**Penn State president shares roadmap for University’s future**

**Neeli Bendapudi, president, shares updates for positioning Penn State for future success in evolving and challenging higher education landscape**

Hello Penn Staters. I hope that your semester is off to a great start. We are set up for success and we are in a position of strength because of everything you do. Our research enterprise is flourishing, and our faculty continue to be recognized on a global scale for their contributions. Our exceptional staff play a pivotal role in helping to create an environment where our students learn and excel. Our impact extends well beyond the borders of our campuses, reaching communities in Pennsylvania, across the United States, and indeed around the world.

But at the same time, we face significant headwinds. Across higher education, institutions are grappling with a variety of challenges: shifting demographics, declining enrollment, rising costs, changing student preferences, and keeping tuition affordable for our access mission.

In Pennsylvania, we've also seen stagnant state funding that isn't even keeping up with inflation. And at Penn State, we are facing a budget deficit that we must overcome. These are not “one-time" challenges or situations that are going to go away. These complexities require a new way of thinking and working to maintain our longstanding commitment to greatness at scale. This is why we must take a hard look at our programs, our portfolio, infrastructure, operations -- frankly, the entire business model for higher education.

Currently, our expenses are greater than our revenues every year. There are many reasons for this but here are a few. Overall enrollment at the Commonwealth Campuses has declined 20% since 2016, and while some campuses are growing, others have only a few hundred students. At University Park, some of our departments have seen significant declines in student interest. Some of our programs have areas of duplication. Others must demonstrate their relevance to the students and the employers of today. Net tuition revenues are not covering the cost of delivering educational programs. As you all know, we've been working over the past year to address the deficit. We've made great progress and we are on track, but it's simply not enough.

Looking ahead eighteen months for the 2025-26 budget, the University projects a $29 million reduction for central administrative units, $11 million reduction for University Park colleges and a $54 million reduction across the Commonwealth Campuses. In the past, in higher education, we would address any such challenges by having across-the-board rescissions. That is not strategic. That approach implies we think that all of our activities are equally core to our purpose and that all have the same impact. But now we have eighteen months, eighteen months to figure out how and where we must cut and how and where we must invest. This will involve analysis and discussions across all units, colleges and campuses. Because the impact will vary, your unit leaders will follow up with you on what it'll be for your unit. We will individually analyze enrollment, research productivity, total facility costs, our physical infrastructure, programs, personnel, community engagement.

How are we going to achieve excellence as we move in a new direction? Although we've proven that we as Penn State – we are capable of accomplishing anything – we must understand that it's not possible to pursue everything. Does that mean we'll start doing some things and stop doing other things? Yes. We have to do the hard things in the short term so that in the longer term, we can co-create the Penn State that we know is possible. We know our people are our greatest asset.

The University is investing more than $156 million in our employees this fiscal year and next year to retain top talent and to make sure our salaries keep up with industry and role-based benchmarks. Along with investing in employees, I want to reiterate that our students are why each of us is here. Our decision-making always must ladder back to how we can make measurable progress to support our students, while continuing to scale excellence in research and creative activity, academics and in our mission as a public-impact University. But how we get there will be measured, intentional, and constantly evolving.

I remain fully committed to our land-grant access mission, so that we can make smart investments across the University and position us to reduce costs for students and families, especially those in need.

This won't be simple, and I know you'll have questions. Please know, we need to address these challenges together because there are great opportunities ahead. It will take all of us. I need you to be partners in envisioning the future of this University and delivering on that promise.

Thank you so very much. I know that together, we must do this, we can do this, and we will do this.