To: Members of the Campus Community  
From: Mark A. Nordenberg  
Date: July 29, 2014  
Re: A Final Update

The year just closed was another year of accomplishment and impact for Pitt. Let me begin by highlighting some telling examples from recent weeks.

**Educational Attainment.** Emily Crabb, who is majoring in computer engineering and physics, and Alexandre Gauthier, who is majoring in physics, were named 2014 Goldwater Scholars. This is the highest form of national recognition available to American undergraduates studying science, math or engineering. Pitt students now have claimed forty-three Goldwater Scholarships since 1995. Since no university can nominate more than four candidates per year, this means that more than half of our nominees have been selected.

Other students also claimed high honors this spring. Among them,

* Zachary Patton, a senior majoring in communications and philosophy, and Courtney Queen, a graduate student in our School of Social Work, received 2014 Boren Awards for International Study from the National Security Education Program. These highly competitive awards provide U.S. students with support to acquire language skills and experiences in countries deemed critical to the future stability and security of our country.

* Simon Brown – a junior majoring in history, philosophy and the history and philosophy of science – received one of just twenty 2014 Beinecke Scholarships awarded nationally. These awards support highly motivated students as they complete their undergraduate studies in the arts, humanities and social sciences and then move on to do graduate work in those areas.

* David Palm – who recently graduated with majors in chemical engineering, chemistry and the history and philosophy of science – was one of just fourteen students nationwide to be awarded a 2014 Churchill Scholarship. These scholarships are presented to students of exceptional achievement and ability, and they support one year of study in engineering, mathematics or the sciences in Churchill College at the University of Cambridge.

* Two graduate students in the History and Philosophy of Science, Greg Gandenberger and Elizabeth O’Neill – were among just thirteen students nationally to receive 2014 Delores Zohrab Leibmann Fund Fellowships. Only two other universities, Michigan and Notre Dame, claimed two Liebmann Fellows. The universities that claimed one each were Brown, Chicago, Cornell, Duke, George Washington, NYU, and UCLA, placing us in very good company.
It also is important to note that Pitt students were honored for admirable qualities that extend beyond academic excellence. To cite one noteworthy example, undergraduates Joshua Yoskosky and Joe Fogiato were honored by the Pittsburgh City Council for the heroism they displayed in entering a burning building and rescuing an elderly neighbor in Oakland last winter.

Of course, within our student body, there are thousands of other stories of commitment and courage and triumph that remain more private. But their collective power is felt at each of our commencement ceremonies. Since 1995, this University has awarded more than 147,000 degrees. Each degree represents an opportunity that has been provided by Pitt to an individual student to use the power of higher education to build the foundation for a better life, while also adding to society’s collective strength.

**Alumni Achievements.** Consistent with our declared commitment to “building better lives,” countless graduates do use the power of their Pitt education to improve the lives of others. A striking example is the selection of Sean McComb—who earned an undergraduate degree in English from our Dietrich School of Arts and Sciences and a graduate degree from our School of Education—as 2014 National Teacher of the Year by the Council of Chief State School Officers. One of my favorite quotes comes from Henry Adams, who long ago stated, “A teacher affects eternity; he can never tell where his influence stops.” That might be said both about those who have been taught by Mr. McComb and about those who taught him, including his Pitt professors.

A Pitt graduate who recently received high honors for his work-of-impact soon will be more visible throughout the University. Patrick Gallagher, our Chancellor-Elect, was honored at the 2014 Engineering Public Policy Symposium, involving forty-three engineering societies, for his “leadership in promoting industrial innovation and competitiveness and advancing policies to promote U.S. leadership in science, standards and technology.” He also received the American Society of Mechanical Engineers President’s Award for his significant contributions to the engineering profession. Just a few weeks earlier, his dedication to U.S. cybersecurity was recognized when he was presented with the Excellence in the Field of Public Policy Award by the White House cybersecurity coordinator at the world’s largest cybersecurity conference.

