

**BOARD OF TRUSTEES**

**Temple University – Of The Commonwealth System of Higher Education**

**PUBLIC SESSION**

**Thursday, June 23, 2011, at 3:30 p.m.**

**Feinstone Lounge, Sullivan Hall  
Liacouras Walk and Polett Walk**

**MINUTES**

**Presiding Officer: Patrick J. O'Connor, Chairman of the Board**

*Note: The Trustees met for information briefings at 2:30 p.m.*

**PARTICIPANTS**

**Trustees:** Joan Ballots, Jon A. Boscia, Nelson A. Diaz, Ronald R. Donatucci, Lewis F. Gould, Jr., Ann Weaver Hart, Lewis Katz, Susanna E. Lachs, Patrick V. Larkin, Solomon C. Luo, Joseph W. Marshall, III, Scott Mazo, Theodore A. McKee, J. William Mills, III, Mitchell L. Morgan, Patrick J. O'Connor, Bret S. Perkins, Daniel H. Polett, Phillip C. Richards, Jane Scaccetti, James S. White, Michael P. Williams

**University Counsel:** George E. Moore

**Non-Voting Advisory Members:** Paul LaFollette, Jr., Colin P. Saltry

**Administration and Staff:** Frank Annunziato, James C. Bausman, Jr., William T. Bergman, William Bradshaw, Janet Carruth, Richard M. Englert, Michael Gebhardt, Kenneth Kaiser, Susan Karakantas, Thomas Kupp, Jaison Kurichi, Robert Siegfried, Theresa Powell, David L. Unruh, Anthony E. Wagner, Gregory Zimmaro

**Guest:** Jay H. Shah

Mr. O'Connor, Chair of the Board of Trustees, called the meeting to order.

**INVOCATION:** The Invocation was given by Trustee Daniel H. Polett.

**Introduction of Guests**

Mr. O'Connor welcomed Jay H. Shah, who will be elected as a Commonwealth Trustees at the October meeting of the Board of Trustees.

**Faculty:**

**Students:** Elliot I. Griffin

**Approval of Minutes:** The minutes of the meeting of May 10, 2011 were accepted.

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## PRESIDENT'S REPORT – ANN WEAVER HART

It has been an extraordinary year at Temple University. Fiscal Year 2010-2011 is drawing to a close, and it has been one of the more challenging years in the University's history. Three major issues dominated our activities: (a) the reorganization of the Health System, (b) the incredible crisis in Japan following the earthquake and tsunami and its impact on our programs there. Our response to the crisis illustrated great team work across the university, and (c) the proposed 50 percent reduction to Temple's Commonwealth appropriation to the education and general budget.

Any one of these matters would have been sufficient to qualify this as a challenging year, but all three were exceptional tests of the continued strength of Temple University.

Because of the dedication and commitment of the Board of Trustees, the Cabinet and my extended leadership team, the faculty and students, and so many others, Temple has emerged from each of these challenges in very good shape.

### REORGANIZATION OF THE HEALTH SYSTEM

The goals set last summer were to: (a) shore up the financials, (b) bring new leadership of the highest caliber, and (c) forge stronger relationship across the healthcare enterprise between leadership of the health system, the medical school and the University to facilitate a unity of purpose throughout Temple's health care enterprise and secure a consultant that would recommend further action to ensure the longevity and excellence of education, research and clinical care.

A committee, chaired by Trustee Daniel Polett, was established to address these issues. Members of the committee included: Chairman of the Board Patrick J. O'Connor, Trustee Jane Scaccetti, Trustee Lewis F. Gould, Jr., Trustee Solomon C. Luo, Trustee Lon Greenberg, and TUHS Director Clark Frame.

A Transition Committee was formed to think about the issues in unison. The committee was comprised of senior management from the University, TUHS and the TUSM. Weekly meetings were held to work toward the goals.

As a result of the recession, healthcare provider volumes have been contracting nationally and in our region. Inpatient admissions in the Philadelphia five-county area declined 3.5% from FY2009 to FY2011. Some of the many factors impacting the financial outlook include: patients postponing or avoiding care due to unemployment and uncertainty of their financial futures, and insurance industry classifying more cases at a lower paying observation level, which is a continued and exacerbated an ongoing trend.

Measures previously taken include: reduction of the operating cost run rate by an estimated \$160 million since FY 2008, repurposing Northeastern Hospital from an acute care hospital to an ambulatory care center, significantly reducing the corporate office workforce and collapsing its leased space, on-going supply chain initiatives, reduction in length of stay, and continuously reducing overhead costs.

