I. Call to Order

Chairman Shoemaker called the meeting to order. An invocation was offered by the Rev. Stanley Johnson. The minutes of the October 30, 1992, meeting were approved as written by the secretary.

II. Chairman's Report

A. Chairman Shoemaker had no report.

B. Resolutions.

1. Action. The trustees approved the following resolution designating G. Morris Dorrance, Jr., who was overseas and could not be present, as Trustee Emeritus:

For over 35 years G. Morris Dorrance, Jr. (C'49, WG'51) has been one of the University of Pennsylvania's greatest friends and advisors.
Beginning with membership on Penn's Computing Center Committee in 1957, Mr. Dorrance has compiled a daunting record of service to the University and its Schools that has included serving on the Corporate Capital Campaign of the Integrated Development Program in the 1960s, on the Development Council and Program for the Eighties in the 1970s, and as a trustee since 1978. A member of the Trustees' Executive Committee from 1981-92, he chaired the Trustees' Audit Committee and served on the Long-Range Planning Council, the former Board of the Hospital of the University of Pennsylvania, the former Health Services Committee of the Medical Center, the Medical Center Trustee Board, and the Board of Overseers of the School of Arts and Sciences. He continues to serve as a member of the Trustees' Development Committee and the Wharton School Board of Overseers.

While holding to the highest standards of financial and business practices in all of these activities, Mr. Dorrance also encouraged creativity in all those with whom he worked. His advice, encouragement and personal example have played an important part in the success of the Campaign for Penn. He has brought to bear not only the a banker's precision and the panache of a Mask & Wigger but also a thorough understanding of the University's mission. A member of the Penn community from birth through familial ties, his commitment to making Penn accessible to all talented students has been unwavering and has included his founding the G. Morris Dorrance, Jr. Scholarship Fund.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students and alumni of the University, record their grateful appreciation to G. Morris Dorrance, Jr. for his distinguished services; and be it

FURTHER RESOLVED, that they designate their colleague and friend Trustee Emeritus.

2. Action. Chairman Shoemaker noted that Mr. Riepe had assumed the chairmanship of the Audit Committee formerly held by Mr. Dorrance. The following Resolution on the Election of James S. Riepe to the Executive Committee was approved upon motion duly made and seconded:

RESOLVED, that James S. Riepe be elected a member of the Executive Committee for a one-year term, effective January 22, 1993.
3. Action. Chairman Shoemaker read the following Resolution on the Naming of the Deanship of the Annenberg School for Communication:

WHEREAS, the Honorable Walter H. Annenberg has long been and continues to be a guiding force at the University of Pennsylvania through his extraordinary commitment as a distinguished and loyal alumnus, an Emeritus Trustee, and a member of the Steering Committee of the Trustees of the Annenberg School for Communication and the University of Pennsylvania; and

WHEREAS, in 1959 Ambassador Annenberg founded and endowed at Penn the Annenberg School for Communication as a memorial to his father, Moses L. Annenberg, and in 1970 founded the Annenberg Center, and helped to shape these great resources by bestowing on them his Name, his Vision, and his Leadership; and

WHEREAS, Ambassador Annenberg provides through the Annenberg School for Communication a graduate program in mass communications that is without peer in the United States, thereby reflecting credit on the University of Pennsylvania, and helps the School fulfill its mission to use communications for the benefit of humankind, thus contributing to the enlightenment and well-being of people throughout the world; and

WHEREAS, Ambassador Annenberg has further demonstrated his deep respect for education by establishing at the University of Pennsylvania eight Annenberg Professorships in History, the Humanities, the Natural Sciences, and the Social Sciences, ensuring through his unparalleled commitment to the School of Arts and Sciences the success of The Campaign for Penn and the University's ongoing strength and development; and

WHEREAS, Ambassador Annenberg, with a rare gift for recognizing talent and an even rarer impulse for rewarding it, has generously honored individuals across the campus through named professorships, fellowships and other means, bringing added greatness to schools, centers and programs throughout the University; and

WHEREAS, Ambassador Annenberg, as one of the world's foremost patrons of the arts, serves culture on a universal level by preserving, promoting, and advancing the most profound and rewarding forms of human expression; and

WHEREAS, Ambassador Annenberg directed his own talents for communication to the service of his country, as United States Ambassador to Great Britain and Northern Ireland, in the Court of St. James's, from 1969 to
1974, further distinguishing himself as the only American holding that post
to be named a Knight Commander, Order of the British Empire; and

WHEREAS, Ambassador Annenberg, as chairman of The Annenberg
Foundation, provides major and extensive support for educational and
humanitarian concerns of immeasurable importance to our society, including
the United Negro College Fund, the Corporation for Public Broadcasting,
and the Annenberg Institute which today merges with Penn; and

