

**THE PENNSYLVANIA STATE UNIVERSITY  
BOARD OF TRUSTEES**

**COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING  
MINUTES OF MEETING  
VOLUME FBCP 21**

**July 19, 2018**

A meeting of the Committee on Finance, Business & Capital Planning was held in was held in Room 246 of the Gaige Building at Penn State Berks in Reading, Pennsylvania, beginning at 10:00 a.m.

The following committee members, constituting a quorum, were present: Valerie Detwiler, Barbara Doran, Abe Harpster, Alex Hartzler, and Mary Lee Schneider.

Ex-Officio member Mark Dambly, Faculty Representative Michael Bérubé, Student Representative Cody Heaton, and the following administration members were also present: Eric Barron, Mary Beahm, Madeline Cantu, Joseph Doncsecz, Steve Dunham, Jennifer Eck, David Gray, Frank Guadagnino, Nicholas Jones, Zack Moore, Mary Lou Ortiz, Bill Sitzabee, Crystal Straw, and Eric Strucko.

The meeting was called to order by Vice Chair Mary Lee Schneider. Vice Chair Schneider 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 20, 2018 meeting.

The Committee unanimously approved the minutes of the May 3, 2018 meeting of the Committee.

The Committee unanimously approved the following resolution for the Proposed Operating Budget for Fiscal Year Beginning July 1, 2018 with Corresponding Tuition and Fees Effective for 2018 Fall Semester:

RESOLVED, That the proposed Operating Budget for the University for the fiscal year beginning July 1, 2018, as shown in the 2018-2019 Proposed Operating Budget with corresponding Tuition and Fees Schedules, is approved.

(The 2018-2019 Proposed Operating Budget and Tuition and Fees Schedules are attached.)

The Committee unanimously approved the following resolutions for the Proposed Appointment of a Design Build Team, West Campus Parking Garage and Roadway Connections, University Park:

RESOLVED, That the Officers of the University are authorized to employ Clayco, Inc., of St. Louis, Missouri, to design the West Campus Parking Garage and Roadway Connections 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 unanimously approved the following resolutions for the Proposed Final Plan Approval and Authorization to Expend Funds, Hershey Parking Garage and Loop Road, Penn State Health Milton S. Hershey Medical Center:

RESOLVED, That the final plans for the Hershey Parking Garage and Loop Road at Penn State Health Milton S. Hershey Medical Center, as designed by Clayco, Inc., of St. Louis, Missouri, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project in the amount of \$35,000,000 is approved.

The Committee unanimously approved the following resolutions for the Conflict of Interest – Approval of Lease Renewal with PSRP Developers, Inc.:

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 the above described lease in consideration of price, quality, amenities, accessibility and timing of availability, among others; and

WHEREAS, The responsible official has concluded that 101 Innovation Boulevard, Suite 201 presents the best alternative to meet the Office of Global Programs' 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 the first of two five-year options to extend the current lease at 101 Innovation Boulevard, Suite 201 with PSRP Developers, Inc., totaling 4,196 square feet at the annual base rent of \$82,367 plus annual CPI escalation until December 31, 2023, is hereby approved.

An informational report on the following item was presented by Zack Moore.

- Report on Status of Commonwealth Appropriation Request

The Committee on Finance, Business & Capital Planning meeting was adjourned at 10:29 a.m.

The Committee then went into executive session to discuss privileged matters.

Respectfully submitted,

Crystal K. Straw  
Assistant Secretary  
Board of Trustees

**THE PENNSYLVANIA STATE UNIVERSITY**

**BOARD OF TRUSTEES  
JULY 20, 2018**

**PROPOSED 2018-19 OPERATING BUDGET  
WITH CORRESPONDING  
TUITION AND FEES SCHEDULES**

**AGENDA ITEM 6.D.1**

**THE PENNSYLVANIA STATE UNIVERSITY  
2018-19 OPERATING BUDGET**

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**TAB A**

**2018-19 OPERATING BUDGET**

## **THE PENNSYLVANIA STATE UNIVERSITY 2018-19 OPERATING BUDGET**

The Board of Trustees will be asked to consider and approve Penn State's operating budget on July 20, 2018.

### **SUMMARY OF THE BUDGET PLAN**

In building the proposed 2018-19 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 2018-19 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 6.2%, or \$19.8 million.

When Governor Wolf presented his 2018-19 Executive Budget in February 2018, fiscal realities at the state level prohibited the Governor from continuing his planned restoration of the 2011-12 cuts, and his recommendation was that Penn State's General Support appropriation be held flat with the 2017-18 level. After the Governor presented his budget plan in February 2018, 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 2018-19 state appropriation was passed by the General Assembly in June with a 3% increase in funding for our General Support, Agricultural Research and Cooperative Extension, and Penn College line items, and level funding for Medical Assistance Funding.

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 3% 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 identified, 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. In aggregate, base undergraduate tuition for Pennsylvania students is proposed to increase by 0.0 percent, and by

3.54 percent for non-resident undergraduate students. Increases for non-resident and graduate students range from \$404 to \$797 per semester at University Park. Increases are lower at other campuses.

## **2018-19 TOTAL OPERATING BUDGET**

The University is proposing changes totaling \$166.1 million in general funds, restricted funds, and auxiliary enterprises, plus \$283.4 million at Penn State Health, bringing the total 2018-19 operating budget to \$6.5 billion. A summary of the budget is shown in Table 1.

## **STATE APPROPRIATIONS**

Under the assumptions described, Penn State's 2018-19 appropriations would total \$327.4 million, reflecting a 3.0 percent increase in the General Support (E&G) appropriation, the Agricultural College Land Scrip Fund, and the Pennsylvania College of Technology appropriation. Medical Assistance funding for the Penn State Milton S. Hershey Medical Center funded through the Pennsylvania Department of Public Welfare would be held level with the 2017-18 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; 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 \$73.2 million in permanent changes and \$46.9 million in non-recurring changes, the General Funds budget will total \$2.8 billion, a 4.5 percent increase over 2017-18.

