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Auditor General DePasquale Says Penn State Shows Some Progress Since Sandusky Scandal; Background Checks Still Missing, Tuition Growth Outrageous Says PSU part of troubling national trend; school must improve security, provide greater transparency

HARRISBURG – Auditor General Eugene DePasquale today said that a recent audit of The Pennsylvania State University shows the school made some progress since the Sandusky scandal, but the state-related institution needs to improve campus security, prioritize Pennsylvania students and be subject to open records law.

“Penn State has made a modicum of progress in restoring the reputation of the commonwealth’s flagship state university,” DePasquale said, noting the 2011 arrest and subsequent conviction of former coach Jerry Sandusky. “Penn State must – first and foremost – do more to improve campus security, particularly for children who participate in programs and events on its campuses.

“Penn State also must do whatever is necessary to control tuition, which increased 535 percent in 30 years — making the school increasingly unaffordable for middle-income Pennsylvanians — and improve the university’s transparency and accountability to taxpayers.”

DePasquale emphasized the audit did not include a review of grants to the former Second Mile charity, nor did it include the Freeh Report, an investigative document commissioned by Penn State after the Sandusky scandal.

“I want to be clear: This was an audit of Penn State, not of the Second Mile, the Freeh Report or the Sandusky scandal,” DePasquale said. “I will review the Second Mile grants in a future capital budget audit. “As for the Freeh Report, I believe that the review should have been conducted by the U.S. Department of Education or another independent body, not by someone who was hired by the Penn State board of trustees.”

The 115-page audit report, which covers January 2013 through March 2017, has nine findings and 23 recommendations.

Missing background checks

“One of the more distressing findings in this audit is that years after Jerry Sandusky’s conviction for sexually assaulting young boys, Penn State fails to ensure the university conducts 100 percent of mandated background checks,” DePasquale said. “In the post-Sandusky era, it would be expected that Penn State would be hyper-vigilant about completing all required background checks. Apparently that is not the case.”

AUDITING PENN STATE UNIVERSITY

ADMISSIONS: Penn State University is part of a growing national trend in higher education to give preference to nonresident students in favor of out-of-state and international students to help subsidize, rather than control, increasing costs.

ARE PA STUDENTS GETTING A FAIR SHOT?

Consider this. In 2016-17, Penn State University received \$14,836 more for each out-of-state or international student compared with Pennsylvania students.

Fewer Pennsylvania students means more dollars in PSU's pocket.

Nonresidents: \$34,183	Residents: \$19,347
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FROM 1990 TO 2016...

Data indicates that in recent years, nonresident student enrollment at University Park is increasing at a higher rate than Pennsylvania student enrollment.

Pa. Resident	Out-of-State	International
12%	95%	310%

DePasquale said for academic and sports-related camps held on Penn State campuses that were specifically for children, his auditors found a nearly 8 percent error rate. With this error rate, potentially 57 of the 732 camps held during 2016 had at least one person missing one or more of the legally required clearances.

For other employment background checks, campuswide, auditors found a slightly better error rate of nearly 4 percent. Still, this error rate could mean that potentially 962 of the 24,382 employees hired in 2016 did not have their required pre-employment background check completed.

“It is shocking and intolerable for any university to miss this many background checks, but it is appalling that, so soon after the Sandusky scandal, Penn State has an error rate this high,” DePasquale said.

“As we so tragically learned from Sandusky, it takes only one child predator to cause what could be lifetime trauma to a child. Penn State officials must end their long-running string of excuses and immediately correct this serious deficiency.”

Skyrocketing tuition

“Over the past 30 years, Penn State’s in-state tuition – at \$19,347 for the 2016-17 academic year — has increased by a whopping 535 percent,” DePasquale said. “With the exception of 2015-16, resident tuition increased every year — on average about 6.4 percent.

“By comparison, over the past three decades, the price of a gallon of milk increased 48 percent and a new car increased in cost 163 percent. In fact, not even the rising cost of health care could keep pace with Penn State’s tuition growth.”

In a March 2016 U.S. News and World Report article, Penn State ranked third on the list of the most-expensive public colleges for in-state students.

“My team found that Penn State is the most expensive public research university compared to its Big Ten Conference peers, and tuition increases continue to exceed the Consumer Price Index,” DePasquale said, noting the University of Nebraska’s in-state tuition is \$8,618 a year.

“Unless Penn State does something now to rein in attendance costs, even fewer middle-income students will be able to attend Pennsylvania’s acclaimed land grant university,” he said.

“Worse yet, Penn State appears to be part of a growing national trend among public research institutions that give preference to non-resident students as a means of increasing tuition revenue,” DePasquale continued. “At Penn State, and at many other public research institutions, non-residents pay nearly twice as much as residents in tuition — yet it costs nothing more to educate these students.

