Good morning! Welcome to Penn State, an exciting place to begin the next stage in your career. It was for me as well, about two years ago, when I came here from Johns Hopkins to serve as Penn State’s Executive Vice President and Provost.

I came here because Penn State is a remarkable institution, and the scope of its reach and activities is vast. It’s truly one of this nation’s great research universities. It has a proud history, a unique configuration, a legacy of impact, a stellar academic reputation, and a remarkable passion.

Penn State also has a great future. We’re in this together, and our job is to make it happen.

My task this morning is to give you broad overview of the University. I’m going to discuss many things – including high points regarding Penn State’s history, organization, campuses, student body, strategic plan, budget, and faculty. Then there will be time for you to ask questions.

Before we go to deep into the vault, however, let’s take a look at Penn State today – the esteemed University of which you are now a part.

The Pennsylvania State University faces many challenges every day, as all universities do, but in 2015 it clearly is a growing and thriving institution of higher learning and research. When we say the words, “This Is Penn State,” it means many things. Some facts you may like to know:

- There are 24 campuses across the Commonwealth, putting Penn State within practical commuting distance of most Pennsylvania residents.
- We have more than 23,000 acres of land and 1,784 buildings statewide, including 7,343 acres and 947 buildings at University Park.
- Penn State already has approximately 100,000 students, yet baccalaureate applications for summer and fall 2015 were up more than 4 percent over last year, and graduate and medical applications were up 6 and 8 percent, respectively.

- As of July 1, we have more than 645,000 living alumni, and more than 110,000 life members of the Penn State Alumni Association.

- Our teaching hospital, the Penn State Milton S. Hershey Medical Center, provides care to more than 1 million patients a year, and our research funding exceeds $800 million, ranking us among the top U.S. universities.

- Our rapidly growing online World Campus enables learners to pursue an education—anytime, anywhere—and *U.S. News & World Report* ranked its undergraduate programs No. 1 out of 185 institutions in its 2015 list of online educational programs, based on the World Campus’ academic reputation, broad accessibility, and affordability. The World Campus also ranked No. 1 for online undergraduate programs for military veterans.

**JONES (Slide 3 – Still Room to Improve and Grow)**

These quick facts offer a solid, albeit limited, snapshot of what success looks like for our university today. We still have room for improvement and growth, however—so while we can be excited about the great things we’re accomplishing, we cannot rest. Humility is a good thing, and there is still a lot of work to be done.

Penn State’s Strategic Plan for 2015-16 through 2019-20, which will be completed by year’s end, represents Penn State’s blueprint for the future, articulating not only our institution’s mission, vision and values, but also its foundational principles, imperatives, and strategic priorities that will enable Penn State to continue to thrive. It also reveals how Penn State will continue to have positive impacts not only in this Commonwealth, but also throughout the United States and worldwide.

I’ll discuss the strategic plan in a little more detail later in this presentation.
It’s important to discuss Penn State’s unique multi-campus structure, and how it has evolved over time to serve the university’s founding land-grant mission and to ensure educational access and affordability for future students. This is a vital consideration in our forthcoming strategic plan.

Penn State’s structural uniqueness is such that we are not a system as generally considered within the United States’ higher education environment. University systems usually represent a collection of institutions, each with substantial autonomy and curricular independence whose leaders report to a president or central coordinating office dealing largely with external and legislative affairs. Big Ten institutions that are considered systems include the University of Wisconsin and the University of Maryland. Penn State, however, truly functions as one university, geographically distributed, not only in concept, but also in practice.

We have one University President; one Board of Trustees; one University Faculty Senate; one set of policies and procedures for faculty, staff, and students. Penn State’s budget planning and implementation processes are entirely centralized under the direction of the Executive Vice President and Provost—that’s me—and the Senior Vice President for Finance and Business/Treasurer, and supported by the University Budget Office.

On the student side, much of our course content is consistent across campuses, including the World Campus, and you are a Penn State graduate no matter how, when, or where you achieved your degree. We are a single university; we are not a university system. Penn State as a multi-campus entity informs everything we say and do.

