A meeting of the Executive Board of the Trustees of the University of Pennsylvania was held for the purpose of discussion on Monday, April 14, 1975 at 10:00 a.m. in Room E-106 Dietrich Hall.

Present were: Mr. Thomas S. Gates (Chairman), Mr. Samuel H. Ballam, Jr., Mr. Henry M. Chance II, Mr. Robert G. Dunlop, Mr. John W. Eckman, President Martin Meyerson, Mr. Donald T. Regan, Mr. Wesley A. Stanger, Jr., Robert L. Trecher, Esq., Vice President Paul O. Waddis, Mr. Wm. Richard Gordon, Dr. John N. Hobstetter, Mr. J. Jerrold Jackson, Vice President Thomas W. Langfitt, Vice President Harold E. Manley, Mr. Curtis R. Rents, Dr. Jon S. Strauss, Vice President E. Craig Sweeten, and Mr. William G. Owen (Secretary). John Ames Ballard attended as Counsel.

President Meyerson reported on plans for the 1975 commencement and on a recent meeting of the Ivy Group presidents, which was concerned primarily with intercollegiate athletics. He said that in the near future consideration will be given by the group to moving toward the scheduling of more local teams in particular sports in order to achieve economies. He expressed also his continued interest in establishing certain of the minor sports on a club basis and thereby achieve appreciable savings.

The president referred to the need to make a decision about responsibility for a new roof on the University Museum and specifically on how this expenditure of $1,700,000 can best be financed. It was noted that a portion of the financing of the original museum came from the Commonwealth, but that this source of funds is likely not viable to consider for the roof replacement. The president proposed that, unless some source of free monies becomes apparent in the near future, the cost of the roof should receive highest priority in the re-financing of the University mortgage; furthermore that once a new museum director has been appointed, the board of the museum should be encouraged to increase...
the annual fund solicited from friends by an amount sufficient to carry the debt service on the loan for the roof. There were no dissenting views to this proposed course of action.

Mr. Sweeten was asked by the president to introduce the subject of future relationships with the Commonwealth. Mr. Sweeten said that informal assurances have been received from the budget secretary that the amount of the 1974-75 appropriation will be given to the University next year on the same schedule of payments. It was noted by Mr. Ballard that while there are delicate constitutional problems associated with the Governor's recommendation that the state move to a five quarter budget, it does not appear to be in violation.

It was noted by Mr. Reitz that the administration has been reviewing at length the status of University relations with the Commonwealth and that there are several major lines of development that might be pursued to improve that relationship. He noted that no statutory definition of "state-aided" institution, the present classification of the University, exists; and that there is some reason to believe that the category may be discontinued in the not too distant future. The University, he said, has evolved into a dependency on the Commonwealth, both for annual operating support and for capital needs; there is no current commitment by the Commonwealth commensurate with the future needs and expectations of the University. The necessary step to establishment of a commitment by the Commonwealth is a statute which would declare the place of the University within the Commonwealth's overall system of education. The University stands to lose much of the discretionary monies received from the Commonwealth if it enters into individual contracts for specific services. Finally, he said that the trustees of the University are essential in the planning and execution of a legislative proposal, and he suggested formulation of a special committee on the future of relations between the University and the Commonwealth.

President Meyerson stressed the need to build solid support for whatever model is finally selected. Careful consideration must be.
given, he said, to the related questions of preferential admissions and representation on the governing and advisory boards of the University. Of related but of more immediate concern, observed Mr. Sweeten, is the status of the veterinary school. The point was made that hopefully it will be possible to consider the future of the veterinary school as a part of the overall approach to the Commonwealth so as to preclude "giving away" one of the University's prime assets.

The general consensus was that it would be best to appoint a subcommittee of the Committee on Governmental and Urban Relations to consider the implications of future Commonwealth relationships and that this should be done without delay.

