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### PASSHE's continuing woes

**Introduction:** This *Policy Brief* examines the massive losses in enrollment at the Pennsylvania State System of Higher Education (PASSHE), the declines in applications and the apparent need to substantially raise the percentage of applications approved for admission to slow the loss of enrollment. The *Brief* also reviews recent major hikes in state appropriations to PASSHE.

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#### *Enrollment declines*

The slide in enrollment at PASSHE that began after the 2010 school year continued in 2023. After dropping from just 119,513 in 2010 to 84,567 in the fall of 2022, enrollment dipped further to 82,688 in the fall of 2023, 31 percent lower than in 2010. The 2023 drop occurred notwithstanding a 3.4 percent rise in the number of first-time enrollees, freshmen and transfers. Several schools have borne much of the brunt with only two making positive gains over the period. Only West Chester, which has seen increased enrollment, and Slippery Rock, which has held to its earlier enrollment levels, have avoided losses which reached 30 percent or more at five schools through 2022.

Bear in mind that enrollment at Penn State's University Park campus, which is not part of the PASSHE system, climbed by 4,500 (10 percent) from 2010 to 2023.

Several factors are responsible for the weak enrollment performance at PASSHE schools. First, an average of 90 percent of undergraduate students at the schools are from Pennsylvania. Declining numbers of graduates from the state's high schools have seriously impacted the ability of the schools to sustain enrollments at the 2010 level. A projected brief rise in graduates over the next few years should help temporarily, but then the slide returns. Then, too, the acceptance rate at most schools is very high with several above 90 percent—a couple are near 100 percent.

In 2010 there were 84,210 applications to the 14 PASSHE schools, 51,614 (61 percent) were accepted and of those 18,843 (36.5 percent) enrolled. By 2022, applications had fallen 30 percent to 59,156. Of those, 53,453 (90 percent) were accepted while 13,636 (25.5 percent) enrolled. Fewer applicants led to lowering of acceptance standards to

sustain enrollments. Applications from both white students (down 38 percent) and black students (down 34 percent) fell dramatically between 2010 and 2022. Applications from other groups, especially Asian and Hispanic, moved higher over the 12 years but their enrollment levels are small relative to the white student count.

The high acceptance rates in place to maintain enrollment have unavoidably lowered the preparedness level of entering students and that leads, in turn, to sharp declines in the numbers of students who make it to their junior and senior years. This is borne out by the sharp drop in average class size from lower-division to upper-division classes. As *Policy Brief Vol. 18, No. 20*, noted: “For lower division students, as classified by the Joint State Government Commission report (presumably mostly freshman and sophomore), average class size at state-owned schools was 29 students. At the state-related schools the average was 31. For upper division students the PASSHE schools’ classes averaged 19 students while state-related universities averaged 25.”

This means the faculty cost per student for upper division classes at PASSHE schools was considerably higher than at three state-related schools—Penn State, Temple and the University of Pittsburgh (Pitt).

Moreover, the high acceptance rate of Pennsylvania applicants faces the additional problem of the relatively poor preparation of students for college in many high schools in the state. Fully 35 percent of Pennsylvania 11<sup>th</sup> graders fail to score at the proficient level on the mandated Keystone exams in math and literature. Then, too, for the 48 percent of Pennsylvania students taking the SAT in 2023, the average combined score was 1080. And that means many were well below 1080. Presumably, the vast majority of test-takers were planning to apply to college.

In the latest year, the average SAT of entering PASSHE students ranged from 890 at Cheyney to 1172 at West Chester University. Millersville (1108) and Kutztown (1098) had the other highest SATs. The remaining 10 schools averaged 1038, ranging from 1010 to 1064. Needless to say, these low scores along with low levels of proficiency on Keystone exams are not supportive indicators of strong preparedness for college level work in large numbers of recent Pennsylvania high school graduates. (SAT data from [www.prepscholar.com](http://www.prepscholar.com))

Note that the average SAT scores for most PASSHE schools are well below the readings at Penn State University Park (1265) and Pitt in Pittsburgh (1350) and far below the levels at schools such as Carnegie Mellon (1510).

### *Employment and funding*

Total PASSHE Full Time Equivalent (FTE) employment stood at 12,124 in school year 2010-11 before slipping gradually until 2020-21 when it fell sharply and, then again in 2021-22, to stand at 9,832—a 19 percent drop from 2010-11. Actual employee count fell from 13,935 in 2010 to 10,651 in 2022—a decline of 23 percent (all data from 2023-24 *State System Appropriation Request*).

By either measure, employment declines have lagged the enrollment drop over the period. Instruction FTE fell by 20 percent or 1,154 jobs, while academic support fell 14 percent and operations jobs fell 24 percent. Interestingly, student services fell by just 53 jobs or only 3.8 percent.

While employment over the period has fallen over 20 percent, salary payments have been fairly flat, rising through 2018 but have declined slightly since that year owing to the sharp decreases in employment in school years 2020-21 and 2021-22. After a sharp rise in health care expenditures from 2011 to 2016, the large declines in employment have caused health care costs to fall 10 percent below their 2011 reading. On the other hand, pension and other post-employment benefit costs rose substantially through 2018 with outlays reaching \$207 million. By 2022-23 those costs had fallen to \$183.9 million. Overall operating expenses in 2023 stood at \$1.68 billion, down from \$1.87 billion in 2010-11, a reduction of 10 percent. Bear in mind that costs were substantially higher in 2018 before the major reductions in employment began.

### *State funding growth*

For the last several years PASSHE schools have held the line on tuition no doubt to prevent even larger enrollment declines. In order to sustain the no-tuition-increase effort, PASSHE leaders have requested additional state funding.

From the chancellor's letter to Appropriations Committee Members dated March 2023, "Our appropriations request addresses these issues head on in two components:

- A 3.8% increase in our base appropriation allows the Board of Governors to consider freezing the basic in-state undergraduate tuition rate for an unprecedented fifth year. It will also enable universities to build on the progress they have been making:
- A separate appropriation of \$112 million to enable State System universities to aggressively grow the number of graduates trained for high growth, in-demand jobs in healthcare, business, STEM and education."

And the chancellor's letter must have worked. PASSHE's June 2023 audited financial statement reports the 2023-24 General Fund appropriation would be \$585.6 million, a 6 percent increase from the \$552.5 million in 2022-23. The 2022-23 funding was a 15.7 percent boost from \$477.5 million in 2021-22. Note, too, that the 2023-24 General Fund appropriation is 42 percent above the 2014-15 General Fund appropriation of \$412.8 million.

During the same period—2014-15 to 2023-24—PASSHE enrollment has declined from 109,808 to the current 82,688 or 24.7 percent. Thus, per enrolled student, state funding of PASSHE has climbed from \$3,759 to \$7,082—88.4 percent and far higher than inflation over the period.

## *Conclusions*

In sum, PASSHE has begun to improve its expenditure picture but it has been accompanied by a serious weakening of its student preparedness for college work as indicated by the high acceptance rates and low average SAT scores at many of the PASSHE locations. Meanwhile, the state has stepped up generously with increases in General Fund appropriations.

The dominance of faculty unions and other unions has undoubtedly made dealing with major declines in enrollment, traceable to fewer high school graduates and a huge decrease in PASSHE applications, far more difficult and costly than it would have been otherwise.

Ironically, the recent much larger state appropriations could make bargaining negotiations worse as unions see the state willing to help underwrite expenses at substantially greater levels than in the recent past.

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