One intrinsic benefit of our unique structure—one university, geographically distributed—is that it provides for an accessible Penn State education with choices to fit most personal situations, preferences, and challenges. While the University Park campus is the largest one and serves as our administrative hub, it is not defined as the “main” campus. The Commonwealth Campuses, which vary in size and program portfolio, advance the University’s mission and serve their broader communities. Penn State’s structure has served well to fulfill its role as the Commonwealth’s land-grant institution, and we continue to take pride in our unified, multi-campus approach.
Commonwealth Campuses are essential portals to the broader University. Of our total first-year student population, about six of every 10 Penn State students pursuing associate or baccalaureate degrees start their coursework at a Commonwealth Campus. More than 5,000 students transition annually among Penn State campuses, and nearly 2,500 additional students annually transfer to Commonwealth Campuses from other Pennsylvania-based colleges and universities.

Typically, about 85 percent of all first-year Pennsylvania applicants receive an offer to a baccalaureate degree program at one of Penn State’s 20 undergraduate campuses, including University Park. Incoming students represent a wider range of educational and socioeconomic backgrounds at the Commonwealth Campuses than at University Park, but all of our campuses attract motivated students, and they fulfill the University’s mission of providing access statewide for learners whose family incomes may be too low to make other higher education options viable. The Commonwealth Campuses have long served Pennsylvanians well, and that continues today; 85 percent of all Commonwealth Campus students are from Pennsylvania and come to us from more than 800 high schools statewide.

Within this “one university, geographically distributed” philosophy, our so-called “2+2” mission is an enduring success story. Through the 2+2 enrollment model, Commonwealth Campuses meet many students’ needs by offering a key starting point: access to higher education with lower tuition costs, greater contact with faculty, and in many situations, the ability to avoid room-and-board costs. An individual may spend two years studying at a Commonwealth Campus closer to home before completing his or her degree at University Park. Still others begin their studies at a Commonwealth Campus and remain there or transition to another Commonwealth Campus to earn their degrees.

Regardless of where they begin or end within the University, or the cost of tuition, students receive the quality of education that is expected as part of the Penn State experience. For the 2015-16 academic year, tuition costs remained flat or increased only nominally at all of our campuses.
Ultimately, our Commonwealth Campuses are strong, serving more than 31,000 students who are vital to our integrated University structure.

**JONES (Slide 8 – World Campus Growth)**

Beyond our brick-and-mortar campuses, enrollments in our online World Campus are growing, and the World Campus will continue to ensure that even more students can take advantage of affordable access to higher education. Penn State and its faculty and staff understand that adult students deal with many outside responsibilities and challenging life circumstances, and through the World Campus they help distance learners to achieve their personal and professional goals.

**JONES (Slide 9 – World Campus Value Proposition)**

The World Campus value proposition is geared toward what learners want: a “real” Penn State degree, convenience and flexibility, extraordinary student support, an exceptional learning experience, and a connection to the Penn State family—a true worldwide network.

**JONES (Slide 10 – How We Got Here)**

So that’s a snapshot of where Penn State is today, but we also have a long and proud history. Penn State was founded 160 years ago as an agricultural college and admitted its first class in 1859. As we perhaps should remind our current crop of learners, in the early years, Penn State students attended school from February to December without a break, performed three hours of manual labor every day, and ate in a building that students described as “a shanty behind Old Main.” Yes, we’ve come a long way.

The state legislature designated Penn State as the land-grant institution of Pennsylvania after passage of the Morrill Land-Grant Act in 1862. In the 1880s, under President George Atherton, the institution expanded its curriculum, and programs in engineering, the sciences, and the liberal arts were developed.

In the early 1900s, Penn State introduced cooperative extension and other forms of outreach programming. Other significant developments included formation of the Graduate School in 1922 and the establishment of campuses beyond University Park, beginning in the 1930s.
The college of medicine and teaching hospital were established in 1967 with a gift from the charitable trusts of Milton S. Hershey. In recent years, Penn State has joined forces with or developed Penn College, the Penn State Dickinson Schools of Law, and the aforementioned World Campus.

