OPEN MEETING
OF THE
EXECUTIVE BOARD AND THE FINANCE AND OPERATIONS COMMITTEE
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA
February 10, 1975
An open meeting of the Executive Board and the Finance and Operations Committee of the Trustees of the University of Pennsylvania was held in Lecture Hall W-1 Dietrich Hall at 2:00 p.m. on February 10, 1975.

Present were: Mr. Thomas S. Gates (Chairman), Mr. Samuel H. Ballam, Jr., Mr. Henry M. Chance, II, Mr. Charles D. Dickey, Jr., Mr. John W. Eckman, Dr. Carl Kaysen, Mr. Donald T. Regan, Bernard G. Segal, Esq., Mr. Wesley A. Stanger, Jr., Robert L. Trescher, Esq., President Martin Meyerson, Provost Eliot Stellar, Vice Presidents Paul O. Gaddis, Thomas W. Langfitt, Harold E. Manley and E. Craig Sweeten; Dr. John N. Hobstetter, Dr. D. Bruce Johnstone, Mr. Curtis R. Reitz, Mr. Donald T. Sheehan, Dr. Jon S. Strauss, and Mr. William G. Owen (Secretary). John Ames Ballard, Esq. attended as Counsel.

The minutes of the December 9, 1974 meeting were approved.

In an opening statement, Mr. Gates referred to the concerns on the part of the trustees about the comprehensive plans for the continued quality of the University and to the considerable changes of internal structure and traditions which of necessity have been taking place and will continue. Such changes, he said, involve the art of compromise and call for understanding on the part of all those who are concerned about the future of the University. He said that the trustees were sympathetic to the various points of view reflected within the student body on such critical matters as tuition and fiscal affairs; he went on to state that although it is not necessary in an open session of the Executive Board to permit participation by observers, the board has agreed to make an exception to this rule and that in due course a spokesman for the Undergraduate Assembly would be recognized.

President Meyerson introduced the subject of undergraduate tuition and general fee for 1975-76 by indicating that the University Budget Committee had recommended to him that undergraduate tuition be increased by $350 to $3450 and the general fee for
undergraduates by $10 to $360 or an increase to a total of tuition and fees of $3810. He went on to state that he was recommending to the Executive Board increases to $3430 for tuition and $360 for the general fee or a total of $3790, which are figures more in line with financial discussions of the last two months. Quoting from a statement which was distributed to those in attendance, President Meyerson delineated the needs for these increases as follows:

1. Probably no enterprise has been so hurt by today's combination of inflation and recession as has the private university. Our costs for labor and energy are intensive. Even before planning a compensation increase to cover at least some of the additional costs of living for nearly 15,000 faculty and staff, we face the task of covering large and virtually unavoidable increases in costs. Faculty and staff compensation in unrestricted budgets this year totals over 70% of all unrestricted expenditures. Faculty and staff are living with less real compensation this year than last, and we are regrettably resigned to the inevitability of a further erosion in real wages, salaries and benefits next year.

2. There remains the option of cutting severely into academic quality in order to relieve some of the pressure on tuition and other sources of income. We could virtually eliminate non-tenured faculty from our teaching ranks, or we could plan to increase our student-faculty ratio by as much as 20%. Both of these measures would be at the greatest cost to the quality of student life and the customized education which provide our students a principal rationale for selecting the University of Pennsylvania.

3. We have made many savings, particularly in non-academic activities, and will make more next year, but we have not and do not intend to, cut into the academic strength of the University. We are left then with large and unavoidable increases in costs even after assuming some reductions in staff, further cuts in current expenses, and substantial reductions in the real take-home pay of faculty and staff. To cover these increased costs, we must look to all of our sources of revenue. The charge is sometimes made that we look first to tuition and fees. In fact, the opposite is the case. Our major development effort now underway represents a major attempt to increase our income from private sources. A planned large deficit that simply transfers today's financial problems to the next generation of students is not an acceptable alternative to an increase in tuition and fees for next year.

4. We must ask ourselves how much tuition and fees can rise without presenting intolerable burdens to already enrolled students and their families and without jeopardizing the matriculation of a class of high quality this coming fall. The University must be prepared to meet the increased financial need of students whose families cannot afford to pay the full cost of a Pennsylvania education; we expect to spend about $500,000 more from University unrestricted funds for this purpose next year. Of nine major private universities which have announced tuition and fees for next year, four have announced figures under and four have announced figures higher than we are recommending.
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In response to a question raised by Mr. Regan, Mr. Meyerson expressed doubt that the fiscal 1976 budget would be balanced; he referred to the most significant unknown variables as being the level of support from the Commonwealth, cutbacks in the quality of personnel and programs, and increased gifts from the private sector.

