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**AGENDA ITEMS 1 - 2 ARE INCLUDED FOR INFORMATIONAL PURPOSES ONLY. ADDITIONAL INFORMATION WILL NOT BE PRESENTED AT THE MEETING.**

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1. Information on Undergraduate Programs

A. College of Agricultural Sciences

1) Minor in Agricultural Systems Management: Change in Name from Minor in Agricultural Mechanization Technology

The Agricultural Mechanization Technology minor covers the mechanical, structural, natural resource, processing, and electronic technologies applied in agriculture systems. Students who graduate with this minor will have a solid understanding of how physical sciences and biological principles apply to real world problems in food and fiber industries. With industry teams often formed purposefully with many disciplines represented, this background of applied engineering basics and the focus on quantitative analysis has proven helpful to past graduates.

The name change will more accurately reflect the content of the program coursework. The change will become effective Fall 2005.

B. College of Arts and Architecture

1) Major in Musical Theatre: New Major

The new major will provide students with specialized training to a high level of competence in the field of musical theatre. Students who take this major will be able to begin professional work or pursue further training at the graduate level. The new major will become effective Fall 2005.

2) Design and Technology Option: Change in Name from Production Option; Musical Theatre Option in the Theatre Major: Drop of Option

The name change will reflect the course of study students will follow in the program and will identify the option as a theatre design program that includes technology courses to support stage design.

Musical Theatre will no longer be an option within the Theatre major. Instead students may select a full major program in Musical Theatre. The changes will become effective Fall 2005.

1. Information on Undergraduate Programs (Continued)

C. College of Communications

1) Bachelor of Arts and Master of Arts Degree Program in Media Studies in the College of Communications: New Program

An integrated approach to Media Studies provides an opportunity for students who are motivated and qualified to be involved in an accelerated, rigorous program of communications research allowing them to pursue a seamless program of study integrating undergraduate with graduate scholarship. Qualified undergraduates would be introduced to graduate studies earlier than the norm with the benefits of scholarly interaction and collaboration with graduate students. The compressed scholarly experience would prepare graduates of the program to be competitive for placement in professional positions or for advanced graduate studies at the doctoral level.

D. College of Earth and Mineral Sciences

1) Bachelor of Science and Master of Science Degree Program in Geosciences in the College of Earth and Mineral Sciences: New Program

The objective of the integrated Bachelor of Science/Master of Science degree program in Geosciences is to provide the academically best prepared undergraduates in Geosciences an opportunity to complete the degree requirements for the M.S. degree within one year of additional academic work, past the four-year B.S. degree program. The creation of the new program will strengthen the present M.S. degree through a wider participation of students and will allow students to formalize the more advanced studies they have started by making them eligible for industrial internships, which are restricted to master's students, and by increasing their employment opportunities.

E. College of Engineering

1) Agricultural Engineering Option: Change in Name from General Option; and Biological and Food Engineering Option: Change in Name from Food Engineering Option

The Agricultural Engineering option will include power transfer and machinery, natural resource engineering, and structures and environmental control. The Biological and Food Engineering option will include engineering aspects of biological production, food safety, and food processing. The name change makes it possible to distinguish between bioengineering and biological engineering. The change will become effective Fall 2005.

2) Bioprocess and Biomolecular Engineering Option: Change in Name from Bioprocess Engineering Option

This option will become a prescribed option for students, which will allow for more detailed coverage of molecular and cell biology. The name change will become effective Fall 2005.

3) Bachelor of Science in Engineering Science and Master of Science Degree in Engineering Science in the College of Engineering: New Program

The program in Engineering Science would provide early admission to the graduate program for students who are academically qualified. Students would be able to complete both degrees in less time because the students would earn both degrees after completing a total of 154 credits of academic work. The program should enhance recruitment to the graduate program.

**1. Information on Undergraduate Programs (Continued)****4) Bachelor of Science in Engineering Science and Master of Science Degree in Engineering Mechanics in the College of Engineering: New Program**

The Department of Engineering Science and Mechanics proposes to establish an integrated program leading to the degrees B.S. in Engineering Science and M.S. in Engineering Mechanics. The integrated program would provide early admission to the graduate program for students who are academically qualified. Students would be able to complete both degrees in less time because the students would earn both degrees after completing a total of 154 credits of academic work. The program should enhance recruitment to the graduate program.

**2. Information on Graduate Programs****A. Bachelor of Arts and Master of Arts Degree Program in Media Studies in the College of Communications: New Program**

The proposal to offer the Bachelor of Arts and Master of Arts degree program in Media Studies in the College of Communications was approved by the Graduate Council at its December 15, 2004, meeting.

An integrated approach to Media Studies provides an opportunity for students who are motivated and qualified to be involved in an accelerated, rigorous program of communications research allowing them to pursue a seamless program of study integrating undergraduate with graduate scholarship. Qualified undergraduates would be introduced to graduate studies earlier than the norm with the benefits of scholarly interaction and collaboration with graduate students. The compressed scholarly experience would prepare graduates of the program to be competitive for placement in professional positions or for advanced graduate studies at the doctoral level.

**B. Bachelor of Science and Master of Science Degree Program in Geosciences in the College of Earth and Mineral Sciences: New Program**

The proposal to offer the Bachelor of Science and Master of Science degree program in Geosciences in the College of Earth and Mineral Sciences was approved by the Graduate Council at its December 15, 2004, meeting.

The objective of the integrated Bachelor of Science/Master of Science degree program in Geosciences is to provide the academically best prepared undergraduates in Geosciences an opportunity to complete the degree requirements for the M.S. degree within one year of additional academic work, past the four-year B.S. degree program. The creation of the new program will strengthen the present M.S. degree through a wider participation of students and will allow students to formalize the more advanced studies they have started by making them eligible for industrial internships, which are restricted to master's students, and by increasing their employment opportunities.

**2. Information on Graduate Programs (Continued)****C. Doctor of Philosophy Degree in Counselor Education in the College of Education: Change in Program**

The proposal to change requirements in the Doctor of Philosophy degree in Counselor Education in the College of Education was approved by the Graduate Council at its March 16, 2005, meeting.

The change in requirements for the Ph.D. in Counselor Education calls for the dropping of the 15 credit requirement in 600 or 610 (thesis research) as no specified number of credits are required for the Ph.D. program at Penn State. When the program developed the Ph.D. program, the requirements were based on the existing Doctor of Education degree program which requires a total of 90 credits, with 15 credits required in thesis research (600 or 610).

**D. Option in Quality Engineering in the Master of Science Degree Program in Industrial Engineering in the College of Engineering: New Option**

The proposal to offer an Option in Quality Engineering in the Master of Science degree program in Industrial Engineering in the College of Engineering was approved by the Graduate Council at its March 16, 2005, meeting.

The Option in Quality Engineering is designed to provide students with basic knowledge in the fundamental areas of quality engineering and engineering statistics, with emphasis in the design of experiments, process control, reliability, process optimization and tolerancing. Engineers responsible for design, development, and manufacture of products need to understand the concepts and techniques used in quality control. The option provides graduate students with this understanding and will enhance graduate enrollment in the Harold and Inge Marcus Department of Industrial and Manufacturing Engineering.

**E. Bachelor of Science in Engineering Science and Master of Science Degree in Engineering Mechanics in the College of Engineering: New Program**

The proposal to offer a Bachelor of Science in Engineering Science and Master of Science degree in Engineering Mechanics in the College of Engineering was approved by the Graduate Council at its December 15, 2004, meeting.

The Department of Engineering Science and Mechanics proposes to establish an integrated program leading to the degrees B.S. in Engineering Science and M.S. in Engineering Mechanics. The integrated program would provide early admission to the graduate program for students who are academically qualified. Students would be able to complete both degrees in less time because the students would earn both degrees after completing a total of 154 credits of academic work. The program should enhance recruitment to the graduate program.

2. **Information on Graduate Programs** (Continued)

F. Bachelor of Science in Engineering Science and Master of Science Degree in Engineering Science in the College of Engineering: New Program

The proposal to offer a Bachelor of Science in Engineering Science and Master of Science degree in Engineering Science in the College of Engineering was approved by the Graduate Council at its December 15, 2004, meeting.

The program in Engineering Science would provide early admission to the graduate program for students who are academically qualified. Students would be able to complete both degrees in less time because the students would earn both degrees after completing a total of 154 credits of academic work. The program should enhance recruitment to the graduate program.

