



The Onorato Plan for Higher Education

Putting Pennsylvanians Back To Work & Growing Our Economy

Jump-starting Pennsylvania's economy is "Job Number One" for the Commonwealth's next Governor and Dan Onorato will enter office with an ambitious strategy to use the state's wealth of colleges and universities as a source of job creation and economic innovation and to create the highly prepared, well-trained workforce that the 21st century economy demands.

With 263 degree-granting institutions of higher education and branch campuses, Pennsylvania is fortunate to have more colleges and universities than any state in the nation except California and New York. Pennsylvania also boasts a rich mix of community colleges, public universities in the Pennsylvania State System of Higher Education, public state-related universities that are also world-class academic and research centers, and a robust set of private colleges and universities that attract students and faculty from across the nation and beyond. These institutions are regional economic anchors and engines: they are responsible for hundreds of thousands of jobs and billions of dollars of annual economic activity, and they provide the Commonwealth with a competitive advantage in creating the new products and jobs of the global Innovation Economy.

Now more than ever, access to higher education is essential to the economic security of Pennsylvania families. During the current national recession, the unemployment rate for adults with no formal education beyond high school has been roughly *double* the unemployment rate of those with a college degree. The importance of higher education is expected to increase as the economy recovers; a report this summer by the President's Council of Economic Advisors emphasized that "occupations requiring higher educational attainment are projected to grow much faster than those with lower education requirements...." A college education also means significantly higher wages for working families – over 60% greater lifetime earnings than for those with a high school diploma.

But Pennsylvania faces significant challenges of access and affordability in achieving the education levels that Commonwealth residents need for economic success. Pennsylvania received an "F" for college affordability on the most recent National Report Card on Higher Education, and a report released just last week revealed that students graduate from Pennsylvania colleges and universities with the seventh highest level of debt in the nation. Rural access remains a major problem for workforce certification and affordable two-year degree programs. In addition, the pipeline from high school to college needs to be strengthened, with fewer than half of Pennsylvania ninth graders enrolling in college by the time they turn 19. For example, Pennsylvania falls below the national average in the number of students taking Advanced

Placement courses – which prepare students for college material and enable them to earn college credit – and minority students in Pennsylvania are especially unlikely to have access to AP courses.

To meet these challenges, Dan Onorato will align the academic, economic and entrepreneurial power of our institutions of higher education with the needs of our current and future workforce and today's and tomorrow's employers.

A Proven Track Record

Dan Onorato's record of economic development success as Executive of Pennsylvania's second-largest county was forged in close partnership with the region's colleges and universities. Onorato worked with the Community College of Allegheny County to launch job-training programs to prepare the region's residents for the green economy, health careers and other emerging sectors, and created the Allegheny County-CCAC Workforce Alliance to expand workforce development programs and make them more responsive to the needs of employers. In addition, Onorato has first-hand experience working with colleges and universities to attract new companies to the region, to ensure that start-ups have the room and resources to grow and to use the fruits of university research to improve the lives of the region's residents.

A Vision for Pennsylvania's Future

As Governor, Dan Onorato will get Pennsylvanians back to work in jobs with solid wages, prepare the next-generation workforce for the economy that awaits them and improve the Commonwealth's capacity to leverage the power of higher education institutions to spur new inventions, companies and jobs while attracting the leading innovators in energy, health care and other growing sectors of the economy to do business in Pennsylvania. To achieve these goals, Onorato will:

- Improve the ability of colleges and universities to be engines of economic recovery and long-term economic growth;
- Enable more Pennsylvanians to get well-paying jobs in the high-skills economy by increasing the number of degrees awarded to the state's residents by 25,700 over the next 4 years – a 6% increase; and
- Increase Pennsylvania's competitiveness with a focus on high-demand and emerging sectors of the economy.

