

2023-2024 BUDGET PRESENTATION

CHANCELLOR'S STATEMENT

For nearly 60 years, state lawmakers have invested in a life-changing benefit—one that helps Pennsylvania students and families access a world-class University of Pittsburgh education.

Pitt's efforts to support this powerful benefit includes:

- **Prioritizing in-state student success.** Pitt has emerged as a college of choice for Pennsylvanians, with a record number of residents applying to our campuses last fall. These prospective students hailed from every county across the commonwealth and 65% called zip codes outside of Western Pennsylvania home. Today, approximately 70% of our undergraduate student body—across all five campuses—are Pennsylvania residents.
- **Devoting every penny of state funding toward lowering tuition rates for Pennsylvanians.** Our in-state tuition discount, which Pitt and the commonwealth fund together, saves the average Pennsylvania resident about \$15,000 per year or \$60,000 over the course of a four-year undergraduate degree. In the last budget cycle, Pitt also used all \$7.5 million in federal COVID-19 relief funds—received as a one-time allocation from the state—to further reduce the tuition rate for Pennsylvania students.
- **Addressing the financial needs of our students.** In fiscal year 2023, Pitt will invest \$286 million in student financial aid—an increase of \$24 million from the prior year's budget and a 30% jump in our institutional stake relative to five years ago. On our regional campuses, the impact of this investment is clear—fueling a 41% drop in the number of undergraduates with unmet financial from 2014 to 2022.
- **Keeping net tuition costs low.** Despite historic inflation rates topping 9% and approximately \$215 million in costs and lost revenues due to COVID-19, the University has worked hard to minimize the financial impact on students. In fact, the average net tuition per student has risen just 3% in the past three years.

On behalf of our extended university community: I am deeply grateful for our long-standing partnership with the commonwealth, and I look forward to working with both you and your colleagues to continue the state's investment in Pennsylvania's students, families and future.

Respectfully,

Patrick Gallagher

Chancellor, University of Pittsburgh

PENNSYLVANIANS ARE CHOOSING PITT—NOW MORE THAN EVER

The demand for a Pitt education has never been greater—and our record of supporting student success keeps getting longer.

The University of Pittsburgh has seen a steady—and then extraordinary—rise in demand over the past decade, with the number of first-year applications for our Pittsburgh campus jumping 92%, from 27,643 submissions in fall 2013 to 53,062 submissions in fall 2022. Systemwide, Pitt received over 73,100 undergraduate applications for admission in fall 2022—an all-time high for our institution.

Pennsylvanians are also applying to Pitt in record numbers—no doubt primarily driven by the incredible value proposition of our in-state tuition rates—with nearly 27,500 residents submitting a first-year application for fall 2022 (compared to just 23,144 residents in fall 2013). These residents represent every county across the commonwealth, and 65% call zip codes beyond western Pennsylvania home. Unsurprisingly, the number of first-year applications received from residents outside the immediate region has jumped 43% since fall 2013.

As the demand for a Pitt education continues to grow, so does the caliber of our incoming classes. This fall, first-year students on our Pittsburgh campus arrived with an average weighted GPA of 4.16—the highest score yet in our institution’s long history. On our regional campuses, Pitt’s incoming classes were similarly impressive, with a combined GPA of 4.0.

According to placement data, students across all five Pitt campuses are also finishing their academic careers strong, which tracks the portion of each class that is employed or in school six months post-graduation.

For the Class of 2021, 97% of bachelor’s degree recipients on our Pittsburgh campus were working or advancing their education. This metric is a three-percentage point improvement over the placement rate of classes over the last decade. This statistic is similarly strong on our regional campuses, with Pitt-Bradford boasting a placement rate of 93%, Pitt-Greensburg at 94%, and Pitt-Johnstown at 96%.

BRINGING INNOVATION AND RESEARCH TO PENNSYLVANIA

The University of Pittsburgh stands in exclusive company among research institutions in higher education. Pitt is one of only 21 American universities with annual research expenditures rising above the billion-dollar mark, according to the most recent survey by the National Science Foundation. Sitting at No. 15 on this list, Pitt is outranked by just one other Pennsylvania peer—the University of Pennsylvania—and outperforms research juggernauts like Yale and the University of Texas MD Anderson Cancer Center.

