INTRODUCTION

The U.S. Bureau of Labor Statistics (USBLS) reports that in the past year, workers with only a high school education earned just 60 percent of what workers with at least a bachelor’s degree earned in 2010. These numbers correspond to U.S. Census Bureau studies that find that lifetime earnings of high school diploma holders are roughly half that of their counterparts with at least a bachelor’s degree, with the lifetime income differential between the two sets of workers totaling more than $1 million per worker.

In addition, the USBLS found that workers with only a high school diploma were nearly twice as likely to be unemployed than those with a bachelor’s degree in the current economic climate. Income and unemployment disparities become greater as educational attainment increases. Federal and state tax revenues are highly dependent on educational attainment and employment rates in every tax year and particularly over the lifetime of the taxpayer.

Looking forward, the USBLS estimates that within 10 years, as the U.S. economy recovers and restructures, there will be 30 million new and replacement jobs that will require a bachelor’s degree or above. Such jobs will represent 60 percent of all jobs in the economy by 2020.

The long-term economic health of the Commonwealth of Pennsylvania demands a highly educated workforce to attract these jobs to the state and to keep them here. Preparing Pennsylvania students for jobs in knowledge-based industries and for entrepreneurial leadership will ensure a workforce that can rebuild the state’s economy and keep it strong and competitive in the decades to come.

Temple University has been and continues to be a dedicated partner with the Commonwealth in not only generating educated citizens for the state’s economy, but also in expanding educational opportunities – along with the ability to contribute to Pennsylvania’s fiscal strength – to otherwise under-served and under-participating populations. Temple’s history of welcoming first-generation college students has resulted in second- and third-generation college graduates in families who otherwise would not have achieved crucial socio-economic advancements or contributed to the growth of the Commonwealth.

The Commonwealth’s investments in Temple in the form of its non-preferred appropriation have been indispensible in enabling this critical growth in educational attainment and the corresponding economic growth of the state. Tuition rates have increased as fixed costs have risen and Commonwealth support has declined in actual dollars and in inflationary terms, yet Temple University remains significantly more affordable than most other options at research universities in Pennsylvania.

Temple University remains committed to the Commonwealth and its students, and has exercised responsible and prudent fiscal policies to generate a substantial return on the
Commonwealth’s investments. Continued Commonwealth support is essential if Temple is to remain a critical generator of educated workers and critical job-creating research at a time when the Commonwealth needs are at their greatest.

Fiscal Year 2012-13 Appropriation Request

Temple University respectfully requests a total Commonwealth appropriation for Fiscal Year 2012-13 of $150,847,000, as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational &amp; General</td>
<td>$144,115,000</td>
</tr>
<tr>
<td>State Medical Assistance Funding (from Pennsylvania Department of Public Welfare)</td>
<td>6,732,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150,847,000</strong></td>
</tr>
</tbody>
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This request represents a 3 percent increase over the Fiscal Year 2011-12 appropriation. Growth at this rate is requested for the following reasons:

1. to mitigate the impact of inflation and increases in fixed cost, in conjunction with Temple’s increases in administrative efficiency and productivity;

2. to keep the Fiscal Year 2012-13 tuition increase at a level that does not unduly increase the financial burden on Temple’s students or their families.

Temple’s commitment to controlling costs and ensuring access

Keeping education affordable for students attending Temple is a continuing priority, and the Commonwealth has been an indispensable partner in this critical goal.

Temple has shown that it is a responsible steward of Pennsylvania’s investment in public higher education. Through careful management, Temple has held tuition increases to a minimum, even as Commonwealth support waned. Since 1999, the number of in-state students has grown by 28 percent. Over this same time period, the Commonwealth appropriation per in-state student has dropped 47.1 percent (adjusted for inflation) and in-state tuition has risen by 48.9 percent (adjusted for inflation). As a result, the combined appropriation and tuition per in-state student has actually dropped since 1999 by 1.8 percent, or $317.83 (adjusted for inflation).

