

## **Dr. Neil Theobald House Appropriations Opening Statement March 2, 2016**

Thank you Mr. Chairman.

I would like to begin my very brief comments by saluting Chairman Adolph. This is the 4<sup>th</sup> and final time that I will have the privilege of appearing before this committee with you as chair. You were the first Pennsylvania legislator that I met, back in 2012, and I have always found you direct and fair to me and to Temple University. Thank you.

The vital relationship between Temple and the Commonwealth is based on a simple understanding:

We provide access to excellent, yet affordable, education and healthcare for hundreds of thousands of Pennsylvanians.

In return, you, as representatives of the people of Pennsylvania, help to support state-related institutions like Temple.

You have been supplied with information that clearly shows

- How we have opened doors to The American Dream for a more diverse class of students through the Temple Option.
- How our Fly in 4 program has helped more students graduate on time and with less debt.
- How Temple Hospital has become the indispensable provider of health care in Philadelphia by treating 135,000 patients without private insurance in our emergency room last year—many for life-threatening injuries.

Temple has clearly done its part. Yet, because of an 8-month delay in approving our Commonwealth appropriation, Temple University is facing a \$175 million budget deficit—Nearly \$150 million for our educational programs and another \$26 million for Temple Hospital.

I have been asked many times in the days leading up to this testimony what would Temple look like if we did not receive this Commonwealth Appropriation. Our options are limited, and the implications are quite real and significant:

- A shortfall of \$175 million cannot be covered by a hiring freeze—a loss of this scale would call for crippling layoffs.

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- Neither can a shortfall of \$175 million be covered by a modest tuition surcharge—our discount for Pennsylvania residents is over \$10,000 per student.
  - Philadelphia is the only major city or county in America without a public hospital.

More than 85% of the patients seen at Temple University Hospital are uninsured or dependent on government insurance—they are mostly indigent. Taking \$26 million out of this environment will lower staffing levels and severely limit the type of free services that we can provide. Like you, Temple seeks to play its part in building strong communities in Pennsylvania. We treasure this role. Therefore, in addition to receiving our FY16 and FY17 Commonwealth appropriation, we want to strengthen our partnership with you so that we can:

- Continue to provide talented and motivated students of all backgrounds with access to a high-quality college experience, and
- Continue to meet Philadelphia's healthcare needs.

Thank you for all you have done for our students and our patients.

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**Initiatives that have been adopted to increase efficiency, increase revenue and curb costs****1. Fly in 4**

- Research on large, public universities like Temple, shows that the primary determinant of how much student debt students incur is their time-to-degree. The longer it takes, the more debt a student takes on.
- Temple now guarantees incoming students the opportunity to graduate in four years. This is a direct, pragmatic response to concerns about value, tuition costs, and student debt.
- The Class of 2018 was the first to be offered the Fly in 4 deal. As they begin their fourth semester, 628 more Temple sophomores than last year are on track to graduate in four years. If these 628 sophomores stay the course—and graduate in 4 years—they'll save over \$20 million in college costs. These savings should recur—and even grow—with each succeeding class.
- At Temple, our internal research indicated that the major barrier to 4-year graduation was the need work 30, 35, or even 40 hours off-campus in order to afford college. Clearly, these jobs compete for the time students need to attend college full-time. Thus, Temple provides grants to the 500 neediest students each year in return for their commitment to work no more than 15 hours per week off-campus. Engineering a program that proves real value can take both real research – and real, entrepreneurial, out-of-the-box instincts.

**2. Aggressive Cost Containment**

- Every day, Temple seeks to contain lower priority costs so we can hold the line on tuition increases. I was the Chief Financial Officer of Indiana University before I became Temple president. I have a pretty good idea of what it costs—and the skills needed—to manage a large public university like Temple.
  - We started in the financial area and removed layers of administration.
  - We eliminated 5 varsity sports.
  - We dramatically decentralized the budget so that those closest to the action could make decisions—and then be held accountable for the results.
  - We increased employee contributions to the health plan to align contributions with national averages, increased copays and added an annual deductible, and changed prescription drug coverage.
- Our spending per student since I joined Temple in 2012 has gone up by an average of 1.8 percent per year. That is a little below the national inflation rate. Unfortunately, Commonwealth support has fallen by 13.4 percent since 2012, so we have not been able to keep tuition increases below inflation. Over 4 years, we have averaged 2.4% per year. As Commonwealth support rebounds, we plan to keep our tuition costs at, or below, inflation.