Thank you for the opportunity to provide support for our 2020-21 appropriation request. The funding from the Commonwealth is a critical factor that influences Penn State’s resident tuition rates. It helps defray the cost of in-state tuition for Pennsylvania resident undergraduates across all our campuses, which serve some of the most economically challenged regions of Pennsylvania. It also provides crucial funding that helps support Agricultural Research and Extension, Medical Assistance Funding for the Penn State Health Milton S. Hershey Medical Center, and the Pennsylvania College of Technology. This year, we are requesting support to advance economic development activities across Pennsylvania.

Penn State and the Commonwealth of Pennsylvania have been partners since our founding in 1855, and together we have contributed immeasurably to quality of life, economic development, agricultural productivity, medical care, and leadership in every sector of society. An investment in Penn State is an investment in the communities, families, and individuals who comprise our great state.

In February 2019, a newly released study found that Penn State is an economic powerhouse, contributing more than $11.6 billion to the state’s economy and supporting, directly and indirectly, more than 105,000 jobs across Pennsylvania in FY 2017. The study also found that for every $1 in state appropriations received by Penn State, the University returns $1.24 in tax payments to the Commonwealth.

This study highlights the widespread nature of Penn State’s economic contributions. Our University, with 24 locations across the Commonwealth, an academic medical center, two law schools, and a growing health system, is an engine that drives the economy and improves lives in all 67 Pennsylvania counties.

We recognize the fiscal realities faced by the Commonwealth, and we are very grateful for the appropriation increases awarded in recent years that were made possible through the efforts of Governor Wolf and the General Assembly. However, the average loan debt at graduation continues to rise for Penn State resident students, reaching $36,044 last year. Paying back this sum is a particular challenge for some of our graduates who enter vital professions such as teaching, health care, social services, and public service.

Modest increases in the appropriation over the last six years combined with Penn State’s intensified efforts related to access and affordability have helped Penn State minimize tuition increases for Pennsylvania resident students. Our focus has been to reduce the total cost of a
degree, decrease the rate of student borrowing, promote success of need-based students, and
decrease attrition due to finances. Tuition increases across Penn State’s campuses have been
below national averages for over a decade.

Yet, in-state tuition continues to be among the highest among our peer institutions. We need to
do more for Pennsylvania families.

Penn State’s appropriation includes two line items under the Department of Education: General
Support and the Pennsylvania College of Technology. In addition, the appropriation for the
Agricultural College Land Scrip Fund that supports Agricultural Research and Extension is
appropriated through the Department of Agriculture, while support for the Penn State Health
Milton S. Hershey Medical Center is provided through the Department of Human Services from
state and federal medical assistance funding. In addition, a special request for $2.4 million is
included to support economic development activities across Pennsylvania. The purpose, use, and
benefits to the citizenry of the Commonwealth are summarized in the following sections of this
statement.

GENERAL SUPPORT

The General Support appropriation both offsets the cost of tuition for Pennsylvania residents and
supplements the University’s efforts to address access and affordability. Commonwealth support
enables the university to provide in-state tuition savings for Pennsylvania resident students that is
far greater than the per student appropriation. The General Support appropriation is also a critical
factor in our ongoing efforts to fund innovation to develop the state’s economy and create jobs
for our students as well as the citizens of the Commonwealth.

Equally important, Penn State’s partnership with the state has allowed our university to invest in
excellence so we can attract the best and brightest students from across Pennsylvania.

In the 2018-19 Center for World University Rankings, Penn State was ranked 43rd among the
best universities in the world for the quality of education of its students and the research
prowess of its faculty. Penn State ranked No. 30 among universities in the United States. U.S.
News and World Report also ranked Penn State 18th in top public schools, as well as 26th in
study abroad schools, and 30th in best colleges for veterans. U.S. News’ 2019 Best Online
Programs ranked Penn State World Campus in the top 10 of six categories, the most of any
institution in the country. The rankings are in the following categories:

- No. 4, online graduate engineering
- No. 5 (tie), online bachelor’s programs
• No. 7, online graduate computer information technology
• No. 8 (tie), online graduate business (non-MBA)
• No. 9 (tie), online MBA
• No. 9 (tie), online programs in education

These rankings demonstrate the strength of our world-class faculty, research enterprise, and alumni employment.