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

**TABLE 1**  
**TOTAL UNIVERSITY BUDGET**  
**SUMMARY OF 2018-19 CHANGES**  
**(dollars in thousands)**

	<u>2017-18 Adjusted Budget</u>	<u>Permanent Changes</u>	<u>Temporary Changes</u>	<u>2018-19 Total Budget</u>
<b>General Funds:</b>				
Educational and General	\$ 2,341,057	\$ 55,313	\$ 54,220	\$ 2,450,590
Agric. Research & Cooperative Extension	56,482	1,569		58,051
Sub –Total	2,397,539	56,882	54,220	2,508,641
College of Medicine	171,153	15,062	(7,286)	178,929
Pennsylvania College of Technology	114,177	1,324		115,501
Total - General Funds	2,682,869	73,268	46,934	2,803,071
<b>Federal Funds – Agriculture</b>	21,910			21,910
<b>Restricted Funds:</b>				
Educational and General	511,208	25,560		536,768
Agric. Research & Cooperative Extension	48,184	2,409		50,593
College of Medicine	100,000	(5,000)		95,000
Pennsylvania College of Technology	13,287	(763)		12,524
Total - Restricted Funds	672,679	22,206	0	694,885
<b>Auxiliary Enterprises:</b>				
Educational and General	429,170	23,451		452,621
College of Medicine	3,761	(74)		3,687
Pennsylvania College of Technology	28,009	364		28,373
Total - Auxiliary Enterprises	460,940	23,741	0	484,681
<b>TOTAL</b>	\$ 3,838,398	\$ 119,215	\$ 46,934	\$ 4,004,547
<b>Penn State Health System</b>	2,214,641	283,402		2,498,043
<b>TOTAL UNIVERSITY</b>	\$ <u>6,053,039</u>	\$ <u>402,617</u>	\$ <u>46,934</u>	\$ <u>6,502,590</u>



**TABLE 2**  
**SUMMARY OF STATE APPROPRIATION**  
**(dollars in thousands)**

	<u>2017-18 Appropriation</u>	<u>Changes</u>	<u>2018-19 Total</u>
<b><u>Direct State Appropriation:</u></b>			
General Support	\$230,436	6,913	\$237,349
Pennsylvania College of Technology	<u>22,074</u>	<u>662</u>	<u>22,736</u>
<b>Sub-Total</b>	252,510	7,575	260,085
<b><u>Agricultural College Land Scrip Fund:</u></b>			
Agricultural Research and Cooperative Extension	52,313	1,569	53,882
<b><u>PA Department of Public Welfare:</u></b>			
<b>M.S. Hershey Medical Center:</b>			
Medical Assistance Funding (estimate)	<u>13,400</u>	<u>0</u>	<u>13,400</u>
<b>Total</b>	<u><u>\$318,223</u></u>	<u><u>\$9,144</u></u>	<u><u>\$327,367</u></u>

## **EDUCATIONAL AND GENERAL BUDGET**

Expense changes for the 2018-19 Educational and General (E&G) permanent portion of the University's general funds operating budget total \$55.3 million, bringing the E&G budget to \$2.4 billion. The changes are described below and summarized in Table 3.

### **SALARIES**

The 2018-19 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 percent increase in graduate assistant stipends, and a 2.5 percent pool to provide merit-based salary adjustments for faculty and staff. Benchmarking data show that a 2.5 percent salary pool puts Penn State near the middle of the range of our Big Ten peers. Also included in the \$31.4 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 2018-19, the cost of the University's benefits program is projected to increase, beyond the amounts already budgeted, by \$12.8 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 \$8.7 million. The University plans to budget an additional \$4.1 million for mandatory employer retirement contributions.

### **PROPERTY AND LIABILITY INSURANCES**

A \$1.3 million increase is needed for property and liability insurances in 2018-19.

### **FACILITIES AND MAINTENANCE**

A total of \$24.9 million will be budgeted to address facility and maintenance needs. This includes \$3.8 million to be added for the maintenance and operation of new or newly remodeled facilities scheduled to come on line in 2018-19. These facilities include the Music Building Recital Hall, the

Chemical & Bio Engineering Building, the new Shared Services Building in Innovation Park, the Rydal Executive Plaza at Penn State Abington, the Student Community Center at Penn State Schuylkill, 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 \$1.4 million to fund the utility costs associated with the new or newly renovated facilities and renewal of the utilities infrastructure and equipment, offset by a reduction in both consumption and commodities pricing.

The 2018-19 proposed budget includes \$16.6 million in debt service related to the 2018-19 to 2022-23 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.

The University continues to face the challenge of financing the renovation and renewal of an aging physical plant that has an estimated deferred maintenance backlog of \$1.6 billion as assessed by the consulting group Sightlines. Based on a 2% investment of the estimated \$7.5 billion physical plant replacement value, the University needs to spend approximately \$150 million per year to maintain the current condition of all campuses. The 2% represents a 50 year replacement cycle for our facilities and does not include regular ongoing and incremental system level maintenance.

The 2018-19 proposed budget includes an additional \$3.0 million in recurring funds to the current \$31.1 million E&G operating budget that addresses renewal needs. This \$31.1 million E&G operating budget combines with the Capital Plan investments to maintain the overall facility backlog. In order for the university to move beyond simply maintaining the current physical plant conditions and begin significantly improving these conditions, Sightlines estimates an additional \$118 million each year over the next two Capital Plans is needed to reduce the backlog to an acceptable level.

## **STRATEGIC PRIORITIES**

The proposed 2018-19 budget includes \$12.0 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.

Another \$3.9 million is related to budget changes within the law schools.

## **BUDGET REDUCTIONS AND COST SAVINGS INITIATIVES**

For 2018-19, the budget includes reductions in operating budgets made possible through cost savings initiatives totaling \$36.5 million. This amount is composed of salary and benefit savings as a result of the Voluntary Retirement Program (VRP), 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 budgets that could be closed without having negative effects on operations.

## **LIBRARIES AND INFORMATION TECHNOLOGY**

As part of the strategy to drive down the total cost to earn a degree, 2018-19 will be the fourth 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 would like to eliminate the fee by combining it with tuition. However, this combination, while not raising the cost of a degree, 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 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 as a way to allow them more discretion in what services and programs to support. Additional revenue of \$1.1 million 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 2018-19 brings the amount budgeted from the fee to \$34.6 million. Student Initiated Fee charges by campus can be found in Schedule 3 in Tab E of this document.

