

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE  
AND  
EDUCATION COMMITTEE  
JOINT PUBLIC HEARING

PENNSYLVANIA STATE SYSTEM  
OF HIGHER EDUCATION

ROOM 140  
MAIN CAPITOL BUILDING

TUESDAY, MAY 4, 2021  
9:30 A.M.

BEFORE :

HONORABLE CURT SONNEY,  
MAJORITY EDUCATION CHAIRMAN  
HONORABLE MARK LONGIETTI,  
MINORITY EDUCATION CHAIRMAN  
HONORABLE MATT BRADFORD,  
MINORITY APPROPRIATIONS CHAIRMAN  
HONORABLE MARK GILLEN  
HONORABLE BARBARA GLEIM  
HONORABLE DAVID HICKERNELL  
HONORABLE MILOU MACKENZIE  
HONORABLE ROBERT MERCURI  
HONORABLE MEGHAN SCHROEDER  
HONORABLE CRAIG STAATS  
HONORABLE JESSE TOPPER  
HONORABLE LYNDA CULVER  
HONORABLE TORREN ECKER  
HONORABLE KEITH GREINER  
HONORABLE DOYLE HEFFLEY  
HONORABLE LEE JAMES  
HONORABLE JOHN LAWRENCE

Pennsylvania House of Representatives  
Commonwealth of Pennsylvania

BEFORE: (continued)

HONORABLE ZACHARY MAKO  
HONORABLE TIM O'NEAL  
HONORABLE CHRISTOPHER QUINN  
HONORABLE LOU SCHMITT  
HONORABLE MEGHAN SCHROEDER  
HONORABLE JAMES STRUZZI  
HONORABLE JESSE TOPPER  
HONORABLE JEFF WHEELAND  
HONORABLE DAVE ZIMMERMAN  
HONORABLE AMEN BROWN  
HONORABLE DONNA BULLOCK  
HONORABLE MORGAN CEPHAS  
HONORABLE AUSTIN DAVIS  
HONORABLE ELIZABETH FIEDLER  
HONORABLE MARTY FLYNN  
HONORABLE PATTY KIM  
HONORABLE EMILY KINKEAD  
HONORABLE STEPHEN KINSEY  
HONORABLE LEANNE KRUEGER  
HONORABLE BENJAMIN SANCHEZ  
HONORABLE PETER SCHWEYER  
HONORABLE JOE WEBSTER  
HONORABLE JOE CIRESI  
HONORABLE MARY ISAACSON  
HONORABLE SUMMER LEE  
HONORABLE MAUREEN MADDEN  
HONORABLE NAPOLEON NELSON  
HONORABLE MICHAEL ZABEL

Pennsylvania House of Representatives  
Commonwealth of Pennsylvania

COMMITTEE STAFF PRESENT:

CHRISTINE SEITZ  
REPUBLICAN EXECUTIVE DIRECTOR  
DANIEL GLATFELTER  
REPUBLICAN RESEARCH ANALYST  
CHRISTINE CRONE  
REPUBLICAN LEGISLATIVE ASSISTANT  
MITCHELL ROSENBERGER  
REPUBLICAN RESEARCH ANALYST

ERIN DIXON  
DEMOCRATIC EXECUTIVE DIRECTOR  
ALYCIA LAURETI  
DEMOCRATIC SENIOR RESEARCH ANALYST  
CHRISTOPHER WAKELEY  
DEMOCRATIC EDUCATION SPECIALIST  
BOB BROWNAWELL  
DEMOCRATIC SENIOR LEGISLATIVE ASSISTANT  
MARLENA MILLER  
DEMOCRATIC LEGISLATIVE ASSISTANT

I N D E X

TESTIFIERS

\* \* \*

DR. DANIEL GREENSTEIN  
CHANCELLOR,  
PENNSYLVANIA STATE SYSTEM  
OF HIGHER EDUCATION.....11

SUBMITTED WRITTEN TESTIMONY

\* \* \*

(See submitted written testimony  
and handouts online.)

P R O C E E D I N G S

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MAJORITY CHAIRMAN SONNEY: Good morning. I'd like to welcome everyone to this joint hearing of the House Appropriations and Education Committees.

We'll take care of some housekeeping first. I'd like to remind everyone that this meeting is being recorded and live-streamed so the public can watch. If we experience any technical difficulties, we will recess the meeting until those technical difficulties can be addressed.

For the members participating virtually, please mute your microphones. If you wish to make a comment or ask a question, please use the raised hand function. For members attending in person, please silence all of your electronic devices.

And so I believe that we have Chairman Hickernell on virtually this morning. And I would ask the members to introduce themselves.

I'm Representative Curt Sonney, the Chairman of -- Majority Chairman of the House Education Committee.

REPRESENTATIVE TOPPER: Jesse Topper,  
vice-chairman of the House Appropriations  
Committee.

MINORITY CHAIRMAN BRADFORD: Matt  
Bradford, Democratic Appropriations Chair,  
Montgomery County.

MINORITY CHAIRMAN LONGIETTI: Good  
morning, Chancellor.

Mark Longietti. I'm the Minority Chair  
of the House Education Committee, and I'm from  
Mercer County.

REPRESENTATIVE MADDEN: Good morning.

Representative Madden, 115th Legislative  
District, Monroe County.

Right here.

REPRESENTATIVE LAWRENCE: John Lawrence,  
Chester County.

REPRESENTATIVE SCHROEDER: Representative  
Meghan Schroeder from Bucks County.

REPRESENTATIVE GREINER: Representative  
Keith Greiner from Lancaster County. I'm over  
here on your -- I'm hiding.

Thank you.

REPRESENTATIVE STAATS: Good morning,  
everyone.

Craig Staats, proudly representing the 145th district in Bucks County.

REPRESENTATIVE ZIMMERMAN: Representative Dave Zimmerman, Lancaster County.

REPRESENTATIVE SCHMITT: Representative Lou Schmitt, 78th District, the City of Altoona and other parts of Blair County.

REPRESENTATIVE GILLEN: That's the end of the line. Representative Mark Gillen, Berks, Lancaster Counties.

REPRESENTATIVE QUINN: Good morning. Representative Chris Quinn, Delaware County.

REPRESENTATIVE ECKER: Good morning, everybody.

Torren Ecker. I represent parts of Adams and Cumberland Counties.

REPRESENTATIVE ISAACSON: Mary Isaacson, 175th District, Philadelphia County.

REPRESENTATIVE ZABEL: Good morning. Mike Zabel, Delaware County.

REPRESENTATIVE BULLOCK: Donna Bullock, Philadelphia County.

REPRESENTATIVE KINKEAD: Emily Kinkead, Allegheny County.

REPRESENTATIVE LEE: Summer Lee,

Allegheny County.

REPRESENTATIVE DAVIS: Austin Davis,  
Allegheny County.

REPRESENTATIVE CEPHAS: Morgan Cephas,  
Philadelphia County.

REPRESENTATIVE FIEDLER: Elizabeth  
Fiedler, Philadelphia County.

REPRESENTATIVE FLYNN: Representative  
Marty Flynn, Lackawanna County, hailing from the  
electric city, Scranton, Pennsylvania.

REPRESENTATIVE KRUEGER: Representative  
Leanne Krueger, Delaware County.

REPRESENTATIVE WEBSTER: Good morning.  
Joe Webster, representing House District 150,  
Montgomery County.

REPRESENTATIVE SCHWEYER: Good morning.  
Peter Schweyer, the City of Allentown 22nd  
District of Pennsylvania.

REPRESENTATIVE CIRESI: Good morning.  
Joe Ciresi representing the great county of  
Montgomery County.

REPRESENTATIVE JAMES: Batting cleanup,  
Lee James from Venango County and the great  
northwest.

MAJORITY CHAIRMAN SONNEY: Thank you,

members.

I'd ask Representative Topper, do you have any opening comments?

REPRESENTATIVE TOPPER: I just want to thank the Chancellor for his work. I know this is difficult work and a difficult time as we look to get our State System back on track. It's going to take a lot of effort. I know you've put a lot in, and I appreciate you being here today.

MAJORITY CHAIRMAN SONNEY: Chairman Bradford.

MINORITY CHAIRMAN BRADFORD: Thank you. Like Representative Topper, appreciate you're in a very difficult situation and we didn't give you the best cards to work with, but do recognize you're taking a thoughtful approach under very difficult circumstances. I will obviously defer to our Education Chair, Representative Longietti, who I know will have more to say on the topic.

MAJORITY CHAIRMAN SONNEY: Chairman Longietti.

MINORITY CHAIRMAN LONGIETTI: Thank you. Thank you, Chancellor, for appearing before us today. We look forward to your

presentations and the opportunity to ask questions. We know that you've worked extraordinarily hard, as well as your staff.

