TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA
MINUTES OF THE STATED MEETING
20 JUNE 1980

A Stated Meeting of the Trustees was held on Friday, 20 June 1980. Those attending included: Paul F. Miller Jr. (chairman); Martin Meyerson (president); Mary Ann Meyers (secretary); Vartan Gregorian (provost); Gustave Amsterdam; Walter G. Arader; David C. Auten; Samuel H. Ballam Jr.; Julian S. Berz; John M. Bixler; Gordon S. Bodel; Earl F. Brown; Richard P. Brown; I.W. Burnham II; Howard Butler III; Henry M. Chance II; Gloria Twine Chisum; Charles D. Dickey Jr.; G. Morris Dorrance Jr.; Robert G. Dunlop; John W. Eckman; Joseph B. Glossberg; Donald G. Goldstrom; William Richard Gordon; F. Otto Haas; A. Leon Higginbotham Jr.; John V. James; Ralph Landau; Leonard A. Lauder; J. Paul Lye; David J. Mahoney; Margaret Mainwaring; F. Stanton Moyer; John B. Neff; William D. Patterson; Nina Robinson; Ralph S. Sauer; Robert Montgomery Scott; Bernard G. Segal; Irving S. Shapiro; Wesley A. Stanger Jr.; Frank K. Tarbox; Robert L. Trescher; Marietta Tree; Jacqueline Wexler; William J. Zellerbach; Allison Accurso; Morris S. Arnold; Joseph Bordogna; R. Jean Brownlee; Richard Buford; Stephen B. Burbank; Philip Carlson; Stuart Carroll; Thomas Corl; Robert H. Dyson, Jr.; Laura Foggan; Peggy Gelber; Ward Goodenough; Louis A. Girifalco; Arthur Humphrey; Irving Kravis; Thomas W. Langfitt; Robert G. Lorndale; Stephen Marmon; John Nelson; William Owen; Joyce Randolph; Benjamin S.P. Sheng; Janis I. Somerville; James A. Spady; Willis J. Stetson, Jr.; Jon C. Strauss; Craig G. Sweeten; Ann Vitullo; Anthony F.C. Wallace, and Dilys Winegrad.

I. Call to Order

Paul F. Miller, Jr. called the meeting to order and an invocation was offered by the Reverend Ralph M. Moore, Jr., director of the Christian Association.

Action: The minutes of the Stated Meeting of 18 January were approved as distributed to members of the board.

II. Report of the Chairman

A. Mr. Miller then called attention to resolutions of appreciation to David C. Auten, outgoing president of the General Alumni Society, and John M. Bixler, an alumni trustee from the Middle Atlantic Region, whose terms expire on 30 June. The chairman extended the board's thanks to Mssrs. Auten and Bixler for their many contributions to Pennsylvania.

Action: The Resolution of Appreciation to David C. Auten was approved as follows:

A graduate of the college in 1960 and of the Law School in 1963, David C. Auten has both led and served Pennsylvania alumni across the nation as president of the General Alumni Society for three years. As an ex officio trustee he was a member of the Executive Board, chairman of the Alumni Affairs Committee, and a member of the External Affairs Committee and Resources Committee.

His mother was an alumna and his brother an alumnus. He bore out this lineage as he took increasingly important leadership roles in the support of Pennsylvania as chairman of Delaware Valley Alumni Annual Giving, chairman of the Committee of a Thousand, and chairman of the Benjamin Franklin Associates. While chairman of the General Alumni Society, he fostered such landmark programs as the
Alumni Council on Admissions, the development of Eisenlohr Hall as an alumni center, and the self-study of alumni through the Alumni Task Force.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the students, the faculty, the alumni, and the administration of the University, express their gratitude to their colleague, David C. Auten, for his service.

Action: The Resolution of Appreciation to John M. Bixler was approved as follows:

A graduate of the Wharton School in 1949, John M. Bixler has represented the alumni of the Middle Atlantic Region for the past five years as an Alumni Trustee. During this period he served as a member of the Alumni Affairs Committee, the Student Life Committee, and the External Affairs Committee.

An alumni son, he assumed leadership in regional alumni affairs as chairman of the District of Columbia Alumni Club. He worked diligently and effectively as chairman of the Washington Regional Committee for a Greater Pennsylvania and as class agent for the Committee of a Thousand. His commitment to the University in his home region made him a knowledgeable and helpful advocate of regional needs and perspectives at Trustee meetings.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the students, the faculty, the alumni, and the administration of the University, express to John M. Bixler their appreciation for his service.

B. Campaign Progress Report
Noting that the achievement of the $255-million-goal of the Program for the Eighties had been celebrated at lunch, Mr. Miller said that the goal would surely be exceeded by the end of the fiscal year. When the final figures are in, he continued, we will look to a formal celebration of success in October.

C. The chairman then turned the meeting over to Vice Chairman Robert Trescher who called for Mr. Miller's reelection.

Action: The Resolution of Appointment of the Chairman of the Trustees of the University of Pennsylvania was approved as follows:

RESOLVED, that Paul F. Miller Jr. be elected to serve as chairman of the Trustees of the University of Pennsylvania for a one-year term effective July 1, 1980.

Observing that Mr. Trescher was the new chairman of the Board of Managers of the University Museum, Mr. Miller said that the vice chairman of the Trustees had always agreed with enthusiasm to do anything he was asked to do for Pennsylvania, and he called for his reelection.

Action: The Resolution of Appointment of the Vice Chairman of the Trustees of the University of Pennsylvania was approved as follows:

RESOLVED, that Robert L. Trescher be elected to serve as vice chairman of the Trustees of the University of Pennsylvania for a one-year term effective November 1, 1980.
Mr. Miller then asked that members of the Executive Board be re-elected as required by the Statutes of the Corporation.

