

MINUTES - SPECIAL MEETING

BOARD OF TRUSTEES

Temple University
- Of The Commonwealth System of Higher Education

Thursday, July 1, 1993

3:00 P.M., Feinstone Lounge - Sullivan Hall
Park and Berks Malls

Attendance:

Members - Richard J. Fox, Chairman; Francis J. Catania,
Louis J. Esposito, Lewis F. Gould, Jr.,
Clifford Scott Green, Eleanor S. Hofkin,
Peter J. Liacouras, Joseph W. Marshall, III,
Maureen H. McCullough, R. Anderson Pew, Daniel H. Polett,
Anthony J. Scirica, Isadore A. Shrager,
Francis R. Strawbridge, Walter E. Williams

Ex Officio Participants - Thomas A. Marino (Faculty),
Leonard Mellman (Alumni), Bryce E. Weatherly (Student)

Invited Guests - Faculty - Elizabeth H. Barber,
Mark H. Haller, Michael L. Sachs

Students - Ken Lawrence, Colin Hall, Mark Mills

Administration and Staff - Paul H. Boehringer,
Steven R. Derby, James W. England, Richard M. Englert,
Jay G. Falkenstein, Jack E. Freeman, Thomas R. Freitag,
Marvin J. Gerstein, C. Robert Harrington, Robert H. Lux,
Leon S. Malmud, Jesse Milan, William E. Orr,
Arthur C. Papacostas, David V. Randall, A. Kent Rayburn,
Robert J. Reinstein, Laurent J. Remillard,
William G. Sites, Bonnie S. Squires, Valaida S. Walker,
James S. White, Beverly L. Breese

General Counsel - Brian Keim

University Counsel - George E. Moore

Members Absent - Harry P. Begier, Jr., John J. Contoudis,
William H. Cosby, Jr., Paul A. Dandridge,
Theodore Z. Davis, Peter D. DePaul, Robert C. Donatucci,
Howard Gittis, Judith E. Harris, Lacy H. Hunt,
D. Donald Jamieson, Brian J. O'Neill, William W. Rieger,
Milton L. Rock, Edward H. Rosen, Anthony Hardy Williams,
James A. Williams, Clare L. Wofford

INVOCATION

The invocation was given by Mrs. Eleanor Hofkin.

RECOMMENDATIONS FOR ACTION

1. Approval of Minutes -
Regular Meeting of May 11, 1993

The captioned Minutes were approved as distributed.

2. President's Report

President Liacouras thanked Professor Mark Haller for his distinguished service as President of the Faculty Senate and for his service on the Board of Trustees. He welcomed Professor Thomas Marino, the new President of the Faculty Senate and Bryce Weatherly, the President of the Temple Student Government who has already served on behalf of Temple University in our approaches to the major funding sources in Harrisburg.

The President said he hopes everyone will join him in the Johnny Ring Garden after the meeting to congratulate fifty-five members of the Temple family who are leaving Temple University as of yesterday, including the distinguished Executive Vice President, Jack E. Freeman.

3. Estate of Ella Veit

After discussion and on motion duly made and seconded, the Board of Trustees voted to authorize the officers to transfer the funds from Ms. Ella Veit's unrestricted bequest of \$300,000+ to the Commonwealth Challenge account in order to provide the opportunity for a named recognition of the bequest.

4. Transfer of Funds from Hospital's Current Surplus

President Liacouras thanked the Board of Governors and everyone connected with the Hospital and University as a whole for this motion. He said this action underscores the unity of the University.

On motion duly made and seconded, the Board of Trustees, upon the recommendation of the President and the Board of Governors (6/14/93), voted to authorize the officers to make a one-time transfer of \$8.8 million from the Hospital's current surplus to the University to support, sponsor or develop health care related activities of the University in the 1992-93 and 1993-94 fiscal years, the specific uses to be recommended by the Senior Vice President for the Health Sciences Center and approved by the President.

5. Tentative University Budget for 1993-94

Dr. Freeman said we present a balanced budget this year although the balancing has been more difficult than in previous years because we received no significant increase in funding from the State. We qualified for a Tuition Challenge Grant totaling approximately \$3.6 million which required us to impose a 4.5% cap on tuition for all Pennsylvania residents. Faced with increases in costs exceeding \$24 million, it was necessary for us to: 1) reduce the existing budget by \$10.5 million, and 2) request the assistance of the Hospital to transfer \$8.8 million to the University budget. This transfer will assist us in meeting our costs for the coming year.

Dr. Freeman said we have been able to balance the budget while holding our programs intact. We have avoided layoffs and major reductions in service activities and major academic programs.

