

DIRECTIONS FOR THE UNIVERSITY OF PENNSYLVANIA IN THE MID-SEVENTIES

January 12, 1972

TO: *The Trustees, William L. Day, Chairman*
FROM: *Martin Meyerson*

Your favorable response at our October meeting to my statement of educational and related fiscal possibilities for our University has served as a basis for subsequent deliberations with faculty and other campus groups. There has been a mixture of interest and enthusiasm along with understandable anxiety about these or any alterations. Hopefully the former reactions will be enhanced and the latter allayed in the months ahead.

This much is certain—we cannot simply continue as before. There are not the resources to do so. Our endowment is only about \$10,000 per full-time student. Yale, for example, has an endowment over five times as large per student as ours. The endowment per student at most major private universities is larger than here. Commonwealth subventions have compensated for our low endowment; but the State contribution, which represented 9.3% of total operating expenses in fiscal 1961, has in percentage declined since.

In the late fifties and the sixties under the leadership of President Gaylord Harnwell and the Provosts in his administration, great advances were made. We developed an excellent physical plant. We moved from an inbred to a national and international faculty. Student quality—particularly among undergraduates—rose until 1968. We shifted from a largely non-residential to a residential campus. And yet, during this period of many gains, there were difficulties as well. Average faculty compensation at Pennsylvania in the fall of 1970 had declined over the decade to a point significantly lower than that at comparable institutions. Administrative salaries were tenth among eleven major universities. Wages were but a little better. Our library collection—which had, for several decades, ranked 10th in overall size—was 19th in 1970. At the same time, our commercial bank borrowings, which began to be substantial in 1963, rose until, in 1969-70, there was not a month in which average borrowings were below \$7 million.

Under these circumstances, we face three choices. First, we could try to become a state-related university as did Temple and Pittsburgh. There is no assurance, however, that the Commonwealth would agree to assume such a burden, which might require \$70 million or more of additional state expenditures. And if it did, it would mean the University of Pennsylvania would become a local institution serving mainly local needs, rather than a national university which has been a source of pride to both city and state. The days in which a Wisconsin or a California was willing to invest in great cosmopolitan university centers are over for now.

Second, we could choose what I have called the proprietary route. Just as proprietary hospitals rarely accept charitable cases or perform highly sophisticated types of therapy or conduct research, so a university could move in such a path. If there is little demand for a complex subject, drop it. If research, even when sponsored, is costly, do not engage in any. Concentrate on students from prosperous families and on

subjects with the lowest costs for equipment and instruction. Do not provide faculty salaries competitive with other institutions. Mediocrity would be the result of this option without even the assurance of fiscal viability. Why should students invest heavily in an education whose margin of excellence had all but vanished? We would, in effect, be trading a budget deficit for a quality deficit, one which would no doubt produce losses in tuition income, gifts and grants, and Federal support.

Despite the necessity for creating closer financial ties to the Commonwealth and taking a variety of "proprietary" actions, it is through a third option that the University can flourish as a major center of educational achievement. The third option is one which requires us to raise more new funds than ever before and to raise them primarily for qualitative improvements in our educational programs.

Given the concern and sometimes suspicion directed toward higher education in recent years, there is no chance for this option to succeed unless it is clear that 1) the University is putting its own house in order financially and managerially; unless it is clear that 2) there is a real determination to reallocate existing resources in terms of articulated priorities, and unless it is clear that 3) those priorities will make Pennsylvania far more outstanding than it is now in learning and research.

This last fiscal year 1970-71 was one in which through a number of measures, including a freeze in hiring and cuts in hospital expenses, we achieved a significant decline in real costs. With inflation running about 5½% in that period, our increase of only 3.2% in total operating expenditures is commendable. According to available information, at Brown expenditures increased 10.2% in the year; at Southern California, 9.8%; at MIT, 7.6%; at Cornell, 6.9%; and at Yale 4.4%. Indeed, the only large private university we know about which had a lower increase than ours was Princeton.