A state appropriation is critical to helping us attract and retain the type of students that will stay in the state to complete their studies and will then choose to remain here and help Pennsylvania prosper. With 54,500 Pennsylvania resident students across 24 campuses and a World Campus, Penn State has the capacity that no private university can match. Penn State University is a valuable asset to the Commonwealth that provides a great return on investment.

It’s also noteworthy that nearly 20 percent of Penn State’s out-of-state and international students choose to stay in Pennsylvania after completing their degrees. These students start companies, enrich established businesses, and contribute to their communities as taxpayers, volunteers, and citizens. Pennsylvania ranks fifth in the nation for the percent of senior citizens. Attracting and retaining young professionals is vitally important for the economic security of the Commonwealth.

The 2020-21 appropriation request for General Support for Penn State proposes a 6.0 percent increase of $14.5 million. Our efforts made possible by the General Support appropriation to address access and affordability and to promote job creation, economic development and student career success are summarized below.

**Access and Affordability**

For our education mission, our University receives approximately $268 million (when combining Penn State and Penn College). Divided evenly among the 54,500 Pennsylvania students that we educate each year, each student would receive approximately $5,000. Note the national average is $7,642. Yet, at Penn State, the average Pennsylvania student pays approximately $12,500 less than their out-of-state counterparts. We are more than doubling the state’s investment to make Penn State more affordable and accessible for the working families of Pennsylvania. Notably, Penn State ranks 5th among flagship universities for the smallest overall increase in in-state tuition over the last 10 years according to the Chronicle of Higher Education 2018 Almanac.

Over the past three years Penn State has intensified our efforts related to access and affordability. Our focus has been to reduce the total cost of a degree, decrease the rate of student borrowing,
promote success of need-based students, and decrease attrition due to finances. Tuition increases across Penn State’s campuses have been below national averages for over a decade.

Yet, tuition continues to be among our most pressing concerns, as does student debt. The average loan debt at graduation is rising—$36,044 for in-state students and $40,770 for out-of-state students. With the partnership of the legislature and the support of Governor Wolf, we hope to continue to keep our tuition increases as low as practically possible and to enable our students to graduate with less debt and more opportunities.

We continue to pilot and expand targeted solutions to reduce the total cost of a degree, and the data suggests they are every effective. For example, Penn State offers Provost Awards to high achieving students with high need. The awards range from $5,000 to $7,000 per student/per year, which results in a cumulative total of $24,000 to each awardee. Since the Provost Awards began in 2013-14, $109 million has been awarded to 13,000 students.

Other targeted solutions are Open Doors programs that include: the Raise.me Scholarships; Pathway to Success – Summer Start (PaSSS); Smart Track designed for online learners; Student Transition Experiences Program (STEP) for juniors transitioning from a Commonwealth Campus to University Park; the Sokolov-Miller Financial Literacy and Life Skills Center (online and on campus); and Complete Penn State, which is designed to help students with high GPAs and credit counts overcome struggles so they can complete their degrees. The University has invested in these targeted solutions and made them a centerpiece of our philanthropic campaign, A Greater Penn State for 21st Century Excellence. To date, 906 donors have contributed to 546 endowments, and $2.8 million has been awarded to 1,305 students. The average award is $2,146. It’s noteworthy that the students in these Open Doors programs have higher retention rates, higher grade point averages, and lower late drop rates than the comparable population.

Another important strategy for helping students reduce the cost of a degree is through Penn State’s intensified efforts in student advising. In 2015, Starfish was introduced university-wide and has proven effective in facilitating connections. It allows all academic advisors to use the same platform to maintain advising notes and monitor student progress. It identifies at-risk students in real time and connects students to valuable services. It is having a significant impact. Over the last year, 50,000+ unique students heard from at least one instructor about their course progress, and nearly 50,000 scheduled 160,000 academic advising appointments. Twelve thousand students scheduled 26,280 meetings with people who are here to help—instructors, Financial Aid coordinators, Fellowships directors, college engagement specialists, study abroad counselors and more.