Temple continues to take measures to manage its operating expenses, realize administrative efficiencies and ensure a culture of accountability. Temple has a very impressive record of operating efficiency, especially with respect to administrative staffing. The Goldwater Institute reported in August 2010 that, out of 198 universities and colleges the institute examined, Temple ranked 9th best in controlling administrative staffing growth, reducing our administrative staff per 100 FTE students by more than 26 percent from 1993 to 2007. Nationally, administrative staffing in higher education grew by 39 percent during this period.

In recent years as the global economic outlook has put special strains on the Commonwealth and Temple students, Temple has enacted additional steps to reduce its expenditures while ensuring program quality. In crafting its Fiscal Year 2009-2010 budget, Temple took important steps to curtail recurring costs by reducing the overall budget by 5 percent, or $40 million. These budget cuts, which are still in place today, were achieved...
through the realignment of administrative operations, merging schools and eliminating operational redundancies. These savings were passed onto students in the form of a historically low tuition increase of 2.9 percent over the previous year.

As 2011-12 budget negotiations began in the General Assembly, Temple began preparing for additional budget cuts and shifts in budgetary allocations in anticipation of a substantial decrease in its non-preferred appropriation. These steps included:

- Freezing all non-union salaries at the FY2010-11 level, the second freeze to non-union salaries in three years.

- Institution of a university-wide hiring freeze, exempting grant-funded positions, academic positions directly related to student achievement and support, such as academic advising, positions critical to health and safety services, and positions directly related to non-tuition revenue generation, such as fund-raising staff.

- Initiation of a review of the administrative and academic structure of the university to consolidate operations and improve efficiencies.

Each of these measures is ongoing, and the result will be an overall reduction of Temple’s budget of $36 million. Even with these budget cuts, Temple was still forced to raise tuition by $1,172 for undergraduates to absorb fixed cost increases and the reduction in the Fiscal Year 2011-12 Commonwealth non-preferred appropriation.

A particularly concerning consequence of increased dependence on tuition revenues is that debt among graduating students is rising. For Fiscal Year 2009-10, 73 percent of Temple undergraduates qualified for financial aid (as determined by Federal formulas). The median annual financial aid need as calculated under these formulas was $17,300, based on total estimated costs of $26,398. More than a third of the average financial aid award was in the form of loans. Students and their families take out additional private loans to cover the average of more than $9,000 of total estimated cost not covered by financial aid. Of Temple undergraduate students who received their degrees in 2010, 76 percent graduated with educational debt, with the average indebtedness (from state, federal, and private sources) of $31,123.

These financial pressures negatively affect the educational aspirations of many Pennsylvania residents, particularly those from low-income and minority backgrounds, with many opting not to attend college at all. The median family income of minority students ($49,000 for Hispanic students, $46,000 for African American students and just $36,000 for Asian American students) makes them particularly vulnerable to higher tuition costs that result from decreased Commonwealth support.

Students who work to pay for their educational expenses face additional hurdles. Eighty-one percent of Temple undergraduates work at least part-time, while enrolled full-time, to finance the cost of their educations. Many others must pursue degrees part-time or are forced to interrupt their academic progress as they work and save to amass the funds they need to continue. If students must work while enrolled, their graduation rates drop, especially as their working hours increase. For students who do not work, the six-year graduation rate is 70.3 percent. For those who work 20 to 25 hours per week, the graduation rate drops to just 51.6 percent, and for those who work over 25 hours a week, the rate plummets to 36.4 percent.
As Pennsylvania works to rebuild its economy after the current recession, larger numbers of highly educated workers will be required and a college education will be a minimum requirement for an increasing number of entry-level professional positions. Low rates of support for higher education will have dire consequences for the Commonwealth’s future workforce.