Improving the Ability of Colleges and Universities to be Engines of Economic Recovery and Long-Term Economic Growth

In addition to their academic missions, colleges and universities are community anchors and job generators. They foster research and innovative technologies, which in turn provide the impetus for new companies and higher employment. Unlocking the job creation potential of Pennsylvania's colleges and universities in high-tech and emerging fields is essential to keeping our most talented graduates in-state and to increasing Pennsylvania's overall competitiveness. Dan Onorato will assist Pennsylvania's colleges and universities in boosting their economic development role in today's Innovation Economy. As Governor, Dan Onorato will:

- **Create new jobs by increasing Pennsylvania’s standing as a global research leader.** To achieve this goal, Onorato supports:
 - *Creating new jobs in emerging sectors of the economy by increasing federal research grants.* Onorato will set a target to establish a \$25 million per year competitive funding pool within four years to serve as a match for federal research grants, with a focus on energy, technology and health care. The state match will increase Pennsylvania public and private colleges’ and universities’ chances of winning federal funds, and will boost the level of federal research dollars being invested in the Commonwealth. Onorato will also be a personal force in Washington to advance Pennsylvania’s research agenda.
 - *Increasing the number and scope of Keystone Innovation Zone Starter Kits.* Onorato supports this initiative to help colleges and universities attract top faculty researchers in fields like nanotechnology and energy – which leads to new products and economic opportunity. Onorato will focus these Kits on projects that demonstrate unquestioned academic leadership in targeted high-growth fields and that show strength in engaging with industry to use the faculty as catalysts for new business creation and company attraction.
 - *Providing state capital funding to increase research and academic capacity.* Capital funding from the state enables colleges and universities to create immediate construction jobs and to attract world-class faculty and external research funds. Onorato will double capital funding for the state-related universities and community colleges from their FY2008-09 levels and maintain the newly doubled capital funding level for the Pennsylvania State System of Higher Education. In addition, Onorato will support the efforts of private colleges and universities to receive sufficient Redevelopment Assistance Capital Program (RACP) funds, and will work to streamline the process of seeking these resources wherever possible.
- **Implement an aggressive strategy to transform research into new jobs.** To achieve this goal, Onorato supports:
 - *Creating and protecting jobs by encouraging industry-sponsored research.* Onorato will set a target to establish a \$25 million per year competitive funding pool within four years to serve as a match for industry-sponsored research at public and private Pennsylvania colleges and universities. Modeled on other states’ successful efforts to keep jobs in-state by helping companies adopt new technologies, this initiative will improve the competitiveness of Pennsylvania firms – with an emphasis on manufacturing jobs – and address the emerging needs of Marcellus shale development.
 - *Strengthening entrepreneurship at research institutions.* Onorato will create the “Pennsylvania 100”: 100 Entrepreneurs-in-Residence in the most promising research labs in the Commonwealth, with the aim of doubling the number of university-based start-ups in Pennsylvania. He will also ensure that these start-ups access the technical assistance of the state-funded Regional Export Networks in order to help achieve their export potential.
 - *Increasing support for Ben Franklin Partners and the Greenhouses.* These organizations have been essential partners of state government in working with new start-up businesses in critical sectors of the economy, and Onorato supports their growth.

- *Encouraging university spin-offs by supporting access to capital.* Onorato will work with the higher education and business communities to ensure that the Small Business First loan program meets the working capital needs of start-ups and early stage companies being created as spin-offs from colleges and universities. He will also support and expand the Pennsylvania Angel Investor Network that links early stage capital to innovative new companies, and will make sure that the Pennsylvania Venture Capital Program is adequately funded.
- *Supporting the growth of new companies through the Research & Development Tax Credit.* To provide financial incentives for new technology-based companies, Onorato supports restoration of the temporary cuts to the Research & Development Tax Credit that were enacted as part of the FY2009-10 budget, if possible based on economic conditions.
- *Establishing Regional Centers for Engineering Innovation.* Just as Penn State's Agricultural Extension Program applies the university's academic expertise to practical problem-solving that increases profitability and spurs job creation in agriculture industries, the Regional Centers for Engineering Innovation would achieve a similar goal in the engineering field, with an emphasis on the state's manufacturers. Within the statewide program, public and private universities in each region would work with private sector businesses and economic and workforce development organizations to support the development and marketing of engineering-related products and services through new businesses and expansion of existing companies. Onorato supports state funding to help launch and support this initiative in order to create more jobs and keep Pennsylvania college graduates from leaving the state.

