

MINUTES

The Board of Trustees

Temple University - Of The Commonwealth System of Higher Education
Tuesday, December 11, 1990
3:00 P.M., Feinstone Lounge, Sullivan Hall
Park and Berks Malls

Attendance:

Voting Members - Richard J. Fox, Chairman; Harry P. Begier, Jr.,
Francis J. Catania, Patricia J. Clifford, Paul A. Dandridge,
Louis J. Esposito, D. Donald Jamieson, Mitchell G. Leibovitz,
Peter J. Liacouras, William W. Rieger, Milton L. Rock,
Edward H. Rosen, Anthony J. Scirica, Isadore A. Shrager,
Clare L. Wofford, James A. Williams

being a quorum of the Board of Trustees;

Non-Voting Members - William Duncan (Alumni);
Kenneth Cundy (Faculty); Randy Gaboriault (Student)

Invited Guests - Faculty - Arthur Frank, Peter A. Tasch
Students - Michael McDonough, Darren S. Raiquel

Administration and Staff - Jack E. Freeman, Barbara L. Brownstein,
Steven R. Derby, Leon S. Malmud, Robert J. Reinstein,
Laurent J. Remillard, Arthur C. Papacostas, Valaida S. Walker,
Paul H. Boehringer, David V. Randall, James Bausman,
Kathy Gosliner, Jesse Milan, C. Robert Harrington,
Timothy O'Rourke, Stephen Zelnick, Robert Lux,
Richard A. Chant, Beverly L. Breese, William C. Seyler

General Counsel - Peter Mattoon, Matthew Strickler

University Counsel - George E. Moore

Voting Members Absent - Nicholas A. Cipriani, John J. Contoudis,
Bill Cosby, Peter D. DePaul, Robert C. Donatucci,
Chaka Fattah, Howard Gittis, William H. Gray III,
Clifford Scott Green, Lacy H. Hunt, Irving K. Kessler,
Henry H. Nichols, Brian J. O'Neill, R. Anderson Pew,
Francis R. Strawbridge

From 3:00 P.M. to 3:25 P.M., the Board of Trustees met in Executive Session to discuss personnel matters. The Minutes covering this Executive Session are found at the end of these Minutes.

Mrs. Clifford opened the public session of the Board meeting by reading a poem entitled, "Dreams for Sale."

Chairman Fox welcomed and introduced the invited guests from the faculty and from the student body.

ACTIONS OF THE BOARD OF TRUSTEES

1. Approval of Minutes - Regular Meeting of October 9, 1990

On motion duly made and seconded, the Board of Trustees voted to approve the Minutes of the Regular Meeting of October 9, 1990, as previously mailed to members.

NEW BUSINESS

2. Report from the President of the Faculty Senate

Mr. Fox said that the President of the Faculty Senate, Dr. Kenneth Cundy, has requested permission to give a report to the Board and that permission has been granted.

Dr. Cundy said that he has been waiting for faculty to sit with the Board of Trustees and he is very happy that this has now happened. This is a very significant and a very positive development.

Dr. Cundy said he represents a body which collectively is called the Faculty Senate. He is elected by them and he comes here to represent to the Board their feelings and to give to the Board the feelings that all of us have about doing what is good for the University. He wishes that he could be presenting a report in a somewhat different way than he is going to do.

At this point, Dr. Cundy had distributed a copy of a Memorandum of November 30, 1990 from him (and the Ballot Tally Committee) to Collegial Assembly Chairperson and Representative Faculty Senators regarding the results of two ballots that were mailed to all full time faculty on presidential appointment (1397) by the Faculty Senate Steering Committee on November 2, 1990. (A copy of this Memorandum is attached to these Minutes as SUPPLEMENT I.) Dr. Cundy noted that the first ballot dealt with the Faculty Senate's demand that the President of Temple University resign--and the results were 711 affirmative and 143 negative. The second ballot "calls upon the Governor of the State of Pennsylvania to investigate the conduct, structure, and the fiduciary activities of the current Temple University Board of Trustees in light of the mandate of their charter"--and the results were 736 affirmative and 123 negative.

