

Minutes of April 26, 2012 Meeting

The meeting convened at 10:04 AM in room 817, Cathedral of Learning.

UPBC members present were: John Baker, Patricia Beeson, Thomas Braun, Stephen Carr, Shirley Cassing, Jerome Cochran, N. John Cooper, Mary Crossley, Irene Frieze, Kathleen Kelly, Michael Lotze, Jon-Paul Matychak, Michael Pinsky, Arthur Ramicone, William Shields, Deborah Walker, and Frank Wilson.

Also present were: Cassie Brenner, Amanda Brodish, David DeJong, Rich Henderson, Albert Novak, Paul Supowitz, Kathy Tosh, and Thurman Wingrove.

Not present were: Monica Costlow, Anthony Cray, William Harbert, James Landreneau, Arthur Levine, Susan Patton, Jerry Samples, and Jesse Steinberg.

Minutes of the March 29th 2012 Meeting

There was a motion to approve the minutes of the March 29th 2012 meeting. The motion was seconded. There was no discussion. The minutes were approved unanimously.

Report of the Chair

Provost Beeson discussed a new element of uncertainty in budgeting for FY13 – the impact of the bomb threats on student retention and freshman enrollment. This additional uncertainty underscores the importance of developing flexible budgetary recommendations.

Update on the Commonwealth Appropriation

Mr. Supowitz reported that although the state is behind in revenue projections for FY12, revenues in March were up significantly, and revenues were likely to remain favorable for the rest of FY12. Grassroots efforts seeking the restoration of funding to Pitt continue. Supowitz speculated that an early budget will not be reached, as legislators will wait as long as possible to review revenues before making a final vote.

Report of the Parameters Subcommittee

Dean N. John Cooper presented the recommendations of the Parameters Subcommittee. In pursuing its charge, the Subcommittee recognized the severity of the proposed reduction in the Commonwealth Appropriation, and reviewed budgetary implications of changes in tuition, compensation, and non-compensation costs. Given the uncertainty it faced, the Subcommittee concluded that it could not responsibly propose specific parameters that would ensure a balanced budget without limiting the University's ability to address financial implications of the final appropriation. The Subcommittee decided instead to follow the practice established

last year of proposing general principles for finalizing the budget. The principles are as follows:

1. The balance between tuition increases and budget reductions must be chosen with the intent of protecting the quality of research and teaching.
2. Reductions in expenditures should be made within the context of the long-term ambitions of the University.
3. The timing of the announcement of tuition increases is dependent upon knowledge of the finalized appropriation.
4. The University should make provisions for financial hardship arising from tuition increases for needy students and families.
5. Any cuts to the E&G budget should be shared equally between academic and administrative units, aggregated to the officer level.
6. Tuition increases should fall disproportionately on PA residents, to reflect decreased Commonwealth support.
7. Out-of-state tuition should be competitive.
8. Tuition at the Regional Campuses should reflect their competitive positions.
9. Graduate and professional schools should have flexibility in contributing to budget balance through differential tuition increases relative to undergraduate programs.
10. A tuition increase exceeding 10 percent in one year would be a cause for concern for the Subcommittee.
11. A 1 percent reduction to the post-rescission FY12 budget will entail reduced support for core programs, and reductions beyond this will threaten the University's commitment to excellence.
12. In case the appropriation is larger than currently anticipated, the University should be guided by the following priorities in finalizing the budget:
 - a. Restore budgets to maintain program quality.
 - b. Increase compensation to ease burden on faculty and staff.
 - c. Reduce tuition increases to ease burden on students.
13. If the cut to the appropriation is substantial, a staged tuition increase, in the form of a surcharge to students enrolling in the fall of 2013, would be appropriate.

Provost Beeson requested clarification on general principles 10 and 11. Responding to the request for clarification on principle 10, Dean Cooper indicated that the 10 percent referred to a single-year increase in tuition, and that the committee felt a staged tuition increase over two years would be appropriate if the size of the reduction to the Commonwealth Appropriation dictated that tuition should increase by more than 10 percent. Also, Dean Cooper agreed that in the event that there was a significant cut to the Commonwealth Appropriation for the next fiscal year, along with indications of continuing declines in state support for future years, the committee would understand the need to increase tuition beyond 10 percent in a single year. Responding to the request for clarification on principle 11, Dean Cooper clarified that the committee would be concerned that reductions to the post-rescission FY12 budget that were more than one-percentage point *above the reductions associated with the early retirement program* would entail reduced support for core programs, and reductions beyond this would threaten the University's commitment to excellence (where the clarification is italicized).

Dr. Baker observed that the subcommittee had recommended that cuts to E&G not be made across the board. He then suggested that if specific academic programs are to be cut, the University's internal guidelines for doing so should be followed.

Following a brief discussion a motion was made and seconded to recommend adherence to the principles outlined by the Subcommittee, as clarified by Dean Cooper. The motion passed unanimously.

Update on Early Retirement Plan for Classified Staff

Mr. Ramicone provided an update on the roll-out of the early retirement plan for classified staff. Informational packets were sent to over 650 eligible employees, who will have until June 15 to decide whether or not to accept the plan.

Matters Arising

Provost Beeson noted that the Middle States Accreditation team had positive things to say about the Budget and Planning System at the University of Pittsburgh. Beeson praised the efforts of faculty, staff, and administrators over the past 6 weeks in dealing with bomb threats. Mr. Cochrane provided an update on the status of the bomb threats and Commencement.

The meeting adjourned at 10:52 AM.