Mr. Ballard described briefly the highlights of a memorandum concerning negotiations with the New England states to determine the basis on which the veterinary school and the veterinary school at Cornell might admit qualified applicants who are residents of the several New England states. He said that these states are interested in working out a longer term arrangement jointly with the two institutions for admission of resident applicants in return for capitation payments. Authorization has been requested by Dean Marshak to proceed with these arrangements which will produce at least a modest amount of additional revenue for the ensuing fiscal year, will tend to discourage efforts being made to construct a new veterinary school in New England, and preserve the chance that the University will be able to reach agreement with these states under which they will agree to make long term basis capitation payments. No dissent was voiced.

On behalf of Provost Stellar, Dr. Davis gave a status report on various consultative committee personnel searches.

President Meyerson informed the board of changes in management which will be recommended at the afternoon session involving Messrs. Gaddis, Manley and Shabel. Mr. Stanger commented that the possible reorganization of Franklin Investment Company will result in eventual election of a board of directors numbering seven and
appointment of Mr. Wm. Richard Gordon as the president.

Vice President Gaddis commented briefly upon forthcoming negotiations with a number of local unions, as well as organizational efforts by a union among supporting clerical workers. He went on to present the basic details contained in a contract with the World Football League team in Philadelphia for the use of Franklin Field in 1975-76. It was also reported by Mr. Gaddis that there is a mutual examination underway between officers of the University and of the Presbyterian University of Pennsylvania Medical Center of the present relationship between the two institutions. Finally, Mr. Gaddis directed attention to a statement on financing of the Silverstein Pavilion through a hospital gross revenue bond to be issued by The Hospitals Authority of Philadelphia in the amount of $30 to $32 million. Attention was given to a projected statement of income (loss) for the University Hospital.

It was reported by Mr. Regan that the Development Policy Committee will meet in the afternoon and give attention to the Development Operations Committee and receive a report which will reflect the continuing success of the nucleus fund solicitation; he said that by the time of the Trustees' meeting in June it is hoped that the nucleus fund goal will have been attained.

In a review of fiscal affairs, President Meyerson said that a recommendation would be made in the afternoon to increase tuition and general fee in the graduate and professional schools by approximately 10%. He drew attention to a status report of financial operations for the first eight months of this year; it was noted that the projected annual deficit for unrestricted operations increased during the first two months of 1975 by $711,000 and now totals $3,610,000. He spoke to the problem of compensation for personnel in the next fiscal year, noting expected pressures in collective bargaining and the present inability to forecast increases for the faculty and staff during the first few months.

In a review of the present status of budget making for fiscal 1976, Dr. Strauss spoke of the effort to achieve a balanced budget on the assumption of anticipated incomes holding up and no compensation increases at the start of the year. He noted the continuing...
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uncertainties of the state appropriation, federal capitation, tuition income, investment return, and employee benefit costs.

Mr. Eckman expressed concern about the apparent resolution of problems associated with the Graduate Hospital and the Graduate School of Education in terms of continuation of those units and the continued absence of some major implementation of the principle of selective excellence. President Meyerson expressed his concurrence with these sentiments and observed that, in the case of the Graduate School of Education, the resulting disruption and legal costs would not have made the closing of the school worthwhile; he voiced a sense of despair for all of higher education and that such retrenchments cannot be readily effectuated and said that it is literally impossible for American universities to alter their present patterns of financing. In response to a question raised by Mr. Trescher concerning provisions of tenure in the case of termination of a major program, Mr. Heitz said that questions of tenure were not at the heart of the strong reaction which came to the original decision on the Graduate School of Education, but that rather the question became one of who has the power to say when an academic program stops.

In response to Mr. Dunlop's question on favorable impacts to be anticipated in this year's budget, Mr. Gaddis noted the continuing efforts to freeze unfilled positions, and to introduce encumbrance accounting throughout the University, and to petition against increases in utility rates. Mr. Meyerson cited the current furor about the Annenberg Performing Arts Center as an example of reaction which comes about as a result of implementing strong fiscal controls.

The discussion session was adjourned to enable the trustees to meet with a small group of undergraduate leaders for lunch in the Faculty Club.

Adjourned.

William G. Owen
Secretary