A meeting of the Executive Board was held on Thursday 11 May 1978. Those attending included: Samuel H. Ballam, Jr.; Robert G. Dunlop; John W. Eckman; Paul F. Miller, Jr.; Donald T. Regan (chairman); Wesley A. Stanger, Jr.; Robert L. Trescher, Esq.; Martin Meyerson; Marilyn Ackerman; Curtis Barnes; Stephen Burbank, Esq.; Stuart H. Carroll; Diane Cole; Steve Dubow; Vartan Gregorian; John Hobstetter; J. Jerrold Jackson; D. Bruce Johnstone; Thomas Langfitt; Edwin Ledwell; Ruth Leventhal; Robert G. Lorndale; Harold Manley; Patricia McFate; William G. Owen; Randall Porter; Linda B. Salamon; Fred Shabel; Donald T. Sheehan; Eliot Steller; Jon Strauss; Paul Taubman; Barbara Wiesel; Robert Zemsky; and Janis I. Somerville (secretary).

I. Call to Order

A. Minutes

Action: The minutes of the April 20, 1978 meeting of the Executive Board were approved as distributed.

II. Report of the President

A. President

1. General Comments

Mr. Meyerson called for a moment of silence for longtime colleague J. Crosier Schaefer who died today following a lengthy illness.

Mr. Meyerson then made several announcements. Amintore Fanfani of Italy who was one of the individuals selected to receive an honorary degree has indicated that in light of the Moro situation, he can not come to Commencement and receive a degree this year.

Seth Lerner, Executive Director of Youthpoint, has reported to Mr. Meyerson that through the assistance of Donald T. Regan and Wesley A. Stanger, Jr., Youthpoint is continuing in its development as a radio interview program.
A Task Force on University Governance has been re-
activated under the chairmanship of Walter Wales, Pro-
fessor of Physics and chairman elect of the Faculty
Senate. Paul F. Miller, Jr. is the trustee member of
the committee. Provision for progress report from the
Task Force will be included on the June trustee meeting
schedule.

In closing this section of his report, Mr. Meyerson
took the opportunity to introduce Dr. Paul Taubman, the
new chairman of the Educational Planning Committee.

2. Admissions Report

Dr. McFate reported on the outlook for the under-
graduate 1978 freshman class. The target enrollment
was 1935. The number of deposits received by May 1,
1978 was 2084, well above the targeted class size. This
reflects the fact that the the acceptances came earlier
and at a higher rate than the preceding year. At the
same time, as of May 5, 1978, the quality indicators
(SAT, Achievement tests, class rank) are 10 points higher
than for 1977. The mean quantitative and verbal SAT
scores for regular and special admissions is 1240. Last
year the mean was 1230. Given the quality and the high
acceptance rate, Dr. McFate concluded, it will not be
necessary to draw upon the waiting list.

In response to questions, Dr. McFate stated that
50% of the applicants were offered admission.

3. Commencement Speaker Selection

Mr. Meyerson presented the procedure for selection
of commencement speaker which has been recommended by
the University Council.

Action: The recommended procedure for commencement
speaker selection was adopted as follows:

At the beginning of each academic year, a com-
mitttee of 10 graduating student shall be formed to
participate in the selection of a commencement speak-
er. The membership shall include the four officers
of the senior class board and six graduate and pro-
fessional students selected by the graduate and
professional student representatives on the University
Council.

In early autumn of the first year with this
arrangement, the chairpersons of the student com-
mittee, the trustee honorary degrees committee, and
the University Council honorary degrees committee
shall meet with the president, the provost and the
secretary of the corporation to review criteria for
the selection of honorary degree recipients.