Fiscal Year 2011 projected losses show an approved budget reflected a Net Loss of \$36.9 million. By September, operating results indicated the year could result in a Net Loss of as much as (\$78.3) million if additional state support did not materialize, including \$41.4 million Net Loss from volume shortfalls (\$27.1 million) and a shortfall in Commonwealth Funding (\$14.3 million).

The TUHS management team was charged to institute a budget correction plan to recover \$29.7 million from operations and secure \$40.8 million from Commonwealth funding. The result is that the FY2011 Projected Actual Net Loss is \$4.2 million, an improvement of \$3.6 million over the Budget Correction Plan. The improvement of \$32.7 million over the original projected loss of \$36.9 million would have been impossible if the TUHS management team had not been challenged to meet the approved budget without relying on the anticipated increase in state funding.

Before beginning the leadership search at TUHS, there was broad consultation conducted with Trustees, TUHS directors and management, TUSM faculty and leadership, and TU leadership to thoughtfully consider the direction the Health System would take and the kind of leader we would need.

A Search Advisory Committee was appointed by Chairman O'Connor and President Hart. The committee was comprised of the following members: Chairman O'Connor, President Hart, Trustee Davis, Trustee Donatucci, TUHS Director Clark Frame, TUSM faculty member Amy Goldberg, Trustee Gould, Trustee Greenberg, Trustee Lachs, Trustee Luo, Trustee Polett, TUSM faculty member Joel Richter, and Trustee Scaccetti. A comprehensive nationwide search was conducted, and a national leader in healthcare was recruited in Larry Kaiser. Dr. Kaiser's term begins on April 1, 2011.

Highlights from the 2010-2011 academic year are as follows:

Recruitments recently closed:

T. Sloane Guy, MD, MBA. Board certified in Surgery and Thoracic Surgery, fellow of the American College of Surgeons and the American College of Cardiology, Dr. Guy has an MBA in Healthcare Administration from the Wharton School of Business. Prior to joining Temple he was on staff at St. Joseph's Hospital in Atlanta, GA. Dr. Guy brings rare clinical expertise in robotic endoscopic mitral valve repair to Temple. He serves in two new roles for Temple Health: Chief of Robotic Surgery and Chief of Minimally Invasive Cardiac Surgery, in addition to serving as the Chief of Cardiothoracic Surgery.

Jean-Pierre Issa, MD. Outstanding physician scientist recruited from The University of Texas M.D. Anderson Cancer Center, bringing translational research expertise and multi-million-dollar grant awards to Temple as the new Director of the Fels Institute for Cancer Research and Molecular Biology and Professor of Medicine. Dr. Issa is scheduled to join Temple on September 1, 2011.

Phillip Mucksavage, MD. Phillip received the MD degree from Columbia following his undergraduate education at the University of Pennsylvania. He completed a Urology residency at the University of Pennsylvania under Alan Wein and for the past year has been a fellow in minimally invasive and robotic Urologic Surgery at UC Irvine with Ralph Clayman, MD, the pioneering surgeon who brought minimally invasive surgery to the specialty of Urology.

Peter Lelkes, PhD. Chair of new department of bioengineering, joint recruitment with the School of Engineering. Dr. Lelkes is scheduled to join Temple on October 1, 2011.

Verdi DiSesa, MD, MBA. Dr. DiSesa serves as the Vice Dean for Clinical Affairs, School of Medicine, and Chief Operating Officer, TUHS. He has an MBA from the Wharton School of Business, an MD degree from the University of Pennsylvania, and an undergraduate degree in Chemistry from Harvard University. Dr. DiSesa has held faculty appointments at several other nationally recognized teaching hospitals/schools of medicine, including Johns Hopkins, Brigham and Women's, the University of Pennsylvania, and the Rush Heart Institute, and served as a

consultant to The Cleveland Clinic. Dr. DiSesa is responsible for overseeing the strategic direction of quality, safe and cost-effective clinical services that meet or exceed benchmark indicators and support Temple's comprehensive education and training of physicians.

Recruitments currently pending official acceptance:

Executive Dean, School of Medicine and Chief Academic Officer, TUHS. The candidate for this position has an exceptional record as a leader in academic medicine, in full "triple-threat" quality (research, education and patient care). The candidate holds MD and PhD degrees and has held appointments at nationally recognized academic health centers. This recruitment is expected to be completed shortly (August 1 start) and will complete the senior leadership team under Larry Kaiser.

