

TESTIMONY BEFORE THE PENNSYLVANIA SENATE EDUCATION COMMITTEE
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Chairman Piccola and members of the Senate Education Committee

Thank you for this opportunity to offer testimony regarding important legislation that will enhance the capacity of the PASSHE universities to serve the people of the Commonwealth.

Higher education is one of our most dependable economic engines. Yet, PASSHE faces several barriers that prevent it from being the workforce powerhouse Pennsylvania needs. Certain legislative regulations now stand as roadblocks. Among these are parts of the Adverse Interest and State Ethics Acts; well-meaning laws approved decades ago that today unintentionally serve to stifle the ability of the 14 PASSHE institutions to develop and commercialize faculty research discoveries.

Because PASSHE is treated as a state agency in statute, sections of the Adverse Interest and State Ethics Acts prohibit certain entrepreneurial activity by our faculty. These same activities are permitted in other segments of the public higher education community both in the Commonwealth and across the country. For example, PASSHE universities are prohibited from contracting with their faculty or staff who have developed valuable, marketable intellectual property, or have created potentially valuable services that may be leveraged for the financial benefit of the university and the Commonwealth. Based on State Ethics Commission Opinion No.

05-083 related to the Ethics Act, PASSHE employees cannot jointly hold a position at a System university and have a financial interest in a company doing business with that university. This is an arrangement that is essential to the commercialization of intellectual property and transforming ideas into businesses that employ Pennsylvanians. When companies invest capital to launch a new product or service, they expect access to the person who created it. Since this is not possible for PASSHE employees under current laws, intellectual property often remains undeveloped or faculty leave employment at our universities to pursue the commercialization of their invention. Neither the state-related universities (Penn State, Pitt, Temple, and Lincoln), nor public university systems in other states, face the same barriers.

The statutes I have mentioned limit students' ability to gain valuable experience under the guidance of PASSHE employees who are successful entrepreneurs, and it prohibits PASSHE institutions from partnering with companies that are pursuing the profitable commercialization of faculty research. Consequently, our universities, our students, and our state are not able to profit financially or educationally from intellectual property developed by our faculties.

None of these consequences were intended, as the authors of these Acts could not have foreseen how the Pennsylvania State System of Higher Education's role would need to evolve. They could not have imagined a time when WCU Biology faculty and students would partner with Endo Pharmaceuticals to discover a way to identify early stage prostate cancer. Or, could they have contemplated that we would be designing novel geothermal energy technologies. They would not have guessed that one of our Communicative Disorders professors would create a device to diagnose patients with voice disorders.

All of these projects, and many others at West Chester University and across the State System, represent real technology transfer opportunities that can generate new resources, give students valuable experience, and lead to new jobs. Within the current regulatory environment, too few of our faculty are willing to pursue ideas that can impact our economy and quality of life here in the Commonwealth. If we could unleash this intellectual power across all of our campuses – just as is the case at state-related universities and public colleges throughout America – the potential benefits to the Commonwealth will be considerable.

In summary, PASSHE seeks approval of the legislation that will allow university faculty and staff to have the same opportunities for entrepreneurial activity as their counterparts in other higher education institutions. With your support, PASSHE will be in a better position to recruit and retain creative faculty and staff, provide students internship opportunities and mentoring by entrepreneurs, and benefit from the creative output of its employees.

Thank you again for this opportunity to speak with you about the legislative reforms that will enable the Pennsylvania State System of Higher Education to better serve the people of this great Commonwealth.