University of Pittsburgh at Titusville
Report for the Academic Affairs and Libraries Committee

February 2018 Board of Trustees Meeting
CONTENTS

I. Executive Summary

II. Background

III. Situation Overview

IV. Assessment of Education and Training Hub
   a. The Opportunity
   b. Proposed Action
   c. Impact
   d. Financial Analysis
   e. Leadership
   f. Risk Assessment
   g. Milestones

V. Appendix: Individuals and Groups Consulted
I. EXECUTIVE SUMMARY

The Concept of an Education and Training Campus Hub.

Traditionally, providers of post-secondary education and training operate in discrete locations and focus on their own market sector. In this traditional approach, workforce-training programs, associate degree programs, and more advanced degree programs are typically offered by separate institutions serving separate populations at separate locations. The advantage of the traditional approach is that it allows each institution to develop highly specialized expertise and environments to support the programs and students in their sector of the market. The disadvantage is that it does not exploit the possibilities of collaboration, for example, cost efficiencies and programmatic integration. This is a particular vulnerability when enrollment demand is declining since the relatively fixed costs associated with each campus are borne by fewer and fewer students.

There are good examples of attempts to overcome the challenges of offering the various types of education and training programs in regions in which demand for individual sectors is low. There are co-location examples where institutions from across sectors offer independent programs on the same site – helping to spread the overhead/operating costs among the institutions offering the programs, an approach that is particularly important in less populated regions. There also are examples of institutions trying to cover the full spectrum of offerings across sectors on their own, but oftentimes the increasing breadth reduces focus and blurs the mission.

The education and training campus hub described in this document is multi-institution model designed to address regional education and training needs. This campus hub model includes multiple partners that provide education or workforce training programs on a shared campus that would promote innovative program integration and collaboration with a focus on serving the region. As described here, the campus hub model would lower costs for each partner institution sharing facility and other common costs, but also would improve the quality of the partner programs by allowing them to share and leverage the faculty and students accessing the programs. Most critically, co-location within the region being served allows the partners to not only improve collaboration and resource sharing, but also to be more in tune with the education and training needs of the region.

The initial configuration would include three core, post-secondary partner providers from three distinct educational sectors (a training center, a community college, and a research university) offering courses and programs at the campus hub. In addition, other providers would be expected to join the campus hub to offer additional specialized programs in response to regional needs. The programs would be developed in partnership with the region’s employers, thereby increasing the value of the campus hub to the six-county region and meeting more of the region’s education and training needs than any of the individual institutions would be able to do on their own. As envisioned here, programs would be integrated across partner providers, allowing students to combine and integrate program offerings in a way that supports their needs. Students and employers also would have access to the network of programs offered by the partner providers, even at their other locations.
The reach of this campus hub could extend beyond the campus environment by using technology to connect students, employers, and the providers in innovative delivery modes. One example is hybrid online programs that use technology for some of the provision of content coupled with periodic intensive in-residence programs. Such programs are a natural means of connecting higher education to the workplace. They provide the opportunity to blur the line between education and work by allowing more fluid movement of students/employees between education and internship/workplace programs. Students recruited to the programs on the campus hub would be a mix of traditional and nontraditional students who would take courses from the partner providers.

The success of the campus hub would be critically dependent on successfully recruiting a campus leader who would oversee campus operations, support the partner programs, foster collaboration and integration, and connect the program partners with local employers, educators, and regional community leaders. The ideal leader would work closely with regional employers to define workforce training needs, and then draw on the strengths of the partner providers (or other providers) to develop programs tailored to meet these needs.

**Pitt’s Role.**

*Setting up the campus hub.* In this role, Pitt would take the lead in working with other partner providers, community/business leaders, and public-sector partners in establishing the Titusville campus as a multi-institution education and training hub serving the six-county region. Pitt would work with the partner providers to identify the campus leader; identify highest-need programs for the region, and design and launch the organization and physical structures best suited to advancing the concept. In addition to providing this leadership in establishing and operating the hub, Pitt would also commit financial resources to both renovating and repurposing campus facilities required to realize the vision for the campus.

*A lead partner provider.* In this role, the University of Pittsburgh would focus on offering academic programs that build on the University’s brand reputation, particularly in health sciences. The University would offer courses and programs at the associate degree level and degree completion and advanced/post-baccalaureate programs offered via online, hybrid and executive formats and through transfer to other Pitt campuses. Pitt would also collaborate with the other partner providers to design and provide programs aimed at meeting specific regional needs in areas where its expertise can strengthen those programs. In addition, Pitt would provide pathways to higher degrees for students completing programs offered by the partner education providers.