**JONES (Slide 11 – What Does a Provost Do?)**

Having discussed a bit of Penn State’s history and what the University looks like today, you might be wondering where I fit in. As Executive Vice President and Provost, I report directly to the President of Penn State, Dr. Eric Barron, and am the University's chief academic officer. I also serve as chief executive officer in the President's absence, and am involved, at least peripherally, in nearly all operations of the University.

I work closely with the President, other vice presidents, the vice provosts responsible for various functional areas of the University, the deans of academic colleges and other units, academic staff, the University Faculty Senate, the University Budget Office and various committees in setting overall academic priorities for Penn State and allocating funds to move priorities forward.

I am responsible, through organizational arrangements, for all the academic units – colleges, schools, and campuses – as well as major academic support units, such as the University Libraries, Office of Planning and Institutional Assessment, and Information Technology Services.

You can view comprehensive organizational charts for the entire University and for my office on Penn State’s website, [www.psu.edu](http://www.psu.edu).

**JONES (Slide 12 – Council and Committee Administration)**

Beyond the aforementioned responsibilities, I am also involved with several groups that help to guide the University. Among them is the President’s Council, a group of 18 University leaders that meets weekly to coordinate the work of the administration. They discuss key administrative issues and provide feedback to the president on concerns or problems. In addition, the Academic Leadership Council provides vital advice and counsel on academic matters. The Council’s membership includes college deans; campus chancellors; and leaders of
units representing University Libraries, the Graduate School, Educational Equity, Information Technology, and Undergraduate Education, among others.

**JONES (Slide 13 – Penn State’s Strategic Plan)**

As mentioned earlier, I’m also managing the development, along with the University Strategic Planning Council, of Penn State’s strategic plan for the next five years. Strategic planning is critical to Penn State’s short- and long-term success. The process involves vision and outside-of-the-box thinking, describing where we want Penn State to go, but not necessarily how we’re going to get there. Like all other “travel plans,” if we don’t establish clearly where we want to go, the details on how we’ll get there are meaningless. Put simply, strategic planning defines our institution’s future and you will all be a part of it.

**JONES (Slide 14 – Mission Statement)**

That defining of Penn State’s future begins with our Mission Statement. And while the plan is still very much a work in progress, we’ve got some clarity about the mission.

Our current working Mission Statement asserts that “The Pennsylvania State University is a multi-campus, land-grant, public research university that educates students from Pennsylvania, the United States, and around the world, and supports individuals and communities through integrated programs of teaching, research, and service.”

Our instructional mission includes undergraduate, graduate, professional, and continuing education, offered through both resident instruction and distance learning. Our educational programs are enriched by the talent, knowledge, diversity, and creativity of our faculty, students, and staff.

Our research, scholarship, and creative activities promote human and economic development, global understanding, and progress in professional practice through the expansion of knowledge and its applications in the natural and applied sciences, social sciences, arts, humanities, and the professions.

As Pennsylvania’s land-grant university, we provide unparalleled access to education and public service to support the citizens of the Commonwealth and beyond. We engage in collaborative activities with private sector, educational, and governmental partners here and abroad to generate, disseminate, integrate, and apply knowledge that is valuable to society.
JONES (Slide 15 – Institutional Values)

No mission statement is truly meaningful if it does not reflect our institutional values, and if our actions on behalf of Penn State don’t reflect those values. We’ve identified six core and shared values that sustain our strategic plan and are vital to the successful execution of our mission. They are Integrity, Respect, Responsibility, Discovery, Excellence and Community.

JONES (Slide 16 – Vision Statement)

We also have a working Vision Statement, which articulates where we aspire to be. It says, “Penn State will be recognized as a global leader in learning, discovery, and engagement that fosters innovation, embraces diversity in all its forms, and inspires achievement that will change the world in positive and enduring ways.”

JONES (Slide 17 – Key Themes in the Strategic Plan)

The strategic plan contains five evolving thematic priorities — Transforming Education, Enhancing the Arts and Humanities, Promoting Health, Managing Resources, and Leveraging Cyberculture.

