

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING
MINUTES OF MEETING
VOLUME FBCP 10**

July 21, 2016

A meeting of the Committee on Finance, Business & Capital Planning was held in Room 107 of the Nesbitt Academic Commons at Penn State Wilkes-Barre in Lehman, Pennsylvania, beginning at 10:00 a.m.

The following committee members, constituting a quorum, were present: Clifford Benson (via telephone), Mark Dambly, Robert Fenza, Daniel Mead, William Oldsey, and Mary Lee Schneider.

Ex-Officio member Keith Masser, Student Representative Kevin Horne, Faculty Representative James Strauss, and the following administration members were also present: Susan Basso, Lisa Berkey, Madeline Cantu, Joseph Doncsecz, David Gray, Nicholas Jones, Donna Newburg, Rachel Smith, and Ford Stryker.

The meeting was called to order by Chairman Daniel Mead. Mr. Mead advised the Committee that actions and recommendations by the Committee would be reported to the full Board of Trustees for their consideration at the July 22, 2016 meeting.

The Committee unanimously approved the minutes of the May 5, 2016 meeting of the Committee.

The Committee reviewed the following consent agenda items and unanimously approved the two action items: Summary of Revised Funds and Summary and Acknowledgment of New Funds and Major Commitments.

Information Items –

- a) Shavers Creek Environmental Center, Stone Valley Recreation Area
- b) Roof Replacement for Various Buildings, University Park
- c) North Henderson Dean Suite Renovation, University Park
- d) Parking Revenue Control System Upgrades at Various Parking Locations, University Park
- e) Campus Chilled Water System Connections at Ag Hill and South Plants, University Park
- f) Recreation Hall Lorenzo Wrestling Complex Hydrotherapy Renovations, University Park
- g) Campus-wide Energy Savings Projects, Penn State Abington
- h) Soccer Field Expansion, Penn State Hazleton
- i) Eiche Library Renovations, Penn State Altoona
- j) Hiller Building and Café Renovation, Penn State Dubois
- k) Franco Building HVAC, Lighting, and Sprinkler System Upgrades, Penn State Berks

- l) College of Medicine First Floor Corridor Refurbishment, The Milton S. Hershey Medical Center
- m) Air Handling Unit Replacement, The Milton S. Hershey Medical Center
- n) Change the Name of the Theater Arts Studio to the "Advanced Combustion and Energetics Laboratory," Penn State Altoona
- o) Change the Name of the Environmental Resource Laboratory to the "Thermal Science Laboratory," Penn State Altoona
- p) Naming of the New Data Center, "Tower Road Data Center," University Park
- q) Naming of New Apartment Building, "Lions Gate at Penn State Abington A Student Apartment Community," Penn State Abington
- r) Naming of the New Residence Hall, "Orchard Hall," Penn State Brandywine
- s) Naming of Rooms, Portions of Buildings, and Plazas
- t) Purchase of Property at 111 North Butz Street, State College Borough
- u) Purchase of Property at 2175 Fox Hill Road, Benner Township
- v) Status of Major Construction Programs and Borrowing

Action Items –

- w) Summary of Revised Funds
- x) Summary and Acknowledgement of New Funds and Major Commitments

The Committee unanimously approved the following resolution for the Proposed Naming of the New Residence Hall in North Halls, "Robinson Hall," at University Park:

RESOLVED, That the new residence hall in North Halls at University Park is named "Robinson Hall."

The Committee unanimously approved the following resolution for the Proposed Naming of the New Residence Hall in East Halls, "Earle Hall," at University Park:

RESOLVED, That the new residence hall in East Halls at University Park is named "Earle Hall."

By a vote of five-to-one, with Trustee Oldsey dissenting, the Committee approved the following resolution for Proposed Operating Budget for the Fiscal Year Beginning July 1, 2016:

RESOLVED, That the proposed Operating Budget for the University for the fiscal year beginning July 1, 2016, as shown in the 2016-2017 Proposed Operating Budget and Proposed 2016-2017 Tuition and Fees, is approved.

[2016-2017 Proposed Operating Budget and Proposed 2016-2017 Tuition and Fees attached.]

By a vote of five-to-one, with Trustee Oldsey dissenting, the Committee approved the following resolution for Proposed Tuition and Fees Effective for 2016 Fall Semester:

RESOLVED, That tuition at all locations, effective for the 2016-2017 school year, and as shown in the 2016-2017 Proposed Operating Budget and Proposed 2016-2017 Tuition and Fees, is approved.

[2016-2017 Proposed Operating Budget and Proposed 2016-2017 Tuition and Fees attached.]

The Committee unanimously approved the following resolutions for Proposed Purchase of Cryo-Electron Microscope at the Millennium Science Complex at University Park:

RESOLVED, That the purchase and installation of a cryo-electron microscope for the Millennium Science Complex at University Park, is approved at a cost of \$8,600,000.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized and directed to take steps to make effective these resolutions.

The Committee on Finance, Business & Capital Planning meeting was adjourned at 10:40 a.m.

Respectfully submitted,

Donna J. Newburg
Assistant Secretary
Board of Trustees

THE PENNSYLVANIA STATE UNIVERSITY

**BOARD OF TRUSTEES
JULY 22, 2016**

**PROPOSED 2016-17 OPERATING BUDGET
AGENDA ITEM 7.D.4**

**PROPOSED 2016-17 TUITION AND FEES
AGENDA ITEM 7.D.5**

**THE PENNSYLVANIA STATE UNIVERSITY
2016-17 OPERATING BUDGET**

TABLE OF CONTENTS

TAB A	OPERATING BUDGET SUMMARY
TAB B	ACADEMIC SALARY INFORMATION
TAB C	TUITION COMPARISONS
TAB D	2016-17 OPERATING BUDGET
TAB E	TUITION AND MANDATORY FEES EFFECTIVE FALL SEMESTER 2016

TAB A

2016-17 OPERATING BUDGET

THE PENNSYLVANIA STATE UNIVERSITY 2016-17 OPERATING BUDGET

The Board of Trustees will be asked to consider and approve Penn State's operating budget on July 22, 2016.

SUMMARY OF THE BUDGET PLAN

In building the Proposed 2016-17 Operating Budget, Penn State has placed the highest priority on keeping tuition increases to the lowest possible level while continuing to provide a high quality educational experience. The budget plan that was approved by the Board of Trustees as part of Penn State's 2016-17 Appropriation Request reflected one of Governor Wolf's goals – to restore the 2011-12 cuts in state higher education support over two years. Restoration of those cuts would have provided a General Support appropriation increase of \$39.5 million in addition to the \$10.7 million increase included in the 2015-16 state budget that was finalized in March 2016. At the requested appropriation, no base tuition increase for Pennsylvania resident undergraduate students was planned for the second consecutive year.

At the time that Penn State submitted the 2016-17 appropriation request in November 2015, the 2015-16 appropriation had not yet been finalized. As the 2015-16 state budget impasse continued over the next several months, it became clear that the actions necessary to provide the revenue increases that would be needed to carry out Governor Wolf's plan to restore higher education funding over two years did not have the support of the General Assembly.

