 much data around this problem, so let me throw some
13 out to us. So, first of all, we have something
14 like 400 program-to-program alignment agreements
15 with the community colleges; 300 or 400. They're
16 very specific.

17 You want a degree in business or finance
18 and you wanted it at Clarion--I hope Clarion does
19 business in finance--for the purposes of this, it
20 will have agreements with community colleges in its
21 region and elsewhere across the state.

22 Of the credits to get transferred to one
23 of our schools, 93 percent are accepted. That's up
24 from 88 percent a few years ago. That's really
25 high, right? Community college students graduate

1 at a higher rate than our native freshman. They're
2 tried and tested. They're good. They're good
3 students. They typically take maybe one or two
4 courses more than our native freshman that might
5 have to do with choices that they made at college
6 that don't align or changes in the degree pathway,
7 but that's -- there's a very strong record.

8 Several of our universities are actually
9 taking a larger share of community colleges than
10 you would expect, given community college
11 enrollment, so that's also good.

12 So, there's a lot that we can build on,
13 but I think we're gonna have to figure out
14 collectively with our schools and community
15 colleges whether we're competing with each other in
16 a very tough market, or whether we're actually
17 gonna work together to serve the state and,
18 obviously, the State System is very open to that
19 conversation.

20 REPRESENTATIVE HEFFLEY: Yeah, I would
21 very much encourage a partnership.

22 So, how many schools do not have
23 articulation agreements with community colleges for
24 students that may go to a state school first and
25 then go back to a community college?

1 CHANCELLOR GREENSTEIN: That is a great
2 question which I cannot answer. I can't talk -- I
3 don't know. You're talking about that reverse --
4 the reverse flow, and that's a great question. I
5 will get you -- If the answer is available, I will
6 get it for you.

7 REPRESENTATIVE HEFFLEY: And if we could
8 -- If we find that answer, and it's something needs
9 to be improved upon, I think that's -- that's
10 crucial. At the end of the day, all these dollars
11 we spent isn't to support a system.

12 CHANCELLOR GREENSTEIN: Right.

13 REPRESENTATIVE HEFFLEY: It's to
14 encourage to get the best value in education for
15 our young folks. So, thank you.

16 CHANCELLOR GREENSTEIN: No. That's a
17 great question. Thank you.

18 MAJORITY CHAIRMAN SAYLOR: Our next
19 questioner is the Chairman of the House Education
20 Committee, Representative Curt Sonney.

21 REPRESENTATIVE SONNEY: Thank you,
22 Mr. Chairman.

23 Chancellor, good to see you.

24 CHANCELLOR GREENSTEIN: Good to see you.

25 REPRESENTATIVE SONNEY: I'm not gonna

1 prolong this for ya. I'm probably the only one
2 standing between you and the door.

3 But you talked, as I listened to you
4 this morning, you talked re-skill, up-skills,
5 career relevance. We've had some discussions about
6 the effect on community colleges. You know, you've
7 talked about talking with the communities in which
8 your universities exist; talking with employers on
9 what their needs are, and, you know, career
10 relevant.

11 So, what are you hearing? I mean, are
12 these -- Are what you're hearing feeding the same
13 tried and true system? We need four-year degrees?
14 We need four-year degrees? We need higher
15 education. You know, higher education has always
16 -- typically always been four-year degree or more.

17 We absolutely know there are certain
18 professions out there today that absolutely require
19 a very high degree of education. But there are
20 many, many, many employment opportunities out
21 there, you know, that don't require a four-year
22 education. They probably don't even require a
23 two-year degree.

24 CHANCELLOR GREENSTEIN: Right.

25 REPRESENTATIVE SONNEY: How critical do

1 you think it is in moving in that direction of a
2 associate degree and/or certificate degree programs
3 within the system, you know, for the viability of
4 the system in the future?

5 CHANCELLOR GREENSTEIN: So, I hear both.
6 We need everything that I hear from employers.
7 Again, I'm gonna go back to my testimony of the
8 Higher Education Funding Commission.

