

TESTIMONY OF ANTHONY E. WAGNER
BEFORE THE SENATE COMMITTEE ON
HEALTH, EDUCATION, LABOR AND PENSIONS

SENATOR ROBERT P. CASEY, JR. -CHAIR

MONDAY, OCTOBER 5, 2009



Introduction

Mr. Chairman and members of the Committee, thank you for the opportunity to present this testimony. I am Anthony Wagner, Senior Vice President, Chief Financial Officer and Treasurer at Temple University, the nation's 29th largest university.

Temple University has provided educational opportunities in North Philadelphia and beyond to students without regard for their station or status in life for 125 years.

Enrollment has grown steadily with more than 37,000 students enrolled at the start of the academic year. These figures represent the highest enrollment in nearly three decades. Temple's enrollment includes more than 8,000 graduate and professional students, making us the fifth largest provider of professional education in the nation with programs in medicine, pharmacy, podiatry, law, dentistry and health professions.

Our student population is rooted in Pennsylvania and accounts for more than 78 percent of the Temple's 7,104 freshmen and transfer students. This academic year Temple's new student population includes 20.7 percent from the City of Philadelphia, 39.1 percent from its nearby suburban counties and 16.8 percent from across the state. The top feeder schools for Temple freshmen continue to be Philadelphia area high schools. Although the majority of our student population is representative of Pennsylvania, we are increasingly global, with students from 49 states and 118 nations.

More than half of Temple's 243,200 alumni live and work in the Greater Philadelphia area and nearly 60 percent live in Pennsylvania. Approximately one out of every eight college-educated residents in the Philadelphia metropolitan region holds a Temple degree. In addition to the brainpower that Temple infuses into the region, the university generates billions for the economies of Philadelphia, the Greater Philadelphia area and the Commonwealth of Pennsylvania. Annual direct expenditure provides \$3.2 billion to the Commonwealth and generates 33,000 jobs including 18,500 in Philadelphia alone.

Temple is committed to putting the opportunity of a great education within reach of students at every income level. The university focuses on maintaining affordability and containing tuition increases, and dedicates substantial funding to financial aid each year. However, Temple serves a population in which an exceptional number of families demonstrate financial need.

Although Temple has significantly increased its efforts toward affordability, we are still not currently meeting our students' full demonstrated need. In the past five years, the total number of awards has increased 8.7 percent and the total amount of aid awarded has increased 26 percent to \$438,982,947. Although loans continue to comprise a large percentage of total aid, Temple has worked hard to increase the number of grants and scholarships to students. Over the past five years, Temple grants and scholarships have increased by 43 percent, the highest percentage increase of any aid source over those years.

I have included charts at the end of my testimony that provide further information about our students and their needs that I would like to go over briefly.

One of the key factors to Temple's affordability is its appropriation from the Commonwealth. In the past, this funding has helped close the gap between the true cost of a Temple education and the price students are asked to pay. This Commonwealth appropriation has been cut in 5 of the last 10 years. In 1972, 60% of our education and general budget came from the Commonwealth appropriation and 25% from tuition. Today, 70% comes from tuition and 23% from the Commonwealth. In advance of the current economic crisis, Temple has been actively working to diversify our revenue streams through grants and partnerships, cut costs without sacrificing the quality of programs and increase private fund-raising to meet our students' needs.

When the first signs of the economic crisis became evident, Dr. Hart and the Board of Trustees took immediate steps to address the impact on the university and our students. The university initiated a hiring freeze, suspended all non-essential out-of-state travel, cancelled a 2 percent inflationary increase for non-compensation related costs and reduced spending throughout the university. These measures resulted in savings of \$11.6 million in the current fiscal year to meet Commonwealth rescissions.

Dr. Hart directed administrative leadership to prepare a budget for the fiscal year 2009-2010 reducing recurring operating expenses by 5 percent, for a total reduction of approximately \$40 million. The priorities were to minimize a tuition increase, significantly increase financial aid and limit the adverse effect on our employees.

Work-force efficiencies were realized primarily through the elimination of vacant positions, reorganizations and attrition. There were also faculty workload adjustments, strategic reorganizations and a more efficient use of operating resources.