When Governor Wolf presented his 2016-17 Executive Budget in February 2016, he acknowledged that the timeframe for restoring the cuts would need to be extended, and his plan called for an increase of 5.0 percent, or \$11.2 million in Penn State's 2016-17 General Support appropriation. After the Governor presented his budget plan in February 2016, Penn State adjusted the planning parameters for the 2016-17 operating budget to include the lower appropriation increase of 5.0 percent. The parameters were adjusted again to reflect a 2.5 percent increase, or \$5.6 million, in the General Support appropriation authorized by Act 17A of 2016 that received final approval from the General Assembly and was signed by Governor Wolf on July 13, 2016.

As the projected amount of the General Support appropriation increase evolved and settled at \$5.6 million, planning efforts focused on minimizing the impact on Penn State's students. Mandates and unavoidable cost increases must be funded, while some priorities will be addressed with one-time sources and the timeframe for others will be extended. In addition, the

university is taking steps to initiate longer-term strategies that will lower future base operating costs. Significant budget reductions have also been identified, along with non-tuition revenue, that contribute 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. In aggregate, base undergraduate tuition for Pennsylvania students is proposed to increase by 1.76 percent and 3.17 percent for non-resident undergraduate students. University Park lower-division Pennsylvania undergraduate students would see a tuition increase of \$190 per semester. Pennsylvania lower-division undergraduates at eight Commonwealth campuses would see no tuition increase, while those at eleven campuses would see increases ranging from \$81 to \$105 per semester. Increases for non-resident and graduate students would be higher.

2016-17 TOTAL OPERATING BUDGET

The University is proposing changes totaling \$85.0 million in general funds, restricted funds, and auxiliary enterprises, plus \$154.7 million at the Hershey Medical Center, bringing the total 2016-17 operating budget to \$5.1 billion. A summary of the budget is shown on Table 1.

STATE APPROPRIATIONS

Penn State's 2016-17 appropriations total \$315.7 million. The General Support (E&G) appropriation, the Agricultural College Land Scrip Fund, and the Pennsylvania College of Technology have been increased by 2.5 percent over the 2015-16 levels. Medical Assistance funding for the Penn State Milton S. Hershey Medical Center funded through the Pennsylvania Department of Public Welfare will increase by \$2.0 million, to \$13.4 million with the increase directed to the continued development of the Regional Medical Campus at University Park. A summary of the appropriation is shown on 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; 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.

Excluding the College of Medicine and the Pennsylvania College of Technology, 79.1 percent of the income supporting the 2016-17 General Funds budget will come from tuition and fees and 13.6 percent from state appropriations.

With the proposed increases of \$72.8 million, the General Funds budget will total \$2.2 billion, a 3.4 percent increase over 2015-16.

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

TABLE 1
TOTAL UNIVERSITY BUDGET
SUMMARY OF 2016-17 CHANGES
(dollars in thousands)

	<u>2015-16 Adjusted Budget</u>	<u>Changes</u>	<u>2016-17 Budget</u>
General Funds:			
Educational and General	\$ 1,858,282	\$ 57,375	\$ 1,915,657
Agric. Research & Cooperative Extension	<u>53,816</u>	<u>1,264</u>	<u>55,080</u>
Sub -Total	1,912,098	58,639	1,970,737
College of Medicine	123,805	13,889	137,694
Pennsylvania College of Technology	<u>109,142</u>	<u>261</u>	<u>109,403</u>
Total - General Funds	<u>2,145,045</u>	<u>72,789</u>	<u>2,217,834</u>
Federal Funds - Agriculture	21,866	0	21,866
Restricted Funds:			
Educational and General	496,223	9,924	506,147
Agric. Research & Cooperative Extension	46,772	935	47,707
College of Medicine	106,600	(8,600)	98,000
Pennsylvania College of Technology	<u>16,060</u>	<u>(3,035)</u>	<u>13,025</u>
Total - Restricted Funds	665,655	(776)	664,879
Auxiliary Enterprises:			
Educational and General	387,141	13,866	401,007
College of Medicine	3,581	119	3,700
Pennsylvania College of Technology	<u>28,985</u>	<u>(998)</u>	<u>27,987</u>
Total - Auxiliary Enterprises	<u>419,707</u>	<u>12,987</u>	<u>432,694</u>
TOTAL	\$ <u>3,252,273</u>	\$ <u>85,000</u>	\$ <u>3,337,273</u>
The Milton S. Hershey Medical Center	<u>1,649,693</u>	<u>154,738</u>	<u>1,804,431</u>
TOTAL UNIVERSITY	\$ <u><u>4,901,966</u></u>	\$ <u><u>239,738</u></u>	\$ <u><u>5,141,704</u></u>

TABLE 2
SUMMARY OF STATE APPROPRIATION
(dollars in thousands)

	<u>2015-16 Appropriation</u>	<u>Changes</u>	<u>2016-17 Total</u>
<u>Direct State Appropriation:</u>			
General Support	\$224,816	5,620	\$230,436
Pennsylvania College of Technology	<u>19,584</u>	<u>490</u>	<u>20,074</u>
Sub-Total	244,400	6,110	250,510
<u>Agricultural College Land Scrip Fund:</u>			
Agricultural Research and Cooperative Extension	50,549	1,264	51,813
<u>PA Department of Public Welfare:</u>			
M.S. Hershey Medical Center:			
Medical Assistance Funding (estimate)	<u>11,444</u>	<u>1,956</u>	<u>13,400</u>
Total	<u><u>\$306,393</u></u>	<u><u>\$9,330</u></u>	<u><u>\$315,723</u></u>

EDUCATIONAL AND GENERAL BUDGET

Expense changes for the 2016-17 Educational and General (E&G) portion of the University's general funds operating budget total \$57.4 million bringing the E&G budget to \$1.9 billion. The changes are described below and summarized in Table 3.

SALARIES

The 2016-17 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 percent increase in graduate assistant stipends, and a 2.0 percent pool to provide merit-based salary adjustments for faculty and staff and to make equity or market adjustments. Benchmarking data show that a 2.0 percent salary pool puts Penn State near the bottom of the range of our Big Ten peers. Note that any amounts that are applied to the salaries of individuals earning less than \$47,474 per year or \$913 per week, the recently announced new threshold from the Department of Labor below which most employees must be paid overtime, will reduce the need for additional funding when the rule becomes effective on December 1, 2016. Also included in the \$25 million for compensation adjustments are the related costs of the increased employer contributions to social security and retirement plans as well as the projected compensation increases for employees of the Dickinson Schools of Law.

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

BENEFITS

For 2016-17, the cost of the University's benefits program is projected to increase, beyond the amounts already budgeted, by \$11.8 million. Additional funding for mandatory costs for the increase in the employer share of health care for employees, graduate assistants and fellows is projected to increase by \$6.5 million. The University plans to budget an additional \$5.3 million for mandatory employer retirement contributions. The employer contribution rate for the State Employees' Retirement System (SERS) for most of Penn State's members will increase from 24.85 percent to 29.95 percent for 2016-17. Approximately one-third of Penn State's full-time employees are enrolled in SERS.

PROPERTY AND LIABILITY INSURANCES

The University will need to budget an increase of \$750,000 for property and liability insurances in 2016-17.