Basic Science Faculty, Shriners' Pediatric Research Institute. The candidate is a well-established and well-funded investigator in the field of Neuroscience, nationally known for being at the forefront of spinal cord injury research and for making a major impact on the field. This recruitment is also expected to be completed shortly (August 1 start).

Recruitments currently underway include: two internationally-known researchers in the field of spinal cord injury, including the development of treatments, several cardio-thoracic and heart/lung transplant surgeons, and chairpersons of the School's two largest departments, Medicine and Surgery.

Political advocacy resulted in improving the level of Medicare and Medicaid reimbursement.

A partnership with West Penn Allegheny for a new medical school based in Pittsburgh was announced.

A facilities assessment and campus plan has been undertaken.

Dr. Kaiser and his team are conducting a planning process with Navigant Consultants and will present a long-range business plan this fall.

As part of the planning process, TUHS Management will continue to address the FY 2012 budgeted deficit with a goal to reduce or break even.

#### TEMPLE UNIVERSITY JAPAN

Unprecedented experience of the earthquake and tsunami precipitated the largest disaster relief effort in Temple's history. Immediate steps were undertaken to ensure TUJ student, faculty and staff safety. A leadership team representing Philadelphia and Tokyo was immediately mobilized. Provost Englert and Dean Stronach were acknowledged for leading this team effort.

State Department warning required closing the TUJ Study Abroad Spring semester and providing opportunities for all U.S. students to leave. All foreign students were offered assistance in making travel arrangements to return to home countries or to other locations. Steps were taken to enable students to resume studies at TUJ or Temple's main campus. TUJ resumed classes on April 4. All students with U.S. visa status opportunity were invited to complete semester studies on Temple's Main Campus, with Temple providing free housing on Temple University's Main Campus. Course completion assistance was provided, including: enrollment in Main Campus sections of courses where appropriate, opportunity to participate in study groups and other course completion options for Japanese language courses, technical assistance completing their TUJ spring 2011 course requirements online with original TUJ instructors, arrangements to complete TUJ spring 2011 course requirements online with Main Campus instructor

support and faculty mentoring, library support for research projects and replacing of textbooks left in Tokyo, assistance with on campus and distance exam proctoring arrangements, availability and support of the Math Science Resource Center and the Writing Center, Main Campus counseling support, student health and recreation, and academic advising for summer courses for students not returning directly to TUJ. A total of 41 students came to Main Campus. Of those, 36 were housed in University Housing and 5 students lived off campus.

An organized "TU Japan Relief" effort was established with coordinated activities to support the Japanese relief effort across all Temple campuses and schools, student groups, alumni, etc. These efforts included the creation of TU Japan Relief Fund to help those most affected by the devastation of the earthquake and tsunami including: Japanese students studying at Temple campuses, students, staff, faculty and their families in Japan experiencing hardship such as being displaced from housing or experiencing food, health and financial challenges, and students enrolled in institutions in disaster areas in Japan who would like to continue pursuing a university degree at one of Temple University's campuses (helped by financial aid funding contributed to the effort).

Nearly 20 student organizations – including Japanese and other Asian student associations, fraternities and sororities – collected nearly \$10,000 for disaster relief.

Fund raising is ongoing. An appeal will be sent to all Temple alumni from Temple University Alumni Association President Bret Perkins. Also being discussed are larger gifts from private donors, particularly for scholarship awards. Goldman Sachs Mochida Scholar Fund has been created from a \$660,000 donation from Masanori Mochida, President of Goldman Sachs Japan. This will allow underprivileged Japanese students the opportunity they might otherwise not have to earn a university degree at TUJ. This gift will support 80 percent of tuition; TUJ will match the gift with the remaining 20 percent of tuition. The first five or six Goldman Sachs Mochida Scholars will enroll next year. The gift was inspired by Goldman Sachs' and Mr. Mochida's belief that TUJ is the best institution in Japan in preparing Japanese students for leadership roles in the Japanese and global economies.

Efforts to reassure Japanese partners were reassured of Temple's continued commitment to TUJ. TUJ Rededication Day was held on May 4. Ambassador Shigeyuki Hiroki, Consul General of Japan, joined in the ceremony.

#### COMMONWEALTH APPROPRIATION

The Governor's proposed 50 percent cut to Temple's appropriation would have been the largest cut to public higher education in the history of the nation. Such a steep reduction in one year would have been devastating to programs and students. A tuition increase needed to fill the funding gap would have been 44 percent, or about \$5,000 per full-time undergraduate. Resolved from the outset to mobilize and advocate for more reasonable adjustment and not to pass total burden on to students in the form of tuition.