## **STUDENT AID**

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

An additional \$2.0 million is included in the 2018-19 budget for student aid. These funds will be used to leverage private donations for student support and to provide additional need-based aid.

## **GRANTS-IN-AID RELATED TO TUITION RATE INCREASES**

A total of \$2.5 million is included in the 2018-19 budget for increased costs of grants-in-aid, which are related to the tuition rate increases, primarily for graduate assistants, fellowships, employees, and dependents.

**TABLE 3**  
**EDUCATIONAL AND GENERAL PERMANENT OPERATING BUDGET**  
**2017-18 EXPENSE CHANGES**  
**(dollars in thousands)**

<b>Compensation (and Related Benefits Adjustments)</b>	
1. Inflationary (merit-based) and Contractual	\$ 29,530
2. Faculty Promotions & Summer Session	1,832
Sub-Total - Compensation (and Related Benefits Adj.)	31,362
<b>Benefits</b>	
1. Employee Health Insurances	8,683
2. Retirement	4,106
Sub-Total - Benefits	12,789
<b>Property and Liability Insurances</b>	1,250
<b>Facilities and Maintenance</b>	
1. Deferred Maintenance	3,000
2. Capital Improvement	16,620
3. Maintenance and Operation of New Facilities	3,833
4. Fuel and Utilities	1,414
Sub-Total - Facilities and Maintenance	24,867
<b>Strategic Priorities</b>	15,893
<b>Libraries and Information Technology</b>	0
<b>Budget Reductions and Expense Adjustments</b>	(36,490)
<b>Student Initiated Fee</b>	1,123
<b>Student Aid</b>	2,000
<b>Grants-In-Aid</b>	2,519
<b>TOTAL EXPENSE CHANGES</b>	<b>\$ 55,313</b>

## **EDUCATIONAL AND GENERAL INCOME CHANGES**

Income changes of \$55.3 million support the 2018-19 Educational and General (E&G) budget of \$2.4 billion. These changes are described below and summarized in Table 4.

### **STATE APPROPRIATION**

The proposed budget includes a 3 percent increase for the Educational and General portion of the budget with state appropriation support of \$237.3 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. In aggregate across all campuses, base tuition increases of 0.00 percent for undergraduate Pennsylvania residents and 3.54 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 variations.

The tuition rate changes would generate \$30.0 million, including \$4.5 million from the law school's 3.95 percent tuition increase to \$49,896. An additional \$5.2 million would be budgeted, which includes \$2.2 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 \$1.0 million from tuition available from Summer Session and \$1.0 million from adding to the recurring budget growth in the fee charged to first-time undergraduate international students, which is offset by related additional costs incurred.

### **STUDENT INITIATED FEE**

An additional \$1.1 million will result from increases to the Student Initiated Fee as determined by the student leadership groups. The annual increases for the Commonwealth Campuses range from \$8 (at most of the Campuses), to \$18 at Shenango and Wilkes-Barre, to \$70 at DuBois, Fayette, and Schuylkill, which are increasing to the same rate as the other Campuses excluding Shenango and Wilkes-Barre. The University Park Student Initiated Fee will increase by \$18.

## **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 \$7.0 million will be available from increased facilities and administration cost recovery from grants and contracts in 2018-19.

## **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. In addition, the Dickinson Schools of Law anticipates a small reduction in non-tuition revenue.



**TABLE 4**  
**EDUCATIONAL AND GENERAL PERMANENT OPERATING BUDGET**  
**2018-19 INCOME CHANGES**  
**(dollars in thousands)**

<b>State Appropriation</b>	\$	6,913
<b>Tuition</b>		37,300
<b>Information Technology Fee</b>		0
<b>Student Initiated Fee</b>		1,123
<b>Facilities and Administration Cost Recovery</b>		7,000
<b>Investment Income</b>		0
<b>Other Income</b>		<u>2,977</u>
<b>TOTAL INCOME CHANGES</b>	\$	<u><u>55,313</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 2018-19, the funds will be made available to Penn State through the Agricultural College Land Scrip Fund. The budget bill recently approved increased for Agricultural Research and Cooperative Extension by \$1.6 million for a total of \$53.9 million.

Expense and income changes for the Agricultural Research and Cooperative Extension budgets are summarized in Table 5. Expense changes include \$1.4 million for compensation adjustments and benefits cost increases and an increase of \$161 thousand 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**  
**2018-19 PERMANENT CHANGES**  
**(dollars in thousands)**

<b>Income:</b>	
Appropriation	\$ <u>1,569</u>
<b>TOTAL INCOME CHANGES</b>	<b>\$ <u><u>1,569</u></u></b>
<b>Expense:</b>	
Compensation and Employee Benefits Costs*	\$ 1,408
Program Changes	<u>161</u>
<b>TOTAL EXPENSE CHANGES</b>	<b>\$ <u><u>1,569</u></u></b>

\*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 2018-19 are shown in Table 6.

Expenses will increase by a total of \$15.1 million, which reflects increases of \$12.6 million for instruction and program needs, \$1.3 million for compensation, and \$1.1 million for employee benefits.

Income changes include increases of \$21.5 million in academic support from the Milton S. Hershey Medical Center and \$5.8 million in earnings of departments. A decrease of \$3.0 million from the third year of a long-term plan to phase out the historical transfer of part of Penn State's General Support appropriation and a decrease of \$9.3 million from tuition revenue, and 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. No increase is proposed for 2018-19. The rate effective Fall 2018 will remain at \$49,800 per academic year.

The total 2018-19 operating budget for the College of Medicine is \$260.8 million, as shown in Table 6A. The budget includes \$162.1 million for general funds, \$95.0 million for restricted funds, and \$3.7 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 \$2.5 billion for 2018-19, 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. This estimated amount includes level funding of \$7.3 million for the amount Penn State Hershey first secured from the Commonwealth in 2014-15, that will be available in the 2018-19 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 in both Centre County and the entire northern region 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 healthcare 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 2018-19 is \$2.8 billion.

