

Is Penn State Underfunded?

By Kathleen Riley-King

The following is taken from material sent by Ruth Leventhal on January 29, 1987 to the Board of Advisers, Administrative Council, and Alumni Society Board of Directors. The questions and answers are reproduced verbatim. Not all questions from the original memo are reproduced.

Q. Why does Penn State need more dollars from the state?

A. Penn State is seriously underfunded when compared to other institutions at both the national and state levels.

In the nation, for example, a study of the 40 largest public universities with respect to state appropriations for 1985-86 revealed that:

Penn State received a state appropriation that was \$60 million below the average, while simultaneously enrolling 20,000 more students--50 percent above the average.

Within Pennsylvania, Penn State receives the lowest state appropriation per student of any college or university in the state.

The February 1986 report of the Commonwealth's joint state government commission shows that for the 1984-85 year, Penn State received an educational and general appropriation of \$2,070 per student from the state. This compares to an average of \$3,160 for the state-owned universities, \$3710 for Temple University, and \$2,780 for the University of Pittsburgh.

Q. Why are the funding inequities between Penn State and other Pennsylvania colleges and universities so great?

A. The inequities evolved over a 15-year period, during which time Penn State's enrollment increased more than other public colleges and universities in Pennsylvania. At the same time, percentage increases in state appropriations to the state-owned universities increased at a substantially higher rate.

In the 15 years between 1970-71 and 1985-86, Penn State's appropriation from the state increased by 148.2 percent. Over the same 15 years, appropriations for the state-owned institutions increased by 267.5 percent--nearly 120 percentage points more than Penn State received.

Simultaneously, Penn State's enrollment increased by 29.2 percent, while enrollments at the state-owned universities increased by only 14.3 percent. The University of Pittsburgh's enrollment increased by 8.6 percent and Temple University's enrollment dropped by 4.1 percent.

Penn State received no additional state funds to support these enrollment increases.

Q. What can the Commonwealth do to achieve funding equity for Penn State?

A. The State cannot correct such a serious problem in one year. Therefore, Penn State is proposing a multi-year plan to close the existing funding gap between Penn State and other public colleges and universities in Pennsylvania.

As a first step, Penn State has requested special funding for 1987-88 equivalent to \$180 per full-time-equivalent student. A total of \$10.5 million is requested--an amount which represents only 2.5 percent of the University's general funds budget.

This funding is needed in addition to basic operating cost increases for 1987-88 of about \$21 million.

Q. How would Penn State use the additional per-student funding?

A. The funds would be used to meet the University's most critical needs. A portion would be used to make Penn State salaries more competitive to enable the University to retain quality faculty members and to recruit new faculty scholars. Another portion would be used to finance some progress in:

- *Reducing class sizes where current levels are unacceptable.
- *Updating laboratory instruction to insure adequate staffing, modern equipment, and laboratory facilities.
- *Keeping pace with rapidly changing technology and expanding use of academic computing and telecommunications.
- *Providing critically needed support for the University libraries.
- *Providing funds to academic areas identified for enhancement, such as biotechnology, policy analysis, atmospheric sciences, and communications.
- *Supplementing major maintenance funding, much of which has had to be deferred.

Q. In 1986-87, Penn State received the largest appropriation of any college or university in Pennsylvania--over \$181 million. Why can't Penn State solve its funding problems by internal cutbacks and reallocations?

A. Penn State has been aggressive in its reallocation and cost containment efforts for more than fifteen years. Between 1971-72 and 1985-86, the University pulled back over \$32.6 million from operating budgets for reallocation to areas of greater priority or need.

Because increases in appropriations during this period were considerably less than inflationary cost increases, most of the recycled dollars had to be used for substantial increases in operating costs rather than for reallocation among academic programs. For example, 65 cents of every appropriation increase dollar went for major increases in health care costs, fuel, and utilities costs, retirement and social security costs.

Further cutbacks or reallocations would threaten the academic quality of the University.

It should also be noted that Penn State serves the largest number of students of any college or university in Pennsylvania. On a *per student* basis, Penn State's appropriation is about \$1,000 less than the *average* of all other public institutions in Pennsylvania. Penn State also has the lowest tuition rate of the three public research universities--\$224 below Pitt and \$304 below Temple. As a result, Penn State has the lowest total income base--the sum of the tuition rate plus the appropriation per student--of any public institution in the state. By this measure, Penn State is the Commonwealth's most cost effective public university.

Q. Can't Penn State solve its underfunding problems by raising money in the private sector?

A. No. Penn State is in the midst of The Campaign for Penn State, a major fund-raising effort in the private sector with a \$200 million goal. To date, more than \$100 million have been raised. These funds are enhancing the academic quality of the University primarily by building endowment funds for faculty chairs, professorships, and fellowships. Funds also are being raised to endow scholarships for undergraduate students and fellowships for graduate students, as well as to enhance academic programs and to augment the collections of the University libraries. About 25 percent of the \$200 million goal will be used for capital projects for which state funds are not available.

State support does not provide discretionary money to fund improvements and enhancements to academic programs in the way that private funds do. It is difficult to find a major public university today that has not found it necessary to initiate a major gifts campaign. In Pennsylvania, this has been recognized by the governor's commission on the financing of higher education, which recommended that, "*Private support should be considered to be supplemental to state support and no public institution raising private funds should receive less state support because of its success in doing so.*"

Q. Where can I get further information if I need it?

A. Contact Frank Forni, Office of Government Affairs, 117 Old Main, University Park, Pennsylvania 16802, telephone (814) 865-6563.