

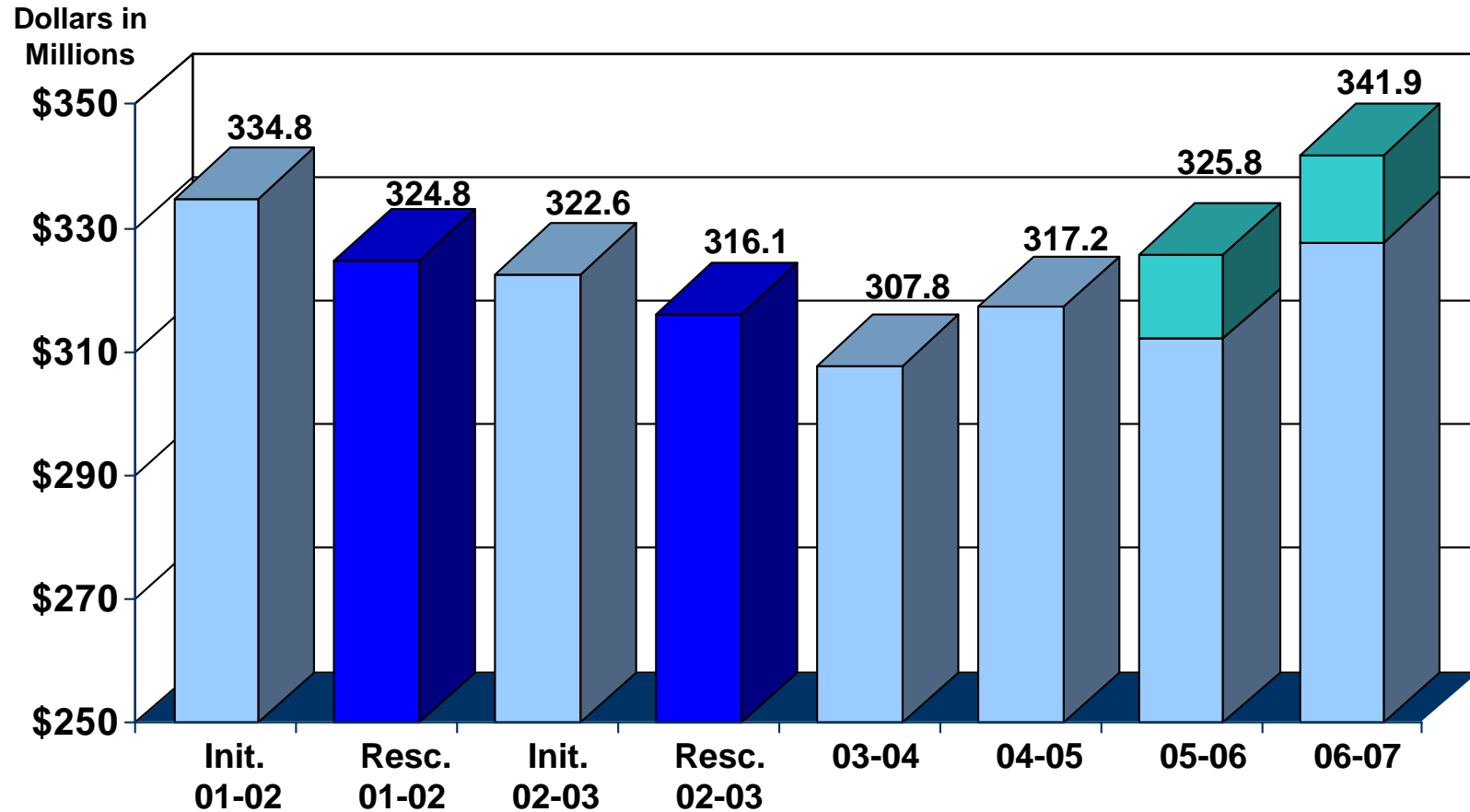
PENNSTATE



Budget Presentation

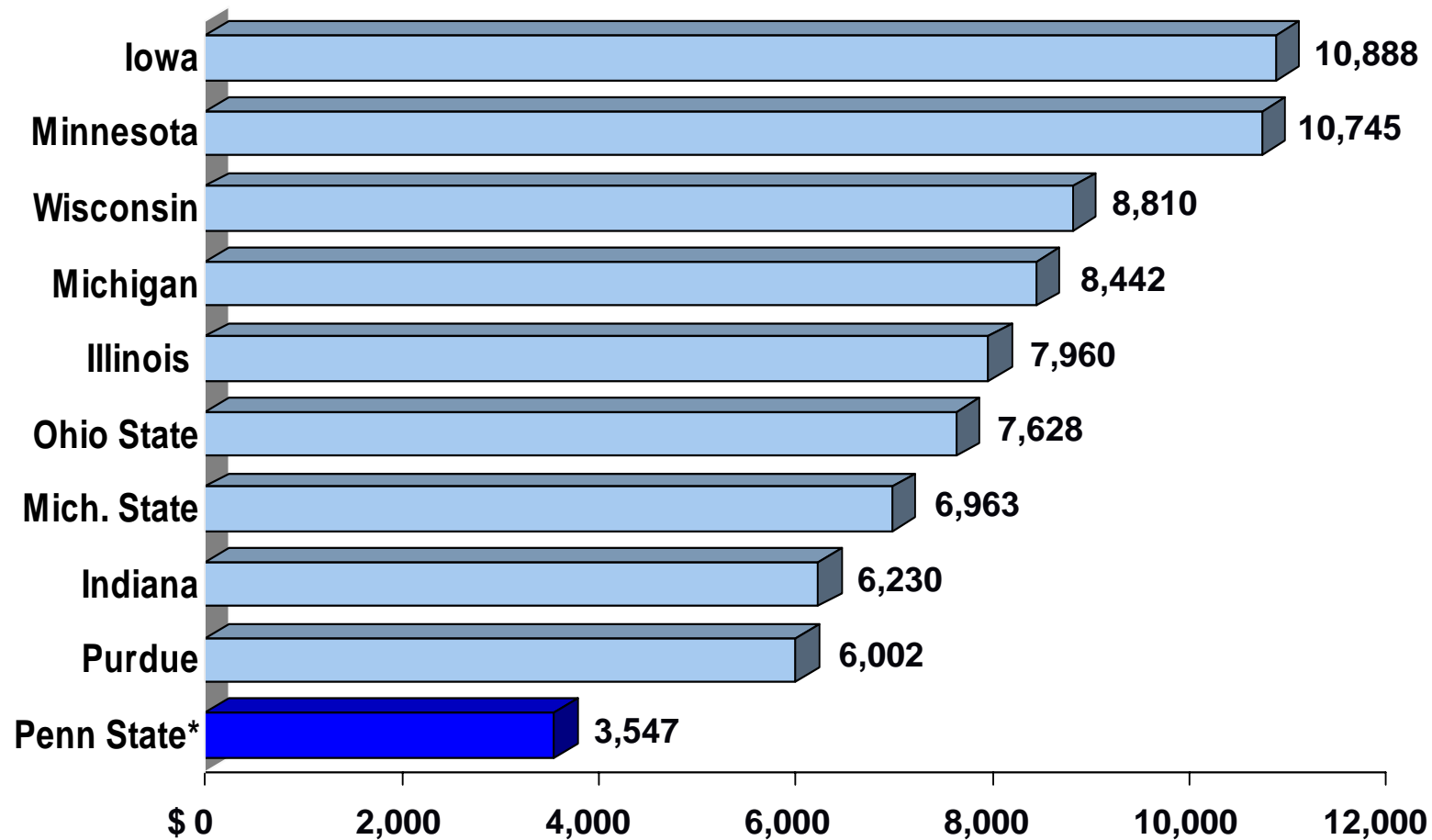
University Faculty Senate
October 24, 2006