9 The problem with education is that the
10 pathways are unclear. That the market is vast. It
11 includes community colleges. It includes four-year
12 colleges. It includes professional schools. It
13 includes licensure credentials. It includes micro
14 credentials and badging opportunities and employer
15 training programs.

16 And for the student who wants to define
17 a pathway and then alter it along the way, it's
18 chaotic. And the question for educators --
19 education policymakers is how to instill some
20 predictability and regularity into that chaotic
21 marketplace. How do we align better, not with just
22 two years and four years, but how we align better
23 with two years and four years and commercial
24 providers offering credentialing and licensure and
25 badges for the student.

1 It forces us to break out of the mindset
2 where we have different sectors in different places
3 with peculiar little doorways between them, and
4 that we instead work with employers and employer
5 associations to define their full range of needs
6 and then develop the pathways that allow students
7 to pursue the educational journey that meet those
8 needs. It's a very different approach, but I'm
9 confident that we can --

10 REPRESENTATIVE SONNEY: It's really an
11 approach of more offerings instead of very specific
12 degree offerings.

13 CHANCELLOR GREENSTEIN: Correct.
14 Absolutely correct.

15 REPRESENTATIVE SONNEY: You really look
16 to in the future to just really expand those
17 offerings?

18 CHANCELLOR GREENSTEIN: Correct. And I
19 think, as in any organization, any industry we have
20 to be very careful about, you know, what are we
21 good at? How do we build on competence?

22 So our competence tends to be with low-
23 and middle-income students. It's kind of our
24 birthright, and it's, frankly, that's where the
25 state needs us to be operating. It is increasing

1 with underserved students, students of color and
2 students in rural regions.

3 We have competence in tiers of STEM, but
4 not all; tiers of STEM, health, business,
5 education, right? And so, it makes sense that we
6 can supplement in those areas where we're strong
7 with master's degrees and bachelor's degrees that
8 we can supplement with nondegree, credit-bearing
9 certificates and other -- other kinds of
10 credentialing programs that supplement our
11 strength.

12 We're probably not gonna be training our
13 next generation of brain surgeons any time soon.
14 And there are other areas where we're gonna be not
15 operating. So our choice is, how do we build on
16 core competence, work collaboratively with other
17 education providers, high schools, two years, and
18 particular in the public sector, enable to fit into
19 those pathways which a student sees developing over
20 a lifetime.

21 REPRESENTATIVE SONNEY: Which ties in
22 with life-long learning?

23 CHANCELLOR GREENSTEIN: It's critical to
24 life-long learning. The average estimate is that
25 the student graduating today, cover your ears,

1 folks, will change jobs eight to 10 times by age
2 40.

3 REPRESENTATIVE SONNEY: And, there
4 again, is where these certificate programs come
5 into play, correct?

6 CHANCELLOR GREENSTEIN: Absolutely
7 critical.

8 REPRESENTATIVE SONNEY: And let's just
9 talk just real quick and briefly about the
10 underserved population. I mean, obviously, the
11 entire higher ed system has always been pulling for
12 those exact same students. You know, the real
13 untapped pool of those potential students is that
14 underserved population.

15 Do you believe that through the
16 realignment and offering more of certificate and
17 maybe associate-type programs is a way also to tap
18 into that underserved population?

19 CHANCELLOR GREENSTEIN: I think into the
20 underserved population, as you've defined it, and
21 also into underserved adults, yes.

22 REPRESENTATIVE SONNEY: Thank you for
23 your answers. I just want to say, I want to
24 commend you for the amazing work that you've really
25 done over the past year. And I look forward to

1 working with you as we try to advance this
2 legislation.

3 CHANCELLOR GREENSTEIN: Thank you.

4 REPRESENTATIVE SONNEY: Hopefully, set
5 the system on a good path moving forward.

6 CHANCELLOR GREENSTEIN: Thank you.

7 Appreciate it. Thank you.

8 REPRESENTATIVE SONNEY: Thank you,
9 Mr. Chairman.

10 MAJORITY CHAIRMAN SAYLOR:

11 Representative Bradford.

12 MINORITY CHAIRMAN BRADFORD: Thank you,
13 Chairman.

14 Thank you, Chancellor. And I would
15 actually just echo what the prior gentleman said.
16 I think you're doing an amazing job. And I think
17 you actually drew attention to the point that I was
18 going to make, which I noticed actually is in your
19 book on page 31. I think it's just an issue that
20 needs to be pointed out once again, which is, just
21 the differential about that 110,000-dollar mark
22 where you see that those making under those
23 families, you're losing I think it's 22.7 percent,
24 your book indicates, enrollment down among those
25 families.

