A Stated Meeting of the Trustees was held on Friday, 22 October 1982. Those attending included: Paul F. Miller, Jr. (chairman); Sheldon Hackney (president); Thomas Uhrich (provost); Mary Ann Meyers (secretary); Gustave G. Amsterdam; Walter G. Arader; Samuel H. Ballam, Jr.; Julian S. Bers; Gordon S. Bodek; Howard Butcher, III; Susan Catherwood; Henry M. Chance, II; Gloria Twine Chisum; Charles D. Dickey, Jr.; G. Morris Dorrance, Jr.; Robert G. Dunlop; John W. Eckman; Seymour Finkelstein; Michael E. Gilson; Joseph B. Glossberg; Donald G. Goldstrom; Bruce J. Graham; H. Samuel Greenawalt; F. Otto Haas; A. Leon Higginbotham, Jr.; John V. James; Carl Kaysen; Ralph Landau; Leonard A. Lauder; Robert P. Levy; J. Paul Lyet; David J. Mahoney; Margaret R. Mainwaring; William A. Marquard; F. Stanton Moyer; John B. Neff; William D. Patterson; John H. Porter; Ralph S. Saul; Robert Montgomery Scott; Sara S. Senior; David L. Simms; Wesley A. Stanger, Jr.; Robert L. Trescher; John H. Ware, 3rd; Jacqueline G. Wexler; Linda White; Charles S. Wolf; D. Robert Yarnall, Jr.; Erika Abel; Heidi Balser; Vickie Bernstein; Richard Buenneke; Stuart Carroll; Richard Clelland; Elizabeth A. Cooper; Helen Davies; Anne Duffield; Bruce Ettelson; Claire Fagin; Mark Feigen; Ray Foote; Marion Fox; Karen Gaines; Paul Gazzerro, Jr.; Howard Gensler; David Goodhand; Edward Goodman; Dean Grayson; Shelley Green; Arthur Hirsch; Thomas Janover; Bruce Johnson; Stanley Johnson; Bette Kaufman; Henry Kingeman; George Koval; William Lauder; Phoebe Leboy; Nina Liu; Steven Ludwig; Frank Lutz; Anthony Lyle; Lynn Manko; Anthony Marx; Edward McFall; Denise McGregor; Karen Miller; Paul Steven Miller; Nancy Morgan; Elke V. Muller; Mary Nichols; Marion Oliver; William Owen; Constantine Papademetrios; Gary Posner; Terry Price; Edward Rimland; Frances Rozinski; Randy Schilling; Steve Schoner; Robert Shepard; Adam Singer; Beverly Steinberg; Willis Stetson; Glen Stine; Andrea Sussman; Edward Szczepkowski; Richard Thorp; Ross Webber; Anne Wenzel; Dilyss Winegrad; Robert Wojtowicz, and Victor Wolski.

I. Call to Order

Chairman Miller called the meeting to order and an invocation was offered by the Rev. Mr. Johnson, the University chaplain. The minutes of the 18 June 1982 meeting were approved as written by the secretary.
II. Report of the Chairman

A. Observing that subscriptions to date totaled $11.1 million with receipts running at about $8.3 million, Mr. Miller said he believed 1982-83 was turning out to be a "good year" for development, though "not a fantastic one." He reported that Mr. Webber had talked with him about the importance of revitalizing the major gift drive in the aftermath of the Campaign for the Eighties. "I am determined that we should give the highest priority to this," the chairman said, "and I have appointed a standing committee of the Trustees, which is specifically charged with development per se as opposed to the raising and allocating of resources in a more general way, which is the responsibility of the Resources Committee." Members of the new committee include: Gordon S. Bodek, G. Morris Dorrance, Jr., Joseph B. Glossberg, Bruce J. Graham, Leonard A. Lauder, J. Paul Lyet (chairman), William A. Marquard, Wesley A. Stanger, Jr., and Mr. Miller.

B. Action: The chairman then introduced a Resolution of Appreciation to F. Otto Haas, which was approved as follows:

A graduate of Amherst College and recipient of a Ph.D. degree from Princeton University, F. Otto Haas has adopted the University of Pennsylvania as a third alma mater. His formal association with Pennsylvania began with his appointment to the Board of Managers of the University Museum and election as an associate trustee in 1965. He has been vice-chairman of that body and of its successor, the Board of Overseers of the Museum, since 1974. A member of the Advisory Board of Managers of the Morris Arboretum since 1970 and chairman for the past ten years, he led the effort to attract the outside funding for the important improvements which have been made during that period.

