

Strategic Issues:

- In 1995, Gov. Tom Ridge told the 14 state-owned colleges to hold tuition increases to 4.5% or face no new money in 1995–96.
- No new money was given to the state-related institutions (Lincoln, Penn State, Temple, and U Pitt) in 1995.
- The state gave \$27 million to the Pennsylvania Higher Education Assistance Agency, which was to distribute about \$230 million in 1995–96.
- In 1996–97, Penn State turned 14 of its two-year campuses into four-year campuses under an agreement that the campuses would remain small.
- Proprietary schools were approved to provide higher education in 1997.
- In the 1997–98 academic year, Pennsylvania's state budget provided \$267 million to the Pennsylvania Higher Education Assistance Agency and institutions of higher education received an increase of about 3% in direct state aid for 1998–99.
- Despite the minimal increases in state appropriations, the 14-university State System of Higher Education froze tuition for the first time in its 15-year history. The system also allowed under-enrolled campuses to set lower tuition rates for some out-of-state students.

Summary

- *Exemplary Access:* Pennsylvania surpasses the U. S. rates for high school graduation throughout the 1990 and surpassed the nation for college enrollment in the last part of the decade. However, given the high cost of college in this state, the state's investment in need-based grants may not be sufficient to ensure financial access for all low-income, college qualified students who plan to enroll.
- *System Issue:* Pennsylvania is a high tuition, high grant state that consistently funded need-based grants at a rate higher than the national average per FTE in the 1990s. The state makes extensive use of its system of private colleges to provide access. However, in spite of this generally efficient strategy of public finance, investment in grants fell below the equity standard.
- *Opportunity:* Had Pennsylvania maintained its support for need-based grant aid at the equity standard throughout the decade, it is estimated 27,000 more students would have graduated from high school and an additional 97,000 students would have enrolled as freshmen. The proposed state-federal partnership would provide an additional incentive for Pennsylvania to maintain a sufficient investment in need-based grants.

Access Indicators*High School Graduation Rates* (Table 38.1)

The high school graduation rates in Pennsylvania dropped over the decade. At the start of the decade, the high school graduation rate stood at 82%. By the middle of the decade, the graduation rate dropped to 76% and rested at 75% at the close of the decade. Compared to the national average, Pennsylvania performed fairly well. In 1992, Pennsylvania was ten percentage points above the national average and for the second half of the decade the state was eight percentage points above the national average high school graduation rates.

College Enrollment Rates (Table 38.1)

The number of students that enrolled in college increased over the decade. In 1992, 54% of Pennsylvania residents were enrolled in college. At the middle of the decade, 57% of students were enrolled in college; and by the end of the decade, 62% of students in

Pennsylvania were enrolled in college. Pennsylvania was on par with national college enrollment rates from the beginning to the middle of the decade. However, from 1998 through the end of

the decade, Pennsylvania was five percentage points above the national average college enrollment rates.

State Demographics

State Demographics (Table 38.2)

The poverty level decreased slightly over the course of the decade. At the start of the decade, 12% of Pennsylvania's residents lived in poverty; but by the end of the decade, only 9% of the state's residents lived in poverty. Pennsylvania was two percentage points below the national average for poverty levels in 1992. After a slight shift to being one percentage point below the national average in 1996, Pennsylvania was two percentage points below the national average for poverty levels at the close of the decade. With regard to the race/ethnicity of Pennsylvania residents, roughly 10% were Blacks, 3% were Hispanics, and 2% were Other Minorities living in the state during the decade. The percentage of the residents with a bachelor's degree or higher increased over the decade. At the start of the decade, 19% of Pennsylvania residents held a bachelor's degree or higher, but by the end of the decade, 24% of the state residents held a bachelor's degree or higher. The percentage of Pennsylvania residents with a bachelor's degree or higher was about two percentage points below the national average over the decade. Per capita income in Pennsylvania was above the national average but was losing ground.

