Thank you all for being here today. I believe that your understanding of the issues through conversation today will help us, as members of the School of Pharmacy, continue our progress to become even better.

I am not going to talk about whether I agree or disagree with the events that have transpired since 11:30 yesterday morning. What I will do is provide my interpretation of Governor’s Corbett’s proposed budget, Chancellor Nordenberg’s response, and how it will affect us as a School—meaning the programs of the school, the faculty, staff, and students.

Yesterday, Governor Corbett announced a 50% cut to the budgets of Pitt, Penn State, Temple, Lincoln, and the entire state system of colleges.

This was followed by an impressive statement by Chancellor Nordenberg, which I hope you have had time to read.

We can now anticipate months of advocacy and reactions by the citizens of the Commonwealth.

By the time June 30 arrives—the date when Governor Corbett intends to have a budget in place—the budget will likely look different from the proposed budget. Note that the final budget needs to be approved by the legislature and signed by the Governor.

Two years ago, we were faced with budget cuts. We had a meeting where I presented information and analysis of the budget.

Today is not the time to deal with the data, graphs, and figures.

Today is the time to talk philosophy and approach.

What is my interpretation to the two announcements yesterday?

Governor Corbett is looking for transformation vs. reform of the state budget

Chancellor Nordenberg has used the word “progress” prominently on the Web site, suggesting that he is not going to let the devastating announcement destroy the University’s current position as a quality institution.

Look a moment at history: 1966 the Commonwealth made a commitment to the state-related universities in which the Commonwealth promised to provide funding at levels that would allow them to offer high-quality and reasonably priced education for Pennsylvania students. At the time, the appropriation was 30% of the University of Pittsburgh’s budget.

Today, Pitt is truly a world-class research university whose peers have become not only the best public institutions, but the very best private institutions in the country.

Our School has also been stunningly successful in many ways.
For example, ACPE, who evaluates all schools of pharmacy, not only gave us a passing grade 18 months ago, but indicated that we are “Noteworthy” in our Long-Range Planning and Assessment Programs—which assess school-wide progress as well as educational outcomes.

Our School now teeters on the brink of greatness.

We often think of ourselves by department or by small fractionated groups. Look what happens when you pull like programs that comprise practice, research and education across departments together as a school of medicine would and as we did for this year’s annual report:

- Critical Care—terrific clinical programs and outstanding funded research totaling $563,000
- Transplantation—again, outstanding direct patient care programs and research of $301,000
- Community and Ambulatory Programs: combined clinical and research programs have extramural funding of $990,000.
- Infectious Diseases: Antibiotic Stewardship Program at UPMC, research programs at CHP and Magee: $4.4 million
- Drug Discovery: research funding of $831,051
- Pharmacogenetics/Biochemical Pharmacology: $3,621,285
- Psychiatry-Neuropsych: Clinical award-winning programs in patient care at WPIC combined with CEDAR and Neuropsych research: $2.9 million

Our faculty are outstanding because of the quality work we do every day in teaching, research, patient care, and commitment to improving our School and University. The faculty receive national recognition for the work they do. In the few short months of 2011:

- Barry Gold was named Fellow of American Association for the Advancement of Science
- Venkat has been named the recipient of the Tyler Prize for stimulation of research by APhA
- Stephanie Harriman will receive the APhA One-to-One Honorable Mention Award for work done with patients in the community relative to medication therapy management

We also have award-winning students:

- Rho Chi First-Year Graduate student award gone to our PharmD students several times in the past five years—only one of those awards is given annually
- Students have been finalists in the Pharmacy and Therapeutics Contest, Patient Counseling Competition; they have won Project Chance, and the International Pharmacy Student Federation Award
- They are winners of nationally competitive scholarships

We also have alumni who are leaders in their fields and who are the ultimate demonstration of the quality of our education.

Questions:
WHY WOULD WE STOP NOW?
WHY WOULD WE NOT KEEP GOING?
WHY WOULD WE NOT GET TO GREATNESS?

What did I read between the lines in the Chancellor’s comments and what do I know about our administrative team?
First: I have long felt that there is no institution where I would rather be. Being present at the Chancellor’s Press Conference and talking with some of the University’s senior staff afterward renewed that sense that we “Pitt’s Progress” (see Web site) will not come to an end.

Mark Nordenberg has been chancellor for 16 years. He has led this institution to the position that it is. After the tremendous amount of work that he and his team have done, I am confident that he will not let the progress slide. I have incredible respect and confidence in the ultimate decision makers of the University, including Senior Vice Chancellor Levine, Provost Beeson, and Chancellor Nordenberg.

Second: The name of the Web-site is “Pitt’s Progress.” I think we should all take a message from that symbolism.

