



University Budget

New Administrators Seminar Series, Session II
October 2022



President's Budget Priorities

Mission: The Pennsylvania State University is a multi-campus, land-grant, public research university that educates students from around the world and supports individuals and communities through integrated programs of teaching, research, and service.

WHAT we are trying to achieve:

- 1) Prioritize Access and Affordability to education
 - Focused enrollment management strategy
 - Assess net tuition by income level
 - Ensure flat to lowered net tuition for low- and middle-income students

- 2) Invest in Our Employees
 - Complete compensation modernization study
 - Benchmark positions
 - Calculate funding necessary to ensure employees are paid competitive salaries
 - Identify funding source for adjustments



Transparency and Reporting

HOW to get us to these goals will include the following:

Budget Transparency and Education by Chief Financial Officer and University Budget Office (FY23)

- University budget responsibilities moved to SVP Finance & Business/Treasurer (Chief Financial Officer)
- Weekly budget updates with ALC, PC, Financial Officers
- Present clear, accurate, transparent, and timely financial communications to stakeholders
 - Board of Trustees
 - President's Council
 - Academic Leadership Council
 - Department Heads and Chairs
 - Faculty Senate
 - Staff Advisory Council



Planning and Accountability

Financial Reporting, Planning, and Accountability (Timeline: FY23-FY26)

- Reallocation of base operating budgets (FY23-FY26)
 - Hired NACUBO consultant
 - Created Budget Working Group: 2 deans, 1 chancellor, Interim Provost, Faculty Senate Chair, 1 faculty member, SVP F&B, SVP Chief of Staff, SVP Research, VPCC, Staff Advisory Council, OPAIR, Budget and Finance, Change Management
 - New budget model allocation by late November
 - Using EAB document as guide
 - Working Group meets weekly to work through decision points
- All funds budget reporting and projections (FY24)
- Multi-year budget projections (FY24)
- Earlier budget timeline with initial 2-year budget (FY24 and FY25 budget approval in July 2023)
- Balanced budget by summer 2025



Budget and Finances

Healthy balance sheet

Moody's (Aa1) and S&P (AA) ratings are strong with stable outlooks

Revenue challenges

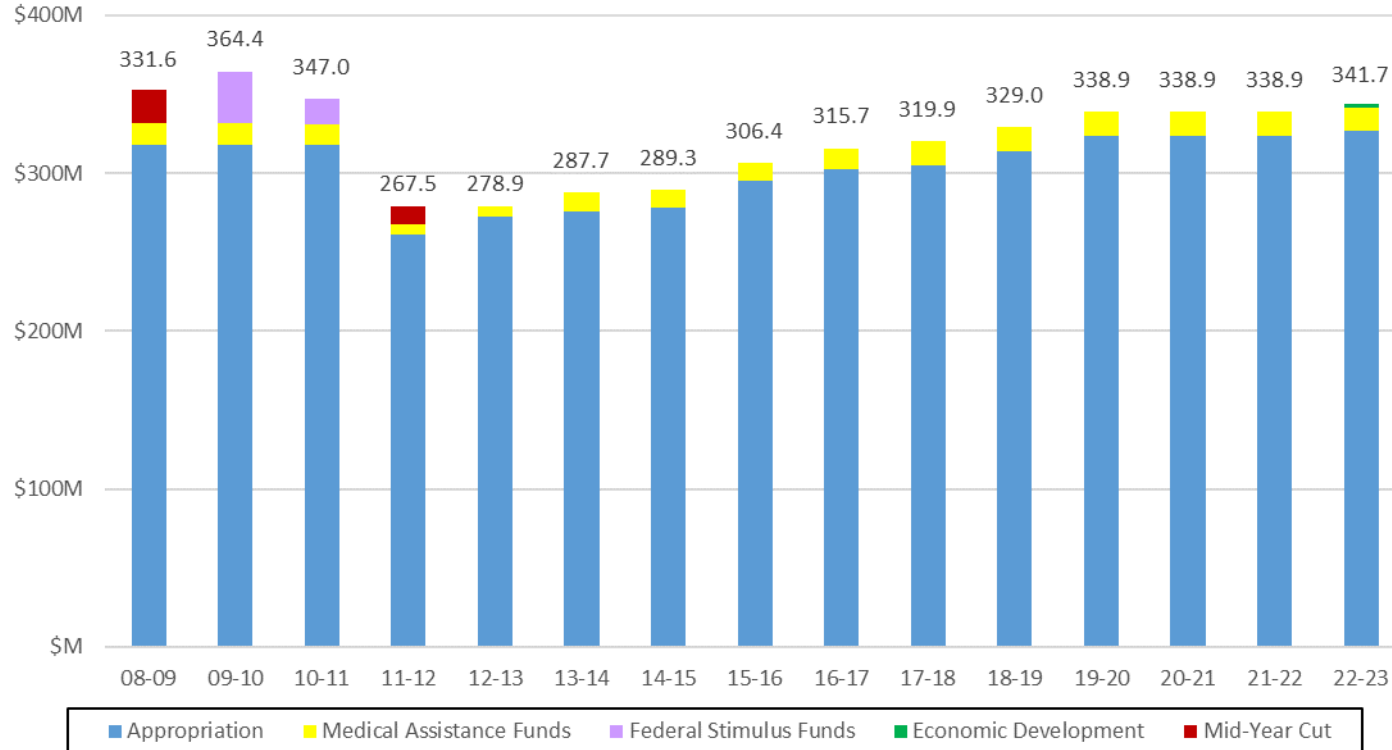
- Enrollment revenue declines
- Flat appropriations from Commonwealth
- COVID-related revenue losses
- Successful fundraising campaign: 48% was for endowments, only 1% is completely unrestricted, 50% received to date

