

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 1327 Session of  
1997

INTRODUCED BY SCHULER, COY, FARGO, B. SMITH, FAIRCHILD, BAKER,  
RUBLEY, GEIST, HORSEY, HENNESSEY, HERSHEY, MICOZZIE,  
BATTISTO, ZUG, TRUE, SEMMEL AND FLICK, APRIL 16, 1997

AS REPORTED FROM COMMITTEE ON EDUCATION, HOUSE OF  
REPRESENTATIVES, AS AMENDED, OCTOBER 27, 1997

## AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," further providing for the operation  
6 of the State System of Higher Education; ~~and~~ making a repeal; <—  
7 and MAKING editorial changes. <—

8 The General Assembly of the Commonwealth of Pennsylvania  
9 hereby enacts as follows:

10 ~~Section 1. Section 2002 A of the act of March 10, 1949~~ <—  
11 ~~(P.L.30, No.14), known as the Public School Code of 1949,~~  
12 ~~amended or added November 12, 1982 (P.L.660, No.188) and June~~  
13 ~~23, 1988 (P.L.457, No.77), is amended to read:~~

14 SECTION 1. SECTION 2001-A OF THE ACT OF MARCH 10, 1949 <—  
15 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1949, IS  
16 AMENDED BY ADDING A DEFINITION TO READ:

17 SECTION 2001-A. DEFINITIONS.--THE FOLLOWING WORDS AND  
18 PHRASES WHEN USED IN THIS ARTICLE SHALL, FOR THE PURPOSE OF THIS  
19 ARTICLE, HAVE THE FOLLOWING MEANINGS, RESPECTIVELY, EXCEPT IN

1 THOSE INSTANCES WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT  
2 MEANING:

3 \* \* \*

4 (20) "BRANCH CAMPUS" SHALL MEAN A UNIT OF A MEMBER  
5 INSTITUTION OF THE STATE SYSTEM OF HIGHER EDUCATION WHICH IS  
6 DISTINGUISHED BY THE FOLLOWING CHARACTERISTICS:

7 (1) AN ACADEMIC DEGREE-GRANTING PROGRAM OR ORGANIZED PARTS  
8 THEREOF OFFERED ON A CONTINUING BASIS.

9 (2) A LOCATION SEPARATELY IDENTIFIABLE FROM THE MAIN CAMPUS  
10 OF THE PARENT INSTITUTION AND PROVIDING THE SERVICES NORMALLY  
11 ASSOCIATED WITH THE CAMPUS.

12 (3) LEGAL AUTHORITY FOR GOVERNANCE, ADMINISTRATION AND  
13 GENERAL OPERATION DERIVED FROM THE PARENT INSTITUTION OF THE  
14 STATE SYSTEM OF HIGHER EDUCATION.

15 SECTION 2. SECTION 2002-A OF THE ACT, AMENDED OR ADDED  
16 NOVEMBER 12, 1982 (P.L.660, NO.188) AND JUNE 23, 1988 (P.L.457,  
17 NO.77), IS AMENDED TO READ:

18 Section 2002-A. Establishment of the State System of Higher  
19 Education and its Institutions.--(a) †Subject to the regulatory <—  
20 powers conferred by law upon the State Board of Education,  
21 there†~~There~~ is hereby established a body corporate and politic <—  
22 constituting a public corporation and government instrumentality  
23 which shall be known as the State System of Higher Education,  
24 independent of the Department of Education, hereinafter referred  
25 to as the system, which shall consist of the following  
26 institutions and such other institutions, presently existing or  
27 newly created, as may hereafter be admitted by the board in  
28 concurrence with other agencies as required by law:

29 [(1) Bloomsburg State College;

30 (2) California State College;

1 (3) Cheyney State College;  
2 (4) Clarion State College;  
3 (5) East Stroudsburg State College;  
4 (6) Edinboro State College;  
5 (7) Indiana University of Pennsylvania;  
6 (8) Kutztown State College;  
7 (9) Lock Haven State College;  
8 (10) Mansfield State College;  
9 (11) Millersville State College;  
10 (12) Shippensburg State College;  
11 (13) Slippery Rock State College; and  
12 (14) West Chester State College.]  
13 (1) Bloomsburg University of Pennsylvania.  
14 (2) California University of Pennsylvania.  
15 (3) Cheyney University of Pennsylvania.  
16 (4) Clarion University of Pennsylvania.  
17 (5) East Stroudsburg University of Pennsylvania.  
18 (6) Edinboro University of Pennsylvania.  
19 (7) Indiana University of Pennsylvania.  
20 (8) Kutztown University of Pennsylvania.  
21 (9) Lock Haven University of Pennsylvania.  
22 (10) Mansfield University of Pennsylvania.  
23 (11) Millersville University of Pennsylvania.  
24 (12) Shippensburg University of Pennsylvania.  
25 (13) Slippery Rock University of Pennsylvania.  
26 (14) West Chester University of Pennsylvania.  
27 (b) [Each of the said institutions shall hereafter be known  
28 as the (Name) University of Pennsylvania of the State System of  
29 Higher Education, except for Indiana University of Pennsylvania,  
30 which shall retain its name.] As successor institutions to the