Summary of State Appropriations 2001-02 through 2006-07



NOTE: The appropriation amounts for the 2005-06 and 2006-07 fiscal years include state and federal medical assistance funding provided to the M.S. Hershey Medical Center through the Pennsylvania Department of Public Welfare.

2003-04 Appropriation/FTE Student Big Ten Public Universities (Main Campuses)



Source: Indiana University Survey – 1/06

*University Park only – excludes Ag Research and Extension

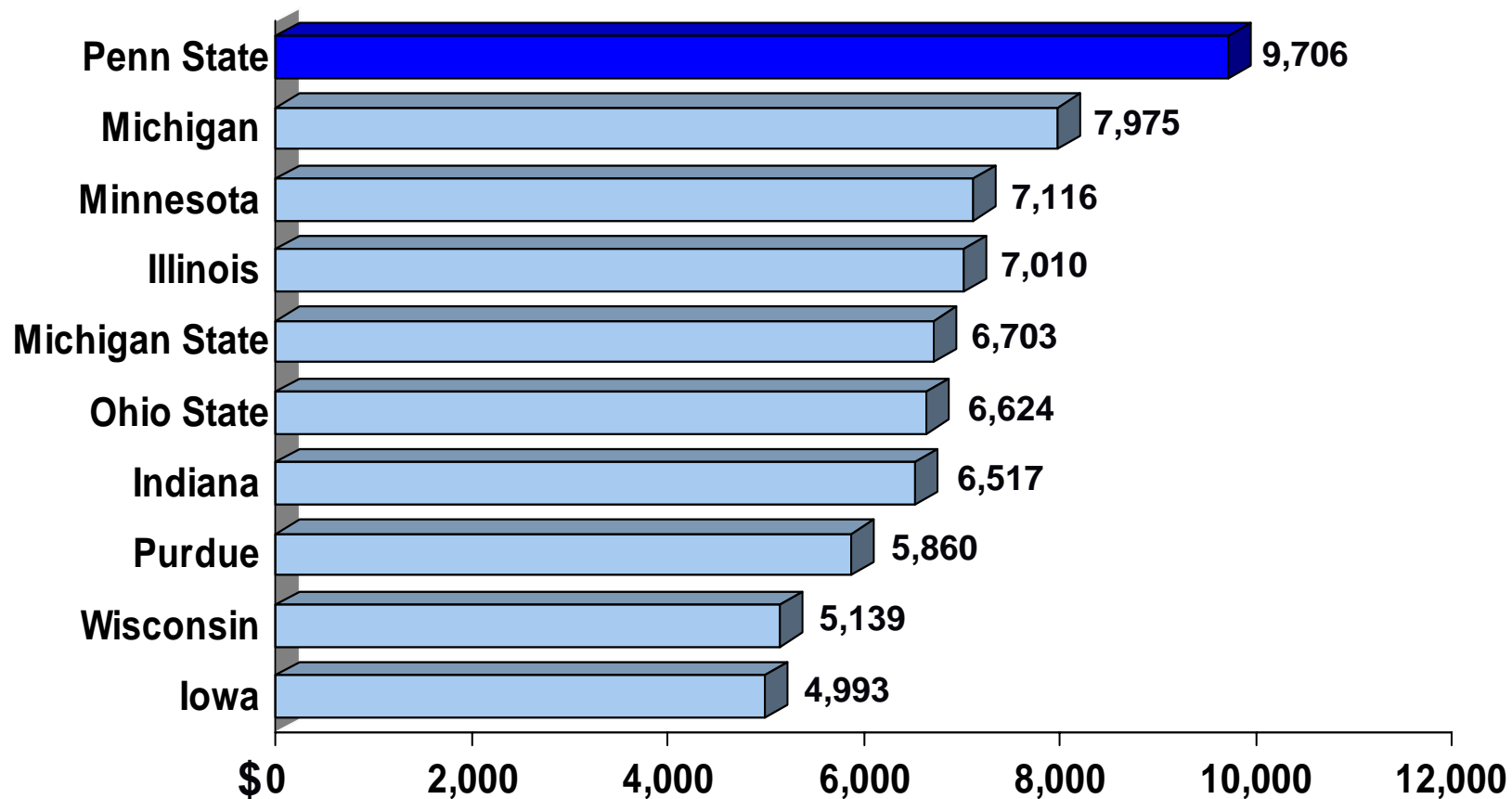
Commonwealth Funding: A Plea from 1923



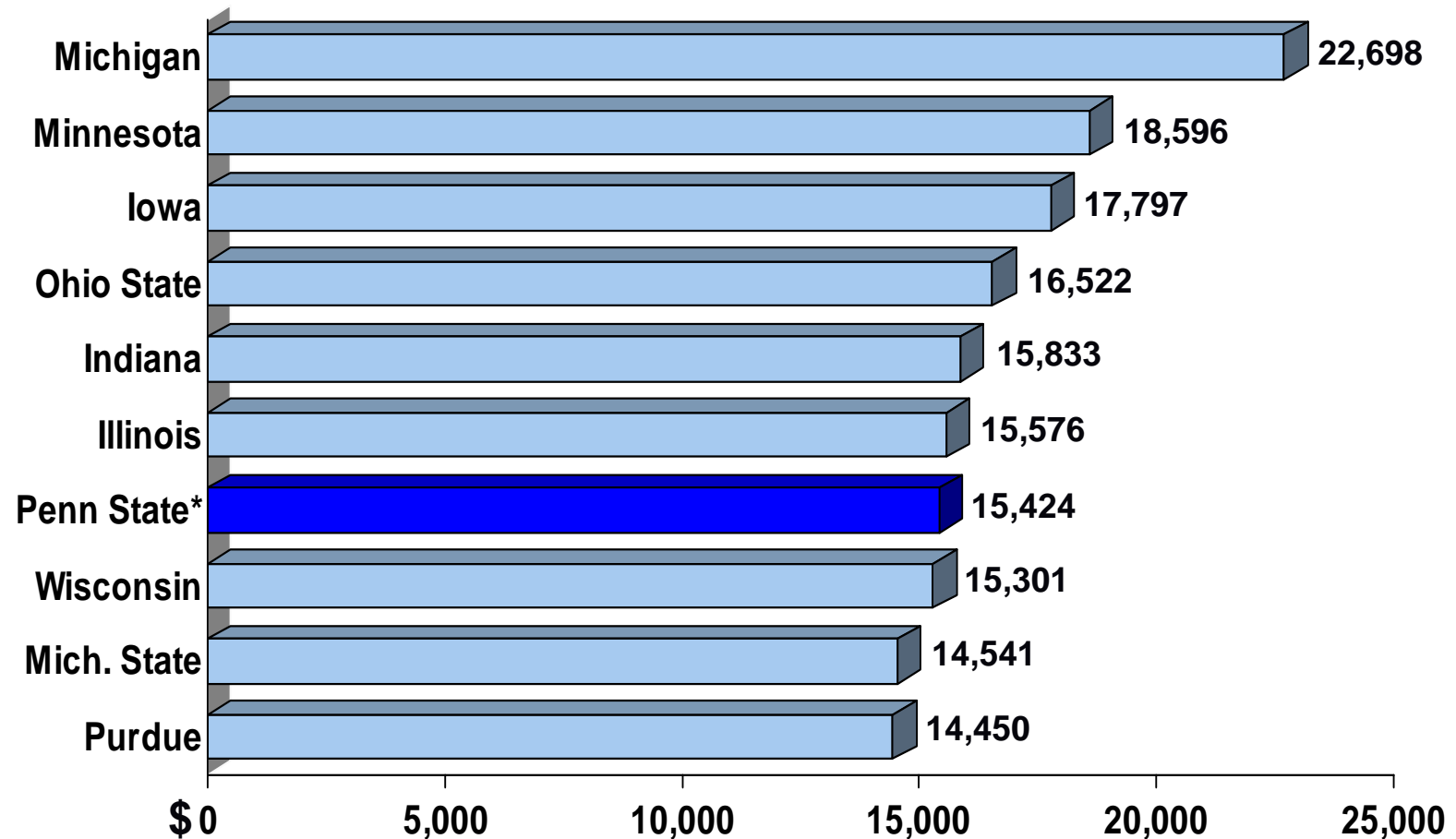
