THE EXECUTIVE BOARD
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

July 1, 1974

A meeting of the Executive Board of the Trustees of the Univer-
sity of Pennsylvania was held on Monday, July 1, 1974 at 10:00 a.m.
in the Faculty Club, 3600 Walnut Street.

Present were: Mr. Thomas S. Gates (presiding), Mr. Samuel H.
Ballam, Jr., Mr. Henry M. Chanuw, II, Mr. Charles D. Dickey, Jr.,
Mr. Robert G. Dunlop, Mr. John W. Eckman, Dr. Carl Kaysen,
Mr. Donald T. Regan, Bernard C. Segal, Esq., President Martin
Meyerson, Provost Eliot Stellar, Vice Presidents Paul O. Gaddis,
Harold E. Manley and E. Craig Sweeten, Dr. D. Bruce Johnstone,
Mr. Mark Levitan, Mr. Curtis R. Reitz, Mr. Gerald Robinson and
Mr. William G. Owen (Secretary).

The minutes of the April 12, 1974 meeting were approved.

Following a brief discussion of the focus of the new Executive
Board and plans for future meetings, it was determined that the
next meeting will be held on Monday, September 9, from 10:00 a.m
to 3:00 p.m. in The Fidelity Bank board room. Thereafter meetings
will be held on the second Monday during the same hours in
November, December, February, April and June; the site of the
meetings will alternate between the campus and downtown Philadelphia
with one of the meetings to be held in New York City.

President Meyerson introduced the subject of early retirement
plans for faculty members and for administrative staff by
referring to a discussion held at the Stated Meeting on May 3. He
made the point that the administration has endeavored to work
toward an incentive system in its early retirement proposal for
faculty for financial costs on a "washout" basis; this will call,
he noted, for a sense of firmness on the part of the administration
in adhering to the plan. Dr. Johnstone then gave a brief synopsis
of the background of the proposal affecting faculty members,
which had been distributed to members of the Board in advance,
and delineated the principles upon which the plan is based.
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In the ensuing discussion, it was indicated that the impact of the plan will be reviewed carefully in two years and changes introduced as necessary; no restrictions will be placed on the future employment of faculty members who retire early; problems of health will be accommodated by the presently constituted Disability Board. It was observed by Mr. Reitz that it is difficult to evaluate the relative attractiveness of the plan and that it will likely take some three years before a reliable indication is in hand. Mr. Gates expressed concern about the feasibility of introducing changes once the plan has been implemented; the President concurred in this and said that it would be wise to have some special control built into the plan which would require Trustee approval of each individual who desires to stay on. In response to a concern voiced by Mr. Dunlop about the period of review, President Meyerson suggested that the administration make a report to the Board at the end of each fiscal year. The point was made by Mr. Gates that if an audit committee of the Trustees is established, one of its responsibilities could be the monitoring of the early retirement plan.

Attention was next given to a series of resolutions designed to lower the mandatory retirement age for administrative staff from age 68 to age 65; Mr. Robinson explained the purpose of these proposals.

In response to a question by Mr. Eckman about prior review by appropriate organizations within the faculty and administration, it was noted by Dr. Johnstone that the Faculty Senate had accepted the original proposal of its own committee and the Senate Advisory Committee has concurred in the present proposal of the administration. He said that the resolutions affecting administrative staff have not been reviewed by the A-1 Assembly. President Meyerson acknowledged that disagreement with the respective proposals by individuals is a "given" in the present situation.

Upon vote, the following resolutions were adopted:

WHEREAS, members of all faculties except the Faculty of the School of Medicine who first received tenure before October 15, 1959 retire at the end of the fiscal year (June 30th) in which they attain the age of seventy, and all other faculty members retire at the end of the fiscal year in which they attain the
WHEREAS, the age of retirement in the public and private sectors generally is sixty-five or lower, and has been lowered to age sixty-five in many universities; and

WHEREAS, the median age of the faculty has been increasing and will continue to do so as a result of the end of the period of major expansion in the size of the total University; and

WHEREAS, retirements at age sixty-five would provide necessary opportunities for hiring and promotions of younger persons in faculty positions which would otherwise not be available; and

WHEREAS, the Report of the University Development Commission issued in January 1973 recommended:

That the Board of Trustees immediately lower the normal retirement age to 65 for all faculty members who achieve tenure after June 30, 1974.

and

WHEREAS, the University Senate on April 25, 1973 unanimously passed the following resolution:

That the Board of Trustees immediately lower the normal retirement age to 65 for all faculty members who achieve tenure after June 30, 1974 provided that the existing mandatory retirement age of 68 be applicable to all persons with tenure or who are in tenure-accruing rank on or before July 1, 1973.

