

Middle States Supplemental Information Report

For the

March 10, 2021 Action Letter

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**California University of Pennsylvania
September 1, 2021**

Introduction

California University of Pennsylvania submitted a “Self-Study” reaffirmation of accreditation report and “Evidence Inventory” in February 2020 and hosted a virtual evaluation team visit from Tuesday, September 22, through Friday, September 25, 2020. The “Visiting Team Evaluation Report” was received on October 9, 2020, factual corrections were provided on October 19, 2020, and the final evaluation report was received soon after. Our “Substantive Response Report” was submitted on October 26, 2020.

In the introduction of that report, we thanked PASSHE observer Donna Wilson, visiting team chair Kathryn Foster, and all evaluation team members for their dedicated and collegial interactions with our Cal U campus and local community during the fifty virtual meetings in which they participated. We were also pleased to read that the evaluation team was impressed with our self-study process and products, indicating that the self-study report was “clear and insight-filled,” “the evidence inventory is voluminous,” and “Cal U provided abundant information and documentation.”

We also noted that the team was equally impressed with how “Cal U leveraged the Middle States process, especially in the past three years, to make measurable improvements in areas subject to the standards. Perhaps none is more impressive than design and implementation of a robust and still-maturing assessment program” and “how diligently the campus dedicated itself and how that diligence has led to insights and culture change” making it a “role model for institutional hosts.”

Progress updates also were provided for one Standard I suggestion, one Standard IV suggestion, one Standard V suggestion, three Standard VI suggestions, and two Standard VII suggestions. Additionally, we provided a brief progress update about one Standard VII recommendation specifically related to the development of a new “Shared Governance Decision-Making Matrix Tool” requested by action item 3.b below.

During its March 4, 2021, Middle States Commission meeting, the Commission acted to:

1. Acknowledge receipt of our self-study report.
2. Note that the institution hosted a virtual site visit in lieu of an on-site visit in accordance with United States Department of Education (USDE) guidelines published March 17, 2020.
3. Postpone a decision and request a supplemental information report, due September 1, 2021, documenting evidence:
 - a. Of the sufficiency of planning and resources to fulfill its mission and goals and to support its educational and programs (Standard VI), and
 - b. Of a clearly articulated and transparent governance structure that outlines roles, responsibilities, and accountability for decision-making by each constituency (Standard VII).
4. Direct a follow-up team visit following submission of the supplemental information report.
5. Note the visit will also fulfill the verification requirements of the USDE guidelines.
6. And indicate that upon reaffirmation of accreditation, the next evaluation visit is scheduled for 2027-28.

The Commission’s Action Report was received on March 10, 2021.

The format for evidence inventory exhibits is: Standard (Roman).Criterion (Arabic).sequence within Criterion (Arabic). Example: **(VI.8.1)** Standard VI, Criterion 8, Exhibit 1.

Standard VI: Sufficiency of Planning and Resources

During fiscal year 2020-21, California University of Pennsylvania made significant progress in improving our “sufficiency of planning and resources to fulfill its mission and goals and to support its educational purposes and programs.” We finished our fiscal year with a surplus of over \$5.6 million added to our E&G unrestricted operating and plant net assets. While our auxiliary unrestricted operating and plant funds had a deficit of almost \$2.3 million, had we been able to recognize the American Rescue Plan Act (ARPA) funds of \$6.3 million as income to supplement our lost revenue, we would have ended with a surplus of approximately \$4 million added to our auxiliary net assets. The ARPA dictated that the university could only recognize as institutional income the same dollar amount paid to students from the student portion of the funds. Since we are awarding the student funds in fiscal year 2021-22, the University will be able to record the revenue and expects to end the new fiscal year with the \$4 million auxiliary surplus.

In our Middle States Substantive Response Report dated October 26, 2020, we outlined initiatives we were taking to enhance enrollment, revenue growth and expenditure savings. Following is an update on each of those initiatives.