Yet 1971-72 will not be without setbacks. In May of 1971, it appeared likely that the Governor's request for the University budget, \$13.9 million, would be passed by the legislature. On that expectation, this administration submitted to you then an operating budget totalling almost \$190 million which included substantial increases for salaries and wages—increases we deemed essential to maintain the quality of the University. At that time, we anticipated a deficit of \$1 million which compared favorably with the \$1.2 million deficit for 1970-71 and \$2.3 million deficit for 1969-70 (before reserves were applied to it). With your concurrence, we gambled on State aid at the \$13.9 million level.

Unfortunately the Pennsylvania Supreme Court action against the graduated income tax, the subsequent related cuts by the legislature, and interest costs caused by delays in payments from the Commonwealth have led to a deficit of an additional million dollars for 1971-72. I should point out that but for increases in salaries and wages, there would be no

deficit for 1971-72 despite the cut in the anticipated Commonwealth appropriation.

Even so, according to published reports, we compare favorably with other universities. Yale's deficit was about \$2.5 million in the last fiscal year, and more in the current one. Johns Hopkins went through the fiscal year with a deficit of over \$4.5 million. Columbia has reduced its deficit from \$17 million last year to \$10.8 million this year. New York University's deficit is going up from \$7 million to \$9.8 million. Stanford has projected deficits through 1975-76. Syracuse has an estimated deficit for 1971-72 of \$4.7 million.

In the fiscal year ahead, 1972-73, our intention is to break even before the end of the year. There are, however, some major variables still to be resolved. Though we have guidelines from the Pay Board on salaries and wages, we are without clear guidelines from the Price Board on tuition and fees. We also have no indication of what the Governor will recommend as the Commonwealth's appropriation for the University, nor what the legislature will ultimately appropriate.

Nevertheless, by a continued freeze on appointments in many parts of the University, by seeking to maximize the amount of faculty compensation to be drawn from research contracts or special endowments; by a sharpened sense of the actual financial need of students receiving aid; by requiring that all outside sources of such aid (for example, the Pennsylvania Higher Education Assistance program) be exhausted before applying unrestricted University funds and by placing greater emphasis on loans and jobs in the student aid mix; by using new Federal income for the health areas which is already assured, we are moving to an improved financial base.

However, next year we shall face for the first time a deficit of up to \$800,000 for operation of the new high-rise residences. This is the first of a series of decreasing annual deficits for this purpose which were programmed several years ago. We shall recommend the total projected deficit be refinanced and converted to long-term debt which it properly should be.

We look hopefully to legislative passage of the bill we have proposed, permitting us to a limited extent to realize and use capital gains on our endowment as is being done in many other institutions. When we succeed in achieving a balanced budget by the end of 1972-73, I believe we will be one of the few comparable institutions to have done so.

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But just balancing the budget is not sufficient. I pointed out at our October meeting and have emphasized again above that if our University is to substantially increase its funds from alumni, friends, firms and foundations, we must indicate our readiness to reallocate our resources internally and to concentrate them and necessary new resources on future programs which have high priorities. Because all these matters are closely related, I shall deal with them in a linked fashion.

A. We have tremendous strengths in our professional fields. Post-baccalaureate curricula in the health professions, in law, and in management, which are the largest of our professional fields, are among the best in the country. Their strengths should be reinforced and extended.

B. Because we have a campus with all its parts contiguous and partly because we have an integrated system of governance, we have a special opportunity to correlate our educational programs: to infuse our professional programs with the methodologies and knowledge of the arts and sciences and to temper the arts and sciences with the insights and sense of mission which the professions can offer. Educationally that interplay is important. Increasingly, societal problems also require the imaginative linking of diverse specialties.

C. It is fortunate as well that our University did not snobbishly eliminate (as some institutions did) undergraduate

professional programs, particularly in business and organizational management and in engineering. These programs can continue to provide strong bases for careers and, equally important, can increase their intellectual contributions to undergraduate general education and to other educational efforts.

D. Many undergraduate major programs in the arts and sciences are excellent. An increasing number of undergraduates pursue course patterns that reach up to graduate offerings; some earn a combined bachelor's and master's degree. Transfer students should be encouraged to come here with that attraction in mind. Beginning students who are equipped to start a field of concentration when they enter the University should be permitted to do so readily. Students should have the opportunity to prove their mastery of a concentration not necessarily by the accumulation of course credits, but through comprehensive examinations and also through independent research or other creative work.

