

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE HEARING
BUDGET HEARING

STATE CAPITOL
MAJORITY CAUCUS ROOM
HARRISBURG, PENNSYLVANIA

TUESDAY, FEBRUARY 26, 2008, 1:00 P.M.

VOLUME III OF VI

PRESENTATION BY UNIVERSITY OF PENNSYLVANIA

BEFORE:

HONORABLE DWIGHT EVANS, CHAIRMAN
HONORABLE MARIO J. CIVERA, JR., CHAIRMAN
HONORABLE STEPHEN E. BARRAR
HONORABLE STEVEN W. CAPPELLI
HONORABLE H. SCOTT CONKLIN
HONORABLE CRAIG A. DALLY
HONORABLE GORDON R. DENLINGER
HONORABLE BRIAN ELLIS
HONORABLE DAN B. FRANKEL
HONORABLE JOHN T. GALLOWAY
HONORABLE WILLIAM F. KELLER
HONORABLE TIM MAHONEY
HONORABLE KATHY M. MANDERINO
HONORABLE FRED McILHATTAN
HONORABLE DAVID R. MILLARD
HONORABLE RON MILLER
HONORABLE JOHN MYERS
HONORABLE CHERELLE PARKER
HONORABLE JOSEPH A. PETRARCA
HONORABLE SCOTT A. PETRI
HONORABLE SEAN M. RAMALEY

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BEFORE (cont.'d):
HONORABLE DAVE REED
HONORABLE DOUGLAS G. REICHLEY
HONORABLE DANTE SANTONI, JR.
HONORABLE MARIO M. SCAVELLO
HONORABLE JOSHUA D. SHAPIRO
HONORABLE JOHN SIPTROTH
HONORABLE MATTHEW SMITH
HONORABLE KATIE TRUE
HONORABLE GREGORY S. VITALI
HONORABLE DON WALKO
HONORABLE JAKE WHEATLEY, JR.

ALSO PRESENT:
MIRIAM FOX
EDWARD NOLAN

JEAN M. DAVIS, REPORTER
NOTARY PUBLIC

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1 CHAIRMAN EVANS: The hour of 1 o'clock
2 having arrived, I would like to reconvene the House
3 Appropriations Committee.

4 We have Benjamin Franklin's favorite
5 university. Ben was also Chairman of the House
6 Appropriations Committee and Speaker of the
7 House.

8 DR. GUTMANN: I'll second that, Mr.
9 Chairman.

10 CHAIRMAN EVANS: You'll second that --
11 Chairman of the House; Chairman of the House.

12 We'll let Tom Tangretti's class get situated
13 first. We don't want to interrupt his class.

14 REPRESENTATIVE TANGRETTI: I'm sorry, Mr.
15 Chairman.

16 CHAIRMAN EVANS: I didn't want to interrupt
17 his class. It's all on public TV.

18 Tom Tangretti is practicing to be a
19 professional teacher. I was going to call him a
20 former member, but his term is not up yet. It's not
21 up yet.

22 We got the University of Penn, and this is
23 your third visit?

24 DR. GUTMANN: Fourth.

25 CHAIRMAN EVANS: Fourth visit? You have

1 been around for a little while.

2 DR. GUTMANN: Since my senior year,
3 Mr. Chairman.

4 CHAIRMAN EVANS: Your senior year.

5 DR. GUTMANN: Though I'm not graduated.

6 CHAIRMAN EVANS: You haven't graduated? No,
7 I didn't let you graduate. It's the tuition; we got
8 to get you out of there.

9 You know the rules. We'll just have people
10 on the panel introduce themselves, and then we will
11 start to ask some questions.

12 Madam President.

13 DR. GUTMANN: Thank you.

14 I'm Amy Gutmann. I'm President of the
15 University of Pennsylvania, and seated to my
16 right---

17 DR. GAULTON: Glen Gaulton. I'm the
18 Executive Vice Dean and the Chief Scientific Officer
19 of the School of Medicine at Penn.

20 DR. HENDRICKS: I'm Joan Hendricks. I'm the
21 Dean of the Veterinary School of Pennsylvania.

22 DR. JEFFCOAT: I'm Marjorie Jeffcoat. I'm
23 Dean of the School of Dental Medicine at the
24 University of Pennsylvania.

25 CHAIRMAN EVANS: We had, at the last session

1 with the State-relateds, we had a discussion about
2 accessibility to higher ed and with the challenges
3 that we have with the slowdown in the economy and
4 basically trying to develop the workforce, but really
5 about the cost of higher ed.

