

MINUTES OF MEETING

BOARD OF TRUSTEES

VOLUME 312

July 18, 2019

A meeting of the Board of Trustees was held in Parson's Hall of the Student Union Building at Penn State Brandywine, in Media, PA, at 1:15 p.m. on July 18, 2019.

The following Trustees were present: Dambly (chairman), Schuyler (vice chairman), Barron, Amoros, Brown, Casey, Cotner, Culler, Dandrea, Delligatti, Dietrich, Dunn, Fenza, Han, Harpster, Hartzler, Hoffman, Jubelirer, Kleppinger, Lubert, Masser, Oldsey, Paterno, Pope, Potts, Rakowich, Rapp, Redding, Schneider, Short, Stanell, Tribeck and Wagman. Participating by phone were Trustees Detwiler, Doran, Pegula, and Rivera. The Governor's non-voting representative, Mr. Shipley, was also in attendance.

Present by invitation were staff members Bundy, Dunham, Goffe, Gray, Guadagnino, Hanes, Jones, Lokman, Moore, Sims and Whitehurst. Also in attendance were Emeriti Trustees Clemens, McCombie, and Myers.

Chair Dambly called the meeting to order and noted that the Board met in Executive Session earlier in the day to discuss various privileged matters. He thanked Penn State Brandywine Chancellor Kristin Woolever and her campus for hosting the Board meetings. He then welcomed new Trustees Bryan Culler and Steve Wagman; Culler will serve a two-year term as the Student Trustee and Wagman will serve a two-year term as the immediate past President of the Penn State Alumni Association. Chair Dambly then noted the passing of Trustee Emeritus Robert Frye, and Penn State Brandywine student Tobiah Mandel. Dambly noted the appointment of two academic leaders; Kimberly Lawless will serve as the Dean of the College of Education beginning September 1; and Kevin Black was appointed as the Interim Dean of the Penn State College of Medicine, effective July 1.

Finally, Chair Dambly thanked President Barron for his continued focus on entrepreneurship and economic development. Penn State recently hosted higher education leaders for a series of APLU Research and economic engagement meetings, during which the President served as Chair of the Commission on Economic and Community Engagement and led discussions on university research impact. President Barron also recently wrote an Op-Ed for *Pittsburgh Tribune Review*, in which he described how universities contribute to talent development, advise the private sector, and help advance community development.

Chair Dambly then called the meeting to order. Frank Guadagnino, Secretary of the Board, reported that all Trustees but Governor Wolf were in attendance. Chair Dambly noted that the number present for a quorum was satisfied and proceeded with the meeting.

Chair Dambly then turned the meeting over to Frank Guadagnino to conduct the Election of Officers.

Election of Officers of the Board of Trustees

Frank Guadagnino, in his role as Secretary of the Board, conducted the election of officers. With 32 voting trustees physically present, and four attending by telephone, 19 votes were needed to elect officers. On May 15, 2019, Trustee Potts, Chair of the Committee on Governance and Long-Range Planning, provided all Trustees with the process and timeline for electing candidates for the offices of Chair and Vice Chair of the Board. Trustees Dambly and Oldsey announced their candidacy for Chair of the Board; and Trustee Schuyler announced his candidacy for the position of Vice Chair of the Board. Candidates submitted biographical sketches and vision statements which were distributed to all members of the Board. Each candidate was also provided an opportunity to speak to the Board about their candidacy.

Mr. Guadagnino called for nominations for the position of Chair. Trustee Potts nominated Trustee Dambly for Chair; the nomination was seconded by Trustee Schneider. Trustee Tribeck nominated Trustee Brown for Chair; the nomination was seconded by Trustee Jubelirer. There being no additional nominations from the floor, Mr. Guadagnino declared the nominations to be closed.

Mr. Guadagnino then called for nominations for the position of Vice Chair. Trustee Han nominated Trustee Schuyler for Vice Chair; the nomination was seconded by Trustee Schneider. There being no additional nominations from the floor, Mr. Guadagnino declared the nominations to be closed.

Mr. Guadagnino stated that the remaining officers of the Board also required election. Incumbent officers included: Secretary Frank Guadagnino; Assistant Secretary Carmella Mulroy-Degenhart; Assistant Secretary Crystal K. Straw; Assistant Secretary Kim I. Wright; Treasurer David Gray; Assistant Treasurer Kimberly J. Fisher; and Assistant Treasurer Susan Wiedemer. The name of Cheryl A. Gardner was placed on the ballot to fill the vacant Assistant Treasurer position.

Mr. Guadagnino provided the Trustees with voting instructions and stated that results of the election would be announced later in the meeting. Paper ballots were distributed to, and collected from, the Trustees by members of the Board Office staff. Madlyn Hanes, Vice President for Commonwealth Campuses/Executive Chancellor; and Lawrence Lokman, Vice President for Strategic Communications, served as tellers for the election.

Chair Dambly then proceeded with the meeting. It is noted that later in the meeting, Secretary Guadagnino reported the results of the elections as follows:

Report on Election of Officers

For the position of Chair there were 36 votes cast. Nineteen votes were necessary for election. Trustee Oldsey received 12 votes; Trustee Dambly received 24 votes. For the position of Vice Chair, there were 36 votes cast, 19 were necessary for election. Trustee Schuyler received 36 votes.

Mark H. Dambly was elected as Chair of the Board, effective immediately.

Matthew W. Schuyler was elected as Vice Chair of the Board, effective immediately.

For each of the Board Officer positions, Secretary; Assistant Secretaries; Treasurer, and Assistant Treasurer, all incumbents were re-elected, effective immediately; and Cheryl A. Gardner was elected as Assistant Treasurer, effective immediately.

Action Items – Consent Agenda

Chair Dambly noted that Action Items presented in the Consent Agenda had been bundled for the sake of efficiency, but that each Trustee was entitled to request that any item be discussed and voted on individually. Requests were made to consider Action Items C and E separately. The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve resolutions B and D. A motion to approve Action Items, A, B, and D, was seconded and approved by the Board:

- A. Approval of the *Minutes* of the meetings of the Board held on May 4, 2019.
- B. Proposed Naming of the Oak Building “The J. Willard and Alice S. Marriott Foundation Building,” University Park

RESOLVED, That the Oak Building at University Park is named “The J. Willard and Alice S. Marriott Foundation Building.

- D. Proposed Appointment of an Architect, Liberal Arts Research and Teaching Building, University Park.

RESOLVED, That the Officers of the University are authorized to employ Bohlin Cywinski Jackson, of Wilkes-Barre, Pennsylvania, to design the Liberal Arts Research and Teaching Building at University Park.

FURTHER BE IT RESOLVED, Final plans for the project will be brought to the Board of Trustees for approval when designed and costs have been established.

The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve resolution E, which was presented for discussion. Following discussion, a motion to approve Action Item E was seconded and approved by the Board:

- E. Proposed Appointment of an Architect, Multipurpose Building Renovations and Additions, Penn State DuBois

RESOLVED, That the Officers of the University are authorized to employ Kimmel Bogrette Architecture + Site of Blue Bell, Pennsylvania, to design the Multipurpose Building Renovation and Addition at Penn State Dubois.

FURTHER BE IT RESOLVED, Final plans for the project will be brought to the Board of Trustees for approval when designed and costs have been established.

Conflict of Interest – Approval of Lease Renewals with PSRP Developers, Inc. Action Item

Chair Dambly noted the Conflict of Interest Action Item. A motion to approve the following Action Item was seconded and approved by the Board. It is noted that Trustee Lubert was not present for discussion or voting on the item:

WHEREAS, Kurt A. Kissinger, Associate Vice President for Finance and Business, serves as the responsible official for exercising due diligence in exploring alternatives in real estate matters in accordance with Article VIII, Section 8.05 (a) of the Bylaws of the University; and

WHEREAS, The responsible official has evaluated both on and off-campus office space alternatives for each of the above described leases in consideration of price, quality, amenities, accessibility and timing of availability, among others; and

WHEREAS, The responsible official has concluded that 103 Innovation Boulevard, Suite 205 presents the best alternative to meet the College of Communications' ongoing office space needs and that it is in the best interests of the University to enter into the lease renewal on the terms proposed;

WHEREAS, The responsible official has concluded that 103 Innovation Boulevard, Suite 214 presents the best alternative to meet the Finance and Business Information Technology Office's ongoing office space needs and that it is in the best interests of the University to enter into the lease renewal on the terms proposed;

THEREFORE, BE IT RESOLVED, That the proposal to exercise both of its remaining options to renew for two successive periods of six months at 103 Innovation Boulevard, Suite 205 with PSRP Developers, Inc., totaling 6,977 square feet at the annual base rent of \$146,526.36 plus annual CPI escalation, until December 31, 2020 is hereby approved.

President's Report and Discussion

President Barron delivered a report on the 2019-20 Operating Budget. He began with a brief explanation of the breakdown of Penn State's \$6.8 billion budget, noting the permanent education and general budget changes. He provided context of the history of state appropriations since 2001 before giving the detailed requested vs. approved breakdown. Dr. Barron focused on the PA resident undergraduate tuition freeze

and how Penn State compares to the Big Ten and Consumer Price Index. He concludes with a pie chart showing the E&G Cost Savings and Revenue Changes.

Recorded remarks are available at <https://youtu.be/-uc2oT3BEvA>. For companion slides, reference Appendix I.

[Appendix I]

The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve resolution C. A motion to approve Action Item C was seconded and approved by the Board:

- C. Consideration of Proposed Operating Budget for the Fiscal Year Beginning July 1, 2019 with Corresponding Tuition and Fees Effective for 2019 Fall Semester

RESOLVED, That the proposed Operating Budget for the University for the fiscal year beginning July 1, 2019, as shown in the 2019-2020 Proposed Operating Budget with corresponding Tuition and Fees Schedules, is approved.

[Appendix II]

Informational Report on Penn State Brandywine

Chancellor Dr. Kristin Woolever, Chancellor presented her report in which she shared the history of the campus; the dedication of its staff and faculty; efforts made to provide a welcoming environment; investments in programs and facilities, including research and community outreach; and the many accomplishments of its students.