WHEREAS, President Ronald Reagan awarded Ambassador Annenberg the
nation's highest civilian honor, The Presidential Medal of Freedom, citing
him for a brilliant career in publishing, for his pioneering use of television
for educational purposes, and for his devotion to the development of higher
education; and

WHEREAS, Ambassador Annenberg's contributions to communication
through publishing and the media also earned him the first Alfred I. DuPont
Award in 1951 for new concepts in educational broadcasting, the Henry
Johnson Fisher Award as the 1984 Publisher of the Year, and the Ralph
Lowell Award for distinguished service to public television;

THEREFORE, be it resolved that the Trustees of the University of
Pennsylvania, in honor of our esteemed friend and colleague, do hereby
endow, fund, and agree to name in accordance with the wishes of
Ambassador Annenberg and in a manner to be determined by him, the
Deanship of the Annenberg School for Communication.

BE IT FURTHER RESOLVED, that they designate the School's current
dean, Kathleen Hall Jamieson, the first incumbent of the named Deanship of
the Annenberg School for Communication.

Dr. Chisum seconded this motion, saying that this was one way Penn could
express its admiration and affection for Ambassador Annenberg, who had been
"thoughtful, wise, generous and indeed global" in his support of the University's
goals and aspirations. Through his great generosity and sensitivity, Dr. Chisum
observed, he has touched the lives of a great many people in ways that will have
an impact for generations to come.

Mr. Trescher claimed the honor of being an additional seconder for the
motion, noting that he has known the Annenbergs for many decades and that
Ambassador Annenberg abundantly deserves all the accolades contained in the
resolution and many more.
Mrs. Catherwood, as a member of the Steering Committee of the Trustees of the Annenberg School for Communication and the University of Pennsylvania, added that it would be more than a pleasure also to second the motion and note her personal appreciation for the Annenbergs' outstanding support to the University.

Mr. Miller noted that there was hardly a person in the room who would not like to second the resolution, and also, as Dr. Chisum had noted, not a person in the room whose life had not been touched in some way by the Annenbergs. Mr. Miller felt that comment should also be made, however, on the innovativeness of Ambassador Annenberg's philanthropy. Mr. Miller observed that the Ambassador never just gave money away, but rather has given it in an innovative style that leads recipients to want to make the donation productive for society.

Mr. Lauder also wished to second the resolution. He noted that Ambassador Annenberg is not only a great friend to Penn, but also a great inspiration for the nation. What he has done not only for education but in the world of the arts has been exemplary, Mr. Lauder said; "We all follow and love him, and this is a wonderful way of thanking him and expressing our admiration to him."

Chairman Shoemaker remarked that a majority could be achieved on the seconds alone. A vote was, however, held, and the resolution was unanimously approved.

III. President's Report

A. Comments

President Hackney reported that, as he had told the Executive Committee in December, resolution of most of this year's "big news" items for Penn still lie ahead: a final decision on restoration of the University's Commonwealth appropriation for the current fiscal year and the Governor's budget proposal for the next one; a verdict in the Mayor's Scholarships case, where the University remains confident of the correctness of its position on the merits of the case; a conclusion to the search for a new Executive Vice President which is actively underway; and completion of the University's budget for fiscal 1994. The most urgent question facing Penn, along with all of American higher education, is "whether we can make change our friend and not our enemy," as President Clinton put it in his inaugural address earlier in the week.

The unfavorable forces confronting universities, like those confronting the country, are the result of deep, long-term trends. Higher education has entered a fundamentally new era characterized by increasing constraints on revenue, severe cost pressures and heightened public expectations. Whatever favorable things
may happen in Washington or Harrisburg, it will require, as President Clinton said, "bold, persistent experimentation" not just to survive but to prosper in the tough times ahead.

Universities will have to learn how to do more with less, how to achieve higher levels of quality with fewer resources, and how to build a civil, inclusive and welcoming community from the increasing diversity of American society and our global interconnections. Penn's faculty and administration are already well started on this task. Several years ago, Penn began the process of reducing the percentage of its resources spent on administering the University. President Hackney reported that a joint committee representing the Faculty Senate and the administration has now recommended that he appoint a 12-member Oversight Committee to monitor these on-going and extensive cost-containment measures, and that he will do so.

More, however, will be required, the President stated:

- We must sharpen our collective vision of Penn as a source of guidance and inspiration in all of its reengineering efforts.

- We must continually rethink our operations and budgets to achieve the greatest efficiencies possible.

- We must forgo the "business as usual" attitude and make solving the problem--not simply following the procedure--our operative mandate.

