

PASCU

**Pennsylvania Association of State Colleges and Universities**

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A Brief History of PASCU

by

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The Pennsylvania Association of State Colleges and Universities (PASCU) is based on the Association of State College Organizations (ASCO) that Charles Keller and Bracken Burns successfully worked with 45 years ago to help the state colleges that would later become the state-owned universities of today.

At that time, Charles was an attorney and alumnus of Cal U, and Bracken Burns was the student government president at IUP. I have been talking with these two gentlemen about ASCO for the past many years, and am very pleased to have both gentlemen here today to help PASCU do for the state Universities in the current era, what they and ASCO did for the state colleges back in the middle 60s.

During the gubernatorial campaign of 1966, Milton Shapp took on Raymond Shafer who was running for governor after serving one term as lieutenant governor. Charles Keller had conversations with both candidates during that campaign on behalf of ASCO and, as I understand it, sought to *comprehend* as well as *influence* both candidates' positions with regard to the Pennsylvania State Colleges at that time.

Mr. Shapp was dismissive of ASCO's goals and aspirations, while Gov. Shafer was both respectful and accommodating. Shortly thereafter, Shafer won reelection by nearly 250,000 votes (53%).

And Chuck Keller has a magnificent photograph on his office wall showing Gov. Shafer signing a law that helped advance the state colleges, with a smiling Chuck and Bracken Burns standing behind him!

That photograph, and the stories leading up to it, came as a source of inspiration to me as president of California University (Cal U). And that inspiration could not have come to me at a better time.

The Story Behind the Story of PASCU: Privatization without a Plan

The idea that would later blossom into PASCU, the Pennsylvania Association of State Colleges and Universities, actually began to germinate in my head many years earlier, and grew out of a series of concerns that I encountered soon after I began my 20-year tenure as Cal U's president in 1992.

But it wasn't until sixteen years later, in 2008, that I coined a compelling term for those concerns—frustrations really—when the words “Privatized without a Plan” first popped into my brain and then immediately tumbled out of my mouth. At that moment, I experienced the magnificent elation that comes when one clearly sees the truth behind a puzzling situation for the first time.

In my early years at Cal U, I thought of the puzzling situation I was dealing with—and describing to others—as a “Structural Imbalance.” I sensed very strongly that the 14 universities, including Cal U and the entire PASSHE structure, were very much out of balance, both financially and functionally.

But in those days, I was still in the fact-finding mode. And it would be years before I fully understood, and then began to say publicly, that the structural imbalance we were dealing with at Cal U was not, like the weather, an Act of God type thing that nobody could do anything about. And that was a critically important revelation to me.

After talking with and listening to my presidential colleagues, I gradually realized that the problems the PASSHE presidents faced stemmed almost entirely from the political nature of the PASSHE university system. Now I experienced plenty of politics during my 20-year career at Villanova University before coming to Cal U. But that was the usual “human” politics that has existed since the dawn of time.

But PASSHE politics was different. In addition to the familiar human politics, it also had “Pennsylvania politics,” as virulent a form of state politics as may be found anywhere in America, I’ve been assured.

It is no exaggeration to say that the people in charge at PASSHE in Harrisburg were always concerned about the Pennsylvania politics of every situation, regardless of the subject matter. For example, even though PASSHE was given a substantial degree of independence when it was created as a “public corporation” in 1982, most conversations with PASSHE leadership in the course of non-public, policy-related meetings were soon reduced to exercises in ‘the reading of the political tea leaves.’

I have often wondered if reading tea leaves is any different from reading the entrails of goats which, I understand, is still practiced in some parts of the world. Is it in any way rational that an educational enterprise like PASSHE with a \$1.7 billion budget would be so backward as to operate in that way?

When staff members in the nation’s capital wonder if an idea will fly in the rest of the country, they ask “How will it play in Peoria.” But when the staff members at PASSHE wonder if an idea will fly in the rest of the state, they ask “How will it play in Harrisburg,” a strange, inverted sign of political subservience.

Some of those “tea leaf” discussions would result in the following sort of conclusions: “You can’t give raises to PASSHE managers because some of them make more than the Governor’s cabinet members.”

“You can’t give raises to PASSHE presidents because some of them make more than the Governor.”

The fact that some PASSHE faculty members, with summer and overload teaching assignments, made more in a year than some PASSHE presidents was OK according to tea-leaf logic.

Why? Because PASSHE faculty members are unionized, and Pennsylvania is a union state.