Pitt students in Titusville either could complete programs on the campus or transfer to other University of Pittsburgh programs. This would include maintaining and strengthening current ties to Pitt-Bradford and the other Pitt campuses. Pitt programs would be fully integrated with those of partner providers at the campus hub such that partner providers would deliver some of the basic coursework for Pitt programs and there would exist strong articulation between Pitt and partner provider programs. In addition, Pitt is exploring offering online bachelor degree-completion programs meeting the mission and fiscal sustainability criteria.
In addition to Pitt's degree programs, Pitt's Manufacturing Assistance Program has proposed certificate programs for the campus, and discussions have started with Pitt's Institute for Entrepreneurial Excellence about non-degree programs in entrepreneurship for the campus.

The exact mix of Pitt programs is still under discussion and would depend in part on which offerings best complement the offerings of other partner providers at the hub and provide pathways to higher degrees for these students. However, Pitt’s programmatic offerings on the campus would be reviewed and adjusted to meet the changing needs of the region, and programs would be added if they fit with Pitt’s mission and market demand leads to fiscal sustainability.

Other Partner Provider Programs on the Titusville campus.

Preliminary proposals have been received from potential partner providers including Manchester-Bidwell, Butler County Community College, and the Rural Regional College to be core partner providers in this enterprise. These organizations have proposed programs for the campus, including Associate degree programs in General Studies and Psychology and certificate/training programs in basic machinist training, CNC operation, and mechanical maintenance plus programs in Medical Assisting, Electronic Medical Records, and academic remediation for adults. Proposed youth programming includes ceramics and metal arts. There also have been discussions with the Titusville Area School District as a potential partner, initially focusing on linkages with the youth programming of Manchester Bidwell. If this initiative moves forward, other partners would be sought to fill gaps in expertise.

Conclusions and Next Steps.

In summary, this model for a Titusville campus hub is a campus that takes advantage of the expertise of the individual partner providers while exploiting synergies and complementarities among them. The model includes tightly integrated programs across partner providers that support career ladders for students (i.e., degree stacking), cooperative degree programs where one institution (e.g., the community college) provides courses that are integral to the degree program of another (e.g., Pitt), and seamless student flexibility allowing for course-taking at multiple institutions simultaneously rather than sequentially.

The vision for the campus hub is a broad range of programs from Pitt and the partner providers. However, the financial analysis was designed to be a straw man exercise that demonstrates the potential success of this new approach even at a small scale. In this demonstration of viability, Pitt offers only our nursing and physical therapy assistant programs. But if implemented, other programs would be developed at the time of launch and following launch.

This document has benefited from extensive consultation with and input from the Titusville campus and regional community. The analysis demonstrates that it is possible for the campus hub model to operate at a scale that is financially viable even in less densely populated areas. The potential partner providers identified here are enthusiastic about participating, and key state officials believe that this kind of approach can help meet the education and training needs in less densely populated areas throughout the Commonwealth.
The creation and ongoing success of this model would require: participation of innovative partners representing each of the three major sectors of post-secondary education and training; strong connections to regional high schools and employers; and Commonwealth support comparable to levels typically provided for post-secondary education and training.

Specifically, implementing a successful campus hub in Titusville would be contingent on:

- Commitments to participate by a community college and a training center partner;
- Commitment of annual Commonwealth appropriations to partner providers;
- Commitments of one-time funding from the Commonwealth and private sources to match Pitt’s financial investment in the hub; and
- Demonstrated community commitment to the concept and leadership in its development and continued success.

These contingencies would need to be cleared by September 2018 in order to commence with the orderly recruitment of students for an opening of the educational and training hub in the fall of 2019.
II. BACKGROUND

In October 2016, the University made a presentation about the regional campuses to the Board of Trustees. Because of the steep enrollment declines, the Board asked the University to provide an analysis of the Titusville campus. After an extensive set of meetings and interviews held on the campus and in the community in winter and spring 2017, the University prepared the June 2017 “Options Report,” which contained a set of options for the Titusville campus. To solicit comments from the faculty and staff of Pitt-Titusville and from the community, the University posted a draft of this report on public websites and held an open meeting in Titusville. The University received more than 125 comments and these were reviewed in preparing a final report. This final report was reviewed by the Academic Affairs and Libraries Committee of Pitt’s Board of Trustees. The committee then discussed the report with the University’s Board of Trustees at their June 2017 meeting. After lengthy discussion, the Board requested that the University develop more detail on the idea of an education and training hub (options 4/5 in that report) for them to consider as an alternative to closing.

