

Shapiro Administration

Blueprint
for **Higher**
Education

**Creating a
World-Class Engine
for a Prosperous
Pennsylvania**

February 2024



Pennsylvania
Department of Education

"We're building a blueprint for higher education focused on competitiveness and workforce development and grounded in access and affordability."

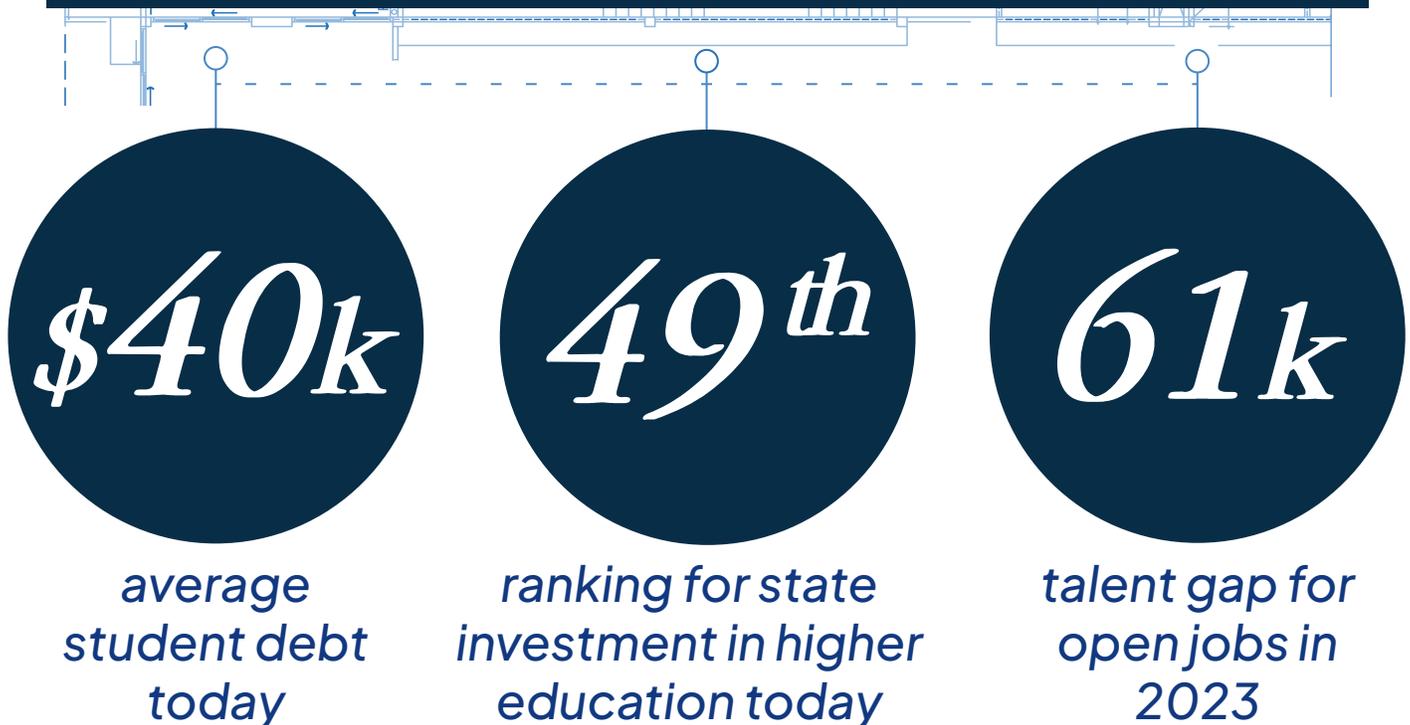
- Governor Josh Shapiro

The Challenge:

Decades of disinvestment, coupled with one of the most decentralized higher education sectors in the country, have created a complex set of deeply rooted challenges that prevent our excellent colleges and universities from fulfilling their promise.

Pennsylvania is facing a growing workforce crisis. We need 61,000 more people with the right college degrees or credentials to fill open jobs. If nothing is done, conservative estimates show that talent gap will increase to at least 218,000 unfilled jobs within a decade.

Pennsylvania is lagging in higher education investment



As college grows more expensive, enrollment is dropping, and college attainment rates are below the national average in 56 of Pennsylvania's 67 counties. Many counties have little access to affordable higher education options resulting in low college-attendance rates.

The Solution: Pennsylvania Blueprint for Higher Education

Three elements working together to boldly address the chronic challenges facing higher education.