A plan of advocacy was established to reduce extent of the cut. A TALON petition and letter writing campaign was undertaken. Students held a rally in Harrisburg, and met various with legislators. Meetings and negotiations were held with legislative leadership and administration officials. All levels of Temple leadership were represented in this effort, including: Government Relations staff, the President, and the Trustees. President Hart gave special thanks to Chairman O'Connor and co-chairs of Trustee Committee on Government Relations and External Affairs Ron Donatucci and Pat Larkin for their efforts.

#### Budget reduction initiative in progress

A comprehensive administrative structure review and reorganization has been undertaken. The Faculty Senate Steering Committee and the Faculty Senate Budget Review Committee has been consulted on this process this summer.

#### FY2012 budget

Revenue assumptions were reviewed, including non-recurrence of \$7.8 million in federal state stabilization funding. A 25 percent cut would result in a (\$42.2 million) reduction in Commonwealth appropriations.

If Senate Bill No. 1124, proposed by Senator Corman, passes, the reduction would drop to 15 percent. If this happens, \$17.2 million will be restored to Temple's non-preferred appropriation and be allocated as I will explain later.

Under a 25 percent reduction, expense reductions of \$36 million would be realized through salary freezes, reductions in force, and implementation of restructuring effort. Strategic investments of university reserves in critical areas and projects including: \$10 million to strengthen the revenue producing capacity of Temple University Physicians, internal loan of up to \$70 million to ensure completion of residential, dining and retail complex to fulfill commitment to providing on-campus housing, and increased support for critical operations such as Campus Safety; student academic advising support to continue to improve graduation rates; and Institutional Advancement's revenue producing operations.

Management of tuition increases and financial aid resources. Undergraduate tuition will need to increase \$1,528 (12.9 percent) for in-state students and \$1,278 (5.9 percent) for out-of-state students, narrowing the tuition differential from 83 percent to 72 percent. Professional tuition increases will be based on each individual school and college's market position and price elasticity. Upper division tuition differential will be phased in over five years, beginning with \$200 in FY2012. The differential tuition for the Fox School of Business and the School of Tourism and Hospitality Management will be increased. Approximately 12.50 percent of gross tuition receipts will be transferred to increased financial aid grant support. This increases our investment in financial aid by \$7.5 million to \$83 million.

Under a 15 percent reduction, Temple will reduce the proposed tuition increases for undergraduate so that the blended in- and out-of-state increase is about 8.0%. Temple will reduce the proposed tuition increases for the professional schools to a level that is lower than proposed under a 25 percent cut scenario, but still on the higher end of the range of tuition among their peers. This would include the School of Pharmacy, the School of Dentistry and the School of Podiatric Medicine. Senate Bill 1124 proposes a 15% reduction in Temple's education and general funding and a 50% reduction in its medical education line. If this Bill passes, \$2.3 million will need to be transferred internally from the \$17.2 million in additional funding to effectively reduce the medical education reduction to 15%. Temple will allocate an additional \$2.1 million to strengthen need based financial aid. To offset the reduction allocated to the Provost portfolio, \$2.1 million would be used to reduce the proposed cuts having the greatest impact on academics and student support. The allocation of these funds would be at the Provost's discretion in consultation with the deans.

President Hart thanked Chairman O'Connor and Trustee Gould, chairman of the Budget and Finance Committee for their leadership in producing the FY2012 budget.

Long-range budget planning includes an expectation that Commonwealth support will continue to follow past trend and wane still more in future years. In planning for this trend, a long-range financial budget planning process will be introduced with the Trustee Budget and Finance Committee and all units within

the University at a Board retreat in the fall. Also, TUHS proposed business plan integrated with the TU financial planning will be discussed.

Against the backdrop of each of these significant challenges and achievements, Temple's students and faculty have had a tremendous year. In May, the largest graduating class in the history of Temple graduated on May 12, 2011. Students and faculty received awards including Fulbright Scholarships and a Guggenheim Fellowship, among many others.

Thank you for your constant support of the University.

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### RECOMMENDATIONS FOR ACTION - STANDING COMMITTEES

Executive Committee and Budget & Finance Committee –  
Lewis F. Gould, Jr., Vice Chair of Executive Committee and Chair of Budget & Finance Committee

#### **RECOMMENDATIONS FOR ACTION:**

1. **University Operating Budget for 2011-2012**

Upon motion duly made and seconded, the Board of Trustees adopted the University Operating Budget for 2011-2012, as set forth in Agenda References 1, 1a, and 1c.

