A meeting of the Trustees of the University of Pennsylvania was held at 2:00 p.m. on Friday, October 28, 1977 in the Furness Building of the University.

Those present included: Mr. Gustave G. Amsterdam, Mr. David C. Auten, Mr. Samuel H. Ballam, Jr., Mr. Julian S. Bers, Mr. John M. Bixler, Mr. Orville H. Bullitt, Mr. I. W. Burnham, II, George R. Burrell, Jr., Esq., Mr. Howard Butcher, III, Mr. Henry M. Chance, II, Dr. Gloria T. Chisum, Mr. Robert G. Dunlop, Mr. John W. Eckman, Hon. Thomas S. Gates, Mr. H. Samuel Greenawalt, Dr. F. Otto Haas, Hon. A. Leon Higginbotham, Mr. Reginald H. Jones, Ms. Laureine Knight, Mr. Leonard A. Lauder, Mr. Robert P. Levy, Mr. David J. Mahoney, Mr. Myron M. Mainthow, Mrs. Margaret R. Mainwaring, Mr. John A. Mayer, Mr. Paul F. Miller, Mr. William D. Patterson, Mr. Bernard G. Segal, Mr. Wesley A. Stanger, Jr., Mr. Sarkes Tarzian, Mr. Robert L. Trescher, Mr. John H. Ware, 3rd, Mrs. Jacqueline G. Wexler, Mr. Morton H. Wilner, Mr. Charles S. Wolf, Mr. William J. Zellerbach, Ware, 3rd, John Ballard, Esq., Mr. Curtis Barnes, Mr. Clarence A. Brest, Stephen Burbank, Esq., Mr. Donald Carroll, Mr. Stuart Carroll, Dr. James Davis, Mr. Norman Fink, Mr. Andrew Geiger, Mr. Wm. Richard Gordon, Dr. Vartan Gregorian, Mr. Frederic Harper, Mr. William Hickey, Mr. Arthur Hirsch, Dr. John Hobetetter, Mr. Michel T. Huber, Ms. Carol Hutchinson, Mr. J. Jerrold Jackson, Rev. Stanley Johnson, Dr. D. Bruce Johnston, Dr. Donald Langenberg, Mr. Edwin Ledwell, Mr. Harold Manley, Dr. Patricia McPate, Mr. Martin Meyerson, Mr. William Owen, Curtis Reitz, Esq., Mr. Gerald Robinson, Dr. Linda B. Salamon, Mr. Fred Shabel, Mr. Donald Sheehan, Ms. Michelle Steege, Dr. Eliot Stellar, Dr. Jon Strauss, Mr. E. Craig Sweeten, and Ms. Janis I. Somerville, (secretary).

I. Call to Order

The meeting was called to order by Vice Chairman Robert Dunlop and Chaplain Johnson gave the invocation.

Action: The minutes of the meeting of June 10, 1977 were approved as distributed.

II. Report of the President

A. President

1. Comments

Mr. Meyerson called upon Mr. Geiger who announced the tour of the Athletic and Recreation Facilities following the Trustee meeting. Mr. Meyerson then offered congratulations to Leon Higginbotham, Esq. who is to be installed as judge for the Circuit Court of Appeals and introduced Janis Somerville, recently appointed Secretary of the Corporation.

Mr. Meyerson commented upon the tenor of recent events noting this as a period of great stress for private higher education.

2. CIA Sponsored Research

Mr. Burbank reviewed the findings since the summer of 1977 when the University was informed that it was one of a number of universities included among institutions named by the CIA with which one or more individuals performing some aspect of research related to Project MK ULTRA were affiliated. Project MK ULTRA was a CIA project conducted from 1953 to 1964 which included research on drugs and behavioral modification. Review of the documentation provided in September by the CIA and survey of records by the University's University Research records from the early 1950's to the present shows no indication of research activities directly sponsored by the CIA, and a limited involvement by University personnel.

In response to questions Provost Stellar and Dr. Langenberg, Vice Provost for
Graduate Studies and Research, discussed the formation of a committee to study whether or not existing policies cover adequately the issues raised by intelligence agency funded research, and to propose such additions or modifications as judged appropriate.

3. Bakke Case

Mr. Meyerson recalled that most trustees saw in June the brief filed jointly by the University of Pennsylvania and other private universities, and called upon Mr. Burbank to review the status of the review of the case by the Supreme Court. Mr. Burbank noted that an indication of national interest in the case is that over sixty briefs were filed with the Supreme Court prior to its hearings which began in mid-October. Although it is early to foresee the outcome, it is significant that the court has requested supplemental briefs addressing the impact of Title VI of the civil rights act on the case. Our interests as a private institution are direct and immediate if the argument is extended beyond the constitutional question as initially framed.