- We must focus faculty efforts on teaching--and do more and better teaching and advising of both undergraduate and graduate students.

- We must develop new revenue sources to improve our fiscal picture and to provide the strategic flexibility to invest substantial amounts where the academic needs--or opportunities--are greatest.

President Hackney stressed that this long-term process would have to be undertaken carefully, through a thoughtful reengineering rather than crude budget slashing. The retrenchment will not be top-down, but rather, with guidance from the Oversight Committee, the trustees, faculty, students and administrators, through a process of local changes that collectively will permit reinvestment in Penn's core academic activities. The guiding principles in this effort will remain as they have been throughout the past two years of constrained budgets:

(1) To protect Penn's academic core;
(2) To protect Penn's people by utilizing normal attrition, transfers and retraining to avoid layoffs, while gradually reducing the total number of staff positions; and

(3) To manage our way through this restructuring in such a way as to increase the quality of the administrative services we provide even as we lower administrative costs by a target of 15%.

This sort of mandatory, University-wide reengineering of everything Penn does will not be painless, President Hackney acknowledged. Fortunately, he noted, as compared to many of its peer institutions, Penn is in sound fiscal and academic shape: well-managed, well-focused and possessing several strategic advantages to help propel it into the 21st century as a model international research university that puts undergraduate education at the center of its efforts.

President Hackney emphasized that this process will affect all parts of the University, both academic and non-academic. It will require the involvement and participation of all University employees. While jobs and processes and even programs may change, those individuals who are willing to change--to be retrained where necessary, to contribute in new ways to the University's core missions--will have a future at Penn. It may be a different future from what they once planned or imagined, but it will be a productive, satisfying and creative future nonetheless.

President Hackney concluded by invoking words from President Clinton's inaugural speech: "We must offer more responsibility to all and demand more responsibility from all."

B. Academic Report - Dr. Aiken

1. Comments.

   a. New Director of Laboratory for Research in the Structure of Matter. Provost Aiken reported that Michael Klein, Professor of Chemistry, had agreed to become the new Director of the LRSM. Prof. Klein came to Penn in 1987 from Canada, where he was Professor of Chemistry at McMaster University and Adjunct Professor of Physics at the University of Waterloo. He is considered one of the world's leading experts in the theoretical study of the dynamics of solids, one of the oldest and most outstanding interdisciplinary research fields.

   b. Review Committees. The terms of Dean Edwin Andrews, School of Veterinary Medicine, and Dean Marvin Lazerson, Graduate School of Education, end on June 30, 1994. Both are willing to have their terms extended. University procedures require that a consultative review committee be appointed
to advise the President and Provost on the desirability of a dean's extension. Such a committee has already been appointed for the Graduate School of Education, consisting of the members of its Academic Freedom and Responsibility Committee and the head of its graduate and professional student association. A consultative committee for the School of Veterinary Medicine is in the process of being appointed and should be in place shortly, the provost reported.

c. **Twenty-First Century Endowed Scholars Fund.** As had been reported in the press, an anonymous gift of $10 million has permitted the formation of the Twenty-First Century Endowed Scholars Fund in the School of Medicine. The eventual goal of the fund is to "eliminate the burden of tuition for medical students and to increase their freedom to choose from a full range of medical career options." The gift will provide for 25 selected scholars; the first six entered this fall and more will be selected annually until there is a total of 25 by 1995.

2. **Action.** Upon motion duly made and seconded, the Resolution on Appointments, Leaves, and Promotions (pages 5-16 of the meeting book) was approved.

3. **Action.** The Provost introduced the following Resolution on the Merger of the Annenberg Institute into the University of Pennsylvania as the Center for Judaic Studies:

**Intention:**

The Annenberg Institute, formerly known as the Dropsie College for Hebrew and Cognate Learning, was established as an institute of higher education in Judaic and Near Eastern Studies. The Annenberg Institute's focus is on advanced research into the history, languages, literature and culture of the Jewish people. The University and the Annenberg Institute entered into an agreement on October 21, 1992, whereby the Annenberg Institute will merge into the University as the Center for Judaic Studies, subject to approval of this merger by the Orphans' Court of Philadelphia.

RESOLVED, that the October 21, 1992, Agreement between the Annenberg Institute and the University is hereby ratified and approved, and that the President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such activities, execute such documents, and incur such expenses and obligations as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.
Judge Adams asked to second this resolution with a few words of comment. He remarked that he had long been a friend of the Annenbergs and had chaired the Institute for a number of years, succeeding Ambassador Annenberg as chair and resigning only reluctantly because of his Washington duties. Both the Ambassador and Judge Adams had long been interested in the Institute's joining the University, and indeed this had been the Ambassador's intention from the beginning. The Ambassador spoke often of this goal and is very pleased that it has been achieved. He is also appreciative of Dr. Chisum's assistance in the merger discussions. Judge Adams commended the Trustees to visit the Institute, which stands just behind Independence Hall. Judge Adams noted that the building itself, which the Ambassador had helped to design, is magnificent, and that its beautiful library includes irreplaceable volumes.