6 What are some of the ideas of some of the
7 things that can be done to make sure schools are more
8 accessible? I know one of your competitors, Brown --
9 but I don't know if you can say it's a competitor or
10 not -- has a situation where individuals at a certain
11 salary are going to Brown free of charge. I don't
12 know if that's -- someone told me about that. Does
13 Penn have anything of that nature at a certain
14 level?

15 DR. GUTMANN: Yes. Thank you for asking,
16 Mr. Chairman.

17 I would just like to say, on behalf of my
18 whole executive team, that we thank you for having us
19 here today, and we really appreciate the support that
20 we have been getting and hope to continue to get from
21 the Commonwealth.

22 And your attention and support has been
23 very, very important to us, so thank you to the whole
24 committee. We really feel that it's an honor to be
25 able to speak with you.

1 In answer to your question, Mr. Chairman,
2 Penn over the last 3 years has initiated a series of
3 financial aid policies of which I think we all can be
4 proud.

5 Two years ago, we eliminated loans and had a
6 grant-only policy for all students who come to Penn
7 from families who earn under \$50,000 a year. Last
8 year, we increased that threshold to \$60,000 a
9 year, essentially eliminating tuition for those
10 families.

11 This coming year, we are raising that
12 threshold to include all middle- and even
13 upper-middle-income families. So the threshold will
14 be all grant, no loan, for under \$100,000 incomes.

15 Starting in September '09, all 40 percent of
16 our students on financial aid, regardless of their
17 family income, will have all grant and no loan. So
18 it will be possible to graduate from Penn loan free
19 for all students who start Penn in September '09 and
20 beyond.

21 For all of those policies, we are
22 grandfathering our existing students. So students
23 right now at Penn have had the benefit of the
24 policies that are in place and will have, the
25 students who are sophomores, juniors, and seniors,

1 will have the benefit of the new policies as we phase
2 them in.

3 So we are doing -- our policies are really
4 making possible a loan-free environment for our
5 financial aid students. This will increase our
6 financial aid budget over this 2-year period from
7 approximately \$90 million a year for undergraduates
8 to approximately \$120 million a year. So it's a very
9 large investment on our part.

10 CHAIRMAN EVANS: What is the tuition
11 currently for the University of Penn?

12 DR. GUTMANN: Our tuition -- I will find it
13 here, Mr. Chairman. Let's see if I can find it.

14 Paul, can you get me the page with our
15 tuition on it? There are too many pages here.

16 Okay; here we go. Our tuition -- for
17 undergraduate students, tuition and fees total
18 \$35,916.

19 Our average financial aid package is over
20 \$30,000 per student currently, and it's going to go
21 up. So you can see that while the tuition and fees
22 is a hefty number, our financial aid program is going
23 to cover that for all students who can't afford it.

24 CHAIRMAN EVANS: That's \$35,000 a year,
25 right?

1 DR. GUTMANN: That's \$35,000 a year for
2 tuition and fees.

3 CHAIRMAN EVANS: And that's room and board,
4 too?

5 DR. GUTMANN: No. Average room and board
6 costs are \$10,208. So if you add that together, you
7 have a total -- tuition, fees, room and board -- of
8 just over \$46,000.

9 CHAIRMAN EVANS: Okay.

10 DR. GUTMANN: But I want to emphasize that
11 the only families who pay that are families who can
12 afford to pay that, and all of our students who
13 have financial need are being supported by our now
14 \$90 million a year undergraduate financial aid
15 budget, which will climb over a 2-year period to
16 \$120 million a year as we substitute grants for what
17 are now loans.

18 And let me give you some sense of the
19 magnitude of that. Right now, all students who come
20 from families under \$60,000 can go to Penn loan free,
21 but the students on financial aid whose families earn
22 more than \$60,000 have an average loan burden when
23 they graduate now of \$18,800. It used to be an
24 average loan burden of over \$21,000. Two years from
25 now, we are going to bring that loan burden down to

1 zero.

2 CHAIRMAN EVANS: Have you been following the
3 PHEAA situation, with what has been going on with
4 PHEAA, the Pennsylvania Higher Education Assistance
5 Agency, in terms of their inability to, because of
6 the credit crunch, to be able to get access to the
7 market? Have you been running into that same
8 problem?

9 DR. GUTMANN: No; we are not running into
10 that problem because we have enabled our students to
11 get access to loans, and obviously as we move
12 forward, we are reducing the loan burden
13 dramatically.