G. Master of Education in History, Doctor of Education in History, Master of Education in English, Master of Education in Spanish, Concurrent Master of Business Administration and Master of Arts in French, Concurrent Master of Science in Business Administration and Master of Arts in French Studies, and Doctoral Minor in Humanities in the College of the Liberal Arts: Drop of Programs

The proposal to drop the above programs in the College of the Liberal Arts was approved by the Graduate Council at its February 16, 2005, meeting.

The drops are a result of the recent graduate program review conducted by the Graduate School. Students are no longer being admitted to the programs and, in a number of cases, there have not been any students admitted to the programs for a number of years.

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**AGENDA ITEMS 3 - 6 ARE INCLUDED FOR ACTION OR INFORMATION IN SERIATIM AT THE MEETING.**

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3. **Approval of *Penn State's Campuses and Organizational Structures: Building on the Past, Preparing for the Future***

Will the Committee on Educational Policy recommend to the Board of Trustees adoption of the following resolutions:

WHEREAS, it is anticipated that higher education in Pennsylvania and nationally will face a unique set of challenges during the next decade such as changing demographics, the state-of-the-state's economy, public support for higher education, and competition from other institutions in the Commonwealth;

WHEREAS, *Penn State's Campuses and Organizational Structures: Building on the Past, Preparing for the Future* describes the evolution of the network of Penn State campuses across the Commonwealth of Pennsylvania and proposes a new administrative realignment to face the challenges over the next decade and beyond by providing maximized advantage of the administrative resources and strengths; and

3. **Approval of Penn State's Campuses and Organizational Structures: Building on the Past, Preparing for the Future** (Continued)

WHEREAS, the Board of Trustees recognizes that the new alignment structure will position the Penn State campus network to serve better the people of the Commonwealth of Pennsylvania and is in support of Penn State's missions of teaching, research, and service,

THEREFORE, BE IT RESOLVED, That the Board of Trustees endorses and approves all aspects of *Penn State's Campuses and Organizational Structures: Building on the Past, Preparing for the Future*, as presented to the Board of Trustees on May 13, 2005, a copy of which is attached hereto and made a part hereof.

FURTHER RESOLVED, That the Board of Trustees hereby approves President Graham B. Spanier's appointment of Dr. John J. Romano as Vice President for Commonwealth Campuses effective July 1, 2005.

FURTHER RESOLVED, That the Board of Trustees hereby approves President Graham B. Spanier's appointment of Dr. Janis E. Jacobs as Vice President and Dean for Undergraduate Education effective July 1, 2005.

FURTHER RESOLVED, That the President of the University is hereby authorized to initiate any steps that are necessary or desirable to implement these resolutions.

(See Attachment 1)

4. **Informational Report on the College of Engineering**

Dr. David N. Wormley, Harold and Inge Marcus Dean of the College of Engineering and Professor of Mechanical Engineering, will provide an informational report on Penn State's College of Engineering.

5. **Informational Report on the University Faculty Senate**

Dr. Kim Steiner, Immediate Past Chair of the University Faculty Senate and Professor of Forest Biology, and Director of The Arboretum at Penn State, will provide the annual report on the 2004-2005 activities of the University Faculty Senate.

6. **Pending Legal Matters**

An informational report will be presented on pending legal matters relating to policies normally considered by the Committee on Educational Policy.

The following agenda item was presented to the Trustees as a white sheet item at a joint meeting of the Committees on Educational Policy and Finance and Physical Plant.

7. **Adoption of the Agreement Between The Pennsylvania State University and the Governor of the Commonwealth of Pennsylvania Regarding Matching Funds for Capital Improvements and Enhancements to The Dickinson School of Law's Carlisle Campus**

Will the Committee on Educational Policy and the Committee on Finance and Physical Plant recommend to the Board of Trustees adoption of the following resolutions:

RESOLVED, That the Board of Trustees approves the agreement between The Pennsylvania State University and the Governor of the Commonwealth of Pennsylvania on terms for Commonwealth-provided matching funds for capital improvements and enhancements to The Dickinson School of Law's Carlisle campus, as set forth in President Graham Spanier's May 5, 2005 communication to Governor Ed Rendell.

FURTHER RESOLVED, That the Officers of the University are authorized to take such steps as are necessary to make effective this resolution.

**Penn State's Campuses and Organizational Structures:  
Building on the Past, Preparing for the Future**

March 17, 2005

The Pennsylvania State University is arguably the most complex institution of higher education in the nation. Its 24 campuses, spread across the Commonwealth of Pennsylvania, ensure that the vast majority of the state's citizens have ready access geographically to a Penn State education and the other Outreach services of the University. Undergraduate education is provided on 21 campuses including Penn State's wholly owned subsidiary, the Pennsylvania College of Technology. The College of Medicine and The Milton S. Hershey Medical Center, the Dickinson School of Law, and the Great Valley School of Graduate Professional Studies round out the rest of the physical campus locations. Penn State's World Campus, an online unit, is another vehicle for the delivery of educational programming.

Penn State's structural uniqueness owes to the fact that the University is not a "system" as conventionally regarded among America's higher education establishment. In contrast to traditional university systems, which represent a confederation of campuses each with substantial operating autonomy and curricular independence whose leaders report to a president or chancellor at a central coordinating office dealing predominantly with external and legislative affairs, Penn State functions as one university geographically dispersed. Penn State has one governing Board of Trustees that establishes policy for all campus locations; there is one unified Faculty Senate that shares governance on academic matters; and the University has one administration that serves all campuses.

### **The Evolution of Penn State as a Multi-Campus University**

Penn State's organizational structure is undoubtedly an outgrowth of the evolution of its set of campus locations. Over the past century, a succession of campuses across the Commonwealth has been added to the University's domain. Some of these campuses were originally established by local communities for technical or other educational purposes and, after years of operation by other entities, were transferred to the University and incorporated into the Penn State organization. Others were established in response to specific community and/or legislative requests, particularly during the post-WWII and "baby boom" eras, while still others were established or acquired for strategic reasons to complete the University's portfolio as a comprehensive academic institution. All in all, the set of campuses has served admirably to fulfill Penn State's role as the Commonwealth's Land Grant University.

Most Penn State campuses across the Commonwealth have remained relatively small in comparison with the campuses of traditional systems among public universities in other states. Campuses in these systems often represent the amalgamation of public flagship universities and other universities that evolved from "normal schools" or "teachers colleges." Still other campuses were established and grew rapidly as secondary sites to serve students as commuter campuses in large metropolitan areas that were historically under-served by existing public or private institutions. In Pennsylvania, the historical and substantial opportunities for higher education in the major cities of Philadelphia and Pittsburgh, as well as the existence of a separate, state-owned system of former teachers colleges, helps to explain the geographical pattern and smaller size of Penn State's campuses, which are more likely to be situated in smaller metropolitan, non-metropolitan, or suburban areas of larger population concentrations.

The focus of undergraduate education at Penn State's campuses outside University Park evolved to provide the first two years of education toward the baccalaureate degree, which would subsequently be earned at University Park, and to offer associate degrees, which were introduced in 1953. The Harrisburg and Erie campuses were authorized to grant baccalaureate degrees as well in 1966 and 1969, respectively. Degree programs were largely "extended" from University Park academic colleges to other, two-year campuses, which served substantially as feeders, primarily to University Park. In a typical year, three-fourths of students completing their second year at an outlying two-year campus would change assignment to University Park to complete their baccalaureate degrees. Those campuses without ownership of their own degrees used courses established by the University Park faculties and followed curricular guidelines that were meant to ensure the portability of student credits and the development of academic backgrounds appropriate for the completion of the degree.

The two-year campuses were historically organized as part of General Extension until 1959 when they were integrated more closely into the academic mainstream of the University, as General Extension was itself reorganized into Continuing Education. The branch campuses came to be known as Commonwealth Campuses, with the network

of campuses placed under a central administrator who reported directly to the University president. The deans of the academic colleges at University Park were entrusted with greater responsibility for the faculty and curricula of the Commonwealth Campuses, and faculty at these campuses became members of University Park college faculties where tenure and promotion were awarded (Harrisburg and Erie became separate loci of appointment and tenure during the 1960s). Thus, faculty recruitment and retention became more of a shared responsibility between the academic colleges and campuses than it had been when General Extension was responsible for the campuses.