You know, and I'll have more to say when we get into the question period, but two things do come to mind. And that is the requirements of Act 50, the organizational chart relative to faculty, is not available to us and the indication that won't be available until 2022. So that's a concern, as well as the economic impact study. And I realize there was one done in 2016, but it was not -- a new study was not part of this report, so concerns there.

Thank you.

MAJORITY CHAIRMAN SONNEY: Thank you.

As we know, this public hearing is a continuation of our discussions on the State System's efforts to implement a system redesign and improve their mission of providing a high quality education at the lowest possible cost to our Commonwealth students.

I want to thank the Chancellor and your team for your hard work on improving and modifying the State System, and I look forward to receiving an update on your efforts. I'd like to

thank you again for being here.

And Chancellor, would you please rise and raise your right hand to be sworn in.

\* \* \*

DR. DANIEL GREENSTEIN, called as a witness, being sworn, testified as follows:

\* \* \*

MAJORITY CHAIRMAN SONNEY: Thank you.

And Chancellor, you may begin.

DR. DANIEL GREENSTEIN: Thank you, much. I will -- I'll be brief, just a couple of comments.

I appreciate your kind words. I'd actually like to reflect those to the 1,000 people who rolled their sleeves up during --

MAJORITY CHAIRMAN SONNEY: Your microphone. Is your mike on?

DR. DANIEL GREENSTEIN: Nope.

Reflect your kind comments to the thousand people who rolled up their sleeves to do this hard work, all of them during a time of pandemic, all of them while doing their day jobs, all of them thinking about the students in the Commonwealth of the future.

Really following their charge, which was

to not think about how we pour today's students into molds that we have created over the past 40 and 50 years, but how we design those molds to meet the needs of our students, their employers, and their communities into the future.

It's tremendous work. It is amongst the best I have seen in strategy planning in higher education. Because of various roles I've played, I've seen a lot. It is ambitious. It is audacious in some respects. And it is a testimony to the passion and the mission that my colleagues across the State feel. It is a great honor to represent their work here. I guess that's the first thing I'll say.

The second is simply this, and I said it in the Senate and I said it to the Board, and I'll say it here. When I interviewed for this role in 2018, I must have met with about 120 people over the course of a very long day from all different constituencies. It was a normal process, as you'd expect in any university or System environment. Everybody during that day, and all of the Board members, told me that we need fundamental transformation in order to save public higher education in this State, and public

higher education in this State is worth saving.  
Every single person.

No one said, it's all good. Nobody.  
Nobody said we need a modest adjustment. Nobody.  
That fall, I toured our university campuses. I  
do that every semester, the last two, sadly, by  
Zoom, but I look forward to getting back on  
campus. And I heard the same thing from the  
hundreds, hundreds of people that I spoke with:  
students, faculty, staff, community members. The  
same thing. And I wrote about it in a blog,  
which I had a chance to revisit, reflecting on  
folks yearning to climb out of trenches deeply  
dug in order to stop doing the same things over  
and over and over again to simply get the same  
result.

During that fall, I met with many of you.  
I met with members who had universities in their  
district, who had been a graduate of one of our  
universities, who were on critical committees,  
Education and Appropriations, and I heard exactly  
the same story. And that urgency and recognition  
seems, to me at least, to be available in the  
passage of Act 50, which gives the Board a  
limited set of extraordinary powers to make the

kind of fundamental adjustment that everybody I spoke to urged me was necessary.

Is that a ringing endorsement of integration? No, of course it's not. But it is a recognition, and we have been clear on this point for three years that this system is at a tipping point. It is at an inflection point. It is no longer sustainable in the current model. And modest tweaks to that model will not serve our students. It will not serve their communities, and it will not serve the State.

We are now in a public review and comment period, which I welcome, because I hope it will strengthen the plan. We have already had exceptionally good comments, so we can talk about how we'll respond to them, which will inform adjustments to the plan. That is the way I read Act 50 as being intended. And that's a good thing. And no one, not one, has offered an alternative, not one. I don't speak for myself -- I think I could speak for the Board, and I would say we would welcome alternatives, but they are in very short supply at a critical period when we have an institution at the point of significant duress.

It is a pleasure and a professional privilege to recommend my -- to advocate on behalf of my colleagues and to represent the work that they do across the system at their universities. I have said this before, I will say it again, we change lives; in some case, we save them.

Thank you very much. Look forward to your questions.

MAJORITY CHAIRMAN SONNEY: Thank you Chancellor.

Representative Schroeder.

REPRESENTATIVE SCHROEDER: Good morning. I'm over here. How you doing?

First, I'd like to say thank you so much for all the hard work I know that has been going into this, and staff and the conversations that have taken place. I just -- I know all of the time that it has taken. So with that, Chancellor, I have a question for you.

I have seen reports of intended job losses associated with integration. So can you describe what the actual staffing implications are?

DR. DANIEL GREENSTEIN: Sure.

Post-integration, the anticipation is 60 and 80 in the west and northeast, and I may have flipped that.

REPRESENTATIVE SCHROEDER: Okay.

DR. DANIEL GREENSTEIN: It could be 60 and 80 in the northeast and west. And I will look it up on my computer. That represents 2.5 and 3.5 percent of the total head count. Seventy-five percent of those losses will be in administration, mostly senior administration. Right.

We would expect, as we are experiencing now, that at least half of those will be absorbed through retirement. So we're looking at a one-plus percent head count reduction per region.

REPRESENTATIVE SCHROEDER: Okay.

DR. DANIEL GREENSTEIN: Which is the reason you don't find an economic impact study.

REPRESENTATIVE SCHROEDER: Okay. Well, thank you for clarifying that.

Also, I guess if I have a little bit more time, I just wanted to ask, how did you get to your savings calculations?

DR. DANIEL GREENSTEIN: Yeah, the savings calculations are basically those head count

reductions plus procurement. We have a shared procurement operation, and we're able to cost out the savings that would be entailed in doing procurement across the three integrated institutions. And I will break those numbers out for you, as well. I'm going to look them up.

REPRESENTATIVE SCHROEDER: Thank you.

DR. DANIEL GREENSTEIN: And while I'm doing that, Representative, please go ahead and ask another question.

REPRESENTATIVE SCHROEDER: No, that was actually my follow-up for that, so you're good.

DR. DANIEL GREENSTEIN: Thanks.

REPRESENTATIVE SCHROEDER: And then I promise I will be done, Chair.

DR. DANIEL GREENSTEIN: Oh, sorry, you're waiting for me.

So we estimated conservatively for head count. We basically looked in our SAP System, identified multiple duplicative roles, and we eliminated conservatively. So the head count reductions, in my mind, are conservative and again, mostly on the administration management side.

The total savings in procurement come

from dining, desktops, MRO, office supplies. It's usual goods and purchases. It represents about -- estimated annual savings of about a million in the west and about 2.5 million in the northeast.

REPRESENTATIVE SCHROEDER: Thank you so much. I'm done.

Thank you, Chair.

DR. DANIEL GREENSTEIN: Thank you.

MAJORITY CHAIRMAN SONNEY: I'd like to announce that we've also been joined by Representative Kim and Representative Heffley and Representative Mako.

The next question will be from Chairman Longietti.

MINORITY CHAIRMAN LONGIETTI: Thank you, Chancellor.

So my understanding is that there will not be a projected reduction in tuition and room and board for students. Am I wrong on that?

DR. DANIEL GREENSTEIN: The assumptions for the west and the northeast were both a one percent tuition increase.

MINORITY CHAIRMAN LONGIETTI: Right.

DR. DANIEL GREENSTEIN: That is correct.

MINORITY CHAIRMAN LONGIETTI: Okay. So the savings -- and here's what I'm concerned about.

DR. DANIEL GREENSTEIN: Yeah.

MINORITY CHAIRMAN LONGIETTI: So the students savings, to me, looks a little bit illusory. So there's a 25-percent possible student savings, but it's through the pathways that you've identified.

DR. DANIEL GREENSTEIN: Correct. And we've consistently spoken about that. That is correct.

MINORITY CHAIRMAN LONGIETTI: So here's my concern. I know when we talked last -- two of those pathways are dual enrollment and students being able to come from community college and articulate their credits over. And so you've indicated that right now, you know, there's 230 juniors and -- 230, 000 juniors and seniors across Pennsylvania --

DR. DANIEL GREENSTEIN: Correct.

MINORITY CHAIRMAN LONGIETTI: -- but only 831 of them.

DR. DANIEL GREENSTEIN: Correct.

MINORITY CHAIRMAN LONGIETTI: -- are

using dual enrollment.

DR. DANIEL GREENSTEIN: Correct.

