

The Impact of Government Funding on Penn State

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Presented to Academic Leadership Forum

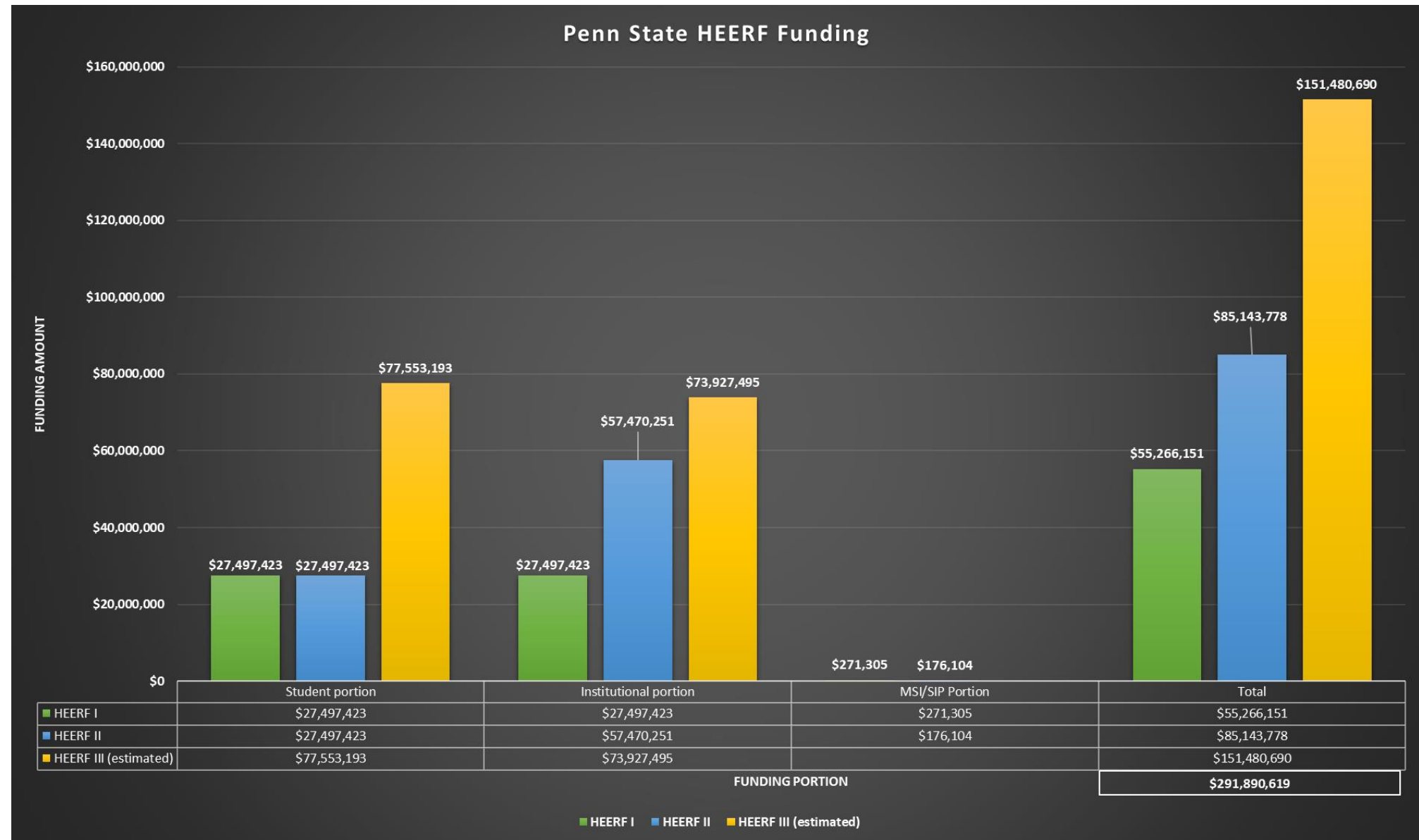
April 5, 2021



Federal Relief

- Congress has passed three relief packages with substantial direct funding to assist higher education with COVID expenses
 - Coronavirus Aid, Relief, and Economic Security (CARES) Act
 - \$2.2 trillion economic stimulus bill signed into law on March 27, 2020
 - Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA)
 - \$900 billion COVID relief bill signed into law on Dec. 27, 2020
 - American Rescue Plan
 - \$1.9 trillion package signed into law March 11, 2021