Elected a term trustee in 1972, he served successively as a member of the Finance Committee, Finance and Operations Committee, and Budget and Finance Committee. He has lent his counsel to the Honorary Degrees Committee, Corporate Responsibility Committee, and Academic Policy Committee. An organic chemist with a keen interest in history and archaeology, he was ideally suited to assume the directorship of the Museum's Applied Science Center for Archaeology, which adapts and develops new technologies for archaeological use. He has been a wise and dedicated colleague and a good friend to us all.

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

Mr. Miller noted that in recognition of Dr. Haas's extraordinary service, the Nominating Committee recommended that Dr. Haas be considered a trustee emeritus designate until it is possible to elect him to that position.
C. Action: A Resolution of Appreciation to Henry S. and Elenita Lodge was approved as follows:

Henry and Elenita Lodge have been co-chairpersons of the University of Pennsylvania Parents Committee from 1977 to this date. During five Annual Giving Campaigns they provided the leadership in raising a total of $661,957 in unrestricted donations from non-alumni parents of Pennsylvania students. In this period contributions increased from $40,782 in the first year to $181,587 in the last year, and participation grew from 558 parents to 1,134 parents. The Lodges sent welcome letters to five freshman classes during the summer, helped to orient parents during freshman move-in, hosted Sophomore Parents weekend, and helped to organize the Parents Leadership Group. The choice of college by their sons and daughter--Frederick, Col '79; Henry S., Jr., Col '81; John, Col '82; and Felicity, Col '85--demonstrates the Lodges' convictions on the excellence of a Pennsylvania education.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves and the administration, faculty, students, and alumni of the University express their thanks to Henry and Elenita Lodge for their service to the University.

D. Action: A Resolution of Congratulation to the Scheie Eye Institute was approved as follows:

Since 1972 the Scheie Eye Institute has provided outpatient and inpatient care as a teaching hospital and research center linked with the Presbyterian-University of Pennsylvania Medical Center and Hospital of the University of Pennsylvania. In recognition of the tenth anniversary of the Institute's founding, a series of academic and social events are planned for the 18th and 19th of November, including a convocation for the conferring of honorary degrees.

RESOLVED, that on this notable occasion, the Trustees of the University of Pennsylvania extend their warm congratulations to the administration and staff of the Scheie Eye Institute and to the faculty of the Department of Ophthalmology in the School of Medicine who are associated with them.

III. Report of the President

A. Dr. Hackney commented on how well the October Trustees' meeting had gone, and introduced to the board the following new members of his administration: Paul Gazzerro, Jr., vice president for finance; Gary J. Posner, vice president for human resources; and Glen R. Stine, director of budget analysis.

He called the Trustees' attention to a report which had been distributed detailing the activities and accomplishments which marked his first 20 months as president (see Attachment A). "In the future," he said, "I do not necessarily intend to publish an annual report focusing only on our performance. I also will address special problems or opportunities facing the University, and speak to them in detail."
Turning to the planning document which had been discussed at the meeting of the Trustee Committee on Academic Policy, he said the trustees' comments would prove very useful in drafting the final document. It will be presented on 21 January for Trustee action.

B. Action: A Resolution on the Appointment of an Acting General Counsel was approved as follows:

Article 3.8 of the Statutes of the University of Pennsylvania empower the President to "appoint a temporary successor or substitute to act as required" in the absence of any officer of the University other than the President. When the resignation of Matthew W. Hall as General Counsel became effective on 1 October 1982, President Sheldon Hackney appointed Shelley Z. Green, the Associate General Counsel, as Acting General Counsel, effective that date, until the next meeting of the Trustees.

RESOLVED, that the Trustees elect Shelley Z. Green Acting General Counsel, effective 22 October 1982.

C. Academic Report

Provost Ehrlich observed that the University's overall academic direction was framed by the planning document. Most of the schools and resource centers, he added, are at work on five-year plans.