**TABLE 6**  
**THE COLLEGE OF MEDICINE**  
**2018-19 GENERAL FUNDS PERMANENT BUDGET CHANGES**  
**(dollars in thousands)**

**Expense:**

Instruction	\$ 12,890
Programs Needs	(290)
Compensation Adjustments	1,313
Employee Benefits	1,149
Facilities and Physical Plant	<u>0</u>
<b>TOTAL - EXPENSE CHANGES</b>	<b>\$ <u>15,062</u></b>

**Income:**

Tuition and Fees	\$ (276)
Facilities & Administration and Investment Income	(9,000)
Earnings of Departments	5,838
Academic Support from The M.S. Hershey Medical Ctr.	21,500
Other Transfers	<u>(3,000)</u>
<b>TOTAL - INCOME CHANGES</b>	<b>\$ <u>15,062</u></b>

**TABLE 6A**  
**THE COLLEGE OF MEDICINE AND**  
**THE PENN STATE HEALTH SYSTEM**  
**2018-19 TOTAL PERMANENT OPERATING BUDGET**  
**(dollars in thousands)**

	<u>2017-18 Adjusted Budget</u>	<u>Changes</u>	<u>2018-19 Budget</u>
<b>College of Medicine (COM):</b>			
General Funds	\$ 147,092	\$ 15,062	\$ 162,154
Restricted Funds	100,000	(5,000)	95,000
Auxiliary Enterprises	<u>3,761</u>	<u>(74)</u>	<u>3,687</u>
<b>Sub-Total - COM</b>	250,853	9,988	260,841
<b>Penn State Health System</b>	<u>2,214,641</u>	<u>283,402</u>	<u>2,498,043</u>
<b>TOTAL</b>	<b>\$ <u>2,465,494</u></b>	<b>\$ <u>293,390</u></b>	<b>\$ <u>2,758,884</u></b>

## **THE PENNSYLVANIA COLLEGE OF TECHNOLOGY**

### **EXPENSE AND INCOME CHANGES**

Expense and income changes included in the 2018-19 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 14, 2018, that did not include an increase in state support. General Fund expenses and income for 2018-19 will increase by \$1.3 million for a total General Funds budget of \$115.5 million.

Tuition and mandatory fees for Pennsylvania residents will increase by 2.39 percent, or \$390, from \$16,350 to \$16,740 per academic year, based on 30 credit hours. Non-resident tuition and fees will increase by 2.58 percent, or \$600, from \$23,280 to \$23,880 per academic year. The state spending bill includes a \$662,000 increase in state funding for 2018-19.

Additional tuition revenue of \$1.7 million will be budgeted from a combination of estimated enrollment changes and tuition rate increases. Other income will decrease by \$413,000.

The total 2018-19 operating budget for Penn College is \$156.4 million, as shown in Table 7A. This includes the general funds budget of \$115.5 million, restricted funds of \$12.5 million, and \$28.4 million for auxiliary enterprises.



**TABLE 7**  
**THE PENNSYLVANIA COLLEGE OF TECHNOLOGY**  
**2018-19 GENERAL FUNDS PERMANENT BUDGET CHANGES**  
**(dollars in thousands)**

**Income:**

State Appropriation*	\$	0
Tuition and Fees		1,737
Other		<u>(413)</u>
<b>TOTAL - INCOME CHANGES</b>	<b>\$</b>	<b><u><u>1,324</u></u></b>

**Expense:**

Compensation Adjustments	\$	370
Employee Benefits		787
Other Expense**		<u>167</u>
<b>TOTAL - EXPENSE CHANGES</b>	<b>\$</b>	<b><u><u>1,324</u></u></b>

\*Penn College Board of Directors approved a budget plan on June 14, 2018 that did not include an appropriation increase. An appropriation increase of \$662,000 has been approved by the Commonwealth.

\*\*Excludes \$5,400,000 of additional capital expenditures funded by fund balance transfer.

**TABLE 7A**  
**THE PENNSYLVANIA COLLEGE OF TECHNOLOGY**  
**2018-19 TOTAL PERMANENT OPERATING BUDGET**  
**(dollars in thousands)**

	<b>2017-18 Current Adjusted Budget</b>		<b>Changes</b>		<b>2018-19 Budget</b>
General Funds	\$ 114,177	\$	1,324	\$	115,501
Restricted Funds	13,287		(763)		12,524
Auxiliary Enterprises	<u>28,009</u>		<u>364</u>		<u>28,373</u>
<b>TOTAL</b>	<b>\$ <u>155,473</u></b>	<b>\$</b>	<b><u>925</u></b>	<b>\$</b>	<b><u>156,398</u></b>

**SCHEDULES INCLUDED IN THE  
RESOLUTIONS FOR APPROVAL OF THE  
2018-19 OPERATING BUDGET, TAB D**

Schedule I provides a summary of the proposed total University budget for 2018-19. 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>
<b>Penn State's Rank - Big Ten</b>			
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
2006-07	4th	2nd	6th
<b>Penn State's Rank - Select AAU Public</b>			
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
2006-07	7th	5th	13th

## **TABC**

### **TUITION COMPARISONS**

## Announced Resident Undergraduate Tuition Increases 2018-19

	<u>Tuition % Increase</u>
West Virginia University, Morgantown (b)	5.70%
University of Colorado, Boulder (a) (b)	4.00%
University of Iowa, Iowa City	3.80%
Cornell University, Contract Colleges	3.75%
Texas A&M University, College Station	3.70%
University of Nebraska, Lincoln	3.20%
University of Kentucky, Lexington	3.00%
Virginia Tech, Blacksburg (b)	2.90%
University of Michigan, Ann Arbor	2.90%
University of Virginia, Charlottesville	2.50%
University of California - System	2.50%
University of Massachusetts, Amherst	2.50%
University of South Carolina, Columbia	2.10%
University of Texas, Austin	2.00%
University of Minnesota, Twin Cities	2.00%
University of Temple, Philadelphia	1.98%
University of Utah, Salt Lake City	1.50%
Indiana University, Bloomington	1.40%
Ohio State University, Columbus (a)	1.30%
University of Missouri, Columbia	1.00%
University of Connecticut, Storrs (a)	0.00%
Michigan State University, East Lansing	0.00%
University of North Carolina, Chapel Hill (a) (b)	0.00%
University of Arizona, Tucson	0.00%
University of Tennessee, Knoxville	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 10, 2018.