“To fulfil her pledge, therefore, the Commonwealth should equip Penn State to meet the educational demands now urgently pressed upon her by the people of the State and place the college at least on a level with similar institutions of the more prosperous and progressive commonwealths.”

—From *The Faith of the State*, An Appeal to the People of Pennsylvania in Behalf of the Pennsylvania State College, State College, Pennsylvania, **1923**, p. 10.

2003-04 Resident Lower Division Tuition and Fees-Big Ten Public Universities (Main Campuses)



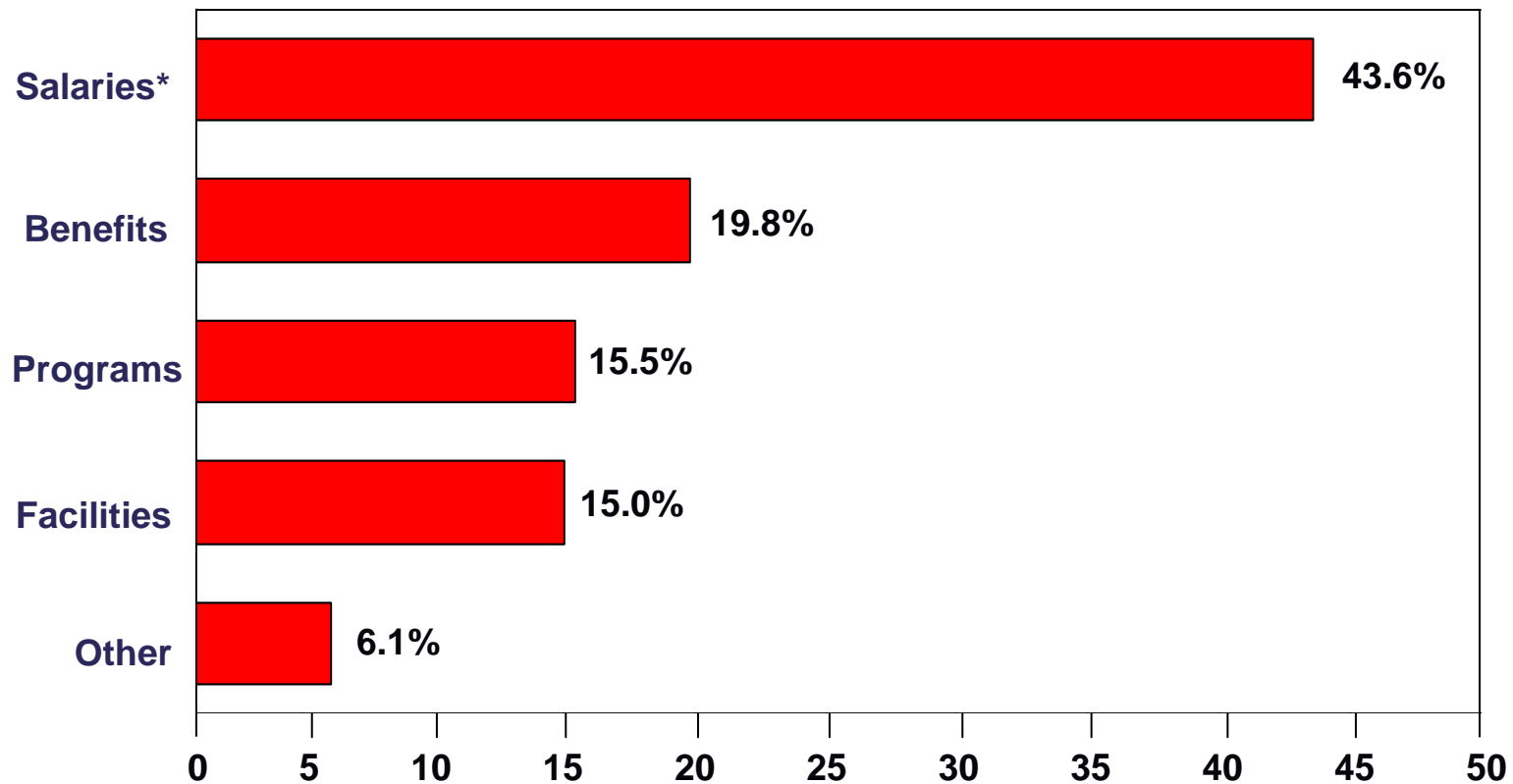
2003-04 Appropriation & Tuition & Fees Per FTE Student Big Ten Public Universities (Main Campuses)