4. Commonwealth Budget and University Appropriations

Mr. Meyerson noted that the state budget was “balanced” as adopted in August by excluding some $300 million of aid to education. Institutions such as Penn State and Temple which depend very heavily on state support are in a perilous position as a result. He indicated that although $17 million, the amount of the University of Pennsylvania’s aid from the state may not seem as dramatic, it should be gauged against the fact that sources of University income are not keeping pace with inflation in costs and the University could be facing a several million dollar operating deficit in FY ’79 even if state funding at current levels was received.

The one positive, and perhaps lasting, outcome of this period, Mr. Meyerson believes, has been the collaboration that has emerged among Penn State, Temple, Pitt and Pennsylvania. The respective Presidents have joined forces across the state at many levels including joint alumni meetings being held on a county by county basis. The result has been a level of understanding and co-operative endeavor among higher education institutions in Pennsylvania virtually unheard of in American higher education.

Mr. Meyerson then called upon Mr. Sweeten who read a prepared statement (on file with the minutes) giving his analysis of the current situation.

In response to a question regarding the extent of newspaper editorial support for higher education funding, Mr. Meyerson indicated that he had met with the editors of smaller papers at a recent conference, and has been in contact with editors of several of the major metropolitan papers. He reported that, by and large, the papers were supportive.

Mr. Dunlop urged all Trustees who are residents of Pennsylvania to contact their Senators regarding state appropriations for higher education.

B. Provost

1. Appointments and Promotions

Dr. Stellar reported that the context in which recommendations for tenure are being made is one of increased control in the appointments process. Each school operates within a five year plan defining the number of tenure commitments for which funding is available. In addition, a position control procedure is being implemented to assure that new appointments to the standing faculty are approved in advance and are related to budget provisions.

Action: The proposals for appointments and promotions were approved as presented (on file with the minutes).

2. Visual Communications Proposal

Dr. Stellar reported that a formal proposal has been submitted to Mr. Annenberg and his associates. A response is expected in the next several weeks.

3. Administrative Organization

Dr. Stellar indicated that the report of the ad hoc committee of the Trustees
on Administrative organization and its subsequent implementation gave rise to extensive faculty concern, primarily on the issue of inadequate consultation. He reported that representatives of the faculty had met in September and are continuing to work closely with the President and Provost. A report is anticipated by January.

At present, Dr. Langfitt is continuing with the expanded duties assigned by the Provost, but has not assumed the new title of Deputy Provost. Also being reviewed is the consultive process to make it more effective in relation to searches. This may also lead to some reconsideration of the existing committee structure.

Mr. Dunlop commended the Provost and President for acting to reduce the tensions and for moving the work forward in a constructive vein.

4. Admissions

Dr. Stellar called upon Dr. McFate as Vice Provost for Undergraduate Studies and University Life, to report on admissions. The statistical information reported by Dr. McFate was distributed in a written summary (on file with the minutes). Dr. McFate also noted that an extensive recruitment campaign is underway and, as a part of that effort, the travel program has been increased significantly. To support that effort, twenty-seven faculty and staff are aiding the admissions staff in travel associated with recruitment.

Dr. McFate reported that the search for an Admissions Director is well underway, and the final slate of candidates are being interviewed.

C. Senior Vice President for Management and Finance

1. Labor Situation

Mr. Gaddis summarized the background of the current labor dispute noting that the objective of the University in recent years has been to reduce costs in the service areas wherever possible, without hampering educational quality. The hospitals and dining service are examples of where the University has been quite successful in cooperative arrangements with various unions and contractors until now.

In the case of housekeeping, Mr. Gaddis reported this area has been subject to high costs and poor management as a university operated activity. Since January, 1977 the University has initiated discussions with local 1202, the independent union, and the Teamsters on the two issues. The University has been and remains open to proposals for increasing productivity, but an impasse was reached. The union demands led to higher costs. The University's objective remains lower costs. The matter is now before the NLRB.

In terms of the concern that has been expressed for displaced employees, Mr. Gaddis stressed this has been a major concern of the University, that alternate employment is available but that the displaced employees have not accepted, or have not felt free to accept, the invitation to apply for such positions. Noting that a charge has been made by some that the University's primary objective in this matter has been union busting, not cost savings, Mr. Gaddis indicated that the evidence of the University's existing contracts with four unions involving over six hundred employees speaks to the contrary.