MINORITY CHAIRMAN LONGIETTI: There's about 30,000 community college students each year, but only about 2500 of them are coming to PASSHE schools in -- through articulation processes.

What steps are being taken -- I mean, those pathways have been available for years. What steps, concrete steps, are going to be taken to get to this 25-percent student savings?

DR. DANIEL GREENSTEIN: So they haven't been available for years. They've been possible, but not taken advantage of.

So a couple things you'll see in both reports. One of them is that the 1,000 colleagues I mentioned took advantage of the opportunity, in a good way, to redesign the future. They asked themselves, what are our students needing that they're not getting? They looked at something called NESSE [phonetic] data, which is a survey we do of outgoing students every couple of years, ask them to reflect on their experience of college.

They looked at stop-out points, you know,

in the course of a student's journey, where are they falling away, and what are the interventions that could meet their needs as identified in the survey or stop the loss, as identified in the data? And they redesigned student supports to that end.

And so with respect to dual enrollment, we have a group in Mansfield, which is leading a pilot project, which is looking at a variety of different ways of doing dual enrollment with high schools. They've got 130 or 150 students this year that are trying a variety of different models. With respect to the community college transfer, our western integration is developing, as you know, a fully online undergraduate degree-in-completion program and will be doing community college articulation agreements that currently don't exist within the system in order to facilitate those.

So in both cases, what we're seeing is groups saying, hey, there's a problem, let's take advantage of a major reorganization in order to fix it, in order to shore up these pipelines which are essential, not only to our students, but to the future of the universities themselves.

MINORITY CHAIRMAN LONGIETTI: Well, thank you. It just seems to me there's a lot of work that needs to be done there. The other area I wanted to explore is, you know, we don't know from this plan what courses a particular student might have to take online. And that -- that's essential for that student to be able to know that to determine whether they want to come to a PASSHE school.

And so part of what I want to ask is, number one, when are we going to know that?

And number two, is there a plan to provide these students with laptops, with hot spots, with dedicated space in buildings like libraries, so that they can accomplish their online --

DR. DANIEL GREENSTEIN: Yeah. So let me take the first question first, which has to do with course level detail about the academic program array. So what you see in the plan is basic, here's the organization of the academic program. What you'll notice is in both the west and the east it's analytically driven, where students, where the faculty, where the jobs -- I mean, employment jobs, and then let's build a

program array that reflects those data.

Those data suggest that 75 percent of students will have everything they need for their full degree on campus. That's the program level. Course level requires us -- course level requires the work of a curriculum committee, which is something that we have to bargain with our colleagues with APSCUF. At this point, APSCUF has not permitted the development of an innovative curriculum committee, so we don't have course level detail and we cannot until we actually reach agreement upon the construction of that committee, which will do that work.

And so that's why we don't have it. And we cannot have it until we reach that agreement with APSCUF because it's a bargainable activity.

MINORITY CHAIRMAN LONGIETTI: You know, my conversations with the leadership of APSCUF, they're ready, willing, and able to engage. So they're eager for that.

Finally, the foundations, these are the organizations that have existed for a long time raising money for scholarship, et cetera. You know, my understanding, under Act 50 is that they were to be a consulted body, not necessarily a

working group member, but somebody that's consulted. And there are concerns out there that this plan would envision consolidating some of those foundations into one in the west and one in the northeast; is that true:

DR. DANIEL GREENSTEIN: It is --

MINORITY CHAIRMAN LONGIETTI: And when is the System going to consult.

DR. DANIEL GREENSTEIN: Yeah.

MINORITY CHAIRMAN LONGIETTI: -- with these organizations?

DR. DANIEL GREENSTEIN: So we have consulted -- when I say we, I mean the leadership, me. I consult whenever I'm meeting with counsel, trustees, foundation leaders are often not always there. Certainly, our presidents have been very active in this regard, speaking with our foundation heads.

Not only is there no plan to consolidate, the Board has no authority. They're independent -- I think, as you know, they're independent 501(C)(3)s, so the Board authority does not extend to their consolidation. In our conversations around this topic with alumni -- I mean, sorry, with the affiliates, there is some

appetite for consolidating back-end services. Right. It's -- it doesn't always make sense for everybody to, you know, manage their own financial systems. There may be a financial advantage in clubbing together for basically having back-office stuff, but where those ideas are present, they are present because they have been sort of brought up through the groups that are working on that. They haven't been imposed by leadership in any way, shape, or form.

MINORITY CHAIRMAN LONGIETTI: All right. Well, thank you.

DR. DANIEL GREENSTEIN: Thank you.

MAJORITY CHAIRMAN SONNEY: Representative Schmitt.

REPRESENTATIVE SCHMITT: Thank you, Mr. Chairman.

Good morning, Chancellor.

DR. DANIEL GREENSTEIN: Good morning.

REPRESENTATIVE SCHMITT: In reviewing your report, the report indicates that you expect to achieve a \$19 million dollars savings, but the report also indicates that start-up costs are estimated at at least \$30 million.

How do you get to a \$19 million dollars

savings with start-up costs of at least \$30 million? In other words, what's the interplay between those two numbers?

DR. DANIEL GREENSTEIN: Sure. So the start-up costs are one-time costs, and the savings are ongoing. Those ongoing savings compounded -- they're mostly salary, as I was speaking about with Representative Schroeder. It's mostly salary and procurement, but the salary is the vast majority. So they compound at about -- they grow at about 5 percent a year. So over five years, they're worth a hundred million dollars against the start-up -- a single one-time start-up investment of \$29.

So over a five-year period, you know, it's -- my math is not good. It's between a one to three and a one to four return on investment, which is a pretty good investment in higher ed.

REPRESENTATIVE SCHMITT: Thank you. I think your math is good. It's probably better than mine.

Thank you, Chancellor.

DR. DANIEL GREENSTEIN: Thank you.

MAJORITY CHAIRMAN SONNEY: Representative Kinhead.

REPRESENTATIVE KINKEAD: Thank you,  
Mr. Chairman.

Thank you, Mr. Chancellor, for coming before us today. I have read all of the papers that you sent us. And I have to say, I am disappointed in what it is that I read, largely because I attended Bloomsburg University and I was taught to complete my assignments. And I think that what we have been provided is largely something that would have gotten me an incomplete. It feels very much like a freshman document that is -- that filibusters to try to hit a minimum page requirement rather than something that actually presents a plan. So what I am left with is far more questions than answers out of almost 500 pages.

So I will just endeavor to ask you the questions that I have. Well, with -- with -- we've had some questions about faculty. My questions relate to how are the faculty going to be rolled out?

The larger issue -- on page 20 of the northeast plan in your initial proposal, in one tiny section, it deals with the issue. And it seems to be implied that the jobs would be lost,

but that you seem to count -- not to count any faculty that are rolled off by July 22nd towards the single faculty organizational structure as lost jobs. I would love to know more about that, but I have just sort of ongoing questions.

In that regard, what happens to the support staff, the custodians, the cafeteria workers, maintenance?

As more hybridized learning is instituted and the universities are consolidated, will buildings be closed and repurposed?

what happens to the people who are working in those buildings?

By what percentage, if any, will student enrollment be cut? What caps will be set?

I know that you're proposing robust recruitment efforts, but what happens if they fail? And how will these recruitment efforts be paid for?

Are you taking money from other student programs, classes offered, educator salaries, support staff salaries?

what is the standard by which courses are deemed to be suitable for hybrid learning?

I understand that the goal of hybrid

learning would be virtual versus in-person combinations, but there's a scenario where classes are hybrid. Is -- where these hybrid classes would require travel, is that possible? Is that an option for students if they would prefer to attend in person versus virtually?

If you are going to force virtual on students, are you going to be providing them with all of the tech -- all of the technology that is required in order for them to participate virtually, with the understanding that education is the great equalizer and yet we are putting certain students at a disadvantage because they're not necessarily coming to our campuses with the technology necessary to participate in hybrid programs?

How is measuring student retention graduation rates an accurate measure of how much students are learning in this new proposed, potentially diluted system versus the current setup, in-person learning at distinct universities with their own emphasis and identities?

Does this account for cultural differences within the student body? And if so,

how?

In the proposal on page 4 of 198 in the northeast plan, you mention the public comment period will be made in June of this year. What forms of public comment are you inviting at this point? And what does that plan look like?

How is the student government president and vice-president, student trustee and president and vice-president of student athletics, as spelled out on page six of 198 in the northeast plan, sufficient for the representation of three entire student bodies?

Did anyone reach out to the student body as a whole? Perhaps, you have detailed surveys that we don't have copies of.

To say this feels forced is an understatement. And in ways that the current student body, or faculty for that matter -- we don't have any contributions from them because they're not in the plan.