As campuses evolved from smaller outreach centers to well-appointed campuses during the postwar period, frequent discussions occurred concerning the appropriate title for Commonwealth Campus administrators. During the 1970s, the title was changed from campus "director" to "campus executive officer" or CEO. This title has been retained over the ensuing years except at the Harrisburg Campus and, for about two decades, at the Erie Campus where the leader carried the title of "provost and dean," primarily a reflection of the delegation of authority on academic matters that was granted to the former campus, and which was subsequently withdrawn in 1997 by the Faculty Senate to bring the campus into curricular conformity with the rest of the University.

The Commonwealth Campus System and Continuing Education were merged in 1980 into the Commonwealth Educational System (CES), which was the central administrative unit with general oversight, budgetary, and curricular coordination responsibilities for the seventeen two-year campuses and the Great Valley Graduate Center (GVGC). The CES, headed by a senior vice president and dean, functioned with a relatively small central administrative unit based at University Park, providing direction and coordination for the campuses, which offered largely general education courses for students who were expected to change assignment to University Park or another Penn State campus offering baccalaureate degrees, and specialized training for associate degrees mainly in technical fields.

In 1991, Continuing Education was split from the CES, owing in part to the recommendations of an earlier task force that focused on the opportunities and challenges of providing greater access to adult learners. A vice president for Continuing Education (later Continuing and Distance Education [CDE] in 1993) was appointed, and both the vice presidents of the CES and CDE carried dean titles. By the late 1980s, there had already been a substantial devolution of responsibility for the management and delivery of Continuing Education to the various campuses across the Commonwealth and the academic colleges within University Park, with a central office charged with coordinating the University's statewide presence. Dispersion of budgetary responsibility for Continuing Education also followed this devolution; some directors of Continuing Education at the campuses remained on the central budgets of CDE, while others were funded wholly by the campuses.

The early years of the 1990s were characterized by a weak economy and associated cutbacks in Commonwealth funding for the University, declining or stagnant enrollments at many campuses, and the resulting retrenchment of faculty and staff positions along with other operating funds. In 1991, Penn State launched a major planning effort with the appointment of the University Future Committee, and hearings were held at numerous locations across Penn State. Academic and administrative units were required to submit plans for how they would deal with a 10 percent reduction in permanent budgets over three years, and how they would re-program any enhancement funding that was reallocated in the planning/budgeting process.

By 1994, there was considerable unrest among the Commonwealth Campuses, which were differentially impacted by the declining enrollments and associated loss of tuition revenues. A Faculty Senate ad hoc committee was charged to review CES personnel reductions, while other Senate committees reviewed the *CES Confidential Guidelines for Retrenchment*. Commonwealth Campus faculty and staff clearly viewed the CES structure and budgeting model as disadvantageous for the campuses, relegating them to teaching lower division undergraduate students, with little curricular independence and the heavy hand of University Park academic colleges, and unable to respond to the changing labor market demands of the populations in their service areas.

### **The 1996 Plan for the Commonwealth**

The problems of the CES and the need for change were undoubtedly the paramount issue that faced Graham Spanier as he assumed the presidency of Penn State in 1995, and he immediately charged the senior vice president and dean of the CES to lead an effort to develop a major restructuring plan for the Commonwealth Campuses. The *Plan for the Commonwealth* was crafted within a few months, and was approved by Senate Council and the Board of Trustees in the spring and summer of 1996, respectively. The final document, *Penn State's Campuses: A Plan for the Future*, provided the blueprint for implementation, a process that involved a close collaboration between the Faculty

Senate and the Administration. On June 30, 1997, the Commonwealth Educational System ceased to exist, and Penn State's current configuration of Campus Colleges was established. Several months later, the senior vice president and dean of the CES, who was instrumental in helping to shape the *Plan for the Future* and directing the transition, retired from the University.

The new Campus College structure that took effect on July 1, 1997 featured six academic colleges: Altoona College, Abington College, Behrend College (Erie) (unchanged), Berks-Lehigh Valley College (the combination of Berks and Lehigh Valley campuses), Capital College (Harrisburg and Schuylkill campuses), and the Commonwealth College (the 12 remaining undergraduate campuses). Oversight responsibility for the Great Valley Graduate Center was transferred to the Graduate School. Each campus continues to have a CEO, and those administrators with principal academic leadership responsibilities for a Campus College were also given the title of dean (two already carried the title). Each of the six new Campus Colleges was authorized to award their own baccalaureate degrees to complement their slate of associate degrees, as well as to continue offering the first two years of coursework toward the baccalaureate degrees offered at other Penn State campuses. However, following review by the Commonwealth's Department of Education, an agreement was struck that resulted in staging the introduction of new baccalaureate degrees in the three western campuses of Beaver, McKeesport, and New Kensington over several years. In 1998, the Great Valley Graduate Center was also granted greater curricular autonomy, organized academically as the School of Graduate Professional Studies. The Campus Colleges could, of course, continue to offer degrees (new or existing) extended from University Park or other academic colleges. Harrisburg and Berks became the principal academic center of their two-campus colleges, while the Commonwealth College was headquartered at University Park, replacing the former CES space in Old Main.

Each of the new Campus Colleges (Great Valley somewhat later) was established as the locus of tenure for any newly hired faculty on the tenure track. Provisional faculty were given the option of retaining their tenure home with a University Park college or moving it to the relevant new Campus College. Similarly, tenured faculty were also given the option of retaining the locus of their tenure and promotion at University Park, or transferring it to a Campus College. Each Campus College established divisional academic structures to group similar academic disciplines, if they were not already in existence. Thus, divisional committees, campus committees, and college committees are all involved in the tenure and promotion process at the Campus Colleges, along with division heads, CEOs, and deans, prior to review by the University Promotion and Tenure Committee, the provost, and the president.

Another significant structural change that occurred concomitant with the establishment of the Campus Colleges was the introduction of the Cost Center Budget Model which established each of the six Campus Colleges, Great Valley, and the University Park Campus as cost centers within the University. The Cost Center Budget Model was designed to allocate revenue and expenses to areas of the University where they were generated or expended, respectively, and to provide incentives for campuses, especially the Campus Colleges, to increase their enrollments given that many of the campuses have excess capacity. To that end, the model was structured whereby tuition revenue increases derived from tuition rate increases (along with Commonwealth appropriation increases) would be captured centrally to cover annual salary and benefit cost increases, promotion salary increments, fuel and utilities increases, maintenance and operation of new or newly remodeled facilities, inflationary increases for University-wide support services (e.g., library acquisitions and information technology), and many other allocations that benefit all cost centers. Increases in tuition revenues from increased enrollments are returned to the campus cost centers as additional funds to support their educational programs, and if these levels of enrollment are sustained for multiple years, as increases to the permanent budgets of the cost centers.

### **The Benefits of the 1996 Restructuring Plan and Implementation**

The 1996 *Plan for the Commonwealth* has resulted in a tremendous improvement over the former CES campus organization and financial model. After eight years of operation of the Campus College structure, few faculty, staff, or students across the University would opt to return to the former structure. The benefits of the restructuring have been academic, administrative, and financial.

The ability of the Campus Colleges to grant baccalaureate degrees has been the most important driving factor in the successes of the past decade. The curricular and student life changes surrounding four-year campuses have resulted in a much richer academic experience for Penn State students at the campuses. It has meant new opportunities to develop longer-standing networks of relationships with fellow students and faculty, the chance to get more fully involved in campus life, and even to participate in collegiate athletics for four years at all campuses.

The *Plan for the Commonwealth* stipulated that the new baccalaureate degree-granting campuses would focus their new offerings on majors that helped to serve regional labor markets in areas surrounding the campuses, while retaining the associate degree programs that had long been a significant part of the portfolios of the Campus Colleges. All of the new baccalaureate degree-granting campuses added majors in the years following restructuring, ranging from as few as three to as many as seventeen (Altoona), with six or seven degrees being most typical at the campuses of the Commonwealth College. A majority of these new majors have been generalist degrees covering broad fields such as Business Administration, Administration of Justice, Human Development and Family Studies, or Letters, Arts, and Science, given that the depth of faculty resources has not been sufficient to offer the specialized majors that characterize University Park and the other older Campus Colleges such as Capital (Harrisburg Campus) and Behrend.