Similar “tea leaf” logic could find no absurdity in the fact that the regular faculty was paid at the 90<sup>th</sup> percentile nationally, the staff was paid at the 50<sup>th</sup> percentile nationally, and the presidents were paid at the 25<sup>th</sup> percentile and, in some cases, below the floor of the 1<sup>st</sup> quartile, i.e., off the chart nationally!

Sometimes, years would go by with no raises for the 10% of the workforce who were managers, while the other unionized 90% of the workforce got whatever raise had been negotiated, sometimes years earlier, despite the fact that our appropriations for the current year had been slashed without notice.

So year after year, although we were expected to “plan,” it was really impossible to do so because we presidents—who were responsible for delivering the mission while working within severe budgetary constraints—had little control over the two most important things that determine any bottom line, namely, *revenues* and *expenses*. Despite that drawback, we were expected to “Go forth and manage!”

### Appropriation

Practically speaking, our *revenue* came from two sources: *appropriation* and *tuition*. The presidents had no control over appropriation—that came over (or not) from the Governor and Legislature, and that was that. For years, the Chancellor would direct the presidents to submit appropriation budget requests that had little connection to what we actually really needed to deliver the mission. The reason: because politically, it might make a Governor look bad when he had to turn us down. I thought at the time that not being truthful in our budget requests was insane, and subsequent events confirmed my opinion. PASSHE typically asked for less than we *needed* to deliver the mission and, we often got less than that!

### Tuition

To make a bad situation even worse, again for political reasons and despite its statutory independence, the Board of Governors would rarely deal with falling state appropriation as Act 188 clearly intended, that is, by providing the tuition increases necessary to make up for the loss of appropriation, so as to live up to PASSHE’s statutory purpose, and in the process deliver PASSHE’s statutory purpose: High quality education at the lowest possible cost to the students.

Instead, year after year, the Board of Governors would wait for the Governor to signal the maximum tuition increase that he would accept! During the 20 years I served as Cal U’s president, the Board of Governors regularly exhibited its political subservience to every Governor, regardless of his political affiliation. That is, the same subservience was shown to all five Pennsylvania governors who were in office between 1992 and 2012—that list includes Govs. Casey, Ridge, Schweiker, Rendell and Corbett.

So the problem I cite is not a political problem in the *partisan* sense, but rather a *fundamental* problem in the *political* sense. This insight suggests the solution that PASCU now proudly champions—lowering the current 100% *political control* of PASSHE to a level more in line with its current 27% *funding share*.

Once appropriation had been cut once again for financial reasons, and tuition rate increases had been held down once again for political reasons, the only way presidents could generate much-needed money was by increasing their student enrollments—if that was even possible in the face of strong competition. And that is what we did at Cal U, at one time growing by 45% (from 6,500 to 9,500 students) over a six-year period. But since the total number of high school graduates had remained pretty much level during that time, those additional Cal U students were simply taken from other colleges and universities.

### Expenses

I assumed when I went to Cal U as president that, while revenues might be difficult or impossible to control, I would surely be able to control expenses. After all, I had 20 years of experience at Villanova University which taught me exactly that. Well, imagine my surprise when I got to Cal U and learned that some 85% of our revenue was required just to meet payroll, leaving very little money for anything else. For me, that gave new meaning to the expression “personnel poor.”

Although we received directives from the Chancellor instructing all the presidents to reduce their personnel costs, there were few ways in which to do that when: 1) 90% of the employees are unionized and have multi-year contracts that guarantee whatever hefty raises have been negotiated, even in those years when your revenues may have taken a huge hit; 2) virtually all State employees, except temporary hires, have an “expectation of continuing employment,” making reductions in force virtually impossible.

So in effect, raises are locked in; employees stay put; and yet, there is an *inexorable* decline in funding.

I fell in love with that word 30 years ago while reading Richard Adams’ novel, *Watership Down*, which contains this striking use of the word: “As *inexorable* as gently falling snow in a land without refuge.” And that was very much my state of mind as I contemplated the inexorable decline in funding and my inability to change the things that were driving us relentlessly to what I saw as a looming catastrophe.

While in truth, I’ve never had a dream about ‘gently falling snow in a land without refuge,’ there were many times in my 20 years at Cal U that I felt isolated and powerless to avert that looming catastrophe.

The arcane personnel rules for unionized State employees in Pennsylvania, especially faculty, make it incredibly difficult to discipline, and almost impossible to terminate, bad employees. “Arbitral law,” over the years, has concocted out of thin air a concept called “economic capital punishment,” by which arbitrators brazenly nullify the agreed-upon language in collective bargaining contracts that permits discipline, up to and including termination, for offenses such as insubordination or sexual harassment.

