

# Higher Education in Pennsylvania

## SUMMARY

- Pennsylvania owns and operates 10 universities under the Pennsylvania State System of Higher Education (PASSHE); subsidizes four [state-related](#) universities (which function as public-private partnerships); 15 [community colleges](#); and provides [state grants](#) to students through the Higher Education Assistance Agency (PHEAA).
- Pennsylvania taxpayers fund nearly \$2 billion worth of higher education subsidies, with most funding going to institutions rather than students.
- Annual tuition at PASSHE universities averages [\\$7,716](#). However, the estimated cost, including tuition, fees, and room and board for a Pennsylvania resident living on campus, jumps to nearly \$23,000 per year.
- Tuition at Pennsylvania's state-related universities averages [\\$18,650 annually](#), with the total annual estimated cost of attendance for an on-campus in-state student ranging from \$24,500 ([Lincoln University](#)) to \$40,000 ([University of Pittsburgh](#)).
- The average annual cost to attend a community college in **Pennsylvania** is [\\$6,400](#).
- Pennsylvania ranks seventh nationally for the number of students ([44 percent](#)) pursuing higher education at private universities.

## FUNDING, ENROLLMENT, AND GRADUATION RATES

[Pennsylvania ranks](#) 46th in funding per student for state *appropriations* to public universities; 23rd nationally in grants per all college students; and ranks 43rd for total *state funding* per public university undergraduate student.

Currently, Pennsylvania state taxpayers [subsidize](#) higher education in four ways, for a total of \$1.93 billion:

- PASSHE receives one appropriation from the state and passes that appropriation through an allocation formula to determine how much money goes to each university. The allocation formula, revised in July 2022, considers numerous factors including core operations, student enrollment, minority attendance, and program level. In fiscal year (FY) 2023–24, [PASSHE received \\$585.6 million](#) from the state.<sup>1</sup>
  - Enrollment at PASSHE universities has declined by 26 percent over the last decade, from 112,000 in 2013 to 82,000 in 2023.
  - Only [53 percent](#) of PASSHE students graduate within four years, with only 34 percent of underrepresented minorities graduating, lagging behind the [national four-year graduation rate](#) of 46.6 percent.