Action: The Resolution on Election of the Executive Board was approved as follows:


III. Report of the President
A. Comments
The president began by expressing his satisfaction in the achievement of the capital-campaign goal. But an additional source of "very special pleasure," he said, was his "success in persuading the Executive Board to stress the centrality of the arts and sciences to the University's mission in its statement outlining the characteristics sought in a new president."

Turning to the agenda facing him and Provost Gregorian in the months ahead, Mr. Meyerson mentioned their intention to reestablish the College. It was the University's first organized unit, he explained, and contained Wharton, Engineering, and other schools until the First World War. "In recreating it," the president continued, "we have a choice: either we can call the undergraduate portions of Arts and Sciences the College or we can look boldly at that concept of the College, which was in fact ours for a very long period, when all the undergraduate schools saw themselves attached to a single entity."

Mr. Meyerson then noted that one of the achievements of the past academic year was the decision to go ahead with "the very significant rethinking of the departments which the provost, with the help of a grant from the Exxon Education Foundation, is currently engaged in." It is very important, he said, that we provide a certain "range that transcends the departments at the same time that it draws upon them." Our general honors program could provide, "not the core curriculum, but at least one of the options for that range, which ought to be essential for anyone regarding himself or herself as educated."

Another achievement, the president noted, is the strengthening of the biological sciences through the attachment of the biomedical sciences to the natural sciences in Arts and Sciences. "We have to move ahead in that area," he said, "but I think there is an extraordinary readiness to do so. It's not going to be easy, but we are determined to link 'both sides of Spruce Street.' There are economic savings to be made by such an effort," he concluded, "but, more importantly, there are intellectual advantages."

In turning to the subject of faculty and staff salaries, Mr. Meyerson observed that to say Penn has done reasonably well in recent years in terms of other institutions is to say very little. Few of the ablest students see academic careers as the appropriate path for them, he continued, and this is true not only in the arts and sciences but in the professions as well. "We can in no way match what those in comparable fields of endeavor outside the University might get in the way of enducement. To talk of psychic income

Secretary
may be of some significance, but let us not forget that similar kinds of psychic income are available today outside the University." If we do not have a major change in the whole salary scale, the president further noted, we will find that the "gains we have made in American academic life since World War II will have vanished long before this century is over. But to raise the problem is not to solve it, and salary scale will be the main issue on the University Senate's fall agenda."

Mr. Meyerson then mentioned that once again there was a question as to whether or not sufficient revenue would be found to make appropriations to state-related and state-aided institutions. "Nineteen or twenty million dollars may sound like a tiny sum out of a $500 million budget," he said, "but it is a sum critical to the welfare of the University. What we need to do is to see if we can establish a rationale for state support." The president then observed that the University's efforts in Harrisburg were matched in a variety of ways by efforts in Washington, and he called attention to the fact that, locally, Penn could be very pleased with a new mayor who has already visited the campus a half-dozen times in the few months he has been in office.

On the subject of the budget, Mr. Meyerson said the University faced some important tasks. "For the past few years," he observed, "the budget committee had, in great measure, been lost in detail." In the fall, therefore, the administration will try to provide it with a charge enabling members to concentrate on policy issues. Among the significant ones facing Penn is the continuation of the budget as an instrument to control academic well being. "We have to establish a greater sense of minimum expenditures," the president said, "so that when administrative funds are saved centrally, they are not spent in the schools and other units."

Given the constraints in the budget, fund raising is critical. But Mr. Meyerson further noted that, for the first time, the University had deans, other officers, and faculty who regard it as their responsibility to seek funds. He went on to say that Penn had to make certain that activities, such as the University Museum, which are not directly allied with schools but make an extraordinary contribution to the life of the community and the nation, are appropriately supported, that is, supported in ways which preclude their drawing extensively on resources central to the general operations of the University. "We need more funds for the Museum," the president said, "but in the future those funds must come from very new sources."

He spoke next of affirmative action, observing that historically one of the most critical values associated with universities relates to their readiness to accept those who come from outside the circle of persons from whom they might be expected to draw their students, faculty, and administrators. "When we talk, therefore, of affirmative action," the president said, "we must think of it much more in terms of the contributions that are made to the University by diverse elements within the University than in terms of..."
Mr. Meyerson then mentioned the three-day summer meeting of the Ivy presidents. Among the items of its agenda, he said, are research libraries and the comments on athletics made this spring by Yale's president. He then expressed his appreciation for the reports on athletics at Penn prepared by faculty, students, and alumni, and his appreciation for the consideration being given them by Director of Athletics Charles Harris.

Finally, the president mentioned that at their October meeting, the Trustees would receive the next installment on a progress report which would bring together, more fully than he or the provost had before, educational, fiscal, and physical aspects of planning.

At this point in the meeting, an emergency matter was presented to the trustees by Vice Chairman Robert Trescher. He informed the Trustees that the National Endowment for the Arts was questioning whether they had approved a challenge grant application submitted by Martin Biddle, director of the University Museum. As they had not, Mr. Trescher sought and received their approval.

**Actions** The Resolution to Approve a Challenge Grant Application was approved as follows:

RESOLVED that the Board of Trustees of the University of Pennsylvania affirm and approve the challenge grant application submitted to the National Endowment for the Arts by the University Museum for the period starting January 1, 1980, and ending June 30, 1983, the precise conditions to be negotiated.