Announcements by the Chairman of the Board of Trustees

In closing, on behalf of himself and Vice Chair Schuyler, Chair Dambly thanked Trustees for supporting their continued leadership of the Board. There being no other business, the public meeting was adjourned at 2:09 p.m. The meeting is available in its entirety at <https://youtu.be/-uc2oT3BEvA>

Respectfully submitted,

Frank T. Guadagnino
Secretary, Board of Trustees

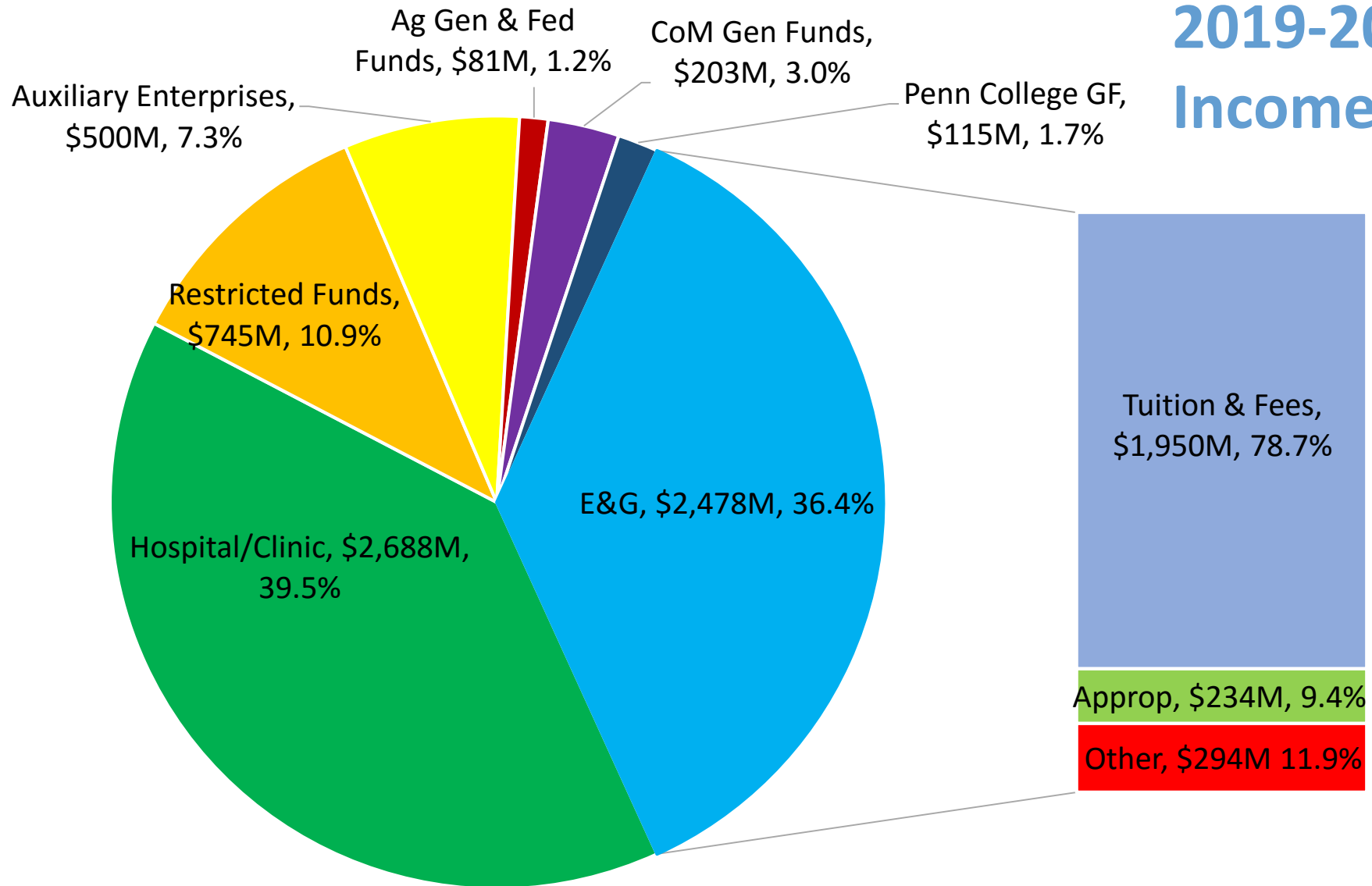
2019-20 Operating Budget

Board of Trustees
July 18, 2019

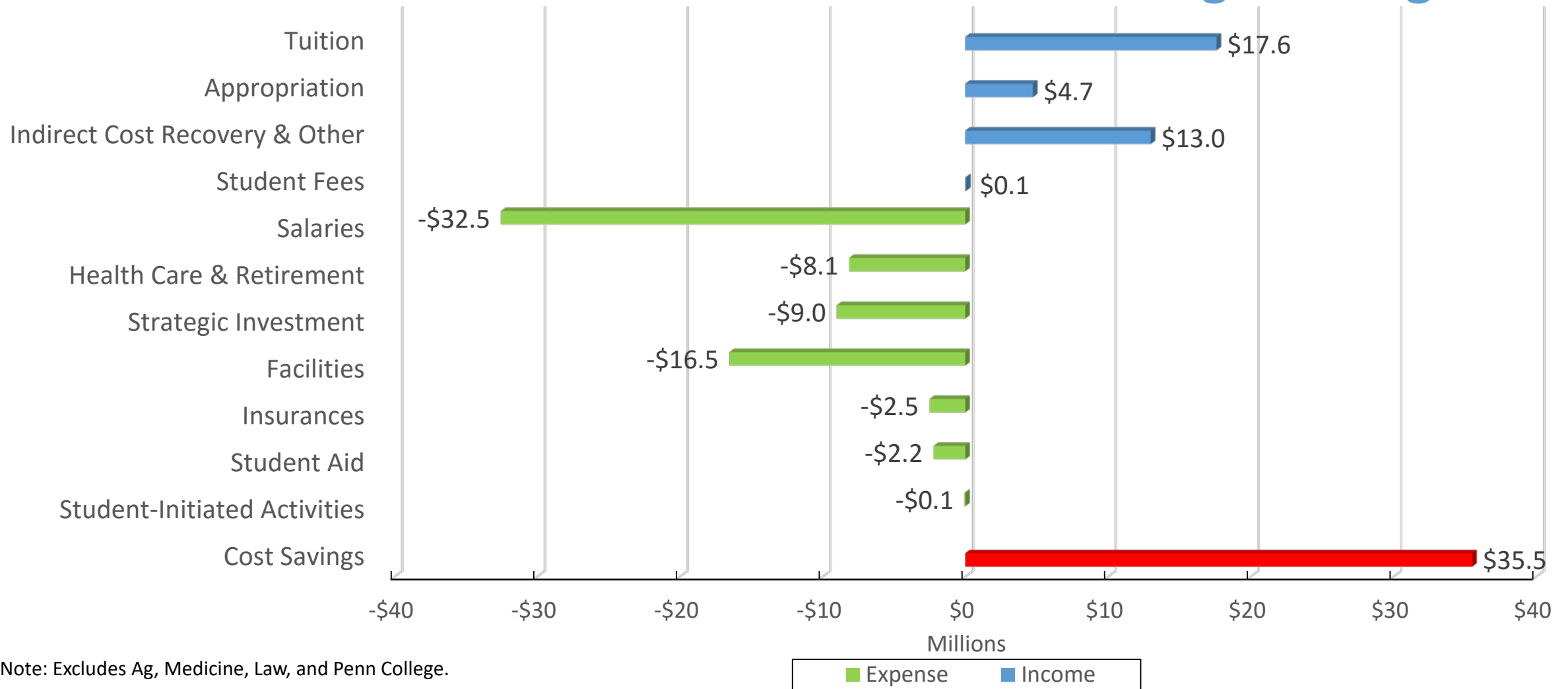


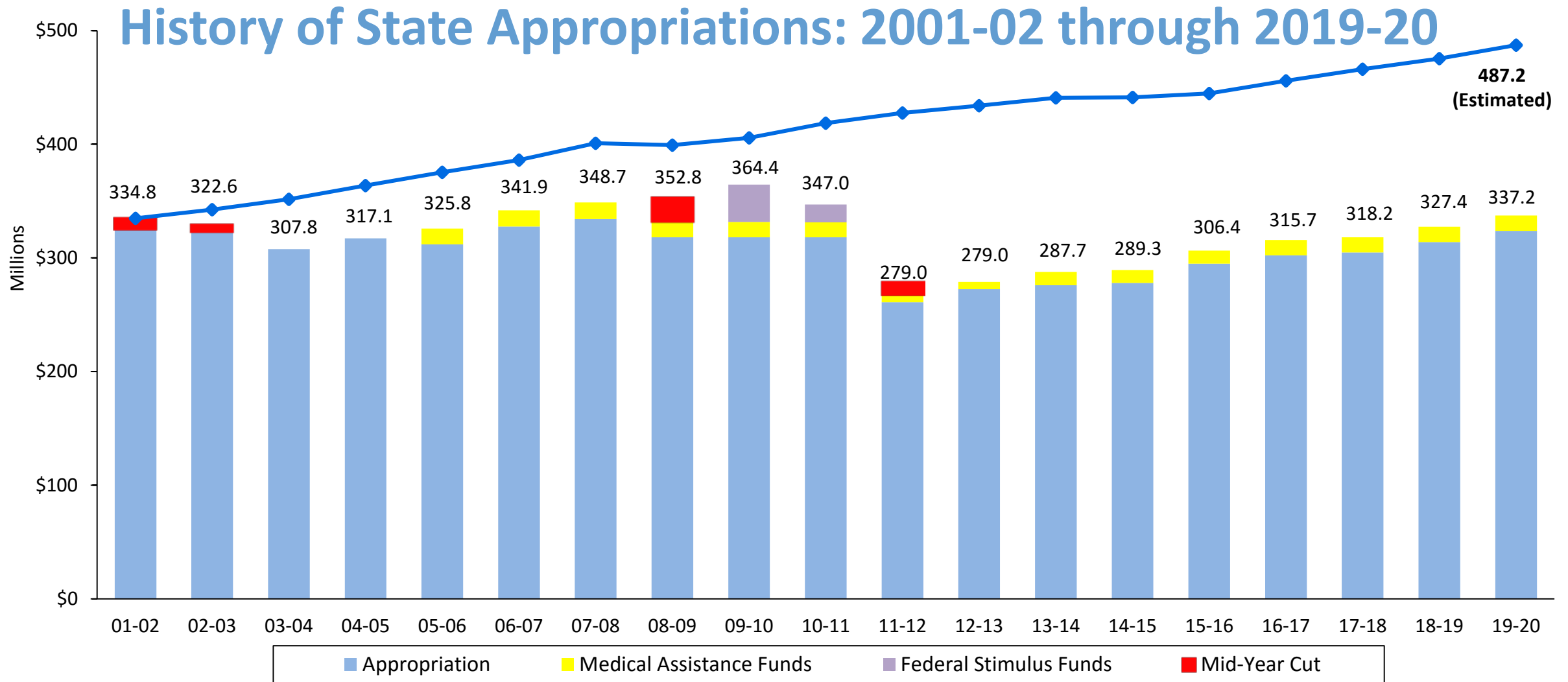
PennState

2019-20 Total Income = \$6.8B



2019-20 Permanent Education & General Budget Changes



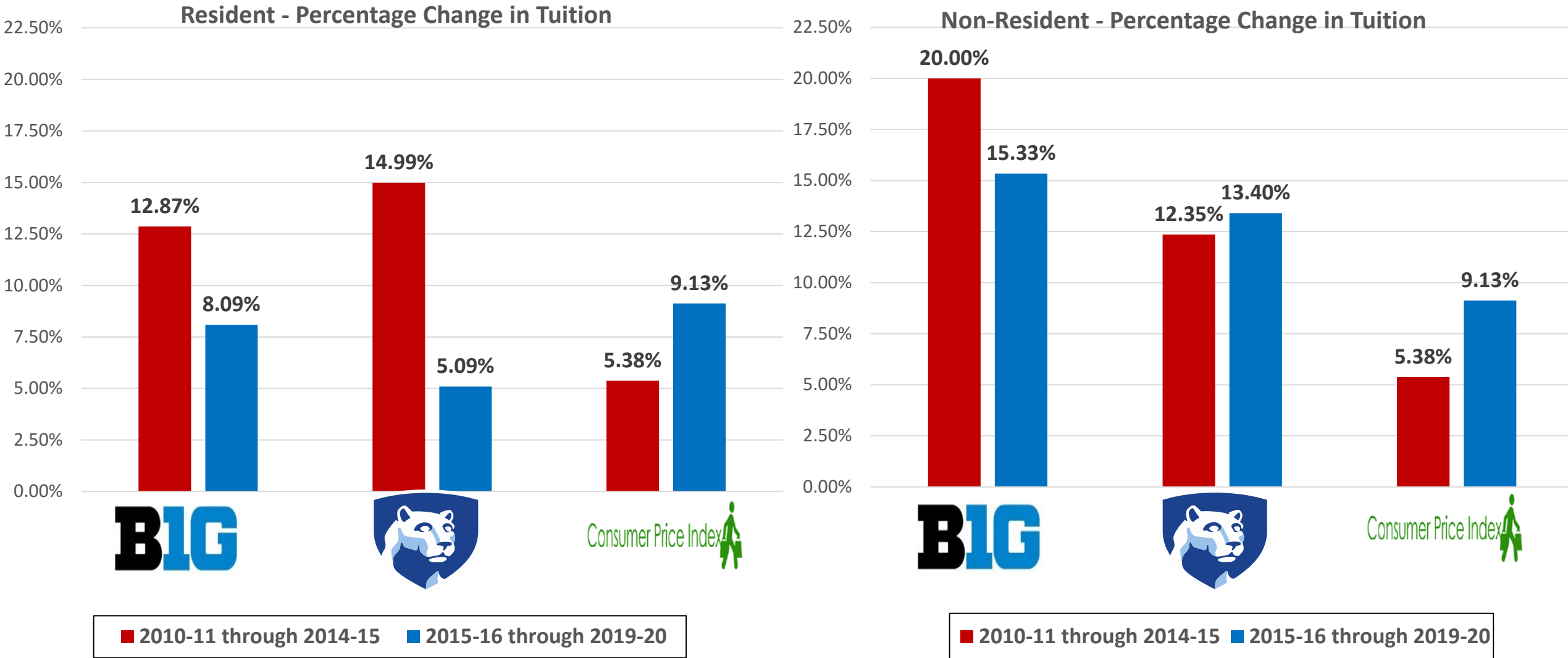


2019-20 Appropriation: Requested vs. Approved

In \$ Millions	2018-19 Appropriation	Requested Increase	2019-20 Requested Appropriation	Approved Increase	Approved 2019-20 Appropriation
Penn State Direct State Appropriation:					
General Support	\$237.349	\$14.241	\$251.590	\$4.747	\$242.096
Agricultural College Land Scrip Fund:					
Ag Research and Cooperative Extension	53.882	3.233	57.115	1.078	54.960
PA Department of Public Welfare:					
M.S. Hershey Medical Center:					
Medical Assistance Funding (est.)	13.400	0.804	14.204	0.000	13.400
Total Appropriation Excluding Penn College	\$304.631	\$18.278	\$322.909	\$5.825	\$310.456
% Increase			6.0%		1.9%
Pennsylvania College of Technology	22.736	1.364	24.100	4.000	26.736
Total Appropriation Including Penn College	\$327.367	\$19.642	\$347.009	\$9.825	\$337.192
% Increase			6.0%		3.0%



Big 10 Ten-Year and Five-Year Change in Undergraduate Tuition