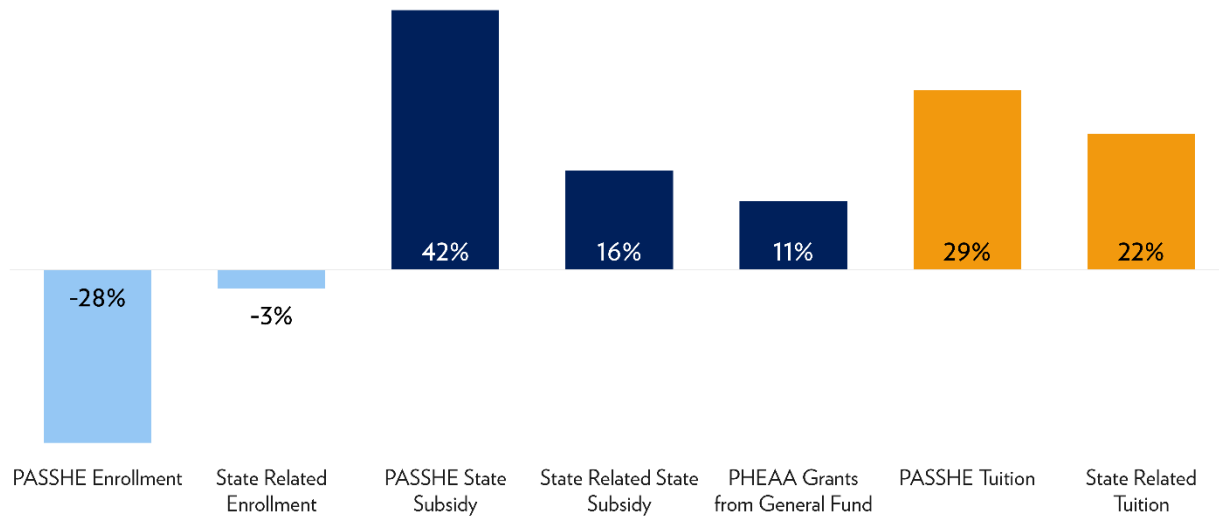
- The four state-related universities (Lincoln University, Penn State, Temple, and the University of Pittsburgh) receive state funding through non-preferred appropriations (requiring a two-thirds vote of each chamber of the General Assembly) to subsidize tuition discounts for in-state students. In exchange, the state maintains a seat on each university’s board of trustees, though the universities operate independently.
  - In FY 2023–24, the state [appropriated](#) \$242.1 million to Penn State, \$154.8 million to Pitt, \$158.2 million to Temple, and \$18.4 million to Lincoln University. Additionally, the state appropriated \$29.9 million for the Pennsylvania College of Technology.<sup>2</sup>
    - Four-year graduation rates at state-related universities are higher than PASSHE schools; the exception is [Lincoln University](#), with a graduation rate of 30 percent.
      - > Sixty-two percent graduate within four years at Temple,
      - > Sixty-nine percent at Penn State University Park (with the branch campuses averaging 15.6 percent), and
      - > Sixty-nine at the University of Pittsburgh main campus (with the branch campuses averaging 34.7 percent).
    - Over the last decade, enrollment at state-related universities has increased by 5 percent at Penn State, decreased by 6 percent at both the University of Pittsburgh and Lincoln University, and decreased at Temple by 18 percent.
- Pennsylvania’s 15 community colleges also receive state funding. In Fiscal Year (FY) 2023–24, the state [provided](#) \$261.6 million to the community college grant program.<sup>3</sup> Each community college’s allocation follows the formula spelled out in the [education code](#) that considers operating costs and changes in enrollment.<sup>4</sup>
  - The state earmarked \$54.1 million for the Community College Capital Fund and \$2.2 million for regional community college services.<sup>5</sup>
- The Pennsylvania Higher Education Assistance Agency (PHEAA) provides student loan servicing, financial aid services, and offers a state grant program. The state grant [program](#) is PHEAA’s largest program, offering financial assistance to Pennsylvania residents enrolled at eligible schools.
  - In FY 2023–24, the state [provided](#) \$430 million to PHEAA,<sup>6</sup> with \$347 million of this earmarked for grants to students.<sup>7</sup>
  - Pennsylvania caps PHEAA grants at \$5,750 per student over a four-year period.
  - PHEAA's [Pennsylvania Targeted Industry Program](#) (PA-TIP) allocates \$8.6 million each year to grants for students attending over 50 non-associate degree programs focused on manufacturing, agriculture, medical, and energy-related degrees.<sup>8</sup>

## GOVERNOR'S PROPOSAL

Gov. Josh Shapiro has [proposed](#) an overhaul of Pennsylvania's higher education system.<sup>9</sup> The plan calls for creating a new system by uniting the 10 PASSHE universities, plus the state's 15 community colleges, under one umbrella. The Governor's Office has yet to provide many details regarding this centralization.

# PA Higher Ed Enrollment and Spending

2012-13 to 2023-24



- Shapiro proposed budget plans to [allocate](#) \$975 million to this new higher education system. This represents a 15 percent increase from last year's appropriations to PASSHE universities and community colleges. Beginning in FY 2024–25, Shapiro plans to invest an additional \$279 million annually.<sup>10</sup>
- With this, Shapiro aims to limit tuition and fees at PASSHE universities and community colleges to no more than \$1,000 per semester for students making up to the median state income. His office has provided no details as to how this cap would work or at what cost.
  - Shapiro's plan also aims to increase the PHEAA grant cap by \$1,000 to \$6,750, with state allocations for student grants to increase by \$325 million in FY 2025–26.
  - The plan also calls for an additional \$2.4 million in funding for Career and Technical Education (CTE) programs, in addition to the \$8.6 million already allocated through PA-TIP.
- Shapiro's plan will redesign the funding allocation formulas for state-owned (i.e., PASSHE) and state-related universities. Shapiro's formula will prioritize enrollment, the number of first-generation college students, and graduation rates, with additional incentives for universities that offer programs for high-demand fields.
- The plan also includes a 5 percent funding increase for state-related schools and a 15 percent funding increase for the Thaddeus Stevens College of Technology. The governor's plan will re-route

