

## **Opening Statement - 2021 Budget Hearing**

**By Eric J. Barron, President of The Pennsylvania State University**

Thank you for the opportunity to discuss how the state appropriation to Penn State will directly benefit Pennsylvania's working families and all the citizens of Pennsylvania. Over the past year we all have been faced with unprecedented turmoil that has taken a toll on every institution in our Commonwealth and beyond.

As an institution of higher education, we faced unanticipated modest declines in enrollment, increased costs in technology and safety protocols, food and housing insecurity among students, mental and physical health issues, and a loss of liquidity. Yet, we have worked hard to ensure that the future of Penn State is bright.

- Our institution ranks in the top 1% in the world, with more research fields (18) ranked in the top 10 than any other university.
- We have seen five years of increases in research expenditures—four years in a row—and exceeded \$1.0 billion for the first time.
- For a decade, Penn State has been ranked in the top five among universities where recruiters seek outstanding new hires.

I hope the Governor and legislature take pride in these accomplishments, because they are part of a shared effort that is grounded in our partnership and commitment to our land-grant mission of teaching, research and service. That has been our guiding principle since 1855, and we're very proud that the Commonwealth of Pennsylvania is our partner in the worthy pursuit of improving the lives of Pennsylvania's working families.

To that end, I would like to detail a few of the ways Penn State has been impacted by the events of the last year and how we plan to responsibly use the Commonwealth appropriation to the benefit of Pennsylvanians.

### **Access and Affordability**

Penn State has long worked to make our world-class education available to Pennsylvania's working families. Accessibility and affordability has been a top priority since 2014, when I outlined six imperatives to be a successful university. The appropriation is a crucial piece of this equation, because it allows Pennsylvania students to pay significantly less than their out-of-state counterparts. Notably, Penn State more than doubles the state's investment to make Penn State more affordable and accessible for Pennsylvania resident students.

Penn State has also gone further to focus on access and affordability by creating Achieve Penn State and a data-driven approach to advance our innovative programs and philanthropic strategy to enable low income, first-in-family students to graduate on time. Strategies include:

- Open Doors programs: Pathway to Success Summer Start, STEP, RaiseMe, Complete Penn State, Smart Track to Success (World Campus), and financial literacy training provide students with the tools they need to graduate on time.
- Philanthropy: Raised \$492 million to support Open Doors as we strive to meet an ambitious goal of \$740 million to enable more students to benefit from these proven programs.

- Scholarships and Grants: Significant increases in Provost and Chancellor Awards, Educational Equity Scholarships, and Discover Awards.
- Emergency Student Funds: Serving students with financial hardship due to COVID-19.
- Tuition Freeze: Penn State has frozen tuition for multiple years and is ranked 7<sup>th</sup> in the Association of American Universities (AAU) for the lowest increases in in-state tuition over the last 10 years. In the midst of the COVID-19 challenges, last summer tuition was adjusted to immediately help families in need.

Unfortunately, COVID-19 has taken a toll on higher education enrollment nationally, with declines of 2.5% among undergraduates and 3.9% among graduate students. Lower enrollment and higher costs have hit hard, with Forbes estimating that the pandemic's impact on higher education has exceeded \$120 billion. Although Penn State has fared better than many institutions, we have not escaped the harsh impact, with our overall enrollment for 2020-21 down 1.8%. Likewise, the University has experienced an approximately \$400 million financial impact across the University, including in Auxiliary and Business Services and Intercollegiate Athletics. This also includes \$55 million in expenditures to support remote operations and enhance on-campus health and safety, with a significant portion devoted to COVID-19 testing. As we are only about halfway through the academic year, we're still realizing the numbers and the pandemic is ongoing. So, Penn State — like other institutions and sectors of the economy — may not know the full impact of COVID-19 for quite some time.

Most predictions suggest a short-term impact, but the combination of reduced tuition revenue and increased operating costs for remote learning and safety protocols has led to extensive cost-cutting measures including salary freezes, hiring chills, and unit budget cuts. In addition, much-needed innovation dollars have been sacrificed for financial stability.

**The State's appropriation provides us with stability and enables us to continue investing in accessibility and affordability efforts to educate the working families of Pennsylvania.**

### **Economic Development and Career Success**

Each year, about 24,000 new Penn State graduates enter the workforce and most will make Pennsylvania their home. More than half of all Penn State alumni live in Pennsylvania; one in 12 Pennsylvanians with a college degree graduated from Penn State. In an October 2019 survey, corporate recruiters ranked universities based on which best trained, educated, and prepared graduates for success once hired. Penn State tied with MIT for 5<sup>th</sup> in the nation. It's noteworthy that Penn State's integrated career enterprise system serves the 37 career units across our colleges and campuses. Consider a few examples of the services:

- Over the past three years, Career Services has hosted: 70 Career Fairs; 4,500 employers; 33,000 students/alumni; 17,000 on-campus interviews; 40,000 career coaching sessions; 2,000 career workshops; 65,000 participants; and 75 career courses.
- Responded to the pandemic with an array of programs and resources, including 79 university-wide virtual recruiting events resulting in over 48,000 virtual interviews/chats.
- Out of 17 large universities, Penn State ranked No. 1 in student/alumni attendance at the Big 10 Virtual Career Fair in April 2020.