State System Composition (Table 38.3)

There was relatively little change in enrollment within the sectors of higher education in Pennsylvania. At the start of the decade, 41% of students enrolled in higher education in Pennsylvania attended public, four-year institutions. By the end of the decade, 42% of students were enrolled in public, four-year institutions. Pennsylvania was three percentage points below the national average for enrollment in public four-year institutions at the start of the decade and after being eight percentage points below the national average in 1998, Pennsylvania was only two percentage points below the national average at the end of the decade. For public, two-year institutions, Pennsylvania's enrollment was 14% at the beginning of the decade and 12% at the end of the decade. Enrollment in Pennsylvania's public two-year institutions was 17 percentage points below the national average over the decade. Enrollment in private institutions in Pennsylvania was 19–26 percentage points above the national average over the decade. At the start of the decade, 45% of Pennsylvania's residents enrolled in private institutions; and at the end of the decade, 46% of the state's residents enrolled in private institutions.

Financial Indicators

State Financial Capacity (Table 38.4)

The tax rates in Pennsylvania stood at 7% from the start to the middle of the decade. From 1998 through the end of the decade, the tax rates in Pennsylvania were 6%. Pennsylvania was on par with the national average for state tax rates. K–12 spending increased slightly over the decade. In 1992, Pennsylvania spent \$4,763 per student enrolled in the K–12 sector. By the middle of the decade, K–12 spending increased to \$4,865 per student and rose slightly to \$4,876 per student at the close of the decade. At the start of the decade, Pennsylvania spent \$236 more than the national average on K–12 expenditures and at the end of the decade, the state spent \$682 more than the national average for K–12 expenditures.

Educational Revenue (Table 38.5)

State and local appropriations averaged \$4,848 per FTE at the start of the decade. By the middle of the decade, state and local appropriations rose to \$5,247 per FTE and closed the decade at \$5,346. Pennsylvania's state and local appropriations were \$1,510 below the national average at the start of the decade and \$2,149 below the national average at the close of the decade. Adding tuition to state and local appropriations, Pennsylvania's educational revenue was \$9,526 per FTE in 1992, \$10,422 per FTE in 1996, and \$10,889 at the end of the decade. Pennsylvania's educational revenue was \$835 above the national average at the start of the decade and \$666 above the national average at the close of the decade.

Tuition and Fees (Table 38.6)

At the start of the decade, tuition and fees, on average, were \$4,678 per FTE and rose to \$5,175 per FTE by the middle of the decade. At the close of the decade, tuition and fees were \$5,543 per FTE. Pennsylvania's tuition and fee charges were \$2,345 above the national average at the start of the decade and \$2,815 above the national average at the close of the decade.

Need-based Grants (Table 38.6)

Pennsylvania demonstrated a strong commitment to need-based grants over the decade. At the start of the decade, Pennsylvania invested \$612 per FTE on need-based grants. In 1996, the state invested \$769 per FTE on need-based grants and at the end of the decade invested \$749 on need-based grants. In 1992, Pennsylvania invested \$268 more than the national average on need-based grants and at the end of the decade spent \$383 more.

Non-need Grants (Table 38.6)

Funding for non-need grants was almost non-existent in Pennsylvania over the decade. At the start of the decade, Pennsylvania spent \$1 per FTE on non-need based aid and \$3 per FTE by the middle of the decade. However, late in the decade, Pennsylvania spent nothing on non-need based grants.

Projections

Coordinated System of Grants (Table 38.7)

If Pennsylvania had increased its need-based grant aid, given tuition charges, 2,700 more students would have graduated from high school, a two percentage point increase. Of Pennsylvania's high school graduates, 9,700 more students would have attended postsecondary institutions within the state, a six percentage point increase.

Federal Grant Program Prospectus

Had the federal government provided incentives for Pennsylvania to provide adequate grant aid, equaling one-quarter of the tuition on top of current state aid, 6,500 additional high school students would have graduated; an increase of four percentage points. Further, 23,300 more high school graduates would have enrolled into postsecondary institutions, a fifteen percentage point increase over the current college continuation rate.