**BENEFITS TO COMMONWEALTH CITIZENS**

**Serving Commonwealth Students and Producing Commonwealth Workers**

Temple’s commitment to its responsibilities to the Commonwealth of Pennsylvania is perhaps best reflected in its student and alumni population.

Temple is the nation’s 28th largest university, with a total student enrollment in 2010 of 37,696. Temple’s total enrollment has increased nearly 39 percent in the last 10 years, with virtually all of that growth at the undergraduate level, where student enrollment has increased from 19,986 in 2001 to 27,803 in Fall 2010. Temple offers 389 academic degree and certificate programs including two associate degree programs, 141 bachelor’s programs, 123 master’s programs, 60 doctoral programs, and seven first-professional degree programs in the fields of dentistry, law, medicine, pharmacy, and podiatric medicine.

Temple serves primarily Pennsylvania residents: 77 percent of freshmen and transfer students who enrolled at Temple in Fiscal Year 2009-10 were from the Commonwealth. The number of Pennsylvania high school graduates is expected to decline by between 8 percent and 9 percent over the next decade, but Temple University anticipates that its strong enrollment demand from the state will continue. Since Fiscal Year 2001-02, freshmen applications have increased 52 percent, from 12,432 to 18,896 in Fiscal Year 2009-10.

Temple is also one of the leading centers of graduate and professional education in the United States and the foremost center for training professionals who remain in Pennsylvania to serve the residents of the Commonwealth. The University’s programs in medicine, dentistry, podiatry, pharmacy and law enrolled 3,262 students in Fiscal Year 2009-10, a record high for Temple, making Temple the fourth largest provider of graduates in these fields. Temple’s professional schools, which compete at a national level for its students, also continue to enroll a large proportion of Pennsylvania residents. Temple physicians, dentists and lawyers practice in nearly every county across the state. Without Temple’s large, high quality professional programs, Pennsylvania would face a significant shortage of practitioners in these critical fields.

Three initiatives of note that emphasize Temple’s commitment to the Commonwealth by expanding its educational offerings include:

- **Partnering with Pennsylvania community colleges to increase numbers of students earning bachelor’s degrees.** Temple was a pioneer in the creation of articulation agreements that ensure ease of transfer for students coming in from community colleges. Temple’s well-established joint admissions agreements with community colleges throughout Pennsylvania are a major source of well-prepared students. Since 1998, Temple has established dual admission partnerships with the Community College of Philadelphia, Bucks County Community College, Montgomery County Community
College, Delaware County Community College, Harrisburg Area Community College, Burlington County College, and Lehigh Carbon Community College, and in 2011 added Reading Area Community College.

The community college partnerships guarantee admission to students who earn an eligible associate’s degree with at least a 2.3 or better GPA. They also receive a $1,000 per year scholarship if they earn a GPA of 3.30-3.59 and $2,000 if their GPA is 3.60 or above. Since the program began, more than 15,000 community college students have signed the dual admissions participation form with the intent of transferring to Temple. As of this last year, more than 3,000 have graduated from their community college and enrolled at Temple and 50 percent of those students have earned annual academic merit scholarships of $1,000 or $2,000 each.

- Opening regional branch campuses by the School of Medicine (TUSM) in partnerships with St. Luke’s Hospital & Health Network in Bethlehem and West Penn Allegheny Health System in Pittsburgh. Students will spend their first year at TUSM’s campus in Philadelphia and the next three years doing clinical studies at the regional campuses. The goal of the partnerships is to increase the number of medical students trained by Temple and to provide well-qualified physicians to help alleviate the shortage of physicians in the state.

- Offering instruction toward a social work degree at locations throughout Pennsylvania. Nationally, the human services field faces a growing shortage of qualified professionals in the next 10 years, and, according to the Center for Workforce Innovation and Analysis, Pennsylvania will experience an especially acute shortage of personnel to fill positions across the Commonwealth unless current educational trends change. Temple Harrisburg has been offering master of social work (MSW) instruction on campuses of institutions across the state, including Lancaster Bible College in Lancaster County; Schuylkill Community Education Council in Schuylkill County; Juniata College in Huntingdon County; DuBois Business College in Clearfield County; and Mansfield University in Tioga County. During the spring semester, Temple Harrisburg began offering its MSW program at Misericordia University, making it the first and only site in Luzerne County providing MSW coursework.