## 2017-18 Undergraduate Tuition and Mandatory Fees at Selected Private Universities

### National (AAUDE\*):

Columbia	57,208
Carnegie-Mellon	53,905
Southern California	54,259
Tulane	52,960
Pennsylvania	53,534
Dartmouth	52,950
Brown	53,419
Duke	53,500
Cornell	52,853
Northwestern	52,678
Johns Hopkins	52,170
Washington University	51,533
Massachusetts Institute of Technology	49,892
Stanford	49,617
California Institute of Technology	49,908
Harvard	48,949
Vanderbilt	47,664
Princeton	48,207

### Other Pennsylvania Universities:

Bucknell	53,986
Gettysburg	52,640
Villanova	51,284
Lehigh	50,940

\*Association of American University Data Exchange

Source: University of Virginia Survey/Websites



**2017-18 Undergraduate Tuition and Mandatory Fees  
at Big Ten and Other Regional Universities - Main Campuses**

	<u>Resident</u>	<u>Non-Resident</u>
Pittsburgh	\$19,080	\$30,642
<b>Penn State</b>	<b>18,436</b>	<b>33,664</b>
Illinois	15,868	31,988
Virginia	16,781	47,316
Rutgers	14,638	30,579
Michigan	14,826	47,476
Minnesota	14,417	26,603
Michigan State	14,460	39,405
Wisconsin	10,533	34,783
Indiana	10,533	34,845
Ohio State	10,592	29,696
Purdue	9,992	28,794
Maryland	10,399	33,606
Nebraska	8,887	24,187
Iowa	8,965	30,609

## **TAB D**

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

#### **FRIDAY, JULY 20, 2018 FINANCE, BUSINESS AND CAPITAL PLANNING AGENDA ITEM 6.D.1**

#### **Proposed Operating Budget for Fiscal Year Beginning July 1, 2018 with Corresponding Tuition and Fees Effective for 2018 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, 2018, as shown in the 2018-2019 Proposed Operating Budget with corresponding Tuition and Fees Schedules, is approved.

(The 2018-2019 Proposed Operating Budget and Tuition and Fees Schedules will be distributed to Trustees under separate cover.)

## **2018-2019 PROPOSED OPERATING BUDGET**

THE PENNSYLVANIA STATE UNIVERSITY  
2018-19 TOTAL OPERATING BUDGET  
SCHEDULE I  
SUMMARY SCHEDULE FOR TOTAL UNIVERSITY

	(1) Adjusted Budget 2017-18	(2) Changes	(3) 2018-19 Budget
<b>General Funds:</b>			
Educational & General - Permanent	\$ 2,002,277,000	\$ 55,313,000	\$ 2,057,590,000
Educational & General - Temporary(a)	338,780,000	54,220,000	393,000,000
Agric. Research & Cooperative Extension	56,482,000	1,569,000	58,051,000
Sub-Total	2,397,539,000	111,102,000	2,508,641,000
College of Medicine	171,153,000	7,776,000	178,929,000
Pennsylvania College of Technology	114,177,000	1,324,000	115,501,000
Total - General Funds	2,682,869,000	120,202,000	2,803,071,000
Federal Funds - Agriculture	21,910,000	0	21,910,000
<b>Restricted Funds (b):</b>			
Educational & General	511,208,000	25,560,000	536,768,000
Agric. Research & Cooperative Extension	48,184,000	2,409,000	50,593,000
College of Medicine	100,000,000	(5,000,000)	95,000,000
Pennsylvania College of Technology	13,287,000	(763,000)	12,524,000
Total - Restricted Funds	672,679,000	22,206,000	694,885,000
<b>Auxiliary Enterprises (c):</b>			
Educational & General (d)	429,170,000	23,451,000	452,621,000
College of Medicine	3,761,000	(74,000)	3,687,000
Pennsylvania College of Technology	28,009,000	364,000	28,373,000
Total - Auxiliary Enterprises	460,940,000	23,741,000	484,681,000
<b>TOTAL</b>	<b>\$ 3,838,398,000</b>	<b>\$ 166,149,000</b>	<b>\$ 4,004,547,000</b>
<b>Penn State Health System</b>	<b>2,214,641,000</b>	<b>283,402,000</b>	<b>2,498,043,000</b>
<b>TOTAL UNIVERSITY</b>	<b>\$ 6,053,039,000</b>	<b>\$ 449,551,000</b>	<b>\$ 6,502,590,000</b>

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY  
2018-19 TOTAL OPERATING BUDGET  
SCHEDULE II  
SUMMARY OF EXPENDITURES**

	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
	<b>Adjusted Budget 2017-18</b>	<b>Changes</b>	<b>2018-19 Budget</b>
	<u>2017-18</u>	<u>Changes</u>	<u>2018-19 Budget</u>
<b>GENERAL FUNDS:</b>			
<b>EDUCATIONAL &amp; GENERAL:</b>			
<b>Permanent:</b>			
Instruction and Research	\$ 807,709,000	\$ 6,658,000	\$ 814,367,000
Other Public Service	23,322,000	(40,000)	23,282,000
Academic Support	402,768,000	800,000	403,568,000
Institutional Support	346,678,000	5,836,000	352,514,000
Student Services	132,574,000	1,234,000	133,808,000
Student Aid	67,213,000	8,193,000	75,406,000
Physical Plant Operations	212,966,000	24,970,000	237,936,000
University Contingencies	9,047,000	0	9,047,000
Cost Savings/Internal Reductions	0	(36,490,000) (f)	(36,490,000)
Compensation & Employee Benefits Adj (g):			
Merit-based Inflationary Salary Increases	0	25,476,000	25,476,000
Merit-based Inflationary Related Benefits	0	4,036,000	4,036,000
Market, Equity & Faculty Promotions	0	1,579,000	1,579,000
Market, Equity & Faculty Promo. Rel. Bene.	0	253,000	253,000
Benefits Cost Increases	0	12,808,000	12,808,000
<b>Temporary</b>	<u>338,780,000</u>	<u>54,220,000</u>	<u>393,000,000</u>
<b>Total Educational &amp; General (h)</b>	<u>2,341,057,000</u>	<u>109,533,000</u>	<u>2,450,590,000</u>
<b>AGRICULTURAL RESEARCH &amp; COOPERATIVE EXTENSION (i):</b>			
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	696,000	696,000
Merit-based Inflationary Related Benefits	0	111,000	111,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	601,000	601,000
Program Changes	56,482,000	161,000	56,643,000
<b>Total Agricultural Research &amp; Cooperative Extension (j)</b>	<u>56,482,000</u>	<u>1,569,000</u>	<u>58,051,000</u>
<b>Sub-Total</b>	2,397,539,000	111,102,000	2,508,641,000
<b>COLLEGE OF MEDICINE</b>	171,153,000	7,776,000	178,929,000
<b>PA COLLEGE OF TECHNOLOGY (k)</b>	<u>114,177,000</u>	<u>1,324,000</u>	<u>115,501,000 (l)</u>
<b>TOTAL GENERAL FUNDS</b>	<u>\$ 2,682,869,000</u>	<u>\$ 120,202,000</u>	<u>\$ 2,803,071,000</u>

Note: Footnotes follow Schedule V.

