

MOST ASKED QUESTIONS

February 2024

PASSHE is seeking a state appropriation of \$623.7 million—an increase of \$38.1 million (or 6.5%)—for the 2024-25 fiscal year. The appropriation request reflects the objective of freezing the basic in-state undergraduate tuition rate for another year while acknowledging the State System's increasing costs due to current and projected inflation. Any funding received above the requested amount will further aid in efforts to reduce costs to students, increase student success, and expand student opportunities.

Here are questions PASSHE is most often asked about its FY 2024-25 budget request, student access and enrollment, student affordability, student progression and completion, and university financial efficiency and sustainability.

Contributions to the state

1. How does PASSHE contribute to the commonwealth?

State System universities are large employers, benefiting the economies of local counties and the commonwealth. More than 72,000 students and more than 650,000 PASSHE alumni reside within Pennsylvania's 67 counties. A 2021 study indicates that PASSHE universities make a noteworthy contribution of \$4 billion to Pennsylvania's economic landscape. This figure translates to a ratio of \$8.30 for every one dollar of public funds expended on PASSHE.

2. What percentage of PASSHE graduates are living and working in the commonwealth?

PASSHE universities play a pivotal role in Pennsylvania's workforce development, with a substantial 62% of all graduates living and working in the commonwealth 10 years after completing their education. This percentage is even higher for graduates who initially enrolled as low-income (Pell eligible) and in-state students, as well as those who transitioned from Pennsylvania community colleges to a State System university.

3. What kind of alignment is there between educational programs and workforce?

There is tight alignment between educational programs and workforce needs, which shows up in graduates' employment outcomes. PASSHE graduates are working in the commonwealth, earning wages higher than those without a college degree or certificate, and contributing to their local and state economies. Three out of four of these System graduates climb into the middle class a decade after graduation. Forty years after completing their degree, PASSHE university graduates, on average, receive a return on investment of \$866,144.

4. How many graduates earn degrees in areas with in-demand jobs?

Over the past decade, State System universities have strengthened their commitment to fulfilling the state's workforce development needs by concentrating their efforts on the economy's high-growth sectors of STEM, business, education, health, and social service. These fields constitute the primary areas of study PASSHE students, representing approximately 66% of graduates—or two out of every three—who completed a degree or

certificate in the 2022-23 academic year, a steady proportional increase since 2010-11.

Student access and enrollment

5. What kind of enrollment growth has PASSHE experienced?

PASSHE's first-time undergraduate student enrollment increased a combined 10% in Fall 2022 and Fall 2023, while other enrollments are stabilizing. This reflects an increase for the second consecutive year, raising the proportion of this student group to its highest level in recent State System history.

6. Which enrollments have seen the largest declines?

While PASSHE has made progress closing enrollment gaps defined by race/ethnicity, the gap between lower- and higher-income students is growing. Since 2018, enrollment patterns have been uneven across family income levels, increasing 2% for students from families with incomes greater than \$110,000 and decreasing 32% for students from families with incomes less than \$110,000.

7. What is the proportion of higher education costs borne by students?

Pennsylvania's public four-year institutions rank low in terms of net tuition as a percentage of total education revenue, with an average student contribution of 72%, compared to the national average of 52%. The proportion of higher education costs borne by students has increased from 49% in 2001 to 65% in 2022 for Pennsylvania public institutions.

8. Which PASSHE universities are impacted most by declines in high school graduates?

Rural and western universities are most impacted by declines in high school graduates from the top feeder counties.

9. What are PASSHE universities doing to offset fewer high school graduates?

To respond to access and enrollment challenges, PASSHE universities are recruiting more non-traditional students to offset fewer high school graduates and to meet workforce needs, enhancing fully online delivery options, and shoring up traditional pipelines through which students flow into PASSHE universities from high schools and community colleges.

10. Is student diversity representative of Pennsylvania's population?

Student diversity at PASSHE universities is representative of Pennsylvania's population and has increased proportionally over time. As the proportion of enrolled minority students continues to grow, the percentage of credentials awarded to them has remained constant in recent years.

11. What is the proportion of adult learners enrolled at PASSHE universities?

The proportion of adult learners has remained steady, representing nearly one-fifth of PASSHE university enrollment.

12. How interested are students in dual credit and online courses?

Dual credit enrollment has nearly doubled since 2018, increasing affordability and access for Pennsylvania high school students. Student interest in online courses continues to increase, with approximately 70% of students taking at least one course online.

Student affordability

13. For how many years has PASSHE kept the price students pay nearly the same?

PASSHE has kept the price students pay nearly the same for five years, stalling the upward trajectory in students' net price. It has gone from an annual average increase of 4.0% from 2010 to 2018 to an average annual increase from 2018-19 to 2022-23 of 0.3%. Additional state investment is required to freeze tuition again and ensure university sustainability.

14. Are PASSHE universities the most affordable public four-year option?

While PASSHE universities remain the most affordable postsecondary option in Pennsylvania, the commonwealth ranks fifth nationally in highest average tuition and fees when compared to public four-year options available to in-state students. Additional state support is necessary if PASSHE universities are to continue as engines of workforce development and social mobility.

15. Is attending a PASSHE university more affordable than in border states?

PASSHE universities have improved their affordability advantage compared to other Pennsylvania public universities; however, attending a PASSHE university is still less affordable than in border states.

16. What efforts undertaken by PASSHE have leveled the cost to students?

PASSHE's repeated tuition freezes and increased institutional aid have leveled the cost to students, a rare accomplishment in public higher education. These measures have had a substantial impact on stabilizing the trajectory of the overall cost of attendance.

17. What is the impact of institutional aid?

PASSHE universities have substantially increased institutional aid, helping to increase affordability and access; however, this is not sustainable without additional state investment and still lags the national average.