1 At the same time you're having
2 tremendous success with families above that
3 \$110,000. And if we're talking -- and rightfully
4 talking about giving people those core capacity
5 that we want them to have, those who most need it
6 are the ones who were -- who are losing.

7 And I just think that's so important to
8 look at that and realize it plays out very
9 differently socioeconomically, and that really has
10 to be something, as we recognize the underfunding
11 that continues and persists in the system, how that
12 plays out.

13 Funding decisions have real implications
14 in terms of outcomes, and I just think it bears
15 repeating. So I want to thank you for everything
16 you said, everything you've done. If you want to
17 make any comments on that, otherwise, I just want
18 to thank you again for the tremendous work you're
19 doing on behalf of the system.

20 CHANCELLOR GREENSTEIN: Yes, just one
21 quick comment. The PAsmart Program, you know,
22 interesting, it's a game changer in many ways. But
23 in my view, and this is really as an education
24 technocrat particularly because it targets the
25 group in the middle. The lines that are dropping

1 most quickly in that chart are the students who
2 will benefit most from the PAsmart, the Nellie Bly
3 scholarship the way it's currently designed. So,
4 it's -- it's -- it's clever in that regard.

5 I also just wanted to add that I have it
6 on good authority that Clarion does do business in
7 finance, and I felt like I needed to say that. So
8 I appreciate that.

9 MINORITY CHAIRMAN BRADFORD: The people
10 in Clarion appreciate that, I'm sure.

11 And again, I -- and I appreciate what
12 you said, too, about Nellie Bly. And I think --
13 You know, again, there's pushback, and
14 understandable, about how that's paid for. But if
15 we don't keep in mind we need to pay for it, we
16 need to come up with a mechanism to get this done.

17 If you don't like what the Governor
18 proposed, it's -- Looking at those numbers, it's
19 our obligation, frankly, to come up with a way to
20 address it. And I think the Governor desires
21 credit for throwing out his marker and saying,
22 okay, this is my idea.

23 Thank you.

24 MAJORITY CHAIRMAN SAYLOR: Very good.

25 I did want to introduce a few people who

1 are here today. I want to recognize Doctor Mash
2 who's with APSCUF. Thank you for being here as
3 well.

4 Also, we have the president of the
5 Independent Colleges and Universities, Don Foley
6 here as well, and his assistant, Nichole Duffy, a
7 former member of the House staff; as well as
8 Elizabeth Boland from the community colleges.
9 Everyone has a great interest in education.

10 And we'll be hearing this afternoon from
11 Penn State, Pitt, Temple and Lincoln. At 1:30,
12 we'll reconvene.

13 But, in closing, Chancellor, I want to
14 thank you. No pun intended. Doctor Greenstein,
15 you're exactly what I think the doctors ordered for
16 our state universities. As a poor kid coming from
17 York County going to IUP, it was one of my best
18 options for me as a kid growing up as a farm boy in
19 York County.

20 So I'm excited to see some changes
21 coming about and look forward to working with you
22 as we move forward with Pennsylvania.

23 CHANCELLOR GREENSTEIN: Yes.

24 MINORITY CHAIRMAN BRADFORD: I also
25 would be remiss in not adding my voice to the

1 chorus of folks in wishing the Chairman a happy
2 birthday. I'm not gonna give his age away, but he
3 is now Social Security eligible. So if you're
4 wondering, that is the socialism that the Chairman
5 supports.

6 MAJORITY CHAIRMAN SAYLOR: I'm not
7 endorsing Bernie.

8 But, anyway, with that we will adjourn.
9 And I wish the students good luck.

10 CHANCELLOR GREENSTEIN: Thank you.

11 (Whereupon, the Appropriations Committee
12 hearing adjourned).

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