The effects on student change of assignment from the Campus Colleges were experienced immediately following implementation of the *Plan*. Student change of assignment to University Park dropped over the first three years of the restructuring from the range of 72-77 percent of sophomores at the campuses in a typical year to just over 50 percent where the flow has stabilized. As a growing number of students chose to complete their baccalaureate degrees at the campuses, total enrollments grew modestly at the Campus Colleges overall. However, the growth of upper division enrollments also served to mask the increasing difficulty that some of the Campus Colleges have experienced in attracting freshmen students, and has led to growing concerns that the pipeline of students attending some of the campuses is not robust enough to retain a strong enrollment and budgetary foundation for the campuses.

The other side of the enrollment coin has been the effect on University Park admissions and enrollment. With more students remaining at the Campus Colleges to complete their baccalaureate degrees, additional opportunities for high-achieving freshmen have been available at University Park while still keeping total enrollment at the campus within the desired range of 40,000-42,000 students. Enrollment of freshmen at University Park during the Summer and Fall Semesters typically ran about 4,500 students before the authority to award baccalaureate degrees was granted to all Campus Colleges; the target for Summer/Fall 2005 is 6,300 students. The restructuring has therefore opened access to the University Park Campus to a far greater number of excellent students who would otherwise have been lost to Penn State, given the lower yield rate of new students on offers of admissions when applicants are referred to another campus.

For faculty, the opportunity to teach upper division students in their areas of expertise has created a much improved situation for faculty recruitment and retention, contributed to a significant increase in the scholarly achievements of the faculty, and provided greater variety in faculty teaching schedules. The Campus Colleges are now able to hire high quality new faculty that they may not have attracted prior to the restructuring, graduates of doctoral programs from leading research universities across the country.

Faculty at the new Campus Colleges welcomed the opportunity for more curricular independence from University Park academic colleges. This ownership of degree programs provided a significant incentive for faculty at the campuses to develop programs that reflected the nature of their unique strengths and expertise. With local college control over these academic offerings also came the opportunity for more local leadership roles as division heads and program coordinators, opportunities that were generally limited in the old CES model of the two-year feeder campuses. The result has been a significant improvement in faculty morale and involvement among the Campus Colleges and a reduction of the sense of "second-class citizenry" among the faculty (and staff).

The new Cost Center Budget Model also has proven to be an excellent mechanism for allocating fiscal resources to the Campus Colleges. The model clearly provided financial incentives for campuses to grow their enrollments and utilize the excess capacity that continues to exist at many campuses. The Cost Center Budget Model is far more transparent to campus deans and CEOs than earlier "black box" allocation methods and clearly served to emphasize the importance of student enrollments and the associated tuition revenues as the financial backbone of not only the campus itself, but the University as a whole.

Tens of millions of dollars in new operating revenues flowed to the Campus Colleges as enrollments increased with the introduction of new degree programs. These resources were used to hire additional faculty, as well as staff, and to fulfill the greater expectations of students enrolled in 4-year programs for services such as student life enrichment, additional learning assistance programs, information technology, health facilities, and athletic and fitness programs. From the implementation of the *Plan* in July 1997 to March 2004, the number of total full-time faculty and staff at the Campus Colleges increased by nearly 900 employees (Abington 50; Altoona 170; Berks 126; Erie 163; Harrisburg 70; Lehigh Valley 16, Schuylkill 40; and Commonwealth College campuses 260). Total full-time faculty increased by about 350, with a substantial increase in the number of tenure-track faculty. In addition, the Campus

Colleges have benefitted from more than \$300 million in capital funding for new buildings, renovations, and infrastructure improvements that have been completed since the 1996 reorganization or are currently underway.

Overall, the Cost Center Budget Model has maintained a close balance between University Park and the Campus Colleges (in the aggregate) in terms of the respective shares of operating expenditures that are covered from tuition revenues generated and, on the other hand, appropriated funds needed to balance the budgets of the cost centers. The greatest variations, as expected, are among the individual campuses that comprise the Campus Colleges. Although the costs of delivering education at University Park are slightly higher than the costs at Campus Colleges in general, higher tuition differentials and the greater proportion of non-Pennsylvania residents at University Park serve to offset the higher costs at University Park and keep the overall allocation of appropriated funds to support the campuses in remarkably close balance.

Thus, the implementation of the 1996 *Plan* produced a myriad of positive outcomes for the University and for the Campus Colleges. These benefits must be weighed carefully as future plans for restructuring are contemplated.

### **Challenges Emerging Since the 1996 Restructuring**

Nearly a decade has passed since the formulation of the 1996 Plan, and conditions have changed, both internal and external to the University. These external influences include Pennsylvania demographics, the state-of-the-state's economy, public support for higher education, and competition from other institutions in the Commonwealth. These are the major challenges that Penn State must confront in the next decade and beyond, and for which an appropriate administrative alignment must be configured to support the University's future success.

Pennsylvania's demographics in the coming decades are not favorable concerning the supply of traditionally aged university students. Overall, Pennsylvania's population growth rate is among the slowest in the nation and, conversely, the Commonwealth has one of the oldest populations among the states. The number of high school graduates has been rising very slowly in recent years, growing as a result of the Baby Boom echo, but this number will begin to shrink again beginning in 2008. The effects of these adverse demographics are already being felt at Penn State campuses, particularly in western and northeastern Pennsylvania. In the current student recruitment cycle, the number of high school graduates is declining in 12 of the Penn State campus service areas.

Furthermore, the substantial rate at which Pennsylvania's high school graduates have gone on to post-secondary education over the past decade has tended to obscure the difficulties that lie ahead. The rate of participation in post-secondary education appears to have peaked in recent years, and Pennsylvania is likely to suffer in the future from both lower numbers of high school graduates in the Commonwealth and, at best, a stable proportion of graduates who go on to college.

Thus, adult students—those 24 years of age and older—will make up a growing proportion of all students involved in post-secondary education in the future. Penn State, like most of its peer institutions, has not traditionally been well geared to serving this market, although some of the University's campuses have made notable strides in addressing the needs and schedules of adult students. While the University Park Campus will undoubtedly continue to be dominated by traditionally aged students, the adult student market segment will be critically important to the future of many of Penn State's campuses.

A long-standing challenge to Penn State's future continues to be the declining share of financial support from the Commonwealth of Pennsylvania. Over the past 30 years, the state share of support for the core instructional mission of the University has fallen from about two-thirds to less than one-quarter of the Educational and General budget. Public resources on a per student basis have fallen on both a nominal and inflation-adjusted basis. Faced with rising costs of salaries, benefits, maintenance, utilities, technology, and other costs necessary to maintain and enhance the quality of education delivered, Penn State (and its peer institutions) have had to raise tuition at rates that have significantly outstripped the general inflationary level of the economy. This was particularly true in the 2002-03 and 2003-04 fiscal years, when double-digit rate increases were necessary for the University to balance its budget as the Commonwealth took deep cuts through recisions of existing funds and reduced appropriations at the start of the new fiscal years. Penn State's resident tuition rates are now among the highest for public universities in the nation. Fortunately, the Commonwealth of Pennsylvania has one of the most generous programs of student financial aid among the states; however, the proportion of students' costs of education covered by state grants and loans has slipped in recent years.

The experience of the past two years of student recruitment has clearly demonstrated something about the nature of the price elasticity of demand for higher education in general and Penn State in particular. Although applications for admission to the University Park Campus remain very high, applications for admission to the Campus Colleges generally have not shared in that expansion. In addition, a higher proportion of those applications to University Park originate from prospective students who reside in other states as Penn State's University Park Campus takes on more and more of the character of a national and international university.

A greater widening of the tuition differentials between University Park and the Campus Colleges has been introduced over the past three years, in addition to the significantly higher non-resident tuition differential that has characterized University Park for more than a decade. Yet, there are limits to how wide a differential can be maintained given that the costs of delivering education at the Campus Colleges is not much lower than at University Park (the costs of delivering undergraduate education, particularly the lower division, at University Park is much lower than at the Campus Colleges, but is offset by the higher costs of graduate education). There are few economies of scale at campuses with enrollments of less than 2,000 students. Thus, while the University will continue to do its utmost to keep tuition increases to the lowest they can be at the Campus Colleges, it is inevitable that tuition must increase to cover the increasing costs of operation of those campuses. To do otherwise would require increasing subsidies from growing or stable campuses to the point at which the entire University would suffer dramatically in its overall financial health and continuing ability to deliver a high-quality educational experience for our students. Obviously, creating the greatest possible cost efficiencies, while maintaining or enhancing academic quality at the campus, will be a paramount challenge we must address.