FACILITIES AND MAINTENANCE

A total of \$14.0 million will be budgeted to address facility and maintenance needs. Included in this amount is \$4.0 million for the maintenance and operation of new or newly remodeled facilities scheduled to come on line in 2016-17. These facilities include the newly constructed Data Center at University Park, the Greenberg Complex, MPI Building, Materials Research Building Phase II, the addition of 59 classrooms to the general purpose classroom pool, the Penn Building at Penn State Altoona, the Ruhl Student Center at Penn State York, the second half of the funding for the Student Enrichment Center at Penn State Harrisburg, the Multi-Purpose Building addition at Penn State York, and other smaller projects.

Energy and water conservation is important to the University's financial and environmental goals. The University will budget an increase of \$5.0 million to fund the utility costs associated with the new or newly renovated facilities, the amortization of the waste water treatment plant loan and an energy savings loan, and an allocation to restore unfunded costs from prior years.

The Educational and General Capital Improvement Program was established to address the overwhelming need to provide modern laboratory and classroom space as a supplement to the capital funds received from the Commonwealth. These funds enable the University to incur debt for building construction and renovation. Extraordinary budget pressures, including the sharp appropriation reduction in 2011-12 prompted the University to delay any additional investments in the Capital Improvement Program for three years. In 2015-16, the planned increase of \$3.9 million, which was slated to support borrowing for the Agricultural Engineering Building and for part of the Chemical and Biomedical Engineering Building, was lowered to \$1.6 million as one of the steps to enable freezing base tuition for resident undergraduate students. In order to keep the Chemical and Biomedical Engineering project on schedule, \$5.0 million will be budgeted to support borrowing in 2016-17.

The University continues to face the challenge of financing the renovation and renewal of an aging physical plant. The most recent estimate, as assessed by the consulting group Sightlines and the Office of Physical Plant, to maintain the current condition of all campuses is \$110 million per year. To go beyond maintaining the current condition and reduce the asset preservation backlog would require an additional \$100 million per year. In addition to the \$31.1 million E&G budget that has been established for this purpose, one-time funds dedicated to the Capital Plan, gifts, and the student facilities fee provide the sources for facility renovations and

renewals. Ideally, additional recurring funds would be added to the \$31.1 million budget that addresses these needs. In order to reduce the amount of new recurring funds that need to be identified for 2016-17, thereby keeping tuition increases lower, an allocation will be made available from non-recurring funding sources.

INNOVATION, OTHER PROGRAM COMMITMENTS, AND PRIOR YEAR BUDGET GAP

Funding in the amount of \$8.0 million is included in the proposed 2016-17 budget for a number of innovation initiatives to advance the thematic priorities as outlined in the 2016-2020 Strategic Plan, “*Our Commitment to Impact*” (<http://strategicplan.psu.edu/>).

An additional \$2.0 million will be budgeted from the third year of a plan to further differentiate the tuition rates between normal and higher cost programs by modestly increasing the upper-division and graduate tuition rates of those programs to address instructional resource needs.

Also needed is \$5.2 million to close the remaining budget gap from 2015-16 that resulted from holding base tuition for Pennsylvania resident undergraduates flat.

Another \$5.4 million is related to budget changes within the Dickinson Schools of Law.

BUDGET REDUCTIONS AND COST SAVINGS INITIATIVES

For 2016-17, the budget includes reductions in operating budgets made possible through cost savings initiatives totaling \$19.8 million. This amount is composed of operating savings from restructuring the post-retirement health care liability, a combination of capping and reducing the subsidy provided to the World Campus and University Outreach, increasing the tax that applies to the prior year’s revenue from Auxiliary Enterprises, and reductions from a review of central accounts to capture savings across multiple budgets that resulted from prior actions to reduce worker’s compensation, health care, and dependent grant-in-aid costs.

LIBRARIES AND INFORMATION TECHNOLOGY

As part of the strategy to drive down the total cost of a degree, 2016-17 will be the second year that the student Information Technology Fee will not be increased. 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 that is supported

by the Information Technology Fee revenue is as integral to the operation of the university as any other cost that is supported with 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 would like to eliminate the fee by combining it with tuition. However, this combination, while not raising the cost of a degree at all, could appear as a large tuition increase to students, parents, and the public if they did not, at the same time, understand that the fee had been eliminated. A public awareness effort will need to be launched so that, when this change occurs in the future, the impact will be as visible as possible.

STUDENT ACTIVITIES

Additional revenue of \$259,000 will result from varying increases in the Student Activities Fee as determined by the students themselves. These funds will be used to support student activities and programs at the generating campuses. The increase for 2016-17 brings the amount budgeted from the fee to \$13.1 million. Student Activities Fee charges by campus can be found on Schedule 3 in Tab E of this document.

STUDENT FACILITIES

A total of \$306,000 is included in the budget for the Student Facilities Fee, resulting from an increase of \$2 per semester in the fee. Funds from the fee will be used to support capital projects designated to enhance student activities, fitness, and recreation. The increase for 2016-17 brings the amount budgeted from the fee to \$16.6 million. A summary of the Student Facilities Fee charges for each campus can be found on Schedule 4 in Tab E of this document.

STUDENT AID

As the University implements tuition increases to provide necessary funds to meet strategic goals, it is imperative that the amount of student aid also be increased. This will help the University to meet its continuing goal that any student from the Commonwealth will be able to attend Penn State through a combination of institutional, federal, state, and private philanthropic support.

An additional \$2.0 million is included in the 2016-17 budget for student aid. These funds will be used to leverage private donations for student support through the Trustee Matching Scholarship Program and to provide additional need-based aid.

TABLE 3
EDUCATIONAL AND GENERAL OPERATING BUDGET
2016-17 EXPENSE CHANGES
(dollars in thousands)

Compensation (and Related Benefits Adjustments)	
1. Inflationary (merit-based) and Contractual	\$ 23,368
2. Faculty Promotions & Summer Session	<u>1,640</u>
Sub-Total - Compensation (and Related Benefits Adj.)	25,008
Benefits	
1. Employee Health Insurances	6,469
2. Retirement	<u>5,354</u>
Sub-Total - Benefits	11,823
Property and Liability Insurances	750
Facilities and Maintenance	
1. Deferred Maintenance	0
2. Capital Improvement	5,000
3. Maintenance and Operation of New Facilities	3,957
4. Fuel and Utilities	<u>5,018</u>
Sub-Total - Facilities and Maintenance	13,975
Innovation, Program Commitments & Prior Year Budget Gap	20,642
Libraries and Information Technology	0
Budget Reductions and Expense Adjustments	(19,816)
Student Activities	259
Student Facilities	306
Student Aid	2,000
Grants-In-Aid	<u>2,428</u>
TOTAL EXPENSE CHANGES	\$ <u><u>57,375</u></u>

GRANTS-IN-AID RELATED TO TUITION RATE INCREASES

A total of \$2.4 million is included in the 2016-17 budget for increased costs of grants-in-aid, which are related to the tuition rate increases, primarily for graduate assistants, fellowships, employees, and dependents.

EDUCATIONAL AND GENERAL INCOME CHANGES

Income changes of \$57.4 million support the 2016-17 Educational and General (E&G) budget of \$1.9 billion. These changes are described below and summarized in Table 4.

STATE APPROPRIATION

The proposed budget includes an increase of \$5.6 million for the Educational and General portion of the budget, for state appropriation support of \$230.4 million.