2. **Tuition Schedule for 2011-2012**

Upon motion duly made and seconded, the Board of Trustees approved the Proposed Tuition Rates for 2011-2012, as set forth in Agenda Reference 1b.

3. **University Services Fee for 2011-2012**

Upon motion duly made and seconded, the Board of Trustees approved the University Services Fee for 2011-2012, as set forth on page 10 of Agenda Reference 1b.

4. **Spending Rule for Endowment Assets**

Upon motion duly made and seconded, the Board of Trustees approved the Resolution to Select a Spending Rule for Endowment Assets, as set forth in Agenda Reference 1d.

5. **Temple University Clinical Enterprise Budget for Fiscal Year 2011-2012**

Upon motion duly made and seconded, the Board of Trustees adopted the Temple University Clinical Enterprise Budget for Fiscal Year 2011-2012, as set forth in Agenda Reference 5.

Board of Directors, Temple University Health System, Inc. – Jane Scaccetti, Chair

**RECOMMENDATION FOR ACTION:**

**6. Temple University Health System, Inc., Budget for Fiscal Year 2011-2012**

Upon motion duly made and seconded, the Board of Trustees approved the recommendation of the Board of Directors of Temple University Health System, Inc. (5/26/11), and adopted the Temple University Health System, Inc., Operating Budget for Fiscal Year 2011-2012, as set forth in Agenda Reference 6.

Academic Affairs Committee – Theodore A. McKee, Chair

**RECOMMENDATIONS FOR ACTION:**

**7. Consideration of Tenure**

Upon motion duly made and seconded, the Board of Trustees approved the recommendations of the Academic Affairs Committee (6/13/11) and the President regarding the granting of faculty tenure. (The tenure dossiers of the individuals are on file in the Office of the Provost.)

**8. Establish, Rename, Restructure, and Terminate Curricula in Various Schools and Colleges**

Upon motion duly made and seconded, the Board of Trustees approved the recommendation of the Academic Affairs Committee (6/13/11) that the officers be authorized to establish, rename, restructure, and terminate curricula as listed and set forth in Agenda Reference 8:

- a. Establish Curricula in Various Schools and Colleges
  - Master of Science (M.S.) in Information Technology Auditing and Cyber-security in the Fox School of Business and Management
  - Bachelor of Science in Engineering (B.S.E.) in Engineering in the College of Engineering
  - Optional Concentration in Bioelectrical Engineering for the Bachelor of Science in Electrical Engineering in the College of Engineering
  - Minor in Adult and Organizational Development in the College of Education
- b. Rename Degrees in Various Schools and Colleges
  - Terminate the Bachelor of Arts in Applied Communications and Establish the Bachelor of Arts in Adult and Organizational Development in the College of Education
  - Terminate the Bachelor of Arts in Strategic and Organizational Communication and Establish a Bachelor of Arts in Strategic Communication in the School of Communications and Theater
- c. Restructure the Master of Arts in Criminal Justice in the College of Liberal Arts
- d. Restructure Curricula in the School of Tourism and Hospitality Management
  - Restructure the Bachelor of Science in Sport and Recreation Management
  - Terminate the optional concentrations in Leisure Management and Sport Management for the Bachelor of Science in Sport and Recreation Management
  - Establish optional concentrations in Governance and Policy, Sport and Recreation Promotion, and Event Leadership for the Bachelor of Science in Sport and Recreation Management
  - Restructure the Bachelor of Science in Tourism and Hospitality Management



- Terminate the optional concentrations in Hospitality Management and Destination & Event Management for the Bachelor of Science in Tourism and Hospitality Management
- Establish optional concentrations in Hospitality Operations, Destination Management, and Event Leadership for the Bachelor of Science in Tourism and Hospitality Management
- e. Terminate the Master of Arts in Applied Communications in the College of Education

#### **STANDING COMMITTEE - REPORT FOR INFORMATION**

Alumni Relations and Development Committee- Susanna E. Lachs, Vice Chair

#### **9. Report**

The report of the Alumni Relations and Development Committee was accepted as presented in Agenda Reference 9.

#### **OFFICERS' REPORTS**

#### **10. Treasurer's Report – Anthony E. Wagner**

The Treasurer's Report for the Three Months Ended March 31, 2011, was accepted as set forth in Agenda Reference 10.

#### **11. Secretary's Report – George E. Moore**

Upon motion duly made and seconded, the Board of Trustees approved the presentation of degrees-in-course dated October 29, 2011, to candidates approved by the appropriate academic committees of the faculty in the Tsinghua LLM Program in Beijing, China.

**OLD BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**