1
Build a New Public System for Higher Education that Unites PASSHE Universities and Community Colleges

2
Make College More Affordable

3
Reinvest in our publicly-funded colleges and universities via a predictable, transparent funding formula that will align state dollars with the needs of the Commonwealth

The Blueprint will deliver the following results:

- ✓ *Pathways to affordable higher education.*
- ✓ *A new system for higher education that equally unites PASSHE schools and community colleges will create a cooperative, strategic approach to creating affordable pathways to credentials and degrees that prepare students for good jobs and a good life - students who attend the new system and make up to the median income will pay no more than \$1,000 per semester in tuition and fees.*
- ✓ *Smart reinvestment in our publicly-funded colleges and universities that will equip them to meet their full potential.*
- ✓ *A more effective system will align degrees and scholarships with our workforce needs so more people who earn credentials will have a job - and less debt - when they graduate and draw good jobs into Pennsylvania.*
- ✓ *The blueprint will produce nearly 50,000 additional credentials by 2032. With continued increased investment in our new system, that number could rise to over 150,000 more postsecondary credentials in eight years.*

The blueprint for higher education sets the course for a new era of higher education in Pennsylvania. It is grounded in research, lessons learned from leading states, and input from vested partners. In the months ahead, we will continue to engage in a collaborative process to build out the details of this plan.



Build a New Public System for Higher Education that Unites PASSHE Universities and Community Colleges

All existing colleges and universities will exist as equals in the new system; the goal is to coordinate, strengthen, and expand access—not shrink or consolidate. The governance structure must create a balance between system-level and local authority and responsibilities.

The Challenge: Pennsylvania has one of the most decentralized and poorly coordinated postsecondary sectors in the country. This hinders our capacity to effectively align our colleges and universities with the needs of the Commonwealth. Our community colleges and PASSHE universities already do a remarkable job of providing high-quality credentials and degrees that have real currency. Strong regional partnerships already exist. But we lack the statewide, coordinated postsecondary system we need to create a world-class workforce and economic development engine.



The Impact – A new streamlined system of our public community colleges and universities will:



Ensure public colleges and universities work together to address the workforce needs of PA



Expand access to high-quality, affordable, workforce-aligned college credentials and degrees by co-locating system colleges and universities in areas of the Commonwealth that lack access



Shorten time to degree by creating seamless transfer across all system institutions



Reduce redundancy and expand coordination to most effectively utilize public higher education dollars



Create easy-to-navigate pathways from short-term postsecondary credentials to 4-year degrees, allowing students of all ages to easily access the expertise and credentials they need throughout their lives



Effectively utilize state resources to increase the capacity of our public institutions to meet critical state goals

Make College More Affordable

With the substantial increases in financial aid that the blueprint would deliver, no student or family making the median income or below will have to pay more than \$1,000 per semester for tuition and fees in this new system; and the plan provides an increase of \$1,000 per year in state grants for qualifying students who attend state-related and independent colleges and universities.

The Challenge: Pennsylvania is among the most expensive states in the country to attend college. The average debt of our students is almost \$40,000 as increases in financial aid have not kept pace with rising tuition due to decades of disinvestment. Pennsylvania students are voting with their feet—the proportion of recent high school graduates who enroll in higher education is dropping, our adult enrollment is low, and recent polls indicate that cost is one of the primary reasons. The path to a prosperous Pennsylvania depends on ensuring that students have an affordable pathway to a high-quality college credential or degree.

The Impact – Through the blueprint’s new scholarship plan, we will create affordable pathways to credentials and degrees by:



Providing a strong, clear message that college is affordable for all



Driving an additional \$1.1 billion in financial aid to our students over five years



Ensuring our new system is the most affordable pathway to a postsecondary credential or degree



Increasing enrollment and reducing student debt



Reinvest in Our Publicly-Funded Colleges and Universities via a Predictable, Transparent Funding Formula that will Align State Dollars with the Needs of the Commonwealth

The blueprint will increase investment in our community colleges and PASSHE universities by 15% and our state-related universities by 5%, yielding over \$1 billion in additional resources over 5 years. And for the first time we will align investments with important state goals. This approach will ensure that investments in our publicly funded colleges and universities yield the results we need to create a prosperous Pennsylvania and deliver a stronger Commonwealth for all – whether you or a loved one attend a publicly-funded or state-related university or not.

The Challenge: Pennsylvania is one of only 10 states that does not currently have a postsecondary funding formula. This means that the amount of resources each college and university receives annually is unpredictable, making it difficult for them to plan for the future and use their resources most effectively.