TUITION

Tuition rate schedules for resident and non-resident students by student level and by campus are shown on Schedule 1 in Tab E of this document. In aggregate across all campuses, base tuition increases of 1.76 percent for undergraduate Pennsylvania residents and 3.17 percent for undergraduate non-residents are 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 differences.

The tuition rate changes would generate \$39.7 million, including \$6.1 million from the law school's 4.0 percent tuition increase to \$46,176. An additional \$9.0 million would be budgeted which includes \$6.0 million from adding, to the recurring budget, tuition revenue from prior year's enrollment growth and resident/non-resident mix change at University Park, which will require an ongoing higher level of enrollment to sustain the recurring revenue that has been incorporated into the expense base. It also includes \$2.0 million from increasing the upper-division and graduate tuition differentials for higher cost programs and \$1.0 million from tuition available from Summer Session.

STUDENT ACTIVITIES FEE

An additional \$259,000 will result from increases ranging from a \$1 to \$2 per semester in the Student Activities Fee (as determined by the student leadership groups).

STUDENT FACILITIES FEE

A total of \$306,000 will be available as a result of an increase of \$2 per semester in the Student Facilities Fee for most campuses.

FACILITIES AND ADMINISTRATION COST RECOVERY

Over the past several years, the University has made 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 \$1.5 million will be available from increased facilities and administration cost recovery from grants and contracts in 2016-17.

OTHER NON-TUITION INCOME

An additional \$1.0 million will be budgeted as the University continues to implement a long-term plan to gradually eliminate an historical transfer of the General Support appropriation to the College of Medicine. In addition, The Dickinson Schools of Law anticipate a small increase in non-tuition revenue.

TABLE 4
EDUCATIONAL AND GENERAL OPERATING BUDGET
2016-17 INCOME CHANGES
(dollars in thousands)

State Appropriation	\$	5,620
Tuition		48,652
Information Technology Fee		0
Student Activities Fee		259
Student Facilities Fee		306
Facilities and Administration Cost Recovery		1,500
Investment Income		0
Other Income		<u>1,038</u>
TOTAL INCOME CHANGES	\$	<u><u>57,375</u></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. Again in 2016-17 the funds will be made available to Penn State through the Agricultural College Land Scrip Fund. A 2.5 percent increase of \$1.3 million is included in Pennsylvania's 2016-17 budget for the Scrip Fund for a total of \$51.8 million. This welcome increase fully funds the inflationary costs for salaries and benefits and provides much needed funding for program needs.

Expense and income changes for the Agricultural Research and Cooperative Extension budgets are summarized in Table 5. 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 appropriation 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
2016-17 CHANGES
(dollars in thousands)

Income:	
Appropriation	\$ <u>1,264</u>
TOTAL INCOME CHANGES	\$ <u><u>1,264</u></u>
 Expense:	
Compensation and Employee Benefits Costs*	\$ 1,034
Program Changes	<u>230</u>
TOTAL EXPENSE CHANGES	\$ <u><u>1,264</u></u>

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

**THE COLLEGE OF MEDICINE
AND
THE MILTON S. HERSHEY MEDICAL CENTER**

COLLEGE OF MEDICINE

General funds expense and income changes for the College of Medicine at the Milton S. Hershey Medical Center for 2016-17 are shown on Table 6.

Expenses will increase by a total of \$13.9 million, including: \$12.3 million for instruction and program needs; \$1.3 million for compensation; \$550,000 for employee benefits; and, a decrease of \$212,000 for facilities and physical plant costs.

Income changes include increases of \$10.0 million in academic support from the Milton S. Hershey Medical Center, \$1.9 million from tuition revenue, \$2.7 million in earnings of departments, and an estimated \$338,000 from indirect cost recovery. A decrease of \$1.0 million from the second year of a long-term plan to phase out the historical transfer of part of Penn State's General Support appropriation will also be budgeted.

Effective Fall 2016, the College of Medicine will implement a single tuition rate for Pennsylvania resident and non-resident medical students of \$49,800 per academic year.

The total 2016-17 operating budget for the College of Medicine is \$239.4 million, as shown on Table 6A. The budget includes \$137.7 million for general funds, \$98.0 million for restricted funds, and \$3.7 million for auxiliary enterprises.

THE MILTON S. HERSHEY MEDICAL CENTER

The Milton S. Hershey Medical Center 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.

Budgeted expenses and income of \$1.8 billion for 2016-17, as shown on Table 6A, were approved by the Board of Directors of the Milton S. Hershey Medical Center.

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. This estimated amount includes a \$2.0 million increase to the \$5.3 million that Penn State Hershey first secured from the Commonwealth in 2014-15, bringing the amount to \$7.3 million that will be available in the 2016-17 budget to support the continuing development of the Regional Medical Campus at University Park. With a focus on the preparation of medical students for careers in primary care and rural medicine, this program is helping to address the healthcare needs of both the Centre County region and the entire northern tier of Pennsylvania. This funding is used to facilitate contributions by, and collaborations with, the Department of Public Health Sciences which is utilized to support the analysis of the health care needs of the Commonwealth and the development of clinically-integrated networks to meet those needs.

When combined with the College of Medicine, the budget for the entire medical center operation for 2016-17 is \$2.0 billion.

TABLE 6
THE COLLEGE OF MEDICINE
2016-17 GENERAL FUNDS BUDGET CHANGES
(dollars in thousands)

Expense:

Instruction	\$	(396)
Programs Needs		12,668
Compensation Adjustments		1,279
Employee Benefits		550
Facilities and Physical Plant		<u>(212)</u>
TOTAL - EXPENSE CHANGES	\$	<u><u>13,889</u></u>

Income:

Tuition and Fees	\$	1,916
Facilities & Administration and Investment Income		338
Earnings of Departments		2,659
Academic Support from The M.S. Hershey Medical Center		9,976
Other Transfers		<u>(1,000)</u>
TOTAL - INCOME CHANGES	\$	<u><u>13,889</u></u>

TABLE 6A
THE COLLEGE OF MEDICINE AND
THE MILTON S. HERSHEY MEDICAL CENTER
2016-17 TOTAL OPERATING BUDGET
(dollars in thousands)

	<u>2015-16 Adjusted Budget</u>	<u>Changes</u>	<u>2016-17 Budget</u>
College of Medicine (COM):			
General Funds	\$ 123,805	\$ 13,889	\$ 137,694
Restricted Funds	106,600	(8,600)	98,000
Auxiliary Enterprises	<u>3,581</u>	<u>119</u>	<u>3,700</u>
Sub-Total - COM	233,986	5,408	239,394
Milton S. Hershey Medical Center	<u>1,649,693</u>	<u>154,738</u>	<u>1,804,431</u>
TOTAL	\$ <u>1,883,679</u>	\$ <u>160,146</u>	\$ <u>2,043,825</u>

THE PENNSYLVANIA COLLEGE OF TECHNOLOGY

EXPENSE AND INCOME CHANGES

Expense and income changes included in the 2016-17 budget for the Pennsylvania College of Technology (Penn College) are described below and shown in Tables 7 and 7A.

The Board of Directors approved a 2016-17 budget plan on June 23, 2016 that did not include an increase in the state appropriation. The approved 2016-17 general funds budget for Penn College includes income increases of \$261,000 not including the \$490,000 appropriation increase included in Act 17A of 2016 that was signed by Governor Wolf on July 13, 2016, which will bring the state budget line item to \$20.1 million.