Source: Indiana University Survey – 1/06

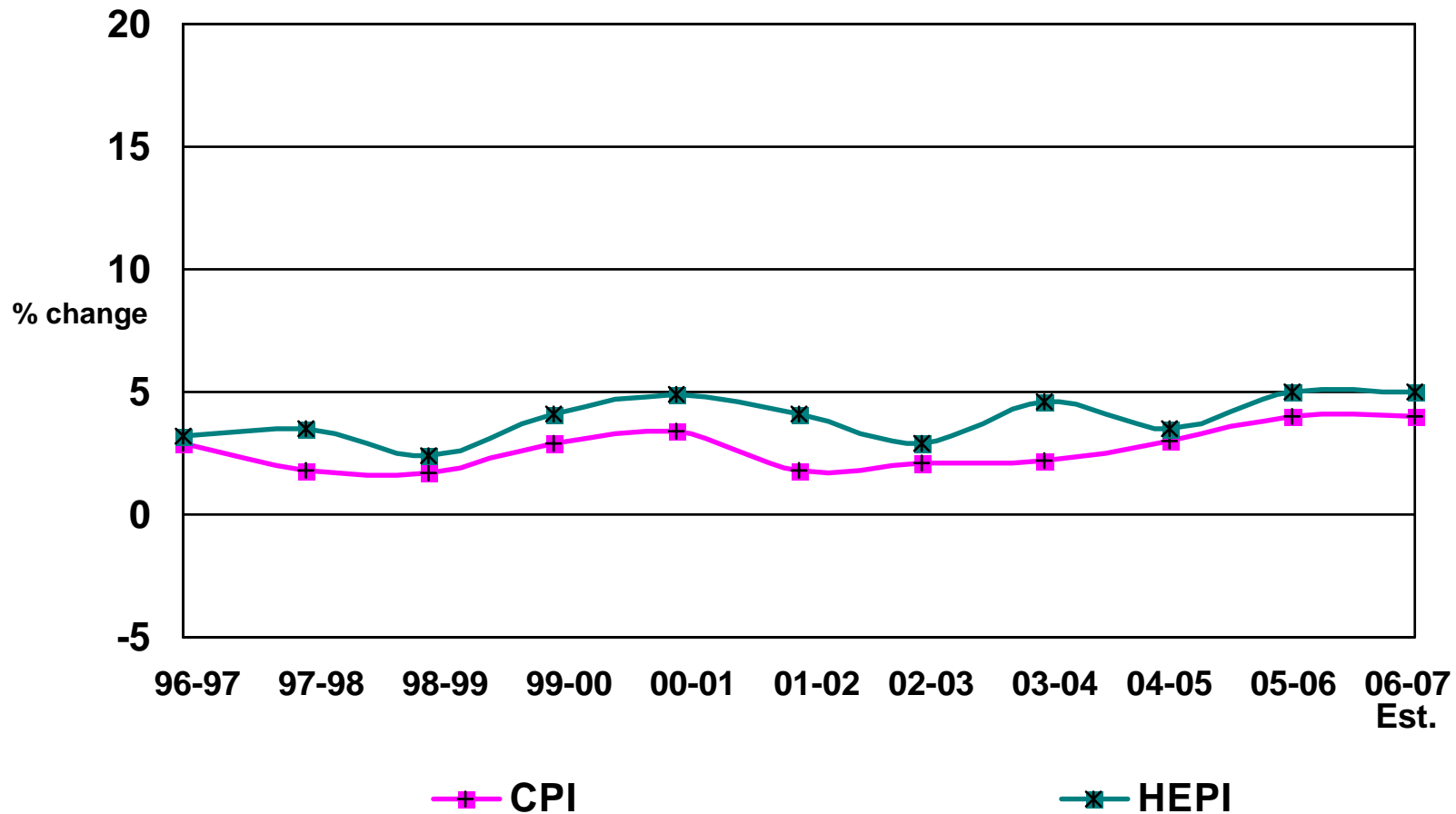
*University Park only – excludes Ag Research and Extension