2019-20 Proposed Undergraduate Tuition and Fee Changes

Proposed Tuition Increases and Rates per Semester	PA Residents			Non-PA Residents		
	% Inc	\$ Inc	Rate	% Inc	\$ Inc	Rate
Lower Division						
University Park	0.00%	\$0	\$8,708	1.95%	\$330	\$17,240
Altoona, Berks, Erie, Harrisburg	0.00%	\$0	\$7,107	1.95%	\$229	\$11,962
Abington	0.00%	\$0	\$6,770	1.95%	\$217	\$11,364
Brandywine, Hazleton, Lehigh Valley, Schuylkill, Scranton, York, World Campus	0.00%	\$0	\$6,742	1.95%	\$215	\$11,237
Beaver, DuBois, Fayette, Greater Allegheny, Mont Alto, New Kensington, Wilkes-Barre	0.00%	\$0	\$6,359	1.95%	\$204	\$10,655
Shenango	0.00%	\$0	\$6,237	1.95%	\$200	\$10,449
Undergraduate Aggregate Increase	0.00%			1.95%		
<p>Student Fee changes:</p> <p>Student Initiated Fee: \$4 at campuses, -\$2 at UP (combination of former Activities and Facilities Fee)</p> <p>Information Technology Fee - no increase (will be included in tuition in Spring 2020)</p>						

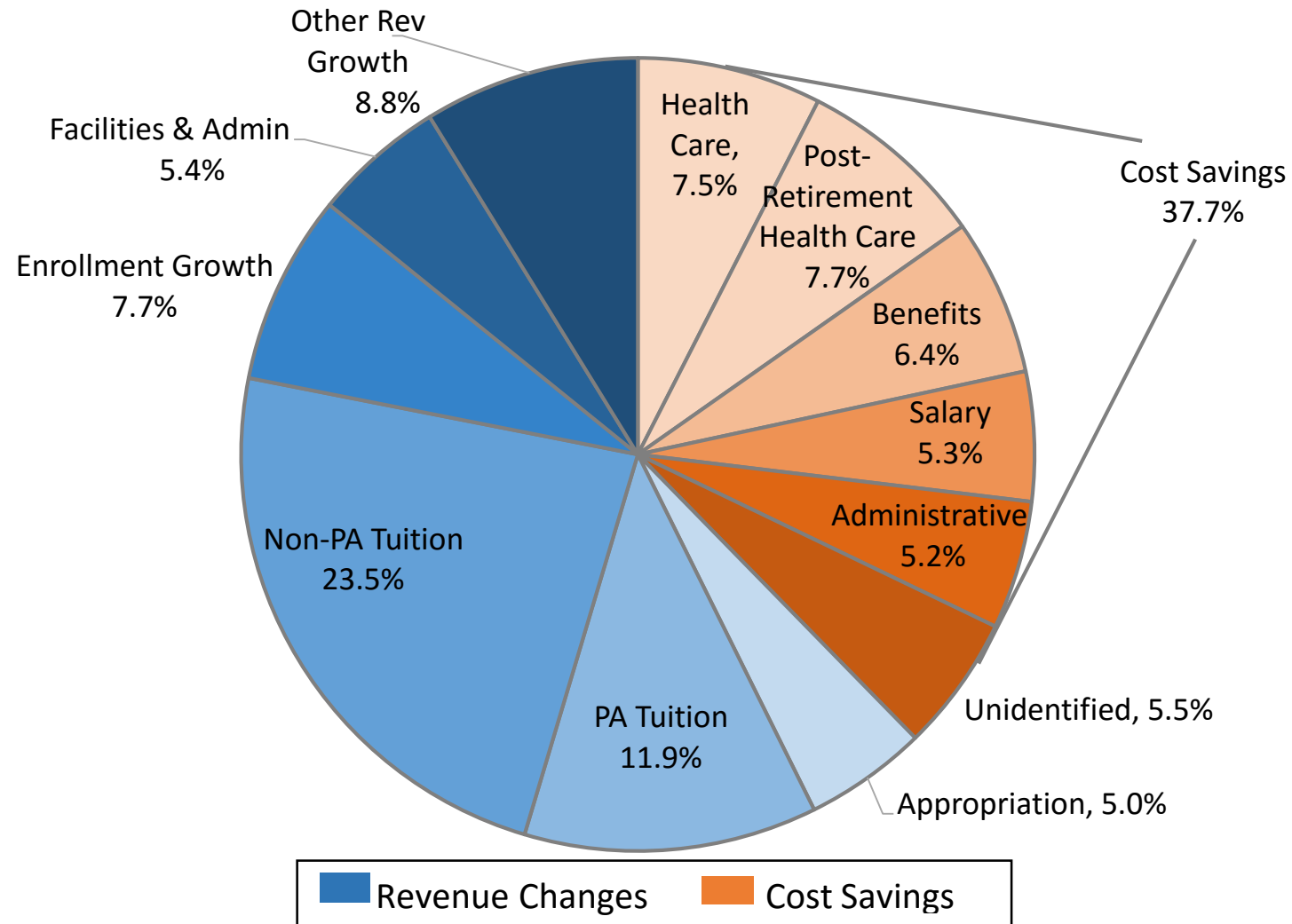


2014-15 through 2019-20 E&G Cost Savings and Revenue Changes

In \$ Thousands	2014-15 through <u>2019-20 Total \$</u>	<u>% of Total</u>
Cost Savings		
Health Care	\$35,624	7.5%
Post-Retirement Health Care	36,727	7.7%
Benefits	30,292	6.4%
Salary	25,036	5.3%
Administrative	24,845	5.2%
Unidentified	<u>26,264</u>	<u>5.5%</u>
Total Cost Savings	178,788	37.7%
Revenue Changes		
Appropriation	23,703	5.0%
PA Tuition	56,670	11.9%
Non-PA Tuition	111,421	23.5%
Enrollment Growth	36,745	7.7%
Facilities & Administration	25,500	5.4%
Other Revenue Growth	<u>41,726</u>	<u>8.8%</u>
Total Revenue Changes	295,765	62.3%
Total Cost Savings & Revenue Changes	\$474,553	