1. Action: A Resolution of Appreciation to Jonathan E. Rhoads was approved as follows:

A Phi Beta Kappa graduate of Haverford College, where he took an A.B. in 1928, Jonathan E. Rhoads was awarded the M.D. degree in 1932 by Johns Hopkins University and earned the degree of Doctor of Science in Medicine at the University of Pennsylvania in 1940. Fifty years ago he became an intern at the Hospital of the University of Pennsylvania, joining the faculty of medicine as an instructor two years later. Rising through the academic ranks, he was named the J. William White Professor of Surgical Research in 1949. He was elected chairman of the Faculty Senate in 1954. The Trustees appointed him 18th provost of the University in 1956, a post which he held for three years, during which time he helped to develop a new rapport between Trustees, administration, and faculty. Returning to teaching and research, he served as John Rhea Barton Professor of Surgery, chairman of the Department of Surgery, and director of the Harrison Department of Surgical Research from 1959 to 1972.

A scholar of quiet dignity and wisdom, he has published some 300 scientific papers. Assuming important responsibilities in the broader work of his profession, he has been president
of the American College of Surgeons, president of the American Cancer Society, and president of the American Surgical Association. He was appointed by the President of the United States to the chairmanship of the National Cancer Advisory Board. Convinced of the critical importance of education, he has served as a member of the Philadelphia Board of Education, as a life trustee of Bryn Mawr College, and as chairman of the Board of Managers of Haverford College. He has served as president of the American Philosophical Society since 1976. Among his many honors have been the election as Honorary Benjamin Franklin Fellow of the Royal Society of Arts. In 1980 the Trustees conferred on him the honorary degree of Doctor of Laws, and the Alumni Society in the same year recognized their fellow alumnus with an Alumni Award of Merit.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves and the administration, faculty, students, and alumni of the University express to Dr. Jonathan E. Rhoads their congratulations on the fiftieth anniversary of his association with the University.

2. Action: A Resolution on Changing the Name of Halcon Professorship was approved as follows:

The Halcon Professorship of Management and Technology was established by action of the Trustees on 6 June 1978. The chair was funded by the Halcon Foundation while Ralph Landau was chairman of Halcon International, Inc. as a reflection of his interest. Dr. Landau having ended his association with the Halcon Group, it is appropriate to give him due recognition by redesignating the name of the chair.

RESOLVED, that the Halcon Professorship of Management and Technology be redesignated the Ralph Landau Professorship of Management and Technology.

In explanation, Mr. Miller noted that Halcon was no longer owned by Mr. Landau and the company had different philanthropic interests from its founder. He thanked Mr. Landau for all that he continued to do for Pennsylvania.

3. The provost then introduced a Resolution on Appointments, Promotions, and Leaves. He observed that the only candidate for tenure was Gerald S. Lazarus, the Milton Bixby Hartzell Professor of Dermatology who also serves as chair of the department. "Dr. Lazarus comes to Pennsylvania from Duke," Mr. Ehrlich said, "and he is among the best dermatologists in the country--a superb teacher, clinician, and administrator."

Action: The resolution was approved as found on pages 1-21 of the meeting book.

D. Financial Report

Mr. Gazzerro observed that the University had a surplus from operations for the fifth consecutive year despite inflationary pressures and their effects on the costs of providing essential services. "As a newcomer," he said, "I can take no credit for this, but certainly credit is due to the administration, the
faculty, and the deans." The surplus for FY'82 amounted to $108,000, after the University wrote off $3.5 million in planned advances for capital construction when pledged gifts for this purpose did not materialize. "In addition," the vice president for finance said, "the University accelerated the write-off of the Moore School deficit by approximately $534,000, leaving a deficit balance of $200,000 which it is anticipated will be covered through the sale of securities that the trustees of the Moore School will authorize some time this year." He went on to say that surpluses generated by the new residences in the amount of $251,000 were used to reduce their accumulated deficit to $749,000. "We expect to retire this deficit on schedule by fiscal year 1985," Mr. Gazzerro noted. He further pointed out that:

--Graduate Hospital is repaying its debt to the University on a schedule of $97,000 a year; the remaining deficit is $3,176,000.

--HUP produced a surplus of $4,984,000--$284,000 from operations and $4,700,000 in nonoperating sources, primarily investment income and gifts. (The consolidated financial statement shows that surplus as $701,000. The difference between $4,900,000 and $701,000 is due to the way depreciation is handled under generally accepted accounting practices for hospitals and those for universities.)

--The clinical practices of the University generated a surplus of $9,775,000, including $7,769,000 from operations and approximately $2 million from recovery through the hospitals from third parties for services of an educational or administrative nature provided by the several physician groups.

