

FY 2025-26 Appropriations Request and Accountability Report Takeaways

February 2025

For Fiscal Year 2025-26, Pennsylvania’s State System of Higher Education requests an Education and General (E&G) appropriation of \$661.1 million, which represents a \$40.3 million, or 6.5%, increase over the current fiscal year. Increased state investment in recent years has allowed PASSHE to freeze tuition since 2018. That support helps Pennsylvania students access a high-quality college education, preparing them for in-demand jobs and rewarding lives in our commonwealth. PASSHE hopes to continue that success and requests additional state investment that would enable PASSHE to keep tuition frozen for a remarkable eighth year.

Here are key points from PASSHE’s 2025-26 Appropriations Request and Accountability Report.

	Figure Number(s)	Page Number
SECTION 1: Contributions to the state		
<i>State System universities are large employers, benefiting the economies of local counties and the commonwealth.</i>	1	2
<i>Nearly 90% of PASSHE students are from Pennsylvania, and over 650,000 alumni live in the state’s 67 counties.</i>	2	3
<i>PASSHE students and alumni comprise as much as 9.5% of the population of several Senate districts.</i>	3	4
<i>PASSHE students and alumni comprise as much as 12% of the population of several House districts.</i>	4	5
<i>Two-thirds of PASSHE graduates earn degrees in areas with in-demand jobs, which is critical in providing the workforce employers need.</i>	5	7
<i>PASSHE students earn degrees and certificates that align with in-demand jobs.</i>	6 & 7	8
<i>By aligning education with workforce needs, PASSHE graduates receive tremendous value and life-changing opportunities in Pennsylvania.</i>		9
<i>PASSHE graduates work in the commonwealth, earn wages higher than those without a college degree or certificate, and contribute to their local and state economies.</i>	8	10

SECTION 2: Student access and enrollment		
<i>The number of traditional college-going students is declining, and fewer are pursuing higher education, affecting college enrollment and completions.</i>	9	12
<i>The proportion of PASSHE university undergraduate and graduate enrollment has remained stable.</i>	10 & 11	13
<i>Strong enrollment of new graduate students and transfer students is a positive sign for PASSHE’s resiliency.</i>	12	14
<i>Recent growth in appropriation levels has enabled PASSHE to keep tuition at the same rate since 2018.</i>	13	15
<i>Increased state appropriations have significantly improved Pennsylvania’s rank in state funding of 4-year public institutions.</i>	14	16
<i>Increased state investment has reduced the share of higher education costs paid by students at PASSHE institutions from 71% in 2018 to 61% in 2023.</i>	15	17
<i>Since 2018, enrollment patterns have been uneven across family income levels, increasing 16% for students of families with income greater than \$110,000 and decreasing 32% for students of families with income less than \$110,000.</i>	16	18
<i>University enrollment has been negatively impacted by declines in Pennsylvania high school graduates, which is projected to drop even lower over the next 15 years.</i>	17	19
<i>Most universities’ enrollments are becoming more geographically concentrated within their local regions.</i>	18	20
<i>Rural and western universities are most impacted by declines in high school graduates from their top feeder counties.</i>	19	21
<i>PASSHE is addressing enrollment challenges by diversifying educational offerings, expanding opportunities for non-degree and graduate students, and enhancing recruitment efforts to meet Pennsylvania’s evolving workforce needs.</i>		22
<i>Student diversity at PASSHE universities is representative of Pennsylvania’s population and has increased proportionally over time.</i>	20	23
<i>Adult learners continue to comprise nearly 20% of enrollment.</i>	21	24
<i>New transfer enrollment increased, reflecting the System’s affordability, value and improved transfer policies.</i>	22	25

	Figure Number(s)	Page Number
<i>Dual enrollment of high school students continues to increase, nearly doubling since 2018.</i>		26
<i>Nearly 70% of students take at least one class online, similar to national trends.</i>	24	27
SECTION 3: Student affordability		
<i>PASSHE universities are the most affordable public 4-year colleges in Pennsylvania, but they need additional state investment to support affordability, value to students, and the strong workforce employers need.</i>		29
<i>The price students pay has decreased again, but additional state investment is needed to freeze tuition again and further stabilize universities.</i>	25	30
<i>Attending a PASSHE university is now more affordable than in-state rates in most neighboring states, thanks to recent state investments and tuition freezes.</i>	26	31
<i>The typical price of attending a PASSHE university is \$22,912 in 2024-25, but varies primarily based on housing and dining options by university.</i>	27	32
<i>Repeated tuition freezes and increases in institutional aid have leveled the cost to students, a rare accomplishment in public higher education.</i>	28	33
<i>Low-income students receive the most gift aid, increasing affordability and access for students in greatest need.</i>	29	34
<i>Despite PASSHE universities providing more financial aid, net price continues to disproportionately burden low- and middle-income students.</i>	30	35
<i>PASSHE universities have increased institutional aid, but it remains below that of well-endowed public universities and is unsustainable without more state investment.</i>	31 & 32	36
<i>PASSHE universities use institutional aid in their student financial aid strategies, though the average award for students receiving aid varies by institution.</i>	33	37
<i>Student loan debt of PASSHE university graduates is stable but remains higher than that of public university students outside Pennsylvania.</i>	34	38