C. Financial Report - Dr. Gould

Dr. Gould presented a report on the finances of the University, the Hospital and the Clinical Practices as of December 31, 1992. The fiscal 1993 operating budget reflects the $19.55 million planned deficit resulting from the loss of the Commonwealth appropriation. The performance projections continue to assume that the appropriation will not be restored. The statements show the University to be on budget after the approved, budgeted discretionary allocations to the Research Fund of $1.3 million and to the Capital Campaign of $600,000 and after the budgeted, mandated Graduate Hospital deficit amortization of $97,000.

On the unrestricted side, positive factors are graduate tuition, summer and special tuition, special program and fee revenues, indirect cost recovery and savings in direct center current expense, salary, and utility expense. Negative factors are other income (principally sales revenue), non-guaranteed student aid and General University Tuition and several other expense categories.

Looking at unrestricted performance at the school and center level, the School of Veterinary Medicine is projected with a deficit of $850,000 and the Graduate School of Fine Arts with a deficit of $275,000. The Graduate School of Education is projected with a net surplus of $425,000 and the School of Social Work with a net surplus of $125,000. All other schools and centers are projected at breakeven performance.

On the restricted side, endowment, gift and grant and contract fund expenditures increased by 3.5%, 14.7% and 5.3%, respectively. The amount available at December 31, 1992, for grant and contract expenditures is 4.2% more than at December 31, 1991. Months of expendable awards are 1.1% less than at December 31, 1991.
Statements for the Hospital of the University and the Clinical Practices of the University are for the five months ended November 30, 1992. HUP's excess of revenue over expenses was $47.26 million, or $27.41 million better than budget. CPUP's excess of revenue over expenses was $4.58 million, or $2.27 million better than budget.

D. Report on Antitrust Compliance - Ms. Green

Ms. Green gave a report on the University's compliance with the terms of settlement of the U.S. Justice Department's inquiry into the financial information-sharing practices of Penn and seven other Ivy League schools.

In September 1989, the University received from the U.S. Justice Department a request for information in connection with its inquiry into potential agreements among colleges and universities relating to financial aid, tuition and faculty and administrative salaries. Cooperating fully with the investigation, Penn provided many thousands of documents to the Justice Department. The inquiry culminated in the entry on September 20, 1991, of a final judgment in the U.S. District Court for the Eastern District of Pennsylvania. Under the terms of that judgment, Penn and the seven other schools agreed not to exchange certain types of information, such as financial aid data and "plans and projections, including budget assumptions, regarding future student fees or general faculty salary levels...."

In July 1992, Congress modified the requirements by enacting a provision in the Higher Education Reauthorization Act that allowed colleges and universities to agree to award institutional financial aid on the basis of need. The legislation permits colleges and universities to "discuss and voluntarily adopt defined principles of professional judgment for determining student financial need for aid" but does not authorize them to discuss financial aid awards to specific common applicants. Under the final judgment, the University is still required to maintain an enforcement program that disseminates the rules set out in the judgment and monitors compliance with the antitrust laws.

Ms. Green reported that in accordance with the requirements of the final judgment, she had been designated Antitrust Compliance Officer, with responsibility for implementing the antitrust compliance program. She noted that while complying with the final judgment is a priority, it should not impede appropriate communication among schools. Ms. Green added that she had distributed to the trustees and the University community the final judgment and the University's guidelines on cooperative exchanges of certain University
information. The University's Office of General Counsel is available to confer with trustees regarding compliance with the final judgment and the antitrust laws.

President Hackney invited questions from the trustees and, there being none, concluded the report by noting that this had been a good settlement that allowed Penn appropriate operating freedom.

IV. Committee Reports

A. Academic Policy - Dr. Langenberg

Dr. Langenberg reported that at its meeting the prior afternoon the Academic Policy Committee had received a profile from Dr. Barry S. Cooperman on the University's research programs. The research enterprise is "booming," he noted, with grants and contracts from external sources, largely for research, topping $0.25 billion in the last fiscal year for the first time. Nearly 60% of the funding received from the federal government and other sources for research came from the Department of Health and Human Services, and principally the National Institutes of Health, making that institution very important to Penn. The importance of the NIH relationship is normal for an institution with the large, distinguished health professional enterprise Penn has.