The chairman recognized Mr. Jerry Marcus, spokesman for the Undergraduate Assembly, who presented a formal statement on behalf of "Students against the Hikes." This statement included a request that any increase in tuition be postponed until President Meyerson has had an opportunity to conduct a series of open forums on fiscal matters, an official study has been conducted as to the effects of proposed cost increases upon University admissions, assurance is given that no student will be forced to leave the University or endure excessive hardship, and a method has been formulated for presenting the University budget so as to make explicit University priorities, sources of income, and expenditures.

The chairman next recognized Ms. Liz Campion, a sophomore member of the student group. She addressed a series of pertinent questions about fiscal affairs which were answered by President Meyerson and his colleagues. Other persons in attendance at the open session were permitted to ask questions.

In order to place the action called for by the Undergraduate Assembly before the Executive Board, Mr. Gates moved that action on any increase in tuition be postponed; this motion received a second.

Mr. Regan observed that the question of an increase in tuition has obviously been considered carefully, but he wanted assurance that all possible alternatives have been weighed. President Meyerson responded that a freeze of tuition would result in substantial cutbacks in the income of all University employees in the light of the inflationary pressures which are present today. A question was raised by Mr. Eckman concerning the urgency of taking action at this time. Mr. Meyerson observed that although
Motion defeated

The motion to defer action on a tuition increase was unanimously defeated.

Upon vote, the following resolutions were adopted:

**RESOLVED**, That the president be authorized, after receiving the recommendations of the University Budget Committee, to set tuition for the College of General Studies and the Wharton Evening School at an amount up to $150 per course unit for the 1975-76 academic year.

**RESOLVED**, That for the 1975-76 academic year:

1. Tuition for undergraduates be set at $3430; and
2. The general fee for all full-time students be increased by $10 (for a total general fee of $360 for undergraduates), this added amount to be devoted to the student health services.

WHEREAS, the Executive Board approved in July, 1974, a policy statement which lowered the mandatory retirement age for administrative staff from 68 to 65; and

WHEREAS the specific provisions in the statement call for individual retirements to commence on the first of the month after the attained age; and

WHEREAS these provisions are not consonant with the provisions contained in the policy statement on the voluntary early retirement of faculty members; and

WHEREAS the University administration recommends that these provisions be made equivalent; be it therefore

**RESOLVED**, that paragraphs 1 through 4 in the policy statement on administrative staff be revised to read:

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 on June 30 of the fiscal year in which they attain the age of 67.

   b. All individuals who will attain the age of 63 during the fiscal year ending June 30, 1975 will retire on June 30 of the fiscal year in which 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 June 30 of the fiscal year in which 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 June 30 following their 65th birthday.

2. All administrative staff employed less than full time on July 1, 1974 or hired after July 1, 1974 will retire on June 30 following their 65th birthday.

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 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.

RESOLVED, That the following persons be appointed to the respective boards of overseers and elected associate trustees (where appropriate):

College of Engineering and Applied Science
James L. Everett
President
Philadelphia Electric Company

J. Paul Lyet
Chairman
Sperry Rand Corporation

The Wharton School
Hon. Arlin Adams
Judge, Third Circuit Court of Appeals

George M. Dorrance, Jr.
Chairman of the Board
Philadelphia National Bank

Mrs. Lida Freeman
President
H. Freeman and Sons, Inc.

William J. Kennedy, III
President
North Carolina Mutual Life Insurance Co.

Dr. Charles E. Walker
Economic Consultant
Washington, D.C.

At the request of the President, Dr. Johnstone gave a brief report on the current status of problems associated with the student radio station, indicating that the University administration views the activity as one to be regulated by the students; the recommendations of the Student Activities Council are being considered within the framework of the University Judicial System.
President Meyerson observed that in the event trustees receive inquiries regarding the new piece of sculpture situated at 36th Street near Locust Walk, he would be pleased to respond, noting that campus statuary requirements fall within the purview of the Committee on Visual Environment.