--The Associated Investment Fund returned $5,409,000 to the endowment principal, which is 35 percent of the total earned, up from 25 percent in FY'81.

The vice president for finance then added that in both FY'82 and FY'83, $1.4 million in roll-forward funds was used to balance the budget.

IV. Reports of Trustee Committees
   A. Academic Policy

   Dr. Kaysen reported that the Academic Policy Committee had devoted a plenary session to discussion of the president's planning document. "Members of the committee posed some sharp and serious questions to Dr. Hackney and Mr. Ehrlich," he noted, "and their answers showed that this document was the product of careful thought and consideration." The chairman then listed several points which had been brought out in the discussion.
The focus on undergraduate education, which the document reveals, is neither unconsidered nor an automatic choice.

Rejected models of further development included one focused on graduate education, which was seen as having limitations given the academic market, and one focused on extended activities in continuing education, which was seen as difficult to relate to the need to maintain the University's intellectual excellence.

The presumption that the scale of the University in terms of faculty size and student enrollment will remain unchanged takes into account the difficulty of the task given the University's determination to maintain the same quality student body it has today and the fact that the pool of students in the geographic area from which Penn has traditionally drawn its students is shrinking even more rapidly than in the nation as a whole.

The need to provide for new developments, new ideas, and new programs.

Dr. Kaysen concluded by saying the committee felt continued discussion, leading toward implementation of the president's plan, was very important.

B. Budget and Finance

1. To illustrate what he termed "the growing size and financial complexity of the institution," Mr. Eckman reminded the Trustees that the University's operating budget in FY'82 was $575 million and that the budget for the current year was $620 million. He said the Budget and Finance Committee had reviewed the administration's efforts to track the FY'83 budget, but that it was too early to have more than a feel for how things are going. "We assured ourselves that the systems are in place to provide early warning of any problems," he noted, "and we discussed some of the factors that are leading to increases in expenditures above budget estimates and some of the factors that may be providing counterbalance." The chairman then observed that Mr. Stine had reported on his efforts to develop a budget for FY'84 and to shift gradually toward longer-term budgeting. "We have probably been operating too long on an annual budget," Mr. Eckman said. He then went on to observe that members of the Budget and Finance Committee felt that applying 6.5 percent of the income from endowment to operating expenses was excessive. "Given rates of inflation and rates of return, we are not putting enough money back into endowment," he said, "and we agreed that beginning in
the next fiscal year, we would budget only 6.4 percent of the endowment income with the intention of dropping back to 6.1 percent over the next four years. Because the principal should increase in value, the University should have more dollars to take into operations even as the percentage of the endowment income devoted to operations is decreased by one-tenth of a percentage point each year."

2. **Action:** A Resolution on the Renovation of the Old Small Animal Hospital was approved as follows:

   The School of Veterinary Medicine proposes to renovate and rehabilitate selected areas of the Old Small Animal Hospital building for relocation of the Interdisciplinary Cancer Research Unit (ICRU) from the Lippincott Building.

   **RESOLVED,** that the Vice President for Finance or other responsible officers of the University be authorized to execute any agreements or other documents necessary to complete the renovation of the building and the move of I.C.R.U. to its new location at a cost not to exceed $2,654,550; and be it

   **FURTHER RESOLVED,** that the funds be expended from the Glenmede gift and its accumulated investment income, estimated at $2,254,527, and that any remaining funding be recaptured from operational savings resulting from the closing of the Lippincott Building.

3. **Action:** The Resolution on Architectural Study for Renovation of Medical Education Building was approved as follows:

   The School of Medicine proposes to begin detailed architectural work on the project to build 12,000 net square feet of new animal facility space and 7,500 net square feet of new laboratory space for the Diabetes Research Center in the currently shelled space on the fifth floor of the Medical Education Building.

   **RESOLVED,** that the Vice President for Finance or other responsible officers of the University be authorized to execute the necessary agreements to proceed with the architectural and engineering documentation (in preparation) for eventual construction of the new facilities at a cost not to exceed $500,000; and be it

   **FURTHER RESOLVED,** that the funds be provided from the Reynolds Diabetes Restricted Fund and a Muscular Dystrophy Association Grant.

4. Finally, Mr. Eckman reported that the Budget and Finance Committee had discussed a University Council Resolution on Tuition and Faculty Compensation brought to its attention by its student liaisons. The document called for the Trustees to adopt long-range planning guidelines aimed at keeping tuition increases below increases in personal disposable income and keeping faculty compensation above the increases in the consumer price index. "We agreed these were certainly desirable goals," the chairman said, "but we felt that it would be short-sighted to embrace a

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formula that might hold us to a level of increase that would be non-competitive a year or more down the road."