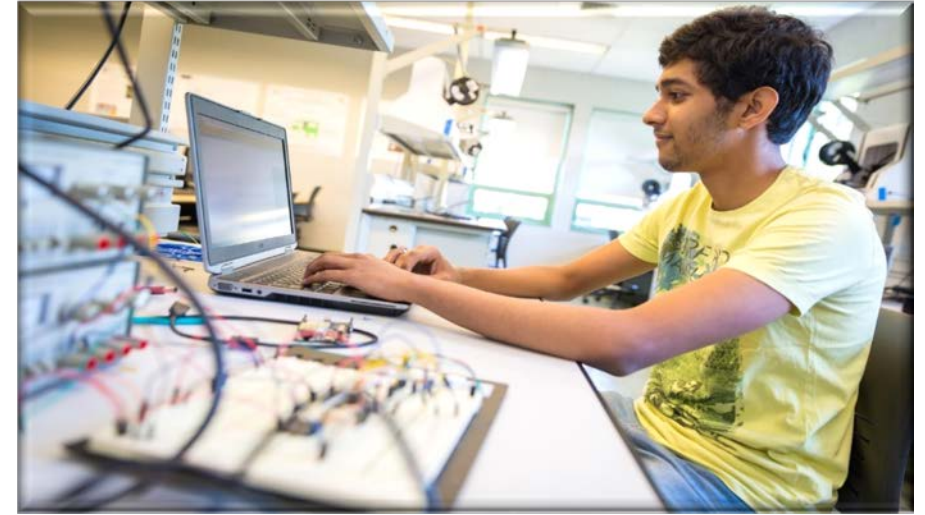
2015-15 through 2019-20 E&G Cost Savings and Revenue Changes



Questions/Discussion

312-14

Appendix I



THE PENNSYLVANIA STATE UNIVERSITY

**BOARD OF TRUSTEES
JULY 18, 2019**

**PROPOSED 2019-20 OPERATING BUDGET
WITH CORRESPONDING
TUITION AND FEES SCHEDULES**

AGENDA ITEM 4.C

**THE PENNSYLVANIA STATE UNIVERSITY
2019-20 OPERATING BUDGET**

TABLE OF CONTENTS

TAB A	OPERATING BUDGET SUMMARY
TAB B	ACADEMIC SALARY INFORMATION
TAB C	TUITION COMPARISONS
TAB D	2019-20 OPERATING BUDGET AND CORRESPONDING TUITION AND MANDATORY FEES SCHEDULES - EFFECTIVE FALL SEMESTER 2019

TAB A

2019-20 OPERATING BUDGET

THE PENNSYLVANIA STATE UNIVERSITY 2019-20 OPERATING BUDGET

The Board of Trustees will be asked to consider and approve Penn State's operating budget on July 18, 2019.

SUMMARY OF THE BUDGET PLAN

In building the proposed 2019-20 Operating Budget, Penn State has placed the highest priority on keeping tuition increases as low as possible while continuing to provide a high-quality educational experience to students. The budget plan approved by the Board of Trustees as part of Penn State's 2019-20 Appropriation Request reflected the university's goal to maintain affordability and would have included a modest increase in the Pennsylvania Resident Undergraduate tuition rates to fund the 2019-2023 capital plan. The requested General Support appropriation increase was 6.0%, or \$14.2 million.

When Governor Wolf presented his 2019-20 Executive Budget in February 2019, his recommendation was that Penn State's General Support appropriation be held flat with the 2018-19 level. After the Governor presented his budget plan in February 2019, the General Assembly began negotiations for a state budget that would include increases in the non-preferred appropriations for state-related schools such as Penn State.

Penn State's 2019-20 state appropriation was passed by the General Assembly in June with a 2.0% increase in funding for our General Support and Agricultural Research and Cooperative Extension. Penn College received a \$4.0 million increase. Level funding is provided for Medical Assistance.

After the Governor's executive budget recommended level funding, planning efforts focused on minimizing the impact on Penn State's students; these efforts continued even after the 2.0% increase was approved. Mandates and unavoidable cost increases must be funded, while some priorities will be addressed with one-time sources, and the time frames for others will be extended. In addition, the University has taken steps to initiate longer-term strategies that will lower future base operating costs. Significant budget reductions have also been targeted, along with non-tuition revenue that contributes to the effort to keep tuition increases low.

In addition to non-tuition revenue increases and significant budget reductions, the proposed budget includes modest tuition rate increases for non-PA residents and graduate students. Base undergraduate and graduate tuition for non-resident students is proposed to increase by 1.95%.

2019-20 TOTAL OPERATING BUDGET

The University is proposing changes totaling \$114.8 million in general funds, restricted funds, and auxiliary enterprises, plus \$189.6 million at Penn State Health, bringing the total 2019-20 operating budget to \$6.8 billion. A summary of the budget is shown in Table 1.

STATE APPROPRIATIONS

Penn State's 2019-20 approved appropriations total \$337.2 million, reflecting a 2.0% increase in the General Support (E&G) appropriation and the Agricultural College Land Scrip Fund. The Pennsylvania College of Technology appropriation is increasing by \$4.0 million. Medical Assistance funding for the Penn State Milton S. Hershey Medical Center funded through the Pennsylvania Department of Public Welfare is level with the 2018-19 amount. A summary of the appropriation is shown in Table 2.

THE GENERAL FUNDS BUDGET

The components of the General Funds budget include: the Educational and General budget, which supports most of the University's basic teaching, research, and public service programs; and the budgets for Agricultural Research and Cooperative Extension, the College of Medicine at the Milton S. Hershey Medical Center, and the Pennsylvania College of Technology.

With the proposed increases of \$65.9 million in permanent changes and reductions of \$7.1 million in non-recurring changes, the General Funds budget will total \$2.9 billion, a 2.1% increase over 2018-19.

The sections that follow focus on the changes in the General Funds budget.

TABLE 1
TOTAL UNIVERSITY BUDGET
SUMMARY OF 2019-20 CHANGES
(dollars in thousands)

	<u>2018-19 Adjusted Budget</u>	<u>Permanent Changes</u>	<u>Temporary Changes</u>	<u>2019-20 Total Budget</u>
General Funds:				
Educational and General	\$ 2,454,144	\$ 34,230	\$ 24,801	\$ 2,513,175
Agric. Research & Coop. Extension	<u>57,947</u>	<u>1,078</u>		<u>59,025</u>
Sub -Total	2,512,091	35,308	24,801	2,572,200
College of Medicine	197,506	37,526	(31,916)	203,116
Pennsylvania College of Technology	<u>121,924</u>	<u>(6,886)</u>		<u>115,038</u>
Total - General Funds	<u>2,831,521</u>	<u>65,948</u>	<u>(7,115)</u>	<u>2,890,354</u>
Federal Funds - Agriculture	21,868			21,868
Restricted Funds:				
Educational and General	536,768	26,838		563,606
Agric. Research & Coop. Extension	50,593	\$ 3,036		\$ 53,629
College of Medicine	95,000	20,000		115,000
Pennsylvania College of Technology	<u>12,524</u>	<u>(89)</u>		<u>12,435</u>
Total - Restricted Funds	694,885	49,785	0	744,670
Auxiliary Enterprises:				
Educational and General	460,397	6,189		466,586
College of Medicine	3,458	101		3,559
Pennsylvania College of Technology	<u>29,953</u>	<u>(100)</u>		<u>29,853</u>
Total - Auxiliary Enterprises	<u>493,808</u>	<u>6,190</u>	<u>0</u>	<u>499,998</u>
TOTAL	\$ <u>4,042,082</u>	\$ <u>121,923</u>	\$ <u>(7,115)</u>	\$ <u>4,156,890</u>
Penn State Health System	<u>2,498,043</u>	<u>189,630</u>		<u>2,687,673</u>
TOTAL UNIVERSITY	\$ <u><u>6,540,125</u></u>	\$ <u><u>311,553</u></u>	\$ <u><u>(7,115)</u></u>	\$ <u><u>6,844,563</u></u>

TABLE 2
SUMMARY OF STATE APPROPRIATION
(dollars in thousands)

	<u>2018-19 Appropriation</u>	<u>Changes</u>	<u>2019-20 Total</u>
<u>Direct State Appropriation:</u>			
General Support	\$237,349	4,747	\$242,096
Pennsylvania College of Technology	<u>22,736</u>	<u>4,000</u>	<u>26,736</u>
Sub-Total	260,085	8,747	268,832
 <u>Agricultural College Land Scrip Fund:</u>			
Agricultural Research and Cooperative Extension	53,882	1,078	54,960
 <u>PA Department of Public Welfare:</u>			
M.S. Hershey Medical Center:			
Medical Assistance Funding (estimate)	<u>13,400</u>	<u>0</u>	<u>13,400</u>
Total	<u><u>\$327,367</u></u>	<u><u>\$9,825</u></u>	<u><u>\$337,192</u></u>

EDUCATIONAL AND GENERAL BUDGET

Expense changes for the 2019-20 Educational and General (E&G) permanent portion of the University's general funds operating budget total \$34.2 million, bringing the E&G budget to \$2.5 billion. The changes are described below and summarized in Table 3.

SALARIES

The 2019-20 permanent budget proposal includes a salary pool to adequately fund contractual amounts for the two labor agreements that apply to Penn State technical-service employees and campus health professionals, centrally funded amounts for faculty promotions in the professorial ranks, a 3.0% increase in graduate assistant stipends, and a 2.50% pool to provide merit-based salary adjustments for faculty and staff. Also included in the \$33.0 million for compensation adjustments are the related costs of the increased employer contributions to Social Security and retirement plans.

The competitiveness of Penn State's salaries is a very important component of the University's ability to attract and retain the best faculty and staff. Information regarding Penn State's faculty salary rankings can be found in Tab B of this document.

BENEFITS

For 2019-20, the cost of the University's benefits program is projected to increase, beyond the amounts already budgeted, by \$8.6 million. This amount will fund mandatory costs for the increase in the employer share of health care for employees, graduate assistants and fellows. No additional funding is planned for mandatory employer retirement contributions.

PROPERTY AND LIABILITY INSURANCES

A \$2.5 million increase is needed for property and liability insurances in 2019-20.

FACILITIES AND MAINTENANCE

A total of \$16.5 million will be budgeted to address facility and maintenance needs. This includes \$2.8 million to be added for the maintenance and operation of new or newly remodeled facilities scheduled to come online in 2019-20. These facilities include the Pattee and Paterno Libraries, the Old Main bell tower, the Grainger Building at Penn State Scranton, several projects at Penn State Erie, and other smaller projects.

The University will budget an increase of \$4.2 million to fund the utility costs associated with the new or newly renovated facilities and renewal of the utility's infrastructure and equipment, offset by a reduction in both consumption and commodities pricing.

The 2019-20 proposed budget includes \$9.5 million in debt service related to the 2019-2023 Capital Plan approved in September 2017. This plan assumed that \$750.0 million of the \$2.1 billion E&G portion of the plan would be funded with debt. Additional funding will be provided from University reserves.

STRATEGIC PRIORITIES

The proposed 2019-20 budget includes \$9.0 million for meeting strategic needs (primarily personnel) as well as to support innovation initiatives to advance the thematic priorities articulated in Penn State's Strategic Plan, "*Our Commitment to Impact*" (<http://strategicplan.psu.edu/>). These funds will also provide support for workload issues due to enrollment growth and allow for graduate assistant stipend grade level increases to ensure we can compete in this highly competitive marketplace.