14 CHAIRMAN EVANS: How have you been able to
15 get access to that market? Because of what? Credit
16 rating, or---

17 DR. GUTMANN: Because both the University of
18 Pennsylvania has worked on having very good, making
19 sure that the lenders know that our students are very
20 good credit risks, so it's worked fine. Our students
21 have not had a problem getting loans.

22 CHAIRMAN EVANS: I would like to ask some
23 questions about the veterinarian school in terms of,
24 as you know, we here in the State, one of my good
25 colleagues, John Myers, has been raising a lot about

1 agriculture, but the veterinarian school.

2 Tell me some specific things of what is
3 happening with the veterinarian school at this
4 particular point. And I know from the past year that
5 you work closely with the agricultural committee.
6 Can you give me one or two specific kinds of things
7 you have been doing?

8 DR. HENDRICKS: Well, there's a tremendous
9 concern about producing veterinarians who will go
10 into serving agriculture, so we have been working
11 very closely with agricultural producers and the
12 industry to look at what the barriers are and to
13 overcome them in partnership. And some of that has
14 to do with finances and targeting scholarship aid,
15 and also recruiting of students that we are convinced
16 will go into agriculture and will stay in
17 Pennsylvania, and working with the industry to make
18 sure we are producing the kinds of veterinarians that
19 the industry needs for all the different industries
20 -- dairy, poultry, pork production.

21 We also do a tremendous amount of advising
22 and direct work with farmers on productivity and
23 enhancing their business success on the farms so
24 farmers can stay on their farms, and that is our
25 faculty directly working with the farmers.

1 And we have a number of innovative programs.
2 You probably know that when avian influenza was such
3 a worry a couple of years ago, Pennsylvania was
4 actually the most prepared State in the Union, and we
5 are very proud of that, and that has been a
6 partnership between the support from the
7 Commonwealth, our own faculty, and also, again, the
8 producers in readiness, so that, for example, every
9 poultry farm is now marked by GPS mapping now. So we
10 are prepared and we have already shown that we can
11 actually stop an avian influenza outbreak on poultry
12 farms within a couple of weeks and with minimal
13 financial losses and also minimal loss of
14 productivity and of lives.

15 CHAIRMAN EVANS: Have you been doing
16 anything on organic farming?

17 DR. HENDRICKS: We have graduates who do
18 work with organic farming, and it is a very
19 interesting issue, because, of course, our main
20 interest is the animals as well as the farmers who
21 own the animals.

22 CHAIRMAN EVANS: Correct.

23 DR. HENDRICKS: And it is an interesting
24 question as to whether organic farming is better for
25 the animals or not. So we're very interested in

1 that. There's very little study on non-antibiotic
2 treatments, which, of course, is a part of organic
3 farming.

4 And we have been interested in getting
5 funding and looking specifically at that, and then
6 for other reasons we are pursuing non-antibiotic
7 treatments of various organisms. So in an indirect
8 way, we are.

9 CHAIRMAN EVANS: Are you familiar with
10 something called the Rodale Institute? There's a
11 colleague of ours, Representative Dave Kessler, who
12 has been working in this area.

13 I think he talks about Minnesota and one
14 other State where they are trying to use some form of
15 incentives to get people to switch from conventional
16 farming to organic farming.

17 DR. HENDRICKS: I'm not familiar with that
18 particular institute, but as I have said, we are very
19 interested in helping farmers and helping industry in
20 Pennsylvania to address some of the public concerns
21 about farming, mainly, again, central for our mission
22 is the animal welfare questions. But another is also
23 the environmental impact of farming.

24 And we have initiatives that are really
25 looking in partnership with the industry at

1 addressing both those kinds of questions through
2 scientific research and through actually proving that
3 things are better.

4 So we are very interested in finding out
5 what really works for the farmers.

6 CHAIRMAN EVANS: Okay.

7 Chairman Mario Civera.

8 CHAIRMAN CIVERA: Thank you, Mr. Chairman.

9 This question has come up a couple of times
10 already this year and it came up last year in last
11 year's budget, only because the Governor has
12 requested to go after the Jonas Salk Fund. For the
13 record, could you give us some of what your proposal
14 is, which I kind of gather what it is but I need to
15 hear it again, because this just becomes more and
16 more debatable as we go on.

17 DR. GUTMANN: Thank you, Mr. Chairman.

18 We had some concerns about the Jonas Salk
19 Fund as it was originally proposed. We worked with
20 the Governor's Office, and they were responsive to
21 our concerns.