Nearly 60 percent of Temple’s 265,000 alumni live and work in Pennsylvania, and one of every eight college-educated residents in the Philadelphia metropolitan region holds a Temple degree. According to Temple surveys, increasing numbers of Temple students say that they hope to stay in Philadelphia to live and work after earning their degrees. In a recent survey, 64 percent of Temple students said that “after graduation, I will want to live and/or work in the Philadelphia area.”

**Conducting research that creates business and addresses issues of special concern to the Commonwealth**

Regional and state economies grow stronger as they develop a larger number of highly competitive research institutions that can obtain funding from outside sources. Temple continues to expand its research capacity to enhance the competitiveness of the Commonwealth. Temple’s total sponsored project expenditures in Fiscal Year 2008-09 totaled $151.7, an increase of 81 percent over Fiscal Year 1998-99.
Temple supports research across a wide range of disciplines, with a particular focus on interdisciplinary and clinical-translational research projects that address issues of concern in the Commonwealth and include partnerships with industry, as the following examples illustrate:

- The Keystone Institute for Translational Medicine, based at Temple in collaboration with Fox Chase Cancer Center and Geisinger Health System, was established in 2008. The institute will work toward speeding up applications of basic science research into direct patient care, particularly in diseases that are disproportionately present among urban and rural Pennsylvanians, including lung disease, diabetes, hypertension, obesity and certain cancers.

- Temple dramatically expanded the School of Pharmacy's Moulder Center for Drug Discovery Research last year, creating the tri-state area's only fully integrated center for researching and developing new drugs. The expansion enables Temple to partner with local, national and international biotech and pharmaceutical companies. The Moulder Center has added state-of-the-art medicinal chemistry and screening laboratories; purchased a 20,000-compound library that will allow for better drug screening and optimization; and implemented a computer-aided drug design system for virtual drug screening.

- With a new $3.7 million grant from the USDA's National Institute of Food and Agriculture, Temple's Center for Obesity Research and Education (CORE) will expand its work in basic and clinical research, epidemiology, and outcome studies involving adult and pediatric patients, and add outreach programs in local communities and school systems. The new five-year grant will fund a project aimed at preventing obesity among low-income preschool children by teaching mothers simple strategies to promote appropriate food choices and portion sizes to their children.

- Domenico Praticò, an associate professor of pharmacology in Temple’s School of Medicine, released his findings that a drug used to treat asthma has been shown to help reduce the formation of a peptide in the brain that is implicated in the development of Alzheimer’s disease. His study’s results were published in the American Journal of Pathology. Professor Praticò tested the asthma drug Zileuton in a transgenic mouse model of Alzheimer’s disease. Zileuton reduced production of the peptide and the subsequent build up of amyloid plaques in the brain by more than 50 percent. The amount of amyloid plaques in the brain is used as a measurement of the severity of Alzheimer’s.

- Rongjia Tao, professor and chair of physics at Temple University, has successfully used magnetic fields to thin human blood in the circulation system in an effort to reduce the risk of heart attacks. Because red blood cells contain iron, Professor Tao has been able to reduce a person’s blood viscosity by 20-30 percent by subjecting it to a magnetic field. The magnetic field polarizes the red blood cells causing them to link together in short chains, streamlining the movement of the blood. Because these chains are larger than the single blood cells, they flow down the center, reducing the friction against the walls of the blood vessels. The combined effects reduce the viscosity of the blood, helping it to flow more freely.
Serving Pennsylvania’s largest city

Philadelphia is the largest city in Pennsylvania and the fifth largest city in the United States. Temple University is deeply committed to the city of Philadelphia and neighborhoods surrounding its campuses. The University fosters connections to its North Philadelphia neighbors and community through a range of programs and activities. Students, faculty and staff are engaged in numerous volunteer service initiatives. Temple offers employment training and hiring programs for residents who live in the areas immediately surrounding its main campus. In addition, Temple’s security initiatives extend into its adjoining neighborhoods, providing an added measure of safety for North Philadelphia residents.