**Research Impact.** One very special feature of this year’s University commencement ceremony was the chance that it provided to recognize three legendary figures from within our faculty, one of whom earned both his undergraduate degree and his medical degree from Pitt. To open this year’s ceremony, Chancellor’s Medals were presented to: Bernard Fisher, the “double Pitt graduate” within the group, who revolutionized the way in which breast cancer is treated; Thomas Starzl, who led the teams that developed most of the surgical techniques and drug therapies that made human organ transplantation possible; and Julius Youngner, who was a key scientific leader of the Pitt team that developed what became known as the Salk polio vaccine.

Any university would be proud to claim a single member of this group. The fact that all three did most of their important work while faculty members here at the University of Pittsburgh is remarkable. And impressive forms of external recognition also were extended to others—spanning the “generations” of Medical School faculty members—at the time of commencement.
Five of just sixty members elected nationally to the Association of American Physicians came from our faculty. Election to the Association is an honor extended to those who have made significant contributions to medical science over the course of their careers. The five Pitt faculty members honored were: Yuan Chang, Distinguished Professor of Pathology; David Hackam, the Watson Family Professor of Surgery; David Lewis, Chair of the Department of Psychiatry and UPMC Professor of Translational Neuroscience; Patrick Moore, Distinguished Professor of Microbiology and Molecular Genetics; and Sally Wenzel, Professor of Medicine and Director of the University of Pittsburgh Asthma Institute.

At that same time, eight of just seventy-six members elected nationally to the American Society for Clinical Investigation came from our faculty. Members of this Society, commonly known as “the young Turks,” must have “accomplished meritorious, original, creative, and independent investigations in the clinical or allied fields of medicine.” This record also must have been built early in the faculty member’s career, because election must occur by age fifty. The Pitt faculty members elected were: Cristian Apetrei, associate professor of microbiology and molecular genetics; Carlton Bates, associate professor of pediatrics; Hulya Bayir, professor of critical care medicine; Peter Lucas, associate professor of pathology; Linda McAllister-Lucas, associate professor of pediatrics; Mary Phillips, professor of psychiatry; Aleksandar Rajkovic, associate professor of obstetrics, gynecology, and reproductive sciences; and Yutong Zhao, associate professor of medicine.

Financial Strength. As is well known, we have been moving through a difficult time for higher education in America. Just two weeks ago, Moody’s issued a negative outlook for the higher education sector. As described in The Chronicle of Higher Education, this came “on the heels of a similarly downcast assessment by Standard & Poor’s.” The challenges faced by public higher education have been even more daunting, particularly in Pennsylvania.

As I pointed out in a recent Pittsburgh Post-Gazette op-ed, Pennsylvania continues to fall further behind competitor states. Earlier this year, the annual report issued by the State Higher Education Executive Officers found that Pennsylvania ranks 47th among the fifty states in terms of support for public higher education. An even more recent report by the American Association of State Colleges and Universities revealed the following:

- that, as a general matter and in contrast to Pennsylvania, “state funding continues its post-recession turnaround”;

- that “investments in higher education provided by state governments witnessed an impressive 5.7 percent increase for fiscal year 2014,” which ended on July 1, while state funding in Pennsylvania was frozen;

- that for the fiscal year just begun, “states collectively provided a 3.6 percent year-over-year increase in state operating support for public four-year colleges and universities” and that “of the 49 states that have passed a budget, 43 increased funding for the new fiscal year,” while Pennsylvania funding again was frozen; and
that each of the three states ranked below Pennsylvania in terms of higher education appropriations per $1,000 of personal income provided a substantial increase in support for the current fiscal year: New Hampshire – 14.5 percent, Colorado – 11 percent and Massachusetts – 3.6 percent, even while Pennsylvania remained frozen.