This newest milestone, which speaks to Pitt’s vibrant research opportunity and achievement culture, has been a long time in the making. From 2014 to 2022, the University’s annual research budget grew 53%, jumping from \$697.6 million to nearly \$1.1 billion. And, while most of this funding—87%— came

from the federal government, industry funding over the last nine years more than doubled, rising 141% to \$36.9 million in 2022.

This pays off for the commonwealth in a big way: The University's research enterprise—featuring faculty, researchers and students tackling some of society's most complex and important challenges—supports and sustains 9,200 jobs and generates \$53.8 million in state and local taxes annually.

AN ECONOMIC ENGINE FOR THE COMMONWEALTH

Pitt remains one of Pennsylvania's largest job creators, opportunity makers, business builders and community cultivators. Pitt is an integral piece of the state's economic success, and our operations directly or indirectly impact nearly every resident of Pennsylvania.

Pitt contributes significantly to the state and local economies in all regions with five diverse campuses, a robust research footprint, and a partnership with one of the world's largest and highly ranked academic medical centers. Pitt's reach extends well beyond our students, improving the lives of families, businesses and communities across the commonwealth.

Pitt's annual economic impact in Pennsylvania is now a staggering \$5.2 billion, growing by more than \$1 billion over the past decade. During this same period, Pitt's role as an employer has expanded to support and sustain 70% more jobs—more than 47,000 annually in 2021. Across Pennsylvania, Pitt graduates fill one in every 32 jobs, and the University itself supports one in every 130 jobs.

In 2022, Pitt's annual construction expenditures topped \$162 million, and the University supported more than 1,500 construction jobs, with nearly every position—over 95%—filled by a unionized laborer. In the last nine years, our projects have fueled a 59% uptick in construction jobs across all five Pitt campuses and triple-digit growth in construction dollars devoted to minority companies. Over the past decade, Pitt construction expenditures jumped 739% (\$1.8 million to \$15.3 million) for women-owned businesses and 335% (\$4.2 million to \$18.1 million) for entrepreneurs of color.

The University also supports local businesses and entrepreneurs via our Small Business Development Center (SBDC), named Regional Export Promotion Program Member of the Year by the Export-Import Bank of the United States (EXIM) during its 2022 annual conference. The EXIM Bank is an independent federal agency that provides competitive and necessary export credit to overseas purchasers of U.S. exports to promote and support American jobs.

This is the second time in recent years that Pitt's work supporting small businesses has earned major awards. In 2020, the U.S. Small Business Administration recognized Pitt as the No. 1 center in the nation in 2020. Founded in 1979, Pitt's SBDC is committed to providing western Pennsylvania's entrepreneurs with the education, information and tools necessary to build successful businesses.

In the last decade—and as a testament to Pitt's success—SBDC's service area has expanded to seven counties—Allegheny, Beaver, Butler, Greene, Indiana, Lawrence and Washington—and its client pool has grown 144%, from 636 to 1,552 entrepreneurs. Center staff has served more than 8,600 clients

across nearly 75,000 consulting hours. These efforts have yielded 738 startups, secured over 5,000 jobs, and generated \$153 million in capital formation while boosting sales for local businesses by nearly \$210 million.

Pitt's Annual Impact: All Campuses

Jobs supported and sustained	27,880	37,822	47,490	↑ 70%
Local and state taxes generated	\$187.8M	\$183.6M	\$271.7M	↑ 45%
Value of donated time and charitable giving	\$70.1M	\$73.1M	\$85.3M	↑ 22%
	2014	2018	2021	
	FISCAL YEAR	PANDEMIC YEARS		

PREPARING THE WORKFORCE

Pitt educates and trains the future workforce of Pennsylvania and beyond. Each graduating class provides essential contributions to the workforce that Pennsylvania needs to succeed in the 21st century. Pitt is a talent magnet, attracting top students in a wide range of disciplines — many of whom stay in Pennsylvania upon graduation. The students who graduate every year from Pitt are essential to the state's workforce needs; in 2021, the University conferred nearly 8,800 degrees. About 65 percent of those graduates will stay in Pennsylvania and contribute to the state economy. Their contributions are critically important to the state's economic vitality. Of the University's 411,190 alumni, nearly half — 196,889 — reside in the state.