**B. Budget for FY'81**

In turning to Dr. Strauss for his report, Mr. Meyerson announced that the budget for FY'80 was balanced and that the University was planning for a balanced budget in FY'81. But he cautioned that there were a number of contingencies, including energy supply and demand in the world, the effect of a serious recession—on even such things as the vacancy rate in residence halls, and what is in store for Penn in terms of Commonwealth appropriations.

Dr. Strauss observed that the expected balance in the FY'80 budget would give the University a balanced budget for the fifth year in a row. He reported continued progress in reducing the original planned deficit associated with the new residences. It peaked at some $2.3 million in FY'77, is expected to be down to $1.6 million on 30 June, and should be completely retired by FY'83. The vice president for budget and finance noted, moreover, that with the planned application of proceeds from the federal governmental regulations. I wish we had greater accomplishments to report, but neither will I minimize the ones we have." He observed that the widespread presence of women in the ranks of students, faculty, and staff, though insufficient still, is an important accomplishment. "Ten years ago we had 11 black faculty members; now we have 32. And while that sounds like an extraordinary achievement, let's remember that the regular faculty totals 1,600 persons. We have," he concluded, "a continuing challenge before us."
roll forward and the proposed application of profits from the sale of Wharton Econometric Forecasting Associates and Uni-Coll, the administration projected that it would be possible to completely retire the operations portion of the University's accumulated deficit by 30 June.

Turning to FY'81, Dr. Strauss said that not only does Penn plan a balanced budget for the sixth consecutive year, but it has made what it hopes are "appropriate provisions for contingencies," although, as suggested by the president, he acknowledged there were a number of potential problems. To achieve a balanced budget once again, Dr. Strauss said, it was necessary, unfortunately, to hike charges made for tuition, fees, room, and board. "Furthermore," he pointed out, "increases in compensation for faculty and staff, while comparable with peer institutions, are nowhere near what are appropriate based on the inherent quality and dedication of these people, to say nothing of the cost of living." And yet the operating budget for FY'81 totals nearly a half a billion dollars. The capital projects budget for schools and centers shows projects totaling some $29 million under construction and projects totaling some $50 million to be initiated during FY'81. "Most of the latter are funded," Dr. Strauss said, "and none will be started until the funds, largely from the Program for the Eighties, are in hand. During the next five years, deans and directors want to begin projects totaling some $167 million," he noted, "but most of the funds for these projects are not yet identified—a fact which presents a challenge to us in terms of fund raising in the years ahead."

C. Administrative Appointments
Praising the work of Stephen Burbank, the University's General Counsel who has elected to teach in the Law School on a full-time basis, Mr. Meyerson introduced resolutions adopted as follows:

**Action:** The Resolution on Appointment of General Counsel was adopted as follows:

RESOLVED, that Matthew W. Hall, Esquire, currently associate general counsel, be designated general counsel effective June 20, 1980.

**Action:** The Resolution on Appointment of Associate General Counsel was adopted as follows:

RESOLVED, that Shelley Z. Green, Esquire, currently assistant general counsel, be designated associate general counsel effective June 20, 1980.

IV. Report of the Provost
A. Comments
The provost reported on his stewardship after one and a half years in office. Citing first the reappearance at Penn of a spirit of collegiality, trust, and openness, he said that, in terms of program, he was very pleased to have received a $600,000 grant from the Exxon Education Foundation to revitalize undergraduate education.

Dr. Gregorian went on to mention progress in admissions policy, as well as the creation of centers and institutes which served to enhance Penn's national and international reputation. Among these, he listed the Center for Philadelphia Studies, the Higher Education Finance Research Institute, the Institute for Law and Economics, and the Center for Advanced Studies in
Legal History. The provost further cited the adoption of a patent policy and the establishment of a research foundation, a task force exploring the possibility of an institute on the environment, and a Committee on Health Policy. He noted the appointment of Robert H. Dyson Jr. as dean of the Faculty of Arts and Sciences and Joseph Bordogna as acting dean of the School of Engineering and Applied Science. In the international domain, Dr. Gregorian pointed out that, in addition to ties with Israeli universities and the University of Edinburgh, Penn has established links with the University of Paris in law, economics, and the social sciences.

He then said that in the student area, his administration had faced problems by not agreeing to declare certain religious holidays as official University holidays and by closing the "head shop" in Houston Hall. "In the realm of athletics," he continued, "I disbanded the first search committee in this institution's history for violation of the laws of confidentiality. All of this I've done because the University is a rational, deliberative body, and we don't run our affairs on the basis of polls and popular sentimentalities."

Dr. Gregorian thanked his associate provost, his two vice provosts, and his executive assistant. Noting with pride that the University's undergraduate business program had been rated the best in the country by both business school deans and personnel executives of big businesses, he commended Wharton's Dean Donald C. Carroll. "Finally," he said, "I want you to know that the budget was not balanced by fiat alone, but required lots of negotiations. With the help of Martin Meyerson, Jon Strauss, and the Budget Committee, we've used 'gentle persuasion' to eliminate several million-dollar problems." Dr. Gregorian then thanked Arthur Humphrey, Penn's engineering dean, who is resigning to become provost and vice president of Lehigh University.

Turning "to business," he reported that the administration had before it two requests for extending leaves for employment elsewhere beyond the two-year period established by University policy. "I am not ready to recommend any deviation from that rule in principle," the provost said, "but I am willing to consider exemptions in individual cases."