22 We support the current proposal. It is very
23 important for us that the current level of tobacco
24 settlement support of 19 percent of the total for
25 health research be maintained.

1 CHAIRMAN CIVERA: And I'm sure that that's
2 been told to the Governor's Office over and over,
3 just like we have told the Governor over and over.
4 So I'm--- Okay.

5 DR. GUTMANN: Good. Thank you.

6 CHAIRMAN CIVERA: The Chairman has mentioned
7 PHEAA, because we're going to have them in here this
8 afternoon.

9 Now, based on what you just told us as far
10 as what your proposal is and your students with your
11 loan and your financial situation, I'm very
12 impressed, because we have about 203 Legislators in
13 the General Assembly. They all qualify now.

14 DR. GUTMANN: It's total family income,
15 Mr. Chairman.

16 CHAIRMAN CIVERA: So I'm very, very
17 impressed with this.

18 DR. GUTMANN: Well, you should spread the
19 word. We do want to get the word out about how
20 generous our financial aid policy is.

21 A lot of people don't know that if their
22 children, and their children don't know that if they
23 can qualify to get into Penn -- it's very competitive
24 to get in -- they can afford it.

25 CHAIRMAN CIVERA: Okay.

1 On one of your items on the budget request,
2 if you wouldn't mind, dental clinics, the
3 cardiovascular. Could you go over that for us?

4 DR. GUTMANN: Sure.

5 I think the best thing to do is to ask my
6 colleagues just to go over one by one what the
7 requests are. Why don't we start with the largest
8 single item, which is our veterinary school.

9 CHAIRMAN CIVERA: Yes; okay.

10 DR. HENDRICKS: So the vast majority of the
11 request for the veterinary school is for general
12 veterinary activities. So it overwhelmingly goes
13 for salaries and for student support for the
14 instruction.

15 There is also a veterinary center for
16 infectious disease, which was a line item that was
17 added 2 years ago. That goes to support research and
18 service related to infectious disease prevention and
19 research and training, largely focusing on the
20 diseases in Pennsylvania.

21 DR. GUTMANN: And that amount, of the
22 amount that we have requested, we have requested
23 \$53 million -- \$53,373,000 for the fiscal year
24 2008-09. That represents an increase of 7.4 percent.
25 Of that amount, \$45,866,000 is being requested for

1 the vet school.

2 Let me turn it to Dr. Gaulton for the School
3 of Medicine request.

4 MR. GAULTON: Thank you, President Gutmann.

5 The School of Medicine request is
6 \$4.3 million. The bulk of that funding is requested
7 specifically for resolving student financial aid
8 issues.

9 As we mentioned previously, for the
10 undergraduate side of our campus, the expenses for
11 medical education are also extremely high at all
12 medical schools, but particularly at the top-tier
13 schools.

14 Our current tuition level in the School of
15 Medicine is a little over \$46,000 annually for
16 tuition alone, and that is without the additional
17 cost for housing, and I know this intimately because
18 I have a first-year medical student. My youngest son
19 is a first-year medical student at Penn.

20 I should say that we are very grateful for
21 the State's continuing support of this financial aid.
22 It allows us to provide relief to the Pennsylvania
23 State residents who are enrolled in our medical
24 school.

25 The average debt burden for our graduates

1 right now is a little over \$120,000 on average for
2 graduates of Penn Medicine, which is a substantial
3 burden for them to bear, and we are working very,
4 very hard through a variety of mechanisms to keep
5 that level down.

6 I should say that 47 percent of our
7 enrollees in the School of Medicine are Pennsylvania
8 State residents, and almost a third of our graduates
9 stay in the State for long-term physician services.
10 So we are also very, very proud of that.

11 So the bulk of the funds for the medical
12 school is used directly to offset the scholarship
13 support and educational services delivered to
14 Pennsylvania students.

15 DR. GUTMANN: Thank you.

16 Dr. Jeffcoat, for dental.

17 DR. JEFFCOAT: Yes. The School of Dental
18 Medicine's appropriation is not intended to, as I
19 understand it, it is not intended to offset
20 tuition.

21 And you may be asking, when you look at the
22 numbers, why is dental school higher than medical
23 school? The reason is, dental students have to buy a
24 lot of instruments. All that stuff that the dentist
25 uses that you don't ever want to see, they leave

1 school with that. They own it. So the new students
2 get new things, and we put that in their numbers so
3 they know what it is going to cost so they can plan,
4 and that's why the difference between our number and
5 his number. Your students don't have to buy those
6 instruments.