1 State Normal Schools, appropriations for their operation are  
2 ordinary expenses of government, requiring only a majority vote  
3 of each House of the General Assembly. The State System of  
4 Higher Education shall have the same preferred status for  
5 appropriations as is enjoyed by its constituent institutions.  
6 State funds appropriated to the system shall be allocated to the  
7 individual institutions, ~~the Office of the Chancellor and other~~ <—  
8 ~~programs and facilities by the board~~ on a formula based on, but  
9 not limited to, such factors as enrollments, degrees granted and  
10 programs. The board may create a system reserve, the balance of  
11 which shall not exceed one-half of one per cent (0.50%) of all  
12 available operating funds, which may be expended for emergencies  
13 and special projects in accordance with board policy. For  
14 purposes of this section, the term "operating funds" shall mean  
15 any Federal appropriation, any State appropriation, any student  
16 tuition fees and any student fees for room and board.

17 Section ~~2~~ 3. Section 2003-A of the act, amended July 11, <—  
18 1990 (P.L.424, No.103), is amended to read:

19 Section 2003-A. Purposes and General Powers.--(a) The State  
20 System of Higher Education shall be part of the Commonwealth's  
21 system of higher education. Its purpose shall be to provide high  
22 quality education at the lowest possible cost to the students.  
23 The primary mission of the system is the provision of  
24 instruction for undergraduate and graduate students to and  
25 beyond the master's degree in the liberal arts and sciences and  
26 in applied fields, including the teaching profession. Graduate  
27 instruction at the doctoral level, except for doctoral programs  
28 provided for in the act of December 16, 1965 (P.L.1113, No.430),  
29 known as the "Indiana University of Pennsylvania Act," only may  
30 be offered jointly with Indiana University or an institution

1 chartered to offer work at the doctoral level. Programs of  
2 research and service may be provided which are approved by the  
3 Board of Governors, and which are consistent with the primary  
4 mission of the system. Each institution shall provide  
5 appropriate educational facilities, student living facilities  
6 and such other facilities as deemed necessary by the board.

7 (b) The system is hereby granted and shall have and may  
8 exercise all the powers necessary or convenient for the carrying  
9 out of the aforesaid purposes, including, but without limiting  
10 the generality of the foregoing, the following rights and  
11 powers:

12 (1) To have perpetual existence as a corporation.

13 (2) To adopt, use and alter at will a corporate seal.

14 (3) To acquire, purchase, hold, lease as lessee and use any  
15 property, real, personal or mixed, tangible or intangible, or  
16 any interest therein, lease as lessor any property, real,  
17 personal or mixed, tangible or intangible, necessary or  
18 desirable for carrying out the purposes of the system, and to  
19 sell, transfer and dispose of any property acquired by gift,  
20 grant, devise or bequest, whether the property is real, personal  
21 or mixed, tangible or intangible, or any interest therein; to  
22 take, demand, receive and possess all moneys, real property and  
23 goods which shall be appropriated, given or granted to for the  
24 use of the system and to apply the same according to the will of  
25 the donors; to sell, transfer and dispose of real property  
26 acquired by and titled to the system upon approval by the  
27 General Assembly as provided in section 2018-A; and by gift,  
28 purchase or devise to receive, possess, enjoy and retain forever  
29 any and all real and personal estate and funds, of whatsoever  
30 kind, nature or quality the same may be, in special trust and

1 confidence that the same, and the profits thereof, shall be  
2 applied to and for the use and purpose of endowing the system,  
3 and shall have power to receive donations from any source  
4 whatever, to be exclusively devoted to the purposes of the  
5 system or according to the terms of donation: Provided, however,  
6 That the system shall have no power at any time or in any  
7 manner, to pledge the credit or taxing power of the  
8 Commonwealth, nor shall any of its obligations or debts be  
9 deemed to be obligations of the Commonwealth, nor shall the  
10 Commonwealth be liable for the payment of principal or interest  
11 on such obligations. Nothing herein shall empower the Board of  
12 Governors or the chancellor to take or receive any moneys, goods  
13 or other property, real or personal, which is given or granted  
14 to specific institutions.

15 ~~(4) To negotiate joint ventures, consortia and partnerships~~ <—  
16 ~~with businesses, industries, organizations, local and State~~  
17 ~~governments, the Federal Government and foreign governments,~~  
18 ~~consistent with the general purposes of subsection (a).~~

19 ~~(5)~~ (4) To borrow money, make and issue negotiable notes,  
20 bonds, refunding bonds and other evidence of indebtedness of  
21 obligations, herein called bonds, of the system, subject to all  
22 of the following conditions and limitations:

23 (i) The bonds shall have a maturity date not longer than  
24 forty (40) years from the date of issue.