We hope that our efforts will open the door for more students to earn a Penn State education, and we look forward to working with the Governor and the General Assembly to help all the families of Pennsylvania do so, regardless of socioeconomic status.
Student Career Success

Penn State is living the land-grant mission in the 21st century through our commitment to job creation, economic development and student career success. Penn State is the No. 2 institution in the country for graduating CEOs (just behind Stanford) according to a LinkedIn study. Currently, Penn State alumni lead Fortune 500 companies including Nike, Merck, PPL, and Hanesbrands, and we’re continuing to ensure there is a pipeline to career success.

In 2018, Penn State launched a single, integrated career enterprise system for the 37 career units across our colleges and campuses. This new system provides access to all jobs and services for all students and alumni. It allows employers to post career opportunities on one central system. And it enables both university-wide reporting and college-specific/campus-specific reporting of career success activity.

Penn State is a national leader among large universities for holistically, collaboratively managing career services. Consider that in 2017-2018, Penn State held…

- 73 Career Fairs; 4,675 employers; 33,315 students/alumni;
  Fall Career Fair alone: 550 employers and 10,000 students.
- 17,000 on-campus interviews.
- 44 interview rooms in Career Services Center.
- 42,898 individual career coaching sessions.
- 1,934 career workshops/events: 67,696 participants.
- 78 career courses taught to 2,597 students.

This operation serves the students and employers. As one recruiter noted, “I have been in talent acquisition for many years and attended career fairs all over the country. I have never been more pleased with the preparedness of a student body at a fair than I was today.”

Invent Penn State: Economic Development Extension

Launched in 2015, Invent Penn State has spread across the state to create 21 dynamic hubs on our Commonwealth Campuses and in the surrounding communities. Modeled after the Penn State agricultural cooperative extension, these hubs were developed in partnership with regional and local economic development groups and offer access to no-cost startup support tailored to meet the unique needs of each community.
Building on this strong foundation, Penn State is requesting $2.35 million to strengthen and grow the Innovation Hub network across Pennsylvania, consistent with its commitment to extension services as a central element of the University’s land-grant mission. In addition, we propose expanding on our established startup pitch competitions and summer entrepreneurship training programs to offer new statewide programs that are open to any university student in Pennsylvania.

By leveraging Penn State’s size and broad research strengths (research expenditures in 2018-19 reached a record $968.6 million, up $42 million over the previous year), we are accelerating the transfer of new ideas into useful products and processes that encompass a broad range including energy, food security, environmental protection, health care, manufacturing, educational technologies, medical devices and pharmaceuticals. All of this is translating into new businesses in Pennsylvania.

Services provided by LaunchBoxes include no-cost legal services and intellectual property advice, lean startup accelerator programs, micro-grant programs, new product development services, flexible coworking space for entrepreneurs, business consulting and outreach programs. These services complement existing services and are offered in partnership with regional economic development authorities, chambers of commerce, PA Small Business Development Centers, Ben Franklin Technology Partners to develop customized support for entrepreneurs in our Commonwealth Campus communities.

An example of the impact of these Innovation Hubs can be seen in New Kensington. Like many towns in western Pennsylvania and across the state, New Kensington’s heyday ended when the major manufacturer plant closed in 1971. In this case it was aluminum, but it could have been a steel factory, lumber mill, or coal mine. Over the last three years, Penn State awarded our New Kensington campus $150,000 in seed grant funding to promote economic development in the area. The impact has been dramatic. Working with the mayor, area businesses, and local government, they are building an entrepreneurial ecosystem. It includes 4,700 square feet of co-working space in The Corner LaunchBox, along with entrepreneur-related events, business development and support services, stipends and competitions, and access to nearby venture capital groups. New Kensington has attracted more than $1.0 million in funding from Westmoreland County, the Appalachian Regional Commission and private gifts and donations. What was once called Aluminum City has been now dubbed the “corridor of innovation,” with further investments expected. Plans include reimaging manufacturing for the digital age through the “Factory 4.0 Educational Toolkit” curriculum that was developed by Penn State New Kensington in partnership with MIT and Arconic, a global engineering firm. Over the next six years, the Pennsylvania Department of Community & Economic Development through the Neighborhood Partnership Program will invest $1.2 million in the city of New Kensington to advance the revitalization and economic development initiatives associated with the corridor.
The critical mass of entrepreneurial activity occurring at the Corner LaunchBox has already attracted over a dozen new companies to New Kensington, creating jobs and a support network for talented recent graduates and young professionals who have historically left the area due to a lack of opportunity.