On page 8 of the northeast plan, you admit that trying to --

MAJORITY CHAIRMAN SONNEY: Excuse me, Representative. What you're looking at there is not a completed plan. This is part of the

process. So what you're looking at is the most current information available, but it is by no means the completed plan. A lot of the questions that you're asking, I believe, cannot be answered yet at this time because the process has not completed.

But I would ask you to please, you know, get to the point of your question that the Chancellor can answer today.

REPRESENTATIVE KINKEAD: I think the point of my question is that there are far too many things that the Chancellor can't answer before we're supposed to be putting this before the Board of Governors to vote on this. And quite frankly, I think that the students of the PASSHE System have been dealt a great disservice in this. And I would ask that the Chancellor go back to the drawing board if this is what we are being presented with.

You came to us for your last quarterly hearing before us. I asked you questions. They're not addressed in this plan. They're -- you know, how are you handling students and their interactions with professors? None of that is in here.

You're not handling mental -- you haven't addressed mental health in any capacity. There were questions that were asked in our last hearing that are not answered in this. And I understand this is an ongoing process, but the problem that I see in this is that we are putting the cart before the horse, where we are -- we have to implement this before we know how it looks when it's implemented. And that does a great disservice to the PASSHE students and I am incredibly disappointed by it.

Thank you, Mr. Chairman.

DR. DANIEL GREENSTEIN: Gosh, so --

MAJORITY CHAIRMAN SONNEY: Chancellor, excuse me, but maybe you could very briefly remind all of us, you know, what really originated this. Just remind us of the shape of the system --

DR. DANIEL GREENSTEIN: Yeah.

MAJORITY CHAIRMAN SONNEY: -- and the reason for change.

DR. DANIEL GREENSTEIN: Yeah.

MAJORITY CHAIRMAN SONNEY: You know, we're obviously here to talk about this proposed change --

DR. DANIEL GREENSTEIN: Yeah.

MAJORITY CHAIRMAN SONNEY: -- but maybe just a quick reminder of where the system is today financially --

DR. DANIEL GREENSTEIN: Yeah.

MAJORITY CHAIRMAN SONNEY: -- and the real driving force behind the need for change.

MINORITY CHAIRMAN BRADFORD: And if I could, Chairman -- I know a lot was thrown at you, but obviously do address the question at hand. I think members do get an opportunity to speak and --

DR. DANIEL GREENSTEIN: Yeah. And I think it would be helpful, Representative Kinhead, if you could send me that list of questions, then I can make sure that you have answers to them. I think -- I didn't hear anything that I couldn't come up with an answer to, or working with staff. So if you could provide those remarks, that would be super helpful, and I'll make sure that we get back to you.

I guess let me make two points, I think, to Representative Sonney's point. So we followed the letter of the law. Following the law is

important to me personally. I think it's important to you, too. The law asks for an implementation plan. Doesn't ask for a -- an implementation plan is a plan to implement something that goes along the current period. Many of the details are there to be worked out over time. It just is.

And I embrace the uncertainty and the ambiguity that you feel. I feel it, too. Frankly, I think I probably feel it more than you do. But at the same time, I'm confident because I've seen the work. I've seen the people who are doing the work, the passion, et cetera. So I think what we have is an implementable plan. It is very clear about when particular deliverables will be available that will address the questions, and we have an opportunity every quarter, according to the Act, to check in and of course check where necessary. So let me -- I guess that's thing one.

Let me just talk about thing two. And it's in Appendix C where you'll see that four, maybe five of our universities are insolvent. They just are. And there's only three ways to dig them out of their insolvency. Right. You

can cut their costs. And integration enables probably as great administrative action as we can possibly take. You can raise student tuition. Well, we've already done that to the point where our students are now dropping away, particularly the low and middle-income students that we were born to serve.

We can actually ask other universities to pay. Well, that's what's happening. Forty-six million dollars a year is being transferred from universities that are more financially healthy to those that are insolvent. We've been doing that now for years. And now, those other universities are feeling the pain and can no longer sustain that.

Or the State can significantly increase its revenues, reversing, you know, a 20-year period of decline. It's not that complicated a business. The cost of our inaction is about \$50 million dollars a year. That's a 5-percent increase in student tuition. We could, I guess, up the tax on the universities that are healthy.

We're out of options, Representative. We just are. We were when I got here. We were in 2015 when this was first mentioned as a problem.

If you look at the west, the track back to positive net revenue is a 6-year journey. That's not because the plan is bad, that's because the universities in the west are that week. This isn't about me or a thousand people who did the work. This is about the future of public higher education in this State. This is about trying to close the gap between the 60 percent of jobs that today require some people in them with post-secondary education and the 47 percent of adults who have them.

This is a problem -- and I'm now repeating what you have told me -- that we have been postponing addressing for years, years. The fragility that we are facing did not happen overnight. You cannot get here without trying for years. And we cannot act. That has been our history in Pennsylvania.

As your CEO and servant, my advice is continuing that pattern is a very bad idea. It has dreadful, inequitable outcomes, and it will crush the opportunity of the State to remain economically viable and healthy in the future. That is my advice.

Thank you.

MAJORITY CHAIRMAN SONNEY: Thank you.

Obviously, Chancellor, you can't grow if you don't exist.

We've also been joined by Representative Nelson and Representative Wheeland and Representative Gleim and Representative Struzzi.

The next question will be from Representative Ecker.

REPRESENTATIVE ECKER: Thank you, Mr. Chairman.

And Chancellor, you know, I want to thank you, first off. Look, this takes some courage. This takes some dynamic vision. And in order to make these dynamic changes, tough decisions need to be made. And you know, I think part of that is this hearing today. Part of it is some of the hearings we've had. Some of it has to do with Act 50.

You know, I really appreciate the vision you have, and working through this with us as a legislature and getting to an area where we can improve public education at a higher -- the public higher education. And I want to thank you for your leadership on that.

So diving into this a little bit,

exploring what this integration is looking at, can you give us some examples of what could change at these universities that are proposed for integration?

DR. DANIEL GREENSTEIN: Sure. So a student attending any one of the six universities -- let's focus on the five that have lost so much enrollment. Their universities can only provide the academic programs that they can afford through the students that they enroll. You can only be as big as your student body allows you to be. It's a very simple revenue generate -- it's a very simple business. It is largely enrollment-driven.

Over time, our universities have lost enrollment. Four of the universities in this group have lost between 40 and 50 percent of their enrollment. And this is doubly bad for the students. When you ask students why they come to college, they say I want to get a degree. When you dig at what do you mean I want to get a degree, they recognize the importance of the degree in launching them into a successful life. And they're right. And they value choice.

And then, let's go to the communities

that those universities serve. In many of these cases, the university is the number one employer, certainly the top five. That's really important. But it's doubly important that those communities turn to these universities for their educators, their health-care leaders, their business leaders. They need program breadth, too.

The community around Clarion doesn't just need the kind of nursing -- nurses that Clarion can afford to produce. They need the full range. So when you see compression in enrollment and compression in program breadth, it's doubly harmful to the students who need choice and to the communities who need breadth. What integration does is allow that student to enter any one of those campuses and have access to the academic program breadth of a university of 13,000 students. That's a lot.

Seventy-five percent of those students will be able to receive every component of their degree face-to-face. So to me, the major opportunity is the combination of academic program breadth with the full advantages of a residential experience for those who want.

REPRESENTATIVE ECKER: And that's the

student experience that you're kind of alluding to there?

DR. DANIEL GREENSTEIN: Yep.

REPRESENTATIVE ECKER: And look -- I thank, you know -- and I thank you for answering my question. And I think, again, just to reiterate here, this is about fixing a system that we've all identified as broken. And it's going to take dynamic change that some of us aren't going to like, and I appreciate your leadership on this. I appreciate you proposing a plan here, which I think kind of finds a happy medium, just like you've outlined there. Not everyone is going to like it, but I appreciate, as we work through these issues, it seems to me you're pretty open to them and pretty amenable to that.

So again, thank you for being here.

DR. DANIEL GREENSTEIN: Appreciate it. Thank you.

MAJORITY CHAIRMAN SONNEY: We've also been joined by Representative Mercuri on the virtual platform.

And the next question will come from Representative Schweyer.

REPRESENTATIVE SCHWEYER: Thank you,  
Mr. Chairman.

Chancellor, good morning.

DR. DANIEL GREENSTEIN: Good morning.

REPRESENTATIVE SCHWEYER: I'm not a Ph.D.  
I'm not an attorney. I'm a poor kid from a poor  
town. I had the opportunity to go to college. I  
did not choose a PASSHE school. I went to  
another State-supported school. I went to Penn  
State. I was a first generation college student.