A reduction of \$2.1 million is related to budget changes within the law schools.

BUDGET REDUCTIONS AND COST SAVINGS INITIATIVES

For 2019-20, the budget includes reductions in operating budgets made possible through cost savings initiatives totaling \$35.5 million. This amount is composed of a combination of capping and reducing the subsidy provided to University Outreach, reductions resulting from a plan under way to centralize IT services, and efforts to drive savings in health care costs. Additional savings will be identified during 2019-20.

LIBRARIES AND INFORMATION TECHNOLOGY

As part of the strategy to drive down the total cost to earn a degree, 2019-20 will be the fifth academic year that the student Information Technology Fee will not increase. When this fee was introduced more than two decades ago, the University needed a dedicated and immediate revenue stream to fund newly emerging technology. Today, the infrastructure supported by Information Technology Fee revenue is as integral to the operation of the University as any other cost that is supported by tuition. Students have expressed a strong desire to include the fee as part of tuition so that all student fees are specifically under their control. To that end, the University plans to combine the fee into tuition beginning in spring semester 2020. This combination will

not raise the cost of a degree. A public awareness effort will be launched so that, when this change occurs in the future, the impact will be as visible as possible.

STUDENT INITIATED FEE

In Fall 2017, the Student Activity Fee and Student Facilities Fee was combined into one Student Initiated Fee. Our students requested this change to allow them more discretion in what services and programs to support. Additional revenue of \$53,000 will result from varying increases in the Student Initiated Fee, as determined by the students themselves. These funds will be used to support student activities, programs and facilities at the generating campuses. The increase for 2019-20 brings the amount budgeted from the fee to \$35.6 million. Student Initiated Fee charges by campus can be found in Schedule 3 in Tab E of this document.

STUDENT AID AND GRANTS-IN-AID

A total of \$2.2 million is included in the 2019-20 budget for increased costs of grants-in-aid, which are related to the tuition rate increases, primarily for graduate assistants, fellowships, employees, and dependents. Level funding for student aid is included reflecting no increase in resident undergraduate tuition rates.

TABLE 3
EDUCATIONAL AND GENERAL PERMANENT OPERATING BUDGET
2019-20 EXPENSE CHANGES
(dollars in thousands)

	<u>Total</u>
Compensation (and Related Benefits Adjustments)	
1. Inflationary (merit-based) and Contractual	\$ 30,623
2. Faculty Promotions & Summer Session	<u>2,385</u>
Sub-Total - Compensation (and Related Benefits Adj.)	33,008
Benefits	
1. Employee Health Insurances	8,595
2. Retirement	<u>0</u>
Sub-Total - Benefits	8,595
Property and Liability Insurances	2,500
Facilities and Maintenance	
1. Deferred Maintenance	0
2. Capital Improvement	9,467
3. Maintenance and Operation of New Facilities	2,818
4. Fuel and Utilities	<u>4,235</u>
Sub-Total - Facilities and Maintenance	16,520
Priority & Strategic Initiatives	6,868
Libraries and Information Technology	0
Budget Reductions and Expense Adjustments	(35,528)
Student Initiated Fee	53
Student Aid and Grants-In-Aid	<u>2,214</u>
TOTAL EXPENSE CHANGES	\$ <u>34,230</u>

EDUCATIONAL AND GENERAL INCOME CHANGES

Income changes of \$34.2 million support the 2019-20 Educational and General (E&G) budget of \$2.5 billion. These changes are described below and summarized in Table 4.

STATE APPROPRIATION

The proposed budget includes a 2.0% increase for the Educational and General portion of the budget with state appropriation support of \$242.1 million.

TUITION

Tuition rate schedules for resident and non-resident students by student level and by campus are shown in Schedule 1 in Tab D of this document. Tuition increases of 0.00 percent for undergraduate Pennsylvania residents and 1.95 percent for undergraduate non-residents and all graduate students is proposed. The proposed increases continue to widen the differential between University Park and the Commonwealth Campuses as well as the differentials among campuses to reflect demographic and programmatic variations.

The tuition rate changes would generate \$13.2 million. An additional \$3.3 million would be budgeted, which includes \$2.0 million from a conversion of income from the temporary pool to permanent funds, consistent with prior years. This will require an ongoing higher level of enrollment to sustain the recurring revenue that has been incorporated into the expense base. It also includes \$1.3 million from tuition available from Summer Session.

STUDENT INITIATED FEE

An additional \$53,000 will result from increases to the Student Initiated Fee as determined by the student leadership groups. The fee will increase \$4 at the Commonwealth Campuses. The University Park Student Initiated Fee will decrease by \$2.

FACILITIES AND ADMINISTRATION COST RECOVERY

The University continues to make a significant effort to better track and more fully account for costs in support of sponsored research activities. As a result of this initiative and projected increases in research expenditures, additional income in the amount of \$10.0 million will be available from increased facilities and administration cost recovery from grants and contracts in 2019-20.

OTHER NON-TUITION INCOME

An additional \$3.0 million will be budgeted as the University continues to implement a long-term plan to gradually eliminate the historical transfer of the General Support appropriation to the College of Medicine.

TABLE 4
EDUCATIONAL AND GENERAL PERMANENT OPERATING BUDGET
2019-20 INCOME CHANGES
(dollars in thousands)

	<u>Total</u>
State Appropriation	\$ 4,747
Tuition	16,431
Information Technology Fee	0
Student Initiated Fee	53
Facilities and Administration Cost Recovery	10,000
Investment Income	0
Other Income	<u>2,999</u>
TOTAL INCOME CHANGES	\$ <u>34,230</u>

AGRICULTURAL RESEARCH AND COOPERATIVE EXTENSION

The traditional line items for Agricultural Research and Cooperative Extension were removed from Penn State's direct appropriation bill in 2011-12. In 2019-20, the funds will continue to be made available to Penn State through the Agricultural College Land Scrip Fund. The budget bill recently approved increased funding for Agricultural Research and Cooperative Extension by \$1.1 million for a total of \$55.0 million.

Expense and income changes for the Agricultural Research and Cooperative Extension budgets are summarized in Table 5. Expense changes include \$1.2 million for compensation adjustments and benefits cost increases and a small decrease in program funds. The budgets are funded primarily through state appropriations and support salaries, benefits, and operating costs for each program.

The College of Agricultural Sciences relies on the more than 150-year-old land grant partnership of federal, state, and county governments as the foundation for agricultural research and statewide extension programs. The state provides the required matching funds that allow Penn State to access Federal Agricultural Research appropriations and support from Pennsylvania's counties for Cooperative Extension.

TABLE 5
AGRICULTURAL RESEARCH AND COOPERATIVE EXTENSION
2019-20 PERMANENT CHANGES
(dollars in thousands)

Income:

Appropriation	\$	<u>1,078</u>
---------------	----	--------------

TOTAL INCOME CHANGES	\$	<u>1,078</u>
-----------------------------	-----------	---------------------

Expense:

Compensation and Employee Benefits Costs*	\$	1,150
---	----	-------

Program Changes		<u>(72)</u>
-----------------	--	-------------

TOTAL EXPENSE CHANGES	\$	<u>1,078</u>
------------------------------	-----------	---------------------

*Includes benefits cost increases for salaries paid on Agricultural Federal Funds.

**THE COLLEGE OF MEDICINE
AND
PENN STATE HEALTH**

COLLEGE OF MEDICINE

General funds expense and income changes for the College of Medicine at the Milton S. Hershey Medical Center for 2019-20 are shown in Table 6.

Expenses will increase by a total of \$37.5 million, which reflects increases of \$30.0 million for instruction and program needs, \$2.1 million for compensation, \$0.8 million for employee benefits and \$4.6 million for facilities.

Income changes include increases of \$8.6 million in academic support from the Milton S. Hershey Medical Center and \$24.0 million in earnings of departments. A decrease of \$3.0 million from the fourth year of a long-term plan to phase out the historical transfer of part of Penn State's General Support appropriation, an increase of \$0.9 million from tuition revenue, and \$7.0 million from facilities and administration and investment income will also be budgeted.

Effective Fall 2016, the College of Medicine implemented a single tuition rate for Pennsylvania resident and non-resident medical students. A 1.0% increase is proposed for 2019-20. The rate effective Fall 2019 will be \$50,298 per academic year.

The total 2019-20 operating budget for the College of Medicine is \$318.2 million, as shown in Table 6A. The budget includes \$199.6 million for general funds, \$115.0 million for restricted funds, and \$3.6 million for auxiliary enterprises.

THE PENN STATE HEALTH SYSTEM

The Penn State Health System is a subsidiary corporation within Penn State that was formed to operate the clinical activities, both hospital and physician, that occur at the Hershey Medical Center and the St. Joseph Medical Group.

Budgeted expenses and income of \$2.7 billion for 2019-20, as shown in Table 6A, were approved by the Board of Directors of the Health System.

Medical Assistance funds appropriated to the Milton S. Hershey Medical Center through the Pennsylvania Department of Public Welfare are expected to total \$13.4 million.

When combined with the College of Medicine, the budget for the entire medical center operation for 2019-20 is \$3.0 billion.

TABLE 6
THE COLLEGE OF MEDICINE
2019-20 GENERAL FUNDS PERMANENT BUDGET CHANGES
(dollars in thousands)

Expense:

Instruction	\$ 6,452
Programs Needs	23,534
Compensation Adjustments	2,132
Employee Benefits	791
Facilities and Physical Plant	<u>4,617</u>

TOTAL - EXPENSE CHANGES	\$ <u>37,526</u>
--------------------------------	-------------------------

Income:

Tuition and Fees	\$ 923
Facilities & Administration and Investment Income	6,997
Earnings of Departments	24,006
Academic Support from The M.S. Hershey Medical Center	8,600
Other Transfers	<u>(3,000)</u>

TOTAL - INCOME CHANGES	\$ <u>37,526</u>
-------------------------------	-------------------------

TABLE 6A
THE COLLEGE OF MEDICINE AND
THE PENN STATE HEALTH SYSTEM
2019-20 TOTAL PERMANENT OPERATING BUDGET
(dollars in thousands)

	<u>2018-19 Adjusted Budget</u>	<u>Changes</u>	<u>2019-20 Budget</u>
College of Medicine (COM):			
General Funds	\$ 162,089	\$ 37,526	\$ 199,615
Restricted Funds	95,000	20,000	115,000
Auxiliary Enterprises	<u>3,458</u>	<u>101</u>	<u>3,559</u>
Sub-Total - COM	260,547	57,627	318,174
Penn State Health System	<u>2,498,043</u>	<u>189,630</u>	<u>2,687,673</u>
TOTAL	\$ <u><u>2,758,590</u></u>	\$ <u><u>247,257</u></u>	\$ <u><u>3,005,847</u></u>

THE PENNSYLVANIA COLLEGE OF TECHNOLOGY

EXPENSE AND INCOME CHANGES

Expense and income changes included in the 2019-20 budget for the Pennsylvania College of Technology (Penn College) are described below and shown in Tables 7 and 7A.