The entire campus shall be solicited for sug-
gestions of commencement speakers, the recommend-
ations to be directed to the office of the secretary.
From such recommendations and any others they gen-
erate, the student committee shall provide a slate
of no fewer than six nominees in rank order before
the October meeting of the trustees. Scholars on
the list will be directed to the council committee
for review, nominees from the world of affairs to
the trustee committee. A consolidated short list
will be transmitted by the trustee committee to the
student committee which will return it with their
evaluations to the secretary and the trustee com-
mittee. Final selection will be made from that list
by the trustee and the administration.

4. **Five Year Planning**

A major report for the meeting was a report on five
year planning presented by Provost Eliot Stellar, As-
sociate Provost John Hobstetter and Director of Planning
Analysis Robert Zemsky. (The text of the reports is on
file with the minutes in the Office of the Secretary).
Provost Stellar introduced the report noting that the
setting of priorities and goals is the most difficult
task of the central administration in tying academic
to financial plans; yet, this process is the key to
assuring that the operating budget serves the intended
goals. Basic to this process is the determination of
the scale of the University and resultant assessment of
durable income for each school. Durable income is the basis
for determining the tenure level that can be supported
by a school. Additional program subvention from the
central University resources to the schools is also
planned. The level of subvention is set through central
assessment of the priority and relative need for resources.
For instance, both Law and Medicine are of high priority,
but medicine is richer in availability of outside research
and grant resources thus the Law subvention is greater.
The new school of Public and Urban Policy has need for
subvention now, but this is expected to be phased out
as the school becomes established. Thus its subvention
is soft. As a general policy, subvention is being reduced
from the professional schools. Anticipating Dr. Zemsky's
report Dr. Stellar noted that recent experience and
planning analyses indicate that the income available
for program subvention (in constant dollars) will at
best remain constant, though costs will increase.

Dr. Zemsky gave the major portion of the presentation discussing the iterative process wherein the central administration works with the schools in their planning. A major element of this process is the determination of the projected scale of the University projected over a five-year period. Much of this determination of enrollment, size of the faculty and extent of support staff draws upon historically based information, but demographic trends are also entered in the model.

Addressing first enrollment, he pointed out that given the relatively high ratio of applicants to spaces in the University class size is a matter of policy; however, at the undergraduate level since demographic trends point to a decline in 18 years olds, special effort will need to be made to recruit in new areas and to improve the yield of students from those accepted in order to maintain or improve current quality indicators. In the professional schools, the demographic impact in the next five years is projected to be minimal. In turn, all the schools are planning for substantially the same enrollments with the exception of Veterinary Medicine which plans expansion and the school of Dental Medicine which desires to reduce enrollment. Graduate enrollment in the Arts and Sciences is projected to experience some decline, but primarily the changes are anticipated to be shifts among programs and schools rather than total decline.

In response to questions, Dr. Zemsky noted that the model is sufficiently refined not only to breakout the demographic trends by region but also to identify such factors as areas where there is an active alumni profile but inactive admissions experience, or metropolitan areas where one school is successful in attracting applicants but others are not. In other words, the system can assist admissions in refining and focusing its targets.

Dr. Zemsky then turned to review of the faculty profile. Of the 1498 standing faculty 901 or 60% have tenure. This is a better picture than that of many institutions which are virtually "tenured-in". At the same time only 6% of faculty are 60 years or older. In five years the percentage will be 12%; in another five years 24%. When one notes that only a small number
of openings in the faculty may be anticipated from retirement in the next five years and recalls that the projection in constant dollars of the level of program subvention is not likely to increase, then the restraints on flexibility in hiring become more evident.

In the third part of his overview, Dr. Zemsky commented upon administrative services and indirect costs. Here he noted that one of the more uncertain elements of the planning is the matter of assumption #7, the federal guidelines by which the University recovers overhead costs for research. Recent proposals for changes to these procedures could lead to a significant reduction in the rate of overhead recovery.

In concluding his presentation, Dr. Zemsky noted that for the most part five year planning is incremental in nature, reflecting the relatively limited flexibility in a period of austerity in a five year period. However, occasionally the needs and opportunities combine to support a major review. The planning of the Dental School described to the trustees at their meeting in January reflects this reassessment of fundamental aspects of the program.