It also means that we attach no clear expectations that institutions should be focused on meeting critical state goals. This lack of transparency and accountability can raise questions among legislators and the general public regarding whether their dollars are being used effectively.

The Impact – The Commonwealth will know its increased investment in our publicly-funded colleges and universities will be used responsibly and will propel our economy forward via:



Transparent, predictable funding for our community colleges and state-owned and -related universities



Incentives to align to important state priorities—like shortening time to degree, increasing graduation rates, and filling our workforce gaps



Guarantee that taxpayer dollars pay for performance



Frequently Asked Questions

Why is the Governor proposing to create a new system that combines our community colleges and our PASSHE institutions? What is the goal?

This blueprint will increase opportunity for our students and families and drive economic growth and prosperity for decades to come. There are currently 61,000 jobs in the Commonwealth that require postsecondary credentials that our institutions are not yet producing. This gap will balloon to over 218,000 in eight years if we do nothing. The new public higher education system will be a world-class, effective workforce development engine for the Commonwealth that will ensure that students have a clear, affordable path to credentials and degrees that will get them good-paying jobs.

Does the Governor intend to merge Pennsylvania's community colleges into the PASSHE system?

No. The community colleges will not be merged into PASSHE. Rather, the intent is to create an entirely new public postsecondary system with a new governance structure, and the community colleges and the PASSHE universities will be equal partners in this system. PASSHE will not “take over” the community colleges, nor are mergers included in the blueprint. Each institution plays an important role in serving the needs of our diverse student population and the state's economy.

What will a new system mean for collective bargaining units and their contracts with PASSHE and community colleges?

The Shapiro Administration strongly supports our unions; existing union contracts will be honored. We are meeting regularly with higher education leaders, union leaders, and legislators to discuss the longer-term implications of the new system to ensure that the needs of our unions are met.

Community colleges are currently overseen by local governing boards appointed by the local sponsor (either a city, a county, or a set of school districts). Will the creation of a new system require local boards to be dissolved altogether?

No. Governor Shapiro has stated explicitly that his goal is to retain an element of local governance. Exactly how local governance will function under a new system is yet to be determined. The Governor will receive recommendations from the community college and PASSHE presidents, as well as other vested partners, to strike the right balance of authority and control at the local and system levels. We know from systems in other states that community college local governance can function effectively when duties, authority, and responsibility are clearly delineated and complimentary to that of the system governing authority.

PASSHE just completed a system redesign. Why are we engaging in this effort now?

The strengthening of the PASSHE system over the last several years has resulted in concrete benefits to our students and the Commonwealth. PASSHE has seen an increase in enrollment, retention, and graduation. The system is providing resources and talent to support institutions that continue to adjust to the changes, and the results are tangible. The blueprint will build upon PASSHE's work and expand higher education access across the Commonwealth.

Creating a new postsecondary system is complicated, but the Governor is moving quickly. Can you tell us what the timeline looks like, and who will be involved?

This is a multi-part process – and much work has been done to get to this point. The Governor has laid out a blueprint, and the Administration is working closely with stakeholders and partners to build on that blueprint. The creation of a new system would require enabling legislation to establish its primary authority and responsibilities. To inform the necessary legislation, we are seeking input and recommendations from the presidents of all 25 community colleges and PASSHE institutions; union representatives; legislators; and those involved in system, institutional-level or local governing and oversight. We anticipate a second period of input as more detailed elements of the new system are designed and plans for implementation are cemented.

Who will qualify for the \$1,000 per semester price tag for PASSHE universities and community colleges ?

The goal of this blueprint is to make college more affordable for Commonwealth residents – no matter where they live or how much their family makes. To that end, all students from families that make up to the median income, approximately \$70,000, will qualify for this aid. This includes recent high school graduates and adults.

Also, this new investment in financial aid will be available to part-time students because the blueprint recognizes that many Commonwealth residents carry financial and family responsibilities that prevent full-time college enrollment. So, any student who takes at least three credits per semester and is enrolled in a certificate or degree program will qualify.

Benefits will be pro-rated proportionately.

Who will qualify for the \$1,000 increase in financial aid for attending state-related universities and independent colleges and universities?

The Governor's blueprint calls for PHEAA state grants to be increased by \$1,000 for eligible students. This would apply to every student from a family that makes up to the median income and who receives a PHEAA state grant.

How will students get access to these financial aid resources?