The Penn College Board of Directors approved a budget plan on June 13, 2019, that included a \$500,000 increase in state support. General Fund expenses and income for 2019-20 will decrease by \$6.9 million for a total General Funds budget of \$115.0 million.

Tuition and mandatory fees for Pennsylvania residents will increase by 2.95%, or \$420, to \$17,160 per academic year, based on 30 credit hours. Non-resident tuition and fees will increase by \$630, from \$23,880 to \$24,510 per academic year. The state spending bill includes a \$4.0 million increase in state funding for 2019-20.

Additional tuition revenue of \$176,000 will be budgeted from tuition rate increases. Enrollment for 2019-20 is budgeted conservatively for a 2.0% decrease. Other income will decrease by \$7.6 million, resulting from a reduction in capital expenditures supported by fund balance transfers in 2018-19.

The total 2019-20 operating budget for Penn College is \$157.3 million, as shown in Table 7A. This includes the general funds budget of \$115.0 million, restricted funds of \$12.4 million, and \$29.9 million for auxiliary enterprises.

TABLE 7
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2019-20 GENERAL FUNDS PERMANENT BUDGET CHANGES
(dollars in thousands)

Income:

State Appropriation*	\$	500
Tuition and Fees		176
Other**		<u>(7,562)</u>
TOTAL - INCOME CHANGES	\$	<u>(6,886)</u>

Expense:

Compensation Adjustments	\$	115
Employee Benefits		1,052
Other Expense**		<u>(8,053)</u>
TOTAL - EXPENSE CHANGES	\$	<u>(6,886)</u>

*Penn College Board of Directors approved a budget plan at their June 2019 meeting that included a \$500,000 appropriation increase. An appropriation increase of \$4 million has been approved by the Commonwealth.

**Reduction in capital expenditures supported by fund balances in 2018-19.

TABLE 7A
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2019-20 TOTAL PERMANENT OPERATING BUDGET
(dollars in thousands)

	2018-19 Current Adjusted Budget	Changes	2019-20 Budget
General Funds	\$ 121,924	\$ (6,886)	\$ 115,038
Restricted Funds	12,524	(89)	12,435
Auxiliary Enterprises	<u>29,953</u>	<u>(100)</u>	<u>29,853</u>
TOTAL	\$ <u>164,401</u>	\$ <u>(7,075)</u>	\$ <u>157,326</u>

**SCHEDULES INCLUDED IN THE
RESOLUTIONS FOR APPROVAL OF THE
2019-20 OPERATING BUDGET, TAB D**

Schedule I provides a summary of the proposed total University budget for 2019-20. Amounts shown for restricted funds are estimates, which are included to provide a complete picture of the total University budget. Actual restricted funds amounts will depend on continuing receipt of grants and contracts and may be higher or lower than estimated.

Total University general funds expenditures, including the College of Medicine and the Pennsylvania College of Technology, are shown in Schedule II, and Schedule III shows corresponding estimated general funds income.

Schedule IV shows the total proposed expenditures for the College of Medicine, and Schedule V presents estimated College of Medicine income.

Footnotes to Schedules I through V in Tab D provide additional explanations of the proposed expense and income changes.

TAB B

ACADEMIC SALARY INFORMATION

**Comparison of Average Faculty Salaries
Penn State's Rank by Year
Big Ten and Select Public AAU Institutions**

	<u>Professor</u>	<u>Associate Professor</u>	<u>Assistant Professor</u>
Penn State's Rank - Big Ten			
2017-18	3rd	3rd	8th
2016-17	3rd	3rd	6th
2015-16	2nd	3rd	4th
2014-15	3rd	3rd	5th
2013-14	2nd	3rd	5th
2012-13	2nd	2nd	6th
2011-12	4th	3rd	6th
2010-11	3rd	2nd	5th
2009-10	3rd	3rd	7th
2008-09	2nd	2nd	7th
2007-08	3rd	2nd	7th
Penn State's Rank - Select AAU Public			
2017-18	4th	4th	12th
2016-17	4th	4th	9th
2015-16	3rd	4th	6th
2014-15	3rd	4th	7th
2013-14	3rd	4th	7th
2012-13	4th	2nd	9th
2011-12	9th	8th	13th
2010-11	7th	6th	10th
2009-10	6th	6th	14th
2008-09	5th	5th	13th
2007-08	6th	5th	13th

TAB C

TUITION COMPARISONS

**Announced Resident Undergraduate Tuition Increases
2019-20**

	<u>Tuition % Increase</u>
Texas A&M University, College Station	5.95%
University of Missouri, Columbia	5.00%
University of Massachusetts, Amherst	4.90%
University of Iowa, Iowa City	3.90%
Cornell University, Contract Colleges	3.60%
University of Utah, Salt Lake City	3.20%
University of Nebraska, Lincoln	2.75%
Indiana University, Bloomington	2.50%
University of Kentucky, Lexington	2.40%
University of Tennessee, Knoxville	2.00%
University of Texas, Austin	2.00%
University of Minnesota, Twin Cities	2.00%
University of Arizona, Tucson	2.00%
University of Michigan, Ann Arbor	1.90%
Ohio State University, Columbus (a)	1.44%
West Virginia University, Morgantown (b)	1.36%
University of South Carolina, Columbia	0.60%
University of Temple, Philadelphia	0.00%
University of Colorado, Boulder (a) (b)	0.00%
Virginia Tech, Blacksburg (b)	0.00%
University of Virginia, Charlottesville	0.00%
University of California - System	0.00%
University of Connecticut, Storrs (a)	0.00%
Michigan State University, East Lansing	0.00%
University of North Carolina, Chapel Hill (a)	0.00%
Purdue University, West Lafayette	0.00%
University of Illinois, Urbana-Champaign	0.00%
University of Wisconsin, Madison	0.00%

(a) Incoming Freshman Only

(b) Tuition and Fees

Gathered from legislative, university and news web sources as of July 16, 2019.

**2018-19 Undergraduate Tuition and Mandatory Fees
at Big Ten and Other Regional Universities - Main Campuses**

	<u>Resident</u>	<u>Non-Resident</u>
Pittsburgh	\$19,080	\$32,052
Penn State	18,454	34,858
Illinois	16,004	32,574
Virginia	17,653	49,032
Rutgers	14,974	31,282
Michigan	15,262	49,350
Minnesota	14,693	30,371
Michigan State	14,460	39,765
Wisconsin	10,556	36,805
Indiana	10,680	35,455
Ohio State	10,726	30,742
Purdue	9,992	28,794
Maryland	10,595	35,216
Nebraska	9,154	24,949
Iowa	9,267	31,233

2018-19 Undergraduate Tuition and Mandatory Fees at Selected Private Universities

National (AAUDE*):

Columbia	59,430
Southern California	56,162
Duke	55,695
Pennsylvania	55,584
Brown	55,556
Carnegie-Mellon	55,465
Cornell	55,188
Dartmouth	55,035
Tulane	54,820
Northwestern	54,568
Johns Hopkins	53,740
Washington University	53,399
California Institute of Technology	52,362
Massachusetts Institute of Technology	51,832
Princeton	51,485
Stanford	51,354
Harvard	50,420
Vanderbilt	49,816

Other Pennsylvania Universities:

Bucknell	56,092
Lehigh	55,260
Gettysburg	54,480
Villanova	53,308

*Association of American University Data Exchange

Source: University of Virginia Survey/Websites

TAB D

THE PENNSYLVANIA STATE UNIVERSITY MEETING OF THE BOARD OF TRUSTEES

THURSDAY, JULY 18, 2019 FINANCE, BUSINESS AND CAPITAL PLANNING AGENDA ITEM 4.C

Proposed Operating Budget for Fiscal Year Beginning July 1, 2019 with Corresponding Tuition and Fees Effective for 2019 Fall Semester

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the proposed Operating Budget for the University for the fiscal year beginning July 1, 2019, as shown in the 2019-20 Proposed Operating Budget with corresponding Tuition and Fees Schedules, is approved.

(The 2019-20 Proposed Operating Budget and Tuition and Fees Schedules will be distributed to Trustees under separate cover.)

2019-20 PROPOSED OPERATING BUDGET

THE PENNSYLVANIA STATE UNIVERSITY
2019-20 TOTAL OPERATING BUDGET
SCHEDULE I
SUMMARY SCHEDULE FOR TOTAL UNIVERSITY

	(1) Adjusted Budget 2018-19	(2) Changes	(3) 2019-20 Budget
General Funds:			
Educational & General - Permanent	\$ 2,063,349,000	\$ 34,230,000	\$ 2,097,579,000
Educational & General - Temporary(a)	390,795,000	24,801,000	415,596,000
Agric. Research & Cooperative Extension	57,947,000	1,078,000	59,025,000
Sub-Total	2,512,091,000	60,109,000	2,572,200,000
College of Medicine	197,506,000	5,610,000	203,116,000
Pennsylvania College of Technology	121,924,000	(6,886,000)	115,038,000
Total - General Funds	2,831,521,000	58,833,000	2,890,354,000
Federal Funds - Agriculture	21,868,000	0	21,868,000
Restricted Funds (b):			
Educational & General	536,768,000	26,838,000	563,606,000
Agric. Research & Cooperative Extension	50,593,000	3,036,000	53,629,000
College of Medicine	95,000,000	20,000,000	115,000,000
Pennsylvania College of Technology	12,524,000	(89,000)	12,435,000
Total - Restricted Funds	694,885,000	49,785,000	744,670,000
Auxiliary Enterprises (c):			
Educational & General (d)	460,397,000	6,189,000	466,586,000
College of Medicine	3,458,000	101,000	3,559,000
Pennsylvania College of Technology	29,953,000	(100,000)	29,853,000
Total - Auxiliary Enterprises	493,808,000	6,190,000	499,998,000
TOTAL	\$ 4,042,082,000	\$ 114,808,000	\$ 4,156,890,000
Penn State Health System	2,498,043,000	189,630,000	2,687,673,000 (e)
TOTAL UNIVERSITY	\$ 6,540,125,000	\$ 304,438,000	\$ 6,844,563,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2019-20 TOTAL OPERATING BUDGET
SCHEDULE II
SUMMARY OF EXPENDITURES**