Professor Williams asked if there is some principle of allocation for the budget cuts, and Dr. Freeman said we have attempted to cut where we could without reducing the quality of the institution. It was not done in any kind of mathematical way; we looked in great detail at each of the budgets to determine where we could generate funds.

Professor Williams asked how, in general, the budget is allocated. Dr. Freeman responded that we put the budget together by assigning responsibility to the three senior officers to examine budgetary requirements and reductions and to allocate resources as carefully as possible within the activities that report to them. Our overriding directive is to not hurt academic programs, to avoid making impacts upon the programs that generate revenues in ways that would result in lower revenues, to insure that the big service programs to students are held intact and to avoid making draconian cuts in areas where it would result in a negative impact on central services. We have not developed the budget in any mathematical way; we have relied on the judgment of senior officers and deans.

Professor Williams asked if budgets in the schools and colleges are related to the number of students in those schools and colleges. Dr. Freeman responded that in trying to assign the size of budgets to particular colleges and schools, we sit with the deans and try to estimate the enrollments in the various categories and try to look at the associated costs. That gives us some target number which the dean takes back to the school. The dean works with the budget review committee in her/his school to try to translate the large numbers and determine the impact on programs. Dr. Freeman said we are very much driven by enrollment, and we try to allocate with some judgment. Some programs are more expensive than others, and some programs end up contributing to the more expensive programs.

Professor Williams asked if it is conceivable that some colleges are not paying their way. Dr. Freeman responded that we

receive a very large increase from the State which is a subvention for the cost of all operations of the University. Few, if any, departments bring enough revenues to fully cover all of their direct and indirect costs. We are providing a per capita subsidy to all of our schools. Some schools come closer to meeting all of their costs than others.

Professor Williams said there should be some way that one can give for the justification or the allocation of the budget across schools. Dr. Freeman said it is a matter of judgment, by the Provost, Deans and department chairs who do not allocate by the seat of their pants but by sound judgment based on experience, costs and demand. There is no formula by which we allocate revenues.

President Liacouras said that in 1986 the Board approved an Academic Plan for the University which set forth broad-based priorities; and annually, with the exception of this year, we have had broad-based initiatives. We do not have the funds to even maintain the initiatives because of the lack of State funds. Also, we have a very sophisticated allocation mechanism called FREES. It is a standard of allocation that was established in 1980, has been annually updated and is a constant measure of productivity.

The President said we are very proud of the openness of our budget process and the fact that there is wide participation at every level of the University. The priorities have been established over the years by history. We have decided over years to maintain certain schools with low enrollment because of their social utility, and those issues have been debated by the Board. From time to time, we have Board task forces to determine whether we should maintain this kind of activity.

President Liacouras said that we have been opposed to using across-the-board mathematical formulas for changes in the budget.

Mr. Pew asked if the Faculty Senate felt adequately informed of the budget and had adequate opportunity to have input to that budget. Dr. Haller said that, in general, the faculty representatives on the UBRC have been fully consulted.

Mr. Pew asked how much of the money received in gifts was given to Intercollegiate Athletics, and Dr. Freeman said that \$700,000 was given to that program and \$650,000 is projected for the coming year.

Ms. McCullough asked what steps have been taken to address the investment earnings. Dr. Freeman said we decided last fall, because of the situation in the bond market, to trade 7.5% bonds for 4.5% bonds. The decline in the earnings ratio of the bonds will generate about \$5 million less than budgeted last year. They were cashed in last November and we experienced a capital gain.

Mr. Remillard reported that we are at risk to the extent U.S. Government securities declined. The Subcommittee on Investments anticipated the decline and took a substantial gain in the last fiscal year which shifted income from the new fiscal year to the old fiscal year. Currently the average interest rate is about 4.5%.

Mr. Remillard reported that we measure our performance on the market by the standard indices provided; and comparing our return to those, we are about 100 basis points higher than others. Our experience has been much better than the indices.

Dr. Freeman remarked that this is the finest Board he has ever known. He thanked them for their support and their involvement in the affairs of the University and said that he looks forward to working with the Board in different ways.

On motion duly made and seconded, the Board of Trustees, pursuant to the Board authorization of 5/11/93, voted to adopt a Tentative University Budget for 1993-94, said Budget being attached as SUPPLEMENT I to these Minutes.

6. Tentative Hospital Budget for 1993-94

On motion duly made and seconded, the Board of Trustees, pursuant to the Board authorization of 5/11/93, and on the recommendation of the Board of Governors (6/14/93), voted to adopt a Tentative Hospital Budget for 1993-94, said Budget being attached as SUPPLEMENT II to these Minutes.

7. Tuition Schedule for 1993-94

Mr. Weatherly, President of the Temple University Student Government, said he hopes we will try to get more money from the State for higher education for all of the universities in Pennsylvania.