Despite both the generally negative outlook for American higher education and the even more pronounced problems in Pennsylvania, Pitt has continued to build the financial strength that is essential to the successful pursuit of our academic goals. In fact, despite negative trend lines nationally and an unusually challenging environment in our home state, the University recently received a ratings upgrade to AA+/Stable from Standard & Poor’s. Among the factors cited by the agency in raising our rating were stable enrollment, solid student demand, and strong student quality; historically positive operating performance; solid financial resource ratios; good revenue diversity; impressive fundraising success; and moderate debt burden.

Since 1995, Pitt has received three ratings upgrades from both Standard & Poor’s and Moody’s, and we now are just one grade below AAA, the highest grade available, in the ratings of both major agencies. When our rating was upgraded by Standard & Poor’s in May, that placed us one grade above the rating of the Commonwealth, which already was the case in the ratings issued by Moody’s. For a public university to have a higher rating than its home state is unusual. Earlier this month, Pennsylvania was further down-graded by Moody’s, leaving the state two grades below Pitt. This rating down-grade, of course, is a cause for concern, because we need a strong state to move forward, in higher education and in many other things.

**Building a Budget.** Crafting a budget that maintains the lowest possible tuition, provides compensation increases of reasonable size and permits investments in programmatic excellence has become increasingly difficult, given this state’s retreat from its commitment to adequately fund public higher education. Though this problem developed over a longer period, it has been most pronounced in recent years. Our state support was cut by 21 percent at the start of the 2012 fiscal year. Then came a further mid-year reduction, as well as a 50 percent cut in construction funding, producing a total loss of state support approaching $70 million in that one year. Our state support has been frozen at those reduced levels for the past three years.

This has taken our state support back to the level of 1995 in absolute dollars, unadjusted for inflation. To put that in context, the Consumer Price Index has risen by 56 percent since the 1995 fiscal year, while the Higher Education Price Index, a more accurate measure of university operating costs, has risen by 82.5 percent over that same period. If inflationary adjustments are made, state support is at its lowest level since Pitt became a public university in the mid-1960’s. Still, through discipline and determination, Pitt has continued to deliver outstanding value, which is reflected both in the “best value rankings” that we have earned from national publications and from the strong student demand that exists for the programs that we offer.

Applications for admission to the undergraduate programs on the Pittsburgh campus for this fall increased by 11 percent over last year’s record-setting total and shot past 30,000 for the first time in University history. Applications from Pennsylvania residents increased by more
than 20 percent, even as the number of students graduating from Pennsylvania high schools continued to decline. Also worthy of note is the fact that applications to our regional campuses are up nearly 17 percent over last year, a rise that stands in sharp contrast to the declines at many other colleges and universities, particularly in western Pennsylvania.

**Setting Tuition.** The budget recommended by the administration and adopted by the Board of Trustees includes a University-wide blended tuition-rate increase of 3.3 percent. This includes an increase of 3.9 percent for students enrolled in programs on the Pittsburgh campus and an increase of 2.0 percent for students enrolled in programs on our regional campuses. Our financial aid budget has been increased by the same percentage as the blended tuition increase.

Our in-state tuition charges, in particular, are higher than we would like and are demonstrably higher than those charged by universities in states with stronger records of support for public higher education. The most recent rankings released by the federal College Affordability and Transparency Center are instructive. Eight of the twenty most expensive public university campuses listed are in Pennsylvania – our Pittsburgh campus, Penn State’s State College campus, five of Penn State’s regional campuses and Temple.

However, people within the Pitt community, in particular, should understand that the listing of our Pittsburgh campus as the country’s most expensive is flawed because it is tied solely to freshman tuition charges for an arts and sciences student and not to the four-year cost of that degree. The tuition paid by a Pitt freshman enrolled in the Dietrich School is about $150 more than the tuition paid by a main-campus Penn State freshman enrolled in a similar program. But because Penn State automatically assesses a tuition surcharge when students become juniors and seniors, the four-year charge for a Pitt student is markedly lower. More specifically, the tuition for an arts and sciences undergraduate majoring in the sciences at Penn State is about $4,500 more than for a similarly situated Pitt student, and tuition for an arts and sciences undergraduate with a non-science major at Penn State would be about $1,500 more than at Pitt.