25 (ii) The system, by pledge or deed of trust of all or any of  
26 its revenues and receipts, may secure the payment of such bonds  
27 or any part thereof.

28 (iii) The system may make such agreements with the  
29 purchasers or holders of such bonds, or with others in  
30 connection with any such bonds, whether issued or to be issued,

1 as the system shall deem advisable.

2 (iv) The system shall provide for the security for the bonds  
3 and the rights of the holders thereof.

4 (v) The system shall not issue bonds if, on the date of  
5 issuance, the aggregate principal amount of bonds to be  
6 outstanding shall exceed seventy-five per cent (75%) of the  
7 system's average annual gross revenues for the three (3)  
8 consecutive fiscal years preceding the fiscal year in which  
9 bonds are proposed to be issued, except that leases, capitalized  
10 or otherwise, entered into by the system, as lessee, in  
11 connection with the acquisition of real and personal property  
12 shall not be considered bonds for the purposes of these  
13 limitations.

14 (vi) The system shall have no power, at any time or in any  
15 manner, to pledge the credit or taxing power of the  
16 Commonwealth, nor shall any of the bonds or debts of the system  
17 be deemed to be obligations of the Commonwealth, nor shall the  
18 Commonwealth be liable for the payment of principal or interest  
19 on such bonds or other obligations.

20 (c) Collective bargaining agreements in force at the time of  
21 enactment of this act shall remain in force for the term of the  
22 contract. New collective bargaining agreements with professional  
23 employees shall be negotiated on behalf of the system by the  
24 chancellor. The board shall make a coalition bargaining  
25 arrangement with the Commonwealth for the negotiation of new  
26 collective bargaining agreements with noninstructional employees.

27 ~~Section 3. Section 2003-A.1(e)~~ 4. SECTION 2003-A.1(C) of <—  
28 the act, amended July 11, 1990 (P.L.424, No.103), is amended and  
29 the section is amended by adding a subsection to read:

30 Section 2003-A.1. Project Contracts.--\* \* \*

1       ~~(c) (1) Nothing in this section shall be construed as~~ <—  
2       ~~amending, repealing or otherwise modifying the provisions of the~~  
3       ~~act of May 1, 1913 (P.L.155, No.104), entitled "An act~~  
4       ~~regulating the letting of certain contracts for the erection,~~  
5       ~~construction, and alteration of public buildings," or the act of~~  
6       ~~August 15, 1961 (P.L.987, No.442), known as the "Pennsylvania~~  
7       ~~Prevailing Wage Act."~~

8       ~~(2) The statutes described in paragraph (1) shall apply only~~  
9       ~~to projects funded in whole or in part by the Commonwealth.~~  
10      ~~Projects funded with student fees, but where no Commonwealth~~  
11      ~~funds are involved are exempt from these statutes.~~

12      \* \* \*

13      ~~(g) Contractors awarded contracts in excess of twenty five~~  
14      ~~thousand dollars (\$25,000) shall furnish performance bonds for~~  
15      ~~one hundred per cent (100%) of the contract amount to insure~~  
16      ~~faithful performance of all contractual obligations, payment~~  
17      ~~bonds in the amount of one hundred per cent (100%) of the~~  
18      ~~contract amount for the protection of persons providing the~~  
19      ~~contractor labor, materials, supplies and services, and~~  
20      ~~maintenance bonds in the amount of ten per cent (10%) of the~~  
21      ~~contract amount for correction of warranty defects on such forms~~  
22      ~~as the chancellor may specify. Such bonds shall be executed by~~  
23      ~~surety companies authorized to do business in this Commonwealth.~~  
24      ~~All bonds shall be payable to the State System of Higher~~  
25      ~~Education.~~

26      (C) ALL CONTRACTS, OTHER THAN CONTRACTS FOR THE RETENTION OF <—  
27      ARCHITECTS AND ENGINEERS OR IN THE CASE OF EMERGENCIES,  
28      AUTHORIZED BY THIS SECTION WHICH EXCEED [FIVE THOUSAND DOLLARS  
29      (\$5,000)] TEN THOUSAND DOLLARS (\$10,000), ADJUSTED ANNUALLY FOR  
30      INCREASES IN THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS



1 UNITED STATES CITY AVERAGE, ALL ITEMS (CPIU), SHALL BE  
2 ADVERTISED IN THE MANNER PROVIDED BY LAW AND COMPETITIVELY BID  
3 AND AWARDED TO THE LOWEST RESPONSIBLE BIDDER. THE CHANCELLOR MAY  
4 MAKE OR AUTHORIZE OTHERS TO MAKE AN EMERGENCY PROCUREMENT WHEN  
5 THERE EXISTS A THREAT TO PUBLIC HEALTH, WELFARE OR SAFETY; WHEN  
6 THERE EXISTS A THREAT THAT ADDITIONAL PROPERTY LOSS WILL OCCUR;  
7 WHEN THERE EXISTS A THREAT THAT OPERATIONS WILL BE GREATLY  
8 IMPAIRED OR DISRUPTED; OR THE URGENCY OF THE NEED DOES NOT  
9 PERMIT DELAY INVOLVED IN USING MORE FORMAL COMPETITIVE METHODS,  
10 SO LONG AS AT LEAST TWO (2) BIDS ARE SOLICITED WHENEVER  
11 PRACTICAL. A WRITTEN DETERMINATION OF THE BASIS FOR THE  
12 EMERGENCY AND FOR THE SELECTION OF THE PARTICULAR CONTRACTOR  
13 SHALL BE INCLUDED IN THE CONTRACT FILE.