President Liacouras said that during the past 10 years Temple University has had a lowest rate of tuition increase of any peer institution in the region; if not, we would be in a much different position in terms of our budget. He said that we have maintained, at substantial cost, the overriding University mission of providing high quality education at reasonable costs; but we cannot continue it into the future. We have an \$8.8 million gap that has been only breached by action of the Board of Governors.

The President said that Mr. Weatherly's point understates the critical feature of the prognosis for 1994-95. We will have to cut programs if we do not get a substantial increase in State funding next year. This Board is committed to the populist tradition and all of higher education needs more support. We believe that next year the public universities will receive the funding that has been taken from them over the past three years.

On motion duly made and seconded, the Board of Trustees, pursuant to the Board authorization of 5/11/93, voted to approve the recommendation of the Student Affairs Committee (6/24/93), that approval be given to the Proposed Tuition Rates for 1993-94, attached as SUPPLEMENT III to these Minutes.

8. General Activities Fee for 1993-94

On motion duly made and seconded, the Board of Trustees, pursuant to the Board authorization of 5/11/93, voted to approve the recommendation of the Student Affairs Committee (6/24/93), that approval be given to the continuance of a General Activities Fee for 1993-94 at the 1992-93 level.

9. Computer Activities Fee for 1993-94

On motion duly made and seconded, the Board of Trustees, pursuant to the Board authorization of 5/11/93, voted to approve the recommendation of the Student Affairs Committee (6/24/93), that approval be given to the continuance of a Computer Activities Fee for 1993-94 at the 1992-93 level.

10. Course Fees for 1993-94

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Student Affairs Committee (6/24/93), that approval be given to the schedule of course fees for 1993-94.

11. Main Campus Sidewalk Repairs - Phase II

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Campus Planning and Plant Management Committee (6/4/93), and authorized the officers to effect repairs to sidewalks and pavements at various locations on the Main Campus at a cost not-to-exceed \$200,000, with the Funding Source being the Plant Development Fund and with the understanding that all bids be reviewed by the President, or his designee, before contracts are awarded.

12. Career Services Renovations

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Campus Planning and Plant Management Committee (6/4/93), and authorized the officers to renovate the Career Development Services Office in Mitten Hall at a cost not-to-exceed \$277,400, with the Funding Source being the 1992 Class Gift, the Plant Development Fund and the Student Affairs Enhancement Fund, with the understanding that all bids be reviewed by the President or his designee before contracts are awarded.

13. Memorandum of Understanding Affiliation Agreement between Temple University - Of The Commonwealth System of Higher Education and Temple University School of Medicine and Shriners Hospitals for Crippled Children

Ms. McCullough asked the status on the Certificate of Need (CON).

Dr. Malmud said that letters of intent were filed in January, and the Certificate of Need filed at the end of February. There are two separate CON applications, and the Temple CON hearing has not yet been set.

Ms. McCullough asked if the Memorandum of Understanding is dependent upon the receipt of the CON. Dr. Malmud responded that Shriners will come to Temple University Hospital only if we receive the CON.

Dr. Malmud gave the history and the reasons Shriners is interested in coming to Temple. He noted that Shriners gives free care and is aware of the fact that the region's number of needy patients are those designated as minority, African American and Latino; and that by coming to Temple, Shriners will be making a national statement. Temple University's mission of care to all and the Shriners' mission of delivering free care are in harmony.

Dr. Malmud noted that Shriners initially wanted a single hospital with Temple operating an intensive care unit within their hospital. They asked us to go with them to City Council to begin the process of getting zoning approval. Following that, we discovered that their license was for only 80 beds, and it became evident that we would be required to have our own CON.

Shriners determined that this unit in Philadelphia was going to be more than in the past; they wanted it to be the most outstanding spinal cord injury facility in the country. This meant that, if they built, they also wanted assurance that there would be medical specialists in pediatrics within the building.

We began designing with Shriners two related hospital units, theirs and ours. The final decision was to build two towers separated by an atrium, 80 beds built by Shriners, 60 beds built by Temple to include everything but orthopedics and neurosurgery and those special services which we will continue to refer to St. Christopher's Hospital for Children (St. Chris).

Dr. Malmud said we see a network of Temple University, Shriners and St. Chris and believe this will fulfill the needs of the health care of the children in North Philadelphia. We believe that St. Chris is planning to build additional beds. We conducted a survey for our 60 bed unit and found that pediatric units of 20-30 beds are failing because they do not have pediatric specialists in their hospitals, only a 60 bed unit can support this.

If we do not build this unit, Shriners will leave Philadelphia and go to Maryland.