This budget which was adopted early by the Board of Trustees will add \$21 million over the next three years to the financial aid budget. This is the largest increase in Temple's history. The budget also included a historically low tuition increase of 2.9 percent. This budget was passed two months early in an effort to facilitate the financial commitment of our students and their families for the upcoming academic year.

Temple's commitment to provide quality and affordability in education started with Temple's founder, Russell Conwell in 1884, when he offered to teach one student and seven eager students appeared for class. Since that time, Temple has been providing access to excellence for students in the Commonwealth of Pennsylvania. We look forward to working with the Commonwealth to ensure that there are ample educational opportunities for all Pennsylvania citizens.

Thank you again for this opportunity and I am happy to take any questions.

- More than 70% of Temple undergraduates come from families with annual family income under \$100,000
 - National average is 63% in public doctorate-granting universities
- 74% of Temple undergraduates receive financial aid
 - National average is 71% in public doctorate-granting universities
- 75% of Temple undergraduates have outstanding educational loans upon graduation (includes federal, state and private loans)
- 50% of tuition paid to Temple comes from loans

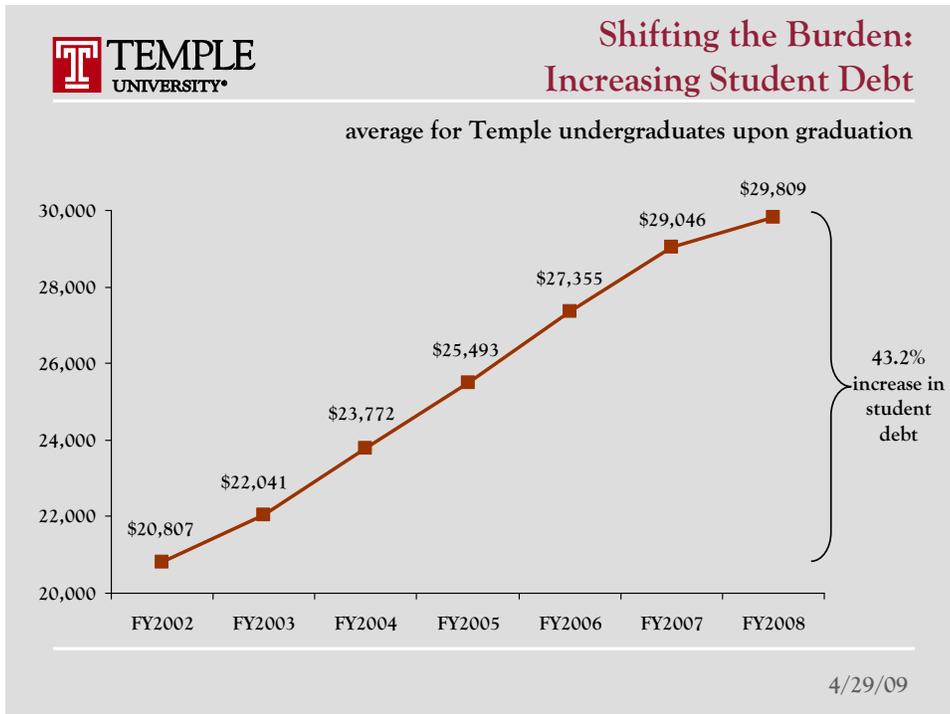
Source: U.S. Department of Education, 2009

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- More than **70%** of undergraduates come from families with annual family income under \$100,000
- National average is **63%** for students attending public doctorate-granting universities *
- **74%** of our undergraduates receive financial aid (scholarships and grants)
- National average is **71%** for students attending public doctorate-granting universities*
- **75%** of undergraduates have outstanding educational loans upon graduation (includes debt from federal, state and private loans)
- National average is **47%** for students attending public doctorate-granting universities for students receiving loans from state and/or federal loan programs, but this figure does not include private loan debt holders
- **50%** of the tuition Temple collects comes from loans

* Source: 2007-08 National Postsecondary Student Aid Study, National Center for Educational Statistics, Institute of Educational Sciences, U.S. Department of Education

RISING STUDENT DEBT LOADS AT GRADUATION



- Statistics depicted here are for **undergraduate** students
- 90% of professional degree students have outstanding educational debt upon graduation, with the average debt load ranging from \$73,000 for law to \$173,000 for dentistry