C. Facilities and Campus Planning

Mr. Arader reported that the Facilities and Campus Planning Committee had discussed various real estate matters, including:

- Negotiations with the City of Philadelphia for the purchase of former PGH nurses residence which the University now uses under a lease arrangement.
- Possible acquisition of a parking site maintained by the United States Post Office at 31st Street below Walnut Street, which would involve a trade of rights of way into the area and result in ground that could be used for athletic facilities immediately north of Bower Field.
- The Sansom Street properties to which the University may have an opportunity to acquire title once disputes between the owners are settled in or out of court.
- Possible uses for the Philadelphia Redevelopment Authority property at 34th and Walnut Streets on which the University holds a soon-to-expire purchase option.

The chairman further noted that the committee had heard an "excellent report" from the Public Safety Department. He added that members had reviewed the energy conservation programs that are going on at the University, finding that "the payback from the initial investment is very favorable in every case."

Finally, Mr. Arader observed, the committee had discussed the complaint initiated by the University, with the support of several other area institutions, to protest the increase in steam rates charged by Philadelphia Electric Company. "It will go before the Public Utility Commission soon," he said.

D. Nominating Committee

1. Mr. Dorrance reported that the Nominating Committee had discussed the identification of potential trustee candidates who would bring various strengths to the board. Mr. Miller added that he would be in touch with the trustees within the week to ask their help in establishing a candidate pool.

2. Action: A Resolution on the Reelection of Ralph S. Saul as a term trustee was approved as follows:

   RESOLVED, that Ralph S. Saul be re-elected a term trustee for five years, effective 22 October 1982.

E. Resources

1. Mr. Lyet reported that the Resources Committee had reviewed the development component of the president's planning document. Mr. Webber presented a program, the chairman noted, which involved deans and faculty members and served to illustrate three types of development needs: 1) central university needs, such as the library and chemistry facilities; 2) cutting-edge innovation programs, such as those in computer science and plant science; and 3) school
or center campaigns, such as the School of Veterinary Medicine Century Campaign.

Mr. Lyet went on to observe that the Resources Committee also had reviewed its current charge. He pointed out that the committee will be occupied with reacting to University plans involving the allocation of resources, while the new Development Committee will be concerned with specific fund-raising activity. He added that each trustee would be invited to participate in the University's development effort.

2. Action: Mr. Wolf then introduced a Resolution on the School of Veterinary Medicine Capital Campaign, which was approved as follows:

The school of Veterinary Medicine and its Board of Overseers seek approval to conduct a five-year capital campaign, in observance of the Centennial of the School in 1984, beginning in the spring of 1983. The over-all goal of the campaign will be $41,523 million, including $26,75 million in endowment, $13,273 million in capital funds, and $1,5 million for student financial aid. This effort, to be known as the Second Century Fund, is intended to insure the future fiscal stability of the School. Responsibility for its execution will rest with the Board of Overseers, with appropriate assistance from the Department of Development and Alumni Relations.

RESOLVED, that the School of Veterinary Medicine and its Board of Overseers be authorized to proceed with the Second Century Fund campaign according to the goals and schedules which they have established.

F. Student Life

Mrs. Mainwaring reported that Acting Vice President for University Life George Koval discussed with the Student Life Committee challenges and problems he is facing in his division. "In particular," the chairman said, "Mr. Koval addressed the importance of planning as he tries to do more with less and the need to allocate limited resources fairly among many departments.

Lee Stetson, the dean of admissions talked about the "shape of classes of the 1990s." Mrs. Mainwaring continued; he said that because parents expect quality to be expensive, they do not so much "question our tuition as ask how they can afford it." The dean stressed that Pennsylvania must find ways of making matriculation possible for students who are qualified and want to come. He went on to say that the University's competition for undergraduates probably will continue to be not only the other Ivies but also such preeminent public institutions as the University of Virginia and University of California at Berkeley. He said that in recruiting minority prospects, it was important to be able to offer a hospitable campus environment. A winning football team was a great boost to recruitment in general, he noted. Prospective students, Mr. Stetson reported, want to know what makes student life on the University of Pennsylvania campus attractive, different, and better than elsewhere.
Mrs. Mainwaring observed that several students presented reports on student outreach to the community. "The array of activities in which our students participate on a volunteer basis, on and off campus, is truly notable," she said. "It ranges from income tax assistance to tutoring to day care." She said that many of these service projects were supported by campus religious organizations and by fraternities and sororities, and that the number of volunteers was in the thousands. "A final, more conclusive report on outreach will be welcome," she added.