Educational Partnerships

As part of the work of the Pricing Strategy Task Force, Cal U created Educational and Non-Educational Alliance Partnerships **(VI.8.1)** to offer current degree programs, certificates and credentialing programs with specific pathways based on needs and educational goals. To date, we have seven signed agreements that will commence this fall. Among them are Westmoreland County Community College, Washington Health System, and the University of Pittsburgh Medical Center and an additional twelve are pending. We continue to work with the Pennsylvania Community College system as well as others to provide pathways for meeting employment needs in Pennsylvania.

Right-Sizing our Faculty to Student FTE Ratio

In our October 2020 response, we reported our progress on right-sizing our faculty to student FTE ratio as follows: We have reduced our faculty FTE from 330 (Fall 2018) to 315 (Fall 2019) to our current Fall 2020 target of 291 FTE with a 2020-21 annualized faculty FTE target of 286. As an update, our actual 2020-21 annualized faculty FTE result was 282; exceeding our target by 4 FTE. The projected fall 2021 FTE is about 270.

Cal U is also currently sharing faculty with Edinboro University (1.0 FTE) and Clarion University (0.25 FTE) to improve faculty resource sharing as a result of our pending integration with these universities as described below in the “System Redesign/Integration” section. Additionally, Cal U is now more seamlessly enrolling students at Clarion and Edinboro universities so they can progress toward degree completion in a more efficient manner.

Some faculty are also shared with other PASSHE universities in support of system redesign and student success efforts.

COVID-19 Impact on Financials

The global pandemic has impacted the financial picture at Cal U as institutions of higher education throughout the country made decisions to protect their students, faculty, and staff.

In fiscal year 2020-21, Cal U operated remotely for the fall 2020 semester. This decision, while made to protect the health and safety of the entire University community, carried significant repercussions to the budget. With no students returning to campus, the residence halls remained closed, no dining or parking income was generated, and other student fees were reduced by 50%. For the spring 2021 semester, we had very limited residence hall occupancy and dining meal plans of approximately 600 students. Our student fees remained reduced to 50%, and most classes were held via remote instruction, except those requiring experiential (e.g., laboratory) classes or with a program accreditation mandate.

Lost revenue was significant. At the time of our October 2020 response report, we projected a \$7.8 million deficit for auxiliary enterprises. However, with the help of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds, we were able to reduce that deficit to \$2.3 million.

University Net Position

Note 15 in the previously provided financial statements lists the various components of unrestricted net position and states, “The State System does not require the university or its member universities to fund compensated absences or postretirement benefit net asset deficits.” If one considers the change in net position (excluding these unfunded liabilities), a clearer picture of the University operating change in net position is displayed.

This view shows the balance for these categories holding steady or increasing since the last Middle States review, reaching its highest level in FY 2018. The current Unrestricted Net Assets **(VI.8.2)** have been updated with the results of FY 2020/2021 showing total unrestricted net assets increasing by approximately \$3.4 million.

System Redesign/Integration

Detailed in Standard VI, the Pennsylvania State System of Higher Education announced efforts to embark on a System Redesign that will transform the way its universities do business and respond to the challenges facing public higher education not only in Pennsylvania, but across the nation.

At its July 14, 2021 convening, the Board of Governors approved the integration of California, Clarion and Edinboro universities effective July 1, 2022. Based on the Financial Analysis **(VI.8.3 pgs. 21-24)** performed by Deloitte Touche Tohmatsu Limited, it appears that the integration will strengthen the financial sustainability of all three schools.

Standard VII: Clearly Articulated and Transparent Governance Structure outlining roles, responsibilities, and accountability of decision-making by each constituency

As previously indicated in our Self-Study Report, during the spring 2019 semester, Cal U conducted an AAUP Shared Governance survey to assess their perception of our governance process. One hundred and eighty-eight respondents (99 faculty and 89 staff) identified a large gap in perception of shared governance by faculty and staff, particularly in areas of communication with administration and trust of strategic decision-making, such as long-range planning, budgeting, and personnel decisions, including the selection of senior level university administrators. More than half of the faculty and staff surveyed did not feel their voices have been properly solicited or appreciated, indicating the need for improved communication and trust among all parties, with greater improvement in joint communication to inform better administrative decision-making.