	(1) Adjusted Budget 2018-19	(2) Changes	(3) 2019-20 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
Permanent:			
Instruction and Research	\$ 818,990,000	\$ 6,455,000	\$ 825,445,000
Other Public Service	24,533,000	61,000	24,594,000
Academic Support	419,969,000	1,312,000	421,281,000
Institutional Support	361,068,000	4,146,000	365,214,000
Student Services	137,368,000	(16,000)	137,352,000
Student Aid	73,402,000	(557,000)	72,845,000
Physical Plant Operations	221,118,000	16,754,000	237,872,000
University Contingencies	6,901,000	0	6,901,000
Cost Savings/Internal Reductions	0	(35,528,000) (f)	(35,528,000)
Compensation & Employee Benefits Adj (g):			
Merit-based Inflationary Salary Increases	0	26,399,000	26,399,000
Merit-based Inflationary Related Benefits	0	4,224,000	4,224,000
Market, Equity & Faculty Promotions	0	2,056,000	2,056,000
Market, Equity & Faculty Promo. Rel. Bene.	0	329,000	329,000
Benefits Cost Increases	0	8,595,000	8,595,000
Temporary	390,795,000	24,801,000	415,596,000
Total Educational & General (h)	2,454,144,000	59,031,000	2,513,175,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION (i):			
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	671,000	671,000
Merit-based Inflationary Related Benefits	0	107,000	107,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	372,000	372,000
Program Changes	57,947,000	(72,000)	57,875,000
Total Agricultural Research & Cooperative Extension (j)	57,947,000	1,078,000	59,025,000
Sub-Total	2,512,091,000	60,109,000	2,572,200,000
COLLEGE OF MEDICINE	197,506,000	5,610,000	203,116,000
PA COLLEGE OF TECHNOLOGY (k)	121,924,000	(6,886,000)	115,038,000 (l)
TOTAL GENERAL FUNDS	\$ 2,831,521,000	\$ 58,833,000	\$ 2,890,354,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2019-20 TOTAL OPERATING BUDGET
SCHEDULE III
SUMMARY OF INCOME

	(1) Adjusted Budget 2018-19	(2) Changes	(3) 2019-20 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
State Appropriation:			
Educational & General	\$ 237,349,000	\$ 4,747,000 (m)	\$ 242,096,000
Transfers	(4,032,000)	0	(4,032,000) (n)
Sub-Total - State Appropriation	233,317,000	4,747,000	238,064,000
Tuition and Fees	1,928,264,000	21,772,000 (o)	1,950,036,000
Facilities & Administration and			
Investment Income	104,265,000	10,000,000	114,265,000
Other Income	92,248,000	87,654,000	179,902,000
Other Transfers	(7,000,000)	3,000,000 (p)	(4,000,000)
Total Educational & General	2,351,094,000	127,173,000	2,478,267,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION:			
State Appropriation & E&G Transfers	56,431,000	1,078,000 (q)	57,509,000 (r)
Sales and Services Income	1,516,000	0	1,516,000
Total Agricultural Research & Cooperative Extension	57,947,000	1,078,000	59,025,000
Sub-Total University	2,409,041,000	128,251,000	2,537,292,000
COLLEGE OF MEDICINE	196,577,000	6,539,000	203,116,000
PA COLLEGE OF TECHNOLOGY (s):			
State Appropriation:			
PA College of Technology	22,736,000	500,000 (t)	23,236,000
Transfers	396,000	0	396,000 (u)
Sub-Total - State Appropriation	23,132,000	500,000	23,632,000
Tuition and Fees	88,379,000	176,000	88,555,000
Other Income	10,413,000	(7,562,000)	2,851,000
Total PA College of Technology	121,924,000	(6,886,000)	115,038,000
TOTAL GENERAL FUNDS	\$ 2,727,542,000	\$ 127,904,000	\$ 2,855,446,000

Note: Footnotes follow Schedule V.

	(1) Adjusted Budget 2018-19	(2) Changes	(3) 2019-20 Budget
GENERAL FUNDS:			
Permanent:			
Instruction and Research	\$ 58,071,000	\$ 6,452,000	\$ 64,523,000
Other Public Service	3,107,000	(1,000)	3,106,000
Academic Support	20,351,000	4,816,000	25,167,000
Institutional Support	42,773,000	18,719,000	61,492,000
Student Services	2,996,000	0	2,996,000
Student Aid	5,182,000	0	5,182,000
Physical Plant Operations	29,609,000	4,617,000	34,226,000
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	1,838,000	1,838,000
Merit-based Inflationary Related Benefits	0	294,000	294,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	791,000	791,000
Temporary	35,417,000	(31,916,000)	3,501,000
TOTAL GENERAL FUNDS	197,506,000	5,610,000	203,116,000
RESTRICTED FUNDS (v)	95,000,000	20,000,000	115,000,000
AUXILIARY ENTERPRISES (w)	3,458,000	101,000	3,559,000
TOTAL	\$ 295,964,000	\$ 25,711,000	\$ 321,675,000

Note: Footnotes follow Schedule V.

	(1) Adjusted Budget 2018-19	(2) Changes	(3) 2019-20 Budget
GENERAL FUNDS:			
Tuition and Fees	\$ 37,260,000	\$ 640,000 (x)	\$ 37,900,000
Facilities & Administration and Investment Income	16,455,000	2,042,000	18,497,000
Academic Support from MSHMC (y)	66,900,000	8,600,000	75,500,000
Other Income	67,907,000	(1,743,000)	66,164,000
State Appropriation: Transfers	1,055,000	0	1,055,000 (z)
Other Transfers	7,000,000	(3,000,000) (aa)	4,000,000
TOTAL GENERAL FUNDS	196,577,000	6,539,000	203,116,000
RESTRICTED FUNDS (bb)	95,000,000	20,000,000	115,000,000
AUXILIARY ENTERPRISES (cc)	3,458,000	101,000	3,559,000
TOTAL	\$ 295,035,000	\$ 26,640,000	\$ 321,675,000

Note: Footnotes follow Schedule V.

Schedule I:

- (a) \$35,000,000 of expense funded through prior year carry-forward balance for temporary budget.
- (b) Includes Grants, Contracts, Restricted Gifts and Restricted Endowment Income. The 2019-20 Budget is based on preliminary 2018-19 actual and 2019-20 estimated income. Expenditures are offset directly by income for the same purpose.
- (c) Self-supporting budgets representing sales and services, primarily to individuals. Educational and General Auxiliary Enterprises include Housing and Food Services, Intercollegiate Athletics, Commons Operations, Penn State Hospitality Services, Bryce Jordan Center, and Airport Operations.
- (d) Includes \$6,189,000 from room and board rate increases approved by the Board of Trustees on February 22, 2019, and other adjustments. Expenditures are offset directly by income for the same purpose.
- (e) Total income from the 2019-20 budget for The Penn State Health System that was approved by the Board of Directors of PSHS on June 20, 2019.

Schedule II:

- (f) Cost savings made possible by the IT transformation and health care savings.
- (g) A salary pool to satisfy contractual obligations, increases in graduate assistant stipends and faculty promotions. Also a 2.5% merit pool to provide compensation for faculty and staff to keep up with inflation.
- (h) Employee benefits expense distributed by function.
- (i) Includes expenditures offset by funding allocated by the Commonwealth and by sales and services income.
- (j) Includes allocated employee benefits for Agricultural Research and Cooperative Extension personnel paid on Federal Funds-Agriculture.
- (k) The Pennsylvania College of Technology (Penn College) is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.
- (l) Includes reduction of capital expenditures funded by fund balance transfer in 2018-19.

Schedule III:

- (m) Includes state support increase of 2 percent from the 2018-19 level.
- (n) Represents the following transfers: \$1,055,000 to the College of Medicine for redistribution of 2004-05 increase, for graduate and nursing programs, for the prior years' Tuition Challenge Grants, and for a proportionate share of the 1997-98 Special Projects appropriation (which was folded into E&G in the 1998-99 appropriation); \$2,977,000 to other line items for redistribution of 2005-06 and 2004-05 increases; and for a proportionate share of the 1997-98 Special Projects appropriation.

Schedule III (continued):

- (o) Includes tuition rate changes for 2019-20 of \$13,181,000, additional tuition income resulting from recent enrollment growth of \$2,000,000 and summer income of \$1,250,000. Reflects additional income of \$53,000 from the Student Initiated Fee. Also includes a temporary tuition and fee increase of \$5,288,000.
- (p) Additional E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (q) Includes state support increase of 2 percent from the 2018-19 level.
- (r) Represents the following transfers: \$1,018,000 redistribution of 2005-06 increase, \$1,136,000 redistribution of 2004-05 increase and \$427,000 for a proportionate share of the 1997-98 Special Projects appropriation.
- (s) Penn College is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.
- (t) Penn College Board of Directors approved a budget plan on June 13, 2019 that included a \$500,000 appropriation increase. The appropriation increase approved by the Commonwealth provided an actual increase of \$4,000,000.
- (u) Represents the following transfers: \$293,000 redistribution of 2004-05 increase and \$103,000 for a proportionate share of the 1997-98 Special Projects appropriation.

Schedule IV:

- (v) Expenditures are offset directly by income for the same purpose.
- (w) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include student housing. Expenditures are offset directly by income for the same purpose.

Schedule V:

- (x) Reflects a one percent increase for both in-state and out-of-state medical student tuition.
- (y) Reflects funding received by the College of Medicine from The Milton S. Hershey Medical Center (MSHMC).
- (z) Represents the following transfers: for redistribution of 2004-05 increase, for graduate and nursing programs, for the prior years' Tuition Challenge Grants, and for a proportionate share of the 1997-98 Special Projects appropriation (which was folded into E&G in the 1998-99 appropriation).
- (aa) Decrease in E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (bb) Expenditures are offset directly by income for the same purpose.
- (cc) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include housing.