I firmly admit that I don't have the  
experience of running a university. I firmly  
admit that I don't have the experience of going  
through years and years of work looking at the  
system, aside from just simply being an elected  
official. In my seven years, I've never seen  
this. I've never seen government cheering the  
demise of a government entity like I have today.  
It is -- I don't understand, frankly, why any of  
us get into this job by rooting for it to  
consolidate, close, shutter, or say what we do  
doesn't matter or isn't worth our investment; and  
that's what we have here today.

Mr. Chancellor, you know where my  
feelings are. I've made them abundantly clear.

I've had conversations with your staff and such. So I'm not going to go down that road any further than I already have. I'm going to ask a couple of questions.

Today you've said -- and I'm going to try to come as close to your words as possible. I certainly don't want to put words in your mouth. But you said a number of your western schools are, in fact, failing. So why would anybody choose them today?

When the Chancellor of the System is saying five of my schools are failures, why would anybody choose them today, or why would anybody choose them after a consolidation? Because I wouldn't. When I hear that, I hear the leader of the organization that's charged with recruiting students saying, don't bother; it's not working.

Put that aside for a second. You're a high school junior or senior right now -- and I've got thousands of them in my school district -- why would they choose any of our schools right now when they don't know if that school is going to be around, what it's going to look like in a couple of years?

So in your analysis, in your 500-page

analysis that you gave us -- which understanding and conceded, is a living breathing document that's working -- how are you going to prevent, or how are any of these schools going to prevent, a death spiral for the remaining schools in the PASSHE System, when students are not going to have any faith and confidence -- and I know they don't because they're not choosing your schools now.

So how are you going to be able to recruit students to get us past what is not the most critical time in PASSHE System; it's going to be after this fait accompli happens?

DR. DANIEL GREENSTEIN: So there was a lot there. Let me -- let me start --

REPRESENTATIVE SCHWEYER: There's a lot here today, so I think that's fair.

DR. DANIEL GREENSTEIN: No, no, no. I'm just trying to sort out in my head --

REPRESENTATIVE SCHWEYER: Understood.

DR. DANIEL GREENSTEIN: -- the order of play.

So let me start with the students who are being recruited today. What I hear from students and their parents often is thank God somebody is

finally taking this seriously. Mansfield, Clarion, Edinboro, they've been under a cloud for six years; Mansfield, longer. It wasn't me, but there was a previous administration that was talking about closure.

It came up in the RAND report. It came up in NCHAPS [phonetic]. And every year, we would kind of do nothing. So what I hear from -- thank goodness. We have a chance. That's a good thing.

Why would students attend an integrated institution? Because now we're looking at powerhouse institutions, which offer the opportunities of a scale institution, 13,000 students, but in intimate ways for those who want intimate experience on campus.

I can go to Mansfield with 15 or 1600 students and I can have access to an ASCE accredited business school. I can go to Mansfield and have access to a PA program, physicians assistant. That's never been a possibility. I can go to Clarion and have access to mechatronics at Cal. I have choice. I have an opportunity for growth.

We can position these schools to be the

competitive powerhouse in their region, or not. Look, you know, the path we're on is shrinkage. There's an uptick as you know in the demographic high school-leaving population. It's a few thousand, and then we fall over a cliff in '26. It goes for about 10 years, about 8 or 9 percent. Over the last downturn in the demographic, we lost three times as many students as the demographic would anticipate. So if we lost three times the 8 or 9,000 decline in the high school-leaving population -- we're an institution of about 75,000 distributed across our schools. That's a -- that's a path -- it's -- it would be awfully good at being niche, a school of 1500 students, offer 12, 15 majors.

I'm not advocating that path. It would be dreadful. I think it would be crushing to the communities that we're serving. This is about reinvigorating higher education across the State. Closure is not an option, you know that. For me, it's not an option. It would be a terrible thing. Attrition is just as bad. So you know, ultimately, these are policy decisions.

REPRESENTATIVE SCHWEYER: You're right about that. Ultimately, they are policy

decisions. And nobody is questioning on the other side of the aisle the numbers. We've all seen them in all of our Appropriations hearings. We've seen the reduction in student population. We've seen the increase in debt. We've seen the financial struggles of each one of these things.

What we haven't seen is -- and you may disagree with this -- an actual desire to try and invest in each one of these schools.

DR. DANIEL GREENSTEIN: I'm sorry?

REPRESENTATIVE SCHWEYER: An actual desire to invest in these. I have not seen in my six years now on Appropriations Committee an ask from PASSHE to do more than 1 percent of a budget increase. We will get asked on a routine basis for 10, 15, 20, percent. Nobody gets that number, across the spectrum. We never hear that from you.

DR. DANIEL GREENSTEIN: So if I may --

REPRESENTATIVE SCHWEYER: No, I'm sorry. I'm going to put that aside, if I could.

And I want to go back to the question of how are you going to convince students when -- to go to the PASSHE schools? Okay. You talked about the integration. You talked about the

options. You talked about the flexibility. There's going to be a significant gap here, where the public confidence in these universities, which is already extraordinary low -- that I know because I see the enrollment numbers -- that is going to plummet even further.

Your larger school districts are -- particularly the ones in the eastern part of the State -- Temple is out-recruiting you. Pitt is out-recruiting you. Penn State is out-recruiting you everywhere. And now you're going to be telling folks, we're going to be closing a bunch of these schools.

DR. DANIEL GREENSTEIN: I never said that ever.

REPRESENTATIVE SCHWEYER: Okay. The perception is, the one that I share, that we're going to be basically closing and changing -- changing schools. We're going to be consolidating. You're going to have online learning. We're going to be doing all of this stuff. None of that is a selling point.

So I sincerely hope somewhere in those 500 pages, you have a significant marketing plan, a way that's going to actually do what, frankly,

the PASSHE schools have been failing to do for a long time, going to our urban districts. You know, I've talked about that for a long time, which leads me to my last question.

The in some cases very good, in some cases very minimal, attempts that the PASSHE schools have done to get into our urban districts, I didn't see that anywhere in the 500 pages. It's possible I missed it.

Are those articulation -- not articulation groups -- are those individual agreements between the existing and remaining schools going to remain with those urban districts, places like Allentown, places like Reading, those school districts?

So nowhere in here is there any attempt to pull away scholarships for those poorer students in the urban core, the ones that get guaranteed enrollment to the school district, those sorts of --

DR. DANIEL GREENSTEIN: It's vitally important to us. And if I may --

REPRESENTATIVE SCHWEYER: So no, there's nothing in there that would --

DR. DANIEL GREENSTEIN: Interrupt those.

And if I may, we're looking at three schools that now have a combined marketing budget. The biggest challenge that we face with enrollment, management, and recruitment is our budgets are suboptimized. You pull three schools together with a single enrollment management strategy and a single budget combined from the three, there's a lot we can do --

REPRESENTATIVE SCHWEYER: But you're also --

DR. DANIEL GREENSTEIN: -- that we cannot do now.

REPRESENTATIVE SCHWEYER: But there is certainly more -- there is still more -- certainly more economies of scale. You're also going to be starting at a significantly lower point, is my guess, from the public's confidence standpoint, which means you're going to have a deeper hole to dig out of if I'm correct. I hope I'm wrong.

DR. DANIEL GREENSTEIN: I hope you're wrong.

REPRESENTATIVE SCHWEYER: To be clear, I hope I'm wrong.

DR. DANIEL GREENSTEIN: Yeah.

REPRESENTATIVE SCHWEYER: But I genuinely believe that this is going to create a spiral effect for the entire system. I just don't see it. And so, again, Mr. Chairman, I'm going to let it go right now. I'm extraordinarily disappointed once again that our state government is choosing not to invest in State programs. It is something that we've seen countless number of times. PASSHE is just the latest example of it.

I wish you the best. I just don't see it.

Thank you, Mr. Chairman.

DR. DANIEL GREENSTEIN: Thank you, Representative.

MAJORITY CHAIRMAN SONNEY: Representative Lawrence.

REPRESENTATIVE LAWRENCE: Thank you, Mr. Chairman.

Chancellor, appreciate you -- appreciate you being here today. You've taken some hits today. You've taken some shots. And you know, that's -- when you're in your position, that's part of what you sign up for. So I -- the truth is, we're all in positions that people have appointed us to, either appointed or for those of

us who are up here, we've been elected to these positions. We all have to give account to our constituents and those that we represent.

I'm not in love with the plan that's in front of us here on the schools. I think, frankly, it deals squarely with an insurmountable challenge. I mean, how do you deal with an impossible situation? And I say this with respect. I'm not trying to point a finger at anyone in particular, but just the words that came to my mind earlier in listening to some of the things being said was fantasy land.