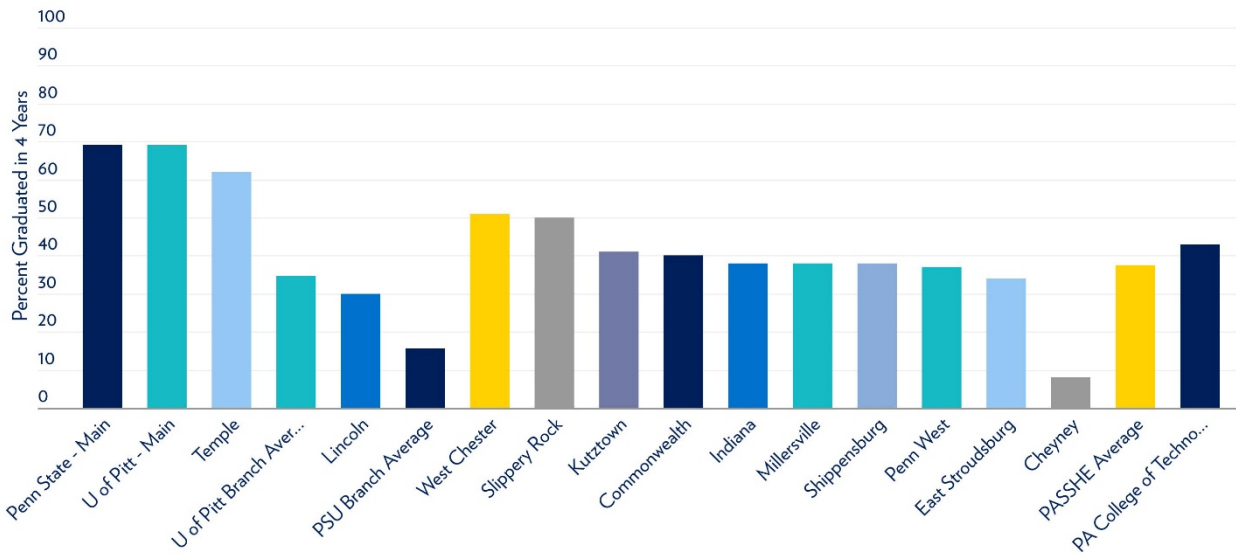
funding for state-related universities from the current non-preferred appropriation to an appropriation through the Pennsylvania Department of Education.

- The states that state-related university funding requires a two-thirds vote in both chambers of the General Assembly.<sup>11</sup>
- Thus, the governor’s plan is an attempt to circumvent the state constitution.

Shapiro’s budget outlook suggests no higher education funding increases beyond 2025–26.

## 4 Year Graduation Rates

for PASSHE and State-Related Universities



## SOLUTIONS

- To make higher education more affordable, lawmakers should move away from complicated formulas that determine institutional aid and move all state aid to student grants administered by PHEAA.
- Shapiro’s proposed \$1,000 tuition cap should accompany reforms modifying degree programs to enable students to graduate in three years, thus reducing operating costs for the university, reducing the cost of attendance for student borrowers, and reducing the financial burden on taxpayers.
- Pennsylvania should direct funding to students, allowing them to choose the best post-secondary educational options for them, whether that is a four-year or two-year degree program, a trade or certificate program, or attending a private university.
- Increased funding for higher education will not lead to improved outcomes, when:
  - **Only one in five** high school graduates is ready to succeed in college courses, according to an analysis of American College Testing (ACT) scores.<sup>12</sup>