and

WHEREAS, the Administration has presented a plan entitled "Voluntary Early Retirement Plan for Faculty" which has been drawn up with the assistance of the Senate Committee on the Faculty and is in accord with the principles of voluntary early retirement approved by the Senate on October 31, 1973; and

WHEREAS, the Board of Trustees at the Stated Meeting of June 13, 1974, revised Article X of the statutes to empower the Executive Board to determine the age and other provisions for retirement for all officers, faculty, and other employees of the University;

THEREFORE BE IT RESOLVED,

1. That the retirement age for all faculty members first appointed as Assistant Professor or above prior to July 1, 1974 shall remain the 30th of June following their sixty-eighth birthday or, for faculty members except those in the School of Medicine who first received tenure prior to October 16, 1959, the 30th of June following their seventieth birthday; and

2. That the retirement age for all faculty members appointed after July 1, 1974 and all faculty members presently holding appointments below the rank of Assistant Professor shall be June 30 following their sixty-fifth birthday; and

3. That provision for voluntary early retirement for faculty be made effective immediately in accord with the principles and procedures contained in the document entitled "Voluntary Early Retirement Plan for Faculty," which is dated June 28, 1974.

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Retirement

WHEREAS, members of the administrative staff presently retire on July first in the year after they attain the age of sixty-eight; and

WHEREAS, the median age of the administrative staff is increasing and will continue to do so as long as retirements remain at the levels projected under present retirement policies; and

WHEREAS, a mandatory retirement age of 65 for administrative staff would help to stabilize the median age of administrators and allow appointments of new personnel for whom positions would not otherwise be available; and

WHEREAS, the mandatory retirement age in both the public and private sectors is generally age 65 or lower; and

WHEREAS, the mandatory retirement age for faculty first hired on or after July 1, 1974 will be age 65 and steps will be taken to encourage early retirement at age 65 by faculty members in tenured of tenure-acquiring positions prior to July 1, 1974 whose mandatory retirement ages will remain at age 68 or age 70; and

WHEREAS, deferring any lowering of the mandatory retirement age for presently-employed administrative staff will provide opportunity for individuals to revise and make provisions for earlier retirement plans; and

WHEREAS, the Board of Trustees at the Stated Meeting of June 13, 1974 revised Article X of the Statutes to empower the Executive Board to determine the age and other provisions for retirement for all officers, faculty, and other employees of the University.

THEREFORE BE IT RESOLVED, that:

1. Administrative staff employed full time on July 1, 1974 will retire according to the following schedule except in cases involving tenure or special arrangements mutually agreed upon by the individual and the University prior to the passage of this resolution:
   a. All individuals who will attain the age of 64 or above during the fiscal year ending June 30, 1975 will retire, as presently required, on the first of the month after they attain the age of 68.
   b. All individuals who will attain the age of 63 during the fiscal year ending June 30, 1975, will retire on the first of the month after they attain the age of 67.
   c. All individuals who will attain the age of 62 during the fiscal year ending June 30, 1975, will retire on the first of the month after they attain the age of 66.
   d. All individuals who will not yet have attained the age of 62 by June 30, 1975, will retire on the first of the month after they attain the age of 65.

2. All administrative staff employed less than full time on July 1, 1974 or hired after July 1, 1974 will retire on the first of the month after they attain the age of 65.

3. Special provisions for retirement prior to the age of mandatory retirement may be arranged by the individual, the appropriate dean or vice president, the Office of Personnel Relations, and the Vice President for Management or the provost.

4. Employment may be extended to the end of the fiscal year.

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during which mandatory retirement is to occur upon agree-
ment of the retiree, the immediate supervisor, and the
appropriate dean or vice president. Employment beyond
the end of the fiscal year during which retirement occurs
should be only to meet urgent needs and for limited
periods of time. Extensions beyond the end of the fiscal
year shall have the approval of the appropriate dean or
vice president, the Office of Personnel Relations, and
the Provost or vice president for management.

At the request of the President, Mr. Sweeten reflected a
growing concern on the part of members of the State Legislature
about the proportion of Pennsylvania students in certain schools
of the University. He referred to this as a problem which has
been present for many years, but which is becoming increasingly
critical as reflected in a questioning as to whether the State is
getting its money's worth in terms of educational opportunity for
Pennsylvanians. Questions are coming, he noted, from responsible
people who wonder if the University could not accommodate more
residents without jeopardizing standards or its status as a
national institution. He recalled that the great demand of about
ten years ago in terms of undergraduate students has been alleviated
considerably through the Small Communities Program. More recently
he said, the School of Medicine agreed to move toward a 50% in-
state enrollment, which has now been achieved. There have been
complaints about the Dental School, which has difficulty in main-
taining the 25% level of admissions for Pennsylvania residents;
however, it is recognized that the tuition differential between
our Dental School and those at Pittsburgh and Temple is a special
problem and that our school has made earnest efforts to attract
Pennsylvanians. Most recently, he said, attention has been
directed to our Law School where the proportion of residents in
the entering class has dropped to 28%. Mr. Sweeten concluded by
noting that with the increased emphasis on accountability, the
questioning of the usefulness of higher education in itself, the
tightening fiscal situation and the stiffer competition for
available State dollars, the University may expect more questions
of this kind. He said that the Law School, by way of response,
says that its applicant pool is shrinking and that the quality of
the entering class would suffer if an arbitrary quota were to be