A similar transformation is underway in Hazleton. As part of the Invent Penn State initiative, Penn State provided Penn State Hazleton with a planning grant of $10,000 and seed grant funding of $150,000 to establish a LaunchBox to bolster entrepreneurship and economic development in the Hazleton community. Subsequently, Penn State Hazleton received a $1 million gift from the Estate of Pasco L. Schiavo that established an endowment named The Hazleton LaunchBox supported by Pasco L. Schiavo, Esq. As part of its current A Greater Penn State fundraising campaign, Penn State matched the gift, creating a $2 million endowment fund. In addition, PPL made a $20,000 grant to support the IT needs of the Hazleton LaunchBox. As with the Schiavo Estate gift, the University matched this gift in the amount of $20,000. The Downtown Hazleton Alliance for Progress (DHAP) contributed $80,000 to a general fund at Penn State Hazleton to support the operations of the Hazleton LaunchBox and to provide capital improvements of the same.

Additional contributions for Phases 1 and 2 construction of the LaunchBox include the following:

- Keystone grants totaling $657,000
- LSA Grant of $150,000
- Private contributions totaling $449,500 from regional businesses and foundations

The combined funds will provide operational funding to the innovation hub each year, ensuring that it continues to spark economic development and support entrepreneurship in perpetuity. The impact of this community investment is already being felt. For example, the Hazleton LaunchBox this year launched its first summer entrepreneurship camp, which will, on an ongoing basis, expand access to entrepreneurial experiences for young people in the region.

Building on this strong foundation, Penn State is requesting $2.35 million to strengthen and grow the Innovation Hub network across Pennsylvania, consistent with its commitment to extension services as a central element of the University’s land-grant mission. In addition, we propose to expand on our established startup pitch competitions and summer entrepreneurship training programs to offer new statewide programs that are open to any university student in Pennsylvania.

*Strengthen Innovation in Small to Medium Enterprises $500,000*

Expand access to PennTAP Technical Assistance Programs for Small to Medium Enterprises and add three PennTAP Innovation Advisors to support regional businesses.
*Strengthening the Innovation Hubs  $1.775 million*

Grow entrepreneurship programs with additional staffing and support services; and pilot four new Innovation Hubs in collaboration with PA SBDCs and/or PASSHE universities in underserved areas.

We believe that this is what it means to be a public university that combines excellence in teaching, research and service. It also embodies our mission of ensuring access to a top-notch education and improving the quality of life for everyone in the state, and society in general.

**Pennsylvania College of Technology**

The Pennsylvania College of Technology located in Williamsport, PA is a national leader in applied technology education and a Penn State affiliate. Penn College offers the type of hands-on applied technology education that is vital to Pennsylvania workforce needs, and it boasts a 96 percent placement rate, offering signature instruction in diverse and much needed programs like plastics engineering, nursing and physician assistant, IT cybersecurity, heavy equipment, construction management and robotic welding. Penn College has an enrollment of 5,500 students — 90 percent are Pennsylvania residents, and more than 90 percent of the students receive financial aid.

The 2020-21 appropriation request for Penn College proposes a 6 percent increase of $1.6 million. The increase in state appropriations will be used to support the varied technological needs of high-demand programs, including the digital radiographic room, building automation, simulation mannequins, and the creation of a makerspace to support the innovation work of faculty and students.

**Agricultural Research and Cooperative Extension**

The 2020-21 budget plan proposes a 6 percent increase of $3.3 million in the state’s investment in Agricultural Research and Cooperative Extension.