Meanwhile, with over 140 colleges and universities within its borders, Pennsylvania presents a highly competitive environment for Penn State, particularly for its Campus Colleges. Put simply, there is currently too much higher education capacity, especially with respect to the traditional-aged student population. Thus, Penn State operates in a "buyer's market" for educational services, and the high level of competition has led to a pattern of extensive tuition discounting among private universities. Data indicate that the typical private college or university in the Commonwealth discounts about 40 percent off the "sticker price" of its tuition. The more elite private universities typically do not discount as much as the less prestigious institutions, and many excellent, smaller, private liberal arts colleges discount 50 percent or more off their posted tuition prices through extensive programs of institutional aid.

Significant competition for Penn State's Campus Colleges also comes from the public universities of the Commonwealth-owned State System of Higher Education (SSHE), which receive about 40 percent more appropriation per student than Penn State's campuses, thereby permitting them to keep their tuition lower. The SSHE universities are larger than Penn State's campuses, allowing the former to achieve greater economies of scale, a wider array of baccalaureate programs, on-campus residence halls, and the like. While the community college movement has been relatively late in establishing itself in Pennsylvania compared with other states, owing in part to the expansion of Penn State campuses offering associate degrees, community colleges represent an increasingly potent form of competition for the University's Campus Colleges. Excellent recent support from the state will further enhance Pennsylvania's community colleges. Growing enrollments at an annual rate of more than 7 percent in recent years, community colleges are offering undergraduate credits for, in some cases, less than \$60 each, which is a small fraction of what Penn State must charge to cover its costs of a substantial fixed asset base of facilities, doctorally qualified faculty, specialized and expensive-to-deliver majors, and a wide range of student services and experiences. Furthermore, the widespread use of articulation standards mandated by regional higher education accreditors or voluntary program articulation agreements have meant that students could fulfill General Education or pre-professional coursework at lower-priced community colleges and transfer to Penn State campuses to complete their baccalaureate requirements. Although transfer students from community colleges have made some rather limited contributions to upper division enrollments at some of Penn State's campus college locations, the losses of lower division and associate degree enrollments have almost assuredly worked, on balance, to reduce student enrollments at the Campus Colleges. The reductions of associate degree program enrollments from the Campus Colleges have been pronounced at most campuses, and they continue to fall.

The combination of adverse service area demographics, high tuition relative to other public colleges and deeply discounting private universities, the Cost Center Budget Model, the inability to attract significant numbers of out-of-state students paying higher tuition, and increasing competition among all institutions in the Commonwealth has created a much greater level of internal competition among Penn State's Campus Colleges than existed at any time in the past. This has been manifest in many ways including incursions of student recruitment personnel of one campus into the service area high schools or markets of other campuses, advertising outside the campus service area, and efforts to upstage sister campuses in the development of new majors that will attract additional students, even at the

expense of other Campus College locations. Similarly, Continuing Education has been poorly coordinated on a statewide basis, with campus directors of Continuing Education engaging in predatory practices, proposals to clients coming from multiple campuses with different prices, and generally presenting a picture of the University as a confusing organization as we attempt to serve the public.

Maintaining disciplinary and functional cohesion among Penn State campuses including University Park has become more difficult in the current environment of internal competition, campus resource allocation patterns, and the spirit of independence that characterizes all of the campuses. Most colleges and their academic departments at University Park have paid insufficient attention to maintaining linkages with their disciplinary colleagues at the other campuses. Too often, program changes are introduced and course content is altered at one campus without consultation or with insufficient consultation, resulting in greater difficulty for students to change assignment or to successfully complete elements of the program that build on previous pre-professional or analytic foundations necessary to succeed in their baccalaureate studies. Too often, unique new majors have been created at the campuses that differ more than what may be necessary from nearly identical programs of other academic colleges, making it more difficult for students to change assignment or complete their programs in as timely a manner. In addition, many of these unique majors serve a very small group of students, thereby reducing class sizes and using more resources than are warranted. The long-standing principle that lower division studies across all Penn State campuses should be as similar as possible has been increasingly violated. Straying from this principle seems to ignore the fact that more than 50 percent of all students who start at a Campus College continue to change assignment to University Park. The promotion of baccalaureate degree programs at Campus Colleges by minimizing or excluding the wider range of opportunities for degree completion at other campuses may extract a heavy price in terms of students lost to Penn State when they cannot see the possibilities for movement among campuses and choose to go to other colleges or universities instead.

The challenge that emerges from this environment is to balance successfully Campus College goals with University goals, and to create the appropriate balance between central control and campus autonomy over local matters. Some matters such as Penn State's "brand identity," the presentation of public positions of the University, and quality assurance of the University's communications to the outside world are so important that central control must be exercised to make certain that the University operates in a consistent and cohesive manner. In other instances, cost effectiveness and a high level of interaction and coordination demand that greater central control be exercised. However, in other areas, campuses must be empowered to allocate and utilize faculty and other academic resources in ways that can best be determined on the basis of local information, constraints, and opportunities.

### **2005 Administrative Restructuring**

The need for a more direct oversight function for the Campus Colleges is apparent from the challenges that have emerged since the implementation of the 1996 *Plan*. Actions of the Campus Colleges must be better coordinated across *all* campus locations than has been possible in recent years under the current structure. There must be greater opportunities to share financial and other resources among campuses, and to represent Commonwealth campus interests at the highest levels of University decision-making.

### **Vice President for Commonwealth Campuses**

Accordingly, a new position of Vice President for Commonwealth Campuses (VPCC) will be created. The VPCC will be charged to oversee 19 undergraduate campuses and to allocate resources in the context of a modified Cost Center Budget Model with adjustments to individual campus needs. An exception among Penn State's campuses, in addition to the College of Medicine/Hershey Medical Center, Dickinson School of Law, and Penn College, will be the Great Valley School of Graduate Professional Studies (GVSGPS), which will remain with the Graduate School. The GVSGPS is a unique, special purpose campus whose academic mission and mode of operation are best facilitated by reporting to the Vice President for Research and Dean of the Graduate School (VPRDGS). Nonetheless, it will be imperative that the GVSGPS, through the collaboration of the VPCC and the VPRDGS, create synergies and joint opportunities for graduate programming among the predominantly undergraduate campuses in the southeastern region of the Commonwealth.

Changes to the current Budget Model will also be made. Although the Cost Center Budget Model does an excellent overall job of balancing resource flows to University Park and the Campus Colleges in aggregate, the year-to-

year changes in financial resources flowing to the Campus Colleges can be too large for campuses to adjust their expenditures quickly. This is obviously most compelling when reductions in enrollment lead to declining permanent and temporary budgets for the campuses. However, some modulation is also appropriate during periods of growth to ensure that investments made with additional resources are sustainable. Thus, the Cost Center Budget Model will be modified to incorporate greater absorption of the shocks that occur with tuition revenue reductions by picking up a share of the benefits costs centrally, and the greater use of moving average calculations to allow campuses additional time to adjust to changing budget allocations. Tuition levels at the Campus Colleges will, to the extent possible, be simplified over time, and held to the minimum levels possible to cover increases in the recurring costs of campus delivery of educational programming.

The Vice President for Commonwealth Campuses will be charged to develop, where appropriate, regional clusters of activity and resource-sharing among Penn State campuses. These arrangements are not restricted to actions within a single academic college, but may cross college structures of the campuses in order to facilitate programmatic collaboration, cost savings, and more effective utilization of resources.