While strong job creation, income generation and workforce development are undoubtedly key contributors to financial and economic growth, it is also important to recognize the countless associated benefits in communities throughout Pennsylvania. Pitt is a leading generator of the state's nurses, doctors, dentists, engineers and researchers and an indispensable talent pipeline for many businesses and industries. Without Pitt, there would be a void of ready talent, especially in biomedical research and advanced manufacturing.

Students across all five Pitt campuses are also finishing their academic careers strong and landing jobs. According to our placement data, which tracks the portion of each class employed or in school six months post-graduation, 97% of the Class of 2021 from our Pittsburgh campus were working or advancing their education. And these alumni have a big impact on the state.

The state's investment in Pitt students is paying off. The 196,889 alumni living in Pennsylvania comprise nearly half of all Pitt alumni worldwide. These graduates stay and work in our communities and contribute to the state's economy by paying taxes, buying goods and services and creating new businesses. The total economic impact of Pitt alumni on the Pennsylvania economy is \$17.9 billion. Lifetime earnings of Pitt alumni equal \$715.6 billion when measured over a 40-year timeframe.

INCREASING ACCESS AND AFFORDABILITY

The University of Pittsburgh continues to make meaningful investments in our students, which wouldn't be possible without our ongoing partnership with the state. Our most significant commitment is seen in the Pitt Success Pell Match Program. The program launched in 2019 provides students receiving federal Pell Grants additional financial assistance to lower their debt stress and help them secure a world-class Pitt education. Pitt Success was the first program of its kind among public universities and necessitated the largest restructuring of financial aid in our University's history. Today, the program continues to shape Pitt's institutional aid disbursements and outcomes in powerful ways.

These changes—traced from 2014 to fall 2022—include:

- a 120% increase in Pitt's investment in students across all campuses (from \$79.8 million to \$175.2 million invested).
- a 91% increase in students— undergraduate and graduate— receiving institutional aid through scholarships, grants and athletic support (7,789 versus 14,862 students supported).
- A 251% increase in the average institutional aid awarded to a student on a regional campus (from \$1,527 to \$5,357)
- a 129% increase in the average institutional aid awarded to a student on our Pittsburgh campus (from \$2,266 to \$5,182).
- a 41% drop in the number of undergraduates with unmet financial need on our regional campuses (3,258 versus 1,927 students with need).

Today Pitt provides more than \$130 million in institutional grants and scholarships for 54% of all undergraduate students, and the average institutional award size now tops \$10,300 per student each year.

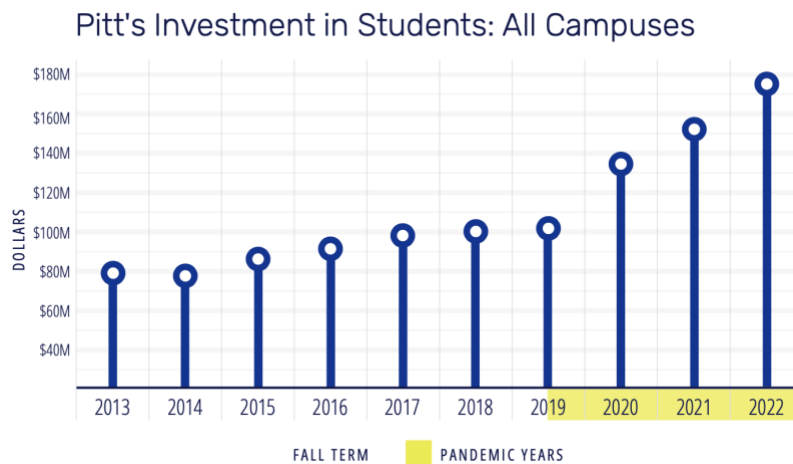
Despite Pitt facing historic inflation rates topping 9% and an unprecedented approximately \$215 million in costs and lost revenues due to COVID-19, the University has worked hard to minimize the financial impact on students. In fact, the average net tuition per student has risen just 3% in the past three years.