In conclusion, the chairman noted that the committee had learned that a recently conducted Penn Voter Registration Drive had been the first step in a more ambitious program to increase the level of student participation in politics. "About 800 students were registered to vote during the fall," she said, "and it is interesting to discover that 40 percent of the vote in the ward in which the University is located can be student vote."

G. Investment Board

1. Mr. Neff reported that the market value of the Associated Investment Fund (AIF) had increased dramatically from $134 million at the end of 1979 to $166 million at the end of 1981, to $218 million in mid-October 1982. In that period, he said, the AIF unit value, on a total return basis, had appreciated 62.3 percent, which is a 19 percent annual rate of return. "The common stock portion of the fund is up 25.4 percent since 31 December 1981, versus a 17 percent-increase for the Standard & Poor 500 Stock Average," he observed. "In these nine months the bond market has jumped 34 percent, which is more than the equity side," he continued, "and it lags just a bit behind the increase in the Salomon Brothers Index of 36.2 percent." But the chairman went on to point out that the AIF bonds have an average maturity of about 13 years compared with an average maturity of 28 years for Salomon Brothers. "We have virtually kept up with the Index without risking principal by holding longer maturities," he concluded, "and that is a tribute to Richard Worley."

Mr. Neff then noted that at the meeting of the Investment Board the day before members had voted to authorize the investment of up to 95 percent of the bond portfolio in mortgage-backed securities. "They have an excellent potential return against a very moderate credit risk," he said. "In our judgment, they are as good an investment as home ownership in America."
The chairman went on to report that the increase in projected investment income per share since 31 December 1981 was only 6.5 percent per year. "The move into mortgage-backed securities hurts current income a little," he said, "and it is a hostile environment out there for dividend increases. In fact, we've had dividend decreases, but that isn't surprising given the problems in the smokestack industries."

The chairman then called attention to the fact that 9 percent of the AIF portfolio is currently in cash or cash equivalents. "The straight-line stock market advance since August is as dramatic as any I have witnessed in my career," he said, "and obviously it is from a base of underevaluation. But with a total market advance of more than 300 billion dollars, we aren't against taking out some of our money and awaiting better buying opportunities."

2. Action: Noting that in its present corporate form the Franklin Investment Company had outlived its usefulness, Mr. Neff introduced a Resolution on the Liquidation of the Franklin Investment Company, which was approved as follows:

RESOLVED that the liquidation of Franklin Investment Company ("FIC") and the distribution of its net assets on or before June 30, 1983, to the University as its sole member, be and hereby is approved.

H. Trustee Board of HUP

1. Mr. Ballam commented that the sound HUP financial situation reported by Mr. Gazzerro was contributed to by the admission last year of 24,000 patients who stayed an average of just under nine days. He noted that the hospital budget for FY '83 calls for revenues of $174 million or nearly 30 percent of the University's total revenues. He went on to say that an excess of income over expenses of $3.5 million was expected, although changes in Medicare and Medicaid legislation contributed to some uncertainty.

The $20 million Phase III project is about 50 percent completed, the chairman continued. The departments of neurology and obstetrics and gynecology are in their new quarters. Anatomic pathology and ophthalmology will occupy theirs within the month. New offices for some physicians also were completed recently. "We are going to have an overrun of a half million to a million dollars on the project because of changes in the laboratory areas," he added, "but we think we will be able to accommodate it."
Mr. Ballam added that planning is continuing for Phase IV. He said program review and design development were being carried out by the HUP staff and the architectural firm of Geddes, Brechow, Qualls, and Cunningham. The renovation of the Agnew/Grice Orthopedic Theater is complete.

Turning to other matters, the chairman said he thought staff morale was good. The annual HUP picnic attracted nearly 3,000 people. The 1982 Antique Show raised $180,000 for the renovation of space for a new Volunteers' Office. The 1983 show is planned for the 12th through 16th of April.