E&G Budget Changes 1996-97 to 2006-07

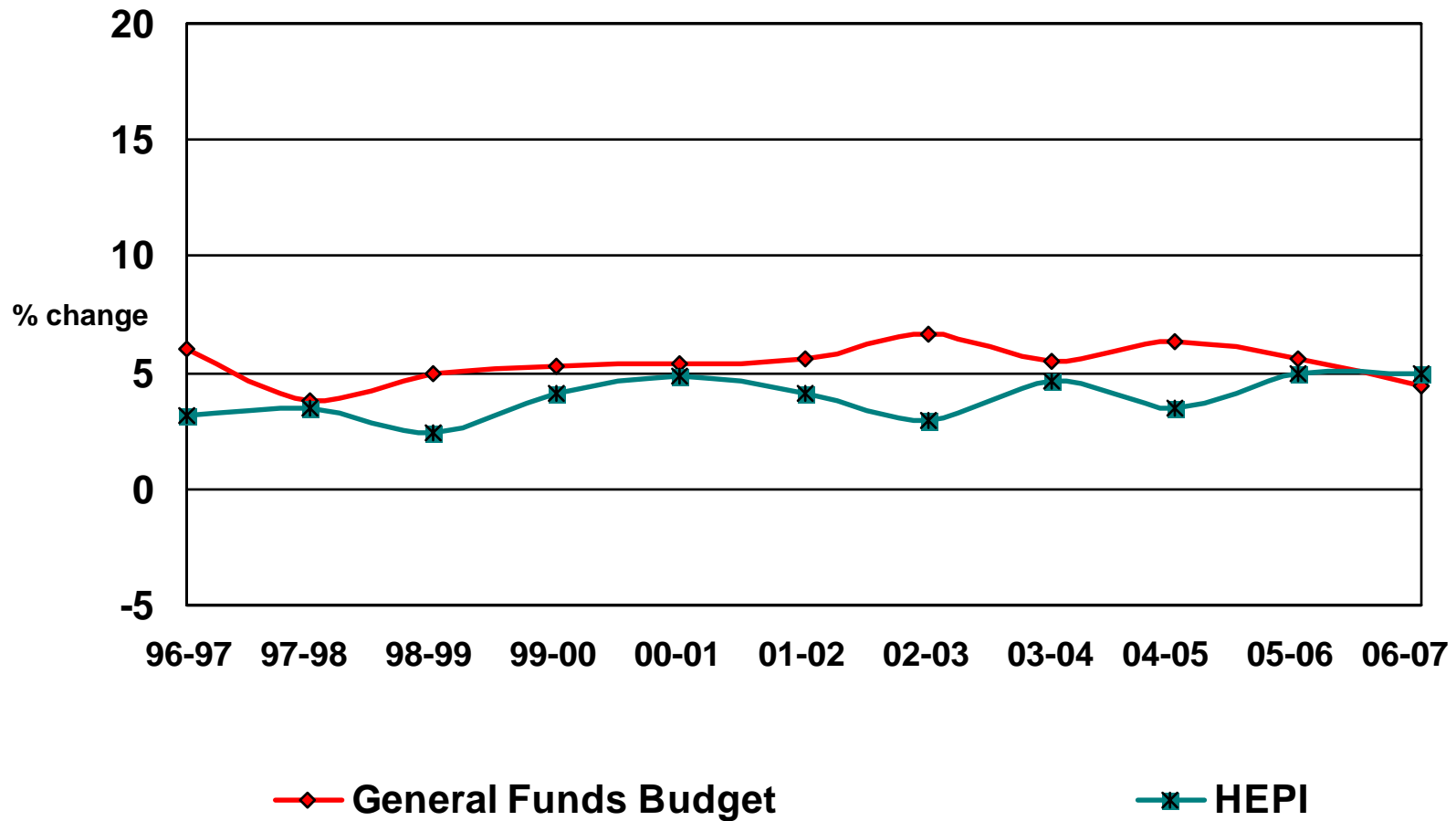


*Includes related benefits

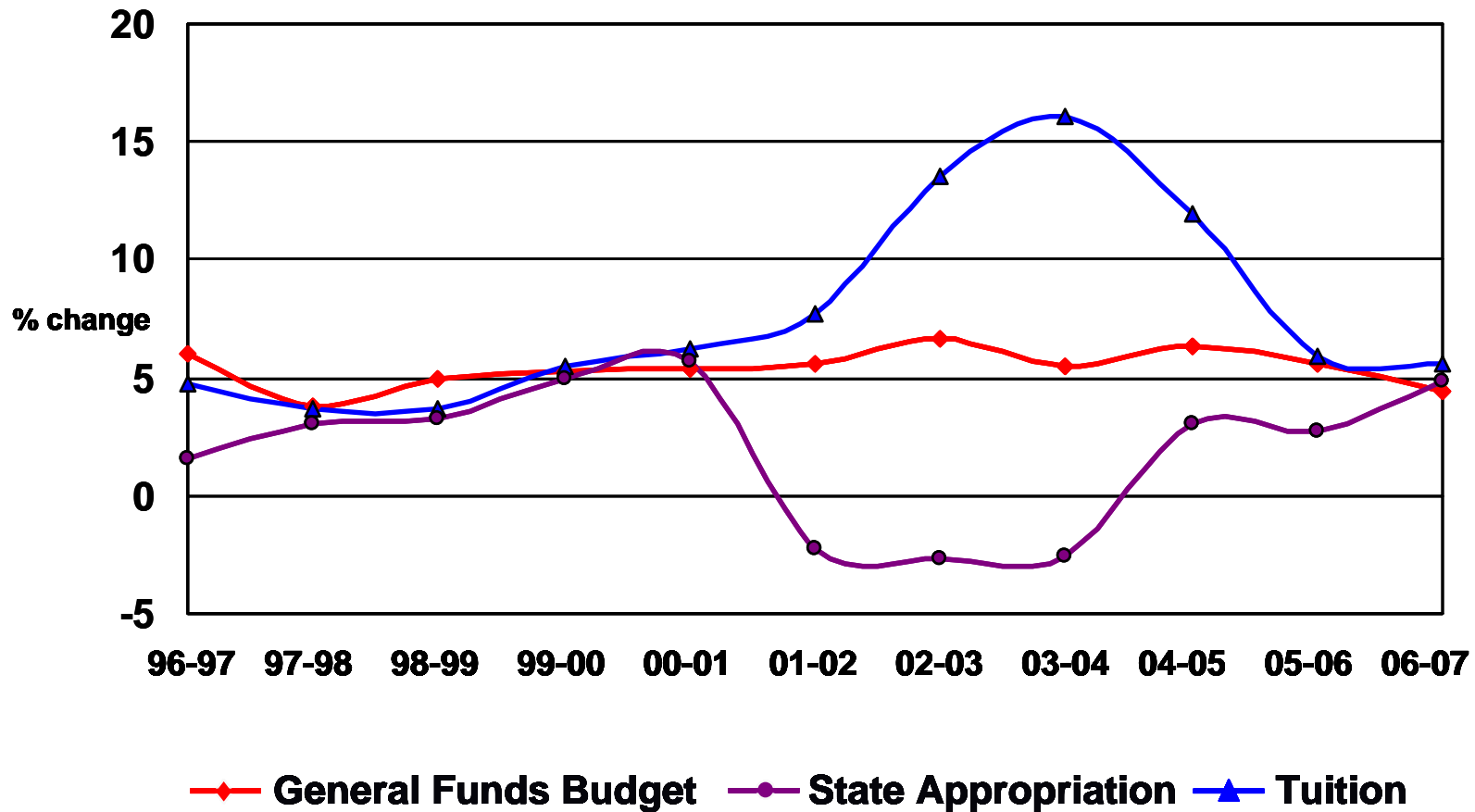
Annual Percentage Change Higher Education Price Index (HEPI) and Consumer Price Index (CPI)



