



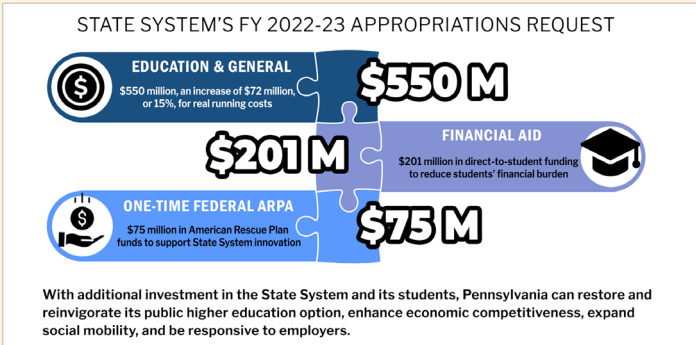
State System FAQs

Top 10 FY 2022-23 Budget Questions and Answers

These frequently asked questions are assembled to help you understand the State System’s budget request and how the governor’s proposed budget will support the reinvigoration of the System as a critical engine of workforce development and social mobility in Pennsylvania. If your question isn’t answered here, please contact Jennifer Hoover, Director of Governmental Relations, at jhoover@passhe.edu.

1 What is the State System’s FY 2022-23 funding request?

The Board of Governors voted in October to request \$550 million in state funding, an increase of \$72 million or 15%, and \$201 million annually in financial aid paid directly to students attending a State System university. The Board approved this request with the expectation that the General Assembly would uphold its commitment to distribute the 2nd of three installments of American Rescue Plan funding in an amount no less than \$75 million.

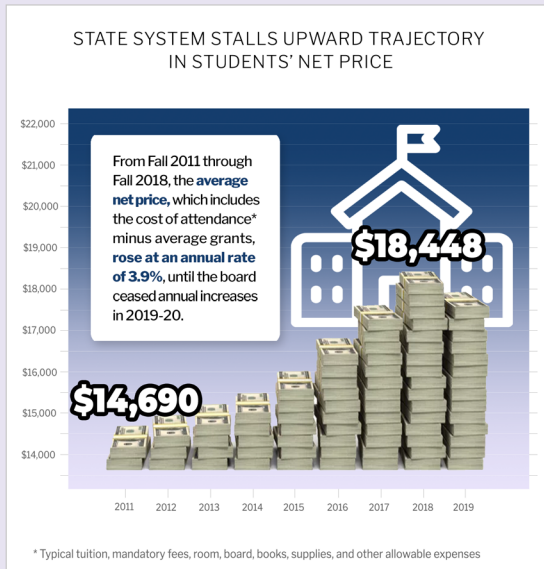


2 How does the governor’s proposal compare?

The governor’s budget calls for increasing the State System’s operating funding by \$75 million (or 16%) and providing \$150 million in one-time federal stimulus funding (the balance of the 3-yr \$200 million committed last fiscal year). Wolf also advanced his \$200 million Nellie Bly Scholarship Program to provide direct aid to State System and community college students who pursue degrees in high-demand fields.

3 What amount of public support does the General Assembly contribute to the State System’s operating budget?

The commonwealth contributes 29%, while the proportion of education costs paid by students at 4-year public institutions in Pennsylvania was nearly 72% in 2020, ranking Pennsylvania as the 11th highest in the country for



the percentage of costs borne by students. Between Fall 2011 and Fall 2018, the average net price for university attendance rose at an annual rate of 3.9%.

4 How did the Board determine its FY 2022-23 funding request?

Over the course of three years, the Board and System leadership undertook a rigorous examination of its operations to determine what level of funding was imperative to hold the line on tuition, ensure efficient operations, and propel student success. The Board’s funding request reflects that work and represents what is a necessary level of state investment for the System to continue delivering on its public mission and contribute its share of credentials and degrees necessary to close the state’s talent gap.

5 Why does the state’s public investment matter?

Most State System students come from Pennsylvania, and most will stay here after graduation. Over 88% are Pennsylvania residents. System students are typically high-need, academically and financially, with 34% receiving Pell Grants. Thirty-two percent of first-time, degree-seeking undergraduates are first-generation college students. Twenty percent of enrollment is comprised of adult learners. Forty-eight percent of undergraduate transfers are from Pennsylvania community colleges. Since 2011, underrepresented minority enrollment has increased by 13%.



6 Are State System degrees drifting beyond the reach of Pennsylvania's low- and middle-income families?

For low- and middle-income families (income less than \$110,000), almost 40 cents of every dollar earned goes to paying for a State System education, compared to just 20 cents of every dollar for high-income families. Net price is only \$771 less than state-related institutions, and \$7,814 less than private institutions in Pennsylvania. Total tuition cost is \$6,500 more than the cost of attending a state



university in New York. Perhaps consequently, the proportion of enrolled students from lower- and middle-income families has declined over the last decade.

7 What would happen if the General Assembly did not fulfill the State System's budget request?

The Board's ability to hold the line on tuition would be at risk and, in keeping with the Board's financial sustainability policy, universities could be forced to curtail programs and student support services. Fulfilling the System's budget request is critical to keeping a System degree within reach of low- and middle-income families, expanding opportunities for students, and closing the state's talent gap in critical high-demand fields.

8 If the General Assembly passes the governor's budget proposal, what is the benefit the commonwealth will receive?

The investment will ensure the State System can fulfill its public mission as an engine of social mobility, freeze basic in-state tuition for a 4th consecutive year, continue transformational change, provide the talent that drives Pennsylvania's workforce, and increase enrollment. The System's direct-to-student aid funding proposal could result in an enrollment increase of at least 8% (or 709 students) at State System universities. Of those additional 709 students, 134 would be underrepresented minority students.

9 For what purposes will the State System allocate the governor's proposed \$150M in one-time funding?

The State System will build upon its student-success-oriented initiatives and more. Fifty percent of the one-time federal funding would be directed to drive student success, 30% would be used to further transition universities to financial sustainability, and the remaining 20% would be targeted to provide debt relief associated with student housing due to circumstances of low occupancy. By addressing this latter issue, universities will rely less on using scarce educational and general funds to pay debt service and, in turn, could provide more affordable housing options for students.

10 Do State System graduates stay in Pennsylvania to live, work and support their communities?

Three years after graduating, 71% of bachelor's degree recipients are working in Pennsylvania and have median annual earnings of \$54,708—contributing to local and regional economies. What's more, within 10 years of graduation from a State System university, three out of four underrepresented graduates from low-income family backgrounds had risen to higher-income status.

STATE SYSTEM UNIVERSITIES ARE EFFECTIVE ENGINES OF SOCIAL MOBILITY



Within 10 years of graduation from a State System university, 3 out of 4 URM* graduates from low-income family backgrounds had risen to a higher income status.

* Underrepresented Minority includes American Indian or Alaska native, black or African American, Hispanic, and Two or More Races

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