The Vice President for Commonwealth Campuses will also have responsibility to promote curricular integration across all Commonwealth campuses and with University Park academic colleges, and will be on the approval path for all campus baccalaureate and associate degree programs. The VPCC will work closely with existing University Park colleges, the Office of Undergraduate Education, the Executive Vice President and Provost, and the Faculty Senate to integrate and coordinate courses offerings for maximum benefit to our students. The goal of the VPCC will be to rationalize, to the extent possible, baccalaureate degree programs among the Campus Colleges to provide the highest degree of commonality across the entire University, particularly among lower division courses and degree requirements, to create the greatest possible ease of changing assignment among campuses for students and the greatest possible overlap of instructional content to ensure a common foundation for students as they proceed through their major programs. The VPCC will be charged to ensure that campuses make available, to the extent practicable, the resource of online courses available through the eLearning Cooperative, to enrich access to the widest possible array of coursework available at Penn State, and to collaborate with the Vice President for Outreach to facilitate the development and utilization of online academic resources.

The VPCC will oversee and integrate student recruitment and retention strategies across all Commonwealth campuses, ensuring that collaborative arrangements exist among campuses in student recruitment, both among traditional-aged students and adult learners. The VPCC will collaborate with the Vice President for Outreach to implement strategies for addressing the needs of adult students in proactive ways.

The Office of the Vice President for Commonwealth Campuses (OVPCC) will be largely an administrative organization with the leanest possible staff complement. The OVPCC will work collaboratively with other senior officers of the University representing key functional areas to ensure that adequate central services are provided to campuses without creating separate unit(s) within the OVPCC to provide those services. The OVPCC will work closely with the Council of Commonwealth Student Governments to incorporate student ideas and concerns into the fabric of Commonwealth campus operations.

The VPCC will report to the Executive Vice President and Provost of the University, who will continue to support the needs and goals of the Commonwealth campuses. The VPCC will be responsible for providing on-going assessment of campus performance, for allocating resources in support of campus initiatives, and for identifying prospective actions that would attune campus missions to the realities of the fiscal and competitive environment as it evolves. The VPCC will sit as a member of the President's Council and the Academic Leadership Council, and will chair the meetings of the Council of Campus Administrators, which the President and Provost will continue to attend.

### **Campus Chancellors**

Effective July 1, 2005, all Campus Executive Officers will assume the title of "Chancellor," followed by the respective campus, e.g., Chancellor of Penn State Erie or Chancellor of Penn State Altoona. This title is appropriate given the expanded role that Penn State's campus executives have increasingly assumed, especially since the 1996 *Plan* was implemented. The Chancellor title places Penn State's campus leaders on the same basis as the campus leaders of other institutions in their locality with whom they interact as they represent the University. The CEO terminology is apparently unique to Penn State, and a poorly understood title among the public, local community representatives, and even campus advisory board members. This change in leadership title will also help to ensure

that the highest possible caliber of candidates will compete for openings at Penn State's campuses when these positions become available and are advertised nationally. Titles of those administrators who will be reporting to Chancellors ordinarily will not be changed from their current titles; requests for any changes in title must be approved by the Vice President for Commonwealth Campuses and the Executive Vice President and Provost of the University.

The Chancellors of all Penn State campuses will report directly to the Vice President for Commonwealth Campuses. Therefore, the current amalgamations of the Berks and Lehigh Valley campuses and the Harrisburg and Schuylkill campuses will be dissolved. Similarly, the campuses of the existing Commonwealth College will not report through a separate dean and administrative unit. Chancellors who currently serve as deans of their respective colleges (Abington, Altoona, Behrend, Berks, and Capital) will continue to serve as academic deans of their single-campus colleges, although they will not use the title of "dean," which would duplicate the academic nature of the Chancellor title. Campus Chancellors who are not leaders of a separate college will be grouped into a "University College" unit for academic purposes, and the VPCC will serve as the dean of this unit for curricular matters and faculty promotion and tenure review. Chancellors of campuses that were formerly part of multi-campus colleges will be charged to strengthen local structures for campus academic reviews, including expanding the responsibilities delegated to campus Directors of Academic Affairs. The current and unique three-level review process for promotion and tenure in the Commonwealth College is unwieldy and should be streamlined. In the proposed University College structure, a two-level review process (that occurs prior to University Promotion and Tenure Committee consideration) will be implemented, subject to Faculty Senate review. The campus committee and campus Chancellor will constitute the first level of review, and the college committee and the VPCC will constitute the second level. Committees at the campus and college levels will be constituted of a size and composition sufficient to assure adequate representation from candidates' academic fields.

Campuses not currently having college status, but which may achieve the necessary scale and independence of operations, may petition the President of the University at some later date when conditions might justify establishing the campus as a stand-alone academic college. If the President should find the petition meritorious, the usual process of approvals would be initiated.

Chancellors of campuses with college status will continue to be members of the Academic Leadership Council (ALC), which will continue to meet every fourth week, chaired by the Executive Vice President and Provost. All campus Chancellors will have membership in the Council of Campus Administrators (CCA) which will replace the current Council of Campus College Academic Deans (CCCADs), meeting every fourth week and between the regular meetings of ALC. The CCA will be chaired by the Vice President for Commonwealth Campuses; the Vice Provost for Academic Affairs will also continue to work closely with the CCA.

### **Vice President and Dean for Undergraduate Education**

A second vice presidential position, Vice President and Dean for Undergraduate Education (VPDUE), will be created that combines the current responsibilities of the Vice Provost and Dean for Enrollment Management and Administration and the Vice Provost for Undergraduate Education and International Programs. This position will parallel in title the Vice President for Research and Dean of the Graduate School, thereby giving equal stature to the Penn State commitment to undergraduate education in the student-centered University.

The Vice President and Dean for Undergraduate Education will incorporate the functions of enrollment management and administration including Undergraduate Admissions, the Registrar, and Student Financial Aid, as well as the current portfolio of the Office of Undergraduate Education and the Office of International Programs. These functions were, with the exception of International Programs, combined in one vice provost and dean portfolio until 1993 when enrollment challenges, particularly at the Commonwealth campuses, led to the creation of separate vice provost positions for Enrollment Management and Administration and Undergraduate Education; a separate dean position for International Programs was created in 1996, but combined with the position of Vice Provost for Undergraduate Education in 2002. After more than a decade of development of undergraduate admissions capability, this academic services unit is now sufficiently mature with strong leadership to be re-combined once again with Undergraduate Education.

In addition, greater coordination of academic services is needed between University Park and all Commonwealth locations. Individuals at campuses who work in advising for the Division of Undergraduate Studies, the learning centers, the campus registrar's offices, and other academic services will continue to report to their campus

Chancellors, but the VPDUE will create mechanisms for greater interaction and support at all campuses and will become more involved in coordinating efforts across campuses to ensure that all students receive similar services.

The Vice President and Dean for Undergraduate Education will report to the Executive Vice President and Provost of the University, and be a member of President's Council, the Academic Leadership Council, and the Council of Campus Administrators.

### **Other Administrative Realignments**

Some other reporting lines and organizational relationships need to be altered to capitalize on the functional depth of central units that have the resource base to provide University-wide services more efficiently and effectively than is possible individually on each campus. Certain functional enterprises of the University need to have a balance of strong central control with local campus execution of activities. Such has been the case with financial oversight wherein the University's financial officers report to the Controller, although they work closely with and serve the various budget executives across the institution. University Development, with a few exceptions, has been organized in a similar manner. Development officers report to, and are on the budget of, the Vice President for Development and Alumni Relations (VPDAR), but they work in concert with the deans and other budget executives to whom they are assigned; performance is evaluated jointly, and the VPDAR has final approval authority over staff hiring decisions of development officers in each college engaged in development activities. These reporting arrangements have proven to be very successful over the years, providing depth of central expertise and scale economies with local initiative and "on-the-ground" campus/college involvement.

### **Outreach**

With the growing importance of adult and non-traditional students to the future viability of the Commonwealth campuses, and, by extension, to the entire University, a coherent approach to this segment of Penn State's prospective clientele is essential. Therefore, the Vice President for Outreach will be designated as the University's chief advocate and organizational leader for programs and approaches that will better reach adult learners, and to coordinate campus activities statewide with respect to non-traditional students and workforce development programs. Performance of individual units can also be judged more accurately in such a comparative framework, and coordinated and targeted approaches can be developed to better serve private sector organizations, many of which have multiple and extensive ties to Penn State. This change will be orchestrated under two new administrative initiatives: first, the creation of the State-wide Center for the Adult Learner; and second, the State-wide Continuing Education and Workforce Training System.