Approximately $1.2 million is needed to support inflationary operating increases for these activities. The remaining funds would allow the College of Agricultural Sciences to rebuild capacity and invest in several high priority issues and address immediate threats facing Pennsylvania including:

- Penn State Extension is working to protect Pennsylvania’s grape, tree-fruit and nursery industries against the spotted lanternfly, an invasive pest from Asia that was first seen in 2014. Tom Baker, distinguished professor of entomology and chemical ecology said,
“The spotted lanternfly is the weirdest, most pernicious insect I’ve ever seen.” It also is a tremendous threat to industries worth nearly $18 billion annually to the state’s economy. Researchers at Penn State Extension are collaborating with the state Department of Agriculture to develop near-term solutions for managing infestations safely and effectively. Other invasive plants, insects, and diseases continue to challenge Pennsylvania agriculture and threaten Pennsylvania’s economy. Investments in biosecurity research and education around best practices are critical to help protect Pennsylvania from these and many other invasive pests. The extension website reaches nine million users with 14 million-page views annually.

• The College is working with the Pennsylvania Department of Agriculture, Pennsylvania Department of Environmental Protection, the U.S. Environmental Protection Agency, and Pennsylvania agriculture groups and nonprofits to facilitate collaboration toward solutions to water quality challenges in Pennsylvania. State and federal agencies have placed political and financial pressure on agriculture although urban storm water is also a major contributor. There is significant research, education, and technical on-the-ground training needs to assist agriculture and Pennsylvania communities in meeting EPA water quality metrics for nutrient management, including both storm water and agricultural runoff.

• Another area of emphasis for Penn State Extension is 4-H, which engages an estimated 90,000 youth in Pennsylvania. Over the years, its programming has been expanded to leadership, business and science programs that provide young people with opportunities to learn through fun, hands-on activities. These students also test themselves in local, regional and international competitions. In addition to giving young people once-in-a-lifetime experiences and building self-confidence, 4-H STEM education is helping prepare our future workforce.

• One of Extension’s most critical areas of focus is Ag Safety and Health. Every year, farmers and agricultural workers are listed among the Top 10 most dangerous jobs. Preventing accidents—and preparing for when they do happen—is the hallmark of Extension’s agricultural safety and farm emergency training.

• Opiate and other addictions have reached epidemic proportions in Pennsylvania and across the nation. Penn State launched the Penn State Consortium to Combat Substance Abuse to draw on the expertise of researchers, educators and practitioners from across Penn State. Penn State Health is leading the creation of a new “hub-and-spoke” model that is aimed at revolutionizing the way the disease is managed and creating a gold standard of care. Through Penn State Outreach and Extension, we deliver online programming, an opioid training program for law enforcement officers and child support enforcement officers, an interdisciplinary national conference, education programs, and more.
Penn State Extension is the backbone of our ability to translate scientific research into real-world applications. Our Extension educators empower people, businesses and communities to solve problems and capture opportunities by providing access to expertise and education. Extension is investing in new technologies to meet the changing needs and expectations of our customers and provide for real-time collaboration across our teams of experts located around the Commonwealth. For example, the Extension website has nine million users with 14 million page view annually (39,000 per day). Workshop/conference registration exceeds 50,000 per year, Ag Progress Days attendance is 45,000, and 4-H reaches more than 90,000 Pennsylvania youth per year. Collectively, the Master Gardeners program and 4-H have 10,000 plus volunteers. These investments in Pennsylvania will provide a diverse portfolio of non-credit, online educational opportunities for all Pennsylvanians; real-time communications, alerts, and education for our customers; and increasing accessibility to our teams of experts and programs.

**Penn State Health Milton S. Hershey Medical Center**

Medical Assistance funds appropriated to the Milton S. Hershey Medical Center through the Pennsylvania Department of Human Services enable citizens of the Commonwealth without the ability to pay to receive medical care at one of the nation’s premier academic medical centers. Since 2013-14, part of this funding has been designated to support the ongoing 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 addresses the health care 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 College of Medicine’s Department of Public Health Sciences which supports the analysis of health care needs of the Commonwealth and the development of clinically-integrated networks to meet them. It also supports innovative programs that will enhance the overall health and wellness of Pennsylvanians, particularly those in rural areas who have historically had to drive long distances to access providers for some or all their health care needs.