He went on to report that the hospital is now in the process of being surveyed by both the Joint Commission of Accreditation of Hospitals and the Commonwealth of Pennsylvania. "The administrative member of the evaluation team told us he was very pleased with everything," the chairman said, and the medical member of the team reported that he expected the highest standards at HUP and the hospital was living up to his expectations."

2. **Action:** A Resolution on HUP Board Bylaws was approved as follows:

   During the past year, it has been necessary to amend the Bylaws of the Trustee Board of the Hospital of the University of Pennsylvania. To integrate these amendments into a cohesive document, the Bylaws of the Trustee Board were restated and the HUP Board adopted them on 20 September 1982.

   RESOLVED, that the Trustees of the University of Pennsylvania approve the restated Bylaws of the Trustee Board of the Hospital of the University of Pennsylvania.

3. **Action:** A Resolution of Appointment to the HUP Board was approved as follows:

   RESOLVED, that Charles D. Dickey, Jr. be appointed to the Trustee Board of the Hospital of the University of Pennsylvania for a one-year term, effective 22 October 1982.

I. **General Alumni Society**

   Mrs. Senior reported that the Sweeten Alumni Center is fulfilling the purposes for which it was designed very nicely. The staff of the Pennsylvania Gazette is housed on the third floor, she said, while on the second floor there are offices for the Alumni Relations staff. The first floor public rooms are being used not only by alumni groups but also by administrative, faculty, and student organizations. The GAS president went on to note that the society is studying a proposal for revising its regions and its regional representation on the Trustees. She said a more extensive program for regional alumni clubs has been developed which is designed to appeal to varying constituencies, including younger alumni.
J. Action: A Resolution on the 1982 Homecoming Games was approved as follows:

RESOLVED, Beat Yale!

V. Reports of Overseers and Other Boards
A. School of Engineering and Applied Science

Dr. Landau singled out for attention special features of the Incremental Analysis of the Five-Year Plan of the School of Engineering, which had been distributed to trustees at breakfast. He pointed out that the School plan is "completely consonant" with the University plan and that, indeed, some of the latter may have been derived from the engineering document. "The intellectual base of the plan," Dr. Landau said, "is the product of years of intensive discussion among the faculty and some of the students as well."

He said a principal feature of the plan is the extent of the Engineering School's intended outreach to other parts of the University. One example of this outreach is the planned Bioengineering Institute which would combine engineering with medical sciences. A second is the proposed University-wide computer science program, which SEAS would coordinate and lead and without which, according to Dr. Landau, "no research university can hope to be a major intellectual force."

Another feature of the plan mentioned by the chairman of the Overseers was the intention to strengthen four engineering departments. Already near-the-top ten in the nation are the School's computer science, bioengineering, chemical engineering, and materials science departments, he said, and they could become the leaders in their field. Dr. Landau also spoke of plans to strengthen such intrauniversity programs as that in management and technology, the bachelor of applied science program, and a new dual-degree program leading to master's of science in engineering and a master's of business administration. He said that "changing national needs, especially in the area of defense, indicate a need to strengthen systems engineering, and materials technology, in addition to computer science, and there is a plan for doing so."

Dr. Landau then observed that "among the most outstanding features of the School of Engineering was the dean and his associates. We have in Joe Bordogna," he said, "a tremendous asset as we build the number one engineering school in the Ivy League. We're not very far from that now, but to reach our goal, a number of choices have to be made and we have to ask ourselves a lot of questions."

The chairman posed these questions as follows:
How much research and development could and should be undertaken?

What should the faculty to student ratio be?

How much and how should we vary the ratio between applied science and science and engineering students in the undergraduate school?

What about the ratio of graduate and undergraduate students?

How about full-time versus part-time graduate students?

Are all the School's departments capable of being sustained or should some be phased out?

What will be the space requirements of the School?

What will be the faculty requirements of the School?

He said that out of these many considerations, four scenarios emerged and with the help of a Halcon associate, the school had analyzed them. The Overseers then concluded that it should endorse the recommendation of the dean and the faculty that the only scenario that should be recommended to the Trustees was the one calling for increased enrollment in the Bachelor of Science in Engineering and the Bachelor of Applied Science programs. "We believe that the School will flourish both financially and intellectually if this option is adopted," he said. "After analyzing the funding and cash flow situation, we reached the further conclusion that the optimum scenario requires a fund raising program. About $20 million is needed, and I hope the School will be able to present a plan for raising it in the near future." Dr. Landau added that an ad hoc committee of overseers would be established soon to refine the development aspects of the five-year plan.

