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### State University System: Problems and Possibilities

**Summary:** The Pennsylvania State System of Higher Education (PASSHE) faces a number of acutely serious problems that have prompted the system's Chancellor to begin a thorough review of the difficulties with the intention of developing solutions. This *Policy Brief* suggests possible reforms.

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PASSHE is a state owned group of universities made up of 14 schools ranging in size from Cheyney University with just over 700 students to West Chester University with more than 15,000 fulltime equivalent students (FTE) as of the 2015-16 academic year. (*All statistics taken from the Joint State Government Commission report of February 2017*).

Over the five academic years between 2010-2011 and 2015-2016 combined enrollment fell 12,452 or 11.1 percent. All schools except West Chester experienced declines in percentage terms ranging from less than one percent at Slippery Rock to a 43 percent drop at Cheyney. Eight schools had decreases of 15 percent or more while four saw enrollment down over 20 percent. Mansfield and Clarion recorded huge losses with enrollment down just shy of 30 percent.

In terms of numbers of students, the 13 schools with declining enrollment had an average loss of 1,100 FTE students over the five year period. The largest losses occurred at Clarion (1,936), Indiana (1,830), California (1,559), Kutztown (1,515) and Edinboro (1,481). Enrollment at four other universities was down around a thousand students.

In short, for PASSHE, the last five years have been a time of struggle. Competition for students is intense. The number of high schoolers graduating each year in Pennsylvania has plateaued and is projected to fall. Because Pennsylvanians make up the lion's share of enrollment at PASSHE schools a falling pool of potential attendees is a very unwelcome development. Moreover, there are 260 or so postsecondary education and training institutions for Pennsylvania graduates to consider for further education. Granted many of these are private and attract students from all the country and the world. Still, many of the small private schools likely depend heavily on Pennsylvania for the bulk of their enrollment.

Without question, PASSHE schools face major competition from the universities that are state related including the University of Pittsburgh, Temple, Penn State and Lincoln. These four universities (with their satellite campuses included) combined had 2015-2016 enrollment of 158,702, nearly 59,000 more than the PASSHE school total of 99,911.

Penn State, the largest state related school, had 87,756 FTE students in 2015-2016 with the University Park campus accounting for nearly 50,000 and the rest in the 20 satellite campuses across the state and a “World” campus offering online courses. Penn State was the only state related university to experience significant gains over the five years with enrollment up nearly 9,000. Pitt, with its four satellite campuses, was down slightly and stood at 33,988 FTE students in 2015-2016 while Lincoln’s FTE count tumbled six percent. Enrollment at Temple with its two satellite campuses was essentially flat.

In short, except for Penn State and West Chester, the enrollment picture for PASSHE and state related institutions of higher education schools ranges from basically flat to extremely poor.

Enrollment is not the only issue of concern. Despite PASSHE schools having significantly lower tuition and fee costs than the state related universities, faculty costs per FTE undergraduate at PASSHE schools are on average about the same as the four state related schools (\$3,631 PASSHE vs \$3,741 for state related). However, for upper division students the PASSHE schools have substantially greater faculty costs per FTE student than the state related schools (\$5,055 vs \$4,167). Indeed, three had upper division faculty costs of over \$6,000 per student led by Edinboro at \$6,752 followed by Shippensburg (\$6,187) and East Stroudsburg (\$6,130). Penn State and Pitt by comparison had faculty costs per upper division student of \$4,395 and \$4,704.

Meanwhile, the faculty costs per masters’ degree student are higher on average in the four state related schools (\$5,969) than at PASSHE schools (\$5,417) principally because of the \$6,591 cost at Penn State. The average faculty cost per student at the other three state related schools is only \$4,848 and significantly lower than the PASSHE average.

Class size is also important in this discussion. For PASSHE schools and the state related schools, class sizes for lower division students were quite close at 30 and 31 respectively. However, there is a large gap in class size for upper division students; PASSHE 19, state related 27. For all undergraduates, the state related schools class size was at 29, PASSHE 25.

The much smaller upper division class size at PASSHE schools is undoubtedly a major factor in the substantially higher faculty cost per student.

Graduation rates are also an issue of possible concern in some of the PASSHE schools. While most of the schools with the notable exception of Cheyney have graduation rates that are in line with or better than the national average rates for both four-year and six-years, the graduation rates at several schools are far higher than are expected based on the academic readiness of enrollees at the schools. Does that mean the schools have far superior instruction compared to other schools across the country or are the curricula and courses not sufficiently rigorous?

Graduation statistics are compiled and produced by *College Factual*, an organization that tracks the key statistics covering costs, graduation rates, salaries of graduates, average SAT scores of enrollees, student debt, faculty to student ratio, male to female student ratio, fulltime faculty, etc.