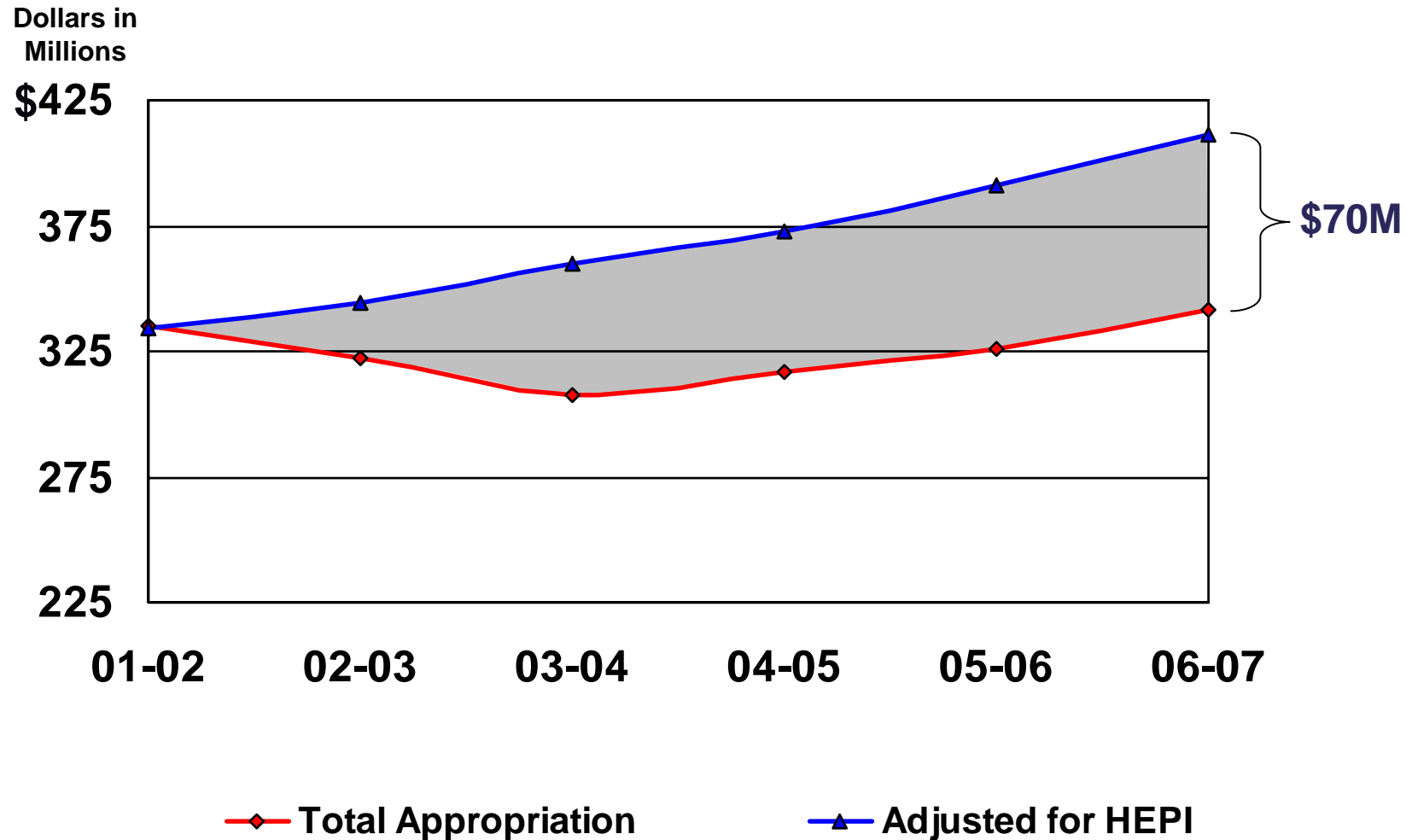
Annual Percentage Change General Funds Budget and HEPI



Annual Percentage Change - General Funds Budget, Tuition & Appropriation



Total Appropriation Adjusted for Inflation



Goals for 2006-07 Budget



- **Maintain high quality educational experience**
- **Significantly moderate tuition increases**



Graduates at Abington Campus

Budget Priorities



- **Increased benefits costs**
- **Salary adjustments**
- **Maintaining and improving facilities**
- **Strategic investments**
- **Internal budget reductions**



Hazleton Campus

Summary of House Bill 2504



➤ **Educational and General increase 4.5%**

➤ **Penn College increase 4.5%**

➤ **Ag Research
increase 8.7%**

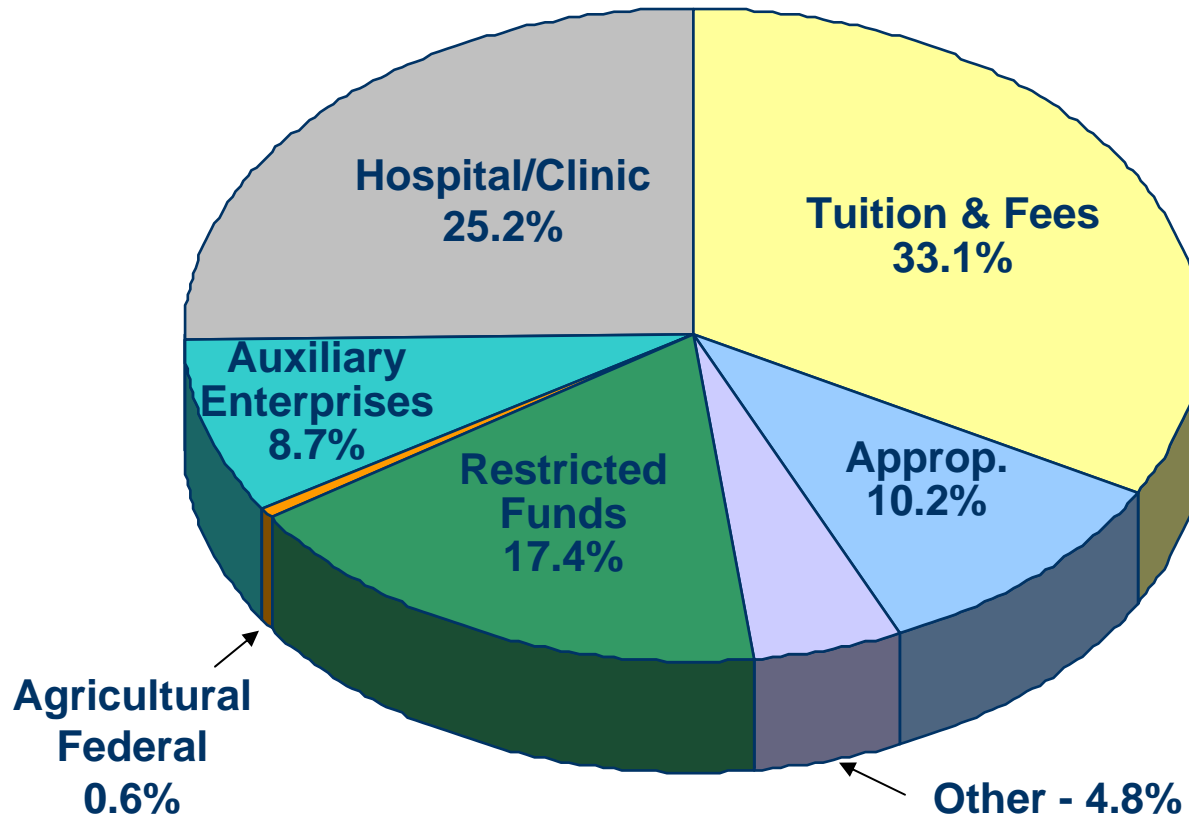
➤ **Cooperative
Extension
increase 7.2%**