The present report is a draft prepared for the Academic Affairs and Libraries Committee. This draft report develops more detail on the education and training hub option (campus hub), since the option of closing was analyzed in the June report and public comments have been provided. The public is invited to provide comments on the campus hub model discussed in this draft report, and, if they wish, on closing the campus.
III. SITUATION OVERVIEW

Situation Overview: Summary

- Reduced numbers of high school graduates have led to widespread enrollment declines in higher education institutions in Pennsylvania and contiguous states. This trend has been acute in western Pennsylvania, where it has affected enrollment at Pitt’s regional campuses, and is projected to continue.
- Institutions with fewer than 1,000 students particularly have been hard hit, experiencing enrollment declines of 30-40 percent since 2010.
- Pitt’s Titusville campus has experienced particularly large enrollment declines, and the current and projected future impact of demographic changes have created urgency to rethink the future of this campus.

Established in 1963, the University of Pittsburgh at Titusville is the smallest of four Pitt regional campuses and the only campus offering just two-year programs. Since the fall of 2010, enrollment at Pitt-Titusville has fallen by 45 percent. The enrollment declines at Pitt-Titusville are just one manifestation of demographic forces affecting the Pennsylvania State System of Higher Education (PASSHE) universities, the Penn State branch campuses, as well as the Pitt regional campuses. In recent years, almost all of the PASSHE schools across the state have seen enrollment losses, but in general, hardest hit have been the PASSHE schools in northwestern Pennsylvania. For example, since 2010, declines have been very large at Clarion (-32.5 percent) and Edinboro (-35.6 percent). Overall, in the same period, the University of Pittsburgh’s regional campuses have seen an enrollment decline of 13 percent and enrollments on the Penn State commonwealth campuses in western Pennsylvania declined by 14.5 percent (see Table 1 below). Enrollment declines have been steepest at the smallest campuses of the state system and the regional campuses of Pitt and Penn State, suggesting a need for minimum scale for a campus to be viable in the current environment.

The enrollment decline seen in the public institutions in western Pennsylvania is driven primarily by the declining number of high school graduates in Pennsylvania and nearby states. Pennsylvania and contiguous states’ decline in high school graduates is more acute in northwestern Pennsylvania. Using 2005 as the base year, K-12 enrollments in the region declined more than 11 percent by 2015. By 2022, enrollments are projected to decline another 7.5 percent. Compounding the situation for the University of Pittsburgh at Titusville is the national trend toward lower enrollments of full-time students at public two-year colleges. Since 2010, these institutions have declined from 29 percent of all full-time undergraduates to 25 percent.1

The declining population of high school graduates in Pennsylvania and contiguous states means that there is no reason to expect improved future results for the University of Pittsburgh in Titusville under the current academic approach (i.e., operation as a two-year campus with a mix of terminal associate and transfer programs).

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1 See “Trends in Community Colleges: Enrollment, Prices, Student Debt, and Completion,” College Board Research, April 2016.
At Pitt-Titusville, the declining enrollment has led to disappointing financial results. In the most recent fiscal year (FY2017), including net tuition revenue, imputed revenue from the Commonwealth appropriation (based on the percentage of undergraduate students in Titusville), operating expenses, and attributed general and administrative costs (from the most recent attribution study), the annual loss was about $900,000.
III. ASSESSMENT OF EDUCATION AND TRAINING HUB

The Opportunity

The Opportunity: Summary
An assessment of government statistics about northwestern Pennsylvania and interviews in the region suggest an opportunity for higher education providers to successfully deliver programs tightly linked to market needs.

Labor force statistics indicate low growth in employment overall in northwestern Pennsylvania. The PA Department of Labor & Industry forecasts 4.3 percent growth in employment in the region through 2024\(^2\). However, there are pockets of expected rapid and robust growth. For example, the same report notes that the category of Healthcare Practitioners & Technical Occupations is expected to grow 11.3 percent with larger growth (12.9 percent) and largest numbers for registered nurses. In addition, specific occupations that add higher technology skill levels to jobs in other sectors will be in demand, including in industries where employment will drop for less skilled employees. For example, even though metal and plastic workers overall are projected to drop by 3.0 percent, computer-controlled machine tool operators and computer numerically controlled machine tool programmers are projected to increase by 21.8 percent and 27.3 percent, respectively. To understand the near and longer-term workforce needs, the University and potential partners did an extensive number of interviews with both heads and HR directors of firms in the region (See Appendix 1). Discussions included representatives of manufacturing firms, healthcare providers, and other organizations. These included both focus group interviews at central locations and one-on-one interviews at the sites of the firms that would be doing the hiring. The secondary statistics and the interviews have directly shaped the discussion in subsequent sections of this document and the focus of programs being considered.

