

FY 2024-25 Appropriations Request and Accountability Report Takeaways

For Fiscal Year 2024-25, PASSHE is requesting an Education and General (E&G) appropriation of \$623.7 million, a \$38 million or 6.5% increase over the current 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. For the full report, visit passhe.edu.

	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>More than 72,000 students and more than 650,000 PASSHE alumni reside within Pennsylvania’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 in every three PASSHE graduates are earning degrees in areas with in-demand jobs, a steady proportional increase since 2010-11.</i>	5	7
<i>Students earn degrees and certificates that consistently align with the state’s workforce needs.</i>	6 & 7	8
<i>Tight alignment between educational programs and workforce needs shows up in graduates’ employment outcomes.</i>		9
<i>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.</i>	8	10
<i>On average, PASSHE university graduates receive a return on investment of \$866,144 forty years after graduating.</i>	9	11
SECTION 2: Student access and enrollment		
<i>PASSHE university enrollment has begun to stabilize.</i>	10	13
<i>System enrollment stabilization is supported by tuition freezes, increased university-funded aid, and investments in student recruitment and retention.</i>	11 & 12	14

<i>First-time undergraduate student enrollment increased a combined 10% in Fall 2022 and Fall 2023, while other enrollments are stabilizing.</i>	13	15
<i>Recent growth in appropriation levels has enabled PASSHE's ongoing tuition freeze, now in its sixth year.</i>	14	16
<i>Pennsylvania ranks 46th in state funding of 4-year public institutions, and below all neighboring states.</i>	15	17
<i>The proportion of higher education costs borne by students has increased from 49% in 2001 to 65% in 2022 for Pennsylvania public institutions.</i>	16	18
<i>As costs to students increase, enrollments for lower- and middle-income students have seen the largest declines.</i>	17	19
<i>Since 2018, enrollment patterns have been uneven across family income levels, increasing 2% for students of families with income greater than \$110,000 and decreasing 32% for students of families with income less than \$110,000.</i>	18	20
<i>University enrollment has been negatively impacted by declines in Pennsylvania high school graduates, which are projected to drop even lower over the next 15 years.</i>	19	21
<i>Most universities' enrollments are becoming more geographically concentrated within their local regions.</i>	20	22
<i>Rural and western universities are most impacted by declines in high school graduates from the top feeder counties.</i>	21	23
<i>PASSHE universities are recruiting more non-traditional students to offset fewer high school graduates and to meet workforce needs.</i>		24
<i>Student diversity at PASSHE universities is representative of Pennsylvania's population and has increased proportionally over time.</i>	22	25
<i>The proportion of adult learners has remained steady, representing nearly one-fifth of PASSHE university enrollment.</i>	23	26
<i>Transfer enrollments are stabilizing, reflecting both the comprehensive systemwide community college transfer policy and the success of transfer students.</i>	24	27
<i>Dual credit enrollment has nearly doubled since 2018, increasing affordability and access for Pennsylvania high school students.</i>	25	28
<i>Student interest in online courses continues to increase, with approximately 70% of students taking at least one course online.</i>	26	29

SECTION 3: Student affordability		
<i>PASSHE universities are the most affordable public 4-year option in Pennsylvania, but require additional state support to ensure university sustainability and high-quality, workforce-relevant education for all Pennsylvanians.</i>		31
<i>PASSHE has kept the price students pay nearly the same for 5 years, but additional state investment is required to freeze tuition again and ensure university sustainability.</i>	27	32
<i>Although PASSHE universities have improved their affordability advantage compared to other PA public universities, attending a System university is still less affordable than in border states.</i>	28	33
<i>The typical total price of attending a PASSHE university is \$22,420 in 2023-24, but varies primarily based on housing and dining options by university.</i>	29	34
<i>Repeated tuition freezes and increased institutional aid have leveled the cost to students, a rare accomplishment in public higher education.</i>	30	35
<i>Higher gift aid for lower-income students increases affordability and access for students with the most need.</i>	31	36
<i>Despite PASSHE universities providing more financial aid, net price continues to disproportionately burden low- and middle-income students.</i>	32	37
<i>PASSHE universities have substantially increased institutional aid; however, this is not sustainable without additional state investment and still lags the national average.</i>	33 & 34	38
<i>PASSHE universities use institutional aid in their comprehensive student financial aid strategies. The average award for students receiving aid varies by institution.</i>	35	39
<i>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.</i>	36	40
<i>Students at State System universities have a low loan default rate, indicating State System graduates are employable, getting good jobs that enable them to pay back their debt.</i>	37	41
SECTION 4: Student progression and completion		
<i>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.</i>		43