Tuition and fees will increase by \$135 per semester to \$8,040 for Pennsylvania resident students and \$210 per semester to \$11,445 for non-residents (based on a 15-credit hour course schedule). Additional tuition revenue of \$387,000 will be budgeted from a combination of estimated enrollment changes and tuition rate increases. Other income will decrease by \$126,000.

The total 2016-17 operating budget for Penn College is \$150.4 million, as shown on Table 7A. This includes the general funds budget of \$109.4 million, restricted funds of \$13.0 million and \$28.0 million for auxiliary enterprises.

TABLE 7
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2016-17 GENERAL FUNDS BUDGET CHANGES
(dollars in thousands)

Income:

State Appropriation*	\$	0
Tuition and Fees		387
Other		<u>(126)</u>
 TOTAL - INCOME CHANGES	 \$	 <u>261</u>

Expense:

Compensation Adjustments	\$	(185)
Employee Benefits		329
Other Expense		<u>117</u>
 TOTAL - EXPENSE CHANGES	 \$	 <u>261</u>

*Penn College Board of Directors approved a budget plan on June 23, 2016 that did not include an appropriation increase. A 2.5% appropriation increase, approved by the Commonwealth, will provide an increase of \$490,000.

TABLE 7A
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2016-17 TOTAL OPERATING BUDGET
(dollars in thousands)

	<u>2015-16 Adjusted Budget</u>	<u>Changes</u>	<u>2016-17 Budget</u>
General Funds	\$ 109,142	\$ 261	\$ 109,403
Restricted Funds	16,060	(3,035)	13,025
Auxiliary Enterprises	<u>28,985</u>	<u>(998)</u>	<u>27,987</u>
TOTAL	\$ <u>154,187</u>	\$ <u>(3,772)</u>	\$ <u>150,415</u>

**SCHEDULES INCLUDED IN THE
RESOLUTIONS FOR APPROVAL OF THE
2016-17 OPERATING BUDGET, TAB D**

Schedule I provides a summary of the proposed total University budget for 2016-17. 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 either higher or lower than estimated.

Total University general funds expenditures, including the College of Medicine and the Pennsylvania College of Technology are shown on 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 explanation of the proposed expense and income changes.

TAB B

ACADEMIC SALARY INFORMATION

**Comparison of Average and Faculty Salaries
Penn State's Rank by Year
Among Big Ten and
Selected Public AAUDE* Institutions**

	<u>Professor</u>	<u>Associate Professor</u>	<u>Assistant Professor</u>
Penn State's Rank -- Big Ten			
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
2006-07	4th	2nd	6th
2005-06	2nd	2nd	3rd
Penn State's Rank -- Selected AAUDE			
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
2006-07	7th	5th	13th
2005-06	2nd	4th	6th

*Association of American Universities Data Exchange

Tab C

TUITION COMPARISONS

**Announced Resident Undergraduate Tuition Increases
2016-17**

	<u>Tuition % Increase</u>
University of Connecticut, Storrs	6.70%
University of Kentucky, Lexington	5.00%
West Virginia University, Morgantown	5.00% *
University of Massachusetts, Amherst	4.90% *
University of Iowa, Iowa City	4.40%
University of Colorado, Boulder	3.97% *
University of Michigan, Ann Arbor	3.90%
University of Utah, Salt Lake City	3.90%
Cornell University, Contract Colleges	3.75%
Michigan State University, East Lansing	3.70%
University of North Carolina, Chapel Hill	3.70% *
University of South Carolina, Columbia	3.25%
University of Arizona, Tucson	3.20%
Clemson University, Clemson	3.14% *
University of Texas, Austin	3.10%
University of Virginia, Charlottesville	3.00%
Virginia Tech, Blacksburg	2.90% *
University of Minnesota, Twin Cities	2.50%
University of Nebraska, Lincoln	2.50%
Texas A&M University, College Station	2.20%
University of Tennessee, Knoxville	2.20%
University of Maryland, College Park	2.00%
Florida State University, Tallahassee	0.00%
Indiana University, Bloomington	0.00%
Ohio State University, Columbus	0.00%
Purdue University, West Lafayette	0.00%
University of California - System	0.00%
University of Illinois, Urbana-Champaign	0.00%
University of Missouri, Columbia	0.00%
University of Wisconsin, Madison	0.00%

*Tuition and Fees

Gathered from legislative, university and news web sources as of July 11, 2016.

**2015-16 Undergraduate Tuition and Mandatory Fees
at Selected Private Universities**

National (AAUDE*):

Columbia	53,523
Carnegie-Mellon	50,665
Southern California	50,210
Tulane	49,638
Pennsylvania	49,536
Dartmouth	49,506
Brown	49,346
Duke	49,241
Cornell	49,116
Northwestern	49,047
Johns Hopkins	48,710
Washington University	48,093
Massachusetts Institute of Technology	46,704
Stanford	46,320
California Institute of Technology	45,390
Harvard	45,278
Vanderbilt	44,712
Princeton	44,436

Other Pennsylvania Universities:

Bucknell	50,152
Gettysburg	49,140
Villanova	47,616
Lehigh	46,230

*Association of American University Data Exchange

Source: University of Virginia Survey/Websites

**2015-16 Undergraduate Tuition and Mandatory Fees
at Big Ten and Other Regional Universities - Main Campuses**

	<u>Resident</u>	<u>Non-Resident</u>
Pittsburgh	\$18,192	\$28,958
Penn State	17,514	31,346
Illinois	15,626	30,786
Virginia	14,678	43,974
Rutgers	14,131	29,521
Michigan	13,856	43,476
Minnesota	13,790	22,210
Michigan State	13,560	36,360
Wisconsin	10,415	29,665
Indiana	10,388	33,740
Ohio State	10,037	27,365
Purdue	10,002	28,804
Maryland	9,996	31,144
Nebraska	8,279	22,446
Iowa	8,104	27,890

TAB D

**THE PENNSYLVANIA STATE UNIVERSITY
MEETING OF THE BOARD OF TRUSTEES**

**FRIDAY, JULY 22, 2016
FINANCE, BUSINESS AND CAPITAL PLANNING
SECTION 7, PART D, AGENDA ITEM #4**

**CONSIDERATION OF PROPOSED OPERATING BUDGET FOR THE
UNIVERSITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2016**

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, 2016, as shown in the 2016-2017 Proposed Operating Budget and Proposed 2016-2017 Tuition and Fees, is approved.

