

Statement from
ANN WEAVER HART
PRESIDENT
TEMPLE UNIVERSITY

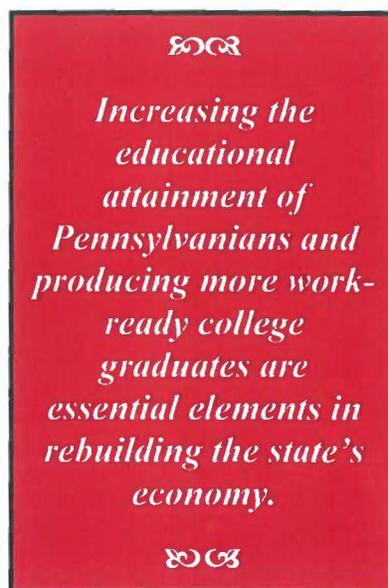
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These are unprecedented times for the Commonwealth of Pennsylvania and its citizens. The global economic recession has had dramatic impact on the Commonwealth and has strained the resources of the state treasury. Elected officials must make difficult decisions in allocating funds and complying with the constitutional mandate of a balanced state budget. Responsible fiscal management by the Governor and the General Assembly must also strike a balance between meeting immediate needs and making strategic infrastructure investments in Pennsylvania's future economic growth.

Temple University and Temple students have shouldered a substantial share of the effect of the recession on the Commonwealth, especially in the current fiscal year in which the Commonwealth reduced its non-preferred appropriation to Temple by nearly 20 percent over the previous year. Temple remains a dedicated partner of the Commonwealth in helping the state economy recover from the current recession and in building a lasting prosperity for Pennsylvania.

The U.S. Bureau of Labor Statistics (USBLS) estimates that within 10 years, as the U.S. economy recovers and restructures, there will be 30 million new and replacement jobs that will require a bachelor's degree or above. Such jobs will represent 60 percent of all jobs in the economy by 2020. The long-term economic health of the Commonwealth of Pennsylvania demands a highly educated workforce that is able to attract these jobs to the state and to keep them here.

In addition, USBLS research shows that workers with only a high school education earned just 60 percent of what workers with at least a bachelor's degree earn. These numbers correspond to U.S. Census Bureau studies that reveal lifetime earnings of high school diploma holders are roughly half that of workers with at least a bachelor's degree. The lifetime income differential between the two sets of workers total more than \$1 million per worker. Commonwealth income tax revenue over the lifetimes of workers corresponds to the income differential, with college graduates paying substantially more in state and federal income tax than workers without college degrees.



Impact of Commonwealth Support on Tuition Rates

Temple University had a total enrollment (excluding Temple's Japan campus) of 37,696 students in 2010-11,¹ and 77 percent of these students were permanent residents of the Commonwealth. Temple allocates its annual Commonwealth appropriation to discounted tuition for students from Pennsylvania. For undergraduates, the discounted tuition for full-time in-state students this year is \$13,006, \$9,828 less than tuition charged to out-of-state undergraduates.

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Colleges and universities are being widely criticized for the fact that tuition prices have risen at a higher rate than the Consumer Price Index. This analysis fails to take into account the impact of the loss of state funding as an element of rising college costs. At Temple, tuition rates have risen only at a rate that is directly proportional to the rate at which Commonwealth support has declined on a per student basis (in inflation-adjusted dollars).

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Colleges and universities are being widely criticized for the fact that tuition prices have risen at a higher rate than the Consumer Price Index. This analysis fails to take into account the impact of the loss of state funding as an element of rising college costs. At Temple, tuition rates have risen only at a rate that is directly proportional to the rate at which Commonwealth support has declined on a per student basis (in inflation-adjusted dollars). The total number of in-state undergraduate students studying at Temple has grown by 28 percent over the last decade, while Temple's Commonwealth appropriation per in-state undergraduate student has dropped 47.1 percent. Over the same period, in-state undergraduate tuition has risen by 48.9 percent.² Temple's fixed costs in such areas as health care benefits and energy have grown substantially during this same timeframe.

In partnership with the Commonwealth of Pennsylvania, Temple has played an especially important role in expanding and safeguarding educational opportunities for otherwise under-served and under-participating populations of Pennsylvanians, particularly among the middle- and lower-income economic classes, and among ethnic and racial minorities. The median family income of Temple's current undergraduates is just over \$70,000; for minority students, the figure is even lower (\$49,000 for Hispanic students, \$46,000 for African American students and just \$36,000 for Asian American students). Temple students are, therefore, particularly vulnerable to higher tuition costs that result from decreased Commonwealth support.

¹ This is the most recent year for which complete information is available.

² Data is adjusted for inflation.

Commonwealth funding enables Temple, a major research institution, to offer programs in a range of disciplines that are not only critical to the Commonwealth's economic development, but which are also far more affordable to Pennsylvania students. This is especially true in critical STEM disciplines (science, technology, engineering and mathematics). For example, only 11 institutions in Pennsylvania offer a comprehensive set of undergraduate specialties in engineering.³ Eight of these schools are private, where tuition rates for undergraduate engineering students are from twice to three times that of Temple.