E. For many beginning undergraduates, however, we require a much more flexible and experimental curriculum. In a number of areas we have begun such programs, but our efforts must be expanded to include:

First year seminars to allow students to work with a member of the faculty in a small group;

A tutorial term in which a student can work with a teacher in an individual or group tutorial on problems to which they mutually agree;

Thematic colleges, in which part of the student's work is organized around a theme or problem;

Technological innovations such as video-cassettes (covering lectures and laboratory demonstrations) which can be played and replayed by students at will.

F. Our residence halls (including the high-rises) should serve as an educational asset and a basis for a "house system" for undergraduates and graduates. We require here, not a single comprehensive house plan based on quaint Gothic or Federal quarters, but a variety of living patterns which allow students and faculty a genuine choice. The success in developing College House at Van Pelt House, in which the students and faculty have created a varied intellectual and cultural program, testifies to the possibilities of such an approach.

G. We have over sixty graduate groups offering Ph.D. programs, considerably more than many comparable institutions. In only three fields, Spanish, anthropology, and pharmacology, however, are we ranked by our colleagues elsewhere in the top five among the country's graduate departments. (We are in the top ten in seven other fields.) By spreading our resources thinly (a large proportion of these programs has been added in the last dozen years) we risk reducing ourselves to a position of mediocrity. A more desirable alternative is to emphasize selected educational and research strengths. For example, three major constellations or axes in arts and sciences and related graduate fields where we have important current strengths are: 1) socio-economic behavior, 2) the life sciences (including pre-clinical health sciences) and 3) the area of languages and cultures, e.g., the ancient world.

These three areas link closely with one another. By setting our priorities in such directions we would not exclude work in other fields, but would seek that it be far more selective than it is. The Academic Planning Committee is currently reviewing and no doubt will modify and improve a proposed pattern of emphasis. Thus our emphasis might be on achieving a superlative scholarly position (and with world ties) in as few as 12 to 15 graduate fields. Doing so does not, of course, preclude a comprehensive set of undergraduate majors, nor selective strengths in advanced work in other fields.

H. In addition, there are three interdisciplinary and problem-oriented areas where we have strength and might well concentrate resources: 1) urban, regional and environmental studies; 2) the interface between technology and society through such problems as those in bio-engineering, energy, communications and transportation; and 3) selected foreign area and related international programs.

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In brief sketch, these are major proposed priorities. Given frequent calls for a "new plan" for higher education, we might be tempted to offer our own grand design encompassing precise goals and means and concluding with a full canvas of a distant future to be realized. I think we must resist that temptation, for such grand visions have a bad habit of turning stale or, at best, of inhibiting necessary improvisations. But we can pursue sharpened goals. We can create opportunities for change, and we can establish a climate hospitable to educational innovations of a kind that will make our University the most stimulating one there is for students and faculty alike.

To achieve such purpose will not be possible by reallocation alone. Necessarily, it will require a major *University Development Fund*, the principal components of which are oriented to endowment and operating funds for high quality programs; they are described below.

Educational Opportunities Fund

The attainment of specific program goals within the areas noted above will require varieties of support. For this purpose, we propose establishing an Educational Opportunities Fund to assist in efforts of demonstrated educational merit. This Fund should provide much impetus for innovation in teaching and research. We hope to raise half of this Fund through internal reallocations and the balance from outside the University. In broad headings, subject to further faculty advice, we would propose to allocate these funds among the following major areas: 1) Health affairs, tying together the work of our separate professional schools; 2) Undergraduate curricular development, including thematic colleges drawing on all our faculties, first-year seminars, and tutorial terms; 3) Development of graduate superiority in 12 to 15 fields, tentatively concentrated in socio-economic behavior, life sciences, language-culture studies (and reinforced by work in three cross-disciplinary fields: urban, regional and environmental studies; the technological-societal interface; area and international study programs); 4) Management, planning, and policy fields in the Wharton School and elsewhere; 5) Legal studies; 6) Human development studies such as those in education and welfare; 7) Performing and visual arts; 8) Other presently unforeseen possibilities.