In order to reduce fragmentation and utilize the tremendous assets of the University's outreach units, the budget lines of the Directors of Continuing Education (DCE) at the Commonwealth campuses will be moved to the Office of the Vice President for Outreach (VPO) (some DCE positions are already funded on central Outreach budgets). The DCE's will report to the Associate Vice President for Outreach/Director of Continuing and Distance Education who will lead the effort to re-focus Continuing Education on credit programming and the development of state-wide, urban, and local relationships with key industry clusters and government agencies. DCE's will operate from Commonwealth campus locations, in close working relationships with the campus Chancellors, and campuses will be called upon to extend their expertise and experience in certain types of Continuing Education or building on established relationships that may need to cross traditional service area boundaries. Unified responses on behalf of Penn State, utilizing one or multiple campuses, must be the operative approach to external organizations. Cost accounting and performance metrics that will help to judge better the success and reach of programs must be an integral part of the re-focusing of Continuing Education, as well as a more coordinated effort with other Penn State Outreach units, such as PENNTAP and Cooperative Extension.

In addition, the VPO is further charged with responsibility to create Penn State Online, a highly integrated approach to eLearning that provides seamless access to all students regardless of location. Penn State Online will incorporate the current World Campus operations, the Blended Learning Initiative (the combination of resident and online degree program elements), and instructional design, development, and the provision of support services to students who are studying through various eLearning and distance education programs University-wide. Penn State Online represents an expansion of the current World Campus mission and leadership role in online learning, and will involve a close working relationship with Information Technology Services, the Office of Undergraduate Education

(which will administer the eLearning Cooperative), and University Park and Commonwealth campus faculty who define the academic content of the degree programs and certificates.

The Vice President for Outreach must work closely with the Vice President for Commonwealth Campuses, the Vice President and Dean for Undergraduate Education, and campus Chancellors to ensure that a highly coordinated approach to adult learner needs, online education and outreach services is provided. This collaboration will enhance the prospects that the University and all of its component campuses will achieve a high level of success in key student markets and fully realize the mission of Penn State as the Commonwealth's Land Grant University.

### ***University Libraries***

Similarly, some restructuring of the relationship of University Libraries to the Commonwealth campuses will also be made. There is currently a set of complicated and convoluted relationships in the administration of Commonwealth campus libraries. Some librarians are on the central budget of University Libraries, while others report to their campus administrators. Some operating funds are in the University Libraries budget, while others are in campus budgets. Not all campuses currently utilize central technical services operations, resulting in operational inefficiencies. This complex set of administrative relationships also undermines the ability of the University Libraries to negotiate best prices with publishers for systemwide access to electronic resources.

Beginning July 1, 2005, all librarians and staff who are not already on the University Libraries central budget will be shifted there. Directors of Commonwealth campus libraries will have a primary reporting line to the Dean of University Libraries (with operations overseen by the Associate Dean for Campus/College Libraries), with a secondary reporting line to the campus Chancellor. Faculty and staff will continue to be hired in consultation with campus leadership, with central review of candidate qualifications and salary levels to reduce inequities among campuses. All technical service operations will be performed centrally. Current operating budgets for Commonwealth campus libraries will be moved to University Libraries. Acquisitions budgets will continue to reside in University Libraries, and may be supplemented by campuses as they often are now.

Furthermore, effective July 1, 2005, administration of the faculty/staff and operations of the College of Medicine/Hershey Medical Center Library and the Dickinson School of Law Library(s) will be transferred to University Libraries, and the directors of the respective units will report to the Dean of University Libraries, with a secondary reporting line to the deans of those colleges. Each of these units will be established as separate cost centers, and funding will be determined each year by the Dean of the College of Medicine/Hershey Medical Center and the Dean of the Dickinson School of Law, in consultation with the Dean of University Libraries, and transferred into those cost centers for administration by the Dean of University Libraries. The Pennsylvania College of Technology library operations should also be studied to determine whether or not additional efficiencies, better services, and greater consistency could be achieved by increased collaboration with University Libraries.

These changes will provide increased efficiencies and consistency of services across campuses, including information technology resources. These changes will also strengthen the University's bargaining position with publishers for centralized licensing and best prices.

### ***Student Affairs***

A third functional area in which organizational changes will be made is Student Affairs. The establishment of 4-year degree programs at all of the undergraduate campuses created significantly increased needs for student affairs programming and services. Yet, many Commonwealth campus locations do not have the necessary resources to hire, train, and adequately support student affairs professionals. There is clearly a role for greater central support of campus student affairs personnel and better coordination and resource-sharing among campuses.

The Vice President for Students Affairs (VPSA) will appoint an Assistant Vice President for Campus Student Services. Reporting to the VPSA, the Assistant Vice President will spend at least half-time working with Commonwealth campuses, as appropriate, to strengthen their capabilities in student affairs, to bring the resources of the Division of Student Affairs to assist campuses in organizing and delivering student services, and working with campus Chancellors to develop long-range plans to support additional student affairs programming. The Assistant Vice President will also convene the Student Affairs Council which includes the senior Student Affairs officer at all

Commonwealth campuses and in all student affairs departments at University Park. The Council's purpose is to encourage collaboration among campuses and with the functional areas at University Park. Thus, no campus reporting relationships are altered in the Division of Student Affairs, but greater central resources and consulting will be brought to bear in support of Commonwealth campus student affairs organization and programming. In addition, the Office of the VPSA will play a greater role as an advisor in the hiring and evaluation of student affairs professionals at the campuses, and in setting minimum standards and expectations for student services that should be available in various campus settings.

The Division of Student Affairs will also realign its administrative team, within existing resources, to provide more effective leadership, maximize staff talent and allow for more collaborative focus on strategic priorities at University Park and throughout the Commonwealth. Three senior administrators (in addition to the Assistant Vice President for Campus Student Services) will work in partnership with the Vice President for Student Affairs to create a more student-centered university.

The Associate Vice President for Student Engagement will be responsible for guiding efforts to enhance the student experience by building a more caring, cohesive and inclusive learning community that cultivates student engagement and committed service within the University and in the world beyond Penn State. Areas of responsibility will include five departments and various programs that support students and their engagement. The Associate Vice President for Student Affairs will lead efforts in collaboration with academic administrators and faculty to shape a more purposeful educational experience for Penn State students in their co-curricular activities and programs. Areas of responsibility will include six departments and programs that support the delivery of learning opportunities outside of the classroom. Finally, the Assistant Vice President for Housing, Food Services and Residence Life will continue to report jointly to the Vice President for Student Affairs and Senior Vice President for Business and Finance to oversee the Housing and Residence Life operations; in addition, the Assistant Vice President will oversee the Food Service operation and the Office of Off-Campus Living.

### ***Development***

The current model of constituent-based fundraising led by a strong central staff in the Office of University Development (OUD) has served Penn State well over more than two decades. The only unit where this structure is not currently in place is the Commonwealth College. Several changes will be made to align these campuses with the rest of the University. Effective July 1, 2005, all Directors of Institutional Advancement (DIA) in the Commonwealth College campuses will report to a senior officer within OUD. OUD will take the lead on all employment decisions including the establishment of job descriptions and titles, management of the search process, approval of all hires, and evaluation of staff job performance. The current DIA salary lines at Commonwealth College campuses will be transferred to the OUD budget, and DIA's at all campuses will be elevated to full-time development officer positions. These development officers will serve their Chancellors and campuses in support of a higher level of fundraising activity, and they will participate fully in all OUD practices and procedures including annual goal-setting and prospect management protocols.

### ***University Relations***

Changes are also necessary in the area of University Relations. It is extremely difficult to exert centralized control over the large number and myriad of individual messages that our campuses, colleges, and other University units are delivering to the public about Penn State. Although it is often said that any news is good visibility for the University, it has become increasingly clear that the University is not always delivering consistent messages in an appropriate manner to our constituencies, and the University does not always take full advantage of opportunities that come along. Here again, there must be a balance between central influence over communications with the public and the realities of the complex and very dispersed organization that is Penn State. In any case, there are now far too many people across the University who are involved in university relations-type activities and publications to report to a small central unit.