SECTION 4: Student progression and completion		
<i>Helping more students complete and receive their degrees is a critical strategy in meeting the state's workforce development needs.</i>		40
<i>PASSHE's second-year retention rate has steadily improved, reaching 77.8% in 2023, narrowing the gap with national public university averages.</i>	35	41
<i>First-year students are retained at high levels to their sophomore year, a positive indicator that students will complete their degree.</i>	36	42
<i>Second-year persistence rates are improving for URM and Pell students, narrowing the gap with other students.</i>	37 & 38	43
<i>PASSHE's four-year graduation rate is improving and remains above average for comparator institutions.</i>	39	44
<i>PASSHE's six-year graduation rate is improving and remains above average for comparator institutions.</i>	40	45
<i>PASSHE universities maintain six-year graduation rates near 60%, demonstrating steady outcomes in supporting bachelor's degree-seeking students across diverse institutions.</i>	41	46
<i>Graduation rates improved for students transferring to a PASSHE university, reflecting PASSHE's improved transfer policies.</i>	42	47
<i>PASSHE graduation rates for URM students lag behind national averages.</i>	43	48
<i>Graduation rates for low-income PASSHE students remain higher than their comparable peers at similar institutions.</i>	44	49
<i>Workforce-aligned certificates and doctoral awards have increased, with trends in undergraduate and master's awards varying by university.</i>	45	50
<i>The percentage of credentials awarded to underrepresented students is stable but lags behind national averages, and improvement is needed.</i>	46	51
SECTION 5: University financial efficiency and sustainability		
<i>PASSHE has a \$2.5 billion budget, with the majority (\$1.8 billion) supporting instruction and student support services.</i>	47	53
<i>With almost three-quarters of E&G costs associated with personnel, higher education is a very people-driven industry.</i>	48 & 49	54

	Figure Number(s)	Page Number
<i>Significant efforts have been made to maintain expenditures at consistent levels over the past few years despite inflation and other demands.</i>		55
<i>After experiencing more than a decade of steady decline, university enrollment has begun to stabilize.</i>	51	57
<i>The continued downward trend of PASSHE's annual operating margin is primarily associated with universities that continue the work to stabilize their financial condition and align costs with their revenues.</i>	52	58
<i>System reserves declined after a short spike from one-time COVID funding. Universities continue to work to address financial sustainability and align costs to revenues.</i>	53 & 54	59
<i>The decline in minimum reserves for 2023-24 is attributed to a few universities continuing to do the work to address financial sustainability.</i>	55	60
<i>Expenditures per FTE student remain lower than national averages for most PASSHE universities, demonstrating the State System's cost efficiency.</i>	56	61
<i>PASSHE universities have increased operating efficiency, now spending less per student than comparable national institutions.</i>	57	62
<i>PASSHE's student-to-faculty ratio of 18.9 aligns closely with its comparison groups, indicating competitive performance relative to peer institutions.</i>	58	63
<i>PASSHE institutions have gained efficiencies through implementing the sustainability policy but continue to serve students in a way comparable to national trends.</i>	59	64
<i>PASSHE institutions are more efficient in student to non-instructional faculty and staff ratios than national averages, highlighting the implementation of sustainability efforts systemwide.</i>	60	65
<i>The alignment of non-instructional faculty and staff to enrollment trends allows PASSHE universities to be more efficient than their comparators.</i>	61	66
<i>Universities have been aligning personnel counts and costs with the revenue sources provided by declining enrollments.</i>	62	68

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<i>PASSHE universities have significantly reduced total personnel over the past decade, reflecting efforts to align staffing with enrollment trends while maintaining support for student-facing roles.</i>	63	69
<i>Executive and instructional faculty salaries are comparable to peer institutions.</i>	64 & 65	70
<i>Pension costs have become a more significant part of personnel costs over the past 10 years; however, recent patterns for total personnel costs have been more stable.</i>	66	71
<i>While increases in healthcare costs mirror national trends, a lower employee complement has helped stabilize overall personnel costs.</i>	67	72
<i>Along with pensions, healthcare is another key driver of personnel costs. PASSHE operates two healthcare programs covering about two-thirds of its employees.</i>	68 & 69	73
<i>PASSHE Shared Services efficiently delivers collaborative benefits to the System Office and universities that enhance service and reduce costs.</i>	70	74
<i>Buildings over 25 years old face higher failure risks if life cycles aren't managed promptly, leading campuses to experience financial pressure from failing systems.</i>	71	75
<i>Funding for life cycle and stewardship needs is insufficient, causing universities to adopt a more reactive maintenance approach.</i>	72	76
<i>PASSHE universities have competitively procured energy and reduced consumption to produce significant annual and cumulative savings.</i>	73	77
<i>PASSHE universities have saved \$221.1 million in energy costs in the past decade, averaging about \$22.1 million each year.</i>	74	78
<i>PASSHE is actively working to reduce its physical space to align with current enrollment levels and achieve cost savings of \$22 million by the end of this fiscal year.</i>	75	79

Source: [PASSHE's 2025-26 Appropriations Request and Accountability Report](#)