

MINUTES OF THE RC MANAGERS MEETING

January 24, 2014

9:00 a.m. – Noon, 107/108 Eagle Commons

Present: B. Bailey, L. Campbell, P. Fackler, P. Frese, J. Geiger, D. Hartley, D. Katis, T. Latour, R. Puller, S. Puleio, H. Tripp, T. Varsek, and K. Whitney. Also attending were R. Nowaczyk (via conference phone for Agenda Item #1) and A. Roberts for J. Foster.

Minutes

The minutes of the RC Managers' Meetings of November 14, 2013, were approved as drafted.

K. Whitney re-ordered the agenda to enable discussion of the item related to performance measures at the beginning of the meeting so that R. Nowaczyk could participate via phone.

Agenda Items

1. Proposed Changes in University's Performance Measures

K. Whitney explained that three of the university's five optional performance measures were under consideration for replacement due to their limitations in attracting performance dollars for Clarion. She noted that the university was required to submit proposed changes to PASSHE no later than February 7.

R. Nowaczyk reviewed proposed new measures related to High Impact Practices (HIPs), distance learning, and student life. He indicated that NSSE data related to HIPs would serve as a useful measure for Clarion given the university's commitment to be a leader in HIPs as well as its recent General Education changes. Members discussed whether or not the NSSE/HIP measure should account for one or two of the three new measures that Clarion would propose. R. Nowaczyk suggested that the university look at measuring engagement with HIPs for freshmen as well as seniors. He noted that the first year seminar to be implemented as part of General Education reforms would tie in well with an HIP measure. He further noted that since Clarion was currently below the PASSHE average for percentage of first-year students participating in HIPs, the university could develop a trajectory for improvement. B. Bailey noted a tie-in as well to the Engaged Learners program.

In reviewing the rationale for a distance learning measure, R. Nowaczyk indicated that he would look at trend data based on head-count enrollment in all online programs vs. courses. K. Whitney suggested looking at all online credentials. P. Fackler noted the need to consider the extent to which Clarion's growth in online programs was intentional or merely happenstance. R. Nowaczyk pointed to the development of new online programs in criminal justice, psych/soc, and accounting. P. Frese suggested that whatever target

were established as a distance learning measure be aligned with Clarion's plans for where it wanted to be in 5 or more years, not some arbitrary number for which it would have to make adjustments. K. Whitney indicated that she would be in favor of a distance learning measure as long as it took advantage of the university's stated goals.

R. Nowaczyk suggested that in keeping with Clarion's commitment to focus on the entire student experience, a measure related to student life might be proposed to PASSHE. He added that the measure would also provide an opportunity for Student Affairs to earn performance dollars. H. Tripp noted that he would get information to K. Whitney on a measure related to student participation or leadership for consideration. K. Whitney asked if student employment should be considered as a factor.

R. Nowaczyk noted the need to recalibrate university enrollment targets that had been set when enrollments were higher. He added that a number of PASSHE universities were facing the same need. K. Whitney noted that with the strategic directions and academic plan completed, attention needed to be given to enrollment shaping, including a discussion of enrollment levels for on ground as well as on line. H. Tripp and D. Katis noted the impact of the growth in online programs on areas such as Athletics, housing, and food services. H. Tripp emphasized that if a critical mass of students were not maintained on campus, some significant changes would be needed.

RC Managers indicated that they approved moving forward with the proposed changes in the university's optional performance measures. K. Whitney asked R. Nowaczyk to work on the numbers for the proposed changes; she requested the L. Campbell inform R. Moneta that his assistance would be needed with that work.

ACTION: RC Managers approved the proposed changes in the university's optional performance measures.

ACTION: R. Nowaczyk will work on the numbers for the proposed changes assisted by R. Moneta.

ACTION: Clarion University's proposed changes in optional performance measures will be submitted to PASSHE by the February 7, 2014 deadline.

2. Update on Tuition Proposals

K. Whitney reported that PASSHE universities had been given a short turnaround time in which to propose tuition flexibility proposals aimed at enhancing enrollment and financial viability. She noted that Clarion had put forth two proposals—one seeking differential pricing for high-cost, high-demand courses and another based on per credit pricing. She further noted that at their January 23 meeting, the Board of Governors had approved Clarion's request to implement a pilot differential tuition program for two years but indicated the need for additional time to consider the per credit proposal.

