



PASSHE's predicament

Summary: The 14-school Pennsylvania State System of Higher Education (PASSHE) faces several predicaments. As of the fall of 2019 PASSHE had lost 20 percent of its enrollment since the peak in 2010 (2020 enrollment not yet available) with several schools posting well over 30 percent declines and a couple over 50 percent. It has seen its financial situation deteriorate markedly and has major management problems stemming from labor unions. These issues were discussed at length in an earlier *Policy Brief* (Vol.20, No.6).

In July, PASSHE's chancellor announced plans to attempt to effectively merge six of the universities into three with some sort of collaborative arrangement wherein identities could be maintained but with streamlined course and degree offerings and faculty assignments to make the schools more efficient and productive. The new "joint" universities would be Edinboro-Slippery Rock, California-Clarion and Lock Haven-Mansfield.

Note that all PASSHE data cited in this *Policy Brief* are taken from the Joint State Government Commission report *Instructional Output and Faculty Salary Costs*, March 2020.

The Lock Haven–Mansfield combination includes two schools that have suffered enormous declines in enrollment since 2010 with Lock Haven down 42 percent and Mansfield down 51 percent. The two schools had the lowest 2018-2019 undergraduate enrollments of the 14 schools other than Cheyney's count of just 456. And after joining, the two schools combined enrollment (based on 2018-19 numbers) would still be well under 5,000.

The two schools also suffer from well above system average faculty cost per student, with Lock Haven at \$8,075 and Mansfield at \$7,298 for upper division students (junior and seniors) compared to the system average of \$5,998. And, unfortunately, the system average is well above the cost at Penn State (\$4,982) and Temple (\$3,779), the largest state-related schools in terms of undergraduate enrollment. In short, joining two schools (Lock Haven and Mansfield) that are suffering from huge enrollment declines and very

high costs per student might not be the wisest choice. Joining each with a healthier school should have been considered, although that has its own issues as well.

Note that the combined enrollment assumes no major further slide as has been the case for 10 years at most of the six schools being considered for merging. Slippery Rock is a notable exception with a fairly flat enrollment trajectory.

Meanwhile, California–Clarion combined would have 8,200 students. California has lower than system average per student faculty costs and Clarion is just above the system average. Edinboro-Slippery Rock would total 11,140 undergraduates. Edinboro suffers from a high faculty cost per student, especially for juniors and seniors, that is more than \$2,000 above Slippery Rock's cost and 27 percent above the system average. The large enrollment and cost difference could prove to be huge obstacles to merging the schools.

Beyond these considerations it must be acknowledged that faculty unions will almost certainly vigorously oppose any effort that requires faculty terminations. Then, too, the host communities will pressure legislators not to support any change that will result in loss of jobs in their community. And, of course, alumni and current students will likely oppose any move that takes away from the heritage or traditional identity of the schools.

Given all the obstacles to any reorganization, the chancellor and the trustees face a daunting challenge. But the fact is that the State System's problems associated with enrollment declines and financial problems cannot be allowed to continue getting worse and even more difficult to solve.

The remainder of this *Brief* examines details underlying PASSHE's cost picture and enrollment issues that have led to the decision to try some sort of merger of six schools. It reviews both system average metrics and individual schools.

One of the key items to note is the large drop in enrollment between lower division classes (freshman and sophomore) and the upper division (juniors and seniors and presumably any beyond the traditional fourth year). Systemwide (all 14 schools) in school year 2018-2019 (the most recent available official data), the lower division had 48,558 full time equivalent students (FTE). That's the enrollment reported by the Joint State Government Commission as opposed to the total count of all students enrolled, some of whom are not carrying full academic loads.

At the same time, the upper division had only 30,537 FTE students, a drop of 18,021 or 37 percent below the lower division count. There were 10,813 graduate students. By comparison, the four state-related schools—Penn State, Pitt, Temple and Lincoln—had a combined decline of 10.5 percent with considerable differences among the four schools, Lincoln being worst and Temple having more upper division students than lower.

There was enormous variation in the percentage declines across the 14 PASSHE schools.