Dr. Gregorian then prefaced his request for approval of a resolution on appointments and promotions by giving some background on the designation University Professor. He explained that in October of 1979 the Trustee Committee on Academic Policy had approved the establishment of distinguished service professorships in various disciplines. But the Faculty Senate urged that the University not set up yet another category of professor. It unanimously recommended that the administration revive the category of University Professor with the proviso that designation could signify either exceptional contributions to a given discipline or interdisciplinary stature.
The provost appointed an advisory committee composed of Russell Ackoff, Robert Austrian, Mildred Cohen, David DeLaura, Judah Goldin, Renee Fox, Henry Hoenigswald, Lawrence Klein, George Kochberg, Benjamin Shen, and Clyde Somers. After long deliberation it recommended that the following faculty be designated University Professors: Ward H. Goodenough, University Professor of Anthropology; Irving B. Kravis, University Professor of Economics; Robert Mundheim, University Professor of Law and Finance; and Barbara Herrnstein Smith, University Professor of English and Communications. Citing their accomplishments, Dr. Gregorian introduced the four to the Trustees. He then recommended the designation of Arjun Appadurai, assistant professor of anthropology, as Janice and Julian Bers Assistant Professor of Social Sciences, and the designation of Anthony F.C. Wallace, professor of anthropology, as Geraldine R. Segal Professor of American Social Thought. Finally, he presented two other faculty members who had received chairs during the past year: Joseph Bordogna, the first Alfred Fitler Moore Professor of Engineering, and Edward B. Shils, the first George Taylor Professor of Entrepreneurial Studies. Their designation and other appointments and promotions, as found on pages 1 through 22 of the Gray Book, were approved by the Trustees. The Honorable A. Leon Higginbotham, Jr., abstained from voting because his name was among those under consideration.

Action: The Resolution on Designations was approved as follows:

RESOLVED that Dr. Ward H. Goodenough be designated University Professor of Anthropology in the standing faculty, that Dr. Irving B. Kravis be designated as University Professor of Economics in the standing faculty, that Mr. Robert Mundheim be designated University Professor of Law and Finance, and that Dr. Barbara Herrnstein Smith be designated University Professor of English and Communications in the standing faculty, all effective July 1, 1980.

RESOLVED, that Dr. Arjun Appadurai, assistant professor of anthropology in the standing faculty, be designated the Janice and Julian Bers Assistant Professor of Social Sciences, effective July 1, 1980.

RESOLVED, that Dr. Anthony F.C. Wallace, professor of anthropology in the standing faculty, be designated the Geraldine R. Segal Professor in American Social Thought, effective July 1, 1980.

Action: The Recommendations for Academic Appointments and Promotions for the period from March 21, 1980 to April 23, 1980 were approved as they appeared in the Gray Book pages 1 through 22.
Dr. Gregorian noted that in 1977, before he became provost, Penn had 19 net gains in tenure; in 1978, 11; in 1979, 11; and in 1980, with 28 gains and 36 losses, a net loss of 8. He said there were two cases pending which might be presented to the Executive Board at its July meeting. Most of the gains, he went on to explain, were not in arts and science but in Wharton which, with faculty one-third the size of FAS's, received 14 tenure appointments this year. FAS was given 13; Medicine 7; Engineering 6; and the Dental School 5.

Mr. Miller asked the provost if he had any estimate of the tenure ratio at comparable institutions. Dr. Gregorian responded that while he did not have any figures before him, he knew that Yale, with a faculty of 318 in arts and science compared with Penn's FAS faculty of 500, had made 11 tenure appointments to the University's 13. "You see how conservative we are," he said, "but it pains me that we are unable to grant tenure to many marvelous teachers and scholars who deserve it."

B. Profile of the Class of 1984

Vice Provost for University Life Janis Somerville presented Willis J. Stetson, Jr., the director of admissions, to the Trustees. She noted that surely the undergraduate deans would join her in celebrating the work he had done, particularly for the schools that had had admissions problems. "There isn't an area," she said, "where Lee hasn't improved the University's position."

Mr. Stetson responded that this year's admissions effort had been a cooperative one involving many members of the University community. "The news," he said, "is basically good and we're pleased with the direction in which we're moving." Applications, the admissions director continued, numbered some 11,266, which is approximately a 15 per cent increase over last year and 43 per cent increase over 1978. The increase gave the University the opportunity to be more selective: the admit rate dropped from the 56 per cent of a few years ago to a "pleasant low" of 40 per cent. In other words, only two out of every five applicants to the Class of 1984 were admitted, while a total of 6,500 students had to be turned away. About 48 per cent of the students offered admission accepted, and Mr. Stetson said the profile of the entering class is significantly better than that of last year's class or, even more strikingly, the Class of 1982. The students are stronger in terms of class rank and SAT scores, and Penn, therefore, faced even more vigorous competition than in the past for its admit list. "So, while we would like to improve our yield even more," Mr. Stetson observed, "it is encouraging that we remained at 48 per cent."

Summarizing the expected profile of the class, which he anticipates will number 2,130 students after summer withdrawals, the admissions director gave the following statistics: mean rank in high school class—94th percentile (up from 93rd three years ago); mean verbal SAT—600 (up from 580 three years ago); mean math SAT—660 (up from 630 three years ago); mean average of achievement tests—630 (up from 610 three years ago). He noted, moreover, that the University was in a position to be very concerned about individual qualities. "I would like to think," Mr. Stetson said, "that
this year's class will have a greater amount of creative energy than past classes." It comes from a wider geographical area with 18 per cent of the students living outside the Northeast as compared to 11 per cent two years ago, although the admissions director noted that a stable 27 per cent continue to come from Pennsylvania. A total of 303 students, or 14 percent of the Class of 1984, are related to alumni, and the yield in this category of admissions has risen to 63 per cent from 60 per cent several years ago. "It is encouraging," Mr. Stetson concluded, "to see the additional enthusiasm on the part of our legacies."

