



February 4, 2020

Legislative Budget UPDATE

Pennsylvania's State System of Higher Education

Today, as required by the Pennsylvania Constitution, the governor submitted a [budget](#) for consideration by the General Assembly for fiscal year 2020-21.

Gov. Tom Wolf's \$36.06 billion budget proposal for 2020-21 represents an increase of \$2.05 billion over the previous year's approved spending plan, and proposes more than \$2.11 billion for higher education.

Highlights include:

- Increasing state funding for the State System and our redesign efforts by \$12.95 million or 2.7%, for a total of \$490.4 million.
- Repurposing \$204 million from the Pennsylvania Race Horse Development Trust Fund to create the Nellie Bly Tuition Program, which will provide financial assistance to full-time eligible State System students.

- Increasing appropriations for the Pennsylvania State Grant Program through PHEAA by \$30M, as well as increasing funding for these scholarship programs: Ready to Succeed, Bond-Hill, and Cheyney Keystone Honors.

Hereafter, the Appropriations Committees of the House of Representatives and Senate will hold public hearings to review agency budget proposals. The State System will appear before the Senate and House Appropriations Committees on February 20th and March 3rd, respectively. The hearings will provide the Committees with an opportunity to review the Governor's proposal in comparison to the [System's appropriations request](#).

Commonwealth FY 2020-21 General Fund Budget
(amounts in thousands)

	FY 2019-20	Governor's Recommendation FY 2020-21	Change from FY 2019-20	
			\$	%
GENERAL FUND REVENUE, Funds Available	\$34,599,800	\$36,062,057	\$1,462,257	4.2%
Pennsylvania's State System of Higher Education				
Educational and General ¹	\$477,470	\$490,420	\$12,950	2.7%
Key '93 for Deferred Maintenance (not General Fund) ²	20,215	20,586	371	1.8%
State System Total, All Funds	\$497,685	\$511,006	\$13,321	2.7%
Higher Education Assistance Agency (PHEAA)				
Grants to Students ³	\$310,733	\$339,733	\$29,000	9.3%
Augmentation from PHEAA (not General Fund) ⁴	30,000	30,000	0	0.0%
Total for State Grant Program	\$340,733	\$369,733	\$29,000	8.5%
Institutional Assistance Grants (to Private Institutions)	26,521	27,847	1,326	5.0%
Ready to Succeed Scholarships	5,550	14,450	8,900	160.4%
Cheyney Keystone Academy	3,500	5,000	1,500	42.9%
Augmentation from PHEAA (not General Fund) ⁴	500	0	(500)	-100.0%
Total for Cheyney Keystone Academy	\$4,000	\$5,000	\$1,000	25.0%
Bond-Hill Scholarships	800	1,800	1,000	125.0%
Matching Payment for Student Aid	13,121	13,777	656	5.0%
Pennsylvania Internship Program Grants	450	450	0	0.0%
Higher Education for the Disadvantaged	2,358	2,478	118	5.0%
Higher Education of Blind or Deaf Students	49	51	2	4.1%
Targeted Industry Cluster Scholarship Program	6,300	6,615	315	5.0%
PHEAA General Fund Total	\$369,382	\$412,199	\$42,817	11.6%
Total Augmentation from PHEAA	30,500	30,000	(500)	-1.6%
PHEAA Total, All Funds	\$399,882	\$442,199	\$42,317	10.6%
State-Related Institutions				
Pennsylvania State University				
General Support	\$242,096	\$242,096	\$0	0.0%
Pennsylvania College of Technology	26,736	26,736	0	0.0%
Pennsylvania State University Total	\$268,832	\$268,832	\$0	0.0%
University of Pittsburgh	154,853	154,853	0	0.0%
Temple University	158,206	158,206	0	0.0%
Lincoln University	15,166	15,166	0	0.0%
State-Related Institutions Total	\$597,057	\$597,057	\$0	0.0%
Community Colleges				
Community Colleges	\$243,855	\$243,855	\$0	0.0%
Transfer to Community College Capital Fund	48,869	48,869	0	0.0%
Regional Community Colleges Services	2,136	2,136	0	0.0%
Northern Pennsylvania Regional College	7,000	7,000	0	N/A
Community Colleges Total	\$301,860	\$301,860	\$0	0.0%
Other Higher Education Initiatives				
Thaddeus Stevens College of Technology	\$18,701	\$18,701	\$0	0.0%
Sexual Assault Prevention	1,000	1,000	0	0.0%
Community Education Councils	2,393	2,393	0	0.0%
University of Pennsylvania (funded by Dept. of Ag.)	31,955	31,955	0	0.0%
Nellie Bly Tuition Program (funded by Race Horse Development Trust Fund) ⁵	0	204,199	204,199	0.0%
Other Higher Education Initiatives General Fund Total	\$54,049	\$54,049	\$0	0.0%
Total Augmentation from Race Horse Development Trust Fund	0	204,199	204,199	0.0%
Other Total, All Funds	\$54,049	\$258,248	\$204,199	377.8%
Total Higher Education General Fund Appropriations	\$1,799,818	\$1,855,585	\$55,767	3.1%
Percent of General Fund Revenue	5.2%	5.1%		
Total Higher Education, All Funds	\$1,850,533	\$2,110,370	\$259,837	14.0%