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Proportion of Pennsylvania students in some schools imposed. The dean has said that the Law School will take steps to increase the size of its applicant pool, to enhance the yield on approved candidates, and grant some preference in awarding financial aid to Pennsylvania residents.

President Meyerson observed that the administration hopes to convince the particular senator who has made direct inquiry that the above steps identified by the dean will be sufficient to increase the proportion of Pennsylvania residents in the Law School. The point was made by Mr. Eckman that hopefully this approach will serve to buy sufficient time to prove the point that there would be a long-range diminution in the quality of Law School graduates if an arbitrary quota were to be imposed.

Mr. Sweeten also referred briefly to certain new legislation which will hopefully add to the University's financial resources, in the form of scholarship assistance, in an amount of about $400,000.

President Meyerson presented the following resolutions, which were approved.

**Wharton School Board of Overseers**

RESOLVED, that Reginald H. Jones be appointed Chairman of the Board of Overseers for The Wharton School, effective immediately.

**Board of Overseers of College of Engineering and Applied Science**

RESOLVED, that C. B. McCoy be appointed Chairman of the Board of Overseers of the College of Engineering and Applied Science, effective at such time as he indicates acceptance of this position.

The President solicited the suggestions of Trustees in the formation of boards of overseers for the arts and sciences and the Graduate School of Fine Arts.

Upon presentation by President Meyerson, the following resolution was adopted:

RESOLVED, that approval be given for the granting of an honorary degree to Pope Paul VI on the occasion of his visit to Philadelphia to attend the 41st Eucharistic Congress in August 1976.

Upon presentation by Provost Stellar, the following resolution was adopted:

**Academic appointments and promotions**

RESOLVED that the academic appointments and promotions for the period from June 1, 1974 to June 18, 1974 be approved.

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By way of information, Mr. Gaddis stated that the administration is giving consideration to entering into a contract for a three-year trial period to determine whether the development of programs at a major property in La Napoule, in Southern France, will serve the University's intellectual and educational purposes. He said that although the University has been offered the property as a gift valued at several million dollars and the associated endowment of about $750,000, there is no intention to accept the property outright until it is determined how the gift might be used. During the three-year trial period, the La Napoule Foundation will retain title to the property and turn over to the University the income from the endowment now in the amount of about $40,000 per year. This normally pays for the maintenance of the property, including staff, so that the University will have only to meet operating expenses for its own activities and any initial capital improvements needed to make them possible. This arrangement, he said, should insulate the University against the possibility of a large drain upon its general revenues from unanticipated costs, while at the same time permitting it to pursue the advantages which this opportunity presents.

On behalf of the Health Affairs Committee, Mr. Ballam recalled the brief discussion on health affairs at the time of the Special Stated Meeting on June 13 and said that he and Mr. Gaddis would provide certain background information at this time, and in September there would be a more definitive discussion, with Dr. Langfitt present, of why the University is "in the hospital business." He proceeded to present data which indicated that up until 1970-71, reimbursement received from Blue Cross essentially covered all hospital costs. Then, he noted, a new type of Blue Cross cost contract introduced progressively during 1967-1970 led to progressively deteriorating finances at both hospitals since 1971. He said that during the period 1968 to 1973, University Hospital had operated in the black a cumulative amount of $604,000 after depreciation, whereas Graduate Hospital had incurred a cumulative deficit of $994,000. The basic financial

La Napoule Foundation

Health Affairs

Hospitals

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problem during this entire period was the lack of adequate reimbursement to Delaware Valley hospitals for the large amounts of free care they are required to provide. He said that the State had indicated its readiness to increase the reimbursement for clinic visits for the indigent from $6 to $9.