Upon presentation by Provost Stellar, the following resolutions were adopted:

RESOLVED, That upon the recommendation of the Vice-Provost for Graduate Studies and Research, and concurrence by the University Counselor, there be added to Section V of the statement on patent policy of the University of Pennsylvania a new paragraph 3 to read:

3. Students engaged in sponsored research may be required to sign such agreements with respect to inventions or discoveries arising from such research as may be appropriate to permit the University to fulfill its obligations to the sponsor.

RESOLVED, That the academic appointments and promotions for the period from December 19, 1974 to January 23, 1975 be approved.

Mr. Gaddis introduced the subject of dormitory quadrangle renovations by indicating that three resolutions were approved last year by the trustees which provide the necessary authority for preliminary studies and planning funds in a total amount of $265,000. Dr. Hobstetter then referred to a chart which summarized projected certification requests for further documentation of the quad components. This summary reflected a need for the appropriation of additional funds at this time in order to proceed with planning for houses A and B. Upon presentation by Mr. Chance, the following resolution was adopted:

RESOLVED, That the additional sum of $150,000 be appropriated from University General Fund to cover pre-final architectural plans for two houses in the Quadrangle.

Mr. Gaddis gave background information on the Chateau de La Napoule, located about six miles west of Cannes, which was formerly the home of an accomplished American artist who resided in France after 1918, and which has been made available to the University for use over the next two years, with the possibility that the University will then accept the property as a gift.
The property is valued at several million dollars; the endowment, at about $750,000. Income from the endowment will provide for maintenance, with programs expected to be financially self-supporting. Under the terms of the agreement with the La Napoule Foundation, he said, the University will determine over the next two years the feasibility of accepting the chateau, other foundation-owned properties in La Napoule and the foundation endowment as a gift. Dean Gregorian provided a synopsis of the various kinds of programs planned for the chateau, including summer sessions, conferences and seminars, and collaborative research.

Vice President Langfitt reported on planning for the Silverstein Pavilion, in which he stated its purpose and associated costs. He said that a recent study conducted by the Krekstein, Lavinthol firm indicated that it will likely be possible for the University to borrow on the order of $29 million from the Philadelphia Municipal Bond Authority for the financing of this project. The final report on the subject, he said, will be given to the trustees in June.

Upon presentation by Mr. Chance, on behalf of the Finance and Operations Committee, the following resolutions were adopted:

WHEREAS, the University has previously authorized the advance of $1,449,000 from current funds cash toward architectural and other preliminary expenses of the Silverstein Pavilion with the understanding that the advance will be repaid from the proceeds of Mr. Silverstein’s bequest; and

WHEREAS, additional funds are now required to continue the architectural design of the project: Therefore be it

RESOLVED, That the additional sum of $250,000 be advanced from current funds cash for architectural and other preliminary expenses for the Silverstein Pavilion with the understanding that this advance will be repaid from the Silverstein bequest.

RESOLVED, That the sum of $150,000 be appropriated from University General Fund to reimburse the Wharton School for capital ($120,000) and operating ($30,000) costs of the DEC-10 Computer housed in Vance Hall which has been taken over by the Uni-Coll Corporation as a general computing facility available to the University community and to other Uni-Coll users.

Secretary
For the Health Affairs Committee, Dr. Langfitt presented the following resolutions which were approved:

RESOLVED, That the sum of $1,000,000 be appropriated from the Medical Education Building Fund for architectural and other preliminary expenses for the project.

RESOLVED, That the sum of $50,000 be appropriated from the Coleman Pediatric Dental Center Fund to cover architectural fees for the Coleman Clinic project.

For the record, Mr. Chance stated that the final audit for the year 1973-74 will contain a notation reflecting the University's treatment of an unfunded accrual as a reduction of the year's cost in connection with the non-contributory pension plan for non-academic employees.

For the Investment Committee, Mr. Stanger reported the following: The committee, with the consent of the trustees, has continued to maintain the portfolio approximately 50% in bonds, cash and equivalent and 50% in equities. He noted that projected twelve months' gross income of the Associated Investments Fund is on the order of $5,200,000.

Mr. Eckman reported for the Development Operations Committee that since the end of January, subscriptions and gifts in the amount of $6,814,000 have been processed through the development and financial offices, bringing the fiscal year total as of February 7 to $24,276,000.

It was indicated by President Meyerson that he will ask his colleagues to work out some pattern for a series of open seminars on the subject of University finances.

In closing the meeting, there was agreement that the date of May 12 should be held for a possible meeting of the Executive Board.

Adjourned.

William G. Owen
Secretary