In addition, Penn State strives to prepare students to bring new energy, leadership, and ideas to industry. “Invent Penn State” is a hallmark of that type of innovation and creativity, and it is a dynamic network of 21 LaunchBoxes and Innovation Hubs across Pennsylvania. Consider:

- 95.6% of Pennsylvania residents live within a 30-mile radius of an Innovation Hub on our campuses.
- Invent Penn State has engaged 10,759 students and faculty, supported 3,325 entrepreneurs, graduated 345 startups from accelerator programs, completed 247 product development projects, started 164 new Pennsylvania companies, and created 433 internships.
- Invent Penn State has led to \$13.9M in external and leveraged funds and resulted in 194.5 newly created jobs.

No entity in Pennsylvania prepares our future workforce across the Commonwealth like Penn State. Yet in response to the global pandemic, Penn State has had to sacrifice innovation dollars for financial stability.

**The appropriation will allow Penn State to continue investing in innovation to fuel economic growth and student career success.**

### **Research**

Research and education have always opened doors that benefit the Commonwealth and our nation, and last year for the first time, Penn State topped \$1 billion in research expenditures. This is a credit to our outstanding researchers who are focusing on global issues (energy, water and food security, human health, and economic development) and national needs (artificial intelligence, additive manufacturing, 5G, opioid epidemic, and child maltreatment) among other crucial areas like national defense. In addition:

- Penn State researchers rapidly shifted labs and projects to study COVID-19 to contribute to the national effort.
- Our labs contributed PPE to hospitals and medical personnel when there were national shortages.
- Agricultural researchers continued to protect Pennsylvania’s \$7.4 billion agricultural industry from threats from invasive insects like the Spotted Lanternfly, natural disasters, and population changes, such as the loss of pollinators.

It’s also notable that undergraduate and graduate students alike have the opportunity to work and learn by the side of world-class researchers. This is excellent preparation for developing the next generation of leaders in business, industry, government, education, and research.

We do not do this alone. Penn State attracts research partners and investment from the private sector. On average, 500 companies sponsor projects every year with Penn State. This influx of research dollars gives an economic boost to the Pennsylvania economy, while multiplying the impact by solving scientific and societal problems. It has also demonstrated the importance of interdisciplinary research, a core strength of Penn State’s research enterprise.

**The appropriation will continue to advance Penn State's research enterprise while protecting Pennsylvania's agricultural industry.**

### **The Future of Learning**

As we emerge from this pandemic and build on the historic strengths of our institution, we are also preparing for the future. Competency-based learning, personalization, continuous education, and creativity orientation are key trends in the future of learning. One Penn State 2025, launched in 2018, is an ambitious rethinking of our approach to how we structure learning to:

- Make education more integrated, flexible, relevant, and responsive.
- Provide seamless access and curricular coherence.
- Function 24/7/365.
- Meet students where they are.
- Create a one-stop portal to minimize transactional time for billing, registration, etc.
- Provide life-long learning opportunities (our graduates are always students).
- Ensure the highest level of efficiency of university resources.

The pandemic accelerated the need for technology to facilitate virtual instructional capabilities. In March 2020 when it became clear that it was unsafe for in-person instruction, our faculty and staff ramped up our technology infrastructure so that by 10AM on the first day of remote classes (March 16), 63,000 students were attending class. Since then, Penn State has worked to improve and expand virtual instruction capabilities and a course sharing system. Penn State is on a path to providing life-long access to key student systems to:

- Support access to education and provide a college experience with flexibility and choices.
- Coordinate and deliver responsive learning through microcredentials.
- Continue to build technology capacity to support student mobility and degree planning, while enhancing institutional efficiencies.

**The appropriation will fuel the innovation that will ensure that the future of learning provides the outstanding education that Pennsylvania families have relied on since 1855.**

We are grateful for the support of the General Assembly and the Governor, especially for the increases in our appropriation in recent years. We have used those increases to fund access and affordability, specialized education and training, agricultural research, and student career success. We look forward to our continuing partnership to help advance our work and fulfill the promise of the land-grant mission to benefit all Pennsylvanians. Thank you for your support.