THE PENNSYLVANIA STATE UNIVERSITY
2016-17 OPERATING BUDGET
SCHEDULE I
SUMMARY SCHEDULE FOR TOTAL UNIVERSITY

	(1) Adjusted Budget 2015-16	(2) Changes	(3) 2016-17 Budget
General Funds:			
Educational & General	\$ 1,858,282,000	\$ 57,375,000	\$ 1,915,657,000
Agric. Research & Cooperative Extension	53,816,000	1,264,000	55,080,000
Sub-Total	1,912,098,000	58,639,000	1,970,737,000
College of Medicine	123,805,000	13,889,000	137,694,000
Pennsylvania College of Technology	109,142,000	261,000	109,403,000
Total - General Funds	2,145,045,000	72,789,000	2,217,834,000
Federal Funds - Agriculture	21,866,000	0	21,866,000
Restricted Funds (a):			
Educational & General	496,223,000	9,924,000	506,147,000
Agric. Research & Cooperative Extension	46,772,000	935,000	47,707,000
College of Medicine	106,600,000	(8,600,000)	98,000,000
Pennsylvania College of Technology	16,060,000	(3,035,000)	13,025,000
Total - Restricted Funds	665,655,000	(776,000)	664,879,000
Auxiliary Enterprises (b):			
Educational & General (c)	387,141,000	13,866,000	401,007,000
College of Medicine	3,581,000	119,000	3,700,000
Pennsylvania College of Technology	28,985,000	(998,000)	27,987,000
Total - Auxiliary Enterprises	419,707,000	12,987,000	432,694,000
TOTAL	\$ 3,252,273,000	\$ 85,000,000	\$ 3,337,273,000
The Milton S. Hershey Medical Center	1,649,693,000	154,738,000	1,804,431,000 (d)
TOTAL UNIVERSITY	\$ 4,901,966,000	\$ 239,738,000	\$ 5,141,704,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2016-17 OPERATING BUDGET
SCHEDULE II
SUMMARY OF EXPENDITURES**

	(1) Adjusted Budget 2015-16	(2) Changes	(3) 2016-17 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
Instruction and Research	\$ 759,083,000	\$ 11,900,000	\$ 770,983,000
Other Public Service	24,691,000	49,000	24,740,000
Academic Support	397,852,000	616,000	398,468,000
Institutional Support	286,637,000	3,644,000	290,281,000
Student Services	125,899,000	350,000	126,249,000
Student Aid	57,572,000	9,116,000	66,688,000
Physical Plant Operations	196,501,000	14,684,000	211,185,000
University Contingencies	10,047,000	0	10,047,000
Cost Savings/Internal Reductions	0	(19,816,000) (e)	(19,816,000)
Compensation & Employee Benefits Adj (f):			
Merit-based Inflationary Salary Increases	0	20,133,000	20,133,000
Merit-based Inflationary Related Benefits	0	3,222,000	3,222,000
Market, Equity & Faculty Promotions	0	1,425,000	1,425,000
Market, Equity & Faculty Promo. Rel. Bene.	0	228,000	228,000
Benefits Cost Increases	0	11,824,000	11,824,000
Total Educational & General (g)	1,858,282,000	57,375,000	1,915,657,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION (h):			
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	459,000	459,000
Merit-based Inflationary Related Benefits	0	73,000	73,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	502,000	502,000
Program Changes	53,816,000	230,000	54,046,000
Total Agricultural Research & Cooperative Extension (i)	53,816,000	1,264,000	55,080,000
Sub-Total	1,912,098,000	58,639,000	1,970,737,000
COLLEGE OF MEDICINE	123,805,000	13,889,000	137,694,000
PA COLLEGE OF TECHNOLOGY (j)	109,142,000	261,000	109,403,000
TOTAL GENERAL FUNDS	\$ 2,145,045,000	\$ 72,789,000	\$ 2,217,834,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2016-17 OPERATING BUDGET
SCHEDULE III
SUMMARY OF INCOME

	(1) Adjusted Budget 2015-16	(2) Changes	(3) 2016-17 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
State Appropriation:			
Educational & General	\$ 224,816,000	\$ 5,620,000 (k)	\$ 230,436,000
Transfers	(4,032,000)	0	(4,032,000) (l)
Sub-Total - State Appropriation	220,784,000	5,620,000	226,404,000
Tuition and Fees	1,509,552,000	49,217,000 (m)	1,558,769,000
Facilities & Administration and Investment Income	92,765,000	1,500,000	94,265,000
Sales and Services Income	28,359,000	38,000	28,397,000
Other Income	19,822,000	0	19,822,000
Other Transfers	(13,000,000)	1,000,000 (n)	(12,000,000)
Total Educational & General	1,858,282,000	57,375,000	1,915,657,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION:			
State Appropriation:			
Agric. Research & Cooperative Extension	50,549,000	1,264,000 (o)	51,813,000
Transfers	2,581,000	0	2,581,000 (p)
Sub-Total - State Appropriation	53,130,000	1,264,000	54,394,000
Sales and Services Income	686,000	0	686,000
Total Agricultural Research & Cooperative Extension	53,816,000	1,264,000	55,080,000
Sub-Total	1,912,098,000	58,639,000	1,970,737,000
COLLEGE OF MEDICINE	123,805,000	13,889,000	137,694,000
PA COLLEGE OF TECHNOLOGY (r):			
State Appropriation:			
PA College of Technology	19,584,000	0 (q)	19,584,000
Transfers	396,000	0	396,000 (s)
Sub-Total - State Appropriation	19,980,000	0	19,980,000
Tuition and Fees	87,020,000	387,000	87,407,000
Other Income	2,142,000	(126,000)	2,016,000
Total PA College of Technology	109,142,000	261,000	109,403,000
TOTAL GENERAL FUNDS	\$ 2,145,045,000	\$ 72,789,000	\$ 2,217,834,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2016-17 OPERATING BUDGET
SCHEDULE IV
SUMMARY OF EXPENDITURES
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER

	(1) Adjusted Budget 2015-16	(2) Changes	(3) 2016-17 Budget
GENERAL FUNDS:			
Instruction and Research	\$ 38,617,000	\$ (396,000)	\$ 38,221,000
Other Public Service	4,797,000	7,000	4,804,000
Academic Support	12,825,000	5,133,000	17,958,000
Institutional Support	27,771,000	6,394,000	34,165,000
Student Services	3,231,000	74,000	3,305,000
Student Aid	2,514,000	1,060,000	3,574,000
Physical Plant Operations	34,050,000	(212,000)	33,838,000
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	1,103,000	1,103,000
Merit-based Inflationary Related Benefits	0	176,000	176,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	550,000	550,000
TOTAL GENERAL FUNDS	123,805,000	13,889,000	137,694,000
RESTRICTED FUNDS (t)	106,600,000	(8,600,000)	98,000,000
AUXILIARY ENTERPRISES (u)	3,581,000	119,000	3,700,000
TOTAL	\$ 233,986,000	\$ 5,408,000	\$ 239,394,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2016-17 OPERATING BUDGET
SCHEDULE V
SUMMARY OF INCOME
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER

	(1) Adjusted Budget 2015-16	(2) Changes	(3) 2016-17 Budget
GENERAL FUNDS:			
Tuition and Fees	\$ 35,864,000	\$ 1,916,000 (v)	\$ 37,780,000
Facilities & Administration and Investment Income	17,662,000	338,000	18,000,000
Academic Support from MSHMC (w)	33,459,000	9,976,000	43,435,000
Sales and Services Income	17,272,000	1,657,000	18,929,000
Other Income	5,493,000	1,002,000	6,495,000
State Appropriation: Transfers	1,055,000	0	1,055,000 (x)
Other Transfers	13,000,000	(1,000,000) (y)	12,000,000
TOTAL GENERAL FUNDS	123,805,000	13,889,000	137,694,000
RESTRICTED FUNDS (z)	106,600,000	(8,600,000)	98,000,000
AUXILIARY ENTERPRISES (aa)	3,581,000	119,000	3,700,000
TOTAL	\$ 233,986,000	\$ 5,408,000	\$ 239,394,000

Note: Footnotes follow Schedule V.