V. Reports of Trustee Committees
A. Committee on Academic Policy
Dr. Chisum, acting as chairman in the absence of Carl Kaysen, noted that among the items on the committee's agenda were a report on faculty designated as University Professors and a report on Research Libraries Group, Inc. She extended to the Trustees an invitation from Richard DeGennaro, director of libraries, to observe the application of advanced technology to the cataloguing and circulation process. Dr. Chisum then turned to the last agenda item, reports of deans or their representatives from eight schools on graduate admissions. "I can only cite the diversity among them," she said, "and in FAS, quality varies from department to department. In Wharton where the pool of applicants is very large and the career path is well delineated, the percentage of applicants accepted is very small and the yield is very high; therefore, the picture is a happy one. In other schools, this is not the case, and a variety of factors affect the selection process. For example, the critically shrinking pool of applicants in Engineering and a perception of less than clearly defined careers in Urban Policy and Communications."

B. Committee on Audit
Mr. Chance reported that the Audit Committee adopted a Charter for Internal Audit and that it recommended that the University show depreciation in its financial statements. The 1979-80 audit is on schedule, the chairman said, and he expressed his belief that Coopers Lybrand was indeed correct in citing Penn as the leader in its peer group in terms of internal auditing policy and procedures. "The Trustees owe a 'well done' to Jon Strauss, Harold Manley, Dennis Naugerty, Edward Guza, Larry Kleinath, and Donald Clement," Mr. Chance concluded.

C. Committee on Budget and Finance
Mr. Eckman reported that the Budget and Finance Committee met in plenary session and discussed matters of financial operations, as well as matters of financial policy. He recommended adoption of the following resolutions:

Action: The Resolution on Budget for FY'81 was approved as follows:

The Budget and Finance Committee has reviewed the budget proposed for the University for FY'81 and recommends its approval by the Board of
RESOLVED, the operating budget and capital project plans recommended by the Budget and Finance Committee for FY'81 are approved.

Action: The Resolution on Policy for the Budget and Finance Committee was approved as follows:

The University policy for budget, finance, and related personnel matters is framed by the following fundamental precepts:

1. Over time, the operating budget of the University will be balanced.

2. Within the constraint of balanced financial operations, the University will be managed to promote academic excellence while maintaining a reasonable balance between the obligation to properly compensate its faculty and staff and the goal to limit the burden of costs to students and their families.

3. All direct services for support of students, faculty, and staff such as the residence halls, dining, faculty club, parking, and bookstore will be managed to cover the full costs of operation, including University overhead costs, from direct charges.

4. No capital project will be initiated until the full costs, both initial and operating, have been assessed and funds, both capital and operating, have been identified to cover the full cost of the project.

5. No new program will be initiated until the full costs, including University overheads, of the proposed program have been assessed and an affirmative decision has been made that the general benefits of the program warrant the investment of the general University resources necessary to fund that portion of the full costs of the program not funded by gifts, grants, or direct program revenues. Review of existing programs will be conducted periodically against the same criteria.

6. As an affirmative action, equal opportunity employer, the University will fulfill its obligations to its students, faculty, staff, alumni, and society in general.

The Committee on Budget and Finance has been established as one of several standing committees of the Executive Committee. It is charged with reviewing all aspects of University budget and finances, and recommending action to be taken by the Trustees.

A review of the standing resolutions reveals a number of outdated resolutions regarding the responsibilities of Budget and Finance and its predecessor committees. It is appropriate that this situation be clarified.

RESOLVED, all previous standing resolutions referring to the Finance, Finance and Operations, and Budget and Finance Committee and most particularly those of October 26, 1953, May 14, 1953, May 14, 1954, June 4, 1956, May 9, 1958 and January 9, 1973, are rescinded, without revocation of actions taken, and be it further

RESOLVED, that the attached policy be adopted for the Budget and Finance Committee.

Policy For Trustees Budget and Finance Committee

The Committee is concerned with University finances and related personnel policies. Within the general University policy framework regarding budget, finance and related personnel issues, the Committee shall review policy for, and recommend action to, the Trustees on:

1. financial planning,
2. operating and capital budgets, with special emphasis on cash management, pricing, compensation, and endowment payout,
3. insurance coverage/risk management,
4. the financial aspects of personnel and labor relations, and
5. banking and other external financial relationships.

The Committee shall review proposals for, and recommend action to, the
Trustees on:
1. the annual operating and capital budgets and the five-year capital project plan,
2. compliance to the operating and capital budgets,
3. annual insurance coverage,
4. employee benefits,
5. disposition or acquisition of real or personal property involving more than $250,000,
6. start of construction phase of capital projects involving more than $250,000, and all overruns in excess of 10 percent,
7. external borrowing, guaranteeing of loans, or establishing lines of credit involving more than $250,000.

In addition, the president may consult with the committee on other financial matters including issues that fall below the $250,000 limits mentioned above.

Action: The Resolution on Barbara A. Blanchard as Associate Comptroller was approved as follows:

Barbara A. Blanchard has served with distinction as Assistant Comptroller since October 1, 1977. As she goes on leave from the University, it is appropriate to increase her rank, in part to recognize her many accomplishments and in part to encourage her swift return.

RESOLVED, that Barbara A. Blanchard is promoted to the rank of Associate Comptroller effective July 1, 1980.