14 \* \* \*

15 (G) (1) BIDDERS OR OFFERORS MAY BE REQUIRED TO PROVIDE BID  
16 OR PROPOSAL SECURITY IN THE MINIMUM AMOUNT OR PERCENTAGE OF THE  
17 AMOUNT OF THE BID FOR CONTRACTS BID ACCORDING TO THE PROVISIONS  
18 OF THIS SECTION. BID OR PROPOSAL SECURITY SHALL BE IN THE AMOUNT  
19 AND FORM OF A CERTIFIED OR BANK CHECK OR A BOND PROVIDED BY A  
20 SURETY COMPANY AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH OR  
21 ANOTHER FORM OF SECURITY AS SPECIFIED IN THE INVITATION FOR BIDS  
22 OR REQUEST FOR PROPOSALS.

23 (2) BIDDERS OR OFFERORS AWARDED CONTRACTS ACCORDING TO THE  
24 PROVISIONS OF THIS SECTION MAY BE REQUIRED, AND IN THE CASE OF  
25 THOSE CONTRACTS IN EXCESS OF TWO HUNDRED FIFTY THOUSAND DOLLARS  
26 (\$250,000) SHALL FURNISH:

27 (I) PERFORMANCE BONDS IN AN AMOUNT EQUAL TO ONE HUNDRED PER  
28 CENTUM (100%) OF THE CONTRACT AMOUNT AND CONDITIONED UPON THE  
29 FAITHFUL PERFORMANCE OF THE CONTRACT IN ACCORDANCE WITH THE  
30 CONTRACT DOCUMENTS;

1       (II) PAYMENT BONDS IN AN AMOUNT EQUAL TO ONE HUNDRED PER  
2 CENTUM (100%) OF THE CONTRACT AMOUNT AND CONDITIONED UPON THE  
3 PROMPT PAYMENT FOR ALL LABOR, MATERIALS, SUPPLIES AND SERVICES  
4 PERFORMED IN THE PROSECUTION OF THE WORK; AND

5       (III) MAINTENANCE BONDS IN THE AMOUNT OF TEN PER CENTUM  
6 (10%) OF THE CONTRACT AMOUNT FOR CORRECTION OF WARRANTY DEFECTS.

7       (3) ALL BONDS SHALL BE EXECUTED BY A SURETY COMPANY  
8 AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH, MADE PAYABLE TO  
9 THE STATE SYSTEM OF HIGHER EDUCATION, AND IN SUCH FORM AS THE  
10 CHANCELLOR MAY SPECIFY.

11       Section 4 5. Section 2004-A of the act, amended June 23,       <—  
12 1988 (P.L.457, No.77), is amended to read:

13       Section 2004-A. Board of Governors.--(a) The system shall  
14 be governed and all of its corporate powers exercised by the  
15 Board of Governors, which shall consist of twenty (20) members  
16 to be appointed as follows:

17       (1) The Governor, or [his] a designee of the Governor.

18       (2) The Secretary of Education, or [his] a designee of the  
19 Secretary.

20       (3) One (1) Senator appointed by the President pro tempore  
21 of the Senate.

22       (4) One (1) Senator appointed by the Minority Leader of the  
23 Senate.

24       (5) One (1) Representative appointed by the Speaker of the  
25 House of Representatives.

26       (6) One (1) Representative appointed by the Minority Leader  
27 of the House of Representatives.

28       (7) Fourteen (14) members shall be appointed by the Governor  
29 and, except for student members, these appointments shall be  
30 with the advice and consent of the Senate [of which six (6)

1 shall be selected from the citizens of the Commonwealth]. Three  
2 (3) members of the fourteen (14) shall be students, no more than  
3 one (1) of whom may be a post-baccalaureate student, whose terms  
4 shall expire upon graduation, separation or failure to maintain  
5 good academic [standards] standing at their institution and five  
6 (5) of the fourteen (14) shall be trustees of constituent  
7 institutions, however, no more than one trustee representing a  
8 constituent institution. The student members shall be selected  
9 from the [presidents] elected executive officers of the local  
10 campus student government associations, or their local  
11 equivalent. No student member shall simultaneously serve as a  
12 member of a council.

13 (b) All members of the board appointed by the Governor,  
14 except for the students, shall serve for terms of four (4)  
15 years[.], but no trustee member shall be eligible to serve after  
16 the expiration of that member's term and the appointment of a  
17 successor council member. The Governor and Secretary of  
18 Education shall serve so long as they continue in office.  
19 Members of the board appointed from the General Assembly shall  
20 serve a term of office concurrent with their respective elective  
21 terms as members of the General Assembly.