More generally, as noted, robust employment growth is expected in some occupations in northwestern Pennsylvania. These occupations need skilled workers and, as discussed later, the employees need to increase their skills over time to meet workplace requirements and to advance up career ladders. Despite the overall weakening of demand for higher education in the region, there remains an opportunity for the successful delivery of programs closely tied to regional education and training needs. Some of those needs can be met by programs offered by the University, but some are needs better met by other education and training providers.

The University of Pittsburgh has a history of more than 50 years in northwestern Pennsylvania and consequently has very strong brand recognition and reputation. It has a market position tied to strong programs, especially in the health sciences. Consistent with the employment opportunities, at Pitt-Titusville overall enrollment declines have been accompanied by a trend of increasing relative demand for terminal associate degree programs in nursing and physical therapy assistant, programs that now represent about 45 percent of total enrollment. Other programs that offer more


Titusville report, page 10

DRAFT 1/29/2018
general preparation for transfer to another Pitt (or other) campus for bachelor degree completion are decreasing in relative demand.

**Proposed Action**

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<td>• Convert the Pitt Titusville campus into an education and training hub (campus hub) where multiple organizations collaborate in offering education and training programs that are tightly linked to regional education and training needs.</td>
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<td>• Pitt would serve as one of the anchor tenants in the campus hub, offering programs tied to meeting regional needs.</td>
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<td>• The campus would be run by a campus leader who acts on behalf of all the partner providers.</td>
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The economic health of rural communities depends on education and training opportunities targeted to meet local needs. New ways of thinking and innovative models that bring educational institutions together are now essential, since it is no longer financially feasible for institutions to go it alone and still be efficient and effective in small communities.

To address this need in a way that both increases the campus’s impact on the community and ensures that it is financially viable, the Pitt-Titusville campus would be converted into a comprehensive education and training hub that would serve as a community resource. The proposed education hub (referred to in the following as the *campus hub*) would include multiple higher education and training institutions collaborating in the provision of a complementary set of program offerings, as well as jointly offering programs that increase value for students and make it easier for students to move across programs. By focusing the campus on local and regional education and training needs, the new structure would increase the value of the campus to the community and meet more of the region’s education and training needs than Pitt is able to on its own.

Specifically, the campus hub would include:

• At least three core partner providers (Pitt, a community college, and a training center) along with other institutions providing short-term training programs, with both traditional and non-traditional students taking courses from the various providers;
• Partner providers that work together closely, integrating programs and curriculum for the benefit of students;
• Program offerings that:
  o are strongly linked to the current and future education and training needs of the region’s employers;
  o are more affordable than current Pitt programs because of the partnerships with other providers;
  o are connected seamlessly across partner providers and provide pathways to more advanced education and training programs offered by Pitt and other educational institutions in the region to maximize efficiency and minimize cost for students;
o utilize technology that reduces the barriers to delivering programming to the rural population of northwestern Pennsylvania; and
o connect students, employers, and the partner providers in innovative delivery modes that might include, for example, hybrid online programs with periodic intensive in-residence programs and more fluid movement between education and internship programs; and

• A campus leader who acts on behalf of all of the partner providers in overseeing campus operations, supporting the partner programs, fostering collaboration and integration, and connecting the program partners with local employers, educators, and regional community leaders.

Initial core partner providers: Potential higher education institutions to serve as partner providers of the campus hub were identified through conversations with regional officials and business people, and advertisements soliciting interest (see Appendix 1). Follow-up conversations resulted in proposals from a subset of those, and the identification of the following initial core tenants:

• University of Pittsburgh

Education offerings: Pitt would focus primarily on offering health sciences and other programs where offerings build on the University’s brand reputation and address market needs. To demonstrate that the hub model can operate at a scale that is financially viable even in less densely populated areas, finances are analyzed in a later section as a minimum scale straw man model. In this model program offerings include just the existing associate degree programs in nursing and physical therapy assistant. However, under immediate consideration are additional degree programs in the health-related professions such as occupation therapy assistant and other programs where sufficient demand exists. The exact mix of new health science programs is still under discussion and would depend in part on which of these offerings best complement the offerings of other partner providers and provide pathways to higher degrees for these students. As the campus hub takes shape, Pitt would nimbly adjust program offerings in response to changing market needs. Programs would be candidates to be added if they fit with Pitt’s mission and if market demand implied fiscal sustainability.

Degree Completion through Pitt: Pitt would provide seamless transfer to University of Pittsburgh for courses taken at the campus hub, including those offered by the community college partner. This would include maintaining and strengthening current ties to other Pitt campuses, including Pitt-Bradford. In addition, Pitt is exploring offering online bachelor degree-completion programs meeting the mission and fiscal sustainability criteria.

Seamless integration: Pitt programs would be fully integrated with those of partner providers at the educational hub such that: 1) partner providers offer some of the basic coursework for Pitt programs and 2) there is strong articulation between Pitt and partner provider programs.

