Where the Money Comes From

Where it Goes

Budget Primer

Why Research, Endowment, and Gift Dollars Can’t be Used to Reduce Tuition

<table>
<thead>
<tr>
<th>Source</th>
<th>$ Comes From</th>
<th>$ Pays For</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong></td>
<td>• Tuition</td>
<td>• Instruction</td>
</tr>
<tr>
<td></td>
<td>• State appropriation</td>
<td>• Institutional financial aid</td>
</tr>
<tr>
<td></td>
<td>• Investment income</td>
<td>• Student services</td>
</tr>
<tr>
<td></td>
<td>• Sales, services, other</td>
<td>• Maintenance &amp; facilities</td>
</tr>
<tr>
<td></td>
<td><strong>Gifts &amp; Research Funds (Restricted)</strong></td>
<td>• Administrative support</td>
</tr>
<tr>
<td></td>
<td>• Grant funding for specific sponsored projects</td>
<td>• Compensation for research faculty and other direct research costs</td>
</tr>
<tr>
<td></td>
<td>• Gift and endowment distributions with restricted use by donors</td>
<td>• Instruction, financial aid, student service, and other costs as directed by donors</td>
</tr>
<tr>
<td><strong>School of Medicine Division (SOMD, Unrestricted)</strong></td>
<td>• Tuition from medical students</td>
<td>• Medical instruction</td>
</tr>
<tr>
<td></td>
<td>• SOMD state funding</td>
<td>• SOMD facilities and operating costs</td>
</tr>
<tr>
<td></td>
<td>• UPMC support</td>
<td></td>
</tr>
<tr>
<td><strong>Auxiliaries</strong></td>
<td>Self-supporting auxiliary units pay the full cost of operations, including capital investments and maintenance, and receive no taxpayer or tuition monies. Services include: Student housing, food services, bookstores, parking, etc.</td>
<td></td>
</tr>
</tbody>
</table>

Sources of Revenue

- Research 32%
- Gifts 7%
- Somd 10%
- Auxiliaries 7%
- General Fund 44%
66 cents of each dollar goes to academic activities
- Instruction
- Academic Support
- Libraries
- Student Services

15 cents of each dollar goes to financial aid
- Additional aid is awarded through individual schools, not through the general fund.

10 cents of each dollar goes to facilities operation and maintenance
- Facility upkeep and maintenance
- Utilities

7 cents of each dollar goes toward institutional support
- Administration, budget, accounting, and finance
- Public safety
- Central human resource services
- Central information technology
- Legal services and compliance

2 cents of each dollar goes to public service
- Community outreach programs
State Support is Declining

Pitt's state appropriation per PA student is 53% of what it was in 1968, considering inflation.
Declining State Support Drives Up Tuition

There is an inverse correlation between state appropriation levels and tuition levels.

Change in Tuition and State Appropriation (CPI adjusted)

Tuition Change  Appropriation Change

School of Arts and Sciences Tuition Rates

University of Pittsburgh
Budget Primer
Tuition and Fees Fill the Revenue Gap Created by Declining State Support

FY70:
- State Support: 68%
- Tuition and Fees (Net): 32%

FY95:
- State Support: 47%
- Tuition and Fees (Net): 53%

FY15:
- State Support: 20%
- Tuition and Fees (Net): 80%
Keeping Pitt Affordable: Financial Aid

Financial Aid increases from Pitt have averaged 10% over the last 15 years.

• In 2014-2015, more than $257 million in total financial aid was given to Pitt undergraduate students. This amount included state, federal, private aid and loans and Pitt institutional aid (not including scholarships awarded by the schools).

• Institutional undergraduate financial aid has grown much more quickly in percentage terms than tuition, and has well outpaced inflation.

• Since 2001, need-based aid awarded on the Pittsburgh campus has more than doubled and this increase is larger than the rate of tuition increases.

• Pitt serves a large number of low-income federal Pell Grant recipients. In 2013-14 the Pittsburgh campus enrolled a higher fraction of first-time freshmen Pell grant recipients than the other three top research universities in PA.

Increases in Pitt Institutional Financial Aid

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Financial Aid in Millions</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>$13.4</td>
<td>9.8%</td>
</tr>
<tr>
<td>2001-2002</td>
<td>$15.1</td>
<td>12.7%</td>
</tr>
<tr>
<td>2002-2003</td>
<td>$18.0</td>
<td>19.2%</td>
</tr>
<tr>
<td>2003-2004</td>
<td>$19.8</td>
<td>10.0%</td>
</tr>
<tr>
<td>2004-2005</td>
<td>$21.1</td>
<td>6.6%</td>
</tr>
<tr>
<td>2005-2006</td>
<td>$22.9</td>
<td>8.5%</td>
</tr>
<tr>
<td>2006-2007</td>
<td>$23.3</td>
<td>1.7%</td>
</tr>
<tr>
<td>2007-2008</td>
<td>$27.0</td>
<td>15.9%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>$33.1</td>
<td>22.6%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>$36.9</td>
<td>11.5%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>$39.9</td>
<td>8.1%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>$43.0</td>
<td>7.8%</td>
</tr>
<tr>
<td>2012-2013</td>
<td>$40.2</td>
<td>-6.5%</td>
</tr>
<tr>
<td>2013-2014</td>
<td>$44.8</td>
<td>11.4%</td>
</tr>
<tr>
<td>2014-2015</td>
<td>$48.1</td>
<td>7.3%</td>
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</tbody>
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