7 But what the appropriation does, and it's
8 extraordinarily important to us and to the people of
9 the Commonwealth, is it allows us to give care in our
10 clinics to people who couldn't otherwise afford it.

11 At 7 o'clock in the morning, we have a line
12 of people waiting. We have a number all night now.
13 We have a 24-hour call line where people can call in,
14 and it's busy all the time. So we very much are able
15 to provide care that we couldn't otherwise provide
16 through this mechanism, and it's very important.

17 We recognize that there is a need beyond
18 west Philadelphia, and this year, through our own
19 funds and funds we have been able to raise, we have
20 taken the PennSmiles van out beyond -- when I say
21 beyond, that means west, being a northeasterner.

22 DR. GUTMANN: Let me just give the numbers.

23 The dental clinic is asking for \$1,164,000.
24 The total request, I have already said.

25 The total recommended, what the Governor is

1 proposing, is \$42,879,000 for the vet school, which
2 is an increase of only a half a percent. The total
3 increase that the Governor has recommended is
4 1.3 percent or \$50,325,000.

5 The delta between these schools represented
6 here and the total is our museum has a small request,
7 and there's no increase recommended by the Governor
8 for the museum but to be held flat.

9 Thank you very much, Mr. Chairman.

10 CHAIRMAN CIVERA: Thank you.

11 Thank you, Mr. Chairman.

12 CHAIRMAN EVANS: Thank you.

13 Representative Jake Wheatley.

14 REPRESENTATIVE WHEATLEY: Thank you, Mr.
15 Chairman.

16 Good afternoon, Madam President and team.

17 DR. GUTMANN: Good afternoon.

18 REPRESENTATIVE WHEATLEY: One, if I can just
19 go back a moment just for my own clarity, can you go
20 back over the issue that you have with the Jonas Salk
21 Fund and the money, because I didn't hear all of your
22 response, so if you could just repeat that for me.

23 DR. GUTMANN: When the Jonas Salk Fund was
24 initially proposed, we had some concerns about the
25 way it was structured. We worked with the Governor's

1 Office, and they were responsive to those
2 concerns.

3 Our main concern was that the current
4 tobacco settlement supports the kinds of initiatives
5 at Penn that are very good for the Commonwealth as
6 well as essential to Penn.

7 The Governor was responsive to those
8 concerns, and we believe the current proposal,
9 although it evolves over time, the current proposal
10 is responsive to those concerns.

11 Our main concern, I think it's worth
12 underlining, is that the tobacco settlement remain as
13 it is, that 19 percent of those funds go to support
14 our medical enterprises. So I think that health
15 research is a very important part of what we can
16 contribute to the Commonwealth, and 19 percent of the
17 tobacco settlement goes for that.

18 So I hope I have made that clear.

19 REPRESENTATIVE WHEATLEY: Sure. And I just
20 wanted to make sure I was understanding what I
21 thought the Jonas Salk Fund was doing, because one of
22 the things -- and maybe I have this wrong, but you
23 can help clarify it for me -- it is a volunteer
24 option in to it, correct? As an institution, you
25 could choose not to compete for the set-aside funds

1 and stay receiving your allocations that you normally
2 receive. Is that not right?

3 DR. GUTMANN: That's correct.

4 REPRESENTATIVE WHEATLEY: Okay.

5 DR. GUTMANN: And it has evolved over time.

6 Where it is now, which we are supportive of,
7 is that institutions can opt out of it, or as we have
8 chosen, to opt in in its present form, which will
9 support infrastructure as well as research, ongoing
10 research, and we are supportive of that.

11 REPRESENTATIVE WHEATLEY: Sure. And that
12 was not part of my questioning, but I just wanted to
13 get clear on it and make sure that I was
14 understanding your perspective.

15 DR. GUTMANN: Okay.

16 REPRESENTATIVE WHEATLEY: I am very happy to
17 hear that, you know, basically, if you are a
18 middle-income family or a lower-income family and you
19 have the honor and the privilege to be accepted into
20 the University of Penn, that you can basically go
21 without carrying any loans now. So I only hope that
22 as I apply for graduate schools and look at this,
23 that I get the honor to come into your facility as
24 well.