Action: The Resolution on Arthur H. Piper as Associate Comptroller was approved as follows:

Arthur H. Piper has served with distinction as Director of Financial Management of the Hospital of the University of Pennsylvania since July 1976. Historically, the incumbent in that position holds the title of Assistant Comptroller of the University. Mr. Piper's involvement with the University has been so exemplary that he should be recognized by the rank of Associate Comptroller.

RESOLVED, that Arthur H. Piper is to be recognized as Associate Comptroller of the University effective July 1, 1980.

Action: The Resolution on Spending Rule was approved as follows:

The Budget and Finance Committee has reviewed the attached report entitled Spending Rule for AIF March 12, 1980, and approves the recommendation that the Spending Rule be adopted for the AIF.

RESOLVED, that the spending rule recommended in the March 12, 1980, report is to be adopted for the management of the AIF, effective July 1, 1980.

D. Committee on External Affairs

Mrs. Wexler reported a great improvement in relations between the administration and The Pennsylvania Gazette and the Almanac in terms of administrative access to the publications. She said the External Affairs Committee had been introduced to Mary Nichols, Penn's new director of communications, and the areas where Ms. Nichols has regulatory authority and where she is an advisor had been clarified by the president. As outgoing chairman of the General Alumni Society, Mr. Auten appointed the communications director to the Gazette Advisory Board.

E. Committee on Facilities and Campus Planning

Mr. Arader reported a discussion of the orderly development of an attractive
F. Committee on Student Life

Mrs. Mainwaring reported that since the January Trustees' meeting the Student Life Committee had met twice on campus to visit student residences. Members toured more than a dozen of them and had dinner in student dining facilities and fraternity houses. "The committee also is concerned with the off-campus living conditions of students," Mrs. Mainwaring said, noting that about half of Penn's graduate students do not live in University residences.

She then turned to the meeting just held by the Student Life Committee, which was focused on a report discussing Houston Hall in conjunction with other facilities. "The committee recommends the development of a long-range plan for extracurricular student life," Mrs. Mainwaring said. She pointed out that it accepted "with pleasure" the fact that all student activities were not centralized in Houston Hall, but rather dispersed about the campus in such facilities as Irvine Auditorium and the Annenberg Center. "One of the problems," the chairman noted, "is that many students and faculty members do not know about this rich array. But the Houston Hall Plan undoubtedly will remedy the situation." Mrs. Mainwaring further reported that the Student Life Committee had discussed the need for long-range planning in the total student life area. "It is a need," she concluded, "with which we are just beginning to come to grips."

G. Committee on University Responsibility

Mr. Brown reported that in the past half year the University Responsibility Committee had concerned itself with three activities. The first is the implementation of the Trustees' resolution (20 January 1980) on investment in companies which do business in South Africa. It called for the University Responsibility Committee to monitor the performance of firms in which Penn has invested endowment to see that they adopt the Sullivan Principles or their equivalent. "We have done so under the guidance of Matt Hall," Mr. Brown said.

He noted that, secondly, the committee had concerned itself with University voting on shareholder proposals at annual meetings. In general, the Investment Board votes with management, but when the committee has identified proposals affecting University interests on which it believes it should take a stand, it recommends to the Investment Board how the proxy should be voted. Examples given by Mr. Brown were recommendations calling for corporations to make no contributions to schools which (1) employ avowed Communists, Marxists, Leninists, or Maoists so long as such employment continues and (2) restrict or attempt to restrict contacts between any intelligence agency of the United States and members of their faculty. In both cases, he said, the committee felt the resolutions tried to dictate, through the corporation's ability to make financial contributions, the policies of universities with regard to openness to diverse ideas and freedom of association. As a matter of principle, therefore, it recommended to the
Investment Board to vote against the resolutions.

A third activity of the committee, Mr. Brown said, involved consideration of a proposal drafted by Mr. Miller on "Response By the University As An Institution to External Issues." The document suggests policy guidelines, and, with slight modification, the committee recommends it to the Trustees for consideration at their October meeting. But meanwhile, Mr. Brown concluded, the draft will be published and comments solicited from the University community. These comments will be presented to the board along with the guidelines.

Mr. Miller asked the chairman what the University Responsibility Committee had been doing in situations where it concluded a company was not going to adopt the Sullivan Principles. Mr. Brown responded that in the one or two of the cases where it appeared adoption was unlikely, the question had become moot because, on its own, the Investment Board decided to sell the stock. In the remaining cases, he said, the committee continues to communicate with the companies.

The chairman of the Trustees then commented that the thrust of the statement on external issues was that the University should only respond when such issues related to its academic mission.

H. Investment Board

Mr. Neff reported that as of 17 June 1980 the total market value of the Associated Investment Fund (AIF) was $144 million. "We are about 58 percent invested in common equities," he said, "and the AIF per share value has appreciated 6.7 percent since 31 December 1979. On the common stock side, we're up 8.5 percent versus an increase in the Dow Jones Industrial Average of 4.8 percent and, more importantly, a 7.5-percent increase in the Standard and Poor (S&P) Stock Average for the same period. Since 29 June 1979, we're up 19 percent on the equity side versus 12.8 percent for the S & P. It takes no fool to figure out, Mr. Neff continued, "that the last six months of last year were very good—a tribute, obviously, to Wes Stanger."

The chairman of the Investment Board went on to say that he thought the AIF had performed decently during the first six months of this year, particularly considering a 47 percent turnover in Penn's portfolio and the action in oil and oil-related areas in which the University is purposely underrepresented. "One yardstick of performance," he said, is that the University "improved the all important income stream during this period by 11.7 percent on an annual basis, despite the fact that the General Motors' dividend went 45 percent the wrong way. Another measure is that the equities purchased by AIF have done approximately $1.5 million better than the ones it sold." Mr. Neff further commented that at its breakfast meeting that day the Investment Board had expanded the equity maximum limit from 65 to 75 percent.
He concluded by cautioning that there are two marketplaces in which Penn probably will not do well: (1) those which are very excited because, of course, we do not have a speculative portfolio and (2) those which are dominated by a single large group of stocks, such as highly recognized growth issues in 1971-73 and, more recently, oils.