Experiential Learning: All Pitt programs would involve deep engagement of Pitt students with co-op and internship opportunities in the community.
**Training Programs:** The Manufacturing Assistance Center (MAC) operated by Pitt’s Department of Industrial Engineering offers certificates in Basic Machining, CNC Operations, and Mastercam programming at its Homewood location. MAC has a 95 percent job placement rate and accelerated programming which can connect people with a certificate and a job in as little as eight weeks.

Based on an assessment of regional training needs drawing on extensive interviews by MAC staff with regional firms, the MAC proposes to open a “mini-MAC” as part of the campus hub offering non-degree (8 or 15-week programs) programs in basic machinist training and CNC operation, and would consider a mechanical maintenance program.

In addition to Pitt’s MAC, Pitt’s Institute for Entrepreneurial Excellence has discussed non-degree programs in entrepreneurship for the campus.

- **Manchester-Bidwell**

  Founded by Pitt trustee William Strickland, Manchester-Bidwell (MBC, Bidwell) is a Pittsburgh-based training center that seeks to remove barriers for low-income individuals; Bidwell awards a 100 percent tuition scholarship for training for jobs in such areas as health care, culinary arts, horticulture, chemical technology, and manufacturing. MBC guides the development and cooperates in the operation of independent Centers for Arts and Technology in rural locations such as Brockway and Sharon, Pennsylvania.

  Based on their feasibility study’s preliminary results, Bidwell would offer adult programs in Medical Assisting and Electronic Medical Records and also provide academic remediation for adults. Youth programming would be ceramics and metal arts. In addition to the programs identified through their interviews, Bidwell envisions using the *Titusville Campus* as a location where their graduates from western Pennsylvania (that is, from affiliated centers in Erie, Sharon, and Brockway) can take additional courses from the partners on the *Titusville Campus* including both Pitt and the community college partner to advance up career ladders.

  MBC is in advanced discussions with Pitt’s MAC about ways to integrate the manufacturing training programs and connect the arts space and programming with the maker space. For Commonwealth and local leaders, the economic impact of this collaboration will likely encourage an innovative public and private funding model. MBC has a strong track record of obtaining state funding for their programs and has had encouraging conversations thus far about state support in Titusville.

- **Community College**

  Based on their assessment of the market, this partner would operate its own courses and programs from the campus hub, charging their standard tuition for their programs. In addition, they would offer basic arts and sciences courses to support Pitt programs offered on the campus.
Partnership opportunities have been discussed with both the Northern Pennsylvania Regional College (NPRC: formerly known as the Rural Regional College) and Butler County Community College (BC3) about the partnership opportunity. The NPRC’s model of multiple small locations is different from the approach envisioned in the model of the campus hub in which a community college partner maintains a strong physical presence on the campus. BC3 has developed successful regional satellite operations in Armstrong, Jefferson, Lawrence, and Mercer Counties.

- **Other**

There also have been discussions with the Titusville Area School District as a potential partner, initially focusing on linkages with the youth programming of Manchester Bidwell. If this initiative moves forward, other partners would be sought to fill gaps in expertise.

To summarize, the vision for the campus hub is not that it be the home of independent higher education providers. Rather, the campus would support innovative program integration through tight collaboration among real partners, a place that integrates the partner’s educational missions to benefit students. Through carefully negotiated articulation, knitting together courses and programs, students could move between the community college and Pitt, the MAC and MBC programs to Pitt, or the community college. This dynamic interplay would bring new training programs to the region and make existing programs more affordable.

**Transition Considerations:** If this plan is adopted, the University of Pittsburgh should continue operation of the existing Pitt program offerings on the campus at Titusville through Academic Year 2019-20, to allow currently enrolled students and those currently being recruited to complete their degrees at Pitt in a timely manner. This period of more than two years also would serve as a transition period for faculty and staff, and for Pitt and partners to build the programs and facilities to support the new campus hub.

**Impact**

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<td>- On Pitt: With partner programs on the campus, the campus can be financially viable and reach a minimum efficient scale not possible with Pitt alone.</td>
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<td>- On students: Pitt and its partners would jointly offer programs, reducing student costs and making it easy for students to move across programs.</td>
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<td>- On faculty and staff: The mix of programs and thus needed faculty and staff would change.</td>
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<td>- On the community: With partners offering programs tied to their expertise, the campus would meet more of the region’s education and training needs than Pitt is able to on its own.</td>
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The creation of the campus hub would turn a campus that currently is a small version of a conventional campus into a much different kind of campus, one set up as a shared community resource.