Associate Provost, John Hobstetter, who has been responsible for academic planning in his summary remarks highlighted three propositions which have been key factors in developing the University's approach to planning. The first is that planning and control must focus on people. This may be noted by the fact that 66% of direct expenses are for personnel (45% for faculty and 21% support personnel). All the costs of teaching equipment, research, etc. account for only 33% of direct expense. On the income side, 66% of the academic income is directly personnel related through tuition or income for faculty as principal research investigators.

The second proposition is that the mode of planning is predominately decentralized. The role of the central planning effort is to provide assistance, motivation and support for planning within the constraints of the individual schools.

The third proposition is that the planning process provide for constant review of the products of school planning. The Educational Planning Committee reviews
the 5 year plans of the schools to verify and encourage planning and to make recommendations on issues that transcend the individual schools. A full review of schools is undertaken periodically, particularly on the occasion of preceding a Dean's search. Finally, within each school, there is periodic evaluation of departments and programs.

In response to questions, it was noted that the matter of facilities planning as well as personnel also has been addressed. There is a space survey linked to the budget system which makes it possible to allocate the costs of space to the various users. In short, work has begun in this area with the basic element of the system being the exposure of the costs of space use. In addition, operations services is concerned with the upgrading of space and control of factors such as energy consumption.

B. Provost

1. Appointments and Promotions

**Action:** The Executive Board approved the appointments and promotions as presented on pages 1-5 of the gray book.

**Action:** The Executive Board approved the establishment of a new distinguished professorship as follows:

WHEREAS a grant of $1 million has been made by the Atlantic Richfield Foundation as an Award of Excellence to endow a professorship in honor of Robert D. Bent, B.S. in Chemical Engineering 1935, former chairman of ARCO Chemical Company; and

WHEREAS the ARCO Professorship so endowed is to be awarded on a five-year rotation basis to a distinguished faculty member in the physical or biological sciences, preferably in a field related to the chemical or energy industries: therefore be it

RESOLVED, That the ARCO Professorship be established and that Dr. John A. Quinn be named the first incumbent as Robert D. Bent Professor of Chemical and Biochemical Engineering.

2. Status Report on Associate Provost and Provost Searches

Dr. Stellar reported that the search for an Associate Provost to replace Dr. Hobstetter when he leaves that post the end of June is nearing completion. There are two leading candidates and he looks forward to making
Dr. Stellar indicated that the search for an individual to assume the Provostship next January is about to begin with the appointment of a search committee.

IV. Reports of Trustee Committees

A. Health Affairs Committee

1. Special Events

Mr. Ballam commented on the active schedule of major events including the Dental School's centennial year celebration and the activities associated with the dedication of the Silverstein Pavilion.

2. HUP Governance

Mr. Ballam reported that the ad hoc committee on HUP Governance has developed a draft of recommendations which are designed to attain a new and stronger governance for the hospital. The envisaged hospital board would draw upon the trustees and members of the community for its membership.

B. Finance and Operations Committee

1. Resolution on PNB Loan Agreement

Action: The Executive Board approved the resolution as follows:

WHEREAS, the Administration has recommended the installation of a small number of large chiller units designed to service the air conditioning equipment located in various buildings on the campus with a view to substantial annual savings in energy costs in connection with the operation of the air conditioning equipment; and

WHEREAS, the Philadelphia National Bank is indicating a willingness to enter into a revolving credit and term loan agreement under which the University could borrow up to $5,100,000 to pay the cost of purchasing and installing the chillers referred to above:

Therefore be it

RESOLVED, That the Finance and Operations Committee approves and recommends to the Executive Board for authorization and approval the negotiation and execution by the University of a Loan Agreement with the Philadelphia National Bank under which the University would be permitted until March 1, 1980 (or such other date as may subsequently be negotiated
between the parties) to borrow up to $5,100,000 to be repaid over a term of 6 years thereafter, which Loan agreement shall contain the following additional provisions:

A. A commitment fee payable by the University on the unused amount of the Bank's commitment computed at a rate of 1% per annum for the first year of the period during which borrowings may be effected and at the rate of ½% per annum thereafter.