SCHEDULE III  
SUMMARY OF INCOME

	(1) Adjusted Budget 2017-18	(2) Changes	(3) 2018-19 Budget
<b>GENERAL FUNDS:</b>			
<b>EDUCATIONAL &amp; GENERAL:</b>			
State Appropriation:			
Educational & General	\$ 230,436,000	\$ 6,913,000 (m)	\$ 237,349,000
Transfers	(4,032,000)	0	(4,032,000) (n)
Sub-Total - State Appropriation	226,404,000	6,913,000	233,317,000
Tuition and Fees	1,865,177,000	118,013,000 (o)	1,983,190,000
Facilities & Administration and Investment Income	97,265,000	7,000,000	104,265,000
Sales and Services Income	29,549,000	(23,000)	29,526,000
Other Income	44,399,000	45,893,000	90,292,000
Other Transfers	(10,000,000)	3,000,000 (p)	(7,000,000)
<b>Total Educational &amp; General</b>	<b>2,252,794,000</b>	<b>180,796,000</b>	<b>2,433,590,000</b>
<b>AGRICULTURAL RESEARCH &amp; COOPERATIVE EXTENSION:</b>			
State Appropriation:			
Agric. Research & Cooperative Extension	52,313,000	1,569,000 (q)	53,882,000
Transfers	2,581,000	0	2,581,000 (r)
Sub-Total - State Appropriation	54,894,000	1,569,000	56,463,000
Sales and Services Income	1,588,000	0	1,588,000
<b>Total Agricultural Research &amp; Cooperative Extension</b>	<b>56,482,000</b>	<b>1,569,000</b>	<b>58,051,000</b>
<b>Sub-Total University</b>	<b>2,309,276,000</b>	<b>182,365,000</b>	<b>2,491,641,000</b>
<b>COLLEGE OF MEDICINE</b>	<b>162,240,000</b>	<b>16,689,000</b>	<b>178,929,000</b>
<b>PA COLLEGE OF TECHNOLOGY (s):</b>			
State Appropriation:			
PA College of Technology	22,074,000	0 (t)	22,074,000
Transfers	396,000	0	396,000 (u)
Sub-Total - State Appropriation	22,470,000	0	22,470,000
Tuition and Fees	89,124,000	1,737,000	90,861,000
Other Income	2,583,000	(413,000)	2,170,000
<b>Total PA College of Technology</b>	<b>114,177,000</b>	<b>1,324,000</b>	<b>115,501,000</b>
<b>TOTAL GENERAL FUNDS</b>	<b>\$ 2,585,693,000</b>	<b>\$ 200,378,000</b>	<b>\$ 2,786,071,000</b>

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY**  
**2018-19 TOTAL OPERATING BUDGET**  
**SCHEDULE IV**  
**SUMMARY OF EXPENDITURES**  
**THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER**

	(1) Adjusted Budget 2017-18	(2) Changes	(3) 2018-19 Budget
<b>GENERAL FUNDS:</b>			
<b>Permanent:</b>			
Instruction and Research	\$ 40,623,000	\$ 12,890,000	\$ 53,513,000
Other Public Service	4,190,000	(3,000)	4,187,000
Academic Support	18,624,000	(30,000)	18,594,000
Institutional Support	38,104,000	(311,000)	37,793,000
Student Services	4,169,000	54,000	4,223,000
Student Aid	5,174,000	0	5,174,000
Physical Plant Operations	36,208,000	0	36,208,000
<b>Compensation &amp; Employee Benefits Adj.:</b>			
Merit-based Inflationary Salary Increases	0	1,103,000	1,103,000
Merit-based Inflationary Related Benefits	0	210,000	210,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	1,149,000	1,149,000
<b>Temporary</b>	<b>24,061,000</b>	<b>(7,286,000)</b>	<b>16,775,000</b>
<b>TOTAL GENERAL FUNDS</b>	<b>171,153,000</b>	<b>7,776,000</b>	<b>178,929,000</b>
<b>RESTRICTED FUNDS (v)</b>	<b>100,000,000</b>	<b>(5,000,000)</b>	<b>95,000,000</b>
<b>AUXILIARY ENTERPRISES (w)</b>	<b>3,761,000</b>	<b>(74,000)</b>	<b>3,687,000</b>
<b>TOTAL</b>	<b>\$ 274,914,000</b>	<b>\$ 2,702,000</b>	<b>\$ 277,616,000</b>

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY  
2018-19 TOTAL OPERATING BUDGET  
SCHEDULE V

SUMMARY OF INCOME  
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER

	(1) Adjusted Budget 2017-18	(2) Changes	(3) 2018-19 Budget
<b>GENERAL FUNDS:</b>			
Tuition and Fees	\$ 37,253,000	\$ (276,000) (x)	\$ 36,977,000
Facilities & Administration and Investment Income	18,000,000	(5,743,000)	12,257,000
Academic Support from MSHMC (y)	45,400,000	21,500,000	66,900,000
Sales and Services Income	34,525,000	13,912,000	48,437,000
Other Income	16,007,000	(9,704,000)	6,303,000
State Appropriation: Transfers	1,055,000	0	1,055,000 (z)
Other Transfers	10,000,000	(3,000,000) (aa)	7,000,000
<b>TOTAL GENERAL FUNDS</b>	<b>162,240,000</b>	<b>16,689,000</b>	<b>178,929,000</b>
<b>RESTRICTED FUNDS (bb)</b>	<b>100,000,000</b>	<b>(5,000,000)</b>	<b>95,000,000</b>
<b>AUXILIARY ENTERPRISES (cc)</b>	<b>3,761,000</b>	<b>(74,000)</b>	<b>3,687,000</b>
<b>TOTAL</b>	<b>\$ 266,001,000</b>	<b>\$ 11,615,000</b>	<b>\$ 277,616,000</b>

Note: Footnotes follow Schedule V.