B. Mrs. Mainwaring gave the following review of the new Five Year Plan of the School of Nursing:

The School has about 500 full-time-equivalent students, but over 600 people attending. About 250 are undergraduates, 350 graduate students. There are about 50 full-time faculty, 25 part-time. The School operated last year with a $6 million budget; $3.5 million unrestricted, $2.5 million restricted, half the latter from federal funds, and half from foundations. The budget was balanced or in surplus every year for the past five years.

The goals of the first five year plan were all achieved with one exception which is well on its way to fulfillment. All the fund raising goals were reached. The 1982-87 plan begins [by noting] that "the mission of the School of Nursing at the University of Pennsylvania is to be at the absolute forefront of the discipline of nursing by developing and strengthening the knowledge base for nursing practice through research, by providing excellence in the quality of the School's baccalaureate and graduate programs, and by developing leaders of the discipline among its faculty and graduates. Implicit in this mission is the identification of and response to long-term societal needs for nursing."

The section on Societal Trends discusses some most interesting developments in national health care and chronic illness in the heightened awareness of well-being, and the consequent demands for nursing care. The educational program of the School tries to meet these needs. [But] two major problems are cited. The most immediate is the need to maintain student enrollment at present, or even increased
levels, because of an 80 percent dependence on tuition for income. The difficulty in maintaining present levels is 1) the well-known shrinking pool of qualified high school graduates; 2) high tuition at Pennsylvania compared to many other schools of nursing; 3) increased competition of other professional fields now open to women; 4) increased competition from newly established programs at other colleges and universities; 5) reduced federal support for graduate students in the master's degree program.

The second major problem is that of funding research. There is a definite need here to continue expanding research activities that link societal trends with the School's programs even though federal funding is greatly reduced and in some areas eliminated. The knowledge base for the discipline of nursing is in some measure built on research and is expected to become more dependent on research in the future. [Furthermore] independent nurse investigators within the School are necessary to provide major advisors for the increasing number of doctoral candidates. To maintain a stable faculty, the number of tenured members will be increased in the next five years, so a fertile climate for research potential and productivity must be cultivated - and it will take another five years to obtain this critical mass of experienced investigators...

There are, however, opportunities which help to balance these problems. The position of this nursing school, through its achievements of the recent past, is one of high visibility with a commitment to progress. The expert corps of the faculty, student body, and administration is noteworthy, and provides a tremendous impetus toward facing problems and trying to solve them. This University environment provides encouragement for [seeking] innovative solutions, and the health science center of which the School is a part, is at the forefront of many scientific and clinical advances. So, the environment of the School is a most favorable one.

Nationally, there is recognition of a nursing shortage. Societal trends call for more nurses in more roles so that there are golden opportunities and exciting challenges for our expert faculty. Also, shrinking job markets elsewhere offer considerable recruitment opportunity for nursing. In addition to the just-graduated high school student, there is a pool of second degree candidates and transfer students. This is a profession which offers jobs immediately upon graduation, with many exciting and new areas of endeavor for the skilled, well-educated graduate of our School.

The goals outlined in the report are fashioned with the problems and opportunities in mind. Specifically, they address a more stable base of financial support; enrollment maintenance and recruitment; minority student and minority faculty recruitment; research needs and funding; continuing faculty development; continuing progress in the relationship of the School to the University hospital; and finally, a capital improvement need in the building entrances and campus access, which is perceived as a unique development opportunity.

Mrs. Mainwaring went on to say that the Overseers are proud of the School and their relationship to it. "Serving on the board is enlightening," she noted. "We have learned much about nursing, health care, and this University." She further observed that the dean's many accomplishments and the faculty's outstanding record in teaching, research, and service to their profession and the University are additional reasons for the Overseers' enthusiasm.
The chairman emphasized the School's need to lighten its dependence on tuition. She mentioned the importance of intensifying recruitment efforts. "Development plans need to be organized and implemented quickly," she observed. "Endowment, scholarships, fellowships, and research funds would all help to lessen the dependence on tuition, so that downward changes in enrollment would not have the devastating effect that they would presently." The Nursing School, she noted, has no financial cushions: no endowment, only one endowed chair, and, by several measurements, the lowest subvention in the University. "These are the reasons for our concern," Mrs. Mainwaring concluded. "At the same time we say the recent past can indicate a stellar future."

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University