Bloomsburg University has a four year graduation rate of 43.3 percent (one of PASSHE's three highest) and a six year graduation rate of 64.8 percent. *College Factual* puts the six year figure at 20 percent above their projected graduation rate based on the academic preparedness of enrollees. Other schools with graduation rates much higher than expected include Slippery Rock at 19 percent, California University at 17 percent and Millersville and Mansfield, both over 14 percent. All other PASSHE schools except Cheyney have graduation rates higher than anticipated ranging from 5 percent at West Chester to 11 percent at Kutztown.

*College Factual* also ranks 94 Pennsylvania colleges and universities offering four year degrees based on heavily weighted factors including student readiness for college as measured by SAT and ACT scores, freshman retention rate, six year graduation rate, student loan default rate and on other factors with lower weights including; faculty salaries, starting salary by major compared to national figure (cost of living adjusted), and the institution's expenditures per student. Thus, some private schools that do not make data available for all categories of evaluation factors were not included in the 94 ranked schools.

The ranking procedure was not kind to PASSHE schools. West Chester at 32<sup>nd</sup> was the highest ranked and Cheyney at 91<sup>st</sup> was the worst. Millersville ranked second best at 49<sup>th</sup> followed by Slippery Rock at 52<sup>nd</sup>. Unfortunately, seven schools besides Cheyney ranked 70<sup>th</sup> or worse with three of those at 80<sup>th</sup> or lower. Three others were in the range of 54<sup>th</sup> to 67<sup>th</sup>.

The average ranking of the 14 universities out of the 94 ranked schools was 67<sup>th</sup>. To be sure, there is a lot of tough competition with such schools as Penn State main campus at 13<sup>th</sup> and Pitt main campus at 15<sup>th</sup>. But to be completely fair, the 26 satellite campuses of Penn State, Pitt and Temple were not ranked. Meanwhile, many prominent private schools such as Gettysburg, Bryn Mawr, Swarthmore, Bucknell and Haverford are ranked very high. That is to be expected perhaps given their cost and ability to be very selective in accepting students. Haverford for example costs almost \$50,000 per year and has combined SAT scores on reading and math 400 points above the national average.

PASSHE schools, with one exception, have seen enrollment decline, some very dramatically, over the past five years. Importantly, the enrollment drops have been accompanied by very high acceptance rates. Ten of the schools accept 80 percent or more of their applicants, with five of those accepting over 90 percent. In short, most of the schools are extremely easy to get into.

To sum up; PASSHE schools present a mixed but generally unhealthy picture with nearly half the schools facing serious difficulties. Acceptance rates are very high (80 percent or higher) at most schools while enrollment is still falling. Faculty costs are high while class size for upper division students are low compared to the four state related schools. All this points to a need to rethink the PASSHE model.

First of all, the situation at Cheyney simply cannot be allowed to continue. The state provides over \$18,000 per student in instructional support, four times PASSHE schools average per student instructional funding and far above what the state spends per k-12 student on basic education. With enrollment dropping precipitously, the university is too small and too costly for taxpayers to be sustainable. The system and the Commonwealth need to announce that no further students will be admitted and students currently attending will be allowed to transfer

with all course credits and no penalty to a state owned university offering their degree major where they can complete their degree on campus or online if need be.

Alternatively, why not explore the sale of Cheyney to another predominantly African-American university or group of investors who could purchase Cheyney for a dollar and assume all responsibilities for its operation and upkeep. Current student aid programs from the federal government would remain in place and its historical role would be preserved.

Besides Cheyney, the situations at Edinboro, Clarion and Mansfield with student declines of over 20 percent are also worrisome. Indeed, four western schools (Clarion, California, Edinboro, and Indiana) account for 54 percent of the state system's enrollment drop over the last five years. Schools with sharply declining enrollments will also have, or soon begin to see, significant reductions in the number of degrees granted, which is the basic objective of the university.

It is reasonable to say that the severe problems faced by several of PASSHE schools cannot be solved absent a large increase in the number of graduates and improvement in the academic readiness of graduates leaving the state's high schools. It is unreasonable to think either of those desirables will occur any time soon. Thus, it becomes incumbent on PASSHE to begin reducing capacity and/or consolidating degree programs. There is no defensible purpose in having each of the universities offering the same wide range of degree majors. It would be far more rational to have the schools use a more focused approach in degree programs and become very good and well known for their limited offerings.

Perhaps a couple of schools could become two year feeder schools for the other four year schools.

To be sure, with all the tenured faculty, alumni and entrenched interests at each school meaningful change coming from the system itself is very unlikely. Without question it is time for the Legislature and the Governor to start looking for meaningful system reforms. It will take a lot of time, so they should begin now. In fact, the state related satellite campuses that receive state funding ought to be included in the government's study as well.

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