Dr. Cooperman had also presented statistical information on research trends over the past decade. In the late 1980s, the University had been concerned when this data seemed to indicate that Penn might be losing its market share amid the intensive competition for funding, as were other peer institutions. Many at Penn believed, as Dr. Langenberg concurs, that one reason for this slippage was the development of a deficiency of laboratory space for research. This deficiency is to some extent currently being rectified, and this and other steps taken over the past several years appear to have returned Penn to that group of the most competitive universities nationwide in the generation of external support for research. One key to Penn's current ascendancy is its wise application of two small but very important projects:

1) The Research Foundation, which is funded at $1.5 million annually, in turn funds individuals and small groups of individuals for specific projects, often for seed research that permits them to begin their research and so be able to compete more effectively for further funds; and

2) The $2 million Research Facilities Fund has been extremely helpful in keeping some of the research facilities strong.
Dr. Langenberg noted that all agreed that these funds should be strengthened when financial circumstances permit.

Finally, the Committee had heard from Dr. Cooperman the steps being taken to pay careful attention to the evolving nature of funding and to create entities, organizations and facilities capable of taking advantage of new funding sources. In particular, the Committee heard about the developing Institute for Environmental Research, an exciting new interdisciplinary institute. Dr. Langenberg concluded his report by noting that with such distinguished and entrepreneurial faculty, the research enterprise can be expected to remain strong at Penn.

B. Audit - Mr. Riepe

Mr. Riepe began his report by acknowledging the Audit Committee's tremendous debt to Mr. Dorrance, retiring as Chairman, for his extended and very significant contributions over the years.

At its meeting the day before, the Committee had reviewed management letters from Coopers & Lybrands resulting from the audit of financial statements for the University, the Hospital and the Clinical Practices for the year ended June 30, 1992. The letters were generally very good reports and identified no material weaknesses in the internal control system. A separate report from Coopers & Lybrand to the Audit Committee concluded that the University's financial staff, systems and internal controls were the strongest they had ever been at any point in the institution's history. The Committee reviewed with Coopers & Lybrand the scope of C&L's audit and certain accounting issues such as pension and health benefits that will affect the reporting of financial statements for universities. The Committee also appointed Coopers & Lybrand auditors for fiscal year 1993. Finally, it reviewed and reaffirmed several internal policies, particularly the audit charter and policies, along with a policy on the safeguarding of University assets.

At its meeting the Committee also received a report from Dr. Gould on the work of the University's Accountability Task Force, which draws on financial officers across the University and is charged with reviewing the entire system of internal controls within the University, as well as the system's underlying philosophy. The Committee wants over time to raise the importance of controls in a decentralized institution such as the University and is optimistic the Task Force will achieve this. The Committee hopes to be able to present the Task Force's recommendations to the Trustees at the June Trustees Meeting.
Following its regular meeting the Committee also held a closed session between the Committee members and Coopers & Lybrand to discuss issues of interest. No issues of concern were raised.

C. Budget and Finance - Mr. Fox

Mr. Fox introduced three resolutions the Budget and Finance Committee would present to the Executive Committee of the Trustees for approval. Chairman Shoemaker noted that the minutes would reflect these votes as Executive Committee actions.

1. **Action.** A Resolution on the Construction of an Addition to the Munger Training Facility, Franklin Field Stadium, was approved as follows:

   **Intention:**

   The Department of Intercollegiate Athletics intends to construct a cinder-block, 5000 sq. ft. Weight Room addition to the existing Munger Training Facility to be located in the Northeast corner of Franklin Field. This facility will accommodate training for the athletic teams.

   This project was included in the Capital Budget for Fiscal Year 1993. The estimated project cost is $555,000 and will be funded by gifts ($355,000) and University funds ($200,000).

   **RESOLVED,** that the construction of the Munger Training Facility Addition, estimated to cost $555,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such construction, execute such contracts and incur such expenses and obligations -- not however, substantially in excess of the estimated cost of such construction as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

2. **Action.** A Resolution on the Installation of a Separate Cooling System for the Computer Room, 3401 Walnut Street, was approved as follows:

   **Intention:**

   The University intends to install a separate cooling system for the computer room at 3401 Walnut Street, which houses all mainframe processing and printing for administrative and library research systems. This project will provide more reliable cooling for this area. The estimated cost of this project
is $316,000, which will be paid from building depreciation reserves and an advance of University funds.

