



*Bridging Higher Education in Allegheny County*

201 Wood Street  
Pittsburgh, PA 15222-1912  
Phone: 412/392-4216  
Fax: 412/392-4218  
www.PCHEpa.org

December 11, 2009

**RECEIVED**

DEC 11 2009

**WILLIAM PEDUTO**

The Honorable Luke Ravenstahl  
Mayor, City of Pittsburgh  
512 City County Building  
414 Grant Street  
Pittsburgh, PA 15219

Dear Mayor Ravenstahl,

Thank you for inviting the Pittsburgh Council on Higher Education (PCHE) to meet with you on Monday, December 7, 2009 to discuss your proposed Tuition Tax. During that meeting, and representing PCHE, President Mary Hines, President Gregory Dell'Omo, and President Paul Hennigan underscored PCHE's opposition to the proposed Tuition Tax. Specifically, they cited the following reasons for this opposition:

- a. This Tax seeks to impose upon one entirely blameless group the entire burden of dealing with the financial burdens produced by years of neglect in the management of the City's underfunded pension plans;
- b. This Tax, though labeled a "fair share" tax, actually imposes disproportionate burdens on college and university students, most of whom live and work in the City and already pay the same taxes that other City residents and workers pay;
- c. This Tax is bad public policy for a City that has built its new economy around higher education and health care and already has begun to damage the City's enviable image as a progressive community, in other parts of this country and around the world;
- d. This Tax will create a competitive disadvantage for higher education in Pittsburgh, damaging what has become one of the City's major engines of economic growth and job creation;
- e. This Tax already has proved divisive in a City that desperately needs unified efforts as we move through increasingly challenging times and will effectively end the contributions that have been voluntarily made by the City's colleges and universities, as well as other members of its non-profit community; and
- f. This Tax is illegal and unenforceable, and the legal challenges that it triggers will be a further drain on limited local resources and will detract from efforts to achieve the kind of structural reform that the looming pension crisis requires.

During that meeting, you informed us that you and the majority in Council who support your Tuition Tax have publicly agreed that it is not an ideal solution to the City's budget shortfall this year and in the years to come. You also stated that you felt like you had no other options available to seek additional revenue for the City.

We readily acknowledged the City's fiscal issues and offered to work with you to develop the options that you had said would be preferable but were missing. More particularly, we offered to help form a broad coalition of community leaders who would come together and work toward effecting the structural changes that are essential for the City to deal with its very substantial pension obligations.

You expressed your appreciation, but indicated that this alone was not enough to convince you that we are serious in our offer. Instead, you suggested that you would like to see a \$5 million commitment in each of the next five years, made within the next two weeks, from the non-profit community in order to feel comfortable removing the Tuition Tax proposal and then engaging us in a broad coalition to seek additional revenues for the City. In defense of your \$5 million suggestion, you cited a \$6 million commitment that was made by the non-profit community around the time that the Act 47 Plan and Intergovernmental Cooperation Authority (ICA) were created in 2004. No such commitment was ever made.

We reminded you that we do not and cannot speak on behalf of the broader non-profit community in Pittsburgh; rather, we represent PCHE only.

On the basis of those subsequent discussions and serious reflection, PCHE will not accept your demands. Among the issues your demand presents are the following:

- a. When you solicited significant contributions to the Pittsburgh Promise from the non-profit community, you significantly diminished that community's capacity to support the City, a fact that you have acknowledged on other occasions;
- b. The Pittsburgh Council on Higher Education represents only one limited segment of the non-profit community, and we are not positioned to speak for, or solicit commitments from, organizations that come from other sectors;
- c. PCHE members are united in our belief that the use of the Tuition Tax proposal has been an entirely inappropriate form of coercion and that no voluntary contributions can be made until that proposal has been withdrawn.

As it became increasingly clear that your proposed Tax would impose an unfair share of the City's burdens on the backs of current and future students, you began to shift your focus from those students to the institutions in which they are enrolled. In fact, both our discussions with you and your more recent public ultimatums support the contention, earlier advanced by others, that your Tuition Tax proposal, from the outset, was largely an effort to circumvent the tax-exempt status that has long been afforded to colleges and universities and other non-profit organizations throughout this country. However, as our students have so clearly pointed out in their exchanges with you and members of City Council, coerced payments from colleges and universities really are nothing more than an indirect tax on the students whose tuition payments support institutional operations.

During the course of the past year, the City of Pittsburgh claimed both national and international attention for the positive role played by its higher education community in propelling Pittsburgh forward. It also has been recognized that Pittsburgh has weathered the current recession better than most comparable communities because of the strength of its higher education and health care communities. At a time when the country is struggling with staggering unemployment levels, we have become Pittsburgh's centers of job growth. Please remember, then, that when you attack our institutions and our students, you also are attacking our employees – a diverse group that includes not only teachers and researchers but also secretaries and cooks and grounds people and security professionals and large numbers of other hard-working individuals who call Pittsburgh home.

We have tried hard to put ourselves in your position. Unfortunately, we obviously have not been at all successful in getting you to appreciate our position. However, we want you to know that – even while you are publicly diminishing the importance of Pittsburgh colleges and universities, to the detriment of the entire region – we will remain strong advocates and committed ambassadors for the City of Pittsburgh. This is the City that is our home and that all have worked hard to advance.

And because we do care so deeply about the City, we strongly urge you to remove the Tuition Tax from further consideration and assume the role of unifying leader that is so critical to our shared future in this increasingly competitive world. Once that has happened, you will find us to be among your most committed and effective allies in advancing the City.

Sincerely,

The Pittsburgh Council on Higher Education

Carlow University  
Dr. Mary Hines, President

Carnegie Mellon University  
Dr. Jared Cohon, President

Community College of Allegheny County  
Dr. Alex Johnson, President

Chatham University  
Dr. Esther Barazzone, President

Duquesne University  
Dr. Charles Dougherty, President

LaRoche College  
Sr. Candace Introcaso, President

Pittsburgh Theological Seminary  
Dr. William Carl, President

Point Park University  
Dr. Paul Hennigan, President

Robert Morris University  
Dr. Gregory Dell'Omo, President

University of Pittsburgh  
Mr. Mark Nordenberg, Chancellor

Dr. JoAnne Burley  
PCHE, Executive Director

cc: Members of City Council  
Controller Michael Lamb  
Members of the Intergovernmental Cooperation Authority  
The Honorable Dan Onorato  
Allegheny County Legislative Delegation