Four had FTE student count drops from lower to upper division of 50 percent or slightly higher—Bloomsburg (54), East Stroudsburg (51), Shippensburg (50) and Lock Haven (52.9). Indiana was near 50 with a drop of 48.4 percent. Five schools had FTE declines from lower to higher division in the 30- to 35-percent range, including West Chester (35); Millersville (32.8); Slippery Rock (33.6); Clarion (33) and Cheyney (30). The lowest percentage drops in division counts were at Edinboro (21.5); Mansfield (15.6); California (14) and the lowest of all Kutztown (2.2).

The drop in FTE count from lower to upper division is also reflected in average class size. For the 14 schools the lower division average was 28 while the upper division count was 18, a drop of 10 (36 percent). Cheyney's lower division class size was well below average at 17 with Lock Haven and Mansfield at 21, Clarion at 22 and Edinboro at 23. All were significantly below the average. (These four are in the group of six schools being considered for merging). East Stroudsburg had the largest class size in the lower division at 34. The remaining schools were at or near the average of 28.

For the upper division, Cheyney had the lowest FTE class size at 12. Clarion, East Stroudsburg and Mansfield had 15 students per class. The other schools fell in the 16-to-20 FTE per class range. Note that the average class size for the lower division group at the four state-related schools was 28, same as the PASSHE schools. However, their upper division class size was 23, substantially higher than the PASSHE universities' 18 FTE average.

The large decline in average class size between lower and upper divisions at PASSHE schools shows up in the faculty salary cost per student for the two groups. For the lower division, the salary cost per FTE was \$3,170. For the upper division, the PASSHE salary cost per FTE was \$5,998, or 89 percent higher than the lower division. The all-undergraduate FTE cost was \$4,262. Note that for the four state-related schools, lower division salary cost per FTE averaged \$3,623 and upper division averaged \$4,585 for a total undergraduate cost of \$4,077. Thus, for all undergraduates, PASSHE was about \$200 more costly in faculty pay than the state-related schools.

The lowest salary cost schools for lower division students include Bloomsburg; East Stroudsburg; Indiana; Slippery Rock and West Chester, all under \$3,000 per FTE. The highest costs were posted by Cheyney at \$5,898 and Lock Haven at \$5,708. The other schools fell in the \$3,000 to \$4,100 per FTE range.

In the upper division, Cheyney (\$10,035) and Lock Haven (\$8,075) were the highest cost schools with East Stroudsburg, Edinboro, Mansfield and Shippensburg all over \$7,000 per FTE. The lowest costs were at California and Slippery Rock, both just under \$5,000. The remainder of the schools ranged from \$5,000 to \$6,600.

The large faculty salary cost per FTE gap (89 percent) between lower and upper divisions cannot be entirely due to class size differences. It must also be the case that upper division courses are on average taught by higher paid teachers. There is a substantial gap

in pay between full professors (PASSHE average \$98,000) and assistant professors (\$64,000) and instructors (\$47,000).

The reasons for the large drop in FTE students between lower division and upper division undergraduates at most PASSHE schools have to be a matter of concern, especially schools where the drop is 35 percent or higher. Penn State's smallish 8.5 percent drop and Temple's sizable increase suggest there are some factors that help retention.

If students are simply dropping out after one or two years, it suggests that far too many students were admitted who did not have the ability or inclination to do college level work. If they are not transferring to other four-year schools to finish their degrees, a lot of resources have been misused if not wasted. The very small drop at Kutztown could be instructive to review to see if there are lessons that could profit the schools with very poor retention.

In summary, most PASSHE schools face serious issues with enrollment losses and/or high per student faculty costs. Efforts to deal effectually with the problems will meet great resistance. It's always the case when there are so many stakeholders with strong objections to meaningful changes. Getting rid of faculty unions might be the most effective measure that could be taken. But that is not going to happen in Pennsylvania.

Note: As this Brief was being readied for publication, a new announcement was made that Edinboro, California and Clarion were discussing a possible alternative combination that would not involve Slippery Rock.

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