Federal Funding Relief to Penn State



Federal Relief

- Two task forces have been charged by Provost Jones to develop recommendations on how to allocate the funds within the context of the guidelines and requirements associated with this new funding.
- In general, funds can be used to carry out student support activities, defray expenses associated with coronavirus, and to provide financial aid grants to students with exceptional need.
- American Rescue Plan also included Coronavirus State and Local Fiscal Recovery Funds - \$350 billion
 - For responding to the pandemic, including to offset revenue losses, bolster economic recovery, provide premium pay for essential workers, and more.
 - \$7.2 billion for PA State Government
 - \$31.49 million for Centre County
 - \$12.95 million for the Borough of State College
 - \$280 million to PA for capital projects enabling work, education, health monitoring, including remote options

Research Funding in American Rescue Plan

- National Institute of Standards and Technology - \$150 million
 - Fund awards for research, development, and testbeds to prevent, prepare for, and respond to coronavirus; likely flow through Manufacturing USA
- National Science Foundation - \$600 million
 - Fund or extend new and existing research grants, cooperative agreements, scholarships, fellowships, apprenticeships, and related expenses to prevent, prepare for, and respond to coronavirus
- Institute of Education Sciences - \$100 million
 - Carry out research related to addressing learning loss caused by coronavirus among each major racial and ethnic group; economically disadvantaged students; children with disabilities; English proficiency status; gender; and migrant status
- Extension of reimbursement authority for Federal contractors unable to perform work due to COVID-19 to September 30, 2021

Governor Wolf's 2021/22 Budget Proposal

Total Spend - \$37.8 billion (11.13% increase over 20/21)

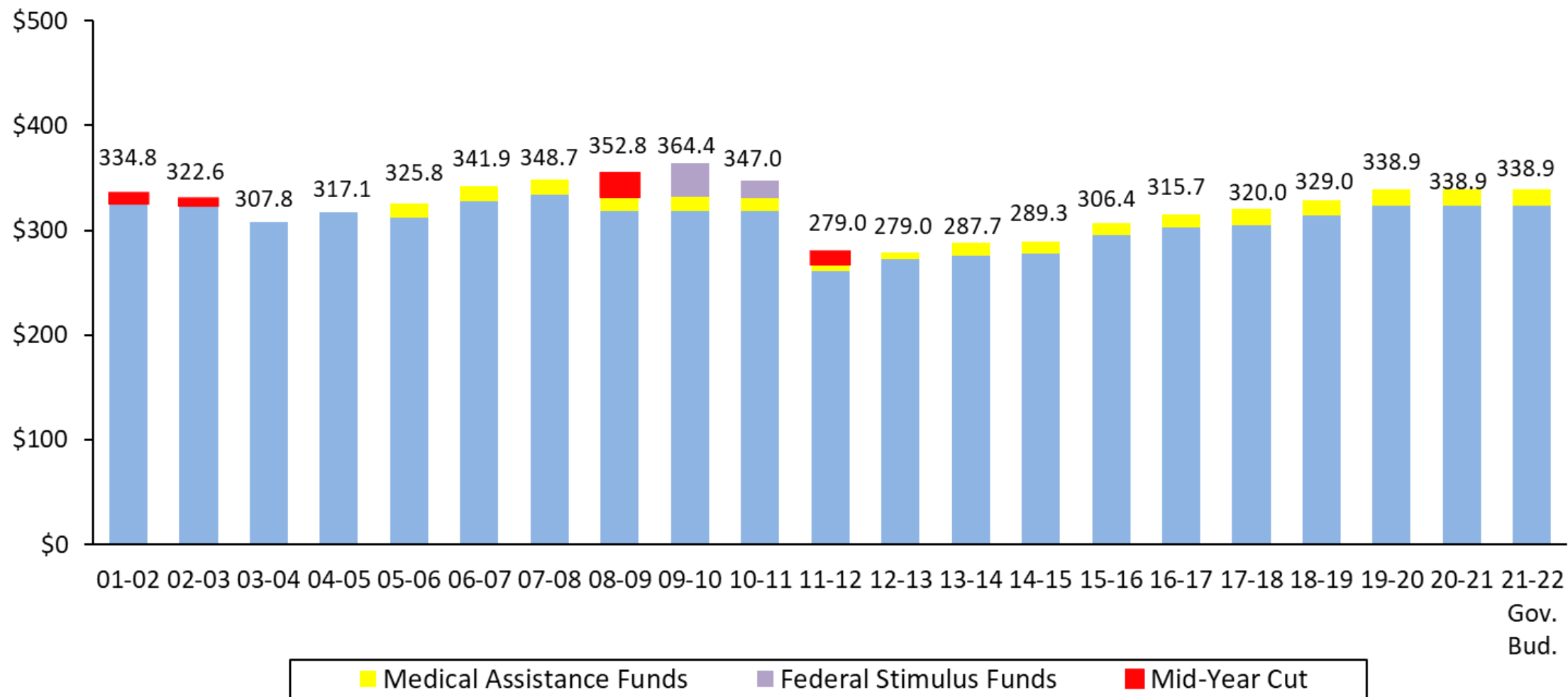
- Penn State General Support – level funding
- Agricultural Research and Extension – level funding
- Penn. College of Technology – level funding
- Invent Penn State – not included
- Penn State Health – level funding
- PASSHE – level funding
 - Nellie Bly Scholarship Proposal – scholarship for PASSHE students (not funded in 20/21)
- PHEAA – \$1 million decrease
- All other Higher Ed, including Penn Vet and Community Colleges – level funding
 - New funding for creation of Erie County Community College
- Basic (K-12) Ed – 19.43% (\$1.323 billion) increase