¹ For FY 2020-21, the System requested a \$9.5 million increase in the Educational and General appropriation. The Governor's recommendation of a \$12.95 million or 2.7 percent increase has been earmarked to support System Redesign initiatives for core enterprise resource planning upgrades and transition to a common student information system; operating expenditures were increased \$3.4 million for System Redesign to match the total revenues based on the Governor's recommendation (see Appendix A-4).

² Fund source: Realty Transfer Tax; not part of the General Fund.

³ The 2019-20 Fiscal Code required \$1,000,000 to be used for merit scholarships at Mansfield University.

⁴ The PHEAA Board of Directors, at its April 2019 meeting, approved the use of up to \$30 million to supplement the General Assembly's 2019-20 appropriation for the State Grant Program and \$500,000 for Cheyney's Keystone Academy.

⁵ To provide financial assistance to targeted full-time students in the PASSHE system if the student agrees to stay in Pennsylvania for the same number of years for which they receive the benefit.

Excerpts from the Governor's Executive Budget:

The Nellie Bly Tuition Program for PA State System of Higher Education Students:

The 2020-21 budget proposes repurposing \$204 million from the Pennsylvania Race Horse Development Trust Fund to support the Nellie Bly Tuition Program, which will provide financial assistance to targeted full-time State System students if the student agrees to stay in Pennsylvania for the same number of years for which they receive the benefit. This needs-based tuition will fill the gap between the students' financial aid and other financial assistance to cover the tuition and the real costs of college, including room and board, books, supplies, and graduation expenses. The tuition converts to a loan if the student moves out of the commonwealth during the commitment period and can be deferred while the student pursues further education.

Increasing State Grant Awards for Pennsylvania College Students:

The 2020-21 budget proposes \$30 million in new state funding, matched by \$30 million from PHEAA, for a total investment of \$60 million in the Pennsylvania State Grant Program. This new investment will allow PHEAA to increase the maximum state grant award. The maximum grant award could increase from \$4,123 to \$4,700.

Supporting PASSHE System Redesign and Transforming Public Higher Education:

The 2020-21 budget proposes \$12.9 million to support System Redesign, build out a shared IT infrastructure, and put the systems in place for PASSHE universities to communicate and collaborate to more efficiently and effectively serve students.

"Gov. Tom Wolf's Nellie Bly Scholarship Program represents a watershed investment in the success of Pennsylvania's students and the Commonwealth's public higher education system," Chancellor Dan Greenstein said.

"Student success and affordability drive our ongoing effort to redesign our system of 14 public universities, and to accomplish reform at such an unprecedented scale, the State System is renewing our partnership with the Commonwealth. Gov. Wolf's announcement today illustrates what's possible with this partnership, making more than 25,000 undergraduate students eligible to apply for the Nellie Bly Scholarship and incentivizing them to start their careers here in Pennsylvania."

As budget process proceeds, the General Assembly may add, change or delete any items in the budget proposed by the governor, but the governor retains veto power over the individual appropriations passed by the General Assembly. The approval of accompanying legislation, e.g., the Fiscal Code and omnibus School Code, will also be necessary. The proposed budget will be negotiated and must be in place by July 1.

This update is provided as a courtesy of the Office of the Chancellor as a preview of upcoming legislative activity and a review of action on legislative issues of interest to the State System. The Legislative UPDATE is distributed during legislative session weeks.

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