Dr. Cundy said that the newspapers have carried the overall results of these two ballots, but the Faculty Senate wanted to give the Board not only the overall results but also the results by School and College (which are part of SUPPLEMENT I).

Dr. Cundy said that at Temple University the perception that the faculty has been dealt with fairly and squarely is not here, not now. As we attempt to analyze the results of these two ballots, we necessarily must focus upon the issues behind these feelings. Since these results include voting of non-TAUP faculty, they cannot be ignored. Sixty-one percent of the eligible faculty voted and the

results were about five to one in the case of the first ballot and about six to one in the case of the second ballot. Dr. Cundy said that in retrospect, there might have been criteria provided in order to judge the performance of the President. He noted that such criteria were provided at the time of the Oxendine Commission report in May of 1987.

Dr. Cundy said it is his personal opinion that corrective measures (based on the 1987 report) might have precluded the current situation. Furthermore, it should be realized that this clearly involved far more than what is involved in the TAUP collective bargaining situation.

There have been some opportunities for consultation to exist and for the faculty to show their feelings in a given matter--but there have not been adequate opportunities. It has been said before--there have not been those avenues open to resolve problems and to ameliorate those areas of concern. Dr. Cundy hopes that the Board, the faculty, the students and the alumni can come together to educate the Board and ourselves about how we may better work together.

3. Response by the Board Chairman to the Report from the President of the Faculty Senate

Mr. Fox said he thinks it is important that as Chairman of the Board, he addresses the issue Dr. Cundy has raised, and also a number of other issues that have become a serious part of the agenda of Temple University.

Mr. Fox thinks it is fair to say that the faculty at Temple University is a major part of the governance of the University. The faculty is involved in recruiting, hiring, promoting, research, tenuring, and study leaves. Two members of the faculty sit as part of the budgeting process at the University. There are members of the faculty, appointed by the Faculty Senate, on all of the Board Committees, with the exception of those committees that deal with personnel matters. The faculty participate in every facet of the operations of the University.

Unfortunately, it is very evident that the structures that have been created for faculty participation are not working at Temple University. He agrees with Dr. Cundy that we have internal structures for cooperation but they are not working. As a result, the process of collegial discussion is not taking place, and there are lots of theories as to why this is true. Some would say that the process of union collective bargaining imposes stresses and frustrations far beyond those that are experienced in a normal industrial collective bargaining situation. This kind of environment tends to develop differences between faculty and other faculty, between faculty and administration, and between faculty and the Board of Trustees. Lashing out in frustration at the President and at the Board by motions of the faculty will not replace the student body or heal the pains caused the students.

Mr. Fox thinks it is clear that the Board of Trustees is the governing body of the University and has the responsibility of setting the long term goals of the University. The Board selects the President, monitors his conduct, and determines his term of office. This past April, the Board conducted a review, including looking at the Report of the Middle States Association, and concluded that President Liacouras was carrying out the mandate of the job. And the Board, in its wisdom, acted to continue the tenure of Peter Liacouras as President. The Board indicated that this review process would be done annually.

Mr. Fox said the Board of Trustees really looks to what can we do to start to revitalize our structures that will allow all segments of the University community to participate. We have to start rapidly developing institutional structures that create the ability for non-confrontational involvement for all parts of the University family. We believed that we had such a structure but it is not working the way the President and the faculty believe it should be.

The Board of Trustees has determined that the number one priority in this coming year is to establish and revitalize our structures. The Board has accepted the challenge of improving our structures and challenges the faculty and the students to join with us in developing the new non-confrontational institutional environment that is so critical for Temple University. It is our belief that only by having the right structures can we separate those issues which belong in collective bargaining from those that are non-confrontational. Educational and academic issues are not part of collective bargaining, and should be put into a process that permits all elements of the University family to participate without confrontation. Until we separate those two areas, we will continue to be involved in the same situation as we are now. The collective bargaining process has taken to itself all of the issues that affect the faculty.