The Pitt Success Program is one of several initiatives that the University leverages to help Pennsylvanians access and afford a world-class Pitt education. Other options include Pittsburgh Public Scholars, the Pittsburgh Admissions Collaboration, Pitt Fund\$Me, Coalition for College, Raise Me and Panthers Forward.

To date, 600 graduating seniors have participated in Panthers Forward—another innovative debt relief program pioneered by and unique to Pitt. Each participating student receives up to \$5,000 in debt

relief and access to essential life skills programming as part of the program. The initiative, launched in 2018, has helped reduce the average debt of participating students by 20%.

We continue to make strides in fostering a diverse and inclusive campus community. In the past decade, racial and ethnic diversity among Pitt undergraduate students has increased from 17 to 27 percent. And we expect it will continue to rise, reflecting both the University’s recruitment efforts and demographic changes in the commonwealth and beyond. Likewise, racial and ethnic diversity among Pitt employees has risen 58 percent in the past decade.



WHY STATE SUPPORT MATTERS

The in-state tuition discount—which lawmakers in Harrisburg have supported for more than half a century—is a powerful, life-changing benefit. The state’s support of our students makes a difference on our campuses every day—opening doors to life-changing opportunities for Pennsylvania residents.

What it is

For nearly 60 years, state lawmakers have passed the University of Pittsburgh’s annual appropriation bill, which helps to fund an in-state tuition rate for Pennsylvania’s students and families.

This discount is significant—saving each in-state student and their family approximately \$60,000 in tuition costs over a four-year undergraduate career.

Who it impacts

At the undergraduate level: Nearly 17,000 in-state students utilize this discount.

- Expand the scope to include graduate and professional students: More than 21,000 Pitt students are impacted.
- Narrow the view to our four regional campuses: 88% of Pitt students are impacted.

Pennsylvania students on our Pittsburgh campus pay 45% less than their out-of-state peers, and students on our regional campuses pay 47% less than their out-of-state peers.

The bigger picture

A leading public research university, Pitt directly contributes to the state’s workforce by attracting and educating some of the best and brightest students in the commonwealth.

An in-state tuition discount supports this important work. It both incentivizes Pennsylvania’s top talents to stay local when extending their education and positions them to stay local when advancing their career.

And it’s working: a record number of students—including about 22,000 from Pennsylvania—applied to attend Pitt last year. We’ve received applications from all 67 counties across the state.

The numbers speak for themselves: It’s clear that an affordable, state-supported Pitt education is what Pennsylvanians want.

The In-State Tuition Difference

CAMPUS	OUT-OF-STATE RATE	IN-STATE RATE	PENNSYLVANIANS PAY
Pittsburgh*	\$36,000	\$19,760	↓ 45% Less
Regionals**	\$25,534	\$13,660	↓ 47% Less

Tuition estimates for:

**undergraduate studies in the Kenneth P. Dietrich School of Arts and Sciences **Pitt's Bradford, Greensburg and Johnstown campuses*

BUDGET REQUEST

The University of Pittsburgh requests the following amounts in our appropriation for the upcoming fiscal year:

Line Items	FY 2023-24 Budget Request (in thousands)
General Support <i>Allocated to Educational and General, Disadvantaged Students, Services for Teens at Risk, and Student Life Initiatives</i>	\$160,597
Federal Supplement:	
Disadvantaged Students	\$69
Services for Teens at Risk	\$83
Federal Supplement	\$26,348
Rural Education Outreach	\$3,547
Total Nonpreferred Appropriation Request	\$190,644
Academic Medical Center Funding* (through the Department of Human Services)	
School of Medicine*	\$6,961
Dental Clinic*	\$819
Western Psychiatric Institute and Clinic*	\$6,110
Center for Public Health Practice*	\$328
Total Academic Medical Center Funding	\$14,218
Grand TOTAL Request General Support and Academic Medical Center	\$204,862

* The Academic Medical Center funds are aggregated within the Department of Human Services budget and include matching federal Medicaid funds. The amounts listed are estimates pending confirmation from the Department of Human Services.



University of
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The University of Pittsburgh is an affirmative action, equal opportunity institution.