Titusville report, page 14
DRAFT 1/29/2018
**Impact on the University of Pittsburgh:**
- Pitt programs offered on the campus would be focused much more sharply on meeting educational and training needs of the region.
- Ongoing losses at the campus would be eliminated and long-term operating risk on the campus reduced.

**Impact on Students:**
- With a sharper focus and acknowledging the reality of the regional demographics, the number of Pitt students on the campus is likely to decline, at least initially. However, the other partner providers on the campus would attract their own students to the campus hub and the total number of students would be the sum of those from all partner providers.
- The cost to students of earning Pitt associate degrees would fall. Through careful curriculum design, course offerings that are coordinated and sequenced, Pitt and its partners would jointly offer programs that reduce Pitt student costs and make it easy for students to move across programs. For example, the tuition for the associate’s degree in nursing would fall from $30,000 for a two-year program to approximately $20-25,000.
- Current students in any program being discontinued would work with staff in developing individualized plans to complete their degree at Titusville and/or transfer to another Pitt campus once the transition period has ended.
- Students in the region seeking programs no longer offered on the campus by Pitt would be able to attend the community college partner on the campus, another Pitt campus, or one of the many other institutions in the region.

**Impact on Faculty and Staff:**
- The mix of Pitt programs would change. Some existing programs would have little change in staffing; new programs would be added that are likely to require new faculty; and programs that are discontinued would have reduced need for courses and faculty teaching them. With a more focused set of program offerings, Pitt operations are likely to need fewer staff to support the academic programs in Titusville.
- The University would provide support and severance for faculty and staff whose positions are eliminated in the transition to the hub model. Pitt’s commitment to the tenured faculty is articulated in University policies and includes severance options as well as relocation to another campus, if appropriate openings exist. The University would support non-tenured faculty and staff in finding new employment and provide severance benefits.
- The other educational institutions attracted to the campus (e.g., Manchester-Bidwell and the community college) would offer new opportunities for employment.

**Impact on the Community:**
- With partners offering programs tied to their expertise, the campus would meet more of the region’s education and training needs than Pitt is able to on its own.
- Students in the region would benefit from the availability of a greater variety of programs meeting their educational needs.
- The overall employment impact is unknown. Pitt’s employment is likely to decrease, but that of other educational providers would increase. Having education and training programs better
matched to the regional economy would make Titusville an even more attractive location for new firms.

Financial Analysis

**Financial Analysis: Summary**

- A straw man model was developed to examine finances under a minimum configuration. Under the straw man model, Pitt’s academic programs on the campus are projected to break even.
- The transition would require one-time investment in facilities of between $10-15 million with a phasing of the investment and a set of potential sources for the funding. The estimates include both the costs of renovating facilities and repurposing facilities to meet the needs of the campus hub.
- Campus operations are projected to break even, based on projected revenues from anchor tenants and projected costs of utilities, maintenance, and necessary personnel. Not included are potential revenue streams from additional non-anchor tenants and the cost of a general manager of the facility and the amortized cost of facilities upgrades.

**Campus Operations:** For purposes of assessing financial viability of the campus hub, the analysis assumes a straw man model that is the smallest operating footprint for which there currently are commitments from potential tenants. It should be noted, however, that both Pitt and partner providers are actively assessing additional program offerings, and that if the campus hub is established additional tenants and uses of the facilities would be identified. The following analysis does not consider these.

Under these assumptions, campus operations break-even: the annual cost of operating the facilities to meet the needs of the three core tenants (Pitt, Manchester-Bidwell, and the community college) is covered by the initially proposed payments by partner providers for use of the facilities. However, the additional cost of a campus leader is not included, nor is the amortized value of needed investments in facilities and a contingency fund.

A key to success is finding a business model that makes operating the campus financially more robust. Increased revenue could come from additional tenants, a government subsidy, or increased lease payments from the partner providers as their enrollments grow. Alternatively, a revision of the space plan may be able to reconfigure space to reduce costs.

**Facilities:** Adequate facilities are needed for the campus hub. Funding would be required to renovate and repurpose some of the existing facilities on the campus. Moving forward, a new time-phased master plan would need to be developed that includes deferred maintenance as well as programmatic changes to facilities.

The cost of renovations/repurposing and deferred maintenance in making the facilities suitable for the new use is estimated to be $10-$15 million depending on the number of buildings being used and the extent to which future anticipated maintenance is included in the calculation. A master plan would consider space uses and needs to better estimate costs.
Part of the facilities plan is submission of requests to the Commonwealth to support a portion of the facility needs through the RACP program, which requires matching funds. Matching funds could come from the University of Pittsburgh and philanthropic gifts to support the new vision for the campus. These discussions would become more concrete if the plan moves forward.