25 But, no, I do want to commend you for

1 thinking about that, because that's critical as we
2 move into the next years of trying to educate our
3 leaders, our future leaders, that they can access
4 your halls and gain the best that you have to offer
5 and basically leave there with not the problem of
6 having to repay back hundreds of thousands of
7 dollars. And that opens up wonderful career options
8 for them to do public service and don't necessarily
9 have to go right into the top-dollar bid offer at
10 private industry. So I'm glad that you are making
11 yourself available that way.

12 I have asked the State-relateds and I have
13 asked the State System, and I have had some
14 conversations with the independent colleges and
15 universities around this whole idea of, how can we as
16 a Commonwealth get to a coordinated educational plan
17 and support that plan and support the investment in
18 what we are doing, meaning from birth basically to
19 death? And how do you see, you know, as a private
20 institution, how do you see or what would you suggest
21 to policymakers as a way to do that?

22 I mean, clearly you receive some public
23 money, and you do see yourself having some
24 responsibility to the greater good of the
25 Commonwealth. So what role, what would you suggest

1 to us as policymakers of how we can bring about this
2 coordination?

3 DR. GUTMANN: Well, we as a private
4 institution are very much dedicated to contributing
5 to the public good. We see that as core to our
6 mission. And we are very pleased and proud that we
7 have as our founder Benjamin Franklin, who is true to
8 that mission of doing well by doing good and
9 contributing to the larger public good.

10 There are many different ways that the State
11 Legislature and the State as a whole can help
12 coordinate this mission moving forward. Some of
13 those ways are represented in the kinds of requests
14 that we are making that you have historically been
15 very responsive to, which is making higher education
16 for future leaders and future leaders in the
17 Commonwealth affordable.

18 Benjamin Franklin wanted to found a
19 university that was open to all people based on
20 talent and hard work, and I think that is the guiding
21 principle for a strong educational system. And
22 that's what I have as a scholar and teacher studied
23 and as a President am putting into practice, and it's
24 only with the help of government that private
25 institutions like us can put that into practice. And

1 here are some specific ways: being supportive of a
2 very strong primary and secondary school system;
3 being supportive of a very strong health-care
4 system.

5 Children -- I think I don't need to tell you
6 -- children who do not get good health care and do
7 not get good education cannot be expected to succeed
8 later in life.

9 And then, of course, being supportive of a
10 strong higher education system. In the 21st century,
11 no commonwealth will succeed if it doesn't have a
12 very high proportion of citizens who have college
13 degrees.

14 And then obviously health care is incredibly
15 important, and for a heavily agricultural State,
16 veterinary medicine is critical.

17 REPRESENTATIVE WHEATLEY: Thank you for that
18 response, and I thank the Chairman. And I will not
19 take up much more time before the committee. I will
20 just submit the rest of my questions to you in
21 writing.

22 Thank you.

23 REPRESENTATIVE KELLER: Thank you.

24 Representative Gordon Denlinger.

25 REPRESENTATIVE DENLINGER: Thank you, Mr.

1 Chairman.

2 Good afternoon.

3 DR. GUTMANN: Good afternoon.

4 REPRESENTATIVE DENLINGER: First, two
5 questions on your relationship with the Commonwealth.

6 With regard to the fact that we do support
7 your efforts there at the university, do you give a
8 preference -- you have spoken a little bit about the
9 future plans for tuition, but under current policy, I
10 guess I should ask this: Do you give a preference
11 for Pennsylvania residents on tuition and/or
12 enrollment?

13 DR. GUTMANN: We have -- of our full-time
14 undergraduate students, 18 percent are from
15 Pennsylvania, and our heaviest recruitment is in the
16 State.

17 In our veterinary school, 61.6 percent of
18 our students are Pennsylvania residents. One out of
19 every three students who applies from Pennsylvania
20 to our vet school gets in, and that compares to
21 1 out of every 20 who applied from out of State who
22 get in.

23 The medical school consists of 47 percent
24 of students from Pennsylvania, and dental school,
25 23.4 percent from Pennsylvania.

1 REPRESENTATIVE DENLINGER: Okay. Very good.
2 Thank you for that.

3 DR. GUTMANN: And Dr. Hendricks will also
4 comment. You had a question about tuition.

5 DR. HENDRICKS: Yes; I would like to add
6 that the veterinary school has a lower in-State
7 tuition for Pennsylvania applicants, and in addition,
8 we also have been able to supplement that because of
9 the appropriation and provide additional scholarships
10 so that the effective tuition is at least \$10,000,
11 \$15,000 less than the out of State.