The Board of Governors approved a “performance funding” program that provided financial incentives to universities that became more productive, which is exactly what we did at Cal U. Over a 6-year period, we reduced our personnel percentage from 83% to 71%! We did it by getting more productive—basically, we gradually increased the average class size. And even when we did that, our average class sizes were still smaller than those, for example, at state-related universities such as Penn State and Pitt.

The greatest driver of our personnel costs were the union contracts covering 90% of our almost 1,000 employees. The contracts were negotiated in Harrisburg, divorced in both distance and time from what was happening on the campuses. Those negotiations, again for political reasons, often involved financial concessions that the presidents totally opposed because, without the required funding, we knew we couldn’t pay for them without taking it out on students, in terms of service cuts and larger class sizes.

For the presidents, this situation was really a planner’s nightmare, because we had the responsibility to balance our budgets—but with little or no authority to control either our revenues or our expenses.

And that's when, out of great frustration with the status quo, I began to move away from the term "structural imbalance," a dispassionate diagnosis of the problem, and moved on to 'privatization without a plan,' which is clearly no longer a *diagnosis* of a problem, but an *indictment* of the folks responsible for the "structural imbalance."

In metaphorical terms, it was like this. Imagine a person shouting in public "I've been shot." And when someone asks, "Who shot you," the answer is "That bullet over there!" That's what life was like when I was describing our situation as a mere "structural imbalance." We were shot by an anonymous bullet!

But "privatization without a plan" was very different. Now the answer to the Question "Who shot you?" became more illuminating to the public, but more annoying to those behind the metaphorical gun who were pulling the trigger of 'privatization without a plan.' In time, my public constructive criticisms of 'privatization without a plan' spawned another metaphorical gun, one that ended my tenure as Cal U's president but, ironically, allowed me to create PASCU—which I had mentally constructed years before.

And the above irony is not the only one. With all of my public pronouncements about privatization without a plan, I never once blamed anybody for the *privatization*. That was clearly due to demographics—the aging of America and, particularly, Pennsylvania. In effect I was only gently nudging them for not offering a plan, for not developing a plan, and for apparently never even realizing a plan was needed.

I encouraged development of a plan when I was elected Chair of the Commission of Presidents. But despite many steps taken with my presidential colleagues, the Chancellor turned me down cold—he would not request a meeting between the Commission of Presidents and the BOG so that we could tell them the truth about what the ongoing privatization without a plan was doing to the 14 universities.

I asked the chancellor if he had any problem with me writing an op-ed on the subject under my own name and he said no. Certain BOG members complained to others about my op-ed, but never spoke directly to me. That was under the Rendell Administration. They didn't like my logical arguments for "market rates of tuition," especially when I said that the "low-tuition for all policy" was failing on both ends of the financial aid spectrum, saddling poor students with crushing debt, while giving subsidies to students from wealthy families. This failing policy has been the favorite of both the Rendell and Corbett administrations—which shows once again, that PASSHE's problem is *political* but not *partisan* in nature.

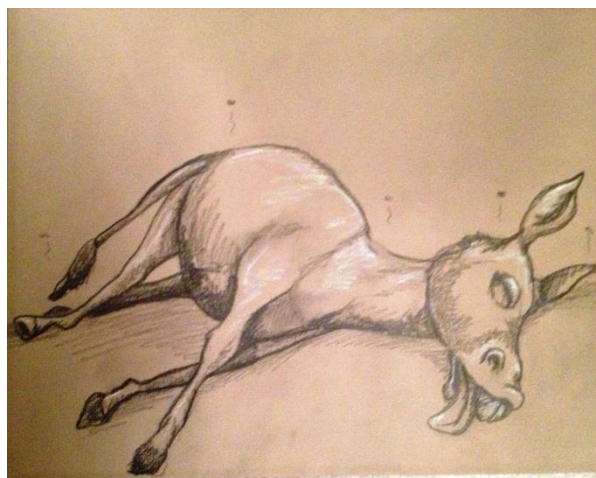
I now know that the Chancellor was doing exactly what the BOG wanted—that is, not to have to hear from us in *executive* session—where, without the media, we would be candid. They didn't really want to hear the whole truth from us officially so, instead, they would only ask us questions like that in *public* session, where we would be reluctant to admit publicly that the combination of appropriation cuts and small tuition rate increases was actually damaging the universities by lowering our educational quality.

Not one of the 14 presidents was willing to admit in front of the media that their university was losing quality because of the unrelenting budget cuts, and the BOG knew that and used that knowledge to ignore the advice the presidents were giving them privately at social events. But because they never heard it at an official meeting, they never had to go to the trouble of even pretending to deal with it.