Therefore, Mr. Fox asked the faculty and the Faculty Senate, and any other members of the Senate, and the students to address these issues as soon as possible to come up with those structures which are necessary to provide a non-confrontational way to find solutions to problems that bother large numbers of people at this University.

4. President's Report

To endure, at this time, you really have to love Temple and its mission, our faculty, and our students, and the hundred years of accomplishments of this institution.

If it were not for Temple, people sitting at the Board's table would not have achieved the American dream--people like Bill Duncan, President of the Alumni Association, would not have had the opportunity to become a great neuro-surgeon and to save the life of Senator Joe Biden. Temple has produced thousands of people like Board member Francis Catania, who came from immigrant stock to become the President Judge of Delaware County; Isadore Shrager, long-time members of our Board of Trustees, who serves selflessly on more not-for-profit foundations than anyone who has ever lived; and people like Mitch Leibovitz, Connie Clayton, Nelson Diaz. People like Bill Cosby. You really have to love the University, what it stands for, and what Temple has produced for this region and America to stay the course in rough times.

I would like to thank the Board of Trustees for its expression of support. This is not a lifetime job; if it is, I hope for a long life. It is a privilege to serve in hard times as well as in good times, and to carry forward the historic mission of Temple University with fidelity.

I respect the Faculty Senate. I always have and always will. I am a faculty member by profession, and I expect to be a faculty member long after I am no longer in an administrative role. If we can regain cordiality and collegiality, we will move forward very effectively. It is healthy from time to time to let it all hang out, and it's all been hanging out at Temple for awhile. Eventually, we will be stronger by working together for the benefit of our students and Temple's special mission.

On October 9th and again on November 27th, I reported to the Board and suggested processes for bringing faculty and administration closer together collegially through improved communication and non-confrontational structures. Today, I want to report on administrative major personnel developments. (I will reserve my comments on the Hospital budget until later in the meeting.)

We begin with a deep sense of loss. Our Provost, Barbara Lavin Brownstein is resigning, effective at the end of this semester. In her role as the academic leader of this institution during these past eight years, Dr. Brownstein has served with more distinction, I believe, than anyone in the history of Temple University.

It is true that as President I have spent selectively less direct time on academic issues than I did as Dean of the Law School. But at the Law School, I did not have Barbara Lavin Brownstein as Provost. It is difficult to improve on near perfection. Her breadth of understanding of the human condition of the various academic disciplines is unmatched in administrative annals of this University. She is imbued with the special mission of Temple, even though she made the same mistake, as did some others of us, of studying at the University of Pennsylvania! Once here, she adopted and pursued the Temple mission as a faculty member and as Provost.

A year and a half ago, Dr. Brownstein indicated her intention of stepping aside. I asked her to stay on because we were losing Executive Vice President Pat Swygert at about the same time. We asked Dr. Brownstein to delay her departure. She agreed. She has had reasons, physical and other, to want to leave the position. She had planned to announce on September 15 her intention to resign, but the strike and its aftermath delayed this announcement. At this point, it is not fair to her and to her family to ask her to continue.

Dr. Brownstein is a person whom I have relied on as much as anyone in my professional life. Her standards have been excellence, as witnessed by The Academic Plan, her research program, and the Core Curriculum. We could enumerate many tangible examples of her brilliance and her performance. The most important one is that she has been honest, a person of integrity and the highest standards, and an individual who wants to help others who deserve an opportunity to achieve but have been denied it.

I leave it to Dr. Brownstein to describe the next phase of her professional career, which will involve working with young people -- those who would be scientists, who are young and who may be shut out from those disciplines. Mr. Chairman, before continuing my report, I would like your permission to call on Dr. Brownstein to address the Board.

Dr. Brownstein said, as the President had noted it has been almost two years since she told him it was about time for her to leave her job to pursue other interests--especially to teach science and math. She put off that decision because of her commitment to Temple University and the unhappy circumstances of the past year.