The Investment Board chairman then turned to Mr. Miller who announced the formation of an executive committee of the Investment Board. It will meet between meetings of the full board to address day-to-day portfolio management matters. In addition to the chairman of the Trustees and Mr. Neff, members include Mr. Moyer, Mr. Stanger, and Mr. Richard Worley, a money-market specialist associated with Miller, Anderson and Sherrerd. Mr. Worley is a new member of the Investment Board whose appointment, along with that of other members, was approved by the Trustees after Mr. Miller received their approval for the suspension of the statutory requirement that a majority of the board members be Trustees.

**Action:** The Resolution On the Suspension of the Requirement for a Trustee Majority on the Investment Board was approved.

**Action:** The Resolution on Membership of the Investment Board and the Franklin Investment Company was approved as follows:

RESOLVED, that the following persons be elected as members of the Investment Board of the Trustees of the University of Pennsylvania and simultaneously therewith be appointed as the board of directors of Franklin Investment Company, whose number is hereby fixed at 12, for a term of one year and until their successors are elected or appointed and qualified: Julian S. Bers, Henry M. Chance II, William Richard Gordon, H. Samuel Greenawalt Jr., Samuel M.V. Hamilton, Adolph B. Kurz, Paul F. Miller Jr., F. Stanton Moyer, John B. Neff (as chairman), Wesley A. Stanger Jr., Richard B. Worley, and William J. Zellerbach.

**I. Trustee Board of the Hospital of the University of Pennsylvania**

Mr. Ballam reported that the Hospital of the University of Pennsylvania (HUP) at the end of FY'80 expects to have a surplus of revenue over expenses of $3.2 million, with about $1.3 million of the total coming from operations as compared with an anticipated $1.1 million. The hospital occupancy rate is an unusually high 92 percent.

The chairman said that Phase III of the HUP Capital Program will cost more than projected due primarily to the protracted approval procedure of the Health Systems Agency of Southeastern Pennsylvania "but we will be able to finance the $2 million overrun from internal funds," he continued, "and borrowing will remain at some $5.5 million. A resolution authorizing the loan will be presented at a future meeting of the board."

Mr. Ballam went on to report that despite a national shortage of nurses, the hospital has been able to hire more than 100 new nurses this year. "We have good leadership," he said, "in Dr. Joan O'Leary." He further noted that the Phillips Company had given HUP a rapid-sequence scanning system for research purposes. Valued at more than a million dollars, the device represents an advance in computerized topography. The hospital will give it
a clinical trial for Phillips.

The chairman thanked everyone who had participated in the Antiques Show which this year raised some $150,000 for HUP. He concluded by calling the Trustees' attention to the NBC-TV program, "To Be a Doctor." Filmed in part at the School of Medicine, the show, which was broadcast on 29 May, reflected great credit "on the school, the hospital, and the University" in the opinion of the chairman.

J. General Alumni Society

Mr. Auten began by reporting on the Alumni Task Force, a group of 12 persons organized in January to examine relations between the University and its alumni and the structure and funding of the Alumni Relations Office. Members have met nine times, he said, for a total of 50 hours. With subcommittees, some 500 person-hours have been spent to date on the work of the Task Force. The group has met with 23 people, including other alumni, administrators, and faculty. It has sent questionnaires to Penn graduates throughout the nation, and members are in the process of visiting other universities to learn how they manage alumni relations. "I am hopeful," Mr. Auten said, "that the Task Force will be able to present a report to the Trustees at the fall meeting."

He went on to say that all the persons interviewed by the group had mentioned the Alumni Council on Admissions. Since its inception four years ago, the number of alumni children matriculating at Penn has increased from 210 to 305. Turning to the director, Dr. Michael Neiditch, Mr. Auten observed that this record is "an excellent accomplishment."

The GAS president then reminded the Trustees of the Garden Party Auction, sponsored by Association of Alumnae to raise funds for the restoration of Eisenlohr Hall. Finally, he introduced Sara Senior, the chairman of the Alumni Task Force, who will succeed him as president of the General Alumni Society on 1 July.

"I'm very proud of our alumni," he concluded. "They are neither smug, nor intolerant, nor reactionary. They suffer from eternal dissatisfaction, but they are very supportive of the University and of the administration. I also want to say that Mike Huber does a super job. My thanks to my wife, Susie, for her support, and to the Trustees for theirs."

VI. Boards of Overseers

A. Report of the Board of Overseers of the School of Engineering and Applied Science (SEAS)

Commenting that it was unnecessary to repeat the details of a report which would be distributed to the Trustees, Dr. Landau observed that the document is "the first to embody the academic plan which is intended to be a University-wide process." He noted that as its name implied, the report incorporated substantial input from the overseers, and recommended to other schools that they seek the advice of their boards early in the planning process. Dr. Landau called particular attention to the last section of the report containing the recommendations of the
Engineering overseers. "The first eleven," he said, "stress that the results of the plan be measured frequently and that SEAS not hesitate to make changes in midstream." The twelfth addresses the very broad subject of the feasibility of expanding the Ph.D. program in light of the decreasing attractiveness of graduate work to many students. The thirteenth suggests how changes in external conditions will not only affect the plan but "change the entire market situation for engineering and technology in the United States, therefore, even the nature of the faculty and the character of research support that will be required and justified in the decade ahead."