In support of the campus hub’s facility needs, Titusville Community Development Agencies has committed renovated space in Opportunity Park (a short walk across Main Street from the Titusville campus) to serve as a home for the Manufacturing Assistance Center, until a master plan for the campus determines whether there is room on the campus for the MAC. After that, the MAC may move to campus or stay in Opportunity Park.

**Ongoing Costs and Revenues for Pitt Programs:** As noted earlier, the straw-man financial analysis makes the conservative assumption that Pitt enrollments equal current, non-resident enrollments in our nursing and physical therapy assistant programs and ignore revenue from enrollments beyond these students. We make this assumption to demonstrate viability, even though we anticipate that Pitt would add new programs that generate additional net revenue. Pitt’s revenue includes net tuition and the imputed Commonwealth appropriation (based on a per student calculation). Pitt’s costs include operating costs (including lease payments) and attributed general and administrative costs. Under these assumptions, Pitt’s programs break even.

**One-time Costs:** Under the straw man model of the hub, the University of Pittsburgh would operate at a smaller scale than it does currently in Titusville and would require fewer faculty and staff, generating one-time severance and retention benefit costs.

**Other Considerations:** All of the endowed funds for use at Pitt-Titusville generate income for student awards or scholarships. As long as the University offers programs in Titusville, the University should be able to use the income from these endowments based on their original restrictions after notifying donors of any name change. There also are restricted funds that would be available for uses consistent with the restrictions.

**Owner/Operator of the Campus:** Three major options exist for the ownership and operation of the campus: Pitt continues to own and operate the campus (Option 4 from the June 2017 report); or a third-party entity owns and operates the campus (Option 5 from the June 2017 report). A third party entity could be one created by Pitt and the other partners (however, this approach appears likely to incur a transfer tax liability) or a newly-created or existing entity that can receive the facilities without transfer taxes. An existing third-party organization able to assume ownership, has not yet been identified, although discussions suggest that this still may be possible. The model assumes that campus hub operations are run separately from the academic programs regardless of whether ownership is by Pitt or another entity.
Leadership

Leadership: Summary
- Campus: The campus hub is run by a campus leader who operates the campus and works with Pitt and the other partner providers and seeks new programs and tenants.
- Community: Regional engagement and leadership through advisory boards is critical for the success of the campus hub and the partner providers.
- Transition: Managed by staff from the Provost’s office as new model is implemented.

Oversight of the Campus Hub: Under the campus hub model, the campus is shared by the partner providers, including Pitt. Critical to the success of the hub is the presence of a campus leader. The leader should be a dynamic individual who would oversee campus operations, support the partner providers’ programs, foster collaboration and integration, and connect the partner providers with local employers, educators, and regional community leaders. The ideal leader would work closely with regional employers to define workforce training needs, and then draw on the strengths of the partner providers (or other providers) to develop programs tailored to meet these needs. Perhaps just as critical, the community and region would need active engagement in the establishment and operation of the campus hub through an advisory board structure. Governance of the hub should be a shared responsibility of the community/region as a partner with the partner providers.

Oversight of the Transition: The transition of the campus to the hub model would be coordinated by staff from the Provost’s office who would work with the leadership of each of the partners to effect the transition. Responsibilities would include managing the transition in Pitt programs, faculty, and staff would be coordinated by staff from the Provost’s office working with the leadership in Bradford and Titusville.

Risk Assessment

Risk Assessment: Summary
- Success depends on aspects of the project that are out of Pitt’s control:
  - community engagement,
  - partner success and integration, and
  - Commonwealth support for partner providers such as Manchester-Bidwell.
- Sharing the campus decreases control of campus operations such as maintenance, security, and the selection of partner providers.

Attractive as the potential is with the campus hub model, its success depends on a number of pieces falling into place. Without these pieces, the effort is likely to fail despite the University’s efforts and investment, putting up-front investment by the University at risk.

Community Commitment: For success, the community must be committed to the success of the hub. There needs to be community engagement in support of the programs and activities at the campus hub.
**Success of Partners:** The key resource needed for success in the campus hub model is a group of partner providers committed to the vision for the campus. Identified and committed partners include the University of Pittsburgh at Bradford, Manchester-Bidwell Corporation, and Pitt’s Manufacturing Assistance Center. Discussions have also been positive with community colleges. Despite the enthusiasm of the identified partner providers, the success of the hub, and therefore Pitt’s success, depends on the success of the partners.

**Funding:** Participation of the partner providers requires Commonwealth funding that is difficult to obtain in the current environment. For Pitt, this would be a continuation of existing support, for the other partner providers, new appropriations. For example, Manchester-Bidwell requires state funding to support their tuition model (i.e., students do not pay tuition). They have been successful in the past in obtaining such funding and have been assured that funding is available, but their participation depends on this funding.