B. Interest on the outstanding principal balance of the loan at the rate of 9% per annum.

C. Repayments of principal during the 6-year term loan period in 24 consecutive quarterly installments in the following amounts:

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<th>Installments</th>
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<tr>
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<td>5-8</td>
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<td>17-20</td>
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<td>21-24</td>
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D. A covenant on behalf of the University that its accumulated deficit in current unrestricted funds will not exceed the sum of the balances in various University funds and accounts defined in the Loan Agreement as "Available Funds Functioning as Endowment" and including restricted current funds and unexpended building funds carried on the University books as internally restricted and that portion of the endowment and similar funds recorded on the University's books which could be made available for current use solely by action of the Trustees of the University.

E. Such other terms and conditions as may be necessary or desirable to effect the loan transaction and as may be agreed upon by the Vice President and Treasurer or other responsible officer of the University negotiating the loan; and be it further

RESOLVED, That the Vice President and Treasurer or other responsible officers of the University be authorized to sign the Agreement and any other documentation necessary to effect the loan with the Philadelphia National Bank.

C. Nominating Committee

1. Resolution on Nomination of Term Trustee

Action: The Executive Board approved the nomination of a term trustee to be placed before the trustees in June as follows:

RESOLVED, That Mr. William A. Marquard be appointed a term trustee, effective July, 1978.
2. Resolution on Appointment to Board of Overseers of Faculty of Arts and Sciences

**Action:** The Executive Board approved the appointment to the FAS Board of Overseers as follows:

RESOLVED, That Mr. Stanley Meyer be appointed a member of the Board of Overseers of the Faculty of Arts and Sciences and elected to serve concurrently as an Associate Trustee of the University.

D. Investment Board

Mr. Stanger reported that the market value of the AIF is $114 million, or $181.19 per AIF share. 52% of the portfolio is in equities and 48% in fixed income securities. Gross income for the next 12 months is estimated to approximate $7.5 million or 6.6% of current market value.

E. Development Operating Committee

1. Campaign Progress Report

Mr. Eckman reported that since May 5 when the printed progress report was prepared, $1 million in gifts has been received. Therefore, today the campaign total receipts are at $144 million or an increase of $3.1 million since the April Executive Board meeting. He projects that pledges will exceed $150 million by the end of the 3rd campaign year June 30. This would represent 60% of the campaign goal in approximately 60% of the allotted time. He noted that our performance continues to compare favorably with Stanford's and MIT's capital campaigns.

Mr. Eckman observed that in achieving the campaign goal, it will be necessary to improve in the two target areas of foundations and individuals where the campaign is not yet on target. The other major donor categories including corporate giving are on target. In addressing foundations it will be necessary to focus academic planning to develop the highly refined proposals.

Commenting upon the success of the campus campaign Mr. Eckman noted that he anticipates it will exceed its $5 million goal this year. In turn, annual giving has reached $2,908,000 which is $350,000 and 3,000 donors ahead of last year at this time. It is expected to achieve or exceed its goal for this year of $4.25 million.
F. Committee on Corporate Responsibility

Mr. Trescher presented the report of his committee which, at the request of the President and Executive Board, had reviewed a tentative agreement of cooperation in a program of research and training between the Arab Development Institute in Tripoli and the University of Pennsylvania, the State University of New York, New Paltz (a copy of the report is on file with the minutes in the Office of the Secretary).

Mr. Regan, on receiving the report indicated that he would transmit it to the administration for follow-up and action.

Adjourned.

Respectfully submitted

Janis I. Somerville
Secretary of the Corporation