D. Vice President for Administration

1. Student Loan Default

Mr. Meyerson stated that Trustees have asked about reports in the national press concerning an increasing rate of student default in educational loan repayment and wished to know more about the experience of the University of Pennsylvania, in particular. He noted that the University is fortunate that Dr. Bruce Johnstone has worked closely with financial aid policy at the University and is recognized as a national authority on student financial aid. Dr. Johnstone then reported that the primary concern in this area is the National Defense Student Loan Program (NDSL). The University has over $37 million in receivables spread across some 100 funds. NDSL is one of the largest, accounting for over $23 million. Of that, approximately $11 million is in repayment status. The remainder involves individuals who are still undergraduate or graduate students. The default rate for the University in NDSL is a little over 9%. That means that loans approximating $1 million in value are 120 days or more overdue in the repayment schedule. Although of concern,
this is better than the national statistics partly because the University has used
outside assistance in strengthening our collection procedures and because the Uni-
versity is monitoring the situation closely.

In a related concern, Dr. Johnstone indicated that some note has been made
in the press of students declaring bankruptcy. He reported that last year 43 Uni-
versity of Pennsylvania borrowers representing $114,000 of outstanding loans de-
clared bankruptcy. The University has reviewed each such claim and recently won
a court case challenging the bankruptcy claim of a student.

In summary, he reported, loan payment default is a worrisome matter nationally;
it is a problem for the University, but is well monitored and reasonably controlled.

E. Board of Overseers of the Wharton School

Mr. Meyerson noted that the practice has been introduced of including a report of
one of the Boards of Overseers as a part of the Trustees meeting agendas, whenever
possible. He then called upon Reginald Jones, chairman of the Board of Overseers of
the Wharton School to give his report (copy on file with the minutes).

III. Report of Trustee Committees

A. Nominating Committee

Mr. Dunlop presented the recommendations of the committee for Trustee action.

1. Resolution on election of Term Trustee

Action: The Trustees adopted the resolution as follows:

RESOLVED, That Mr. Ralph Saul be appointed a term trustee,
effective November 1, 1977.

2. Resolution on appointment of members of Boards of Overseers.

Action: The Trustees adopted the resolution for the Board of Overseers of
the School of Social Work as follows:

RESOLVED, That Mrs. Robert W. (Lucy) Sayre and Mrs. Louis
Hornick, II be appointed to the Board of Overseers for the School

Action: The Trustees adopted the resolution for the Board of Overseers for
the School of Veterinary Medicine as follows:

RESOLVED, That Mrs. R. Anderson Pew be appointed to the Board of
Overseers for the School of Veterinary Medicine, effective November
1, 1977.

Action: The Trustees adopted the resolution for the Board of Overseers for
the Faculty of Arts and Sciences as follows:

RESOLVED, That upon recommendation of the Nominating Committee
The Lord Annan, O.B.E., Provost of University College, University of
London, be appointed a member of the Board of Overseers of the
Faculty of Arts and Sciences, effective November 1, 1977.

B. Finance and Operations Committee

Mr. Chance presented four resolutions for Trustee action.

1. Resolution on appointment of Assistant Comptroller

Action: The Trustees adopted the resolution as follows:

RESOLVED, That Barbara Blanchard be appointed Assistant
Comptroller of the University, effective October 1, 1977.

2. Resolution on Purchase of Body Scanner.

Action: The Trustees adopted the resolution as follows:

SECRETARY
WHEREAS, the University Hospital has received approval from the Health Planning Agency to purchase a body scanner from EMI Medical, Inc. at a cost of $550,500; and

WHEREAS, the cost of the body scanner can be amortized from Hospital operations over 5 years, including interest; Therefore be it

RESOLVED, That the appropriate officers be, and they hereby are, authorized to borrow $550,500 from the Lincoln Bank for a period of 5 years with interest at 1/2% over prime; and be it further

RESOLVED, That debt service payments on the loan be charged to the University Hospital.