One of our Standard VII Self-Study “opportunities for improvement and innovation” described our current governance model as three silos (faculty, student, and staff) with information flowing vertically to Cabinet vice presidents associated with each governance silo and no formal opportunity for cross communication between silos. There was also some confusion about which faculty committee (APSCUF or the University Curriculum Committee) is the highest level of their governance silo. Additionally, Cal U also has an operating “Faculty Senate” which is not part of the revised governance model we presented to the Middle States Commission in our 2017 Monitoring Report.

During the spring and summer 2021, we reconvened a mini version of our original Shared Governance Taskforce with charges to:

1. Consider returning the Faculty Senate to our official Cal U Governance Structure **(VII.1.1)**,
2. Improve communication by mitigating our existing governance silos with the creation of a strategic level deliberative governance committee call the *University Senate* **(VII.1.1)**,
3. Develop University Senate Bylaws **(VII.1.2)** which defines membership from each governance silo (faculty, staff, students) and administration and also includes rotating University Senate leadership positions (President, Vice President, Secretary) each year from faculty, staff, and administration membership, and
4. Create a Shared Governance Decision-Making Matrix **(VII.1.3)** clearly articulating the roles, responsibilities, and accountability of each decision-making constituency.

The VII.1 – 3 evidence documents are submitted in draft form. During the first half of the fall 2021 semester, our Mini Shared Governance Taskforce will implement a focused “Communication and Review Process” of proposed changes with our governance entities including academic departments, college councils, university-wide curriculum committee, APSCUF (faculty union), Faculty Senate, Student Government, Staff Leadership Council, and the president’s Cabinet. These governance entities will be asked to review and provide feedback (input), the Cabinet will be asked to review and “decide,” and our Council of Trustees (COT) will be asked for final “approval” of these changes per the “Shared Governance Decision-Making Matrix” during their December 2021 quarterly meeting. If approved, an initial University Senate meeting also will be scheduled soon after this COT meeting.

Conclusion

Cal U has been aggressively implementing processes to improve compliance with the MSCHE Standard VI requirement (sufficiency of resources to fulfill our mission and goals and support our educational purposes and programs) identified by our September 22 - 25, 2020, virtual evaluation team.

Our financial results for FY 2020-21 permitted us to add to our unrestricted net assets, we exceeded our annualized FTE faculty target for FY 2020-21, we were successful in signing seven educational partnership agreements and have several more in discussion, and our sustainability efforts will not end here. As we keep students and their success at the center of all we do, we will continue to enhance our efficiencies by sharing resources both human and technological, investing in the needs of our students and the commonwealth, and adapting to the pivoting role of higher education.

We have also progressed with a Standard VII “collegial suggestion” creating a strategic-level governance body (University Senate) with a draft “University Senate Constitution” defining membership from each governance silo (faculty, staff, students) and administrators including a three-year leadership rotation cycle for faculty, staff, and administrators to lead the deliberation of university-wide issues. Additionally, the return of the “Faculty Senate” to the official governance process (at the highest level of the faculty governance silo) will further strengthen our response to this collegial suggestion.

Significant progress also occurred on the Standard VII “recommendation” to provide further evidence of a clearly articulated and transparent structure that outlines roles, responsibilities, and accountability for decision-making with the development of our Cal U “Shared Governance Decision-Making Matrix.”

The communication, revision and approval process for these new shared governance entities and decision-making matrix will occur during the fall 2021 semester with a functioning University Senate anticipated by the end of the semester.

We appreciate the additional time provided by the Commission to address these issues and hope this supplemental information demonstrates our commitment to strengthening Standard VI compliance and improving Standard VII recommendations. We further hope this report provides the evidence desired to earn a reduction the Standard VI “requirement” to either compliance or on-going annual progress reporting for Standard VII.