2019-20 TUITION AND FEES SCHEDULES
TO CORRESPOND WITH
2019-20 PROPOSED OPERATING BUDGET

**Schedule 1
University Park Tuition
Projected 2019-20 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	17,416	0	17,416	8,708	0	8,708	726	0	726
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	20,780	0	20,780	10,390	0	10,390	866	0	866
Nursing	22,484	0	22,484	11,242	0	11,242	937	0	937
All Other Programs	18,828	0	18,828	9,414	0	9,414	785	0	785
<i>Graduate:</i>									
MBA	26,422	516	26,938	13,211	258	13,469	1,101	21	1,122
Business, Science, IST, EMS, & Engineering (b)	22,976	448	23,424	11,488	224	11,712	957	19	976
All Other Programs	21,540	420	21,960	10,770	210	10,980	898	17	915
Graduate Assistantships, Fellowships	18,340	360	18,700	9,170	180	9,350	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	33,820	660	34,480	16,910	330	17,240	1,409	28	1,437
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	37,704	736	38,440	18,852	368	19,220	1,571	31	1,602
Nursing	40,042	780	40,822	20,021	390	20,411	1,668	33	1,701
All Other Programs	35,542	694	36,236	17,771	347	18,118	1,481	29	1,510
<i>Graduate:</i>									
MBA	42,468	828	43,296	21,234	414	21,648	1,770	34	1,804
Business, Science, IST, EMS, & Engineering (b)	38,466	750	39,216	19,233	375	19,608	1,603	31	1,634
All Other Programs	36,974	720	37,694	18,487	360	18,847	1,541	30	1,571
Graduate Assistantships, Fellowships	18,340	360	18,700	9,170	180	9,350	-	-	-

Schedule 1
Medicine, Law, and Great Valley School of Graduate Professional Studies
Projected 2019-20 Tuition

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2018-19	Increase	2019-20	2018-19	Increase	2019-20	2018-19	Increase	2019-20
<u>Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	49,800	498	50,298	24,900	249	25,149	-	-	-
Graduate	22,976	448	23,424	11,488	224	11,712	957	19	976
Master of Physician Assistant Program	-	-	-	12,192	488	12,680	-	-	-
Great Valley Graduate Center:									
MBA	24,574	480	25,054	12,287	240	12,527	1,024	20	1,044
All Other Programs	24,574	480	25,054	12,287	240	12,527	1,024	20	1,044
Dickinson Law	49,896	1,944	51,840	24,948	972	25,920	2,079	81	2,160
Penn State Law	49,896	0	49,896	24,948	0	24,948	2,079	0	2,079
Graduate Assistantships, Fellowships	18,340	360	18,700	9,170	180	9,350	-	-	-
<u>Non-Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	49,800	498	50,298	24,900	249	25,149	-	-	-
Graduate	38,466	750	39,216	19,233	375	19,608	1,603	31	1,634
Master of Physician Assistant Program	-	-	-	12,192	488	12,680	-	-	-
Great Valley Graduate Center:									
MBA	40,074	782	40,856	20,037	391	20,428	1,670	32	1,702
All Other Programs	40,074	782	40,856	20,037	391	20,428	1,670	32	1,702
Dickinson Law	49,896	1,944	51,840	24,948	972	25,920	2,079	81	2,160
Penn State Law	49,896	0	49,896	24,948	0	24,948	2,079	0	2,079
Graduate Assistantships, Fellowships	18,340	360	18,700	9,170	180	9,350	-	-	-

Schedule 1
Altoona, Berks, Erie and Harrisburg
Projected 2019-20 Tuition

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	14,214	0	14,214	7,107	0	7,107	592	0	592
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	17,290	0	17,290	8,645	0	8,645	720	0	720
All Other Programs	15,470	0	15,470	7,735	0	7,735	645	0	645
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	908	18	926
Business, Science, IST, EMS, & Engineering (c)	22,802	444	23,246	11,401	222	11,623	950	19	969
All Other Programs	21,376	416	21,792	10,688	208	10,896	891	17	908
Graduate Assistantships, Fellowships	18,340	360	18,700	9,170	180	9,350	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	23,466	458	23,924	11,733	229	11,962	978	19	997
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	26,946	526	27,472	13,473	263	13,736	1,123	22	1,145
All Other Programs	24,966	486	25,452	12,483	243	12,726	1,040	21	1,061
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	1,419	28	1,447
Business, Science, IST, EMS, & Engineering (c)	29,582	576	30,158	14,791	288	15,079	1,233	24	1,257
All Other Programs	28,168	550	28,718	14,084	275	14,359	1,174	23	1,197
Graduate Assistantships, Fellowships	18,340	360	18,700	9,170	180	9,350	-	-	-

**Schedule 1
Abington
Projected 2019-20 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,540	0	13,540	6,770	0	6,770	557	0	557
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	16,454	0	16,454	8,227	0	8,227	644	0	644
All Other Programs	14,654	0	14,654	7,327	0	7,327	603	0	603
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	22,802	444	23,246	11,401	222	11,623	950	19	969
All Other Programs	21,376	416	21,792	10,688	208	10,896	891	17	908
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	22,294	434	22,728	11,147	217	11,364	929	18	947
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	25,560	498	26,058	12,780	249	13,029	1,065	21	1,086
All Other Programs	23,602	460	24,062	11,801	230	12,031	983	20	1,003
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	29,014	566	29,580	14,507	283	14,790	1,209	24	1,233
All Other Programs	27,598	538	28,136	13,799	269	14,068	1,150	22	1,172

Schedule 1
Brandywine, Hazleton, Lehigh Valley, Schuylkill, Scranton, York, and World Campus *
Projected 2019-20 Tuition

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,484	0	13,484	6,742	0	6,742	555	0	555
Upper Division: (a)									
Junior & Senior:	14,594	0	14,594	7,297	0	7,297	596	0	596
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	22,474	438	22,912	11,237	219	11,456	936	19	955
All Other Programs	21,268	414	21,682	10,634	207	10,841	886	17	903
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	22,044	430	22,474	11,022	215	11,237	919	17	936
Upper Division: (a)									
Junior & Senior	23,076	450	23,526	11,538	225	11,763	962	18	980
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	28,660	558	29,218	14,330	279	14,609	1,194	23	1,217
All Other Programs	27,368	534	27,902	13,684	267	13,951	1,140	23	1,163

* World Campus - applicable rates are PA Resident, Lower Division, Upper Division and Graduate All Other Programs (other program-based rates may apply).

Schedule 1
Beaver, DuBois, Fayette, Greater Allegheny, Mont Alto, New Kensington, and Wilkes-Barre
Projected 2019-20 Tuition

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	12,718	0	12,718	6,359	0	6,359	524	0	524
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	14,396	0	14,396	7,198	0	7,198	579	0	579
All Other Programs	13,768	0	13,768	6,884	0	6,884	567	0	567
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	21,454	418	21,872	10,727	209	10,936	894	17	911
All Other Programs	20,302	396	20,698	10,151	198	10,349	846	16	862
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	20,902	408	21,310	10,451	204	10,655	871	17	888
Upper Division: (a)									
Junior & Senior	22,130	432	22,562	11,065	216	11,281	922	18	940
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	27,256	532	27,788	13,628	266	13,894	1,136	22	1,158
All Other Programs	26,026	508	26,534	13,013	254	13,267	1,084	22	1,106

**Schedule 1
Shenango
Projected 2019-20 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	12,474	0	12,474	6,237	0	6,237	504	0	504
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	14,396	0	14,396	7,198	0	7,198	579	0	579
All Other Programs	13,502	0	13,502	6,751	0	6,751	542	0	542
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	20,146	392	20,538	10,073	196	10,269	839	17	856
All Other Programs	19,066	372	19,438	9,533	186	9,719	794	16	810
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	20,498	400	20,898	10,249	200	10,449	854	17	871
Upper Division: (a)									
Junior & Senior	21,704	424	22,128	10,852	212	11,064	904	18	922
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	26,734	522	27,256	13,367	261	13,628	1,114	22	1,136
All Other Programs	25,526	498	26,024	12,763	249	13,012	1,064	20	1,084

Footnotes for 2019-20 Tuition Rate Schedules

- (a) The upper division rate will apply to undergraduate students with a minimum of 59.1 credits, regardless of how earned.
- (b) Includes upper division and graduate programs at University Park in the Smeal College of Business (excluding MBA), the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the College of Information Sciences and Technology. Also includes the intercollege programs of Acoustics, Bioengineering, Ecology, Genetics, Integrative Biosciences, Materials, Neuroscience, Operations Research, Physiology, and Plant Biology.
- (c) Includes upper division and graduate programs in the following Erie and Harrisburg departments/schools: School of Science (Erie), School of Business (Erie), School of Engineering and Engineering Technology (Erie), Science/Engineering (Harrisburg), and Business Administration (Harrisburg). Also includes upper division programs in the Altoona and Berks departments of Business and Science. Also includes upper division and graduate programs at Altoona, Berks, Erie, and Harrisburg in the Smeal College of Business, the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the School of Information Sciences and Technology.
- (d) Includes upper division and graduate programs in the following: Abington, Beaver, Brandywine, DuBois, Fayette, Greater Allegheny, Hazleton, Lehigh Valley, Mont Alto, New Kensington, Schuylkill, Shenango, Wilkes-Barre, Scranton, and York departments of Business and Science. Also includes upper division and graduate programs at Abington, Beaver, Brandywine, DuBois, Fayette, Greater Allegheny, Hazleton, Lehigh Valley, Mont Alto, New Kensington, Schuylkill, Shenango, Wilkes-Barre, Scranton, and York in the Smeal College of Business, the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the School of Information Sciences and Technology.

NOTE: Specific tuition rates for each student by campus, level and program can be accessed at the following web site: <http://tuition.psu.edu>.

Schedule 2
2019-20 Information Technology Fee
Per Semester

Fall and Spring 2019-20

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$252.00	\$189.00	\$86.00
Altoona	252.00	189.00	86.00
Beaver	252.00	189.00	86.00
Berks	252.00	189.00	86.00
Brandywine	252.00	189.00	86.00
DuBois	252.00	189.00	86.00
Erie	252.00	189.00	86.00
Fayette	252.00	189.00	86.00
Great Valley	252.00	189.00	86.00
Greater Allegheny	252.00	189.00	86.00
Harrisburg	252.00	189.00	86.00
Hazleton	252.00	189.00	86.00
Lehigh Valley	252.00	189.00	86.00
Mont Alto	252.00	189.00	86.00
New Kensington	252.00	189.00	86.00
Schuylkill	252.00	189.00	86.00
Scranton	252.00	189.00	86.00
Shenango	252.00	189.00	86.00
University Park	252.00	189.00	86.00
Wilkes-Barre	252.00	189.00	86.00
York	252.00	189.00	86.00
World Campus	252.00	189.00	86.00
Dickinson Law	252.00	189.00	86.00
Penn State Law	252.00	189.00	86.00
Hershey (non-medical)	252.00	189.00	86.00
Hershey (medical)	331.00	Charge per Semester	

Schedule 3
2019-20 Student Initiated Fee
Per Semester

Fall and Spring 2019-20			
	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$244.00	\$183.00	\$76.00
Altoona	244.00	183.00	76.00
Beaver	244.00	183.00	76.00
Berks	244.00	183.00	76.00
Brandywine	244.00	183.00	76.00
DuBois	244.00	183.00	76.00
Erie	244.00	183.00	76.00
Fayette	244.00	183.00	76.00
Great Valley	128.00	96.00	40.00
Greater Allegheny	244.00	183.00	76.00
Harrisburg	244.00	183.00	76.00
Hazleton	244.00	183.00	76.00
Lehigh Valley	244.00	183.00	76.00
Mont Alto	244.00	183.00	76.00
New Kensington	244.00	183.00	76.00
Schuylkill	244.00	183.00	76.00
Scranton	244.00	183.00	76.00
Shenango	186.00	140.00	58.00
University Park	265.00	199.00	82.00
Wilkes-Barre	186.00	140.00	58.00
York	244.00	183.00	76.00
Dickinson Law	91.00	68.00	28.00
Penn State Law	290.00	218.00	90.00
Hershey (non-medical)	36.00	27.00	11.00
Hershey (medical)	72.00	charge per academic year	