Footnotes for Schedules I - V

Schedule I:

- (a) Includes Grants, Contracts, Restricted Gifts and Restricted Endowment Income. The 2016-17 Budget is based on preliminary 2015-16 actual and 2016-17 estimated income. Expenditures are offset directly by income for the same purpose.
- (b) 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.
- (c) Includes \$8,346,000 from room and board rate increases approved by the Board of Trustees on February 26, 2016, and other adjustments. Expenditures are offset directly by income for the same purpose.
- (d) Total income from the 2016-17 budget for The Milton S. Hershey Medical Center (MSHMC) that was approved by the Board of Directors of MSHMC on June 28, 2016.

Schedule II:

- (e) Cost savings made possible by restructuring the post-retirement health care liability, a combination of capping and reducing the subsidy provided to the World Campus and University Outreach, increasing the tax that applies to the prior year's revenue from Auxiliary Enterprises, and reductions from a review of central accounts to capture savings across multiple budgets that resulted from prior actions to reduce worker's compensation, health care, and dependent grant-in-aid costs.
- (f) A salary pool to satisfy contractual obligations, increases in graduate assistant stipends, faculty promotions, and to provide compensation increases between 1.5 and 2.0 percent for faculty and staff to keep up with inflation distributed based on merit, market and equity considerations.
- (g) Employee benefits expense distributed by function.
- (h) Includes expenditures offset by funding allocated by the Commonwealth and by sales and services income.
- (i) Includes allocated employee benefits for Agricultural Research and Cooperative Extension personnel paid on Federal Funds-Agriculture.
- (j) The Pennsylvania College of Technology (Penn College) is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.

Schedule III:

- (k) The 2016-17 operating budget reflects the State Appropriation increase of 2.5 percent for E&G.
- (l) 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):

- (m) Includes tuition rate changes for 2016-17 of \$41,652,000, additional tuition income resulting from recent enrollment growth of \$6,000,000 and summer income of \$1,000,000. Reflects additional income of \$259,000 from Student Activities Fee and \$306,000 from Student Facilities Fee.
- (n) Additional E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (o) Includes state support increase of 2.5 percent from the 2015-16 level.
- (p) 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.
- (q) Penn College Board of Directors approved a budget plan on June 23, 2016 that did not include an appropriation increase. A 2.5 percent appropriation increase, approved by the Commonwealth on July 13th, 2016, will provide an increase of \$490,000.
- (r) Penn College is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.
- (s) 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:

- (t) Expenditures are offset directly by income for the same purpose.
- (u) 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:

- (v) Reflects an annual increase of \$1,100 for in-state medical student tuition. Out-of-state medical student tuition will decrease by \$2,184 for 2016-17.
- (w) Reflects funding received by the College of Medicine from The Milton S. Hershey Medical Center (MSHMC).
- (x) 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).
- (y) Decrease in E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (z) Expenditures are offset directly by income for the same purpose.
- (aa) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include housing.

TAB E

THE PENNSYLVANIA STATE UNIVERSITY MEETING OF THE BOARD OF TRUSTEES

**FRIDAY, JULY 22, 2016
FINANCE, BUSINESS AND CAPITAL PLANNING
SECTION 7, PART D, AGENDA ITEM #5**

PROPOSED TUITION AND FEES EFFECTIVE 2016 FALL SEMESTER, THE PENNSYLVANIA STATE UNIVERSITY

Will the Board of Trustees adopt the following resolution:

RESOLVED, That tuition at all locations, effective for the 2016-2017 school year, and as shown in the 2016-2017 Proposed Operating Budget and Proposed 2016-2017 Tuition and Fees, is approved.

Schedule 1
University Park Tuition
Projected 2016-17 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	16,572	380	16,952	8,286	190	8,476	691	15	706
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	19,578	648	20,226	9,789	324	10,113	816	27	843
Nursing	21,394	490	21,884	10,697	245	10,942	891	21	912
All Other Programs	17,916	410	18,326	8,958	205	9,163	747	17	764
<i>Graduate:</i>									
MBA	23,708	780	24,488	11,854	390	12,244	988	32	1,020
Business, Science, IST, EMS, & Engineering (b)	20,422	872	21,294	10,211	436	10,647	851	36	887
All Other Programs	19,328	636	19,964	9,664	318	9,982	805	27	832
Graduate Assistantships, Fellowships	16,460	540	17,000	8,230	270	8,500	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	30,404	1,030	31,434	15,202	515	15,717	1,267	43	1,310
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	33,798	1,246	35,044	16,899	623	17,522	1,408	52	1,460
Nursing	35,998	1,220	37,218	17,999	610	18,609	1,500	51	1,551
All Other Programs	31,950	1,084	33,034	15,975	542	16,517	1,331	45	1,376
<i>Graduate:</i>									
MBA	38,068	1,290	39,358	19,034	645	19,679	1,586	54	1,640
Business, Science, IST, EMS, & Engineering (b)	34,384	1,266	35,650	17,192	633	17,825	1,433	52	1,485
All Other Programs	33,142	1,124	34,266	16,571	562	17,133	1,381	47	1,428
Graduate Assistantships, Fellowships	16,460	540	17,000	8,230	270	8,500	-	-	-

Schedule 1
Medicine, Law, and Great Valley School of Graduate Professional Studies
Projected 2016-17 Tuition Rates

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2015-16</u>	<u>Increase</u>	<u>2016-17 Tuition</u>	<u>2015-16</u>	<u>Increase</u>	<u>2016-17 Tuition</u>	<u>2015-16</u>	<u>Increase</u>	<u>2016-17 Tuition</u>
<u>Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	48,690	1,110	49,800	24,345	555	24,900	-	-	-
Graduate	20,422	872	21,294	10,211	436	10,647	851	36	887
Master of Physician Assistant Program	-	-	-	12,192	0	12,192	-	-	-
Great Valley Graduate Center:									
MBA	22,332	444	22,776	11,166	222	11,388	931	18	949
All Other Programs	22,332	444	22,776	11,166	222	11,388	931	18	949
Dickinson Law	44,400	1,776	46,176	22,200	888	23,088	1,850	74	1,924
Penn State Law	44,400	1,776	46,176	22,200	888	23,088	1,850	74	1,924
Graduate Assistantships, Fellowships	16,900	540	17,000	8,450	270	8,500	-	-	-
<u>Non-Pennsylvania Residents</u>									
College of Medicine at Hershey:									
Medical	51,984	(2,184)	49,800	25,992	(1,092)	24,900	-	-	-
Graduate	34,384	1,266	35,650	17,192	633	17,825	1,433	52	1,485
Master of Physician Assistant Program	-	-	-	12,192	0	12,192	-	-	-
Great Valley Graduate Center:									
MBA	36,416	724	37,140	18,208	362	18,570	1,517	31	1,548
All Other Programs	36,416	724	37,140	18,208	362	18,570	1,517	31	1,548
Dickinson Law	44,400	1,776	46,176	22,200	888	23,088	1,850	74	1,924
Penn State Law	44,400	1,776	46,176	22,200	888	23,088	1,850	74	1,924
Graduate Assistantships, Fellowships	16,900	540	17,000	8,450	270	8,500	-	-	-