Enabling More Pennsylvanians to Get Well-Paying Jobs in the High-Skills Economy

Significantly increasing the proportion of Pennsylvanians with a workforce certificate or college degree will mean more jobs, higher wages, a more attractive business environment and greater overall economic prosperity.

Right now, just over 1 in 3 Pennsylvania adults have an associate or bachelor's degree – lower than the national average and worse than four of our six neighboring states. This summer, President Obama launched the “American Graduation Initiative,” declaring that the nation's competitiveness depends on dramatically improving the proportion of students who pursue higher education. To have the world's most educated workforce by 2025, the National Center for Higher Education Management Systems estimates that Pennsylvania needs to produce an additional 25,700 graduates over the next four years – a 6% increase – as the first step in achieving that goal.

Dan Onorato will lead Pennsylvania in meeting the target of at least 25,700 additional degrees over the next four years. As Governor, Dan Onorato will:

- **Help adults who are trying to earn their degrees.** One and a half million Pennsylvania adults have earned some college credit but did not complete a degree, and many more entered the workforce immediately after high school without the opportunity to pursue higher education. Onorato will double the percent of adults with only a high school diploma who are pursuing college degrees: from 3.8% to 7.6% of working-age Pennsylvanians. To achieve this goal, Onorato supports:

- *Launching an Adult Learning Initiative.* Pennsylvania will build on other states' successful programs which focus on three strategies: providing college credit for applied learning, being more flexible with when and where courses are scheduled, and ensuring access to adequate financial aid. Onorato will convene higher education, workforce development and civic leaders to seek their assistance in developing a model that works for Pennsylvania, and he will call on all public colleges and universities to designate an Adult Learner Advocate to focus on adults who already have a significant number of credits but are just short of completing their degree – with specific annual enrollment targets and public reporting of data.
- *Fixing the state's tuition grant program so that it works for adults.* Onorato supports changing the rules that make it hard for adult students to receive tuition grants from the Pennsylvania Higher Education Assistance Agency (PHEAA) – most importantly, by extending the application deadline for community college students to better match when they typically enroll and by covering more part-time students. For adults who still would not qualify for traditional grants, Onorato will create a dedicated tuition grant program for older, independent students with financial need – with a target of \$20 million annual funding within four years.
- **Make college more affordable for all students.** Onorato supports:
 - *Providing stable and predictable funding to colleges and universities.* Onorato will ensure that all sectors of higher education are treated fairly in the budget process and receive reasonable funding increases as the economy grows so that college is affordable for Pennsylvania families. In addition, the state's FY2009-10 budget forces public colleges and universities to rely on federal stimulus funding that will disappear in two years, and it cuts grants to private institutions that accept students who have state tuition grants by nearly 30%. Onorato will work to restore these cuts and he will prevent the federal funding “cliff.”
 - *Making sure that every family can afford college – without crushing levels of debt.* Right now the average PHEAA grant is just under \$2,800 and the maximum grant, at the most expensive universities, is \$4,120. Onorato is a strong supporter of families being able to use their PHEAA grant at whatever institution they choose to attend. With that principle in mind, the state needs to increase investment in the tuition grant program so that the grants go further. Onorato's goal is that within four years the maximum grant will fully cover the cost of tuition at the Pennsylvania State System of Higher Education for the families with the greatest financial need, while still being able to be used at any community college, state-related university or private college or university. This increased state aid package represents a target of \$400 million additional investment in Pennsylvania's future workforce over the next four years, while the timing and scale of implementation will depend on the Commonwealth's economic growth and budget situation. Onorato will also seek to build on the success of the “Pittsburgh Promise” scholarship program by leading a campaign to help other regions raise private-sector and foundation funds to fill the funding gap for families trying to send their children to college.