12 REPRESENTATIVE DENLINGER: Very good.

13 And then I have a question that's a little
14 more difficult, quite frankly.

15 DR. GUTMANN: Sure.

16 REPRESENTATIVE DENLINGER: I noticed that in
17 the Chronicle of Higher Education last year, your
18 endowment crossed over the \$6.6 billion mark. It
19 grew by 24.9 percent last year, which is amazing.
20 That is amazing. Obviously we do support you, but we
21 support you to the extent of 1 percent of your total
22 endowment with the State budget line.

23 As a Representative, last evening I sat in
24 front of a roomful of frustrated and, at points,
25 emotional parents who cannot get their children,

1 mentally disabled children, into group-home settings
2 because of the budget. And so we are faced with
3 priorities in terms of what we spend, and that
4 crosses party lines. It's just difficult choices
5 that we all have to make.

6 So make the case for me, if you will, as we
7 face this budget -- last evening, a roomful of folks
8 did in a very luciferous way -- can you help me to
9 understand why I should support this?

10 DR. GUTMANN: Right. A perfectly
11 understandable question, and I'm happy to answer.

12 We are an institution that is almost as old
13 as this country, and we have been able to increase
14 what we can do for our country and Commonwealth in
15 part because of the prudent savings and investment
16 but also the very generous donations to the
17 university from private donors.

18 Because of the donations and the investment,
19 our endowment now has crossed the \$6.6 billion mark.
20 Most of that endowment, the vast majority of it, is
21 restricted by donors' wishes. We simply can't
22 transfer dollars from what a donor gave it for to
23 some other priority.

24 So, for example, our undergraduate financial
25 aid, 15 percent of that comes from gifts from donors.

1 Eighty-five percent of that is from our operating
2 budget.

3 The vast majority of our financial aid comes
4 from our operating budget. That gives you some sense
5 of how dedicated we are to the public good that we
6 are willing to spend on undergraduate financial aid
7 alone \$120 million a year, the vast majority of it
8 which comes from our operating budget.

9 So we are doing everything we can with our
10 operating budget to support the public good, and we
11 are absolutely essentially dependent on your support
12 to allow us to do the medical education, the
13 veterinary education and research, and dental
14 education and public service that has become a
15 hallmark of the university.

16 REPRESENTATIVE DENLINGER: Very good. I
17 appreciate those thoughts.

18 Thank you, Mr. Chairman.

19 DR. HENDRICKS: And could I add to that,
20 since, again, the veterinary school is the major
21 beneficiary of the Commonwealth's generous support
22 through the years.

23 REPRESENTATIVE DENLINGER: Sure.

24 DR. HENDRICKS: And what I would like to
25 reemphasize, which I know that many of you are aware

1 of, is that not only is veterinary education
2 expensive and our students do bear a lot of loan debt
3 as they graduate, our students graduate with a
4 \$160,000 debt now and go into a profession that, on
5 average, earns \$70,000 when they graduate.

6 What we really want and we are aiming for at
7 Penn is to educate students who will go into the
8 public good arena, so serving agriculture, pioneering
9 biomedical research, going directly into government,
10 which as we know is public service, and to do that,
11 we really want to lower the debt burden of our
12 students and enable them to go into these areas.

13 So we are focused very much on training
14 leaders and on leading the profession, and in order
15 to have students who can do that, and really in ways
16 that are often not well understood, but those who
17 receive them understand that veterinary medicine is
18 part of the public health system of the country and
19 especially of the Commonwealth.

20 So I just want to emphasize that our goal is
21 very much to train people who are public servants
22 when they are done.

23 DR. GAULTON: Could I also add that several
24 committee members have asked about other things that
25 the committee and the Legislature can do to help in,

1 you know, these aspects of student expenses and
2 education, and I think one of the ways that you can
3 do that, it was brought forward by Deputy Speaker
4 Shapiro within the last year, a loan forgiveness
5 program for physicians who will commit to an extended
6 stay here in the State after completing their
7 degrees.

8 And I think either full forgiveness or
9 partial tuition forgiveness plans, I think in any one
10 of the professional schools, is a terrific way to,
11 one, offset the financial burdens of these students;
12 two, to attract more students therefore to our
13 schools in the State; and three, to keep them here in
14 Pennsylvania after we do such a tremendous job of
15 training them. So we applaud those kinds of
16 programs.