Qualifying students and/or their families will need to first fill out the free application for federal financial aid form (FAFSA.) This will ensure that they gain access to all federal and state grant aid for which they qualify. After taking this step, qualifying students whose tuition and fees are still more than \$1,000 per semester will receive the new financial aid dollars.

In the case of those attending PASSHE or community colleges, the additional financial aid will ensure that students will pay no more than \$1,000 per semester if they are at or below the median income. In the case of those attending our state-related and independent colleges and universities, eligible students will get up to \$1,000 in additional financial aid to offset their costs. For students who are attending part time, the financial aid dollars will be pro-rated proportionately.

Will this element of the Governor's blueprint cap tuition in the PASSHE universities and community colleges?

No. This element of the blueprint is financial aid. Qualifying students will receive additional state financial aid to ensure that they will not pay more than \$1,000 per semester to attend a PASSHE university or a community college or receive an additional \$1,000 per year to attend our state-related or independent colleges and universities.

Why does the blueprint focus on making the PASSHE universities and the community colleges the most affordable postsecondary options in Pennsylvania?

It's common knowledge that college is too expensive in Pennsylvania. This keeps many students from ever enrolling and leads others to drop out before they get their credential. We need dramatically more affordable college options. Families need to know that they can afford to send their children to college. Adults seeking to reskill, upskill, or change careers need to know they can afford to do so. That strong clear message will increase college enrollment across the board. For these reasons, a clearly affordable pathway to college credentials will best serve the Commonwealth.

The Governor's affordability plan also recognizes the uniquely important role that our state-related and independent colleges and universities play in the Commonwealth. The blueprint seeks to make these institutions substantially more affordable as well with a \$1,000 increase in financial aid for qualifying students who attend. When taken together, these elements of the blueprint provide a bold approach to proving affordable pathways to a college credential.

Why does the blueprint seek to change how we deliver institutional support to our colleges and universities?

A comprehensive funding formula that is predictable, transparent, and aligned with important state goals will allow our colleges and universities to demonstrate how state dollars are being used effectively to meet the needs of our students and the Commonwealth.

Once the funding formula is implemented, it will work to incentivize institutions to meet critical state workforce needs, improve graduation rates, and reduce time to degree, among other important outcomes.

Do we already know what will go into the funding formula?

The blueprint includes a set of funding formula principles developed by the higher education leaders that served on the Governor's Higher Education Workgroup in 2023. They recommended that the formula include incentives to serve a broader range of students, increase graduation rates, and align programs to important workforce priorities.

But the specifics of the formula have not yet been crafted. The administration is currently working with a range of relevant administrators from the community colleges, PASSHE, and state-related universities, as well as labor representatives, to develop a set of more specific formula recommendations. These recommendations will be incorporated into legislation needed to establish the new funding formula.

Will the funding formula recognize and reward the varying missions of our colleges and universities?

Yes. The new funding formula will include two sets of outcomes: those that are common to all of our institutions, such as increasing graduation rates and closing achievement gaps; and those that recognize and reward our community colleges, PASSHE universities, and state-related universities for results that are aligned to their unique missions.

The formula will also include weights that drive additional resources to colleges and universities serving students who require additional supports—and reward them when those students succeed.

The Governor's blueprint would provide significant increased investments in community colleges, PASSHE institutions and our state-related universities. Why is this important?

The Commonwealth has disinvested in publicly-funded colleges and universities for years. This has resulted in fewer resources for institutions to serve their students. Students arrive at college with different levels of preparedness and needs. While some are high-achieving recent high school grads prepared to succeed, others are adults who last studied math decades ago or never attended college. Others come from poorly financed school districts and may not have had access to high level classes. Still others are juggling an array of family and financial responsibilities and require extra support.

Without adequate resources, we lose too many students before they obtain the credentials they are seeking. Research shows that institutional support is the best way to increase college attainment rates and meet our workforce needs.

We can't afford to lose a single student. Increased investment, when coupled with a funding formula that delivers transparency and accountability, is necessary to ensure that our colleges and universities have the resources they need to support students to graduation and ensure that our families and our economy will prosper.

Why not redirect the proposed investments in our publicly-funded institutions to our students in the form of financial aid so that they can carry these dollars to whatever institutions they wish to attend?

Affordability is critically important, and the Governor's blueprint for higher education includes a strong approach to addressing the cost of college attendance. But making college more affordable is only one part of the equation. Without also increasing the capacity of colleges and universities to serve their students, we will not get to the college attainment levels we need to ensure a prosperous Pennsylvania. Affordability increases access, and stronger institutional capacity increases student success. We need both.