The Corporation for National and Community Service named Temple to the 2010 President’s Higher Education Community Service Honor Roll, the highest national recognition a college or university can receive for its commitment to service. This is the third consecutive year Temple has received this distinction. The President’s Higher Education Community Service Honor Roll raises the visibility of best practices in campus-community partnerships by recognizing institutions of higher education that support exemplary community service programs.

The Carnegie Foundation for the Advancement of Teaching awarded Temple University the 2010 Community Engagement Classification, a national acknowledgement of the degree of mutually beneficial collaboration between Temple and its greater community. The Carnegie Foundation, an independent policy and research center, cited Temple’s “excellent alignment among mission, culture, leadership, resources and practices that support dynamic and noteworthy community engagement.” Temple is among 115 colleges and universities selected for the classification in 2010.

A few recently developed Temple programs that serve the city include:

- A new program designed by the Temple Performing Arts Center will offer free arts programming to students enrolled in selected local elementary and secondary schools. Eyes Wide Open in North Philadelphia, which will be supported by a two-year grant from the John S. and James L. Knight Foundation as part of its Knight Arts Challenge, will present a wide range of live performances in dance, chamber music and theater. The John S. and James L. Knight Foundation’s Knight Arts Challenge is a $9 million initiative supporting innovative projects that inspire and enrich Philadelphia’s communities. The Knight Foundation received more than 1,700 applications from the Greater Philadelphia region, and Temple was one of only 32 grant recipients.

- This fall, Temple participated in the launch of the Pennsylvania Math Engineering Science Achievement (MESA) program. The national MESA initiative is designed to increase the number of graduates from a two- or four-year institution and advanced degrees in STEM (Science, Technology Engineering and Mathematics) fields to support the nation’s defense. Over the past 40 years, nearly 70 percent of MESA students — many of them minorities and women — have entered STEM fields. As the lead MESA institution in Pennsylvania, Temple will develop public/private partnerships with industry, other academic institutions and government agencies to implement the goals of MESA. This summer, Temple held three MESA summer academies for middle school and high school students in partnership with the U.S. Navy and with funding from the Office of
Naval Research and support from engineers from the Naval Ship Systems Engineering Station, the Urban Youth Racing School, and the Mayor’s Office of Community Services. The students engaged in engineering, technology, health and medicine research at Temple's College of Engineering, School of Medicine and the Philadelphia Navy Yard.

- Temple’s incoming Fall 2011 undergraduate class includes the first Temple 20/20 Scholars. Selected from applicants who live in the neighborhoods immediately surrounding the Main Campus, this year’s 22 scholarship recipients are the first of 250 students who will receive four-year scholarships of up to $5,000 per year over the next decade. The Temple 20/20 Scholarships borrow their name from the Temple 20/20 framework for campus development, reinforcing Temple’s pledge to ensure that our campus development supports economic development in the North Broad Street corridor. This year’s scholarship recipients are graduates of 16 different Philadelphia public high schools and one parochial high school in the city.

**Generating employment and business development**

Temple University also creates significant economic activity in the Commonwealth of Pennsylvania. According to a 2011 Econsult Corporation study, Temple University and Temple University Health System’s annual direct expenditures—which include operational spending on goods and services, salaries and pension benefits of faculty and staff, and spending by students and visitors—generated $6.2 billion in economic activity for Pennsylvania in Fiscal Year 2010-11, 71,000 jobs across the state and $192 million in tax revenue. In Philadelphia, the economic impact of Temple operations included $3.7 billion in economic activity, 34,000 jobs and $72 million in tax revenue.