22 (c) The Governor or [his] a designee of the Governor, and  
23 the Secretary of Education or [his] a designee of the Secretary,  
24 and the members of the General Assembly shall be members of the  
25 board and shall be entitled to attend all meetings of the board  
26 and shall have the right to speak on all matters before the  
27 board, and to vote, but shall not be elected as an officer of  
28 the board.

29 (d) The board shall elect one (1) of its members to serve as  
30 its chairperson at the pleasure of the board. Members shall

1 receive no compensation for their services but shall be  
2 reimbursed for the expenses necessarily incurred by them in the  
3 performance of their duties. The board shall meet quarterly and  
4 additionally at the call of the chairperson, or upon request of  
5 six (6) members of the board.

6 (e) The chancellor shall be the chief executive officer of  
7 the board and shall have the right to speak on all matters  
8 before the board, but not to vote.

9 (f) Each board member shall attend an orientation during the  
10 member's first year of service which shall be conducted by the  
11 chancellor. The purpose of this orientation shall be to acquaint  
12 board members with their duties, the mission of the system and  
13 system operations. The chancellor shall certify attendance to  
14 the respective appointing authority.

15 (g) Any board member who is absent from three (3)  
16 consecutive regular meetings shall be removed by the respective  
17 appointing authority unless all such absences were caused by  
18 personal illness, the illness of a family member or the death of  
19 a family member. The chairperson of the board shall notify the  
20 respective appointing authority when a board member has  
21 unexcused absences from three (3) consecutive regular meetings.

22 Section 5 6. Section 2005-A(7) and (10) of the act, added <—  
23 November 12, 1982 (P.L.660, No.188), are amended and the section  
24 is amended by adding ~~clauses~~ A CLAUSE to read: <—

25 Section 2005-A. The Chancellor.--The chief executive officer  
26 of the system shall be a chancellor, who shall be employed by  
27 the board in accordance with clause (1) of section 2006-A. In  
28 addition to those prescribed by the board, the chancellor shall  
29 have the following duties:

30 \* \* \*

(7) The chancellor shall be responsible for the administration of the central office, systemwide business procedures and for the overall organization of maintenance of the physical plants and security at all institutions. The chancellor, in consultation with the commission and the approval of the board, may organize centrally provided administrative and professional support services and allocate charges for same to users.

\* \* \*

(10) The chancellor shall serve as an ex officio member of the council of each institution in the system, without voting privileges.

\* \* \*

~~(12) The chancellor shall create and conduct orientation programs for new board members and trustees in consultation with representatives of the board, the commission and the councils and shall certify attendance to the respective appointing authority.~~

(12) THE CHANCELLOR OR HIS DESIGNEE, UNDER SPECIFIC BUSINESS PROCEDURES PRESCRIBED BY THE BOARD OF GOVERNORS, MAY ENTER THROUGH THE COMPETITIVE PROCESS OR DIRECT NEGOTIATION, CONSORTIA, PARTNERSHIPS OR OTHER MULTIPARTY CONTRACTUAL RELATIONSHIPS WITH BUSINESSES, INDUSTRIES, ORGANIZATIONS, STATE AND LOCAL GOVERNMENTS, THE FEDERAL GOVERNMENT AND FOREIGN GOVERNMENTS TO FURTHER THE GENERAL PURPOSES AND MISSION OF THE STATE SYSTEM OF HIGHER EDUCATION.

Section ~~6~~ 7. Section 2006-A of the act, amended or added November 12, 1982 (P.L.660, No.188), July 1, 1985 (P.L.103, No.31), June 23, 1988 (P.L.457, No.77) and July 11, 1990 (P.L.424, No.103), is amended to read:

1       Section 2006-A. Powers and Duties of the Board of

2   Governors.--(a) The Board of Governors shall have overall  
3   responsibility for planning and coordinating the development and  
4   operation of the system. The powers and duties of the Board of  
5   Governors shall be:

6       (1) To employ the chancellor to serve at the board's  
7   pleasure under fixed term or contract of fixed duration of not  
8   longer than five (5) years; to fix [his] the chancellor's  
9   salary; to prescribe and delineate [his] the chancellor's duties  
10  and responsibilities; prior to the renewal of such term or  
11  contract, the board shall conduct an evaluation of the  
12  chancellor's service to determine whether such term or contract  
13  should be renewed and for what period of time.

14       (2) To appoint from the list submitted by the chancellor,  
15  pursuant to section 2005-A(4), presidents of the constituent  
16  institutions to serve at the board's pleasure under fixed terms  
17  or contracts of fixed duration, to fix the salaries and other  
18  terms of appointment of each president and prior to renewal of  
19  such term or contract consider the results of the evaluation of  
20  each president's service submitted by the chancellor.