**Cost Containment Efforts**

Two decades of stagnation in the state appropriation and increasing costs needed to fulfill our land-grant mission have led to a two-pronged approach to fill the gap: Budget Reductions and Reallocations (cost savings measures), and Budget Relief (securing external funding to cover activities that would otherwise require General Fund dollars.)
Penn State has also embarked on a long-term strategic approach to address the budget challenges. We are trying to lower the University’s cost structure, while continuing to focus on academic excellence. We have found savings opportunities through a new health care and prescription program, research initiatives that leverage industry partnerships through the Office of the Vice President for Research, a human resources transformation, and an IT transformation. Intercollegiate Athletics has agreed to fill some university needs by contributing funds received through the Intercollegiate Athletics Big Ten contract.

Concluding Remarks

Since 1855, Penn State and the Commonwealth have partnered to benefit families and communities across Pennsylvania. Penn State’s educational programs, research, and outreach will continue to make measurable and meaningful differences in the economic development of our communities, from local to global levels. Strengthened by our partnership with the Commonwealth, Penn State can drive job creation, economic development, and student career success all while ensuring that a Penn State education is within reach financially for Pennsylvania students with the ability and desire to attend. Our partnership has been mutually beneficial, and Pennsylvania would not be the same without it. I appreciate the continued support of the Governor and the General Assembly, and we look forward to ongoing conversations about the enormous potential of increased investment in Penn State as a vehicle to advance the economic development agenda for Pennsylvania. Thank you for your support and consideration.

Respectfully Submitted,

Eric J. Barron, President
Penn State University
HIGHLIGHTS OF PENN STATE’S 2020-21
BUDGET PLAN AND APPROPRIATION REQUEST

APPROPRIATION REQUEST

♦ The University is requesting a total appropriation of $359.8 million, representing a 6.7 overall percent increase.

• A $14.5 million increase in the Educational and General (E&G) or General Support line item.

• An increase in the amount of $3.3 million is requested for our programs in Agricultural Research and Cooperative Extension.

• Increased support of $1.6 million is included for the Pennsylvania College of Technology to build on recent increased investments from the Commonwealth to expand instructional capacity in the technical fields most in demand by students and Pennsylvania employers.

• A special request for $2.4 million to support economic development activities across Pennsylvania.

• Additional State and Federal Medical Assistance funding of $804,000 is also included for the Penn State Health Milton S. Hershey Medical Center.

BASIC OPERATING COSTS

♦ Benefits – Respond to the increasing employer contribution rate for the State Employees’ Retirement System (SERS) and an estimated increase in health care.

♦ Facilities – Provide for facilities cost increases, including increasing fuel and utilities costs, the maintenance and operation of new facilities, the necessary additional funding to address asset preservation of an aging physical plant, and to support the capital needs related to major renewals and replacements of facilities across our multiple locations.

♦ Faculty and Staff Compensation – Provide a modest pool of funds for merit-based inflationary increases and to address targeted market and equity concerns as well as the funds necessary to fulfill contractual obligations.
The University’s proposed budget plan for 2020-21 reflects progress toward Governor Wolf’s stated goal to restore funding to Pennsylvania institutions of higher education to the level appropriated prior to the major cuts in 2011-12.

Table 1 summarizes the proposed budget changes for the Educational and General budget (General Support), Agricultural Research and Cooperative Extension, the College of Medicine at the Penn State Health Milton S. Hershey Medical Center, and the Pennsylvania College of Technology as well as a special request for funding to help support economic development activities across Pennsylvania.

Penn State’s request for an appropriation increase of $22.6 million for 2020-21 is summarized on Table 2. Details of the University’s proposed budget plan and appropriation request are discussed below.

**Expense Changes**

**Benefits and Insurances:** The University’s budget plan includes projected increases of $9.1 million for benefits cost increases. This includes increases for health care and retirement. A $2.9 million increase is projected in property and liability insurances.

**Facilities:** A total of $21.8 million is projected for facilities cost increases. Included are funds for the maintenance and operation of new or newly renovated facilities, fuel and utilities increases, deferred maintenance projects, and the continuation of the University’s capital improvement program.

**Strategic Priorities:** The 2020-21 budget plan includes funding for the most important strategic priorities of the university. Investments will be targeted in areas described in the President’s Statement that will focus on access and affordability and economic development, job creation, and student career success.