Expense challenges

- Competitive labor market
- High inflation for goods, services, food, equipment, fuel, utilities, agricultural expenses, maintenance, construction, etc...
- COVID-related expenses that were not reimbursed



State Appropriations





Total University General Funds: Actuals and Proposed Budget

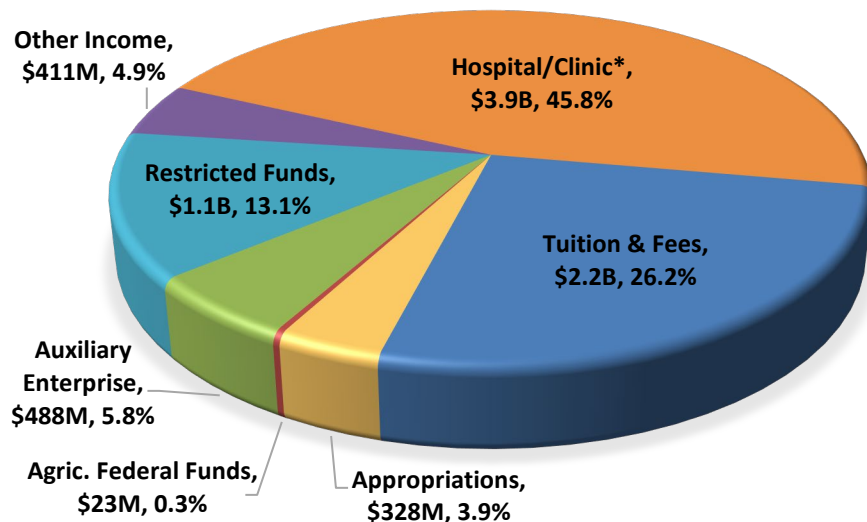
	Education & General	
	2021-22	2022-23
	Year-End Actuals	Proposed Budget
Sources:		
State Appropriation		
Educational & General	297,056,000	302,156,000
Transfers*	(1,451,000)	(1,451,000)
Tuition And Fees	2,008,311,000	2,138,832,000
F&A and Invest Income	141,916,000	149,445,000
Academic Support from PSH	56,800,000	61,400,000
Other Revenues	187,793,000	196,767,000
Total Sources	2,690,425,000	2,847,149,000
Uses:		
Instruction	665,082,000	682,405,000
Research	227,037,000	222,423,000
Public Service	54,914,000	60,822,000
Academic Support	568,204,000	609,409,000
Institutional Support	571,393,000	641,639,000
Student Services	176,119,000	184,989,000
Student Aid	179,816,000	236,118,000
Physical Plant	364,081,000	345,299,000
Auxiliary Enterprise	2,855,000	4,204,000
Total Uses	2,809,501,000	2,987,308,000
Surplus/(deficit)	(119,076,000)	(140,159,000)
Penn College		
Sources	103,186,000	103,196,000
Uses	111,541,000	112,008,000
Penn College Surplus/(deficit)	(8,355,000)	(8,812,000)
Total General Funds (incl Penn College)	(127,431,000)	(148,971,000)

*Appropriation transfers to College of Medicine of \$1,055,000 and Penn College of \$396,000