21       (3) To establish policies and procedures to be applied by  
22  the chancellor, the board and each local council in evaluating  
23  the president and recommending the selection, retention and  
24  dismissal of the president of its respective institution.

25       (4) To establish broad fiscal, personnel and educational  
26  policies under which the institutions of the system shall  
27  operate.

28       (5) To create new undergraduate and graduate degree  
29  programs, which shall not be subject to the rules and  
30  regulations of the State Board of Education; to approve

1 [extension campuses] ~~establishment of branch campuses and~~ <—  
2 ~~extension centers~~ and new external degree programs subject to  
3 the rules and regulations of the State Board of Education; to  
4 promote cooperation among institutions, including the  
5 development of consortia within the system and other educational  
6 ~~institutions and agencies; to approve the creation of joint~~ <—  
7 ~~ventures, consortia and partnerships between system institutions~~  
8 ~~and businesses, industries, organizations, local and State~~  
9 ~~governments, the Federal Government and foreign governments,~~  
10 ~~consistent with the general purposes of section 2003 A(a).~~

11 INSTITUTIONS AND AGENCIES. <—

12 (6) To establish general policies for the admission of  
13 students and to assure procedural protection for the discipline  
14 and expulsion of students. The actual admission of students  
15 shall remain the province of the individual institutions.

16 (7) To coordinate, review, amend and approve the annual  
17 capital budget requirements of the system, the annual operating  
18 budgets of the individual institutions and the operating budget  
19 of the chancellor and the board. The board shall present these  
20 annual budgets with comments to the secretary for presentation  
21 to the State board. The State board shall return such budget  
22 requests, recommending approval or disapproval with comments, if  
23 any, to the secretary prior to their submission to the Secretary  
24 of Budget and Administration. The board may also submit its  
25 budget recommendations and findings to the General Assembly  
26 subsequent to the submission of the Governor's budget to the  
27 General Assembly. For the purpose of administration, the system  
28 shall be subject to Article VI of the act of April 9, 1929  
29 (P.L.177, No.175), known as "The Administrative Code of 1929,"  
30 except for section 615.

1 (8) To establish general personnel policies under which the  
2 institutions shall operate consistent with merit principles; to  
3 determine equivalent degree and teaching experience  
4 qualifications for appointment or promotion of faculty employees  
5 within the classifications enumerated in the act of January 18,  
6 1952 (1951 P.L.2111, No.600), referred to as the State College  
7 Faculty Compensation Law, to include, but not be limited to, the  
8 Degrees of Juris Doctor and Master of Fine Arts; and to enter  
9 into collective bargaining agreements pursuant to the act of  
10 July 23, 1970 (P.L.563, No.195), known as the "Public Employee  
11 Relations Act," in accordance with section 2003-A of this act.

12 (9) To recommend approval or disapproval of all system  
13 building projects to the Secretary of the Budget which are not  
14 within the contracting authority of the system under section  
15 2003-A.1.

16 (10) To represent the system before the General Assembly,  
17 the Governor and the State board.

18 (11) To fix the levels of tuition fees, except student  
19 activity fees. Tuition fees shall include a differential for  
20 such charges between students who are residents of the  
21 Commonwealth and students who are nonresidents.

22 (12) To adopt general policies with regard to student  
23 activity fees and to provide for student participation in the  
24 formulation of these policies.

25 (13) To establish policies regarding waiver, deferment and  
26 refund of tuition fees and other charges and fees.

27 (13.1) To set the amounts for fines for violations of rules  
28 respecting THE USE, parking and operation of motor vehicles on <—  
29 system facilities, which shall not MAY BE ESTABLISHED TO exceed <—  
30 the amounts which municipalities are authorized to assess for



1 such offenses under 75 Pa.C.S. (relating to vehicles).

2 (13.2) To establish policy concerning expenditures from the  
3 system reserve and to approve all expenditures therefrom.

4 (13.3) To establish policy concerning the organization of  
5 centrally provided administrative and professional support  
6 services, ~~including~~ AND THE allocation of charges therefor, and <—  
7 to approve the chancellor's recommendations for the  
8 establishment of such services.

9 (14) To make all reasonable rules and regulations necessary  
10 to carry out the purposes of this article and the duties of the  
11 board.

12 (15) To do and perform generally all of those things  
13 necessary and required to accomplish the role and objectives of  
14 the system.

15 (b) The Board of Governors shall provide for the holding of  
16 regular and special meetings. Eleven (11) governors attending  
17 shall constitute a quorum for the transaction of any business  
18 and, unless a greater number is required by the bylaws of the  
19 board, the act of a majority of the governors present at any  
20 meeting shall be deemed the act of the board.

21 (C) THE BOARD OF GOVERNORS MAY GRANT EXCLUSIVE SYSTEMWIDE <—  
22 LICENSES TO PUBLIC AND/OR PRIVATE ENTITIES FOR THE BENEFIT OF  
23 THE STUDENTS, EMPLOYES AND ALUMNI OF THE SYSTEM OF HIGHER  
24 EDUCATION.