18. What indications are there that PASSHE graduates are employable?

Loan debt for PASSHE graduates is high compared to other public universities outside of Pennsylvania, reflecting low overall state support and resulting in increases in student fees and housing costs. Despite this, PASSHE graduates have a low loan default rate, indicating they are employable and getting good jobs that enable them to pay back their debt.

19. What is the consequence of low state support?

Efforts to stabilize price have stalled the growth in average loan levels, but proportionally low state support results in Pennsylvanians having more student loan debt than national averages.

20. Which students shoulder a disproportionate burden because of low state support?

Despite PASSHE universities providing more financial aid, net price continues to disproportionately burden low- and middle-income students. These students constitute a majority, almost 70%, of the total undergraduate enrollments at PASSHE universities.

Student progression and completion

21. What strategies does PASSHE employ to contribute to the state's workforce needs?

Ensuring that more students who enroll in a PASSHE university complete and receive their degrees is a critical strategy in meeting the state's workforce development needs.

22. How many PASSHE freshmen return for their sophomore year?

Student retention measures the proportion of students who persist from their first to their second year—an important indicator of their likelihood of completing a degree. Three out of every four PASSHE students return for their sophomore year, above the national average for the comparator group.

23. What indicators are there that PASSHE students will complete their degree?

PASSHE university first-year students are retained at high levels to their sophomore year, a positive indicator students will complete their degree.

24. Has PASSHE narrowed achievement gaps?

PASSHE universities have narrowed gaps between underrepresented minority (URM) students and lower-income students and their counterparts—gaps that widened during the pandemic. However, PASSHE graduation rates for URM students lag national averages. Graduation rates for lower-income PASSHE students remain higher than their comparable peers at similar institutions.

25. How do four- and six-year graduation rates compare to comparator institutions?

Four-year graduation rates for PASSHE students are consistently above the average for comparator institutions and continue to grow. Six-year graduation rates for PASSHE students are consistently above the average for comparator institutions, adding to the affordability advantage of a PASSHE education.

26. What award trends are PASSHE universities experiencing?

Workforce aligned certificates and doctoral awards have increased, with trends in undergraduate and master's awards varying by university.

University financial efficiency and sustainability

27. What does PASSHE's budget comprise?

PASSHE has a \$2.4 billion budget, with the majority, \$1.7 billion, supporting expenditures aligned to instruction and student support services. The Education and General (E&G) budget is funded by student tuition and fees (53%), state appropriations (34%), other miscellaneous sources (9%), and net assets (3%), which includes one-time federal COVID relief funding.

28. On which revenues does the E&G budget most rely?

The Education and General (E&G) budget is funded by student tuition and fees (53%), state appropriations (34%), other miscellaneous sources (9%), and net assets (3%), which

includes one-time federal COVID relief funding.

29. Have PASSHE universities proactively implemented efficiency measures?

PASSHE universities have contained cost increases over the past several years despite inflation and needed net-new investment. PASSHE universities have gained efficiencies through implementation of the sustainability policy but continue to serve students in a way comparable to national trends.

30. What indicators are there to reflect cost efficiency of PASSHE?

Expenditures per FTE student remain lower than national averages for the majority of PASSHE universities, demonstrating the cost efficiency of the State System.

31. In what areas have PASSHE universities achieved efficiencies?

Universities have been aligning personnel counts and costs with their enrollment patterns, with increased focus on student-facing personnel, such as those providing instruction and student services. PASSHE Shared Services also efficiently delivers collaborative benefits to the System office and universities that enhance service and reduce costs.

32. What costs contribute most to personnel costs?

Pension costs have become a more significant part of personnel costs over the past 12 years; however, recent patterns for total personnel costs have been more stable. Along with pensions, healthcare insurance is another key driver of personnel costs. PASSHE operates two healthcare programs covering about two-thirds of its employees.

33. What measures indicate PASSHE universities' work to stabilize financial conditions?

The steep downward trend in the annual operating margin has been stalled and reflects the difficult work universities have taken on to stabilize their financial condition and align their costs with revenues, aided by COVID funding. As with the annual operating margin, the downward trend in the primary reserve ratio has also been arrested, again reflecting the difficult work universities have taken on to stabilize their financial condition and align their costs with revenues, aided by COVID relief funding. Minimum reserves have stabilized, resulting from the difficult work universities have taken on to address their financial condition and align their costs with revenues.

34. Does PASSHE receive adequate funding for facility life cycle and stewardship needs?

National standards suggest PASSHE should invest at least \$218 million annually in its E&G buildings to prevent further degradation of the facilities. Temporary increases in capital funding in recent years helped to minimize the impact of underfunding the annual stewardship. However, in seven of the last eight years, the combined investment in both annual stewardship and asset reinvestment fell short of the stewardship target. Continued facility investment at this level results in significant increases to the State System's E&G deferred maintenance backlog, which is currently estimated at \$2.3 billion.

35. Has PASSHE reduced its energy consumption?

PASSHE universities have competitively procured energy and reduced consumption to produce significant annual and cumulative savings. They have reduced consumption by as much as 44% since 2002. This avoids, on average, about \$16.2 million in energy costs per

year, or about \$323 million over the last 21 years.

36. Is PASSHE actively reducing its footprint?

PASSHE is actively seeking to sell facilities where buyers can be found and, using state capital dollars, to demolish selected facilities where the cost of demolition is repaid in ongoing operational savings. By the end of this fiscal year, almost \$20 million in estimated savings and/or avoided costs will be achieved.

37. How has PASSHE used federal COVID relief funding?

Federal COVID relief funding has significantly impacted and supported various needs across universities, including student success, capital/deferred maintenance, sustainable operations, and technology.