Members discussed research related to student success and number of credits per semester. K. Whitney stressed the need for tuition proposals that would incentivize desired university outcomes and do no harm to the institution. H. Tripp suggested lowering out-of-state tuition for the children of alum to create a legacy model. K. Whitney expressed her openness to reviewing such a proposal but noted that Clarion University would not offer across-the-board discounts on out-of-state tuition, such as Edinboro University was planning to do. She asked that RC Managers with strong views on per credit pricing share their thoughts with P. Fackler and R. Nowaczyk.

ACTION: RC Managers will share their views/concerns about per credit pricing with P. Fackler and R. Nowaczyk.

3. Audited Financials for FY2012-2013

P. Fackler reviewed the university's Audited Financials for year ended June 30, 2013, beginning with the opinion letter from the firm of CliftonLarsonAllen, which had issued a clean opinion of the audit. He reviewed financial, capital and other assets as well as current and noncurrent liabilities, noting that of the university's total current assets of \$49.7 million, \$18.3 million would be needed to pay down current liabilities due within one year for a net working capital of \$31.4 million. He cautioned that the university's share of underfunded state pension plans was projected to be \$50 million or more. He noted that due to a change in accounting standards, the university would be required to include pension liabilities in its audited financials in fiscal year 2016, moving the university from a pay-as-you-go model to an accrual approach to funding employee retirement benefits.

In response to a question from S. Puleio about an item listed under Current Assets as "Allowance for Doubtful Accounts," P. Fackler noted that the amount was a fraction of gross receivables owed to the university that had not been written off. He further noted that the university had reversed its past practice of allowing students to register even though they owed the university and was now on a better track in terms of bad debt management.

P. Fackler wrapped up his review of the audited financials by noting that the university's net position for fiscal year 2012-2013 had dropped from \$17.9 million in fiscal year 2011-2012 to \$11.1 million due to cost pressures related to pay and benefit increases, flat appropriation funding, and enrollment decline. K. Whitney commended P. Fackler on his excellent review and accompanying narrative statement. She encouraged P. Fackler to share the narrative with T. Fogarty for dissemination to union groups as desirable.

P. Fackler also shared with RC Managers a consolidated spreadsheet from PASSHE showing audited revenue and expense figures for all 14 System universities. He offered to send the spreadsheet electronically to interested RC Managers. P. Fackler noted that at all PASSHE schools Auxiliaries were doing better than core operations. H. Tripp attributed the status of Auxiliaries to their ability to control price and expense. In response to a question from P. Frese about funding that goes directly to PASSHE, P. Fackler noted that

he would forward that information to RC Managers. P. Fackler also indicated that he would send an analysis of student aid to B. Bailey.

ACTION: P. Fackler will share the narrative on the university's audited financials for year ended June 20, 2013 with T. Fogarty for dissemination to union groups as desirable.

ACTION: P. Fackler will send the consolidated PASSHE Statement of Revenues, Expenses, and Changes in Net Assets electronically to interested RC Managers.

ACTION: P. Fackler will send RC Managers information on funding that PASSHE takes for its operations. P. Fackler will also send an analysis of student aid to B. Bailey.

4. Budget Development Process for FY2014-2015

T. Varsek distributed a time line for the development of the university's FY2014-2015 budget. She reviewed various budget areas and dates when F&A and/or RC deliverables would be due. She reported that an electronic system known as Position Budget Management (PBM) would be implemented to provide information on personnel expenses that would enable RC Managers to do three-year projections related to hiring, etc. She added that PBM would be tied directly to the university's payroll system and that PMB reports would be pushed out to RC Managers.

H. Tripp discussed a change under the Affordable Care Act (ACA) that was expected to impact Athletics given its use of part-time coaches. He noted that employers would be given a look-back period in which to determine the number of hours that part-time employees had worked and that if those hours exceeded a certain number, employers would be required to provide health benefits to the part-time individuals.

K. Whitney noted the dates for the RC Budget Presentations and her intent to extend an open-door invitation to campus leadership to attend. She encouraged RC Managers to think about steps they would take to include members of their units in the budget development process for their RC. Noting the need to reach closure on academic re-organization, K. Whitney asked P. Fackler to provide to R. Nowaczyk with a deadline for providing information on the re-organization within Academic Affairs.

P. Fackler stressed that Finance & Administration wanted to be a partner with the RCs throughout the budget development process. K. Whitney urged RC Managers to take a similar collaborative approach in working with their units. P. Fackler and T. Varsek indicated that the budget materials they had distributed could be shared by RC Managers with their units. K. Whitney commended P. Fackler and the F&A staff on their excellent work.

ACTION: P. Fackler will provide R. Nowaczyk with a deadline for forwarding final decisions related to academic re-organization.