These thematic foci embody strengths and opportunities that emerged from Penn State’s planning process. Each represents a breadth and depth of expertise and interest across multiple Penn State units where the University is uniquely positioned, with strategic investment of resources, for profound and measurable impacts. The themes intersect unit plans and draw from the human capital, infrastructure, and programs they represent, but by drawing on collective energy and resources enable a previously unimagined Penn State impact.

These strategic themes are not prescriptive, but visionary. A strategic plan for an academic institution must serve as a consensus-driven beacon for future directions, but without the prescriptiveness that can stifle innovation and the emergence of new and unimagined opportunities. In this plan, that vision is impact, and these themes provide paths to achieving it in selected areas where Penn State is well positioned in expertise and assets, and driven with a passion.
JONES (Slide 18 – Our Students)

You’ll learn more – a LOT more – about the strategic plan in the coming months. Now, however, I’d like to switch the focus to our students. Students are our highest priority at Penn State – and you’ll be pivotal to their intellectual growth and success – so I’d like to share some information about the student body, in particular that group that is descending on State College to begin classes on Monday. The University Park campus is home to a diverse population of about 46,000 students. Of those, approximately 13,500 live on campus, and first-year students are required to live on campus and thus are guaranteed housing. Our international student enrollment in University Park is at an all-time high, with scholars from China, India, Korea, Taiwan, Turkey, Japan, Canada, Thailand, the United Kingdom, Germany, and several other countries. When you include graduate and law students, and individuals studying at one of our Commonwealth Campuses or through the World Campus, we serve about 100,000 learners – and the number of applicants continues to grow year over year, making Penn State an increasingly selective institution when it comes to admissions.

JONES (Slide 19 – University Budget Overview: Income)

Supporting students, faculty, administration, and all of Penn State’s programs and operational needs requires a substantial budget. As of the end of last year, Penn State’s total operating budget exceeded $4.6 billion in income. More than 85 percent of our revenue is generated from four sources – tuition and fees, with 34.5 percent of the total; hospital and clinical revenues, with 32 percent; Restricted Funds, which come primarily from sponsored research grants and contracts, at just over 11 percent; and auxiliary enterprises, such as Intercollegiate Athletics, with nearly 9 percent.

JONES (Slide 20 – Total Budget Less Self-Supporting Operations = Funding to Support Students)

The total operating budget – minus self-supporting, externally funded, and subsidiary operations – leaves us with the total annual funding we have that supports our students. Operating margins from these operating units are reserved for future investment and capital needs and may not be used to supplement operating costs for instruction. For example, they cannot be used to lower tuition or minimize the amount of a potential increase.
Financial management is a shared responsibility of the Executive Vice President and Provost and Senior Vice President for Finance and Business. However, the allocation of resources, primarily tuition and state appropriation, is ultimately the responsibility of the Provost in consultation with the President. Resource allocation at Penn State is driven by our academic priorities.

**JONES (Slide 21 – Tuition and Fees, Education and General Appropriations, and Endowment Income)**

Penn State is increasingly reliant on student tuition and fees, which represent more than three quarters of the University’s revenue total. The remaining 24 percent comprises appropriations, endowments, and other miscellaneous income sources.

**JONES (Slide 22 – State Appropriations Since 2001)**

A closer look at appropriations since 2001 shows that money from the Commonwealth of Pennsylvania has declined substantively since 2010-2011, totaling approximately $282 million per year.

The 2001-02 appropriation was $334.8 million. To have the same purchasing power, the appropriation in 2014-15 would need to be $451.4 million. The 2014-15 appropriation, however, was $289.7 million. Appropriation has been reduced by $45.1 million in nominal dollars, and inflation has reduced purchasing power by another $116.6 million. If the appropriation had not been reduced and kept pace with inflation, tuition could be more than 13 percent lower for all students, or nearly 25 percent lower for Pennsylvania resident students, than it is today.