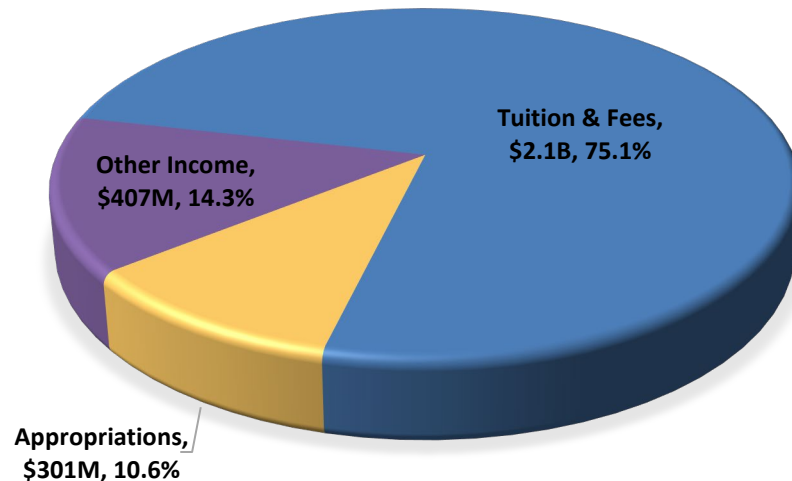


2022-23 Income Budget: \$8.4B

Total Operating Budget



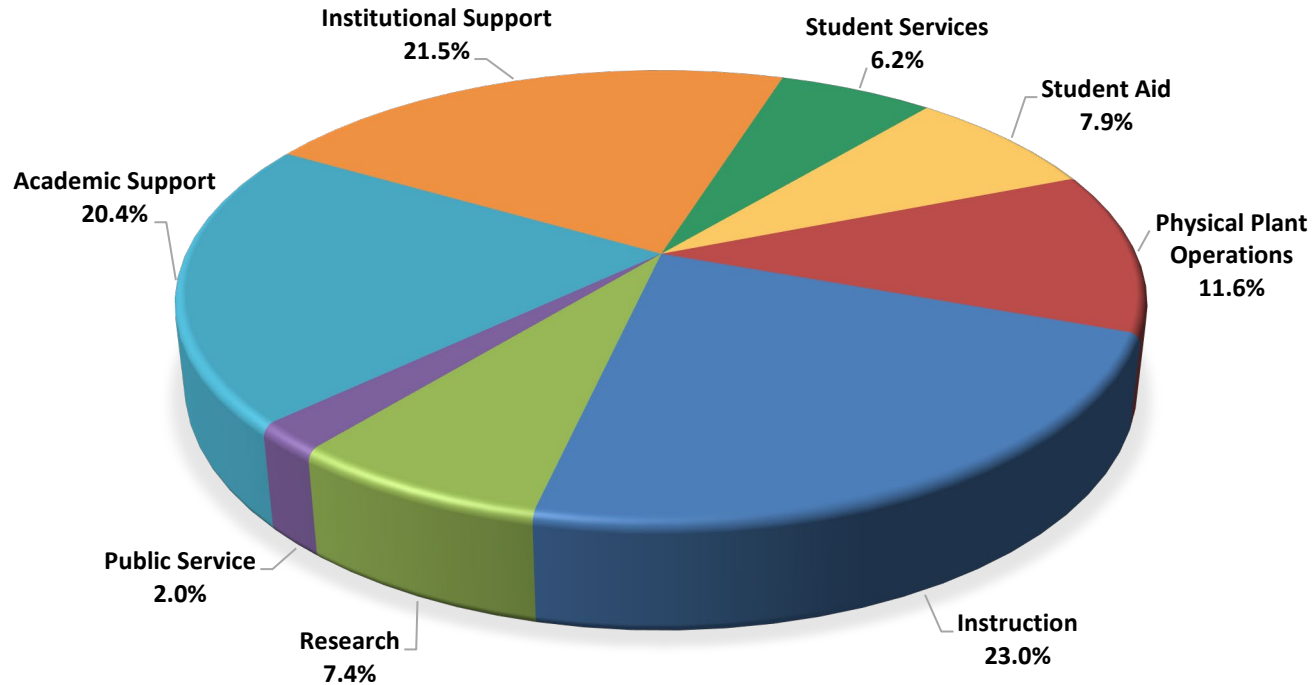
General Funds Budget (Excluding Penn College)



* Includes direct state appropriation to Penn State for Medical Assistance, CURE, Penn State Cancer Institute, ASERT, and other line items. Any federal match funding is not included.



2022-23 Education & General Expenditures by Function





Achieving Balanced Budget

Generate additional revenues

- Enrollment
- State Appropriations
- Unrestricted Gifts
- Corporate Sponsorships
- Resource Optimization and Monetization

Identify unit and central expense savings

- Strategic Hiring Freeze
- Healthcare Plan
- Insurance
- Capital Projects

New budget allocation model



Questions/Discussion