Under existing levels of Commonwealth funding, Temple students and their families are still struggling to afford educational costs. Last year,⁴ 81 percent of Temple undergraduates qualified for financial aid (as determined by Federal formulas). The median annual financial aid need as calculated under these formulas was \$18,130, based on total estimated costs (including tuition, housing, food, books, fees, etc.) of \$29,800 for Pennsylvania students.

Nearly a third of financial aid awarded was in the form of loans. Students and their families took out additional private loans to help cover the average of more than \$11,000 of total estimated costs not covered by financial aid. Of Temple undergraduate students who received their degrees in 2010,⁵ 76 percent completed their degrees with educational debt, with the average indebtedness (from state, federal and private sources) of \$31,123. Further reductions in the Commonwealth non-preferred appropriation would inhibit efforts to reduce students' educational debt burden.


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Eighty-one percent of Temple undergraduates work at least part-time, while enrolled full-time, to finance the cost of their educations. Many others must pursue degrees part-time or are forced to interrupt their academic progress as they work to amass the funds they need to continue. Students who work to pay for their educational expenses while enrolled face other difficulties. If students must work, their graduation rates drop, especially as their working hours increase. For students who do not work, the six-year graduation rate is 70.3 percent. For those who work 20 to 25 hours per week, the graduation rate drops to just 51.6 percent, and for those who work more than 25 hours a week, the rate plummets to 36.4 percent.

³ *Progressive Engineer*

⁴ Information for the current year is not final.

⁵ This is the most recent year for which complete information is available.

Responsible Stewardship of Commonwealth Investment

Temple University is a responsible steward of and has exercised prudent fiscal policies to generate a substantial return on the Commonwealth's investments. Temple continues to take measures to manage its operating expenses, realize administrative efficiencies and ensure a culture of accountability.


*In the last three years,
Temple has cut
\$76 million in recurring
costs from the university's
overall budget.*



Temple has a very impressive record of operating efficiency, especially with respect to administrative staffing. The Goldwater Institute reported in August 2010 that, out of 198 universities and colleges the institute examined, Temple ranked 9th best in controlling administrative staffing growth, reducing administrative staff per 100 FTE students by more than 26 percent from 1993 to 2007. Nationally, administrative staffing in higher education grew by 39 percent during this period.

In recent years, Temple has taken action to reduce its expenditures substantially while ensuring program quality. In crafting its Fiscal Year 2009-10 budget, Temple took important measures to curtail recurring costs and reduced the overall budget by 5 percent, or \$40 million. As 2011-12 budget negotiations began in the General Assembly, Temple began preparing for additional budget cuts, instituting a series of measures to reduce Temple's budget by \$36 million. Several cost-reduction proposals are under consideration to effect further budget reductions totaling \$24 million. Efforts include readjusting faculty workloads, eliminating majors and concentrations, and realigning and/or merging schools and colleges to streamline administrative operations.

At the same time, Temple is focusing on increasing non-tuition revenue streams in continuing and adult education offerings, expanded summer programming, and private philanthropy. Temple has recently launched a special fund-raising campaign for student financial aid, with a goal of bringing in \$100 million. These funds would be awarded as grants to qualifying students to reduce the portion of their aid package that is currently awarded as loans.

While budget cutting and efforts to diversify revenue streams will continue to help Temple in keeping tuition affordable for Pennsylvania students and their families, they cannot completely fill the gap created by further reductions in Commonwealth support in the near term. As a consequence, the tuition discount granted to Pennsylvania students will diminish or disappear, and may do so abruptly. This will be a devastating blow to Temple's students, most of whom can neither pay the increased costs of their education nor assume additional debt. Hundreds, if not thousands, of currently enrolled students could be forced to drop out. Thousands more aspiring high school graduates will be dissuaded from even pursuing a college degree. This will cause serious immediate and long-term repercussions on Pennsylvania's economy.



Temple University plays a fundamental and expanding role in educating Pennsylvania's residents and preparing its workforce, in attracting young people to the Commonwealth from out of state and in contributing to the economic vitality of Pennsylvania—all due, in large measure, to support from the Commonwealth.

Temple's mission to provide access to superior education for committed and capable students of all backgrounds has the power to transform Pennsylvania's most plentiful resource—its young people—into its greatest asset: a skilled, educated and committed workforce with smart, innovative and dedicated leaders who will ensure the growth of the Commonwealth's economy for generations to come.

Temple is making extensive investments in the Commonwealth: enrolling students who year after year set new records in quality; recruiting leading faculty from around the world who are renowned experts in their fields to teach these students; and attracting more research to the state, not only for the knowledge creation and pedagogical benefit to students, but also to solve some of Pennsylvania's greatest problems and stimulate job creation in key industries in the Commonwealth.

To accomplish all of this and more, Temple University respectfully requests the members of the House of Representatives Appropriations Committee to support its request for Commonwealth appropriations that will enable Temple to grow and advance as one of Pennsylvania's greatest educational assets and a critical driver of economic development for the Commonwealth.

Respectfully submitted

Ann Weaver
President
Temple University