Since 2000, Temple generated $1.7 billion in economic activity for the Commonwealth and more than 14,000 prevailing wage jobs through its construction projects alone.

Three years ago, Temple completed three landmark projects that have begun to transform its North Philadelphia community: a new home on the Main Campus for the Tyler School of Art; Alter Hall, the new facility for the Fox School of Business; and a new state-of-the-art teaching and research facility for the School of Medicine at the Health Sciences Campus, the largest construction project in Temple history. The renovation of the historic Baptist Temple into a multi-purpose performance and special events center that will serve as a northern anchor of Philadelphia’s famed Avenue of the Arts was completed in Spring 2010.

The age of Temple’s remaining buildings, the growing size of its student body, the needs of its patient base, and changes in teaching methods and research protocols have created the need for continued major capital construction and renewal. Temple completed a comprehensive analysis of its Main Campus facilities needs in 2009 and created its Temple 20/20 framework for development that will guide revitalization for the next 10 to 20 years. The framework is flexible and can be implemented in stages as funding becomes available and is confined to the existing footprint of the current Main Campus. The development framework is directly tied to the priorities of Temple’s academic strategic plan and includes new student housing, a state-of-the-art library, a science education and research facility, and a focus on developing the North Broad Street corridor with retail, recreation and cultural venues.
Construction from Temple 20/20 projects in the next three years is projected to generate $1.66 billion in economic activity for the Commonwealth, including $531 million in salaries and wages supporting more than 14,000 jobs.

Temple has initiated an analysis of its Health Science Campus this year to set the stage for planning education, research and clinical facilities needs over the next several decades. With Commonwealth support, Temple continues a far-reaching capital program that is transforming Temple’s Main and Health Science campuses into exciting, inviting places that will draw the best faculty and students, and will offer exceptional settings for patient care and research.

Temple’s campus development has also spurred much needed private and public development immediately surrounding the Main Campus and Health Science Campus, and south on Broad Street to City Hall. Since 2002, private investors have focused nearly $300 million on real estate development in Temple’s North Philadelphia neighborhood. Earlier private development included the Avenue North which transformed the Broad Street Corridor with retail space, a theater complex and housing for 1,200 students. A 24-hour Fresh Grocer franchise opened just off campus two years ago, the first supermarket operating in the area in over a decade. Beech Interplex opened Beech International Apartments this year with 100 residential units. Last year, Mayor Nutter announced plans last year to convert the space at 9th and Norris Streets and Temple University’s regional rail station into a retail and residential village. Along with several shops, the development calls for 164 rental apartments, with a portion set aside for affordable housing units, which will be funded with a mix of federal, state and private investment. Temple anticipates that such development activity will continue to grow creating construction jobs and permanent retail and service jobs for local residents.

CONCLUSION

Temple University plays a fundamental and expanding role in educating Pennsylvania’s residents and preparing its workforce, in attracting young people to the Commonwealth from out of state and in contributing to the economic vitality of Pennsylvania—all due, in large measure, to support from the Commonwealth.

Temple’s mission to provide access to superior education for committed and capable students of all backgrounds has the power to transform Pennsylvania’s most plentiful resource—its young people—into its greatest asset: a skilled, educated and committed workforce with smart, innovative and dedicated leaders who will ensure the growth of the Commonwealth’s economy for generations to come.

Temple is making extensive investments in enrolling students who year after year set new records in quality. It is investing in recruiting leading faculty from around the world who are renowned experts in their fields. It is investing in attracting more research to Temple, not only for the knowledge creation and pedagogical benefit for students, but also for the economic boost it will provide to the Commonwealth.

To accomplish all of this and more, Temple University respectfully requests a state appropriation that enables Temple to grow and advance as one of Pennsylvania’s greatest educational assets and a critical driver of economic development for the Commonwealth.