

Appropriations Committee of the Pennsylvania House of Representatives  
University of Pittsburgh Chancellor Patrick D. Gallagher  
March 24, 2015

It is my honor to represent Pitt before this Committee for the first time as Chancellor of the university. I have had the privilege to meet some of the Committee members already, and I look forward to working with all of you now and in years to come. In his last appearance here, my predecessor Mark Nordenberg described his interactions with this committee as pleasant and productive. That has certainly been the tone of the discussions I've already had with many of you, and I look forward to carrying on that tradition as the University and the Commonwealth continue to work towards our common goals of providing an outstanding education for our citizens and giving back to our communities through economic development and service.

I recognize that my first appearance here comes during a time of great challenges for our state as we grapple with some difficult budget decisions. Having spent the bulk of the past several years engaged in divided government in Washington, I'm very familiar with difficulties before you. It is my experience though, that despite the drama that plays out in the media, the sausage will be made, and the hard work that is required will be conducted professionally and honestly by everyone involved.

So as I come before you today, I want to reiterate that the University of Pittsburgh is committed to being an open and willing partner in the discussion of the state's support for higher education

As a state-related university, our relationship with our state government is an important and mutually beneficial one going back almost 50 years. During that time Pitt, the Commonwealth, and our relationship have all changed quite a bit, but our common purpose has not: to provide a great education, and to do so while keeping the cost competitive for our residents. In doing so we deliver great value, not only to our students but to our communities through the creation of a talented workforce, the attraction research funding and talent, as a hub for innovation and business creation, direct investments in economic development, and as a steward of our cultural institutions.

The budgetary difficulties that the Commonwealth faces become much easier to address if the state's economy is growing, and over the years Pitt has been a critical engine for economic growth. As a university, our annual economic impact is estimated at over \$3.5 billion. Pitt supports over 27,000 jobs in the state. We are the second largest non-governmental employer in Allegheny County, and the seventh largest in the state.

Last year, Pitt researchers received \$697 million in research funding. This includes over \$450 million in National Institutes of Health (NIH) funding, placing Pitt fifth in the nation among research universities, and second among public universities.

Keeping our costs competitive while maximizing the value of the investment made by the Commonwealth and by our students is something we take very seriously, and we are proud of the recognition we've received for our efforts. For the 10<sup>th</sup> year in a row our Pittsburgh campus has been ranked as the top value among all public colleges and universities in the state by Kiplinger's Personal Finance.

The affordability of higher education for all students is a national concern. However, Pitt's current level of state support sits at the same level it did in 1995 in nominal dollars unadjusted for inflation. If inflationary adjustments are made, Pitt now receives lower levels of state support that at any time since it became a public university almost 50 years ago. As a share of our budget, state support has dropped from over 32 percent in 1975, to just 7.5 percent last year. As we all know, state support was cut dramatically a few years ago, and has remained flat since then. While we did everything we could to absorb the cuts through cost reduction, the cuts forced us to raise tuition beyond adjustments for inflation.

We are greatly appreciative that Governor Wolf acknowledged the importance and impact of public research universities in his budget proposal, by calling for an increase in our support from the state. As part of this request, the Governor has asked for a commitment from us to keep our tuition increases in line with inflation. I support him in this commitment; however this commitment comes in the context of his proposed increase in the state's support for the University of Pittsburgh. I want to echo the importance of his proposed increase to keeping tuition competitive for our residents. As outlined in our budget proposal, the bulk of any increased investment by the Commonwealth will be directly spent on controlling tuition for in-state students and offsetting inflation. The remainder is focused directly on expanding our innovation programs to further drive economic growth.

While the majority of our students are from Western Pennsylvania, students from every county in the state recognize the value of a Pitt education and are represented across our campuses. Given the shrinking portion of our budget that comes from the state, our competition is increasingly coming from private universities, and yet we're offering a comparable education at a significantly lower cost.

In order to maintain that competitive advantage it is critical that we continue to work together to keep our talented students here in Pennsylvania and to continue to attract the best and brightest students, faculty, and staff from around the world.

I believe that over the years Pitt has proven to be an outstanding investment, and will continue to be a key partner in driving economic growth for our state. I look forward to working with you, and to playing an active role in support of our shared goals.