➤ **Total increase 5%
to \$327,715,000**



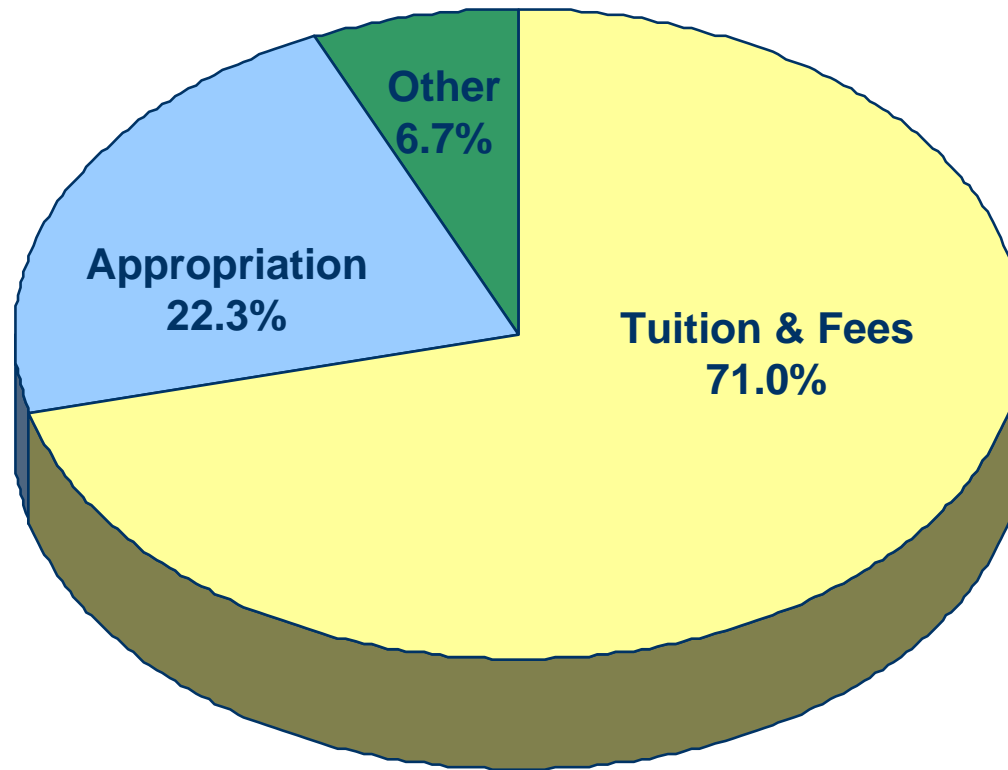
Pennsylvania College of Technology Campus

2006-07 Total Budget - Income



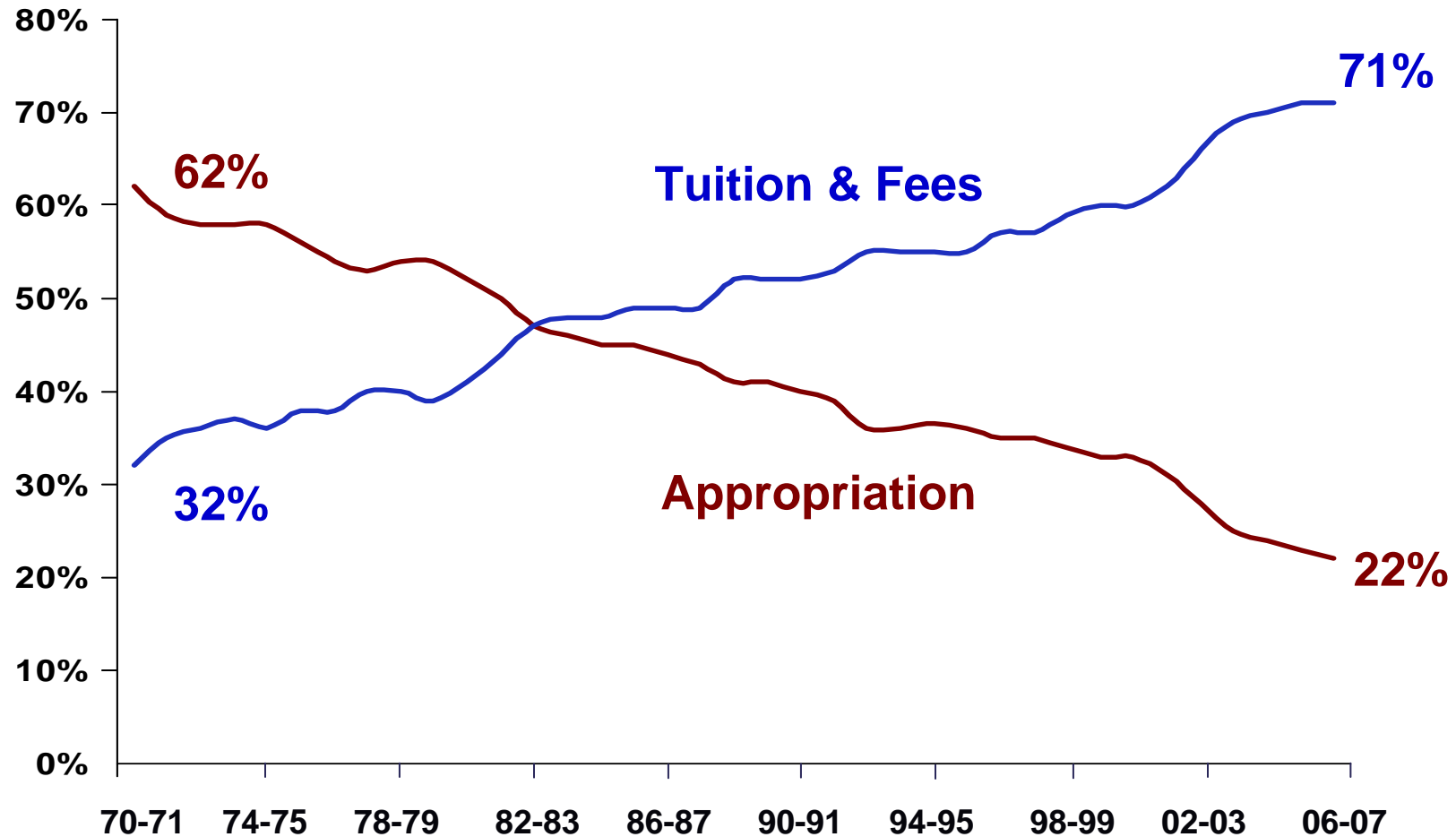
Total budget -- \$3,209,165,000

2006-07 General Funds Budget – Income (Excluding Hershey and Penn College)