**Schedule I:**

- (a) \$17,000,000 of expense funded through prior year carry-forward balance for temporary budget.
- (b) Includes Grants, Contracts, Restricted Gifts and Restricted Endowment Income. The 2018-19 Budget is based on preliminary 2017-18 actual and 2018-19 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 \$14,320,000 from room and board rate increases approved by the Board of Trustees on February 23, 2018, and other adjustments. Expenditures are offset directly by income for the same purpose.
- (e) Total income from the 2018-19 budget for The Penn State Health System that was approved by the Board of Directors of PSHS on June 21, 2018.

**Schedule II:**

- (f) Cost savings made possible by the Voluntary Retirement Program, IT transformation and a combination of capping and reducing the subsidy provided to the World Campus and University Outreach.
- (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) Excludes \$5,400,000 of additional capital expenditures funded by fund balance transfer.

**Schedule III:**

- (m) Includes state support increase of 3 percent from the 2017-18 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 2017-18 of \$30,075,000, additional tuition income resulting from recent enrollment growth of \$5,225,000 and summer income of \$1,000,000. Reflects additional income of \$1,123,000 from the Student Initiated Fee and \$1,000,000 from the International Tuition and Fee Swap. Also includes a temporary tuition and fee increase of \$79,590,000.
- (p) Additional E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (q) Includes state support increase of 3 percent from the 2017-18 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 14, 2018 that did not include an appropriation increase. The anticipated 3 percent appropriation increase, pending approval by the Commonwealth, will provide an increase of \$662,000.
- (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 zero 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.

**2018-19 TUITION AND FEES SCHEDULES**  
**TO CORRESPOND WITH**  
**2018-19 PROPOSED OPERATING BUDGET**

**Schedule 1  
University Park Tuition  
Projected 2018-19 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>
<b><u>Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
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
<b><i>Graduate:</i></b>									
MBA	25,430	992	26,422	12,715	496	13,211	1,060	41	1,101
Business, Science, IST, EMS, & Engineering (b)	22,114	862	22,976	11,057	431	11,488	921	36	957
All Other Programs	20,732	808	21,540	10,366	404	10,770	864	34	898
Graduate Assistantships, Fellowships	17,660	680	18,340	8,830	340	9,170	-	-	-
<b><u>Non-Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
Lower Division including Associate:									
Freshmen & Sophomore	32,644	1,176	33,820	16,322	588	16,910	1,360	49	1,409
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	36,394	1,310	37,704	18,197	655	18,852	1,516	55	1,571
Nursing	38,650	1,392	40,042	19,325	696	20,021	1,610	58	1,668
All Other Programs	34,306	1,236	35,542	17,153	618	17,771	1,429	52	1,481
<b><i>Graduate:</i></b>									
MBA	40,874	1,594	42,468	20,437	797	21,234	1,703	67	1,770
Business, Science, IST, EMS, & Engineering (b)	37,022	1,444	38,466	18,511	722	19,233	1,543	60	1,603
All Other Programs	35,586	1,388	36,974	17,793	694	18,487	1,483	58	1,541
Graduate Assistantships, Fellowships	17,660	680	18,340	8,830	340	9,170	-	-	-

**Schedule 1**  
**Medicine, Law, and Great Valley School of Graduate Professional Studies**  
**Projected 2018-19 Tuition**

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2017-18	Increase	2018-19	2017-18	Increase	2018-19	2017-18	Increase	2018-19
<b><u>Pennsylvania Residents</u></b>									
<b>College of Medicine at Hershey:</b>									
Medical	49,800	0	49,800	24,900	0	24,900	-	-	-
Graduate	22,114	862	22,976	11,057	431	11,488	921	36	957
Master of Physician Assistant Program	-	-	-	12,192	0	12,192	-	-	-
<b>Great Valley Graduate Center:</b>									
MBA	23,652	922	24,574	11,826	461	12,287	986	38	1,024
All Other Programs	23,652	922	24,574	11,826	461	12,287	986	38	1,024
Dickinson Law	48,000	1,896	49,896	24,000	948	24,948	2,000	79	2,079
Penn State Law	48,000	1,896	49,896	24,000	948	24,948	2,000	79	2,079
Graduate Assistantships, Fellowships	17,660	680	18,340	8,830	340	9,170	-	-	-
<b><u>Non-Pennsylvania Residents</u></b>									
<b>College of Medicine at Hershey:</b>									
Medical	49,800	0	49,800	24,900	0	24,900	-	-	-
Graduate	37,022	1,444	38,466	18,511	722	19,233	1,543	60	1,603
Master of Physician Assistant Program	-	-	-	12,192	0	12,192	-	-	-
<b>Great Valley Graduate Center:</b>									
MBA	38,570	1,504	40,074	19,285	752	20,037	1,607	63	1,670
All Other Programs	38,570	1,504	40,074	19,285	752	20,037	1,607	63	1,670
Dickinson Law	48,000	1,896	49,896	24,000	948	24,948	2,000	79	2,079
Penn State Law	48,000	1,896	49,896	24,000	948	24,948	2,000	79	2,079
Graduate Assistantships, Fellowships	17,660	680	18,340	8,830	340	9,170	-	-	-