25 Section 7 8. The act is amended by adding a section to read: <—  
26 Section 2006-A.1. Powers and Duties Relating to Bonds.--(a)  
27 The bonds of the State System of Higher Education authorized to  
28 be issued shall:

29 (1) Be authorized by resolution of the Board of Governors of  
30 the system.

1     (2) Be of such series, bear such date or dates, mature at  
2 such time or times, not exceed forty (40) years from their  
3 respective dates.

4     (3) Bear interest at such rate or rates as shall be  
5 determined by the system as necessary to issue and sell the  
6 authorized bonds.

7     (4) Be in such denominations, BE in such form, either coupon <—  
8 or fully registered without coupons and carry such registration,  
9 exchangeability and interchangeability privileges as the system  
10 may determine.

11     (5) Be payable in such medium of payment and at such place  
12 or places as the system shall determine.

13     (6) Be subject to such terms of redemption and be entitled  
14 to such priorities in the revenues or receipts of the system as  
15 such resolution or resolutions may provide.

16     (7) Contain such other terms and conditions as shall be  
17 deemed advisable by the system.

18     (b) The bonds shall be signed by or shall bear the facsimile  
19 signature of such officers as the board shall determine. Coupon  
20 bonds shall have attached thereto interest coupons bearing the  
21 facsimile signature of the chief fiscal officer of the system.

22     (c) Any such bonds may be issued and delivered,  
23 notwithstanding that one or more of the officers signing such  
24 bonds or the facsimile or whose signature shall be upon such  
25 bonds, the coupons or any part thereof shall have ceased to be  
26 such officer or officers at the time when such bonds shall  
27 actually be delivered.

28     (d) The bonds may be sold at public or private sale for such  
29 price or prices and at such rate of interest as the system shall  
30 determine.

1     (e) Pending the preparation of the definitive bonds, interim  
2     receipts may be issued to the purchaser of such bonds and may  
3     contain such terms and conditions as the system may determine.

4     (f) Any resolution or resolutions authorizing any bonds may  
5     contain provisions which shall be part of the contract with the  
6     holders thereof as to:

7         (1) The terms and provisions of the bonds.

8         (2) Limitations on the purposes to which the proceeds of the  
9     bonds then or thereafter to be issued, or of any loan or grant  
10    by the United States, may be applied.

11        (3) The setting aside of reserves or sinking funds and the  
12    regulation and disposition thereof.

13        (4) Limitations on the issuance of additional bonds.

14        (5) The terms and provisions of any deed of trust or  
15    indenture securing the bonds or under which the same may be  
16    issued.

17        (6) Any other or additional agreements with the holder of  
18    the bonds.

19        (g) The system may enter into any deeds of trust indentures  
20    or other agreements, with any bank or trust company or other  
21    person or persons in the United States having power to enter  
22    into the same, including any Federal agency as security for such  
23    bonds, and may assign and pledge all or any of the revenues or  
24    receipts of the system thereunder. The deed of trust, indenture  
25    or other agreement may contain such provisions as may be  
26    customary in such instruments or as the system may authorize,  
27    including, but without limitation, provisions as to:

28        (1) The construction, improvement, operation, maintenance  
29    and repair of any project and the duties of the system with  
30    references thereto.

<—

1     (2) The application of funds and the safeguarding of funds  
2     on hand or on deposit.

3     (3) The rights and remedies of said trustee and the holders  
4     of the bonds, which may include restrictions upon the individual  
5     right of action of such bondholders.

6     (4) The terms and provisions of the bonds or the resolutions  
7     authorizing the issuance of same.

8     (h) Except to the extent that the rights herein given may be  
9     restricted by resolution passed before the issuance of the  
10    bonds, or by the trust indenture, any holder of bonds issued  
11    under the provisions of this section, or OF any of the coupons     <—  
12    attached thereto, and the trustee under the trust indenture, if  
13    any, may either at law or in equity, by suit, action, mandamus  
14    or other proceedings, protect and enforce any and all rights  
15    granted hereunder or under such resolution or trust indenture  
16    and may enforce and compel performance of all duties required by  
17    this act or by such resolution or trust indenture to be  
18    performed by the system or any officer thereof.

19    (i) All system bonds shall have all the qualities of  
20    negotiable instruments under the law merchant and the negotiable  
21    instruments law of the THIS Commonwealth.     <—

22    (j) The accomplishment by the system of the authorized  
23    purposes stated in this article being for the benefit of the  
24    people of this Commonwealth and for the improvement of their  
25    education and prosperity, in which accomplishment the system  
26    will be performing essential governmental functions, the system  
27    shall not be required to pay any taxes or assessments on any  
28    property acquired or used by it for the purposes provided in  
29    this article, and the bonds, notes or other obligations issued  
30    by the system, their transfer and the income therefrom,

1 including any profits made on the sale thereof, shall at all  
2 times be free from taxation within the Commonwealth.