I mean, we've got a very significant challenge here. And I don't see, you know, a lot of other solutions being presented, other than, you know, coming up with more money to put into a system that is bleeding money. And we haven't talked much about that. The truth can be hard to hear.

I'd like to give you the opportunity, Chancellor, to outline for the Committees here this morning your view -- if the plan doesn't move forward, if, you know, if you're terminated and we get a, you know -- or the plan is terminated or whatever, and it doesn't move

forward, what are the likely outcomes going to be in the next 24 months?

DR. DANIEL GREENSTEIN: You've got a massive hole you've got to fill, massive. And you have very limited room for maneuver to fill it. I mean, you could hike tuition 8, 10 percent -- our affordability gap is not gone, but it's not strong, so that would eliminate it. We would no longer be the least expensive option in the State. So to Representative Schweyer's point, that would be have a pretty cataclysmic effect on enrollment.

You could tax other universities harder, bring them more quickly to their financial nadir.

REPRESENTATIVE LAWRENCE: I'm sorry. What was that, tax other universities harder?

DR. DANIEL GREENSTEIN: Yeah. I mean, right now, we're operating on internal crust subsidy. And so the less -- the financial healthier universities are subsidizing the --

REPRESENTATIVE LAWRENCE: So -- and forgive me for interrupting you. I don't mean to interrupt you.

Internal crust subsidy is government speak.

DR. DANIEL GREENSTEIN: Sorry. Yeah.

REPRESENTATIVE LAWRENCE: What you're really saying is that students going to West Chester University are subsidizing students going to somewhere else?

DR. DANIEL GREENSTEIN: About a thousand bucks a year, maybe a bit more. Yeah.

REPRESENTATIVE LAWRENCE: Yeah. So I think that's a reality that's worth mentioning.

DR. DANIEL GREENSTEIN: Yeah.

REPRESENTATIVE LAWRENCE: I mean, I was very surprised to learn -- and frankly, I didn't know this until I got to the General Assembly, that all of the colleges put money into what's, in essence, a big pooled money account, and they pull money out as they need it. Some of the members of the PASSHE system have pulled tremendous sums out, tremendously more than they ever put in, to the tune of tens of millions of dollars; am I correct, Chancellor?

DR. DANIEL GREENSTEIN: Yeah, more or less.

REPRESENTATIVE LAWRENCE: Yes. So we have been subsidizing schools that otherwise wouldn't be standing on their own two feet in any

-- in any semblance of reality.

DR. DANIEL GREENSTEIN: Correct.

REPRESENTATIVE LAWRENCE: So look, none of these decisions are easy.

DR. DANIEL GREENSTEIN: No.

REPRESENTATIVE LAWRENCE: But I welcome any other proposals that would be put forward. I would love to see them. And I don't think that it's wrong to criticize the proposal that's been put forward, not at all, we want to try to come up with whatever we can that can be the best possible outcome that can be reasonably achieved.

DR. DANIEL GREENSTEIN: Yeah.

REPRESENTATIVE LAWRENCE: But with that being said, I think that the idea that we are not facing a serious challenge that doesn't deserve a serious response is simply not being square, either with the taxpayers of this state or the students of the PASSHE System.

Thank you, Mr. Chairman. I appreciate it.

DR. DANIEL GREENSTEIN: Thank you, Representative.

MAJORITY CHAIRMAN SONNEY: Representative Flynn.

MINORITY CHAIRMAN LONGIETTI: I think he had to leave the room, but Representative Davis would be next on our --

MAJORITY CHAIRMAN SONNEY: Representative Davis.

REPRESENTATIVE DAVIS: Thank you, Mr. Chairman.

And thank you, Chancellor. Good morning.

DR. DANIEL GREENSTEIN: Good morning.

REPRESENTATIVE DAVIS: You know, so I just have a few questions for you. One -- and I asked about this, I think, the last time you came before us regarding collective bargaining agreements.

Is it your plan to continue to honor the collective bargaining agreements you have in place right now currently?

DR. DANIEL GREENSTEIN: Yeah, we have no option. Absolutely.

REPRESENTATIVE DAVIS: And can you talk a little bit about what post-consolidation or integration, I think as you called it, what that looks like from a staff perspective at our universities?

DR. DANIEL GREENSTEIN: Yeah. So as I

said before to Representative Schroeder's question, we're looking at further reduction of 60 in one group and 80 head count in the other. Those are -- 75 percent of those are management. And my expectation is, as with other reductions that we've done this year and last, that we would get more than half of those through retirement incentive, which we've been really successful at so far.

REPRESENTATIVE DAVIS: So just to be clear, you don't anticipate there being any layoffs? You do or do not anticipate any layoffs, as of as a result of the integration or consolidation plan?

DR. DANIEL GREENSTEIN: As a result of integration, we would lose a further 60 head count in one region and 80 in another.

REPRESENTATIVE DAVIS: Which regions?

DR. DANIEL GREENSTEIN: I will tell you. It is 80 in the northeast and 60 in the west -- 61.5 in the west.

REPRESENTATIVE DAVIS: Thank you.

Another follow-up question. In your current plan, this -- the current integration plan -- and as you said, it's a living, breathing

document -- but as it stands, there is no lower tuition rate for students. There actually is an assumption of a 1-percent tuition increase.

DR. DANIEL GREENSTEIN: Correct. Both assume a 1-percent annual tuition increase. And I think a 1-percent annual increase in State appropriations.

REPRESENTATIVE DAVIS: Okay. And then one final point. For overall outlying community -- the community impacts, you had testified before, I think the Senate Committee, in response to a question by Blake -- Senator Blake on the economic impact study that is still underway. Has that been concluded yet?

And if not, when do you anticipate that will be concluded?

DR. DANIEL GREENSTEIN: Yeah. So as I said before, I think -- and I don't remember which transaction -- because the impacts were so limited, 60 and 80, 2-and-a-half percent, 3-and-a-half percent, half of those through retirement, so you're looking at 1.7 and 1.2 percent, those impacts are negligible. So we didn't go out and do a, you know, very expensive study.

Obviously, in response to feedback -- and I should have mentioned that -- Representative Lawrence is gone -- I personally welcome feedback. Economic discourse is all about feedback and being able to respond to it. So we will be going out and rerunning that. But we'll show again, we'll be focusing on post-integration, 2-and-a-half percent, 3-and-a-half percent, 60 and 80 reductions.

REPRESENTATIVE DAVIS: Thank you, Chancellor.

Thank you, Mr. Chairman.

DR. DANIEL GREENSTEIN: Thank you, Representative Davis.

MAJORITY CHAIRMAN SONNEY: Representative Heffley.

REPRESENTATIVE HEFFLEY: Thank you, Mr. Chairman.

And thank you, Chancellor, for being here today. Just a real quick observation. Obviously, your testimony today has been very enlightening. We see a lot of the opportunities. We call them challenges, but I think they're opportunities for Pennsylvania to develop a system that's going to, you know, compete with

other states, and at the same time, provide those opportunities to our students.

As a parent of a graduate from Bloomsburg University, my daughter never stepped foot on Bloomsburg campus. She did everything through dual enrollment and online learning. Online learning really is the wave of the future. I mean, the children nowadays know how to work a phone much better than almost anybody in this room. Kids in fourth grade are showing me what to do on a computer. And it's a new system.

So I commend you looking forward instead of looking back. We can't just -- there isn't enough dollars to fill that void. Right. I mean, and who are you going to get it from, right, the men and women that are going to work every day. They can't afford higher taxes. They can't afford to put more in this. So they can't afford to pay higher tuition rates to have those opportunities for their children to get ahead.

So I commend you in taking a look at this, really looking at it from the outside. There's all the special interested. I hear a lot of the folks say, you know, what about -- how are we going to preserve jobs? I would say if we

have a State university college professor who's earning a six figure salary, if they lose that job because they just don't have students in the classroom, these are professionals. They're -- right now, there are a lot of companies that are looking to hire.

we should be focused on the students, focused on the taxpayers. That's what these systems were set up to provide, educational opportunities, not to provide jobs for the people in the system that we respect and we want to value their employment and service to the Commonwealth, but at the end of the day, you know, taxing -- taxing a student in one university a thousand dollars extra to subsidize another university, instead of looking for opportunities of how we can reform those universities to make them competitive just doesn't make any sense at all.

So you know, there's a lot of opportunity, a lot of hard choices. A lot of people in the coal mines have lost their jobs. They're told to go get green energy jobs. But when we look at reforming the State System to make it better for the taxpayers and to make it

better for the students, we're told that nobody can lose their job. So I don't want anybody to lose their job, but at the end of the day, we need to -- we need to be smart about these tax dollars and recognize that these institutions are set up to provide education opportunities for students.

