



Shortcomings in the State University System Report

Summary: On July 27, the National Center for Higher Education Management Systems (NCHEMS) released its report on the Pennsylvania State System of Higher Education (PASSHE). The group had been asked by the 14 state owned university system to analyze its problems that for some schools have reached very serious levels. The group was also asked to offer recommendations to alleviate or solve the problems. This review of the report finds it was adequate or good in some respects but severely lacking in others.

The NCHEMS report lays out the underlying causes of PASSHE's serious issues including demographics and financial imbalances, but then blames it all on what the report calls a "root cause," to wit: "inadequacies of the governance structure for coping with converging pressures."

To be sure, there are a lot of useful data and statistics in the report. The report points to several underlying issues that are posing enormous problems for the system and several schools in particular. These are well known but bear repeating. Enrollment (FTE) is down systemwide falling 6.8 percent from the 2009-10 school year to the 2014-15 school year. In an earlier *Policy Brief* (Vol. 17, No. 13) we noted that:

Over the five academic years between 2010-2011 and 2015-2016 combined enrollment in the 14 universities 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.

The later data indicate an even steeper drop than the NCHEMS report shows. The report points out that declining—and future projected decline—of Pennsylvania high school graduates are a big drain on these universities that rely extremely heavily on in-state students for their enrollment. And as we noted in the *Brief*, there are a large number of state-related schools (Penn State and its satellite campuses, Lincoln, Pitt and Temple with their satellite campuses) as well as many private colleges in Pennsylvania competing for these graduates as well.

Two additional important and relevant measures are included in the report. First, spending per student (FTE) has risen dramatically in the schools with the largest enrollment decreases, including five that are up more than 20 percent—Shippensburg, Mansfield, Millersville, Clarion (almost 30 percent) and Cheyney (over 30 percent). Slippery Rock, Bloomsburg, Lock Haven, Indiana, West Chester and East Stroudsburg held spending growth to five percent or less. What is more interesting and not mentioned in the NCHEMS report but cited in our March *Brief* is that “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).”

Second, the report comments on the pervasiveness of very small class sizes. Fourteen percent of lower division courses have fewer than 10 students and many classes have four or fewer. Meanwhile 41.5 percent of upper division courses have fewer than 10 students and 30 percent had fewer than five. And when compared to the state-related schools, the March *Brief* noted that “there is a large gap in (average) class size for upper division students; PASSHE 19, state-related 27.”

Obviously, the spending and class size findings are connected. The NCHEMS report speculates that there are far more faculty positions at PASSHE schools than current enrollment can justify. It is especially noteworthy that it costs these schools more to teach upper division students than it costs the state related schools, two of which are far more prestigious universities (Penn State and Pitt).

Another key finding of the report is that the latest collective bargaining agreement (arrived at under strike duress) was far too generous. It calls for \$52 million dollars more compensation than under the old contract, a figure that the cash-strapped schools can clearly not afford.

NCHEMS also noted there is a lot of distrust among the various stakeholder groups, students, faculty and administration and among the institutions themselves.

The report states in the introduction, “the State System’s institutions individually and collectively face a fiscal future made bleak by converging challenges.” Chiefly, the demographic changes and financial problems.

NCHEMS’ explanations for some of the system’s problems are primarily focused on governance issues and make several recommendations that contain very few clear cut

action steps. A lot of governmentese-sounding items such as “adopt a strategic financing model that is better fit for varied circumstances,” or “reorient the Board and Office of Chancellor toward greater responsibility for policy leadership.” “Retain and ensure sustainability.” And on and on like that. Some specificity as “steps to take” would be good.

One of the report’s biggest problems is the list in a section called “what not to do.” These include: “No institution should be closed; no mergers of any institutions; no attempt to undermine collective bargaining agreements or processes.”

In other words, some of the dramatic actions needed to create a more robust and viable system are off the table, including taking a harder stance toward the faculty union. The union went on strike in 2016, the first time in the 34 year history of the system. University faculty strikes are extremely rare in the U.S. A Google search reveals that most have occurred in California with two in New York, Springfield, Ill., and Green River College in Washington State, basically over the period from the late 1960s. Several have happened in Canada. Once a strike works to get better wages and benefits along with more favorable work rules and intrusion into management prerogatives, it is reasonable to expect more at the state system and other schools as well.

Public employees should not have the right to strike, period. It leads to all sorts of fiscal problems as we see in heavily unionized states all across the country. Faculty strikes at a college or university, like public school strikes, will happen during the school year. It makes no sense for the faculty to go out when there are no classes to disrupt. As insidious as public school strikes are, university faculty strikes are even worse because of the hardships and anxiety imposed on students. Public university faculty should never be allowed to strike during the academic year. It is a moral failing of the state to permit state employees to create financial and undue academic stress on students. If faculty members are unhappy enough to walk off the job, they should find a new job. There are plenty of people who would take the positions vacated.

Unfortunately, in Pennsylvania that Rubicon has been crossed and the chances of returning to a non-unionized faculty are nil. It is now, and will be, one of the largest obstacles to solving financial and other problems.

Finally, there are two glaring omissions in the report. First, the study team completely neglected to report on the declining or non-existent entrance requirements at some of the 14 schools. Accepting graduates who performed poorly in high school and on college entrance exams in hopes they can do college level work is the height of folly. It requires many students to attend remedial classes. It leads to downgrading the rigor of college courses and leads to lower standards. It lengthens the time to graduate and is accompanied by high dropout rates. It wastes a lot of time, it causes students to incur debt they cannot repay, and it wastes tax dollars spent subsidizing students who have no business being in college.

Nor was there any follow through to see what kind of jobs graduates from the 14 PASSHE schools were able to get and how much starting salary they received. Those data are available.

The situation at Cheyney, which is a calamity, is not dealt with except indirectly in the recommendation not to close or merge any of the 14 institutions. Enrollment at the school has fallen by half since 2007 to stand at just over 700 students. It ranked last of 106 institutions in PA for graduation in four years (about 10 percent). It receives \$18,000 per student in state support, far more than the other 14 schools and three times the amount the commonwealth spends per student for K-12 students. By any standard, academic or financial, Cheyney is a failed institution. But there is no recommendation in NCHEMS report on how to deal with that school.

Other schools such as Clarion and Mansfield have seen enrollments drop precipitously over the last five years, falling around 30 percent. Not surprisingly, the costs per student have jumped sharply.

In the face of further declines in high school graduates in Pennsylvania and the intensification of competition for these students, there ought to be some specificity in the study as to how the growing difficulties at several schools should be dealt with. It will take far more than recommendations such as “recommitting to a robust shared governance process.” Indeed, downsizing, mergers, reorganizations of degree offerings and tighter entrance requirements should clearly be on the table.

The solutions for these problems will almost certainly have to be dealt with legislatively. There is no way the PASSHE governance can or will take the dramatic steps necessary to right size the system or insure that taxpayer dollars are spent wisely unless ordered to so. Of course, this will be comparable to military base closing at the federal level. It will be very hard. But until they are remedied, the PASSHE problems will fester and grow worse with more inter institutional rancor and more calls for tax dollars.

Sadly, like the pension problem, this problem will in all likelihood get “kicked down the road.”

Jake Haulk, Ph.D., President

*Policy Briefs may be reprinted as long as proper attribution is given.
For more information about this and other topics, please visit our website:*

www.alleghenyinstitute.org

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
