



Office of the President

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TESTIMONY OF PRESIDENT CHRISTOPHER FIORENTINO, WEST CHESTER UNIVERSITY
JOINT HEARING BEFORE THE HOUSE & SENATE EDUCATION COMMITTEES
WEDNESDAY, NOVEMBER 15, 2017

Thank you for the opportunity to speak to you today about the future of SSHE and the future of West Chester University.

As we engage in the review of SSHE, I believe it is important to keep in mind that the urgency that exists at the present is based to a great extent on demographic realities in the Commonwealth of Pennsylvania. The decline in high school graduates across the State has reduced the number of new students enrolling in System universities. This has created misalignment between the enrollment capacity of many of our universities and the number of students enrolling. I think it is important to note at the outset that these universities collectively offer high-quality academic programs and continuously adapt to the evolving needs of the new millennium. Our outstanding faculty and dedicated staff are absolutely focused on the success of our students.

One of the primary goals of the SSHE is to offer the high quality programs I referenced above while maintaining an affordable level of tuition for our students. There are a number of factors that need to be considered in order to understand the circumstances that exist today. In my limited time, I would like to present these factors in hope that I will help provide you with a context for the realities faced by the System office and the universities.

Both the revenue side and the cost side of the public higher education equation are impacted by the current state of affairs. On the revenue side, enrollment declines and the reduction in the percentage of the budget covered by State appropriations have slowed the growth of resources to the universities.

The typical responses available to combat such a slowing of revenue growth in educational organizations are to take steps to increase enrollment, raise tuition, increase worker productivity and/or reduce cost. Efforts are ongoing on all campuses and at the System level to identify and implement strategies to increase enrollment. Raising tuition is a concept that I believe is well-understood, so I would like to take you down in the weeds a little and focus my comments on the potential for productivity gains and cost reductions.

Universities are generally personnel-heavy organizations. The budgets of SSHE universities are all in the neighborhood of 75 percent personnel expenditure. The concept of worker productivity in a university can be interpreted as how many students we educate for each faculty member. Factors such as class-size and number of courses taught per faculty member are the obvious contributors to productivity. Based on the cost and revenue pressure in recent years, SSHE universities have taken steps to ensure that faculty are deployed as efficiently as possible. A major constraint of increasing class-size is the available array of classrooms that exist on a campus, as well as the general philosophy that student success is hampered by extremely large classes. While technology has become prevalent in recent years, it is now quite evident that it cannot serve as a tool of mass production in higher education. Even in online classes, the interaction between student and professor remains an important part of the learning process that cannot be replaced by video and other online techniques. In summary, opportunities for productivity gains are limited and those that do exist have been implemented on our campuses.

The remaining area to explore is cost containment. All of the SSHE universities have been examining ways to reduce cost. At West Chester University, we recently eliminated two VP positions and consolidated operations in other divisions. I am aware of similar examples on other campuses. It is important that these types of reductions are viewed from the perspective that employees who are not in the classroom contribute significantly to the education of our students. As we make staff reductions, we have to be mindful of what we are losing and ensure that we are making every effort to minimize the impact on our students. But I must emphasize that the SSHE universities collectively are very lean organizations.

Other areas for potential cost reduction relate to our standing as a State agency. There is great potential in streamlining oversight of the universities. Over the years, I have encountered many examples of regulations that hamper our ability to be successful or create additional costs. I believe this is an area that can be improved, and I encourage you to examine how the existing bureaucracy could be modified to reduce cost without creating added risk.

A final consideration on which I wish to touch is the role of economies of scale in higher education. It is reasonable to ask if there are factors that enable large institutions to operate more efficiently than small institutions.

In my experience, the answer to that question is "yes." This factor is certainly recognized in the allocation formula that distributes State appropriation to the SSHE universities. A review of the appropriation/FTE student across the universities show that the average appropriation across the 14 SSHE universities is \$5499, and the appropriation/FTE student for West Chester University is \$3270. I do not provide this information as a complaint, I merely want to demonstrate that the current state of affairs recognizes the ability of larger universities to operate more efficiently than smaller universities and that factor is accounted for in our funding.

Another example of the existence of economies of scale is the work that West Chester University is doing in support of Cheyney University. We are providing an array of backroom services to Cheyney and our size allows us to accomplish this work at a lower cost than when Cheyney carried out these activities directly.

Thank you for this opportunity to present testimony today. My colleagues and I are willing to assist you in any way possible to ensure the long-run success of our State universities.