17 REPRESENTATIVE DENLINGER: Very good. I
18 appreciate those comments.

19 Thank you, Mr. Chairman.

20 CHAIRMAN EVANS: Thank you.

21 Representative Scott Petri.

22 REPRESENTATIVE PETRI: Thank you, Mr.
23 Chairman.

24 Thank you, President Gutmann.

25 I wanted to thank you for allowing the Life

1 Science Caucus to do a tour, and I just have to
2 remark for the record at how impressed I was when I
3 went into the research facility and then over into
4 the hospital.

5 Both were very impressive, but the thing
6 that struck me the most after the day's visit was
7 seeing a relatively young man on an artificial heart
8 that was developed at your facility that was keeping
9 this, again, relatively young man alive until a heart
10 replacement could be obtained.

11 And then when I found out that that
12 artificial heart was developed with money from the
13 Commonwealth and specifically that Speaker Matt Ryan
14 had made available, it made me pause again about some
15 of the things we do. Sometimes we don't know just
16 how important the money that we make available to our
17 various research facilities will be in the end. So I
18 just had to put that on the record.

19 DR. GUTMANN: Well, thank you very much for
20 putting that on the record, and I just want to say
21 how right on target you are. And that particular
22 example got a lot of public recognition and I think
23 sheds just great light on something the Commonwealth
24 and the university can be very proud of.

25 I would like to ask Dr. Gaulton to say

1 something more about that support, what the
2 Commonwealth has made possible through that.

3 DR. GAULTON: Thank you, President Gutmann.

4 The State appropriation also includes a
5 request for continued funding for our cardiovascular
6 studies area, as has been noted. That amount is
7 \$1.7 million, which is up at a modest request of a
8 little over a hundred thousand dollars from the
9 previous year.

10 Those funds are used, just as you have
11 described, to support innovative research and
12 patient-care programs, and I'm pleased to say that.
13 So the artificial heart that was inserted into this
14 patient got this individual through to a point where
15 an organ was made available, and the individual is
16 now well into a year after and is still very healthy
17 and doing extremely well.

18 This was the first fully artificial heart
19 ever inserted in the northeastern region and
20 certainly the first ever in the State of
21 Pennsylvania, so we are extremely proud of that
22 accomplishment.

23 These funds also provide a wealth of support
24 in other areas associated with cardiovascular biology
25 and medicine -- the Heart Failure and Transplant

1 Program being one example, the Electrophysiology
2 Program another.

3 Researchers at Penn have just recently
4 developed a new way of inserting visible technology
5 to measure a cardiac ablation. This is a very common
6 phenomena -- arrhythmias, repeated heartbeats,
7 irregular heartbeats, or rapid heartbeats. This can
8 now be visualized in a direct way as a surgical
9 procedure is done to determine immediately, as the
10 procedure is being done, whether it is successful,
11 and this is pioneered at Penn.

12 So these are a couple of examples of -- let
13 me just say, it is a fantastic place to work. I have
14 one of the greatest jobs in the world, surrounded by
15 phenomenal individuals, and I'm extremely proud of
16 it, as we all are here at the table.

17 DR. GUTMANN: As eager as students are to
18 get into Penn, so are people who are suffering from
19 life-threatening conditions and diseases eager to be
20 treated at our hospitals and by our incredible
21 medical team.

22 In addition to the investment in the kind of
23 research and teaching efforts that make this such a
24 great place for health care, we are now investing,
25 over the next 3 years, over \$800 million in medical

1 building alone.

2 There are three major building components to
3 this. One is, our Center for Advanced Medicine will
4 be open this year. The second is a Proton Therapy
5 Center, which will be open next year. And the
6 following year, we will have a medical research
7 building that specializes in translational medicine
8 attached to the CAM, the Center for Advanced
9 Medicine, and the Proton Therapy building.

10 Dr. Gaulton has led the effort of organizing
11 the medical research building, and we will have, by
12 all accounts, one of if not the best medical
13 treatment and research centers in the country after
14 this is all complete.

15 REPRESENTATIVE PETRI: Thank you.

16 CHAIRMAN EVANS: Benjamin Franklin would be
17 pretty proud.

18 It's a pleasure to have you, Madam
19 President, and the members of your staff come before
20 the House Appropriations Committee. We appreciate
21 the insight that you have provided to us and the
22 exchange and the dialogue and the discussion. So we
23 look forward to continue working with you, and we
24 thank you for coming before this committee.

25 I want to take a 3-minute break. We have

1 the Judiciary coming before us. So take a 3-minute
2 break, and then we'll have that.

3 Thank you very much.

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5 (The hearing concluded at 1:27 p.m.)

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I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Jean M. Davis, Reporter
Notary Public