3 Section 9. Section 2008-A(c) of the act, amended June 23, <—  
4 1988 (P.L.457, No.77), is amended and the section is amended by  
5 adding subsections to read:

6 Section 2008-A. Councils of Trustees.--\* \* \*

7 [(c) The members of each board of trustees of a former State  
8 college or university serving in such capacity on the effective  
9 date of this act shall continue to serve for the balance of  
10 their respective terms.]

11 \* \* \*

12 (e) (1) Any trustee who is absent from three (3)  
13 consecutive quarterly meetings shall be removed by the  
14 respective appointing authority, unless all such absences were  
15 caused by personal illness, the illness of a family member, or  
16 the death of a family member.

17 (2) The chairperson of the council shall notify the  
18 respective appointing authority when a council member has  
19 unexcused absences from three (3) consecutive regular meetings.

20 (f) Each trustee shall attend an orientation during the  
21 first year of service which shall be conducted by the  
22 chancellor. The purpose of this orientation shall be to acquaint  
23 trustees with the duties of their office, the mission of the  
24 system and their respective universities and the operations of  
25 their respective universities and the system. The chancellor  
26 shall certify attendance to the respective appointing authority.

27 Section 10. Section 2010-A(5)and (10) of the act, added <—  
28 November 12, 1982 (P.L.660, No.188), are amended to read:

29 Section 2010-A. Power and Duties of Institution  
30 Presidents.--The president of each institution shall be

1 appointed by the board. The president shall be the chief  
2 executive officer of that institution. He shall have the right  
3 to attend all meetings of the council of that institution and  
4 shall have the right to speak on all matters before the council  
5 but not to vote. Subject to the stated authority of the board  
6 and the council, each president shall have the [power and his  
7 duties shall be] following powers and duties:

8 \* \* \*

9 (5) To establish policies and procedures governing the use  
10 of institutional facilities and property [in accordance with  
11 guidelines established by the local council].

12 \* \* \*

13 (10) Within the limitations of the operating budget and  
14 other available funds in accordance with the procedures  
15 established by the board and with the approval of the local  
16 council, to negotiate and award all contracts for equipment,  
17 services and supplies in excess of a cost of [five thousand  
18 dollars (\$5,000)] ten thousand dollars (\$10,000), ADJUSTED <—  
19 ANNUALLY FOR INCREASES IN THE CONSUMER PRICE INDEX FOR ALL URBAN  
20 CONSUMERS UNITED STATES CITY AVERAGE, ALL ITEMS (CPIU) ON A  
21 CALENDAR YEAR BASIS AT THE DISCRETION OF THE BOARD OF GOVERNORS,  
22 on a competitive bid basis and to purchase instructional,  
23 educational, extracurricular, technical, administrative,  
24 custodial and maintenance equipment and supplies not in excess  
25 of a cost of [five thousand dollars (\$5,000)] ten thousand  
26 dollars (\$10,000), ADJUSTED ANNUALLY FOR INCREASES IN THE <—  
27 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS UNITED STATES CITY  
28 AVERAGE, ALL ITEMS (CPIU) ON A CALENDAR YEAR BASIS AT THE  
29 DISCRETION OF THE BOARD OF GOVERNORS, without competitive  
30 bidding, except that such items shall not be bought in series to

1 avoid the dollar ceiling.

2 \* \* \*

3 Section ~~10~~ 11. Funding for the Board of Governors and the <—  
4 chancellor shall be derived from all operating funds available  
5 to the State System of Higher Education but shall not exceed  
6 0.50% of such funds. For purposes of this section, the term  
7 "operating funds" shall mean any Federal appropriation, any  
8 State appropriation, any student tuition fees and any student  
9 fees for room and board.

10 Section ~~11~~ 12. (a) Section 3 of the act of November 12, <—  
11 1982 (P.L.660, No.188), entitled "An act amending the act of  
12 March 10, 1949 (P.L.30, No.14), entitled 'An act relating to the  
13 public school system, including certain provisions applicable as  
14 well to private and parochial schools; amending, revising,  
15 consolidating and changing the laws relating thereto,'  
16 establishing the State System of Higher Education and  
17 designating its institutions; creating and defining the powers  
18 and duties of the Board of Governors; establishing the office  
19 and duties of the chancellor of the university system; defining  
20 the powers and duties of presidents and the Councils of Trustees  
21 of the University Institutions; relating the powers and duties  
22 of the State Board of Education with the university system; and  
23 making certain repeals," is repealed.

24 (b) All other acts and parts of acts are repealed insofar as  
25 they are inconsistent with this act.

26 (c) Except as otherwise provided, nothing in this act shall  
27 be construed to repeal the act of April 9, 1929 (P.L.177,  
28 No.175), known as The Administrative Code of 1929, but only as  
29 provided in this act and to the extent that the State System of  
30 Higher Education or its constituent institutions are expressly

1 referred to therein, or the act of January 18, 1952 (1951  
2 P.L.2111, No.600), referred to as the State College Faculty  
3 Compensation Law.

4 Section ~~12~~ 13. This act shall take effect immediately.

<—