Then at one very memorable “public” meeting of the BOG, when a very low tuition increase had been moved and seconded, the Chair of the BOG called on me as the ‘president of the presidents’ to speak on behalf of all the presidents, as to what the combination of another reduction in appropriation together with another very small tuition increase would do to the universities. So, with all those many reporters in attendance, I told them the story of the Professor and the Donkey. And here’s how it goes.

An aging professor hoped to win a Nobel Prize by proving that if a donkey were to have its food rations reduced in a very precise, scientifically controlled way, it would be possible to wean the animal entirely from food, with no harm whatsoever coming to the animal. He had worked on this exciting and daring theory for many years and was very confident that it would soon be validated, securing his legacy for all time. But just as he was on the verge of proving his theory, unfortunately, the poor beast died!

Now while that story never fails to make me laugh, nobody on the Board of Governors said a word that day in response to my statement. And no media ever reported it either. The only real memento of me telling that story is a framed pencil sketch which my colleague Maravene Loeschke, the former president of Mansfield University and current president of Towson State University, gave me shortly afterward. I have included a photo of that sketch below. And though I told my presidential colleagues that I would wear that sketch around my neck to a future BOG meeting, I never got around to doing it.



At about that same time, in 2008, I gave an invited presentation entitled “Declining Public Support for Public Higher Education” at a respected national conference in New York. That was the first time I went public and talked openly at national meetings about the fact that Cal U, and all the public universities in Pennsylvania, were being privatized without a plan. I gave three additional invited presentations on related topics at that same annual conference, the last one—ironically—on the morning of April 2, 2012.

As I was driving back to the campus that beautiful sunny day, I received two different phone calls from “friends” warning me that their contacts in Harrisburg told them that “Dr. Armenti was in trouble with Gov. Corbett for having intruded on his budget message,” which he had given back on February 7, 2012.

In his very first budget message in February 2011, Gov. Corbett recommended that state appropriation to the PASSHE universities be cut by 54% for the 2012 fiscal year. The legislature eventually pared the cut to “only” 18%. At Cal U, that meant we had to deal with a sudden, revenue cut of \$7.5 million!

As a result of that actual cut, and after PASSHE encouraged all the universities to move ahead to furlough managers, we got busy working on a plan to furlough 10% of our managers who, because they were not unionized, were somewhat easier to separate from our rapidly shrinking revenue budget.

The Board of Governors acted to ‘help the presidents’ with manager furloughs by approving a severance plan that would soften the blow to managers who would lose their jobs. The joint planning between Cal U and the PASSHE office was later documented to have gone on for a full 13 months, and on January 25, 2012, I publicly announced the planned furloughs at Faculty Convocation. The actual furlough letters to the affected individuals were not scheduled to be delivered until Friday, February 10, 2012.

The *California Journal*, Cal U’s internal newspaper, ran a story on the Faculty Convocation and planned furloughs which appeared on Monday, February 6, 2012. That’s when the media covering Cal U became aware of the furlough story. On February 7, 2012, Gov. Corbett gave his second budget address in which he proposed an additional 20% cut in appropriation on top of the actual 18% cut we had just suffered!

Then one day later, on February 8, 2012, two different newspapers ran the Governor’s budget story side by side with the Cal U furlough story, creating the false impression that the long planned Cal U furloughs were the direct result of Gov. Corbett’s proposed 20% cut announced just the day before.

In fact, the furloughs were the result of the 18% appropriation cut we had received the year before!

That same day, Wednesday, February 8, 2012, the Chancellor sent me an email that directed me not to proceed with the planned Cal U furloughs until further notice!

When I asked him why, he stated that all the presidents had been directed not to comment on whatever bad news the Governor would announce in his budget message, and that the newspaper story about Cal U’s manager furloughs, appearing alongside the Governor’s budget story, had violated his directive!

The furloughs saved \$ 1.0 million, a fraction of the \$7.5 million cut in appropriation that prompted them.

During my 20 years as the president of Cal U, I received 20 great annual evaluations from the Council of Trustees, the body that is required by law to evaluate PASSHE presidents. And I received my very best evaluation for my last year, with a first-ever Trustee recommendation that I should receive a large raise!

Three months after being directed not to proceed with the furloughs, and four days after the Spring Commencement on May 12, 2012, I was fired by the Board of Governors without cause or notice.

I sense that the Corbett administration may be a little thin-skinned when it comes to criticism.

And now, you know the Story Behind the Story of PASCU: Privatization without a Plan.

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