A meeting of the Executive Board of the Trustees of the University of Pennsylvania for the purpose of discussion was held at the Faculty Club on March 10, 1977, from 2:00 p.m. to 4:00 p.m.

Present were: Mr. Donald T. Regan, Chairman, presiding; Mr. Samuel H. Ballam, Jr.; Mr. Henry M. Chance, II; Mr. Charles D. Dickey, Jr.; Mr. Robert G. Dunlop; Mr. John W. Eckman; Mr. Wesley A. Stanger, Jr.; Robert L. Trescher, Esq.; President Martin Meyerson; Mr. Paul O. Gaddis; Dean Vartan Gregorian; Dr. John Hobstetter, Dr. D. Bruce Johnstone; Dr. Donald Langenberg; Dr. Thomas W. Langfitt; Dr. Patricia McFate; Dr. Eliot Stellar; and Mr. John Hunt (Secretary).

The President in his opening remarks indicated that the University over the past several years had achieved a delicate balance between resources and expenses, and was providing a custom education for its students. In the past year, however, there has been a considerable erosion of the resource side as a result of the diminished value of the state subvention, rising costs, inflation, and a series of similar factors. In this situation, the need has developed to look at the changes which will be required to meet the challenge of continuing to provide quality education with fewer resources to use for that purpose. The President then asked Dr. D. Bruce Johnstone to guide the discussion for the remainder of the meeting.

Dr. Johnstone stated that the purpose of the afternoon’s discussion would be to examine the character of the challenge cited above and to identify specific aspects of a strategy of response. He then asked Mr. Gaddis to present a brief analysis of cash flow and cash needs as projected over the next five years.

Mr. Gaddis then presented by means of charts a series of forecasts with regard to funds required and sources of funds over
the next five years. Even the most optimistic of these forecasts, using the assumptions of current dollars and no charge in services revealed the existence of substantial excess of expenditure over revenues with no contingency available to counter threats of reduction of various sources of revenue.

Dr. Johnstone then turned the discussion to a review of steps to be taken to protect revenues within the financial framework elaborated by Mr. Gaddis.

With respect to the demographic aspect of the problem with its direct relation to potential tuition revenues, Dr. Johnstone pointed out that the pool of qualified students with the ability to pay for quality education is at present shrinking and will shrink even more in the years immediately ahead. The resulting choice will be to secure a larger share of the students available or to get along with fewer students.

In this connection, the Provost stated that the University should attempt to maintain a constant student body size, and that for this purpose a new emphasis should be put on the University's professional school-liberal arts combination. He pointed out that recruitment would become increasingly important, and that new approaches to different parts of the country could become more necessary than ever.

Vice-Provost McFate then presented an analysis of the highly successful recruiting strategy of the School of Engineering, whereby with strategic use of faculty and considerable individual attention to potential matriculants, the School was able to double the Freshman class in four years with no loss of quality.

Commenting on the experience of the Engineering School, Mr. Stanger urged that the best possible admissions teams be used in recruiting.

Mr. Dickey pointed out that in spite of the negative factors which had been cited, the situation of the University of Pennsylvania was better than that of many private institutions.

The President then asked how we could maintain our edge and extent it. He urged the expansion of such programs as University Scholars, Health Scholars, and General Education, and emphasized...
the critical need to project the image of the University in a more effective way.

Dr. Johnstone stated the need for a small component of superlative students who would be attracted by the University Scholars' program whose presence would have a general beneficial effect on the University.

Dean Gregorian spoke to the point of the University's image, and mentioned the inferiority complex of those at the University and the negative image of Philadelphia as difficulties to be overcome. He urged vigorous recruitment on a national level, international recruitment on the national level, and emphasized the importance of both Continuing Education and the program of English language for foreign students.

Mr. Ballam noted the existence of a shrinking undergraduate enrollment, and asked how the faculty could be kept employed and the plant used unless new non-traditional programs were developed. In this connection he cited such programs as Continuing Education for Professionals, an Alumni College, and early admission of high school students under 16.

Dean Gregorian stated that the University now has an excellent director for the College of General Studies and that the market is now being cultivated for the kinds of programs suggested by Mr. Ballam.

The President then raised the question of substantially increasing undergraduate enrollment. In the course of the discussion which followed, it was pointed out that the risk would be in taking an increasing number of people who start at the bottom half of their high school class. Suggestions in this connection ranged from the acquiring of smaller institutions by merger to taking over one of the new British universities.

Dr. Langfitt then reported on the current status of the Health Schools. His basic thesis was that limits to growth are now visible in these areas, and that plans should be made for maintaining the present scale and introducing necessary changes by process of substitution based on the principle of selective excellence. He spoke of the high expense ratio of health education, largely in connection with sponsored research. Because of the vast growth...
of the research function in the Medical School, the School is quite vulnerable to small reductions in the amount of research funds available. The major source of income for the School is the research dollar, and in an era of a declining level of state and federal support, the Medical School will have no choice but to compete ever more strongly for the funds available. The only way to grow in these circumstances is to operate by substitution, and to measure growth by increase in quality. In closing Dr. Langfitt spoke of growth by increase in quality. In closing, Dr. Langfitt spoke of the possibility of creating a unified faculty in the life sciences at the University, and said that funds were available for effecting such changes.

The Chairman thanked the participants in the discussion and adjourned the meeting at 4:00 p.m.

John Hunt
Secretary