Teaching and Program Professorships

During the rest of this decade we recommend seeking funds for one hundred professorships to help transform the very terms of teaching and research at Pennsylvania, and in higher education across the nation. These professorships would be well endowed, not only for salaries, but more crucially, for the provision of program funds. Such funds would be at the disposal of the holder of each chair, sometimes to facilitate research, more often to support educational offerings and experiments. Each holder of such a professorship should understand himself or herself to be acting in trust for his or her colleagues and, in some sense, for students as well. The incumbents of these chairs would be obliged by the very freedoms and resources made available to rethink their teaching function and to test new combinations of classroom styles and field experience, cognitive and affective techniques, learn-

ing sequences and course conditions. They might alter the length and intensity of the course unit, rearrange instructional roles, or multiply media or mentors; they will be expected to probe deeply into pedagogical possibilities that may lead to improved educational modes that can stimulate others as well. Many of these professorships would be filled by those here; others would be recruited from outside. They would be available at assistant, associate and full professor ranks, most of them for limited terms rather than permanently.

Benjamin Franklin Scholars and Fellows

Compared with similar institutions, we have few endowed or regularly supported undergraduate scholarships and graduate fellowships. Because excellent students—as much as colleagues—stimulate good teaching and imaginative research, we propose raising funds to attract to Pennsylvania up to 1,000 Benjamin Franklin Scholars and Fellows (about half of each). Pennsylvania must remain a selective institution whose elitism refers not to the socio-economic background of our students, for these are varied, but to the intensity of their commitment to rigorous education. Some may require only a small or token award, others substantial assistance. The distinction and recognition of the awards, however, would be available to all. Our minimum aspiration for the Benjamin Franklins should be 5 percent of our student body. These awards would provide more permanent funding for some of our extensive student aid programs.

Residential House System

As mentioned above, we have the opportunity to develop a flexible system of residential houses, many through combinations of floors in the high-rise residences (and not necessarily permanent combinations), others through the rehabilitation of the older dormitories such as the quadrangles. At any rate, the key to a successful house system is less the real estate and more the faculty and masters who participate with students in developing a cultural program to complement curricular offerings.

Library Fund

In this area, significant investment ought to be made to maintain and recoup past excellence. Where our collections are now strong, we should make every effort to further enrich them and keep them current. Where they are not strong, we must enable our students and faculty to benefit from cooperative efforts with other libraries along the eastern seaboard. "Library" should be taken to mean a knowledge storage and retrieval system including audio-visual media and computer tapes and not only an assemblage of books, reports and periodicals.

Endowed Lectureships and Visiting Artists, Scholars, Professionals and Persons in Public Affairs

We have few of those distinguished lectureships or residencies which bring the great minds and personalities of our time to a campus. To enhance our curricular development, we ought to have them. The presence of these colleagues will complement and reinforce established campus interests and programs and provide an important means of helping a house system flourish. It will further an intellectual atmosphere needed to attract the ablest teachers and students.

Cooperative Programs

We suggest a goal of comprehensive distinction in a limited number of fields and selective distinction in other areas. We assume other distinguished universities, both here and abroad, will move in similar directions. Pennsylvania should take the lead in developing cooperative programs in which individual

strengths are shared rather than duplicated, with some fields shared among two or more institutions. But more than fiscal savings and coherent development is involved. Our faculty and students should be encouraged to broaden their experiences, spending time at other institutions in the United States and abroad. Parochialism must be supplanted by a sense of educational universalism.

Internal Faculty and Student Research Foundation

We assume that the process of learning and the art of inquiry are inseparable. At present, the University has a tiny program of grants for scholars of promise. That program should be expanded with particular emphasis given to young persons and to seed money for research and other creative activity with an explicit teaching component. That seed money will, incidentally, often lead to extensive future foundation and government support.