3. Resolution on Electric Substation Upgrading.

Action: The Trustees adopted the resolution as follows:

WHEREAS, the occupancy of the Silverstein Pavilion, the Medical Education Building and the Tri-Institutional Nurses' Education Building will require electric power in excess of the present capacity of the electric substation serving these facilities; and

WHEREAS, the Philadelphia Electric Company cannot guarantee to supply the quantity of electric power required unless the electric substation is upgraded; and

WHEREAS, the University Hospital has agreed to contribute $147,000 toward the total cost of the project ($295,000); Therefore be it

RESOLVED, That the upgrading of Electric Substation #1 at a total cost of $295,000 be approved; and be it further

RESOLVED, That $148,000 be appropriated from University General Fund, with the understanding that an additional $147,000 will be made available by the University Hospital for this project.

4. Resolution on Utility Conversion for TRINEB.

Action: The Trustees adopted the resolution as follows:

WHEREAS, the lease providing for the rental of TRINEB by the University from the City of Philadelphia, which was approved by the Board of Trustees on June 10, 1977, stipulated that the City would supply utilities to the building only until January 1979; and

WHEREAS, the estimated cost to tie TRINEB into the University's utility system is $250,000; and

WHEREAS, Children's Hospital of Philadelphia, as sub-lessee of space in TRINEB, has agreed to contribute $35,000 toward the total cost of the project; Therefore be it

RESOLVED, That $215,000 be appropriated from University General Fund toward the total cost of $250,000 to convert the utilities for TRINEB to the University utility system, with the understanding that Children's Hospital of Philadelphia will contribute the remaining $35,000.

C. Development Operating Committee

Mr. Eckman reviewed the statement of campaign progress (as of October 21, 1977) as distributed to the Trustees, noting, in particular, that 50% of the goal has been reached in gifts or pledges.

Action: The Trustees adopted the following resolution by acclamation:

WHEREAS, the University's Annual Giving organization has assumed the ambitious goal of raising $4,250,000 in 1977-78 and seeks to encourage participation and an increased level of giving through a
challenge program; and

WHEREAS, a number of close friends of the University have pledged a total of $1,000,000 to a special challenge fund; be it therefore

RESOLVED, That the Trustees express deep appreciation to the following individuals for their highly visible and personal endorsement of the Million Dollar Match, which seeks to achieve a new level of operating support for the University:

Leonard Block
I. W. Burnham, II
John W. Eckman
Ralph Landau
Leonard Lauder
David J. Mahoney
Donald T. Regan
John H. Ware, 3rd
Anonymous

D. Audit Sub-Committee

Mr. Mayer reported that the recent audit represents a significant accomplishment for the University. The audit was completed in timely fashion and the auditors reported no exceptions.

E. Educational Policy Committee

Reporting in Dr. Kayser's absence, Provost Stellar noted that the committee had devoted its meeting to a panel presentation by faculty and discussion of general education, the liberal arts core for undergraduate education. A report of the faculty committee is anticipated later in the year.

F. Alumni Affairs Committee

Mr. Auten highlighted three areas of accomplishments in Alumni Affairs. He noted first that the new alumni center in Eisenlohr Hall is planned to open fall, 1978. Second, that the alumni publication, the Gazette, which is consistently award winning has again this year been designated in the top 10.

Finally, Mr. Auten discussed alumni admissions. He indicated that an alumni council on admissions has been formed with Michael Neiditch serving as chairman. The council will be concerned particularly with the recruitment of alumni children to Pennsylvania. Last year 433 children of alumni were accepted. Of those 211 matriculated and 222—slightly over half—declined. The council on admissions will be concerned with improving both the applications and matriculation ratio.

G. Honorary Degrees Committee

Mr. Segal noted that the Trustees have delegated to the Honorary Degrees committee the authority to select and act upon recommended recipients of honorary degrees for Commencement and special convocations. He reported that the committee, at its initial meeting this year, reviewed the selection guidelines and received a preliminary list of honorees for the Dental convocation this spring.

H. Student Affairs Committee

Mr. Trescher indicated that since many Trustees had attended the meeting of the Student Affairs Committee which focused upon student presentation of campus media endeavors, he would not make an additional report at this time. He commended Dr. McFate and Mr. Condon, on behalf of the committee, for their work in organizing the presentation.

I. Electronic Communications Sub-Committee

Mr. Wilner summarized the meeting commenting, in particular, upon the effective upgrading that has occurred both in the management and in programming of WXPN. A study of community needs is in progress and the University is awaiting FCC disposition of the licensing.
J. Investment Board

Mr. Stanger reported that as of October 26, 1977 the AIF is $179.65 per share. The total market value of the AIF was $111.5 million. Gross investment income for the next 12 months is expected to be up, approximately $7.2 million.

There being no further business, the meeting was adjourned.

Janis I. Somerville
Secretary of the Corporation