What are the ways we can make up the deficit?

- Tuition
- Creativity in program building
- Philanthropy
- Cutting jobs and salaries.

Let’s start with the last one first:

Cutting jobs:
Chancellor Nordenberg said yesterday that “cutting jobs will be the last option considered.” He did not say that there would be no job loss, but indicated that it would be the last of the options considered.

Philanthropy:
Philanthropy includes gifts from individuals, foundations, and corporations. Our recent history with philanthropy has shown that we have every reason to continue. We will continue to seek support for: scholarships, which will be even more critical for our students faculty and their programs, which become critical support for either innovation or bridging.

How and why do I spend my time away from the School? Just two weeks ago, I travelled to a dinner to meet with two alums. Because I went to dinner with them, we will be receiving $20,000 in gifts.

Tuition and Creativity:
The increases in tuition were historically regulated by the state. That goes back to the principle upon which Pitt became a state supported institution: so that Pennsylvania could provide quality education at the lowest possible cost. That changed some years ago when the support had clearly waned.

I would predict that unless the actual budget changes substantially from the one proposed by Governor Corbet that tuition will be an immediate way that the deficit is addressed.

Pitt’s current undergraduate tuition is $14,000. Even if the tuition is increased, it will still be a value. Consider neighboring CMU’s tuition at approximately three times the cost.

This will also be true of our School of Pharmacy, where tuition is slightly more than $20,000. Even with a tuition increase, we will continue to be a genuine value in education.
The problem with this solution is that it is our students and their families who will bear the burden of meeting the tuition bill. It will also put the Pitt education even further out of reach for many, especially when you consider the cuts to scholarship funding from the state that Governor Corbett has proposed.

Creativity and Tuition:
A tuition incentive program was established approximately four years ago. Each school on campus “owes” the University tuition revenues of a certain amount each year. Once that quota is exceeded, each school gets a return of a portion of that tuition. This provides the incentive for schools to continue to develop educational programs. In our case, certificates and master of science degrees would be examples.

Recently expanded MS in Pharmaceutical Science is one example of such a program, as is the MS in Pharmacy Business Administration.

In this economy where our graduates and pharmacists in the workforce are seeking ways to differentiate themselves to either get jobs or to advance in their jobs, certificates and the MS degrees would appear to have a market.

Creativity also applies to our partnerships and licensing. UPMC, the VA, community pharmacies, and international universities may each have additional or new opportunities.

With licensing comes the potential of royalties: licensing programs and compounds and two such ventures that are currently under way.

My final statement is that while we will be attempting to be creative at our effort to reduce the deficit through creativity, there is a basic principle that I follow. We should never do something for money alone. The program needs to be consistent with our mission and Long-Range Plan and we need to have a champion on our faculty or staff for moving the program forward.

TIME FOR QUESTIONS

BACKGROUND INFORMATION
Pertinent links:
http://www.progress.pitt.edu/ (Chancellor Nordenberg’s Response to the Governor’s Proposal)
www.govtrel.pitt.edu/advocacynetwork/resources.html (Advocacy site)

Yesterday, Governor Corbett announced a 50% cuts to Pitt, Penn State, Temple, and Lincoln as well as the entire state system of colleges.

That was followed only a few hours later by an impressive statement by Chancellor Nordenberg at his Press Conference.
The Chancellor called the cuts “stunningly deep” in his message, in which he also discussed the state’s 1966 commitment to the state-related universities in which it promised to provide funding at levels that would allow them to offer high-quality and reasonably priced education for Pennsylvania students.

I quote from the Chancellor’s statement that this amounts to:

- a 50 percent, or $80 million, reduction to our general educational appropriation, funds that are used mainly to support the education of the next generation of Pennsylvanians;
- the complete elimination of nearly $17 million of support for programs in the health sciences, including our top-ranked School of Medicine, the Western Psychiatric Institute and Clinic, our Dental Clinic and our Center for Public Health Practice;
- the apparent loss of annual biomedical research support, competitively awarded, of more than $9 million from the tobacco settlement fund;
- and the anticipated loss of more than $7.5 million in stimulus funding.

The total amount of the proposed cut for Pitt is $110 million.

What the Chancellor’s message did not say is that part of that $17 million includes the entire allocation to the Pittsburgh Poison Center.

In a letter that is going out to all students on campus, including student pharmacists, the message is:

“I am writing now to quickly assure you of two things. The first is that we intend to do everything that we can ourselves to resist this proposal in the Harrisburg budget-building process that is about to unfold and stand prepared to assist advocacy efforts in appropriate ways. Our second commitment is to continue providing the high quality experience that attracted your student to Pitt.”