Thank you.

DR. DANIEL GREENSTEIN: Thank you.

MAJORITY CHAIRMAN SONNEY: Representative Krueger.

REPRESENTATIVE KRUEGER: Thank you, Mr. Chairman.

And thank you, Chancellor, for joining us here today. So this is a joint hearing of the Education and Appropriations Committees, and I'm here as a member of the Appropriations Committee. So my questions for you and my concerns about this plan all have to do with economic impact here in Pennsylvania.

So you have cited a number of times now that the consolidation plan projects 80 jobs lost in the northeast and 60 jobs lost in the west.

How many layoffs were there pre-consolidation?

DR. DANIEL GREENSTEIN: -- the -- I have the number. And I'm going to have to get back to you with a total number, but the total number of reductions are in line with -- would be in line with reduction in enrollment.

REPRESENTATIVE KRUEGER: Can you give me a ballpark number, are we talking 10, 20, 100, 1,000?

DR. DANIEL GREENSTEIN: Yeah. So if enrollment is down 21 percent across the State -- I can give you a ballpark. On the faculty side, it's about 780 is the number that I think I used in my testimony, of which half were -- so far have been achieved through retirement, which is a great thing. Half have been achieved through the non-renewal of short-term contracts. So --

REPRESENTATIVE KRUEGER: So about 780 jobs lost.

DR. DANIEL GREENSTEIN: I think that's the projection through 2022, but I'm going to have to get back to you with the real number.

REPRESENTATIVE KRUEGER: Okay.

DR. DANIEL GREENSTEIN: I'm not going to be way out.

REPRESENTATIVE KRUEGER: Okay. And I

would appreciate the follow-up on this. So you've been saying the impacts are limited. That doesn't seem limited to me.

Now, I know that my colleague, Austin Davis, asked about the economic impact study. You've been asked about that by this Committee previously. I know the Senate asked you about it in a hearing back in February, and you said it was coming shortly. It sounds like we don't have it yet, but you have committed that one will take place?

DR. DANIEL GREENSTEIN: Correct.

REPRESENTATIVE KRUEGER: Okay. In the absence of an economic impact study conducted by the System itself, the Political Economy Research Institute at the University of Massachusetts released their own local economic impact study of the impacts of this plan. And in the absence of data from you, this is the data we've got to go on. And it shows that due to the layoffs of two trios, we'd see a total of \$6 million dollars lost annually in the State and local tax revenue.

Now, you keep telling us that the impacts are limited, but the estimated total savings of your entire consolidation plan over 5 years is

only \$18.4 million dollars. So why haven't the economic impacts been reflected in this plan?

DR. DANIEL GREENSTEIN: Sure.

REPRESENTATIVE KRUEGER: Six million dollars is not a small amount of money in my mind.

DR. DANIEL GREENSTEIN: So a couple of things. Eighteen point nine million is an ongoing savings that compounds to 2 percent a year, so it's a hundred million over five-ish. The Act 50 asks us for the impact of integration. The reductions that we've just been talking about result from the fact that we've lost, in four of those schools, between 40 and 50 percent of their enrollments.

So I mean, I would ask you, you have a school, it's down by 40 percent in students, what would you expect to see amongst the faculty?

And let me add to that, you have a school, it's down by 40 percent in its enrollments and your son or daughter is there and they pay the costs, 75 percent of the cost of every member of faculty and staff salaries. What would -- and then, I'm going to go one step further.

You have a school that is down 40 to 50 percent in their enrollments, how many staff and faculty reductions would you expect when your child is picking up 75 percent of the cost of salaries, and children at other universities are now also contributing --

REPRESENTATIVE KRUEGER: -- speaking, Mr. Chancellor, as a member of the Appropriations Committee, I would expect to see those impacts reflected in a consolidation plan that was presented to your Board and to the General Assembly.

DR. DANIEL GREENSTEIN: I understand --

REPRESENTATIVE KRUEGER: They're currently missing.

DR. DANIEL GREENSTEIN: I understand that, but I also want to be clear that sustainability planning and the reductions began in 2018. It was reported every year in front of the Appropriations Committee, so were its targets. It has nothing to do with integration. And if integration is not approved by the Board, it will continue to go forward and probably more deeply as enrollments decline. It is independent of integration.

Integration is about reaching a trough and growing from that trough. Shrink to grow; it worked at Cheney.

REPRESENTATIVE KRUEGER: Seven hundred and eighty jobs lost to date, 80 more projected, 60 in the northeast.

DR. DANIEL GREENSTEIN: So 780 reductions, mostly through retirement and attrition. I am very proud of my colleagues, the faculty, staff, leadership for the way they have managed the need to reduce our workforce. We have used three retirement incentives, which have netted over 300 faculty and about -- I don't have the exact number, but it's between 100 and 250 staff, right. So most of the reductions are achieved through attrition.

Over that entire period, the PERI, I don't know those folks. I'm sure they're great economists. They're not higher education people, and they don't do community impact, at least not by their banner, but I assume they do good work. They have counted all reductions through attrition as if they were, you know, a different kind of impact. I believe retirees continue to spend in their community, and most of our

reductions are through retirees. So you know, I do have questions about the voracity of the report.

REPRESENTATIVE KRUEGER: Well, again, in the absence of any data that you've produced --

DR. DANIEL GREENSTEIN: Understood.

REPRESENTATIVE KRUEGER: -- which you've actually been promising us for months, this is what we've got. And I just want to be clear, your report says very clearly on page 161 that \$18.4 million is the amount over the course of five years, not ongoing.

DR. DANIEL GREENSTEIN: It's ongoing --

REPRESENTATIVE KRUEGER: So thank you for answering my questions, and I look forward to that economic impact report.

DR. DANIEL GREENSTEIN: Thank you for your questions.

MAJORITY CHAIRMAN SONNEY: Representative Isaacson.

REPRESENTATIVE ISAACSON: Hi.

DR. DANIEL GREENSTEIN: Good morning.

REPRESENTATIVE ISAACSON: Good morning.  
How are you?

DR. DANIEL GREENSTEIN: Living the dream.

REPRESENTATIVE ISAACSON: Well, I'm on the Education Committee, so I'm going to stay focused on us moving forward with higher education in Pennsylvania. I understand we have realities we have to face, but I believe that we need to be making sure that we're moving higher education forward together in Pennsylvania. And I appreciated you recognizing the investments that the community colleges made with high schools, especially in doing the dual enrollment, and how we have high school students now graduating, not only with their high school diploma but with associate degrees at the same time. It's amazing what they can do when they're working together.

So to go back to a question I asked the last time you were here, how is our conversation with the community colleges going?

DR. DANIEL GREENSTEIN: So -- and thank you for your question last time. So since we had that conversation, our provosts have all met together and we are tightening up our transfer articulation policies at the system level, which is really cool. Since we've been together, our western integration group is looking at, you

know, establishing guaranteed transfer paths for students who are coming through an online -- from an -- who are wishing to pursue their B.A. degree online, which is also really cool. And then there's any number of really good things happening at a variety of our universities, you know, with their sister community colleges. So I'm pleased with that.

But the coolest thing, if I may, is that we did a bunch of work over the last year and a bit called Prepared for PA, where we work with employers and employer associations in regions of Pennsylvania in six industry areas where employers are struggling to find qualified employees. The employers actually helped us identify what skills they required of those employers, which is cool, and they built what we'll call competency maps. And we've now gone to an RFP, inviting employers to get together with state university and community colleges in order to build those credentialing pathways that are responsive directly to employer needs.

So that is a -- the RFP process is still in training. I think the selection will be made in the next two or three weeks. So the next time

I'm in front of you, I will hopefully be able to tell you, you know, University X working with community college Y or pushing forward in whatever area of health or whatever. Also good.

REPRESENTATIVE ISAACSON: I'm glad to hear that we're planning on all this. As you said to my Chairman, that you wanted to offer guaranteed enrollment to the community college students, obviously after you're getting through your integration plan here. I don't really understand why we're waiting. This should be something that should be going on in dual paths, especially since the community colleges obviously have a large population, especially with their dual enrollment agreements with the high schools of having a pipeline for you.

And I would like to definitely hear about the conversation that you're having with the community colleges about accepting the accreditations and it shouldn't be something that we're waiting for.

DR. DANIEL GREENSTEIN: Yeah.

REPRESENTATIVE ISAACSON: This should be something that you should be already -- I asked you last time about it, and I was hoping to hear

about a great conversation that was taking place. And by the way, if you're doing a Prepared for PA plan, which I think is a great idea, but you should also be working because obviously community college has their lane, you have your lane, and we want to make sure that if a business needs something that the community college provides, we do that because we have to support all of our higher education systems together.