- Pennsylvania high school students [rank 30th](#) nationally, with an average Scholastic Aptitude Test (SAT) score of 1078. Many of Pennsylvania’s PASSHE schools and state-related schools lag behind the national four-year graduation rate of 46.6 percent.
- Improving K–12 educational outcomes to ensure high school graduates are college-ready would be critical to the success of Pennsylvania’s universities. Reforms such as the [Lifeline Scholarship Program](#), for students trapped in [low-achieving](#) public schools would help to increase college readiness.
- An Education Savings Account (ESA), such as [Florida’s Empowerment Scholarship](#), that allows families to use state funds for private school tuition, as well as post-secondary educational expenses (much like the current [PA 529](#) program) would benefit students and universities.
- Pennsylvania already has a [structural deficit](#), and Shapiro’s proposed budget would balloon it to more than \$6 billion by 2029.<sup>13</sup> Lawmakers must work to ensure a business climate in Pennsylvania that delivers higher wages for college graduates, job stability, growth, and economic opportunity that attracts college graduates to live and work in Pennsylvania.

<sup>1</sup> Reps. Joe Webster and Jordan A. Harris, 2023 Act 1A, P.L. No. 1A (House Bill 611), Pennsylvania General Assembly, Regular Session 2023–24, August 3, 2023, <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2023&sessInd=0&act=1A>.

<sup>2</sup> Rep. Jordan A. Harris, 2023 Act 11A, P.L. No. 11A (House Bill 1461), Pennsylvania General Assembly, Regular Session 2023–24, November 16, 2023, <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2023&sessInd=0&act=11A>.

<sup>3</sup> Webster and Harris, 2023 Act 1A, P.L. No. 1A (House Bill 611).

<sup>4</sup> Rep. Jordan A. Harris, 2023 Act 33, P.L. No. 33 (House Bill 301), Pennsylvania General Assembly, Regular Session 2023–24, December 13, 2023, <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2023&sessInd=0&act=33>.

<sup>5</sup> Webster and Harris, 2023 Act 1A, P.L. No. 1A (House Bill 611).

<sup>6</sup> Pennsylvania Office of the Budget, “2023–24 Enacted Line Item Appropriations,” December 2023, <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Documents/2023-24%20Budget%20Documents/2023-24%20Enacted%20Budget%20Line%20Item%20Appropriations.Dec2023.pdf>.

<sup>7</sup> Webster and Harris, 2023 Act 1A, P.L. No. 1A (House Bill 611).

<sup>8</sup> Pennsylvania Higher Education Assistance Agency, “PA Targeted Industry Program, 2023 Annual Report,” accessed February 29, 2024, <https://www.pheaa.org/funding-opportunities/pa-tip/pdf/annual-report.pdf>.

<sup>9</sup> Pennsylvania Department of Education, “Shapiro Administration: Blueprint for Higher Education, Creating a World-Class Engine for a Prosperous Pennsylvania,” February 2024, [https://www.governor.pa.gov/wp-content/uploads/2024/02/Shapiro-Administration\\_Blueprint-for-Higher-Education.pdf](https://www.governor.pa.gov/wp-content/uploads/2024/02/Shapiro-Administration_Blueprint-for-Higher-Education.pdf).

<sup>10</sup> Pennsylvania Office of the Governor, “2024–2025 Executive Budget Book,” (Harrisburg, PA: Pennsylvania Office of the Budget, February 2024), <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Documents/2024-25%20Budget%20Documents/Budget%20Book%202024-25%20-%20Web%20Version.2.pdf>.

<sup>11</sup> Pa. Const. art. I, § 12, <https://www.legis.state.pa.us/cfdocs/legis/LI/consCheck.cfm?txtType=HTM&ttl=00&div=0&chpt=3>.

<sup>12</sup> Sarah D. Sparks, “ACT: Only 1 in 5 High School Graduates in 2023 Fully Prepared for College,” Education Week, October 11, 2023, <https://www.edweek.org/teaching-learning/act-only-1-in-5-high-school-graduates-in-2023-fully-prepared-for-college/2023/10>.

<sup>13</sup> Commonwealth Foundation, “Shapiro’s Structural Deficit,” February 28, 2024, <https://www.commonwealthfoundation.org/research/shapiro-structural-deficit/>.