**Schedule 1**  
**Altoona, Berks, Erie and Harrisburg**  
**Projected 2018-19 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>
<b><u>Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
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
<b><i>Graduate :</i></b>									
MBA	-	-	-	-	-	-	874	34	908
Business, Science, IST, EMS, & Engineering (c)	21,946	856	22,802	10,973	428	11,401	914	36	950
All Other Programs	20,574	802	21,376	10,287	401	10,688	857	34	891
Graduate Assistantships, Fellowships	17,660	680	18,340	8,830	340	9,170	-	-	-
<b><u>Non-Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
Lower Division including Associate:									
Freshmen & Sophomore	22,716	750	23,466	11,358	375	11,733	947	31	978
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (c)	26,086	860	26,946	13,043	430	13,473	1,087	36	1,123
All Other Programs	24,168	798	24,966	12,084	399	12,483	1,007	33	1,040
<b><i>Graduate :</i></b>									
MBA	-	-	-	-	-	-	1,366	53	1,419
Business, Science, IST, EMS, & Engineering (c)	28,472	1,110	29,582	14,236	555	14,791	1,186	47	1,233
All Other Programs	27,110	1,058	28,168	13,555	529	14,084	1,130	44	1,174
Graduate Assistantships, Fellowships	17,660	680	18,340	8,830	340	9,170	-	-	-

**Schedule 1  
Abington  
Projected 2018-19 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>
<b><u>Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
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
<b>Graduate:</b>									
Business, Science, IST, EMS, & Engineering (d)	21,946	856	22,802	10,973	428	11,401	914	36	950
All Other Programs	20,574	802	21,376	10,287	401	10,688	857	34	891
<b><u>Non-Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
Lower Division including Associate:									
Freshmen & Sophomore	21,582	712	22,294	10,791	356	11,147	899	30	929
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	24,744	816	25,560	12,372	408	12,780	1,031	34	1,065
All Other Programs	22,848	754	23,602	11,424	377	11,801	952	31	983
<b>Graduate:</b>									
Business, Science, IST, EMS, & Engineering (d)	27,924	1,090	29,014	13,962	545	14,507	1,164	45	1,209
All Other Programs	26,562	1,036	27,598	13,281	518	13,799	1,107	43	1,150

**Schedule 1**  
**Brandywine, Hazleton, Lehigh Valley, Schuylkill, Scranton, York, and World Campus \***  
**Projected 2018-19 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>
<b><u>Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
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
<b><i>Graduate:</i></b>									
Business, Science, IST, EMS, & Engineering (d)	21,630	844	22,474	10,815	422	11,237	901	35	936
All Other Programs	20,470	798	21,268	10,235	399	10,634	853	33	886
<b><u>Non-Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
Lower Division including Associate:									
Freshmen & Sophomore	21,402	642	22,044	10,701	321	11,022	892	27	919
Upper Division: (a)									
Junior & Senior	22,404	672	23,076	11,202	336	11,538	934	28	962
<b><i>Graduate:</i></b>									
Business, Science, IST, EMS, & Engineering (d)	27,584	1,076	28,660	13,792	538	14,330	1,149	45	1,194
All Other Programs	26,340	1,028	27,368	13,170	514	13,684	1,098	42	1,140

\* 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 2018-19 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>
<b><u>Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
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
<b><i>Graduate:</i></b>									
Business, Science, IST, EMS, & Engineering (d)	20,648	806	21,454	10,324	403	10,727	860	34	894
All Other Programs	19,540	762	20,302	9,770	381	10,151	814	32	846
<b><u>Non-Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
Lower Division including Associate:									
Freshmen & Sophomore	20,352	550	20,902	10,176	275	10,451	848	23	871
Upper Division: (a)									
Junior & Senior	21,548	582	22,130	10,774	291	11,065	898	24	922
<b><i>Graduate:</i></b>									
Business, Science, IST, EMS, & Engineering (d)	26,232	1,024	27,256	13,116	512	13,628	1,093	43	1,136
All Other Programs	25,050	976	26,026	12,525	488	13,013	1,044	40	1,084

**Schedule 1  
Shenango  
Projected 2018-19 Tuition**

	<u>Per Academic Year</u>			<u>Full-Time Per Semester</u>			<u>Part-Time Per Credit</u>		
	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Increase</u>	<u>2018-19</u>
<b><u>Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
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
<b>Graduate:</b>									
Business, Science, IST, EMS, & Engineering (d)	19,390	756	20,146	9,695	378	10,073	808	31	839
All Other Programs	18,350	716	19,066	9,175	358	9,533	765	29	794
<b><u>Non-Pennsylvania Residents</u></b>									
<b><i>Undergraduate:</i></b>									
Lower Division including Associate:									
Freshmen & Sophomore	19,960	538	20,498	9,980	269	10,249	832	22	854
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	21,366	338	21,704	10,683	169	10,852	890	14	904
All Other Programs	21,134	570	21,704	10,567	285	10,852	881	23	904
<b>Graduate:</b>									
Business, Science, IST, EMS, & Engineering (d)	25,730	1,004	26,734	12,865	502	13,367	1,072	42	1,114
All Other Programs	24,568	958	25,526	12,284	479	12,763	1,024	40	1,064

### Footnotes for 2018-19 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**  
**2018-19 Information Technology Fee**  
**Per Semester**

**Fall and Spring 2018-19**

	<b>9 or More Credits</b>	<b>5 to Less Than 9 Credits</b>	<b>Less Than 5 Credits</b>
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  
2018-19 Student Initiated Fee  
Per Semester**

	<b>Fall and Spring 2018-19</b>		
	<b>9 or More Credits</b>	<b>5 to Less Than 9 Credits</b>	<b>Less Than 5 Credits</b>
Abington	\$240.00	\$180.00	\$74.00
Altoona	240.00	180.00	74.00
Beaver	240.00	180.00	74.00
Berks	240.00	180.00	74.00
Brandywine	240.00	180.00	74.00
DuBois	240.00	180.00	74.00
Erie	240.00	180.00	74.00
Fayette	240.00	180.00	74.00
Great Valley	128.00	96.00	40.00
Greater Allegheny	240.00	180.00	74.00
Harrisburg	240.00	180.00	74.00
Hazleton	240.00	180.00	74.00
Lehigh Valley	240.00	180.00	74.00
Mont Alto	240.00	180.00	74.00
New Kensington	240.00	180.00	74.00
Schuylkill	240.00	180.00	74.00
Scranton	240.00	180.00	74.00
Shenango	182.00	137.00	56.00
University Park	267.00	200.00	83.00
Wilkes-Barre	182.00	137.00	56.00
York	240.00	180.00	74.00
Dickinson Law	91.00	68.00	28.00
Penn State Law	292.00	219.00	91.00
Hershey (non-medical)	36.00	27.00	11.00
Hershey (medical)	72.00	charge per academic year	