RESOLVED, that the installation of a separate cooling system for the computer room at 3401 Walnut Street, estimated to cost $316,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such installation, execute such contracts, and incur such expenses and obligations of the installation cost -- not, however, substantially in excess of the estimated cost of such installation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

3. Action. A Resolution on Architectural and Engineering Fees for the Renovation of 3609-11 Locust Walk was approved as follows:

Intention:

The Division of University Life proposes to renovate 3609-11 Locust Walk to create a residence of about 24,000 gross square feet for approximately 54 students and 2 staff. The architectural and engineering fees associated with this renovation are estimated to be $263,000 and will be funded by an advance of University funds.

RESOLVED, that the architectural, engineering and other design activities associated with the renovation of 3609-11 Locust Walk, estimated to cost $263,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such activities, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such activities as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

D. Development - Mr. Miller

Mr. Miller reported that with two years remaining of the Campaign for Penn, the Campaign had raised $917 million in subscriptions and receipts. This is $100 million above target for this point in the Campaign. The Campaign has to date achieved 120 endowed chairs, an all-time record for any capital campaign at any university. All of this makes achieving the $1 billion target fairly certain. However, while some subgoals have been achieved and in some cases more than achieved, others are below target for this point in the Campaign. The Committee's
objective is not just reaching the $1 billion goal but also achieving every one of the subgoals. In short, then, while it is reasonable to expect that the Campaign will more than achieve all of its goals, much remains to be done.

E. External Affairs - Mr. Lauder

Mr. Lauder reported that the External Affairs Committee had discussed two subjects at its very interesting and engaging meeting earlier in the day: "The Clinton Administration and Research Universities: How Will We Fare Together?", on which David Morse gave a presentation; and "The Institute for Advanced Science and Technology (IAST): Winning Public Approval in a Changed Climate," the subject of a presentation by Dr. Cooperman and Carol Farnsworth.

As to the first subject, it is expected that higher education will be a higher priority for President Clinton than it has been for most former presidents, and research universities should thrive. There are many things Penn will have to do, however, and discussion pointed toward the meeting the Trustees will have in Washington, D.C. in June, at which time the Committee hopes to discuss further what Board members can do to help Penn and American research universities generally.

With respect to the new IAST building, the application process has gone forth regarding replacing Smith Hall with this new, highly advanced building, which will house all Penn's major research institutes. Mr. Lauder noted that the Committee is very optimistic about this exciting project.

F. Facilities and Campus Planning - Mr. Crow

Mr. Crow reported that the Facilities and Campus Planning Committee had received an informational update from William Kelley, Gordon Williams and Steve Wiesenthal on their continuing planning process for the Medical Center's Site and Building Plan, which coordinates various proposed buildings relating to research, education and health services. The Committee feels that the Medical Center is doing an extraordinary job of integrating these areas and that their well thought-out planning effort is leading to an excellent programmatic and facility use plan.

G. Internationalization - Mr. Palmer

Mr. Palmer reported that at its meeting the day before the Committee on Internationalization had received reports from several members of University
administration with regard to new progress and programs concerning internationalization. These included an overview from Mr. Nahm on the University's internationalization planning and reports from Provost Aiken and Joyce M. Randolph on internationalization in the academic areas, Virginia B. Clark on internationalization in the development functions, and Barbara R. Stevens on Internationalization in the communication and public relations functions. After discussion of these issues the Committee heard an undergraduate's perspective from Michael A. Dal Bello, who had had a very positive experience on an exchange program.

The Committee then heard from four deans, Patricia Conway, Raymond Fonseca, William N. Kelley and Rosemary A. Stevens, on internationalization in their schools. The deans' reports comprised an impressive list of accomplishments but also brought to mind the need for the University to provide the support structure--library, etc.--necessary for these efforts. The Committee discussed with the deans other support they would need. These included up-to-date alumni lists, assistance in alumni affairs and fundraising, program support and funding to seed further efforts. At its next meeting the Committee will review a strategic plan and mission statement and consider further the idea of a seed fund, and also receive reports with four more deans.

H. Nominating - Mr. Miller

Mr. Miller reported that the board is currently composed of seven charter trustees (of 10 permitted), 26 term trustees (of the 30 permitted through 1995), and 14 alumni trustees (this being the prescribed number), for a total of 48 members against 54 permitted members. There are vacancies, but this is consistent with the Board's desire to keep at least a few possible positions free.

Mr. Miller reported that an invitation had been extended to Robert P. Levy to become a charter trustee. Mr. Levy, whose contributions were well known to the Trustees, had served as a term trustee, from January 1971 - January 1981 and again from January 1982 - January 1992. Because he could not succeed himself under the Statutes, he had gone off board for a year, but he was now eligible for reelection. Mr. Levy has accepted the invitation to rejoin the board, but as he had been away his response was not received in time for this to be put on the January agenda with sufficient advance notice to the trustees. This will therefore be formally voted upon in June.