General funds -- \$1,371,599,000

Appropriation vs. Tuition and Fees as a Percent of the General Funds Budget



Benefits and Other Insurances



➤ **Benefits Cost Increases:
Employee Health
Insurances**

**Retirement, Social
Security & GIA's**

Total

\$ 12 995 000

6 609 000

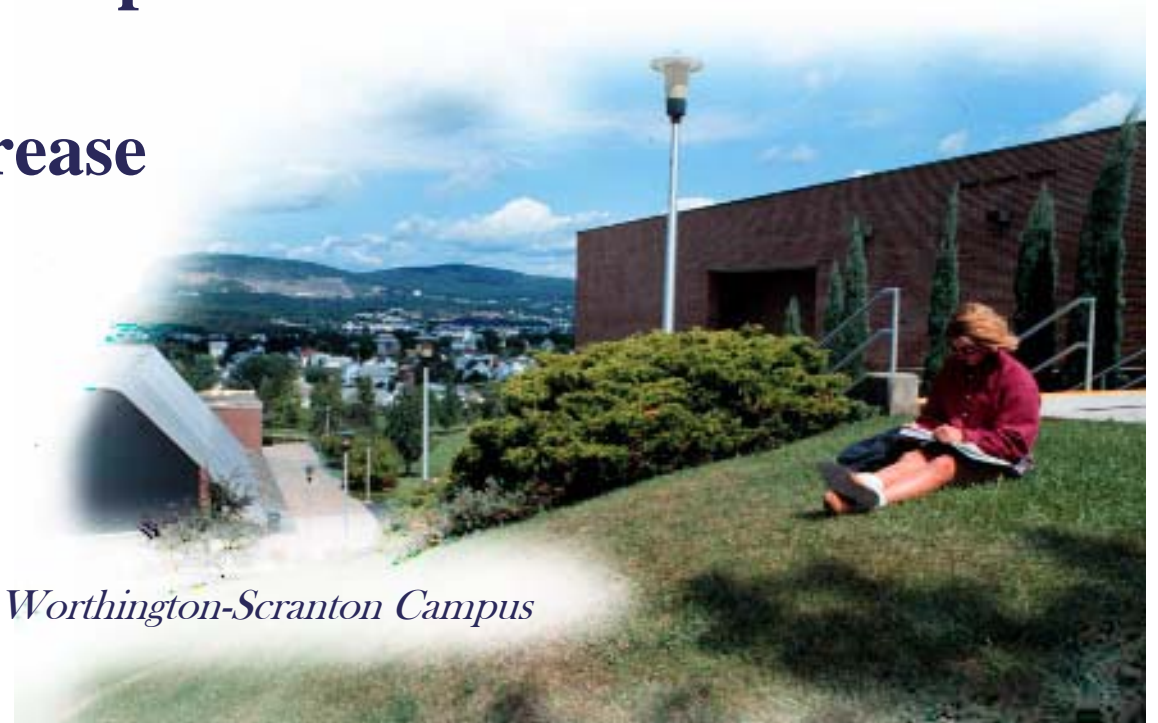
19 604 000

➤ **Property and Liability Insurance increase
of \$850,000**

Salary Adjustments



- **Multi-year plan to regain lost ground begun in 2001-02**
- **PSU rankings have improved**
- **2006-07 salary increase more modest than in recent years**



Worthington-Scranton Campus

Salary Increase Plan



- **1.5 percent pool for merit-based increases**
- **1.5 percent pool for President's Excellence Fund**
- **Total – \$23,009,000**



Classroom, University Park

Facilities and Maintenance



- **Maintenance and operation of new facilities**
- **Fuel and utilities cost increases**
- **Capital Improvement Program**
- **Deferred maintenance**
- **Total - \$10,103,000**



Schuylkill Campus

Program Adjustments



Strategic Initiatives

\$ 5 831 000

**Other Program
Commitments**

5 511 000

**Libraries & Information
Technology**

1 600 000

Need-Based Student Aid

682 000

Internal Budget Reductions



- **2 percent across-the-board budget reduction in departmental operating funds total \$14.9 million**
- **\$5.0 million in non-tuition income**
- **Total of \$19.9 million**

Total tuition increase avoided – 3.0 percent

Percentage Increases in Lower Division Tuition Rates



	University Park	Commonwealth Campuses
Resident	5.6%	2.9%
Non-Resident	4.4%	2.9%

Summary of Changes General Funds Budget



Educational & General
Agricultural Research
Cooperative Extension
College of Medicine
Penn College
Total

\$ 56 282 000
2 000 000
2 000 000
3 077 000
5 029 000

\$ 68 388 000

Impact of Enrollment on the Budget



- **Initial revenue estimates completed several months ago**
- **Enrollment at most campuses above Fall 2005 levels**
- **Need to make up for recent enrollment declines**
- **Student recruitment and retention is everyone's concern**

PENNSSTATE



2007-08 Appropriation Request



Basic Operating Costs



- Faculty and staff salary adjustments
- Employee benefits and University insurances
- Facilities
- Strategic initiatives and other program needs
- Internal budget reductions



Appropriation Request



- **Requesting increases of:**
 - **\$17,567,000 for E&G line item**
 - **\$4,765,000 for other line items**
 - **\$963,000 for Medical Assistance funding for Hershey Medical Center**

- **Total increase of \$23,295,000 requested from the Commonwealth**

Tuition



If the Commonwealth provides the requested appropriation, tuition will increase:

- **3.8 percent for Pennsylvania resident students at the Commonwealth Campuses**
- **4.8 percent for resident students at University Park**



Altoona Campus

Variables



- **Final Commonwealth appropriation**
- **Limited control over certain key cost drivers**
- **Ability to maintain projected enrollment levels**



Shortlidge Mall - University Park Campus