**Providing for Salary Increases.** As noted above, building budgets that constrain rising tuition charges, include adequate salary-increase pools and support ongoing investments in institutional strength never has been easy and has become increasingly difficult with each passing year. The draft budget presented to me by the University Planning and Budgeting Committee included a salary-increase pool of 1.7 percent. The Committee offered “explicit support for your use of discretion in adjusting the proposed tuition increases.” It also noted that “the proposed increase in the salary pool is just at the rate of inflation, and suggested that increasing the pool be made a priority should final budget numbers prove more favorable than the current outlook.”

The tuition levels proposed by the UPBC were maintained in the budget adopted by the Board. However, the salary-increase pool was raised from 1.7 percent to 2.5 percent. This was less a product of more favorable budget numbers than it was of a determined effort to increase that pool as a high priority, even in these very challenging times. The UPBC had recommended that its 1.7 percent salary-increase pool be allocated in the following way: 0.5 percent for maintenance of salary and 1.2 percent for merit, market and equity.
With this somewhat larger pool, both of those components can be increased. The 2.5 percent pool, then, will be allocated as follows: 1.0 percent for salary maintenance awards to employees who have received at least a satisfactory performance review for the past year and 1.5 percent to be allocated for special merit, market and equity awards. Salary-increase decisions will be made and communicated in the next few weeks. Increases awarded will be retroactive to July 1 and will first appear in end-of-September paychecks. In making awards, I urge decision-makers to be especially attentive to the needs of our lower-paid employees.

Moving Forward. Over the course of the past several months, two questions have been regularly asked of me. They are: (1) how do you feel about the coming transition, and (2) are you counting the days until you leave the Chancellor’s office? Let me offer a brief answer to each.

I feel good about the impending transition for a number of reasons. I am proud of what we have accomplished together – taking our University through a period of truly remarkable progress in the face of numerous challenges. In describing our ambitions, I sometimes have said that our mission was to write a chapter that stood out in Pitt’s long and distinguished history, and I believe we have done that. Looking at a second important measure, we also have crafted a record of impact and achievement that compares very favorably with any of our university peers.

I also feel good because many of the issues now emerging in the world of higher education are going to require sustained attention over a period of years that I no longer have to offer and probably can be dealt with more effectively by someone who brings a different set of skills and experiences. I am pleased to be “passing the baton” to Pat Gallagher, who has an admirable work ethic, a strong set of values, a graduate’s love of the University of Pittsburgh, a record of high achievement in everything that he has done, and a set of talents and experiences that seem well suited to the challenges and opportunities that lie ahead. Of course, no one knows better than I do that the successes crafted in any university are the product of the collective efforts of large numbers of people. Any Chancellor, then, needs the committed support of the entire Pitt community, which I am sure Chancellor Gallagher will receive from you.

As far as counting the days, I have been too busy counting my blessings. Particularly since I arrived with a nine-month contract and had no expectations of even staying here beyond that first year, I never could have imagined that I might one day be elected Chancellor of the University that I came to love and serve in that position for nearly two decades. And even when I did become Chancellor I had no real sense of how rewarding the experience would be. At the very heart of that reward has been doing work in which I believe and that makes a real difference to others in the company of such wonderfully kind, committed and talented people. You have energized and inspired me, encouraged and supported me, and added richness to my life.

In terms of accomplishments, we clearly have been a formidable team. But our sense of team went far beyond that, as we built the kind of human bonds that made everything that we achieved together more satisfying. I am deeply grateful and look forward to spending many more years as your teammate, even though I will be playing a different position.

Best wishes, and thank you for everything!