<i>Three out of every four PASSHE students return for their sophomore year, above the national average for the comparator group.</i>	38	44
<i>PASSHE university first-year students are retained at high levels to their sophomore year, a positive indicator students will complete their degree.</i>	39	45
<i>While the pandemic affected the gaps between URM and lower-income students and their counterparts, the gaps are narrowing, demonstrating PASSHE universities' focus on student success for all students.</i>	40 & 41	46
<i>Four-year graduation rates for PASSHE students are consistently above the average for comparator institutions and continue to grow, adding to the affordability advantage of a State System education.</i>	42	47
<i>Six-year graduation rates for PASSHE students are consistently above the average for comparator institutions, adding to the affordability advantage a PASSHE education.</i>	43	48
<i>Graduation rates for PASSHE students are relatively steady, despite the pandemic impacting the most recent cohorts.</i>	44	49
<i>Students who transfer to a PASSHE university graduate at higher rates than native first-year students.</i>	45	50
<i>PASSHE graduation rates for underrepresented students lag national averages, as well as that of non-URM cohorts.</i>	46	51
<i>Graduation rates for lower-income State System students remain higher than their comparable peers at similar institutions.</i>	47	52
<i>Workforce aligned certificates and doctoral awards have increased, with trends in undergraduate and master's awards varying by university.</i>	48	53
<i>As the proportion of enrolled minority students continues to grow, the percentage of credentials awarded to them has remained constant in recent years.</i>	49	54
SECTION 5: University financial efficiency and sustainability		
<i>PASSHE has a \$2.4 billion budget, with the majority, \$1.7 billion, supporting expenditures aligned to instruction and student support services.</i>	50	56
<i>The E&G budget is highly reliant on revenues from students, a challenge as universities strive to address affordability for all students, with most costs in personnel.</i>	51 & 52	57
<i>Significant strides have been made in preserving expenditure stability over several years, notwithstanding inflationary trends and additional needs.</i>	53	58

<i>After experiencing more than a decade of growth, followed by a decade of steady decline, university enrollment has begun to stabilize.</i>	54	60
<i>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.</i>	55	61
<i>As with the annual operating margin, the downward trend in the primary reserve ratio has also been arrested and reflects the difficult work universities have taken on to stabilize their financial condition and align their costs with revenues, aided by COVID funding.</i>	56 & 57	62
<i>Minimum reserves have stabilized, resulting from the difficult work universities have taken on to address their financial condition and align their costs with revenues.</i>	58	63
<i>Expenditures per FTE student remain lower than national averages for the majority of PASSHE universities, demonstrating the cost efficiency of the State System.</i>	59	64
<i>PASSHE universities have kept the cost of offering college low, as national trends have increased over the past 5 years.</i>	60	65
<i>PASSHE universities' student-to-faculty ratios are slightly higher but still on par with national averages due to sustainability efforts.</i>	61	66
<i>PASSHE institutions have gained efficiencies through implementation of the sustainability policy, but continue to serve students in a way comparable to national trends.</i>	62	67
<i>PASSHE institutions are more efficient in student to non-instructional faculty and staff ratios than national averages, highlighting the implementation of sustainability efforts across the System.</i>	63	68
<i>System universities are more efficient than their comparators for non-instructional faculty and staff, demonstrating the work to align non-instructional faculty and staff to enrollment trends at universities.</i>	64	69
<i>Universities have been aligning personnel counts and costs with the revenue sources provided by declining enrollments.</i>	65	71
<i>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.</i>	66	72
<i>PASSHE benchmarks executive and instructional faculty salaries against peer institutions.</i>	67 & 68	73

<i>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.</i>	69	74
<i>While increases in healthcare costs are mirroring national trends, a lower employee complement has helped to stabilize overall personnel costs.</i>	70	75
<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>	71 & 72	76
<i>PASSHE Shared Services efficiently delivers collaborative services to the System office and universities that enhance service and reduce costs.</i>	73	77
<i>Space over 25 years old is at higher risk of failure if life cycles are not addressed in a timely manner. These are the buildings where campuses are feeling the financial pressure of failing systems through both capital risk and operational strain.</i>	74	78
<i>Funding for life cycle and stewardship needs continues to fall short. This leads to universities becoming more reactive than proactive in their maintenance approach.</i>	75	79
<i>PASSHE institutions have competitively procured energy and reduced consumption to produce significant annual and cumulative savings.</i>	76	80
<i>PASSHE institutions 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.</i>	77	81
<i>PASSHE is actively reducing its space footprint to align to enrollment levels and generate cost savings.</i>	78	82
<i>The \$50 million in one-time funds allocated to universities has made a significant impact in addressing university needs.</i>	79 & 80	85
<i>PASSHE's planned use of the additional \$125M in COVID relief funding is to be allocated primarily to student success, but also to capital/deferred maintenance, sustainable operations, and technology.</i>	81 & 82	86
<i>One-time funds have been instrumental in supporting a wide range of needs across universities.</i>	83	87