

Minutes of the March 28, 2013 Meeting

The meeting convened at 10:02 a.m. in room 817, Cathedral of Learning.

UPBC members present were: Patricia Beeson, Thomas Braun, Stephen Carr, Shirley Cassing, Jerome Cochran, N. John Cooper, William Harbert, Kathleen Kelly, Susanna Leers, Alan Lesgold, Jon-Paul Matychak, Arthur Ramicone, Thomas Smitherman, Jem Spectar, Donald Ulin, Deborah Walker, Frank Wilson, Ray Wrabley, and Chad Zutter.

Also present were: Amanda Brodish, David DeJong, Rich Henderson, Albert Novak, and Paul Supowitz.

UPBC members not present were: John Baker, Monica Costlow, Thomas Cunningham, Arthur Levine, Gordon Louderback, and Susan Patton.

Minutes of February 7, 2013 Meeting

There was a motion to approve the minutes of the February 7, 2013 meeting. There was no discussion. The minutes were approved unanimously.

Report of the Chair

Provost Beeson provided context for the work of the UPBC, noting that while Pitt is not facing 30% or 50% cuts to the commonwealth appropriation, as in the past two years, we still face a challenging budget year and future. Beeson highlighted that Pitt's commonwealth appropriation is the same size that it was in 1995 (in nominal terms), although inflation has increased substantially during this period (CPI up 55%, HEPI up 75%). She noted the efforts made over the past several years to contain costs, re-allocate spending, and increase efficiency. However, Beeson discussed several factors negatively impacting higher education both locally and nationally.

Locally, Beeson noted the declining number of high school graduates across PA. This impact has been evidenced in declining enrollments at Pitt's regional campuses as well as Penn State's Commonwealth campuses. Also of local concern is Penn State's recent recruiting campaign, developed in the wake of the reputational and financial fallout from the Sandusky scandal. Their new marketing campaign and expanded use of financial aid for in-state students presents a challenge for our recruitment efforts, particularly on the regional campuses. Beeson noted that although the market is competitive, the enrollment and financial aid teams on these campuses are doing everything they can to meet enrollment targets.

At the national level, Beeson highlighted the negative attention higher education has received in terms of tuition costs, student debt, and value/return on investment in the press as well as from state and federal lawmakers. An additional concern at the national level is the sequestration on funded research. Given that Pitt is a highly research-intensive institution, any

cuts to federal research dollars will negatively impact our financial standing. However, Beeson noted that we have positioned ourselves well, and that the UPBC will play an important role in helping navigate this challenging financial period.

Update on FY2014 Commonwealth Appropriation

Paul Supowitz reported no new updates to the FY14 commonwealth appropriation. Supowitz stated that the governor is making efforts to reform the pension liability, which has been (and will continue to be) a drain on the state budget. He further noted that state revenues in March and April are running slightly ahead of projections.

Parameters Subcommittee Update

Dean Alan Lesgold reported that the Parameters subcommittee has met several times over the past month. Since we are in the early stages of the budget-building process and have not yet been provided with key budget numbers, the subcommittee has focus on background issues. Lesgold noted that to afford cost-of-living raises and shoulder increasing health-care costs, a tuition increase two times the rate of inflation would be required – a tuition increase that would be infeasible. Accordingly, the subcommittee is discussing ways to address this difficult budget year.

Budget Update

Art Ramicone reported that his office is working to resolve outstanding budget numbers, including the impact of the enrollment mix and tuition incentive program, in order to facilitate the budget-building process. Ramicone stated that his office hopes to have these numbers available for the next Parameters subcommittee meeting.

Institutional Advancement Update

Al Novak reported that the current capital campaign will end on June 30 of this year, having raised over \$2.1 billion dollars. Novak noted the Office of Institutional Advancement is looking toward its next fundraising goal – one that will be aggressive and ambitious.

New Business

There was no new business.

The meeting adjourned at 10:45 AM.