“In essence then, a university can get a ‘better bang for the buck’ by increasing the number of its non-resident students,” he said. “Rather than increasing non-resident enrollments, another alternative is to better control tuition cost drivers. If these expenses are adequately controlled, it should then slow the growth of tuition.”

Over the past four years, Penn State’s operating expenses have increased by nearly 10 percent but revenues have grown by just 6.7 percent. Instruction costs increased by 17 percent. Academic support — including libraries, museums, galleries, information technology, academic administration and audio-visual services — increased by 19 percent.

“Simply put, expenses are out of control,” DePasquale said. “Penn State must create a tuition task force that includes board members with a focus on identifying and lowering costs that are driving tuition into the stratosphere.”

Decreasing in-state enrollment

High tuition costs are not the only accessibility challenges for potential in-state students. From 1990 through 2016, at Penn State's University Park campus, the number of in-state students decreased by 12 percent, while non-resident and international students increased by 95 percent and 310 percent, respectively.

In 1990-91, at the University Park campus Pennsylvania residents comprised 76.5 percent of the campus population. By 2015-16, just 56.2 percent of the campus population was from Pennsylvania. Similarly, when looking at acceptance rates, in 11 of the past 16 years, including the last seven consecutive years, non-resident acceptance rates were higher than that of Pennsylvania residents.

"Penn State's expansion of non-resident enrollment threatens accessibility for Pennsylvania residents," DePasquale said. "Clearly, because Penn State has not adequately planned for expenses that are outpacing revenues, there is a financial appeal to accepting non-resident students who will pay nearly \$15,000 more and be more likely to live on campus."

DePasquale said while Penn State officials remain adamant that the university never intentionally favored non-resident students, and his team found no evidence to suggest otherwise, he cautioned that such practices are in place at other universities similar to Penn State.

"After the California state auditor raised concerns earlier this year about the growing number of non-resident students in the University of California system, the board of regents approved its first-ever enrollment cap on non-resident undergraduates," DePasquale said.

"A non-resident undergraduate student enrollment cap may well be necessary to help ensure Pennsylvania residents can get into Penn State, or any other state-related university for that matter," he said. "These institutions are called state-related for a reason: Pennsylvania taxpayers help fund their operations. Therefore, Pennsylvania students should always be at the top of the acceptance list."

Improving Clery Act compliance

The Clery Act requires all post-secondary institutions that receive funding from federal financial aid programs to prepare an annual report on campus crime, including sexual violence, assaults, hate crimes, weapons offenses, and alcohol and drug abuse.

In November 2016, Penn State was hit with a \$2.4 million fine, the largest-ever, after the U.S. Department of Education issued a scathing report identifying 11 Clery Act violations.

Subsequent to the Sandusky scandal and the U.S Department of Education's investigation, Penn State:

- Hired two individuals who are dedicated to Clery Act compliance, one of the first universities to have personnel specifically dedicated to this task,
- Instituted "PSUAlert," an emergency messaging system that posts information online and uses text messages and mass emails,
- Adopted an amended policy that provides the framework for Clery Act compliance,
- Delineated which campus staff have Clery Act reporting responsibilities, and
- Centralized the availability of Clery Act information on a "one-stop" website, which includes online reporting forms, timely warnings and annual reports.

"While Penn State is continuing to improve its Clery Act-related practices and policies, more improvement is needed," DePasquale said. "Penn State must dedicate the appropriate resources to ensure a uniform incident data system is deployed university-wide, and it must establish an improved training program that meets the needs of all employees responsible for Clery Act compliance."

Lacking transparency, accountability

Auditors reviewed the extent to which Penn State implemented recommendations from a November 2012 Department of the Auditor General’s [special report](#) on governance reform after the child sexual abuse scandal.

“While Penn State has undertaken significant reforms since the Sandusky scandal, it is disappointing that some of the recommendations for improvement have been ignored or contrary action was taken,” DePasquale said.

“Specifically, the General Assembly should cut the size of the board of trustees – not only for Penn State, but for all state-related institutions of higher education,” he said, noting that since that recommendation was made in the special report, the board grew from 32 to 36 members, plus two non-voting members.

Higher-education experts recommend no more than 12 to 15 members on a college board.

“Additionally, as a recipient of a significant amount of taxpayer dollars, it is high time for the General Assembly to make Penn State subject to all the provisions of both the commonwealth’s Right-to-Know Law and the Public Official and Employee Ethics Act,” DePasquale said.

The Penn State University audit report is available online at: www.PaAuditor.gov

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EDITOR’S NOTE: Copies of the four infographics used during the news conference are available online at: www.PaAuditor.gov.