- *Reforming PHEAA so that more money is available for student grants.* While PHEAA has made some improvements after years of well-chronicled abuse of taxpayer dollars, Onorato believes that permanent reform is essential to bring accountability and transparency to the agency so that every available dollar is being used for one purpose: making college more affordable for Pennsylvania students. Onorato will call for legislation that:
 - Cuts the size of the PHEAA board at least from 20 members to 11: the Secretaries of Education, Community & Economic Development, Labor & Industry, and Banking; one appointee from each legislative caucus; and three independent members with expertise in higher education access and affordability and the private sector who are not affiliated with any individual college or university. Appointed board members would be limited to serving two terms.
 - Bans spending on employee bonuses, board and staff retreats, and event sponsorship and advertising not essential to PHEAA's statutory responsibilities.
 - Requires detailed annual reports on the agency's operational spending, including the salaries of all PHEAA executives and delineation of travel expenditures over \$50.
 - Requires any foundation operated by PHEAA to be subject to the same board structure, spending limits, accountability and transparency.
- *Fight for adequate federal funding of student financial aid.* The federal stimulus is providing over \$260 million in additional Pell grants and \$11 million in new work-study funding to students attending Pennsylvania colleges this year. Onorato will work with the state's Congressional delegation to preserve this assistance by permanently increasing the maximum Pell grant and tying it to inflation.
- *End the "double tuition tax" on community college students.* Right now, families who live in municipalities or school districts that do not "sponsor" a community college are forced to pay double tuition. Nearly one in four community college students pay this double tuition, and students who enroll in 2-year degree programs at state-related university satellite or branch campuses also pay higher tuition rates than at community colleges. Onorato will create a tax credit program for businesses that make multi-year commitments to new "local share" funding partnerships; the business contribution would need to be matched by foundation, non-profit, local government or other private sector funds, and all of the money would be used to reduce tuition dollar-for-dollar at the community college or, in parts of the state that do not have a community college, state-related satellite or branch campuses that agree to participate.
- *Bring down the cost of textbooks.* Families can spend an average of \$1,000 a year paying just for students' textbooks and course materials. Recent federal law and legislation that is before the State Senate are designed to reduce the cost of buying books and includes pilot textbook rental programs. Onorato will urge Pennsylvania institutions of higher education to develop textbook rental programs – saving families money while respecting the right of faculty members to choose the right texts for their courses – and to explore increased use of the Internet for classroom materials and textbook access.

- *Continue to make the State System more cost-efficient.* Onorato will encourage the Pennsylvania State System of Higher Education to improve energy efficiency and boost efforts to share services where possible, in order to keep tuition increases to a minimum and increase academic investment.
- **Increase rural access to workforce certification and associate degree programs.** A recent national report found that all or parts of 29 Pennsylvania counties have “critical” or “most critical” education needs. In many of these counties, there is no community college or affordable 2-year alternative for students to turn to. Onorato will create affordable satellite community college campuses in rural and other underserved areas – including through the use of online courses, distance learning and blended programs – with the goal of having a community college or equivalent educational opportunity within a one-hour drive of as many Pennsylvanians as possible. To help achieve this goal, Onorato will launch a competitive bid process to solicit proposals from community colleges, the Pennsylvania State System of Higher Education, the four state-related universities and private colleges and universities who are willing to offer certification programs with college-level credit and 2-year degrees in targeted regions. Students will pay the average cost of tuition for sponsored community college students and state funds will fill any gap. The program will not spend a single taxpayer dollar on capital costs; instead, existing taxpayer-owned space such as school districts, vocational schools and Intermediate Units will be used, particularly during evenings and weekends for would-be students who work during the day.
- **Increase access to adult vocational-education programs that prepare students for high-demand jobs in the trades.** Onorato will support expansion of adult Career and Technical Education programs that award industry-based certifications with college-level credit and of trade programs that prepare Pennsylvanians for well-paying skilled jobs.
- **Improve the chances for success of students who enroll in college.** Students who are the first in their family to attend college or who come from low-income backgrounds are less likely than their peers to complete their college degree. To ensure that the specific needs of these students and their families are met, Onorato supports:
 - *Making better use of data to highlight successful programs.* Onorato will call for the collection and reporting of each college and university’s retention and graduation data through a streamlined data system, developed in partnership with institutions of higher education, which is linked to school district and workforce information and is used to identify best practices that are getting results for students who face the greatest challenges.
 - *Providing incentives for innovation.* Onorato will create a \$5 million Challenge Grant fund for colleges and universities that implement innovative support programs to keep students on track to graduation, in order to determine what strategies are most effective.
 - *Providing incentives for success.* Onorato will create a \$10 million Excellence Grant pot for improvements and ongoing success in first-year retention rates, graduation rates, post-graduation placement in the workforce and other indicators for all higher education sectors.