Accordingly, University policy will be modified to establish clear lines of responsibility for the University's public relations, marketing, and publications efforts that will apply to all colleges, campuses, and budgetary units that communicate to external audiences. It will be the policy of the University that the development and implementation of overall marketing and public relations strategies rest with the Office of University Relations. The Vice President for

University Relations (VPUR) is charged with oversight for the development of these strategies and for coordinating the external communications of the University. Each unit of the University will designate one individual who will be responsible for coordinating that unit's marketing, advertising, publications, and public relations and communications activities in cooperation with the VPUR or the vice president's designee. The VPUR may delegate authority for external communications to unit coordinators, but no outside consultants or agencies may be engaged without the prior approval of the VPUR or the Director of University Marketing and Advertising. Staff hiring for marketing, publications, and media relations will be done in consultation with and the participation of the Office of University Relations. In addition, three new councils will be organized that will meet periodically to facilitate communications among representatives of units involved in University marketing, public relations, and the designated University editors.

### ***Health Sciences***

Some of the greatest opportunities and most daunting challenges for American society in the decades to come revolve around accelerating life sciences discovery, breakthrough biomedical technology, and profound changes in health care delivery for an aging population. The landscape for health education, science, and services will change in ways our proactive, engaged university must anticipate with an equally revolutionary response. The educational challenge involves transforming biomedical knowledge into new education strategies and structures, while building the University's capacity to educate the interdisciplinary health care workforce of the future and to meet the demand for extensive public education on health issues. The research challenge involves leveraging the increasing sophistication, complexity, and convergence of science to compete successfully for biomedical research dollars with the top research universities. The service challenge is providing the highest quality health care services with a focus on wellness, access, and changing demographics.

Penn State has a long and distinguished record of educating students for a wide variety of careers in the health sciences and for producing research on the frontiers of knowledge. These contributions have been made in many units of the University, extending far beyond the core efforts of the College of Health and Human Development and the College of Medicine/Hershey Medical Center. Other colleges at University Park are either directly involved or closely allied with the health professions and sciences, including the Eberly College of Science, the College of Agricultural Sciences, the College of Engineering, and the College of the Liberal Arts. Many of the Commonwealth campuses have significant programs in health fields such as Nursing, Applied Psychology, Human Development and Family Studies, Kinesiology, Physical Therapy, Radiological Sciences, and Occupational Therapy. In addition, Penn College offers numerous degrees in the health professions, and the World Campus has been added as a delivery mechanism for a certificate in Addiction Studies and a degree completion program in Nursing. There are currently nearly 50 unique associate, baccalaureate, graduate, or certificate programs in the health sciences at Penn State, serving more than 3,200 students this academic year.

Research in the health sciences at Penn State has also grown tremendously over the past decade. Expenditures for research sponsored by the U.S. Department of Health and Human Services has grown rapidly in recent years, and funding from other agencies of the federal government, the Commonwealth, and industry contributes further to the growing list of sponsoring organizations for health sciences research at Penn State. The College of Medicine/Hershey Medical Center accounts for the largest single share of Penn State's research expenditures in the health sciences, and the College of Health and Human Development has also substantially increased its health-related research activity. Funding in other academic colleges for research in biomedical engineering, nanotechnology, toxicology, neurosciences, chemistry, biochemistry, molecular and cellular biology, ecology, physiology, genetics, bioinformatics, anthropology, public health, and a myriad of other related fields also has contributed to the rapidly expanding capabilities of Penn State researchers in the health sciences.

The Life Sciences Consortium, now re-named the Huck Institutes for the Life Sciences, was created in 1995, and it has been a tremendously important driver of the increases in health sciences research at Penn State. By 2003-04, research in the life sciences brought about through the investments in the Huck Institutes reached \$109 million. This consortium approach has engendered a level of collaboration among academic units at the University that has led many other institutions to try to emulate what has been accomplished in the life sciences at Penn State.

Despite these accomplishments, Penn State's health sciences programs could achieve much higher levels of performance through increased integration and collaboration. Strategic planning for the health sciences is currently fragmented, spread among many departments, schools, and colleges across the University. Those universities considered strongest in health sciences achieve their robust status with a much higher degree of integration among

educational, scientific, and service programs. Importantly, the data clearly show that any comprehensive university which fails to develop a strong biomedical research strategy is likely to lose ground in its overall academic and research funding status. Currently, all the top ten research institutions have four to six times more National Institutes of Health funding than Penn State.

To fulfill the University's potential for greater national leadership, the President will establish a task force of key Penn State leaders with a charge to accomplish three tasks: (1) to assess the University's health sciences education portfolio in relation to current and future demands for health professionals and develop an action plan to educate the team-oriented, interdisciplinary health care workforce of the future, (2) to identify convergences among dispersed faculty, programs, and capital resources dedicated to health sciences research across the University, and (3) to recommend actions that would promote new paradigms and organizational structures for positioning Penn State to meet the emerging challenges in health education, sciences, and services. The Senior Vice President for Health Affairs will chair the task force.

## Conclusions

Penn State University is at a critical juncture with emerging challenges that will determine our future success in enhancing the quality of the education we deliver and the quality of student life experiences we provide for our students. These challenges include a rather unfavorable demographic situation in the Commonwealth, rapidly rising costs of delivering quality education, increasing competition from nearly all other segments of the higher education sector, the effects of technology on access to learning, and the difficulties of coordinating the individual efforts of thousands of faculty and staff stretching across 24 campuses.

Although most of the challenges appear to portend greater disruption for Penn State's Commonwealth campuses, they are similarly important to the University Park colleges and the rest of the University. Penn State cannot achieve its goals without healthy campuses, whether it involves our fiscal interrelatedness or our academic connections through the thousands of students who spend time at more than one campus or utilize our online learning capabilities.

Successfully meeting these challenges will require a University structure that respects the history and evolution of our campuses, and balances local empowerment with the advantages inherent in the strength of a large institution. We must constantly strive to break down the silos that invariably are built and rebuilt within organizations as they mature, be they college and departmental structures, functional service or administrative units, or the relationships among campuses and central administration.

The 1996 *Plan for the Commonwealth* has been remarkably successful in taking our Commonwealth campuses to new levels of academic quality and responsiveness to student needs and interests. The Cost Center Budget Model was responsible for significant flows of new resources to the campuses that supported the addition of many new baccalaureate degrees and hundreds of new faculty and staff. The task now will be to assess how our allocation mechanisms react to situations of declining enrollments and higher tuition, and how we adjust our recruitment and retention strategies to stabilize our budgetary situation or, alternatively, how we cope with reduced resources and retrenchment if we are unable to turn some trends around. Likewise, there is increasing evidence that changes are necessary in the University's organizational structure to better position Penn State to meet the challenges that have now emerged.

Curricular integrity and disciplinary cohesion are critically important elements related to organizational structure. A Task Force on Curricular Integrity, appointed jointly by the Executive Vice President and Provost and the Chair of the Faculty Senate, is currently working to develop recommendations that will promote greater consistency across campuses offering the same or similar majors. The Faculty Senate has recently made modifications to its curricular review process that support the goal of greater curricular cohesion, and University Park deans and campus Chancellors will be charged to ensure that periodic consultations of the faculty within disciplines across the University occur in the future.

The 2005 Administrative Restructuring respects the value of local empowerment with the elevation of the campus leaders to Chancellors and the attendant expectations for further success in engaging communities and developing the capabilities and resources of the campuses. It also recognizes the need for senior University executive oversight responsibility in assuring that all of Penn State's campuses (including University Park) collaborate for the

greater good of the University, that sharing of resources takes place, that bureaucracy is minimized, and that greater efficiencies in operations are achieved. To that end, organizational realignments in Outreach, University Libraries, Student Affairs, Development, and University Relations have been articulated, which we believe will leverage the resources and capabilities of the University to their fullest extent.

The 2005 Administrative Restructuring will be accomplished at no additional cost. Three executive positions (one dean and two vice provosts) will be converted to two executive positions (vice presidents), and the associated cost savings can be used to backfill among personnel who will be required to take on additional responsibilities as organizational alignments shift. The elimination of some positions in the current Commonwealth campus structure through attrition will result in cost savings that can be redirected toward the provision of greater support for the Commonwealth campuses in key functional areas.

The streamlining of the campus organization and the creation of the position of Vice President for Commonwealth Campuses will ensure that greater attention and visibility is accorded to the campuses where the greatest challenges exist and at the highest levels of University administration. This restructuring will also permit the Executive Vice President and Provost to assume a greater range of operational responsibilities and, in turn, release time for the President to engage in additional activities outside the University including fundraising and external relations.