DR. DANIEL GREENSTEIN: Correct. Which is why -- so two things. And I should have made it clear, and I apologize, that those paths are simultaneous, that the work we're doing across the System on articulation agreements is something which is across the System. That is moving forward. We expect Board action on those policy changes soon, if not in July. July is probably going to be busy, certainly by the beginning -- the next meeting would be October. So those are parallel pathways.

REPRESENTATIVE ISAACSON: Hopefully before October, since the school year starts the end of August/September.

DR. DANIEL GREENSTEIN: The reason we're doing the Prepared for PA is a sort of looking

for proposals coming from community colleges and it's because students actually don't think about lanes, they think about their lives. And so we kind of get our lanes in their way.

And so that pipeline approach, which is something I've spoken about now for a few years, is really important. So building those pipelines, which integrate work that students can start at a community college and go onto a four-year or start at a 4-year and go to a community college, that's really important. And developing those pathways is absolutely critical. Prepared for PA enables us to do that.

REPRESENTATIVE ISAACSON: Okay. Well, like I said, I think it should be something that you should be focusing on now in the current as you're planning, so that they can all work together.

And then finally, it's just more of a comment. I hope that with all of the investments in education that's coming, especially with the money from the federal government, that we make investments into the PASSHE System. We want to see it succeed, just as we want to see all of our institutions of higher learning succeed. And you

have an opportunity here that is once-in-a-lifetime. And hopefully, we're not talking about cutting and reduction; we're looking at investment and expansion.

DR. DANIEL GREENSTEIN: And I would just remind us that we have a \$100 million dollar one-time ask in front of the Appropriations Committee, so in case that's escaped your notice.

UNIDENTIFIED SPEAKER: We got it.

DR. DANIEL GREENSTEIN: Thank you.

MAJORITY CHAIRMAN SONNEY: The next question will come from Representative Ciresi.

I'd like to -- Chancellor, we have two more Representatives asking questions, Representative Ciresi being one of them. And you know, it's imperative that we get to the floor on time today, so we're going to stop after these last two questions come. Please get right to the point, so that, you know, you have an opportunity.

DR. DANIEL GREENSTEIN: I think that was him telling me to be shorter in my answers.

REPRESENTATIVE CIRESI: No, no, no. He knows I'm long-winded.

Thank you Mr. Chairman. I appreciate it.

Thank you for the work you're doing, Chancellor. I know this isn't an easy job. And I stand here in a couple of different places. As a parent of a child who just did over a year and a half online, who is at a four-year school and graduated on Friday, I think we did them a disservice to his college experience.

You talk a lot about the integration, the offerings of being online, but what makes us any different than saying, well, I'll take classes at the University of Hawaii and then I will walk in Hawaii at graduation as opposed to a PASSHE school, maybe they're equal, sometimes they have equal tuition. You know, that part, I'm not buying. And I think the last time I got up before you, I talked about the college experience, telling students that, well, you can take classes online, is not a college experience by any stretch of the imagination.

I feel that 50 percent of what you get at college is the growing up, leaving home, finding your way, you know, seeing where you belong. So my question to you is, why wouldn't you have come before us and said the hard question: I want to keep these schools open; I want to reduce tuition

by 30 percent; this is how much I need; let's see if it works; let's give it a little bit longer?

Because I don't know what we're doing. I agree that we can't keep -- the faucet is running and the water is coming out. But a last ditch effort, did we really try to say, if we reduce tuition at these schools -- these are great schools -- will we get the kids to come? We'll market the heck out of it. We'll reduce the tuition. If it doesn't work, I'm going to come back to you and say, the plan doesn't work and now we really need to figure out if we're going to close these universities.

And I know the work close is terrible. I know the communities they're in, we'd have to find alternatives for. I'm not advocating for that today. I'm saying, is that a better option to go back and say, yeah, we need \$100 million to reduce tuition at these six universities?

DR. DANIEL GREENSTEIN: I have been brutally honest with this Committee for three years about our economic circumstances and the costs it would take to get out of them. I have -- short of begging, because that would be unseemly -- urged members to think with me about

higher education as a partnership, which requires both structural transformation of the institution so they can be great stewards and work effectively with other sectors and further investment. I've been saying the same thing for three years.

I have urged us to consider what it would mean to be average, average, forget top 10, average in terms of State investment in FT. I'm delighted, frankly -- I hope I had some effect, but I don't care, it's not about me -- by the kind of conversation that's been swirling in the General Assembly. The Higher Education Funding Commission recognized it as a problem. The Governor's Nellie Bly Scholarship is a very creative way to think differently about how to, you know, solve a problem.

We have a \$100 million dollar one-time ask, unprecedented in the history of the State System. So I'm just not buying it. You have more transparency about the operation of your public system than any State in the country, any State in the country. Ask your staff to go online to look at our Appropriations book and accountability report that we publish annually,

ask them to find another one, anything like it. Ask your staff to find anywhere in the country an online integration report, warts and all.

Ask them anywhere. They won't find it because we believe in partnership and partnership requires transparency. If the General Assembly wants to get together and correct 20 years of behavior -- often of which laden at my feet, which I think is a little unfair -- 20 years of declining investment, I'm all in. Let's talk, but that requires -- that requires sides coming together. I asked last time, I'm going to ask again, how can I help you do that?

It doesn't seem to be working well. And I will take the burden of that responsibility simply to say, folks, we're in trouble. We need your help. This is about -- this is not about me. It's not even about the universities. It's about the future of the State. At some point, somewhere in this country, we have to figure out how to bring these very different views together. And I will sit here and take arrows as long as you want if I can have any small part in making that happen because I care that much about our students and the communities they come from.

That is what gets me up in the morning, not to come sit or read the vitriol and abuse that gets poured out. That does not actually animate me that much, but our students do. They deserve our help. And if I can do anything to help you help us, I am here.

REPRESENTATIVE CIRESI: Well, thank you. I appreciate that. And I can only speak for the two-plus years I've been here, can't go back 18 other years, but thank you very much.

DR. DANIEL GREENSTEIN: Appreciate it.

MAJORITY CHAIRMAN SONNEY: Representative Madden.

REPRESENTATIVE MADDEN: Thank you, Mr. Chairman.

And thank you, Chancellor, for coming before us today and answering the tough questions and listening to the tough remarks. All the questions, frankly, have been asked. So it's appropriate that I'm the last person to ask a question and I can commiserate with you from my unique perspective of my job before being Representative was a professor at East Stroudsburg University.

And I proudly represent East Stroudsburg

University and I have been honored to be the 2018-2019 legislative fellow. And when I spoke at graduation this past Saturday, when I was speaking with my colleagues, my former colleague, all the questions weren't about what am I going to do, where am I going to get a job. To Representative Heffley's point, many of these people have dedicated years to teaching and now can find another job, as I did.

*Tiffany L. Mast*

My comments are more around -- we have historically graduated the highest percentage of college graduates in Pennsylvania, and historically, the highest number of teachers have been graduated from our State schools. And we are lower now in grading educators. And we're -- that's -- it's just a -- it's just a travesty.

So I commiserate with you, and I sincerely hope that we go from being 50th in the country to funding our institutions of higher learning, that we take some pride in the high numbers of college graduates that come from Pennsylvania. And I hope the Appropriations Committee is listening and the majority party is listening. And I hope you get your \$100 million dollars, and I hope you ask for more money and

you get more money because this PASSHE System is worth saving. And I'd be happy to have those conversations with you.

Thank you.

DR. DANIEL GREENSTEIN: Thank you, Representative.

MAJORITY CHAIRMAN SONNEY: Thank you, Chancellor.

You know, we're required to do this by the Act, and we're going to continue to do this. I know it's been extremely challenging, you know, for both you and your staff. And those challenges, you know, aren't reducing yet. You know, we're still not at the peak of climbing this mountain. And I think that we're all looking forward to, you know, a very successful completion to this journey.

I'm realizing that it is a partnership, and it's not just the system making changes, but the legislative body also needs to make some changes. But also, I would just like to remind the members and those that might be watching and listening, that the counselor cannot close any of these institutions. Only through legislative action can that happen. So you know, you don't

have that ability. The ability that you have is to do everything in your power to make them successful. And so we're looking forward to seeing that happen.

Thank you very much for being be us today.

DR. DANIEL GREENSTEIN: Thank you, Representative Sonney.

MAJORITY CHAIRMAN SONNEY: This hearing is adjourned.

(Whereupon, the hearing adjourned at 10:55 a.m.)

C E R T I F I C A T E

I hereby certify that the proceedings are contained fully and accurately in the notes taken by me from audio of the within proceedings and that this is a correct transcript of the same.

*Tiffany L. Mast*  
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Tiffany L. Mast, Court Reporter