President’s Report to the Board of Trustees

January 16, 2015
Six Imperatives – Progress Update

- Access and Affordability
- Economic Development and Student Career Success
- Student Engagement/Engaged Scholarship
- Diversity and Demographics
- Technology and Curriculum Delivery
- Excellence
Access and Affordability: Enhanced Educational Pathways
Student Access and Affordability – Summary of Data

Strengths:

• Record applications – will exceed last year’s high – strong value proposition because of high quality
• % of first in family students still growing – 39% at CC and 21% at UP (37%/19% Pell)
• *For the Future* raised ($530M) for scholarships
• Student default rates (6.4%) are more than 2% below PA averages and 3.6% below national averages; no change in % of students taking on debt (66% for the last decade)
**Student Access and Affordability – Summary of Data**

But:

- Average debt has grown from $20,000 a decade ago to $35,429
- Student default rates have grown each year since the recession started
- A 3% tuition increase is small compared to an extra year of tuition – our students borrowed $23M to go years 5 and 6
- Significant differences in retention and graduation rates associated with family income
Family income is the strongest predictor of graduation rates and low-income students are graduating at significantly lower rates:

<table>
<thead>
<tr>
<th>Income</th>
<th>6-yr graduation (all)</th>
<th>6-yr graduation (UP)</th>
<th>6-yr graduation (CC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less $18,486</td>
<td>50%</td>
<td>71.1%</td>
<td>40.1%</td>
</tr>
<tr>
<td>$34,676-55,230</td>
<td>62.7</td>
<td>80.3</td>
<td>53.5</td>
</tr>
<tr>
<td>Greater $88,002</td>
<td>77.6</td>
<td>88.0</td>
<td>62.8</td>
</tr>
</tbody>
</table>
**Student Access and Affordability – Critical Goals**

- Increase retention and graduation
  - Greatest tragedy is student loans and no degree
- Decrease the total cost of a degree – (time to degree a major factor)
  - Paying for more than 4 years the second greatest tragedy
- Decrease rate of borrowing
- Decrease the attrition due to finances - need-based students take longer to graduate (their education costs more), have lower retention rates, and higher loan rates
Student Access and Affordability

• Provost Nick Jones established the Penn State Enhanced Education Pathway Committee
• Co-chairs: David Christiansen, Associate VP & Senior Associate Dean for Academic Programs, Commonwealth Campuses
• Renata Engel, Associate VP for Online Programs, University Outreach
Members

- Yaw Agawu-Kakraba, Director, University Summer Sessions
- Susan Basso, VP, Human Resources
- Richard Brazier, Assoc. Prof., Math and Geology, PS DuBois
- Mike DiRaimo, Governmental Affairs
- Andrea Lyn Dowhower, Assist. VP for Student Affairs
- Yvonne Gaudelius, Assoc. VP & Senior Assoc. Dean, UG
- Andrew Reisinger, Assist. Director, Analysis & Budget Studies
Committee Priority

Goal: Highest quality education at a cost that ensures access for our citizens
Recommendation 1:

**Math, English and Foreign Language Prep for Incoming Students**

**Goals:** Remediation of deficiencies so students begin college placed at the appropriate level in their intended major; Students can also earn credits toward degree

**Target Audience:** Incoming students with high school deficiencies

**Impact:** Time to degree; efficient placement; GPA
Implementation:

- Connect to existing Summer Bridge Program and Assessment and Learning in Knowledge Spaces (ALEKS) initiative
- Offer online, noncredit World Campus course with exit exam to determine student course placement
- Provide facilities and faculty for tutoring
- Offer students opportunities for “credit by exam” as they gain proficiency
Anticipated Costs

- **Cost to Institution**: Retaining faculty and facilities over the summer; possibly student services as well.