Mr. Gaddis undertook to place the hospitals' situation in the total context of University fiscal planning and indicated that the impact of the hospital deficits was included in the projections up to 1975 as presented to the Trustees in May. By extrapolating forward after that year, he said, one can anticipate progressively increased operating losses in the hospitals assuming that inflationary cost increase continue and the unreimbursed free care situation persists. As a result, the University subsidy in 1979 for University Hospital would be on the order of $1,200,000 and for Graduate Hospital on the order of $840,000. However, he went on to note that the Commonwealth of Pennsylvania is showing evidence of willingness to take some corrective actions for free care losses, and that therefore there is a good probability that the University's operating statements will be free of deficits resulting from hospital operations through 1975 and 1976, but that the hospitals may thereafter contribute deficits to the University budget, unless pressure is maintained for free care reimbursement, and unless appropriate management actions are taken.

Mr. Gaddis noted that Mr. Mark Levitan is appointed to the new position of Executive Director, University Hospitals, and he will bring a new management approach to the operation of the hospitals, and that furthermore some recently available recommendations of hospital financial consultants will be implemented.

Mr. Gaddis next turned his attention to the current Blue Cross negotiations, indicating that the hospitals and Blue Cross have agreed to an extension of the present contract to the end of July; he reflected the concern on the part of the Trustees' Health Affairs Committee that the University should not sign a new contract until the benefits to be received from the State are known. However, since the intentions of political authorities appear to support a form of free care reimbursement, he said that the administration
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is prepared to sign a contract for a reasonably protracted period.

On the subject of the Silverstein Pavilion project, Mr. Gaddis said that the program is now in the late schematic design stage for a ten-story structure at a total cost of $25.6 million, not including costs of financing. He reviewed the sources of funding, and Mr. Ballam stated that, in the view of Dr. Langfitt and the School of Medicine Planning Committee, the Silverstein Pavilion is considered to be an essential building in terms of the future.

Finally, Mr. Gaddis summarized the present construction program at Graduate Hospital in terms of Hill-Burton financing of Phase I of a total program. President Meyerson commented briefly upon various alternatives in the future of the two hospitals. Mr. Regan suggested that practical alternatives and associated costs be presented to the Board in September.

On behalf of the Finance Committee, Mr. Chance presented the following resolutions, which were adopted:

WHEREAS, an equine treadmill is a necessary adjunct to the Motion Study Laboratory of the C. Mahlon Kline Orthopedic and Rehabilitation Center at New Bolton Center, Pennsylvania; and

WHEREAS, it is estimated that the cost of development of such a treadmill is $65,000; and

WHEREAS, Mr. and Mrs. Samuel F. duPont have responded favorably to a Development presentation to enable the purchase of said treadmill, delivered to them in November, 1973; and

WHEREAS, Mr. and Mrs. Samuel F. duPont have since 1962 generously supported the activities of the School of Veterinary Medicine at the University of Pennsylvania; and

WHEREAS, Mr. and Mrs. Samuel F. duPont were willing to make a five-year commitment to the University for the purpose of financing the development and acquisition of said treadmill, but for personal reasons were unable to advance the full amount at this time; and

WHEREAS, it was proposed that Mr. and Mrs. Samuel F. duPont, as donors, agree to pay interest and principal on a five-year loan from a Bank to cover this $65,000 expenditure; and

WHEREAS, in discussions with The Fidelity Bank, the University's General Counsel and the duPonts, the Bank agreed to loan up to $65,000 to the duPonts and the University as co-debtors over a period of five years at 1/2 of 1% above prime, interest payable only on amounts actually borrowed; and

WHEREAS, Mr. and Mrs. Samuel F. duPont have agreed to pay such interest to said Bank when due, and also to provide contributions to the University sufficient to permit the repayment of said loan when due; and
WHEREAS, documents have been prepared with the approval of The Fidelity Bank, Drinker Biddle & Reath, the Vice President for Health Affairs, the Dean of the School of Veterinary Medicine and the Development Office;

NOW THEREFORE:

BE IT RESOLVED, that the Trustees of the University of Pennsylvania hereby authorize the Treasurer of the University and such other officers as may be necessary to execute and complete the documents to accomplish the purposes hereinbefore expressed so as to permit $65,000 to be available to obtain a treadmill for the C. Mahlon Kline Orthopedic and Rehabilitation Center.

RESOLVED, That Mr. Joel E. Kinley be appointed Assistant Treasurer of the University, effective July 1, 1974.

RESOLVED, That Joseph P. Burke be appointed Assistant Comptroller of the University, effective July 1, 1974.

On behalf of the University Development Committee, Mr. Eckman directed attention to the summary of subscriptions, gifts, bequests and receipts as of June 20 and voiced the expectation that the final total for the fiscal year would be on the order of $25,000,000.

Adjourned.

The Board went into executive session and President Meyerson discussed several matters concerning administrative organization.

Adjourned.

William G. Owen
Secretary

C. Mahlon Kline Orthopedic and Rehabilitation Center

Assistant Treasurer

Assistant Comptroller

Development Committee

Executive Session