The past eight years, which is a long time for the tenure of an academic officer, have really been exciting and very rewarding. She has been proud to have had a part in enhancing the academic programs of this extraordinary institution. She is pleased to have been a part of the activities which have made Temple University a model public, senior, comprehensive university. We have given a quality education to an ever increasing number of students. We have moved forward the fields of science, technology, and many other fields, and we have added new and important works of art.

Dr. Brownstein thinks one of the most important things that has been accomplished in the past eight years is that we have brought in many students from under-represented groups and prepared many of them to be the leaders of the future. If she did nothing else in the past eight years, she would be very proud of being a part of bringing forth the next generation of thinkers, scholars, and others--and to be certain that among these groups are many who formerly had few chances to take part in the planning of the future for all of us.

Dr. Brownstein thanked the President, the Board, and the faculty for providing her the opportunity to learn about this institution of higher education and the freedom to influence the future of Temple University.

Dr. Brownstein said that when Peter Liacouras called her, indicating he was the new President of Temple University and inviting her to become part of the new Administration--becoming an administrator was not her greatest dream. This was not what she had in mind in high school, or when she worked in the lab.

She has been most excited by Temple University students because they are so diverse, so deserving of the opportunity for higher education at the undergraduate level, so worthy to get a graduate education, and so often the first in their families to have a college education, thereby giving them access to "upward mobility." She plans to work in the future with Temple University students, and in a more direct way as a teacher.

Dr. Brownstein said that she is committed to science. We are in a terrible crisis because young Americans are turning away from an interest in science and technology. We are reaching a point of national crisis. There will not be a cadre of young Americans who will take over the world of science and technology--or policy makers who have had the exposure to science, so that they will make the best informed decisions.

She wants to take her background and use it to work directly with students, from grade school to the University and professional training. She hopes we will see a Center developed to have teachers do hands-on kinds of things. She sees that as her next step.

Dr. Brownstein said this is a difficult time to be making a change. Her overall feeling is that the past 10 years have been exciting--and successful, judged by the number of requests we have been getting from other universities, asking us to talk with them about the new role of the urban public institution of higher education. Temple is looked upon as being a leader in this field, and our programs are looked upon as ones to be emulated. She noted the historic role of land grant institutions, but she believes that the next step will be the urban, public comprehensive university--and Temple University is recognized as the leader in this development.

Dr. Brownstein's remarks were greeted with standing applause, and Mr. Shrager said that as Chairman of the Educational Policies Committee, he has had the good fortune to work with Dr. Brownstein. He admires her intellectualism, her scholarship, her integrity, and her fairness.

At the suggestion of the Chairman of Board, on motion duly made and seconded, the Board of Trustees voted unanimously to express its great appreciation to Dr. Barbara L. Brownstein for the outstanding manner in which she has performed the duties of the Office of Provost for the past eight years, and to wish her continuing success as she seeks to motivate younger students to master science, mathematics and technology.

* * *

The proper context for the administrative announcements, today, is the April 26 meeting I had with the Executive Committee that Chairman Fox has referred to, and the plan we then presented to restructure the University administratively. Several deanships were coming to an end because of retirements and new assignments. The Executive Vice President, Mr. Swygert, was in the process of accepting a position as President of SUNY at Albany. Our Provost had planned to retire from her day-to-day administrative position, and the Middle States Reaccreditation Visit Report had made recommendations on apportioning other administrative responsibilities at the University. We set out to implement the plan.

Therefore, last summer we appointed Valaida S. Walker as Acting Vice President for Students. On the same day, we appointed Arthur C. Papacostas as Acting Vice President for Information and Computing. On November 1, we brought in Jack E. Freeman from the University of Pittsburgh as Executive Vice President. Today is the next step in this administrative reinvigoration.