Otherwise, the Committee would meet just after the Stated Meeting to continue to review prospective trustee candidates. Mr. Miller noted that the Committee had a good, rich list of prospective candidates and urged the trustees to continue to submit names of possible candidates. The Committee would also be
considering renewal of four term trustees whose terms would end over the next year.

**H. Student Life - Dr. Chisum**

Dr. Chisum reported that at its meeting held the day before the Student Life Committee had examined faculty-student interaction in residences and future residential planning. The Committee met in the attractive, newly-renovated section of English House in the Kings Court/English House residential complex. Dr. Morrissom took the Committee on a "verbal tour" of the housing complex and described the kinds of faculty/student interaction the college house system permits. The Committee then heard presentations from four faculty members who live in residences: English professor Peter Conn, Senior Faculty Resident in Community House and Chair of the First-Year Council; Electrical Engineering professor Jorge Santiago-Aviles, Senior Faculty Resident at Kings Court/English House and advisor to the Science and Technology wing there; English professor Herman Beavers, Acting Faculty Master of Hill House and faculty leader for the Freshman Reading Project; and Electrical Engineering professor Jan van der Speigel, Director of the Center for Sensory Technology and Acting Master of Ware College House for Health and Society. Dr. Conn pointed out that studies have shown that students at small colleges are more successful in mathematics and science than their peers at larger schools and that student-faculty interaction enhances both student performance and positive attitudes toward their college experience. Twenty years ago there were no faculty living on campus; today there are 26 faculty living on campus, and over the past 20 years more than 200 faculty have lived on campus. The number of faculty involved in residences is still small, but they, with the residential advisors, play a significant role in the intellectual and social development of students. The theme of all the faculty presentations was that student-faculty interaction in the residences is valuable for faculty and students alike. The concept is one that enhances the quality of life on the Penn campus and one that should be expanded, ideally to provide to all students the opportunity to select this option.

The Committee then had a brief review and discussion of the Residential Plan prepared by Vice Provost Morrissom (see Almanac of December 1, 1992). The plan was commented on by Dr. Matthew Santirocco, Professor and Chair of Classical Studies, Associate Dean for Undergraduate Studies in the College of Arts and Sciences, and Senior Faculty Resident in Butcher/Speakman. Dr. Santirocco has lived on campus since joining Penn four years ago. He affirmed the observations regarding the quality of the experience provided by faculty in residence and observed that it is also valuable to involve graduate students, alumni and trustees in the students' experience. The mechanisms for accomplishing this are not in place, but he feels that given the mechanisms, the response of faculty
and others would be favorable. While he noted that the space in Butcher/Speakman/Class of '28 is far from optimal, the living experience is still positive. A major feature which is lacking in that residence is dedicated dining space.

The residential plan, which is being circulated on campus for comment, represents a significant step toward a desirable campus living solution for the future. The Committee feels it is clear that an investment in residences to enhance students’ experience here is needed.

I. University Responsibility - Mr. Heyman

Mr. Heyman reported that at its meeting earlier in the day the University Responsibility Committee had received reports on (1) this year’s Celebration of Women Making a Difference at Penn and (2) the Retention of Minority Faculty.

Women Making a Difference at Penn. Elena Dilapi, Director of the Penn Women's Center, explained that 1993 was the 20th anniversary of the establishment of a variety of services and programs for Penn women. Ms. DiLapi reviewed the history of these programs and the goals of this year's celebration, which include educating the community about the traditions of Penn women, raising funds for women's scholarships and programs, and increasing the presence of women at all levels of the University.

Liliane Weissberg and Demie Kurz of the Women's Studies program then described the history of that program, including its highly successful undergraduate academic program, its new graduate program and its research and scholarly agenda. Dr. Weissberg explained how the program wishes to build on its academic strengths and detailed some of the resources it will need to fulfill its goals and develop into a formal academic department, which include a new faculty appointment in Feminist Theory, additional funding for research seminars and the establishment of post-doctoral fellowships.

Minority Faculty. The Committee also heard a report on the retention of minority faculty. Members of the Affirmative Action Council Subcommittee on Faculty Recruitment and Retention explained that their group is developing a format for conducting exit interviews of faculty who leave the University. The Committee had a lively discussion on the special pressures faced by minority scholars and steps the University might take to improve mentoring for minority faculty. The Committee supports the Council's efforts to develop and implement a formal system for exit interviews.