2021/2022 Penn State Budget Request

	2020-2021 Appropriation	2021-2022 Requested Appropriation	Governor's Proposed 2021-2022 Budget
Direct State Appropriations			
General Support	\$242,096,000	\$249,359,000	\$242,096,000
Ag. College Land Scrip Funds	\$ 54,960,000	\$ 58,258,000	\$ 54,960,000
Economic Development	-----	\$ 2,350,000	-----
Subtotal	\$297,056,000	\$309,967,000	\$297,056,000
Penn. College of Technology	\$ 26,736,000	\$ 27,538,000	\$ 26,736,000
Penn State Health and the College of Medicine	\$ 15,112,000	\$ 15,565,000	\$ 15,112,000
TOTAL APPROPRIATION	\$338,904,000	353,070,000	\$338,904,000



Summary of State Appropriations



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Note: Effective in 2017-18 amounts for Penn State Health reflect direct state appropriations to Penn State for Medical Assistance, CURE, Penn State Cancer Institute, ASERT, and other line items. Any federal match funding is not included.



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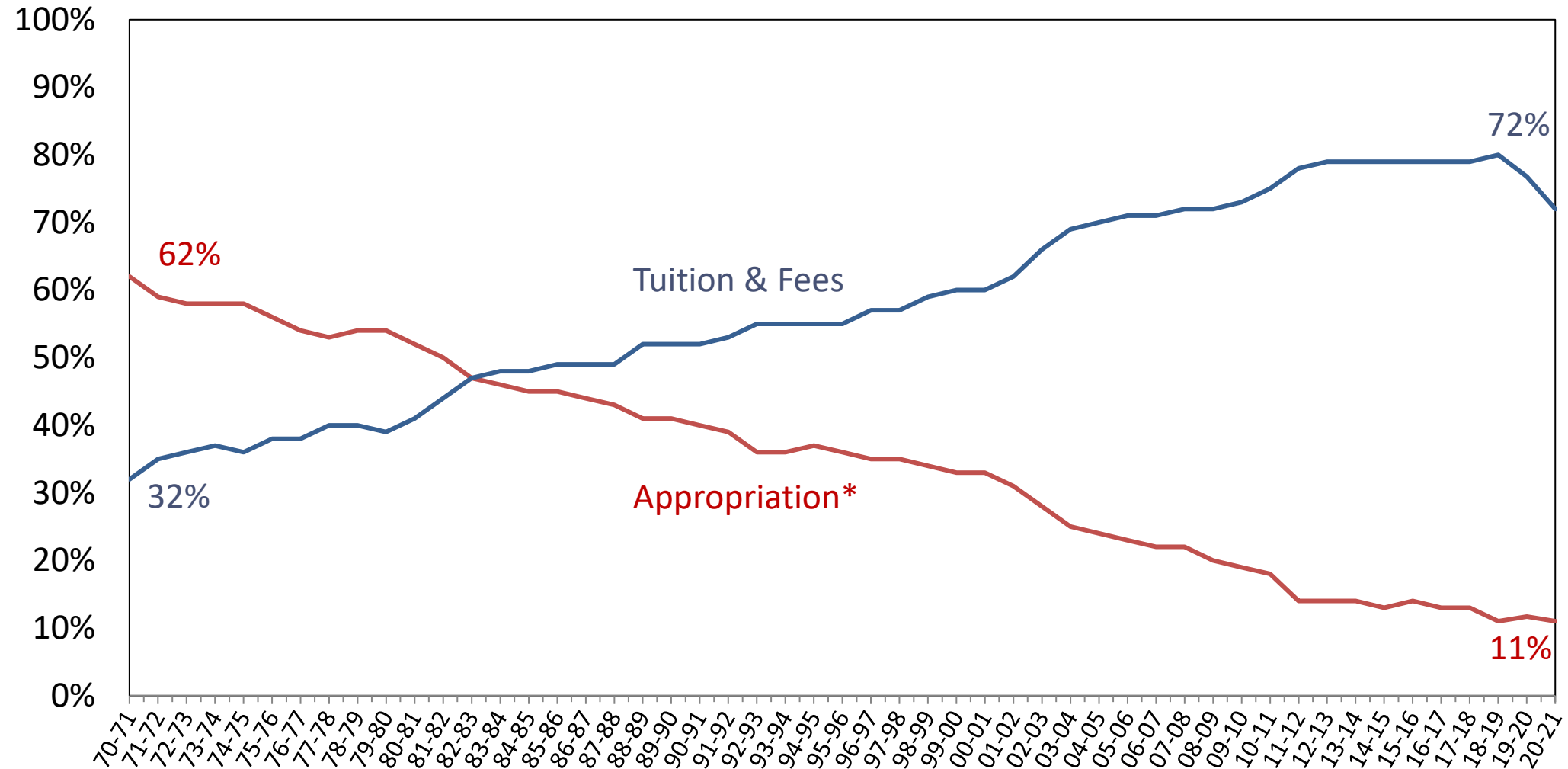
State Financial Support

- **More than \$400 million in State Support**
 - \$242.1 million – Education and General Funding
 - \$55 million – Ag. Research and Extension
 - \$26.7 million – Penn College of Technology
 - \$14 million – Penn State Health/College of Medicine
 - \$70 million – Capital Funding
- **Equivalent to approximately \$9 billion in unrestricted endowment**
- **Non-Preferred Appropriation**

PA Constitution (1968), Article III, Section 30:

*No appropriation shall be made to any charitable or educational institution not under the absolute control of the Commonwealth...
except by a vote of two-thirds of all the members elected to each House.*

Appropriation vs. Tuition & Fees as a % of the General Funds Budget



*Includes Federal Stimulus Funds for 2009-10 and 2010-11.

State Revenue Projections

- The PA Independent Fiscal Office (IFO) projects a budget surplus in FY 2020-21 and possibly for FY2021-22
 - Predicts that Pennsylvania's General Fund will run >\$2.5 billion structural deficits over the next several years.
- Governor Wolf's proposed income tax and natural gas severance tax increases have been met with severe criticism by the Republican-led General Assembly.
 - Compromise will be difficult in the current political environment, likely resulting in a status quo budget in June.
- State and Local Government Assistance in the American Rescue Plan should smooth the budget process this year.
- PA labor market down 441k jobs in February from prior year
 - IFO Forecast: 6 Years Needed for Full PA Jobs Recovery



Budget Timeline

- Budget Address – February 3rd
- House Budget Hearings
 - State Related Universities – February 24th
- Advocate Penn State Capital Day – March 25th
- Senate Budget Hearings
 - State Related Universities – April 6th
- End of 2019/2020 Fiscal Year – June 30th



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Discussion & Questions

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