- **Cost to Student**: Minimal fee to cover ALEKS/credit by exam.
Recommendation 2:

**Summer School/On Campus Employment for First- and Second-Year Students**

**Goals:** Provide employment and educational opportunities during summer sessions so students can work while making progress toward degree; Address any remediation issues

**Target Audience:** At-risk students (low income, first generation, provisional)

**Impact:** Retention, graduation rates, cost of degree; borrowing rates; significant impact on at-risk students
Implementation:

• Campuses will be selected for 2-3 year pilot programs based on their target audience, ability to provide meaningful employment opportunities and a viable business model.

• Eligible students can work up to 20 hours on-campus while earning 6-credits as a freshman; 12-credits as a sophomore during summer.
Anticipated Costs

• **Cost to Institution**: $3+ million for student wages offset by students filling needed positions in sports camps, academic institutes and other activities.

• **Cost to Student**: Tuition offset with scholarships
Recommendation 3:

**STEP II (Student Transitional Experiences Program-Expanded)**

**Goal:** Provide financial, academic and social support for students who change campuses to ensure satisfactory academic progress

**Target Audience:** Students making the junior-year transition to UP

**Impact:** Some reduction in time to degree anticipated; higher graduation rates
Implementation:

• Expand the current STEP II summer program to include additional majors
• Guide students as they complete two courses to meet degree requirements
• Add a co-curricular component to engage students in campus activities and career resources
• Add year-round staffing to provide mentoring/consistent support
Anticipated Costs

- **Cost to Institution**: Instructional support; a program coordinator and team of student wage employees

- **Cost to Student**: Tuition and housing, target philanthropy to reduce costs through scholarships
Recommendation 4:

**Student and Family Financial Literacy and Well-being**

**Goals:** Improve understanding of the cost of an education and the long-term consequences of debt; Expand/refine existing financial literacy programs and ensure availability at all campuses

**Target Audience:** All undergraduate students

**Impact:** Significant decrease in student loan rates
Implementation:

- Communicate the financial consequences of completing only 12 credits per semester through a marketing campaign, eLion messages and better advising.
- Regularly update students on loan status/debt so they don’t borrow more than they need (lifestyle borrowing may be as high as $20M a year based on U. Indiana financial literacy experiment).
- Develop/implement an online education module on financial literacy prior to the school year.
Anticipated Costs

- **Cost to Institution**: Minimal
- **Cost to Student**: None, but great potential gains
Added Action 5:

*Decrease in proposed tuition rates*

**Goal:** Increase access and affordability at Commonwealth Campuses

**Target Audience:** Students at 14 campuses

**Impact:** Increased accessibility at campuses with higher percentages of need-based students – retention, graduation rates, lower loan rates
Implementation:

Propose 8 campus tuition increases drop to 0%
• Shenango, Beaver, DuBois, Fayette, Greater Allegheny, Mont Alto, New Kensington, Wilkes-Barre

Propose 6 campus tuition increases drop to 1.8%
• Brandywine, Hazleton, Lehigh Valley, Schuylkill, Worthington-Scranton, York

Remainder at 2.4%
• Abington, Altoona, Berks, Erie, Harrisburg
Anticipated Costs

• **Cost to Institution:** Depends on how tuition changes impact enrollments

• **Cost to Student:** Lower costs than proposed in our budget submission
Added Action 6:

Provost Awards: Increase from $20M awarded in summer/fall 2014 to $25M in summer/fall 2015; merit and financial need criteria; $4,000 per student (coupled with Raise.me in 5 H.S. to earn tuition scholarships based on achieving success factors)

Cost to institution: Highly mitigated by higher yields of strong students; potential to be neutral or even positive

Impact: Increased accessibility; higher GPA; lower loan rates; higher completion rates
Institutional Investment in Access and Affordability

• Six major initiatives or enhancements
• An additional $11 million annually that will support students and their families by:
  o Decreasing the cost of degree for families
  o Improving graduation rates
  o Enhancing student success
  o Reducing student and family debt
  o Largest impact on need-based students
Invent Penn State: Let’s turn great discoveries into a great economy, together.
Economic Development & Student Career Success: Summary

• $800+ million in annual Research Funding since 2011
• Largest single contributor to the state’s economy, generating more than $16 billion annually.
• Top place to recruit students
But

- Only 62\textsuperscript{nd} in getting our intellectual property into the marketplace
- Opportunity to create excellent jobs and provide greater opportunity for our students
Objective

Goal: Create a powerful path that enables Penn State to be recognized as a driver of economic development, job growth and student career success.

