



NEWS

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INDEPENDENT REPORT SHOWS STATE SYSTEM UNIVERSITIES MISMANAGE BUDGETS

HARRISBURG – Today the Association of Pennsylvania State College and University Faculties (APSCUF) released a report indicating that the State System of Higher Education (PASSHE) has been allowing the fourteen state-owned universities to mismanage their budgets by hiding debt in affiliated corporations, funding new construction based on questionable assumptions, and misleading the public about their financial difficulties.

APSCUF commissioned Boyer & Ritter, a Harrisburg-area accounting firm, to study the finances of the seven universities that claimed they needed to lay off faculty to balance their budgets: Cheyney, Clarion, East Stroudsburg, Edinboro, Kutztown, Mansfield, and Slippery Rock.

In every case, the accounting firm discovered that the university created affiliated entities or used foundations to take on debt for new construction.

“We are extremely troubled by the findings. The universities and the State System are mismanaging public dollars,” said Dr. Steve Hicks, president of APSCUF. “Every university is using a scheme to transfer debt to ‘component units,’ including the university foundations and student housing associations. Money that the public believes is dedicated to academics is instead going to these affiliates to pay for buildings.”

In many cases, the affiliated entities are taking on debt to pay for new dormitories and other lavish construction.

“Tuition, fees, and state support monies are regularly being transferred to these entities, both directly and indirectly,” Hicks stated. “The universities and the State System must be good stewards of the public dollar. Instead, their poor budgetary decisions are forcing students to double pay because universities are using both their tuition dollars and their fees to pay off debt on buildings. Our students, their families, and the public deserve to know how their money is actually being spent.”

The independent analysis of seven state-owned universities also concluded that there is a lack of oversight in State System budgeting practices.

“In terms of faculty layoffs,” Hicks pointed out, referring to the original impetus for commissioning the report, “Boyer & Ritter make it clear that the university budgets are just that – plural – and, therefore, it is hard to give credence to their budgetary claims. There are pages full of charts showing the wide divergence between the universities’ budgets and their actual collections and expenditures.”

The report states: “there appears to be minimal accountability for budgeting at the University level with the PASSHE Board of Governors.”

Hicks added, “There are no common statewide budgeting practices among the universities.”

The report also indicates that there is a demonstrable lack of quality budgeting: “in common practice once an oversight board...approves a budget, changes are not made without further oversight approval. Throughout...we noted various budget versions being utilized by each University.”

“Our universities continue to be in dire need of additional state funds, and it is clear that cuts to the system have led to some very bad decisions at universities,” Hicks commented. “We are concerned that PASSHE, the State System Board of Governors, and the individual universities’ Councils of Trustees have not exercised the fiduciary responsibility to oversee how the universities spend money.”

APSCUF has commissioned Boyer & Ritter to look at the financial statements for the other seven universities, as well.

The Association of Pennsylvania State College and University Faculties represents more than 6,000 faculty members and coaches at Pennsylvania’s 14 state-owned universities.

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