Health Affairs Construction and Other Plant Improvement

I have said that in this decade primary emphasis should be given to quality and to people and programs. In the area of health affairs, however, significant improvements in physical plant will be required both for basic sciences and for patient care. Some of our older buildings and some newer ones such as Dietrich Hall will also need to be refurbished. We shall seek to minimize the commitment of resources to bricks and mortar and concentrate our energies on the fullest utilization of the outstanding complex already developed.

Continuous Education

It is time to consolidate our efforts in adult and continuous education through a College for Continuous Education. The University should not remain the almost exclusive preserve of the young. Men and women with different experiences and clearer aspirations must be encouraged to become full members of the University community. We must also be certain that creating a separate college does not hinder the fullest comingling of students of different ages and perspective.

While the proposed College should be able to grant degrees, degree-granting should not be its primary role. Its calendar, including use of campus facilities in the summer, should reflect adult patterns of free and leisure time; its program should reflect adult needs, and not merely duplicate existing curricula redesigned for an adult population. It should be directed both to career and non-career objectives and in some of its aspects it should be fully self-supporting.

We should also extend our educational activities beyond the limits of our campus. Through an expanded Alumni College program, sometimes tied to the professional and career interests of our graduates, on other occasions speaking to their cultural and avocational pursuits, we can meet our goal of making a Pennsylvania education a life-time enterprise. We also have an obligation to further some of our educational services to constituencies in our Commonwealth and City. Knowledge as a basis for public decisions would be welcomed by community groups and many urban and other government officials.

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These are proposed directions for the years ahead. With the campus community we shall now elaborate on these directions for strengthening the University and for renewing many of our forms of education, building on the progress we have made and are making. Our purpose is to seek counsel and advice on improving these proposals during the next several months, after which we expect to return to you with a set of recommendations for implementation. To set them in motion will require the largest fund-raising effort in our his-

tory—a course not without major risks in today's environment. At the same time, this course offers the best hope of lifting our University into the forefront of pacesetting institutions.

The universities that have traditionally achieved pre-eminence have been committed to experimentation as well as excellence. They have periodically transformed themselves, both stimulating and responding to intellectual and social change. The University of Pennsylvania has done this in the past and must do so again.

My associates and I believe the following conditions provide an accurate assessment of our opportunities:

1. That we must reinforce ourselves as an independent university of distinction.

2. That our private status can be justified and sustained through development of improved modes of instruction based on the honored principle of talented students working in meaningful intimacy with eminent teachers, but which break with the patterns of the past in many important ways.

3. That our status is further justified by our continuing commitment to the generation of new knowledge and our recommitment to the search for new insights about human and physical nature and condition.

4. That major new resources are needed if we are to develop these new capabilities.

5. That while Commonwealth and Federal funds are critical, we cannot look to these sources by themselves for increasing our margin of excellence.

6. That tuition revenues cannot rise indefinitely.

7. That the scale of our university in the near future is determined by the size of our existing physical plant.

8. That quality in our major thrusts will be enhanced by effective management, increased efficiency and operation on a balanced budget.

9. That the size of our resource base, even if expanded as we propose, requires that we become a more sharply focussed University that can and will achieve national and international distinction in carefully chosen fields.

With these conditions in mind, I plan to create a University Development Commission, comprised principally of faculty and students. Appointed by the President with the advice of the Provost and Vice-President, the Steering Committee of the University Council and others, the Development Commission will superintend the review and further refinement of these proposals. If you concur, it will have as *ex officio* members the chairmen of the three Trustee committees most directly concerned: Educational Policy, Development, and Long-range Planning. Three professors who are the chairmen of the Academic Planning Committee, the Educational Policy Committee of the University Council and the University Senate, will also be invited to serve *ex officio*. A report from the Commission should be available by the time of the May Trustees' meeting.

Such a Commission will work closely with the Office of Development, which recognizes that it must be able to orient itself to the fund-raising strategies appropriate to these proposals. Our deans and other academic officers must also work intimately with the Commission in the articulation of concrete program proposals for support.

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Seldom are institutions reorganized or reinvigorated from above alone. The success of transformation and change, of innovation and adaption has always required the continuing interest and energy of the whole community, both collectively and as individuals. My colleagues and I are summoning the campus to join together in this major effort. We shall need your judgment, concurrence and participation.