**Control of the Campus:** Sharing the campus reduces the University’s control of the campus. Even with a close partnership, there is no guarantee that there would not be disagreements about upgrading facilities, security, opening hours, priorities for access to facilities, the choice of additional future partners, and so on. To the extent that these disagreements affect Pitt’s operations and program quality, the Pitt brand could be affected negatively.
Milestones

If the campus hub model is to move forward, a set of milestones would need to be met.

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity/Milestone</th>
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<tbody>
<tr>
<td><strong>2018</strong></td>
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<tr>
<td>January-February</td>
<td>Review of campus hub model by University internal review processes, Board of Trustees committees, Titusville campus, and larger community.</td>
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<tr>
<td>February</td>
<td>Final proposal submitted to University Board of Trustees committee.</td>
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<tr>
<td>March-September</td>
<td>If approved to move forward, contingencies to be met:</td>
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<tr>
<td></td>
<td>• Commitments to participate by the community college and training center partner providers;</td>
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<td></td>
<td>• Commitment of annual Commonwealth appropriations to partner providers;</td>
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<tr>
<td></td>
<td>• Continued annual Commonwealth appropriation for Pitt;</td>
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<td></td>
<td>• Commitments of one-time funding from the Commonwealth and private sources to match Pitt’s financial investment in the hub; and</td>
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<td></td>
<td>• Demonstrated community commitment to the concept and leadership in its development and continued success.</td>
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<tr>
<td>September</td>
<td>2018-19 course offerings same as in past but focused on completion for students in any programs in former model.</td>
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<tr>
<td><strong>2019</strong></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>2019-20 course offerings same as in past but focused on completion for students in any programs in former model.</td>
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<tr>
<td></td>
<td>Some partner programs begin on campus.</td>
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<tr>
<td><strong>2020</strong></td>
<td></td>
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<tr>
<td>September</td>
<td>Revised set of program offerings.</td>
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IV. Appendix: Individuals and Groups Consulted

Consultation on the future of the campus in Titusville has included the UP-T campus community as a whole, as well as committees and task forces; the UP-T Advisory Board; members of the Titusville community; and faculty committees and administrators on the Pittsburgh campus.

<table>
<thead>
<tr>
<th>2017</th>
<th>Activity</th>
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| January| • Provost Beeson charged President Alexander to chair a UP-T faculty/staff task force including Planning and Budgeting Committee plus additional faculty members looking at options for Pitt-Titusville.  
• Meetings with Butler County Community College about partnership. |
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<tr>
<th>2017</th>
<th>Activity</th>
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| August | • Visit from members of Titusville faculty and staff, community, and state and local officials to Pittsburgh to Manchester Bidwell and Manufacturing Assistance Center.  
• Meeting with (newly appointed) Academic VP and President of Rural Regional College about partnership.  
• Meeting with Clarion University President about partnership. |
| September | • UP-T Advisory Board updated on activities since Pitt Board meeting.  
• Pitt Manufacturing Assistance Center visits UP-T campus as part of preparation of proposal for partnership.  
• Formation of a community steering committee that includes members of the UP-T Advisory Board and other community members to provide help with identifying local education and training needs.  
• Visit from members of Titusville faculty and staff and community steering committee to Brockway to see Manchester Bidwell and Butler County Community College operations.  
• Chancellor and Provost visit Manchester Bidwell site in Sharon PA. |
| October | • Meeting in Titusville with leadership of Rural Regional College.  
• Meeting with UP-T Advisory Board to discuss progress on Options Report.  
• Dean Fitz convenes faculty group to review curriculum plans under Education and Training Hub model. |
| November | • Forum in Titusville with community steering committee, UP-T Advisory Board, President Alexander and members of the local business community.  
• Meeting in Titusville with leadership of Butler County Community College.  
• Update briefing to the Academic Affairs and Libraries Committee of the Board.  
• Update briefing to the Senate Budget Policies Committee.  
• Update briefing to the University Planning and Budgeting Committee |
| December | • Meeting with Crawford County Commissioners  
• Meeting with Manchester Bidwell and local employers |
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<tr>
<th>2018</th>
<th>Activity</th>
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<tbody>
<tr>
<td>January</td>
<td>• Meeting with UP-T Planning and Budgeting Committee and UP-T Curriculum Committee</td>
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<td></td>
<td>• Provost and President Alexander meet with UP-T Advisory Board</td>
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<tr>
<td></td>
<td>• Provost and President Alexander meet with campus community</td>
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<tr>
<td></td>
<td>• Meeting with Pittsburgh University Planning and Budgeting Committee</td>
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<td></td>
<td>• Meeting with Provost’s Advisory Committee on Undergraduate Programs</td>
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