

## **Minutes of February 13<sup>th</sup> 2017 Meeting**

The meeting convened at 3:03 p.m. in room 817 Cathedral of Learning.

UPBC members present were: Patricia Beeson, Keith Caldwell, Richard Colwell, Beverly Gaddy, Tony Gaskew, Jerry Holder, Kathleen Kelly, Pat Kroboth, Doug Landsittel, Ron Larsen, Monika Losagio, Salim Malakouti, Kathleen Musante, Dean Nelson, Arthur Ramicone, Andrew Rose, Gregory Scott, Alex Toner, Frank Wilson, and Chad Zutter.

Also present were: Amanda Brodish, David DeJong, Tom Crawford, Rich Henderson, and Paul Supowitz.

UPBC members not present were: Livingston Alexander, Larry Carr, Natalie Dall, Catherine Lamberton, and Arthur Levine.

### **Welcome and Introductions**

Provost Beeson thanked the committee members for their service and reminded them of the confidential nature of all UPBC and subcommittee meetings.

### **Minutes of April 25<sup>th</sup> 2016 and October 12<sup>th</sup> 2016 Meetings**

There was a motion to approve the minutes of the April 25<sup>th</sup> 2016 and October 12<sup>th</sup> 2016 meetings. There was no discussion. The minutes were approved unanimously.

### **Report of the Chair**

Provost Beeson compared the recommendations made by the UPBC with the parameters approved by the Board of Trustees for FY2017. She noted that there was some confusion among faculty and staff with respect to the salary increase pool and stated that the administration is working on better communication of salary increases in the future.

Provost Beeson then presented an overview of the University's Budget and Planning System, which began in 1995. The presentation began with background on the creation of the system, and an overview of measurable improvements in academic quality and performance that have been realized following its creation. She discussed the structure of the system, along with a description of the major sources of revenue and expenditures of the University budget. Budgeting challenges were discussed, including: low levels (relative to public peers) of funding from the Commonwealth; the steady decline in the number of high school graduates in the Commonwealth; high dependence on tuition as a source of revenue in light of concerns about rising student debt; declining (real) federal funding for research; and salary gaps for professors in public versus private universities. The presentation concluded with a sketch of the timeline followed for establishing the budget.

## **Budget Update**

Art Ramicone discussed the university budget. He noted that actual tuition revenue is on track to hit budgeted tuition revenue. Research expenditures are up 6% over last year, perhaps because of conservative spending patterns last year. He noted that the university refinanced \$500 million of debt, yielding \$20 million of net present value savings over the life of the bonds. Given the university's strong credit rating, Pitt was able to issue taxable bonds, which frees up researchers in building financed by these taxable bonds to engage in corporate partnerships.

Ramicone stated that the financial picture of Pitt's endowment is not as strong. There will be no increase in the dividends per share because a favorable year will be rolling off the 3-year average to be replaced by a less-favorable year. He noted that the university is developing new facilities, enrollment, and fundraising plans, which will have implications for the budget in the years ahead.

## **Update on the FY 2018 Commonwealth Appropriation**

Paul Supowitz reported that Governor Wolf released a draft budget last week, with a flat appropriation for Pitt and the majority of the other public colleges and universities. He stated that revenue collections for the state of Pennsylvania are \$700 million behind projections. These revenue projections, combined with the already existing \$2 billion deficit, mean that the state is going into budget season with a \$2.7 billion hole. Supowitz noted that although there will be no hearing for the state-related universities in the House, there will be a hearing in the Senate on March 1.

## **Matters Arising**

Doug Landsittel inquired about the impact of enrollment on the recommendations the UPBC makes on the budget parameters. Provost Beeson noted that the university enrollment has remained relatively steady over the past 10 years as decreases in enrollment on the regional campuses have been offset by increases in enrollment on the Pittsburgh campus. She noted that the university is looking strategically at targeted or general increases in enrollment.

Jerry Holder noted the national trend of decreased applications from international students, especially in Engineering. Programs relying on international enrollment may be especially vulnerable to low enrollment in the coming year.

The meeting adjourned at 4:10 p.m.