J. Investment Board - Mr. Neff
Mr. Neff reported that at its breakfast meeting the day before the Investment Board had focused on the outlook for 1993. The Board anticipates a moderate increase of about 2% in the constant dollar GDP, led by the continuing surge in single-family housing units and the light-heavy truck sector of the automobile industry. Consumer confidence appears to be on the rise, with the 1992 back-to-school and Christmas shopping seasons better than they had been in three or four years. Based on improving economic conditions, Mr. Neff projected that the Standard & Poor's 500 Index will earn (on an operating basis) $26 in 1993, as compared to $24 in 1992. Analysts who are predicting $28-29 figures seem not to be taking into account several important factors, including Federal Accounting Standard 106, which could reduce 1993 corporate earnings by 5-6%. The Index currently has a 2.9% yield. The Board feels that the market is fully valued and has been investing accordingly.

Mr. Neff directed the trustees' attention to the Investment Report included in the meeting book. At January 13, 1993, 47% of the total market value of the $920.9 million Associated Investment Fund (AIF) was invested in common stocks. Taken together with the Separately Invested Funds, the value of Penn's endowment would be over $1 billion. As of June 30, 1992, the University's endowment was the 15th largest in the country.

For calendar year 1992, the AIF had a total return of 11% while AIF common stocks registered a 15.0% return. Compared to the 7.1% gain of the S&P 500, AIF stocks achieved an approximately 800-basis point advantage for the year. For the NACUBO year beginning July 1, 1992, Penn is behind by a couple of basis points, but results since July 1st are positive when one includes January 1993 to date. The past few weeks had favored Penn's portfolio, concentrated as it is in areas such as financial intermediaries and basic commodities cyclicals and to some considerable degree natural gas.

For the 13 years since December 31, 1979, Penn has good edge over the market. Its common stocks have appreciated 821% versus 577% for the Standard & Poor's 500, for an almost 300-basis point annual lead. The Board hopes to see a return to a 400-basis point edge over the next couple of years. Mr. Neff noted that over these 13 years Penn had enjoyed an edge on the fixed income side, too, and he acknowledged Mr. Worley's assistance in this regard.

K. Medical Center - Mrs. Catherwood

Mrs. Catherwood noted that Dr. Gould had already reviewed the Medical Center's current good financial health and the Provost had mentioned the establishment of the Twenty-First Century Endowed Scholars Fund. As to the
latter, she wanted to add only that a study conducted at Penn had shown that the prospect of exorbitant debt repayment causes many medical students to consider careers in higher paying medical specialties rather than pursue interests in less lucrative specialties such as family medicine, research and medical education.

The first six scholars to be funded had entered in fall and were introduced to the Medical Center Trustee Board at its meeting on January 15th. The biographies of these young people were truly impressive. This initiative may ultimately establish Penn as the nation's first private medical school to provide full tuition for all of its medical students. The School is committed to raising the approximately $80 million needed to provide full tuition for 200 student scholars by the year 2000. The ultimate goal is to reach an endowment of $240 million in current dollars, which would support over 600 students. Criteria for selecting current scholars include personal excellence as well as outstanding academic achievement.

V. Overseer and Other Boards

A. Action. A Resolution on the Appointment of Jay W. Gardner to the Board of Associate Alumni Trustees (Northeast Region) was approved as follows:

In June 1991 the Trustees passed a resolution setting forth criteria and procedures for membership in Boards of Associate Alumni Trustees. Pursuant to that resolution, new associate alumni trustees must be approved by the Trustees of the University.

RESOLVED, that Jay W. Gardner, who has been duly approved by the General Alumni Society, be appointed Northeast Region Associate Alumni Trustees for a one-year term.

B. Action. A Resolution on Appointments to the Board of Managers of the Wistar Institute was approved as follows:

RESOLVED, that the following individuals be appointed for one-year terms to the Board of Managers of the Wistar Institute, effective January 22, 1993.

Thomas Peter Bennett, Ph.D.; Robert S. Blank; Ira Brind;
Margaret Leonard Brown; Barry S. Cooperman, Ph.D.;
David R. Davies, Ph.D.; Harold M. Davis; James W.
Fordyce; Robert A. Fox; Harris N. Hollin; James N. Ihle; William N. Kelley, M.D.; George B. Koelle, M.D.; Stephen J. Korn, Esq.; Hon. W. Thacher Longstreth; Warren V. Musser; Faye S. Olivieri; Ruth Patrick, Ph.D.; Roy T. Peraino; Donald Vail Rhoads, M.D.; Robert H. Rock; Gerald B. Rorer; Adele K. Schaeffer; Isadore M. Scott; Edward Sickles; Mrs. Richard J. Sliwinski; Keith S. Thomson, Ph.D.; Kevin M. Tucker; David V. Wachs.

There being no other business to come before the meeting, it was adjourned.