Effort led by Neil Sharkey, Vice President for Research
Thematic Areas

Fulfilling our land-grant mission in the 21st century

• Transforming our ability to promote economic development
• Increasing external visibility of our intellectual property
• Creating capacity and capability to develop startups and to attract companies
• Enhancing an already strong path to student career success
Transforming our ability to promote economic development

Entrepreneurs-in-Residence - SR - P
• Multiple hires - experience in creating patents, licensing products or building/leading companies

Partnerships across colleges and programs
• Create new internal partnerships between the “inventor” and business/entrepreneur (students and faculty) $1.5M annually

Faculty Hiring in Areas of Potential Economic Impact
• New faculty in disciplines that have high potential for innovation, address workforce needs and further student success SR
Transforming our ability to promote economic development

Ramp Up Office of Research Capacity
• Strategic hires focused on ensuring rapid response and advancement of economic development priorities (Also SR)

Faculty Reward Structures
• Establish 2 monetary, university-wide awards to recognize successful invention disclosures, patents, licenses, startups, student career success and contributions that build social capital (Also P)
Increasing external visibility of our intellectual property

University-wide IP Fair
• Highlight innovation across the university.
• Create venue for emerging ideas, promising R&D efforts and new products $100K annually (also potential sponsors)

Competition for Startup Funding
• Competitive awards to kick-start promising new companies and products $250K annually (also P)
Increasing external visibility of our intellectual property

Penn State branded platform for investors

• Venue for business plans designed to attract significant investment to fuel the success of startups derived from University R&D

• Publicize the wealth of ideas and innovations generated by our faculty, staff and students

• $350K per year to create and maintain platform
Creating capacity/capability to develop startups & attract companies

Entrepreneurial Boot Camp

- Purchase/renovate space adjacent to campuses to create space for startups; including winners of competitions
- Provide access to free legal aid, startup mentors and expertise on access to capital
- $21M for renovations adjacent to UP; $300K annual leases for CC in partnership with communities – 6 pilot projects (also community participation)
Creating capacity/capability to develop startups & attract companies

Flexible, low cost space – phase II startups

• Buildings may be a partnership between the University, community and businesses $2M capital outlay

Innovation Park

• Increase visibility - stronger signal of development hub

Recruiting Companies

• Identify matches between specific economic sectors and areas of innovation at Penn State; target companies; streamline process
Enhancing an already strong path to student career success

Assessing career outcomes
• Measure/report the career success of graduates and the impact of the Penn State experience
• Collect, analyze and report all post-graduate career data across the University, including job titles, salary ranges and current unemployment ranges $300K

Skills and knowledge base
• Create credentialing opportunities (minors, certificates) open to all majors that are both discipline-based and Smeal-based $2M
Enhancing an already strong path to student career success

Career Services
• Diversify our employer base through a university-wide employer development initiative to expand available career opportunities $100K

Student Innovation Foundation
• Create dedicated programming/support to help students start business and build social capital $P
Institutional Investment in Economic Development, Job Creation and Student Career Success

• Comprehensive, integrated effort that promotes entrepreneurial activities; adds visibility to our intellectual property; creates spaces and mentoring for new companies, and directly addresses student career success

• New investment of $5M annually

• One-time investments exceeding $24M
Recap/Endnote

Two main goals

• FOCUS on the cost of degree (timely completion), attrition due to finances and growth in student debt

• Create a powerful path that enables PSU to be recognized as a driver of economic development and student career success
Questions?