While the state and University continue to work together to find ways in which the annual appropriation could be increased, the current appropriation represents only 6 percent of our annual income. That requires us more than ever before to continually evaluate how Penn State makes money – and, in turn, how it is spent, including on salaries for faculty and staff.

**JONES (Slide 23 – 2013-14 Actual Expenditures: General Funds)**

Generally speaking, two-thirds of our annual expenditures go to salaries and benefits, with the other third consisting of department allotments.
In more detail, how does Penn State spend this income annually? Nearly 43 percent of it goes to instruction, with another 20 percent to academic support, both of key importance to faculty. The remainder goes toward many vital areas, including research, student services and aid, institutional support, physical plant, and public service.

Here you can see what each area of spending includes. Instruction comprises faculty salaries, benefits, and costs, while academic support includes academic deans, libraries, and course development.

Analysis of income and expenditures by Penn State’s Budget Planning Task Force yielded two strategic themes and priorities. First, we must reaffirm our commitment to access and affordability while providing resource levels sufficient to support academic excellence. Second, we must provide balanced incentives for academic units to collaborate and adapt to changing student demand and generate added marginal revenue. You will learn much more about these priorities and several others – including bolstering and leveraging our research strengths – when Penn State’s new strategic plan is released later this year.

Granted the highest rating for research universities by the Carnegie Foundation, Penn State has award-winning faculty and state-of-the-art facilities. Both faculty and students are dedicated to collaborating with industry and applying knowledge to make our lives better. The Office of the Vice President for Research, led by Neil Sharkey, who will address you later this morning, is responsible for facilitating the more than $800-million-per-year research enterprise at Penn State by working with a broad range of units across the University. During yesterday’s orientation for new Penn State graduate students, I assured them that all faculty are dedicated to ongoing exploration, investigation, and learning in the challenging fields they are pursuing, and they will undoubtedly benefit from that. I said that students here are learning from
professors who are not only writing the textbooks, but also making discoveries that aren’t even textbooks yet. They are constantly exploring and pushing boundaries at the cutting edge of knowledge. Now, that community includes you, and we all look forward to seeing what you accomplish.

**JONES (Slide 28 – Teaching at Penn State)**

Of course, that’s not to suggest the importance of your teaching, and we continue to explore how Penn State can encourage substantive research while still promoting and facilitating excellence in teaching. It’s imperative to Penn State’s short- and long-term success. At Penn State, do we expect our faculty to excel in research and teaching? YES. To promote research while advancing instruction? YES. To contribute to their fields through scholarly and creative means, but not receive tenure unless he or she demonstrates outstanding teaching as well? YES. To have these expectations, however, we inevitably must change how we look at the nexus of teaching and research and our structures for rewarding success in both areas. You will be part of that re-examination process.

We will value teaching AND research, now more than ever before, in addition to service, as all three combined are essential to Penn State’s mission. Later this afternoon, Angela Linse, Executive Director of the Schreyer Institute for Teaching Excellence, will speak more in depth about this subject and related topics.

**JONES (Slide 29 – Leading the Charge)**

Last week, at the close of our summer session, Penn State awarded more than 3,100 diplomas University-wide to students who completed an estimated 217 associate, 1,770 baccalaureate, 858 master’s, four law and 256 doctoral degrees. Since the University’s founding in 1855, it has now granted more than 762,000 hard-earned diplomas. We could never have accomplished this without outstanding faculty such as all of you.

Education, research, and service have been the foundations of Penn State for the past 160 years. It is with renewed focus that we look ahead to educating our nearly 100,000 students, reaffirming our status as a world-class academic and research institution, and to expanding our commitment to service. We’re glad you’re here to help lead the charge.
So, now that you’re here, what are your priorities? I recommend a few. Learn about all things Penn State. Be engaged in your in department, campus or college, and the University overall. Tap into the many support systems and structures we offer to drive your success. Be accessible to students and colleagues. Find a trusted mentor or two, and allow yourself to be mentored as well. We all can learn a lot from each other.

Welcome to the Penn State family, and thank you for your attention this morning. Now I have some time to answer a few questions.