When I complete this presentation, the Committee on Trustees will recommend that the present Vice Provost, Julia A. Ericksen, be named Acting Provost of the University. Over the past several years Dr. Ericksen has served with distinction, honesty and courage -- as the Vice Provost for Undergraduate Education. She also spearheaded our successful efforts in Tokyo at the Temple University Japan Campus.

This appointment, as all those I will shortly mention, is effective with the beginning of the Spring Semester in mid-January.

With your permission, we will establish a Search Committee for a new Provost immediately. The Search Committee will include faculty members, who will be in the largest number, as well as trustees, a student, an alumnus or alumna, a dean, and an officer of the University. The Committee will be chaired by the President, and it will seek out through a national search the kind of person Barbara L. Brownstein represents as an academic leader.

Also, we establish today two additional searches, one for Vice President for Information and Computing, and for the Vice President for Students. In the search for the Vice President for Students, students will have the largest number of representatives on the committee. In the search for the Vice President for Information and Computer Sciences, the faculty and deans will probably have about the same number because that area affects everyone at the University. These will be joint faculty/student/administrative committees.

As Acting Provost, Dr. Ericksen will need the support of all of us at the University. She will be assisted by an Acting Vice Provost, Dean Ione Vargus, who has served with distinction these past thirteen years as the Dean of the School of Social Administration. Dean Vargus had indicated a year ago that she wanted to leave her administrative duties. Once again, because of the strike that announcement was delayed. We have now asked the dean, as one of the senior deans at Temple, to move to the Provost's Office with Dr. Ericksen. Dean Vargus will be joined by another individual, to be named by the Acting Provost, who is to be a scientist either from the faculty of the Main Campus science programs or from the Health Sciences campus.

Julia Ericksen will be assisted by an excellent group of administrators established by Provost Brownstein. Most of them are faculty members serving as administrators: Jack Nelson, who is charged with supervising the graduate programs; Bill Tash who is responsible for science, research development; Richard Joslyn, in survey research and other areas; Bill Nathan, who directs the Core Curriculum; and Joe Nahas who oversees budgets. The excellence and dedication of this group is a testament to the leadership of our provost.

Professor Curtis Leonard will become the Acting Dean of the School of Social Administration. Professor Leonard is an independent-minded individual, with very high standards. He has demonstrated over the years the same passionate commitment to Temple's values as Dean Vargus, Dr. Ericksen, Dr. Brownstein, and the other persons who are being appointed today have exhibited. These administrators are part of a tradition of being proud to be at Temple, pride in Temple's history and of Temple's extraordinary service to the community. They have accepted the Temple challenge, and will help us come closer together and flourish in the future.

Richard Englert, who has served these past five years as Dean of the College of Education, is an able administrator who has served in different capacities at the University. Dr. Freeman, our new Executive Vice President, will benefit from the support of a person with Dick's experience and gentleness and efficiency to help manage the administrative operations of the University. We have asked Dean Englert to move over and work directly with Executive Vice President Jack Freeman in a major line position.

Dick Englert is an honest person, a person of integrity, and an individual who can get things done within bureaucracies. Dick, we thank you very much for taking on this responsibility. We thank you for your service as Dean, for your innovations in the Exemplary School Project, and for your recruitment of Dr. Margaret Wang and her magnificent efforts to train young persons in early childhood education. We look forward to your renewed service to the entire University.

Trevor Sewell has been the Associate Dean of the College of Education. Dr. Sewell will now become the Acting Dean. Trevor Sewell is another visionary. He is humble in his personal demeanor, but unyielding in his commitment to improve the education of young persons in the inner cities. He is a person of the highest integrity and professional standards, and we believe he will uphold the standards of Dean Englert very well. Trevor, we thank you very much for your willingness to take on this responsibility. We wish you the very best.

This morning I had the pleasure of introducing the new Dean of the Tyler School of Art to students, faculty, and staff following a one-year national search. She has been the Acting Dean for the last year, and she has proven to be an outstanding administrator. She is a recognized artist, for some reason she has taken a liking to administrative work. She will be a major force in the Philadelphia area as well as nationally in art education. It is a pleasure to introduce to you the new Dean of the Tyler School of Art, Rochelle Toner.