**Student Aid:** As just one among multiple strategies to address access and affordability, our plan proposes adding $2.0 million for need-based student aid, bringing the total of permanently budgeted funds to nearly $65 million. These funds will be used to leverage additional private donations for student support.
**Faculty and Staff Salary Compensation:** Penn State operates in an extremely competitive environment for faculty and staff. As keepers, creators, and transmitters of knowledge, the best way for us to continue to help Pennsylvania’s communities is to maintain excellence across those activities that are core to our missions. We compete with other great institutions to bring in the best talent. Dozens of our faculty are recruited by other universities every year. We strive to recruit and retain the very best faculty and staff in a fiscally responsible manner. The budget plan for 2020-21 includes $33.1 million for salary adjustments and related employee benefits. This projected amount includes a 2.5 percent salary pool to provide funding for inflationary adjustments that would be awarded primarily based on merit and address market and equity situations.

**Agricultural Research and Cooperative Extension**

The College of Agricultural Sciences relies on the 150-year old land-grant partnership of federal, state, and county governments as the foundation for agricultural research and statewide Extension programs, which in Pennsylvania and across the United States have for decades increasingly included rural problems that parallel those in urban centers. The federal, state, and county funds that support Agricultural Research and Cooperative Extension are not supplemented with student tuition. 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. Now more than ever, funding for agricultural research and support for the state’s Cooperative Extension network is an investment that ensures that the agriculture industry will be able to continue to advance this important sector of the economy and to safeguard Pennsylvania’s human and natural resources.

**Income Changes**

The University is requesting an appropriation increase of $22.6 million (see Table 2). Of this amount, $14.5 million is for Penn State’s General Support line. Also, as part of the direct appropriation, an additional $1.6 million is requested for the Pennsylvania College of Technology. An increase in the amount of $3.3 million is included for our programs in Agricultural Research and Cooperative Extension funded through the Agricultural College Land Scrip Fund.

A special request of $2.4 million for funding to help support our state-wide economic development initiatives is also included.
An additional $804,000 is requested in the State and Federal Medical Assistance funding provided to the Penn State Health Milton S. Hershey Medical Center through the Pennsylvania Department of Human Services.

The University is projecting an additional $6.2 million in other income excluding tuition.
### Table 1
Summary of Proposed Changes
2020-21 Budget Plan and State Appropriation Request
($ in thousands)

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<th>Educational and General</th>
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<td>Incremental Revenues/Cost Savings Target</td>
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<td>$0</td>
<td>$0</td>
<td>$204</td>
<td>$1,372</td>
<td>$65,018</td>
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</table>

* The University is also requesting an additional increase of $804,000 in the State and Federal Medical Assistance funding provided to the Milton S. Hershey Medical Center through the Pennsylvania Department of Human Services. Penn State's overall request for additional Commonwealth support for 2020-21 totals $359,774,000.
<table>
<thead>
<tr>
<th></th>
<th>2019-20 Appropriation</th>
<th>Projected Increases</th>
<th>2020-21 Requested Appropriation</th>
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<tbody>
<tr>
<td>General Support</td>
<td>$242,096</td>
<td>$14,526</td>
<td>$256,622</td>
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<tr>
<td>Agricultural Research &amp; Extension</td>
<td>54,960</td>
<td>3,298</td>
<td>58,258</td>
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<td>Special Request: Economic Development</td>
<td>2,350</td>
<td>2,350</td>
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<tr>
<td>Total Penn State (excl Med. Assist. &amp; Penn College)</td>
<td>$297,056</td>
<td>$20,174</td>
<td>$317,230</td>
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<tr>
<td>M.S. Hershey Medical Center</td>
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<tr>
<td>Medical Assistance Funding (estimate)</td>
<td>13,400</td>
<td>804</td>
<td>14,204</td>
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<td>Pennsylvania College of Technology</td>
<td>26,736</td>
<td>1,604</td>
<td>28,340</td>
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<td>TOTAL APPROPRIATION</td>
<td>$337,192</td>
<td>$22,582</td>
<td>$359,774</td>
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