Schedule 1
Altoona, Berks, Erie and Harrisburg
Projected 2016-17 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,658	210	13,868	6,829	105	6,934	569	9	578
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	16,418	452	16,870	8,209	226	8,435	684	19	703
All Other Programs	14,866	228	15,094	7,433	114	7,547	619	10	629
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	821	21	842
Business, Science, IST, EMS, & Engineering (c)	20,422	710	21,132	10,211	355	10,566	851	30	881
All Other Programs	19,328	484	19,812	9,664	242	9,906	805	21	826
Graduate Assistantships, Fellowships	16,460	540	17,000	8,230	270	8,500	-	-	-
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	21,392	482	21,874	10,696	241	10,937	891	20	911
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	24,468	650	25,118	12,234	325	12,559	1,020	27	1,047
All Other Programs	22,760	512	23,272	11,380	256	11,636	948	22	970
<i>Graduate :</i>									
MBA	-	-	-	-	-	-	1,286	29	1,315
Business, Science, IST, EMS, & Engineering (c)	26,714	702	27,416	13,357	351	13,708	1,113	29	1,142
All Other Programs	25,530	574	26,104	12,765	287	13,052	1,064	24	1,088
Graduate Assistantships, Fellowships	16,460	540	17,000	8,230	270	8,500	-	-	-

Schedule 1
Abington
Projected 2016-17 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,012	200	13,212	6,506	100	6,606	535	8	543
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	15,614	440	16,054	7,807	220	8,027	618	10	628
All Other Programs	14,082	216	14,298	7,041	108	7,149	579	9	588
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	20,422	710	21,132	10,211	355	10,566	851	30	881
All Other Programs	19,328	484	19,812	9,664	242	9,906	805	21	826
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	20,324	458	20,782	10,162	229	10,391	847	19	866
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	23,204	622	23,826	11,602	311	11,913	967	26	993
All Other Programs	21,516	484	22,000	10,758	242	11,000	897	20	917
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	26,198	690	26,888	13,099	345	13,444	1,092	28	1,120
All Other Programs	25,016	562	25,578	12,508	281	12,789	1,042	24	1,066

Schedule 1
 Brandywine, Hazleton, Lehigh Valley, Schuylkill, Worthington Scranton, York, and World Campus *
 Projected 2016-17 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	13,012	162	13,174	6,506	81	6,587	535	7	542
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	14,396	0	14,396	7,198	0	7,198	584	0	584
All Other Programs	14,082	176	14,258	7,041	88	7,129	579	5	584
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	20,422	406	20,828	10,211	203	10,414	851	17	868
All Other Programs	19,328	384	19,712	9,664	192	9,856	805	16	821
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	20,206	402	20,608	10,103	201	10,304	842	17	859
Upper Division: (a)									
Junior & Senior:	21,154	420	21,574	10,577	210	10,787	881	18	899
Graduate:									
Business, Science, IST, EMS, & Engineering (d)	26,044	518	26,562	13,022	259	13,281	1,085	22	1,107
All Other Programs	24,870	494	25,364	12,435	247	12,682	1,036	21	1,057

* 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 2016-17 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition
<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)	19,882	0	19,882	9,941	0	9,941	828	0	828
All Other Programs	18,816	0	18,816	9,408	0	9,408	784	0	784
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,404	194	19,598	9,702	97	9,799	809	8	817
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	21,154	212	21,366	10,577	106	10,683	881	9	890
All Other Programs	20,544	206	20,750	10,272	103	10,375	856	9	865
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	25,010	250	25,260	12,505	125	12,630	1,042	11	1,053
All Other Programs	23,884	238	24,122	11,942	119	12,061	995	10	1,005

Schedule 1
Shenango
Projected 2016-17 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition	2015-16	Increase	2016-17 Tuition
<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)	18,672	0	18,672	9,336	0	9,336	778	0	778
All Other Programs	17,670	0	17,670	8,835	0	8,835	736	0	736
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
Freshmen & Sophomore	19,030	190	19,220	9,515	95	9,610	793	8	801
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	21,154	212	21,366	10,577	106	10,683	881	9	890
All Other Programs	20,148	202	20,350	10,074	101	10,175	840	8	848
<i>Graduate:</i>									
Business, Science, IST, EMS, & Engineering (d)	24,530	246	24,776	12,265	123	12,388	1,022	10	1,032
All Other Programs	23,424	234	23,658	11,712	117	11,829	976	10	986

Footnotes for 2016-17 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, Worthington 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, Worthington 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
2016-17 Information Technology Fee
Per Semester

Fall and Spring 2016-17

	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
Shenango	252.00	189.00	86.00
University Park	252.00	189.00	86.00
Wilkes-Barre	252.00	189.00	86.00
Worthington Scranton	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
2016-17 Student Activities Fee
Per Semester

Fall and Spring 2016-17

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$102.00	\$77.00	\$32.00
Altoona	102.00	77.00	32.00
Beaver	102.00	77.00	32.00
Berks	102.00	77.00	32.00
Brandywine	102.00	77.00	32.00
DuBois	102.00	77.00	32.00
Erie	102.00	77.00	32.00
Fayette	102.00	77.00	32.00
Greater Allegheny	96.00	72.00	30.00
Harrisburg	102.00	77.00	32.00
Hazleton	102.00	77.00	32.00
Lehigh Valley	102.00	77.00	32.00
Mont Alto	102.00	77.00	32.00
New Kensington	102.00	77.00	32.00
Schuylkill	102.00	77.00	32.00
Shenango	96.00	72.00	30.00
University Park	96.00	72.00	30.00
Wilkes-Barre	96.00	72.00	30.00
Worthington Scranton	102.00	77.00	32.00
York	102.00	77.00	32.00
Dickinson Law	87.00	65.00	27.00
Penn State Law	121.00	91.00	38.00
Hershey (non-medical)	32.00	24.00	10.00
Hershey (medical)	64.00	charge per academic year	

Note: The student activities fee does not apply to students enrolled at Great Valley.

Schedule 4
2016-17 Student Facilities Fee
Per Semester

Fall and Spring 2016-17

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$126.00	\$95.00	\$39.00
Altoona	126.00	95.00	39.00
Beaver	126.00	95.00	39.00
Berks	126.00	95.00	39.00
Brandywine	126.00	95.00	39.00
DuBois	95.00	71.00	29.00
Erie	126.00	95.00	39.00
Fayette	95.00	71.00	29.00
Great Valley	126.00	95.00	39.00
Greater Allegheny	126.00	95.00	39.00
Harrisburg	126.00	95.00	39.00
Hazleton	95.00	71.00	29.00
Lehigh Valley	126.00	95.00	39.00
Mont Alto	126.00	95.00	39.00
New Kensington	95.00	71.00	29.00
Schuylkill	95.00	71.00	29.00
Shenango	63.00	47.00	20.00
University Park	126.00	95.00	39.00
Wilkes-Barre	63.00	47.00	20.00
Worthington Scranton	95.00	71.00	29.00
York	126.00	95.00	39.00
Penn State Law	126.00	95.00	39.00

Note: The facilities fee does not apply to students enrolled at Dickinson Law, and the College of Medicine.