This morning I also had the pleasure of introducing a new Dean of Medicine, following another national search. This particular search was chaired by Dr. Bill Buchheit, and as usual it produced outstanding candidates. We are fortunate that, in the Conwell tradition, we found another dean in our own midst. He is a distinguished physician who has served outstandingly well in each of his administrative capacities within his Department of Medicine, the Medical School, and at the Health Sciences Center as a whole. It is a pleasure to introduce you to Allen Myers, the new Dean of the School of Medicine.

Two other appointments were made during the summer and early fall. Dr. Peter H. Doukas, was named Acting Dean of the School of Pharmacy, and Dr. Amy B. Hecht became the Acting Dean of the College of Allied Health Professions. Both of their predecessors moved on to Provost or Academic Vice Presidency positions in New England colleges. We are fortunate to have both Professors Doukas and Hecht as Acting Deans.

The situation at the Hospital and Medical School has captured the attention and sometimes the imagination and frustration of the Board. The frustration and problems have been caused by the enormous financial burdens placed on the University through government's under-reimbursement -- the failure of all governmental levels to pay Temple for its costs in delivering health care to the poor and the near poor. Later in this meeting, a Final Budget for the Hospital will be presented for your consideration with a major shortfall in revenue compared to expenditures (\$8.9 million).

We have been fortunate to have Dr. Leon Malmud as our Vice President for the Health Sciences Center, to whom the four Schools at the Health Sciences Center, as well as the Physicians' Practice Plans, and the Hospital have reported. With Allen Myers now in place as the Dean of Medicine, I will ask the appropriate Board Committees in January to affix "Chief Executive Officer of the Hospital" to Dr. Malmud's title.

Paul Boehringer has been acting head of the Hospital for the last two years. He has served very, very well. We will recommend that he be named Executive Director of the Hospital and Associate Vice President of the University. That will unite administratively a team that works very well together. We think this stability bodes well not only for the support of those who deliver patient care in the Hospital, but will also maintain full accountability for the efforts to reduce the gap between revenues and expenditures.

One other announcement: since June, Charles W. Bowser, Esquire, has been Special Counsel to the President. Mr. Bowser has been focusing on the local government areas and will continue in that role.

I would like to thank Special Counsel Charles Bowser, Dave Randall and other members of the public affairs staff, and Trustee Rieger for their successful efforts, along with Representative Curtis Thomas, Senator Roxanne Jones, Senator Frank Salvatore, Mr. William Meehan, and the others who made it possible last Friday for the Commonwealth of Pennsylvania to announce the law which gives the Commonwealth the authority now to enter into a fifty-year lease on the Armory site. These efforts may enable Temple to construct residences for 450 students within the next two and one-half to three years.

Within the next six weeks, we will create a "Public Affairs" (or "External Affairs") Vice Presidency to bring together all of the public sector funding sources under one head. This is an area in which we must do even better, not only for the University as a whole but for the Hospital.

This is our administrative team sans the public affairs portfolio.

We will immediately begin the searches for Provost, for Vice President for Students, and for the Vice President for Information and Computer Sciences.

Again, congratulations to all of you who are taking on these administrative roles. And again, thanks to Barbara Lavin Brownstein for her leadership and support.

And now for the Hospital Budget. As of now, the most realistic projections for the year indicate we will have a deficit of \$8.9 million. At an appropriate time, Dr. Malmud and Dr. Rock, the Chairman of the Board of Governors, will make a presentation, but I want to set the context.

We are negotiating with the Commonwealth of Pennsylvania on rates for medical assistance patients. As you may recall, we had a decision on a lawsuit brought by the University against the Commonwealth. The decision, by U. S. Judge John Fullam about a year ago, led eventually to an agreement with the State for last year. That agreement provided an additional \$9 million for indigent care, Medicaid in particular.