- *Transfer of credits from one higher education institution to another.* Onorato supports the existing framework that makes it possible for students to take their credits with them as they move from community colleges to the Pennsylvania State System of Higher Education, the state-related universities, and private colleges and universities that choose to participate.
- **Expand the pipeline from high school to college.** Pennsylvania’s economic future demands that a far greater proportion of high school freshmen earn their diploma and receive a workforce certification or college degree. In addition to other initiatives that will be detailed in his forthcoming PreK-12 Education Position Paper, Onorato will:
 - *Launch a state-led public-private partnership education and marketing campaign* that learns from and supports the success of initiatives like Project GRAD to educate middle school students and their parents about career opportunities and what courses and other steps students need to take throughout high school in order to attend and afford college.
 - *Make it easier for families to apply for financial aid.* Completing the required federal financial aid form, called the FAFSA, is a major barrier to high school seniors enrolling in college – especially for students whose parents do not have a college degree. A recent study found that using tax information to fill in parts of the form and helping parents complete the rest of the form increased students’ college enrollment rates by 30% and reduced the time it takes parents to complete the form from 13 *hours* to less than 10 *minutes*. Onorato will seek foundation and private funds and work with the Department of Revenue, tax preparation firms and other partners so that Pennsylvania becomes the first state in the nation where, while preserving personal information security, as much of the FAFSA as possible is automatically filled out for families that give their permission.
 - *Expand programs that increase college-going.* Onorato will ensure that school districts are using a portion of the additional state investment from continued implementation of the Legislature’s Costing-Out Report to:
 - Increase the number of students taking Advanced Placement or International Baccalaureate courses, which enable students to earn college credit at many institutions, so that every school district receiving a significant funding increase from the state offers at least one AP or IB course in English, math, science and social studies in each high school.
 - Fund courses like art, music and foreign languages, as well as extra-curricular activities, which increase student engagement and enable students to develop a range of interests.
 - Ensure that schools have adequate and well-trained staff to help students enroll in rigorous coursework, apply to and visit colleges, access financial aid, and engage community and corporate support.
 - Fund partnerships with area colleges and universities that include interactions between professors and high school students and campus visits by the high school students.
 - Address the needs of out-of-school-youth and students at risk of dropping out by ensuring that every region has Early College High Schools, Middle College High Schools and/or Gateway to College programs – which are partnerships between school districts and colleges designed to educate students who do not succeed in the traditional high school environment.

Increasing Pennsylvania's Competitiveness in High-Demand and Emerging Sectors of the Economy

In addition to ensuring the overall preparedness of Pennsylvania's workforce by increasing the number of Commonwealth residents with post-secondary certifications and degrees, Dan Onorato will prioritize high-demand and emerging fields – attracting more businesses by increasing their confidence that Pennsylvania workers will be aligned with their needs, while putting more Pennsylvanians on a path to well-paying jobs that will not disappear. As Governor, Dan Onorato will:

- **Increase the number of Pennsylvanians who enter Science, Technology, Engineering & Math (STEM) fields through a new Premiere Public Partnership.** Pennsylvania's state-related universities already offer state-of-the-art undergraduate STEM degrees, drawing students from around the world. To build on the existing well-regarded Pennsylvania STEM Initiative, Onorato will partner with Penn State University, Temple University, the University of Pittsburgh and Lincoln University to make engineering, math and science programs that are not offered at the Pennsylvania State System of Higher Education available to Commonwealth residents using existing and expanded capacity at the state-related universities. Students who qualify for financial aid will pay no more than the Pennsylvania State System of Higher Education tuition rate, with the state filling the gap – which will reach approximately \$25 million a year by the time freshmen through seniors are enrolled. The program will be open to all Pennsylvanians, but as part of this initiative, the state-related universities will establish benchmarks and annual targets for increasing enrollment and supporting retention for academically prepared students who are the first in their family to attend college or who are part of groups traditionally under-represented in the STEM fields, including women, African-Americans and Latinos.
- **Provide incentives for the Pennsylvania State System of Higher Education to continue expanding in high-demand fields.** The State System already has its own expertise in other STEM fields and critical sectors like health careers. Onorato will support the creation of Professional Science Masters Degree programs within the State System to train students for STEM jobs and will use a component of the State System's annual appropriation increase to serve as a financial incentive to create, expand and align programs that meet regional or statewide workforce needs.
- **Improve and expand the New Economy Technology Scholarship Program.** Onorato will consult with high-tech business leaders, higher education institutions and college students on how to improve the existing NETS program so that it serves as a more effective tool for encouraging college students to pursue STEM fields and to remain in Pennsylvania after they earn their degree. Onorato supports using a revitalized NETS program to focus in particular on STEM programs at private colleges and universities, while maintaining eligibility for all institutions of higher education.
- **Make the community college funding formula more responsive to industry needs.** Onorato will convene leaders of the community colleges, industries that rely on them for workforce development and organized labor to discuss how to continue improving the community college funding formula in order to incentivize industry partnerships.

- **Improve coordination of higher education and workforce development policies so that government and public services are more efficient and effective.** To achieve this goal, Onorato will:
 - *Create a “P-16 Coordinating Council.”* Many other states have established a similar framework to improve the alignment all the way from “P” (pre-kindergarten) through “16” (the shorthand for the four years that follow high school graduation after grade 12). Onorato supports a P-16 Coordinating Council in order to develop and implement long-term strategies with private-sector, civic, education and public-sector leaders, while respecting the institutional autonomy of colleges and universities, so that as the economy continues to change, Pennsylvania can get and stay ahead of the curve. In addition to addressing challenges associated with the pipeline to college education, Onorato will task the P-16 Coordinating Council with:
 - Creating a regional inventory of where students lack access to higher education and workforce training, and working with public and private higher education institutions to develop region-specific strategies to meet the needs.
 - Encouraging higher education institutions to be more responsive to labor market needs in addition to accomplishing their academic mission.
 - Creating regional voluntary consortia of public and private colleges and universities to meet specific regional workforce and education challenges, with a focus on emerging sectors of the economy.
 - *Create a Pennsylvania Community College Coordinating Board.* The Commonwealth’s 14 community colleges are vital partners for education and workforce development. Onorato supports strengthening their formal bonds while still respecting their autonomy and entrepreneurship. Establishing the PC3B will enable the community colleges to improve performance while also increasing efficiency in order to generate savings that can be reinvested in instruction and academic support. For example, the PC3B will make it possible to aggregate purchasing of common goods and services such as laboratory equipment, office supplies, copiers, library subscriptions and information technology. In collaboration with the new PC3B, Onorato will call on the community colleges to ensure that they are achieving three high-performance goals:
 - On an ongoing basis, aligning their curriculum, courses and programs with the needs of local and regional employers – including through establishing ways to receive input from businesses and organized labor on how the community college can respond to labor market needs.
 - Providing students with the support services that they need to be successful in completing their certificate or degree program, including bringing to scale promising programs that are already working.
 - Working with other higher education institutions to create successful pathways for students to earn a workforce credential, a 2-year degree and articulate into a 4-year degree.

DAN ONORATO: CREATING ECONOMIC OPPORTUNITY FOR WORKING FAMILIES AND ATTRACTING JOB-CREATING BUSINESSES

Dan Onorato will improve Pennsylvania's economy by taking advantage of the power of one of the Commonwealth's best resources: our institutions of higher education. Onorato's plan will create a better-prepared, economically secure workforce while ensuring that government is responsive to the workforce needs of employers and leveraging the innovations of colleges and universities into the jobs of Pennsylvania's future.