In conclusion, Dr. Landau quoted the following passage from a speech given by Courtland Perkins, president of the National Academy of Engineers:

The basic facts, then, that we must deal with are quite simply stated. The maintenance of scientific advance is largely based on university faculties, their graduate students and their research facilities, many of which are cooperatively shared. The mainstream of high technology advance on the other hand continues to be based on modern high technology industry, with university graduate engineering activities playing an ever reducing role. There are many dilemmas facing graduate engineering education, but the problems of interconnection with industrial research and development must lead the list.

Calling the address the "most important statement I've seen on graduate engineering in recent years," the chairman promised to circulate it.

B. Appointments to Overseers and Other Boards

Action: The Resolution on Appointments to the Board of Overseers of the Faculty of Arts and Sciences was approved as follows:

RESOLVED that Thornton F. Bradshaw, Henry S. Lodge, and Warren S. Miller be appointed to the Board of Overseers of the Faculty of Arts and Sciences for a term of three years, effective July 1, 1980.

Action: The Resolution on Appointment to the Board of Overseers of the Graduate School of Fine Arts was approved as follows:

RESOLVED, that Sir John Pope-Hennessy be appointed to the Board of Overseers of the Graduate School of Fine Arts for a term of three years, effective July 1, 1980.

Action: The Resolution on Appointments to the Board of Overseers of the Law School was approved as follows:

RESOLVED that William B. Johnson and Wade H. McCree Jr. be appointed to the Law School Board of Overseers for a term of three years, effective July 1, 1980.

Action: The Resolution on Appointment to the Board of Overseers of the School of Nursing was approved as follows:

RESOLVED, that Charles B. Mathias be appointed to the Board of Overseers of the School of Nursing for a term of three years, effective July 1, 1980.

Action: The Resolution on Appointments to the Board of Overseers of the Veterinary Overseers was approved as follows:

RESOLVED, that Christine Connelly and Robert H. Williams be appointed to the Board of Veterinary Overseers for a term of three years, effective July 1, 1980.
Action: The Resolution on Appointment to the Advisory Board of the Institute of Contemporary Art was approved as follows:

RESOLVED, that Lorna U. Hauslohner be appointed to the Institute of Contemporary Art Board for a term of three years, effective July 1, 1980.

Action: The Resolution on Appointment to the Board of Managers of the University Museum was approved as follows:

RESOLVED, that Gustave G. Amsterdam, Martin Biddle, Richard P. Brown Jr., Susan Catherwood, Henry M. Chance, William J. Clothier II, John G. Christy, Betty Starr Cummin, Antelo Devereux, Peggy Dilks, F. Otto Haas, John B. Kelly Jr., William R. Klaus, Thomas N. O'Neill Jr., A.J. Drexel Paul Jr., A. Addison Roberts, Harlan Scott, Hugh R. Sharp Jr., Robert L. Trescher, Matthew Weinstein, Thomas Raeburn White Jr., be appointed to the Board of Managers of the University Museum for terms in accordance with the bylaws for the University Museum Board of Managers to be established upon recommendation by the Board of Managers and approved by the Trustees; that Howard C. Peterson be elected an honorary member; and that Robert W. Crawford, Martin Meyerson, and Vartan Gregorian be designated ex officio members.

Action: The Resolution on Appointment to the Board of Managers of the Morris Arboretum was approved as follows:

RESOLVED, that J. Liddon Pennock Jr. be appointed a member of the Advisory Board of Managers of the Morris Arboretum, to serve concurrently as an associate trustee for a term of three years, effective July 1, 1980.

Action: The Resolution to Establish a Council of Emeritus Trustees was approved as follows:

RESOLVED, that the Emeritus Trustees meet twice each year in the capacity of an advisory council jointly with the president, provost, chairman of the Trustees, and certain Trustee committee chairmen, and that the first chairman of said Council of Emeritus Trustees be the Honorable Thomas S. Gates, Jr.

VII. Other

In conclusion, Mr. Miller introduced a resolution on the campaign, noting that when asked by The Pennsylvania Gazette when the next one starts, he replied, 'today.'

Action: The Resolution of the Trustees' Resources Committee was approved as follows:

Whereas the Trustees of the University of Pennsylvania on June 6, 1975, adopted a resolution directing the administration to proceed with plans for a major, five-year development program and specifying that the dollar goal be one of "inspirational size;" and

Whereas on October 3, 1973, the Trustees unanimously approved a resolution setting the goal at $255 million "to enhance Pennsylvania's place among the nation's major universities;" and

Whereas in the ensuing five years the faith of the Trustees in the loyalty and generosity of faculty, staff, alumni, and other friends, and in the University's capacity to command the respect and material support of corporations and foundations has been amply justified; and

Whereas commitments to the Program for the Eighties today have reached the dollar goal of $255 million; now therefore be it

RESOLVED that the Trustees salute those advocates of Pennsylvania, the workers in her behalf, and the benefactors who make this accomplishment possible all of whom will be properly celebrated at the October 1980 meeting of the Trustees; and be it further...
RESOLVED that the Trustees acknowledge that not all specific goals of the Program for the Eighties have been met, and call attention to the opportunities to add substantially to campaign accomplishments in the ten days remaining before the conclusion of the campaign, and be it further

RESOLVED that the Trustees commit themselves to the continued high level of effort necessary to consolidate the gains of the Program for the Eighties and build upon this new foundation in the years ahead, and that the Trustees urge all other members of the University family to join them in this enterprise.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University