President Liacouras said we expect Ms. McCullough and Mr. Marshall to assist in ensuring that Temple University receives the CON.

Ms. McCullough asked if the residency program between Temple University and St. Chris will be affected by this Agreement. Dr. Malmud responded that he expects the pediatric residency between Temple University and St. Chris to continue. He said we have never proposed our new unit as a substitute for St. Chris.

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Campus Planning and Plant Management Committee (6/24/93), and authorize that approval be given to the Memorandum of Understanding between Temple University - Of The Commonwealth System of Higher Education and Temple University School of Medicine and Shriners Hospitals for Crippled Children.

14. Special Related Capital Projects for the Health Sciences Center

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Campus Planning and Plant Management Committee (6/24/93), and authorized, in principle, that the officers proceed to develop the following Special Related Capital Projects for the Health Sciences Center: Ambulatory Care Building, Carlisle Garage and Offices, Park Avenue Addition.

15. Hospital Capital Equipment Purchases for Fiscal Year 1993-1994

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Campus Planning and Plant Management Committee (6/24/93), and authorize that approval be given to the Hospital Capital Equipment Purchases for Fiscal Year 1993-1994.

15B. Barnes & Noble Bookstore Contract Renewal

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Campus Planning and Plant Management Committee (6/24/93), and authorize the officers to enter into an eight year contract with Barnes & Noble Bookstores, Inc., for operation of the University's six bookstores.

16. The M.A. Program in German

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Educational Policies Committee (6/21/93), that the Master's Program in German be placed in abeyance, effective Fall 1993, with the understanding that no

new students be admitted for the Fall Semester of 1993, or thereafter, that currently matriculated students be given until May 1998, to complete their degrees, and that the status of this graduate program be reviewed no later than the Fall Semester of 1997.

17. New Structure for the Departments of Architecture, Landscape Architecture, and Horticulture

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Educational Policies Committee (6/21/93), that the Departments of Architecture and Landscape Architecture and Horticulture be combined into one program to report to the Dean of the Ambler Campus, effective Fall 1993.

18. Restructuring the College of Engineering

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Educational Policies Committee (6/21/93), that the Departments of Civil, Mechanical and Electrical Engineering be combined into a College of Engineering, effective Fall 1993.

19. Establishing a Ph.D. Program in Criminal Justice

Professor Williams informed the Board that he voted against this recommendation in committee. He noted that many of the courses will not be taught in Criminal Justice but in other disciplines. He spoke to the academic weakness of the particular program in having six core courses and six electives, some of which may be independent study. He said it should not be a selling point that Ph.D. students will be teaching graduates and undergraduates. Professor Williams said he sees no justification for the expenditure of these resources unless the Provost is willing to tell us that the expenditures on this program are because the benefits are much more important than cuts made in other areas of the University.

Mr. Shrager, Chairman of the Educational Policies Committee, noted that Professor Williams informed the Committee of his concerns, but the Committee did vote in favor of the motion.

On motion duly made and seconded, the Board of Trustees, with one negative vote registered, voted to approve the recommendation of the Educational Policies Committee (6/21/93), that effective Fall 1993, the Department of Criminal Justice offer a Ph.D. Program.

20. Tenure for Faculty for 1993-94

On motion duly made and seconded, the Board of Trustees, pursuant to the procedures outlined in the Temple University Faculty Handbook, voted to approve the recommendation of the

Educational Policies Committee (6/21/93), with respect to the granting of faculty tenure for 1993-94. (The name of the one faculty member recommended for tenure is on file in the Office of the Provost.)

21. TIAA/CREF Expanded Options

Mr. Harrington reported that we now have the flexibility to transfer funds back and forth, cashability at retirement and enlarged options under CREF.

He said we have been studying the option of transferring funds to an alternative to TIAA/CREF and the Committee has recommended that Fidelity Investments be offered. It has been approved and will go forward in January, 1994.

22. TUJ Renewal of Consulting Agreement With Charles S. Fishman, Esquire

Dr. Freeman reported that Charles Fishman has been working with us for a number of years, and, particularly in the past year, has organized a very successful effort to handle the visa problem for Temple University students who want to study at Temple University Japan (TUJ).

We believe that by continuing his work with us we will be able to fulfill many expectations that we have for TUJ.

NEW BUSINESS

Judge Scirica, chairing because Mr. Fox had to leave the meeting, remarked that Dr. Freeman has done an outstanding job for Temple University. We all feel that he has made a great difference at this institution, and we are grateful to him and feel lucky to have had him. We extend our best wishes and sincere thanks and gratitude for the friendship and support Dr. Freeman has given us these last few years.

At this point the Board adjourned to Executive Session.