The revised rates now being put forward by the Commonwealth would reduce the annualized rate from last year by \$1.4 million. We are engaged in very cordial but strong negotiations with the State to revise

those rates to conform with what we believe to be the requirements of Judge Fullam's order. We are pursuing our remedies as well with Judge Fullam. If we are successful in prevailing upon the Judge to increase upward his previously ordered rates, we would then be in a position to reduce this gap of \$8.9 million to a more manageable sum.

It will also be necessary for us to gain the approval of our counsel and of our external auditors, Peat, Marwick and Mitchell, so that we may recognize such increased payments as revenue for this year without having a qualified auditor's opinion. This approach--a series of "ifs" to balance the budget--is necessitated by the indications that, starting July 1, the State will be seeking to reimburse us at rates lower than we received last year. We are not receiving full reimbursement for our costs. We therefore have a difficult situation to deal with today.

Up to this point, the financial deficits at the Hospital have not really affected the rest of the University directly. One could, of course, argue that the \$9 million we received from the State last year for medical assistance payments could have come to the University as direct aid for our educational mission, were it not for our Hospital needs. Sometimes that's the way it works in government. But we certainly tried to separate the two issues. And because of good management at the Hospital, we were able to come in with a very slight shortfall in 1989-90 relative to the total budget, thus not directly affecting other University operations.

This year, however, we are faced with a potential hurt or sharing by the rest of the University that many of us are unwilling to accept. Why should our students pay more tuition because some part of government is not paying for the costs of Hospital services provided by Temple University? It is one thing to provide the service, which we do gracefully and effectively, as a matter of duty. It is something else to pay for the costs. These costs must be borne by the public or by third party providers.

If we are to continue serving the poor--and we must--someone has to pay. This Board today is looking at an \$8.9 million shortfall for the year with no deep pockets at the University to help balance the budget. If we succeed at the state level or with Judge Fullam, and if we are able to succeed at the federal level, where we have been reasonably successful of late, we could come in at a manageable amount of a \$1 to \$2 million shortfall. But we are not there yet.

(The Board of Trustees later tabled approving the final Hospital budget for 1990-91.)

Executive Committee Report and Recommendations for Action

Judge Anthony J. Scirica, Chairman of the Executive Committee, called attention to the Report of that Committee (Agenda Reference 1), and recommended approval of the matters covered in Items 5, 6, and 7 of these Minutes.

5. Borrowing Authority - 1/1/91 - 3/31/91

On motion duly made and seconded, the Board of Trustees voted to authorize the officers to borrow for operating purposes of the University \$30 million on terms which the officers believe best for the University, such authorization to cover the period from January 1, 1991 through March 31, 1991. (Resolution is attached as SUPPLEMENT II.)

6. Final Hospital Budget for 1990-91

The President said that the Final Hospital budget before the Board of Trustees has a shortfall of \$8.9 million. He wants to read a covering memorandum which Dr. Malmud sent to him regarding this Final Hospital Budget--and the Memorandum is as follows:

"The attached Hospital Budget for Fiscal Year 90-91 represents the current most realistic projection with a resultant deficit of \$8.9 million.

"If our negotiations with the Commonwealth of Pennsylvania are successful, based upon the Fullam decision and other initiatives, then this budget gap may be closed with a resultant deficit as small as \$1 million or less.

"This assumes that we would be successful in prevailing upon Judge Fullam to increase his previously ordered rates for both the disproportionate share and current inflation. It also will be necessary for us to gain an approval of Counsel and Peat-Marwick, so that we could recognize these increased payments as revenue, without having a qualified opinion. This approach is necessitated by the State's filed plan which indicates an effective date of 1 July 1990, and the provision in Fullam's order which suggests that if the State's filed plan were accepted by the court, the Hospital would have to return any payments received which were in excess of the State's suggested rates."

The President then asked Dr. Malmud to brief the Board further regarding the Final Hospital Budget for 1990-91--and Dr. Malmud said it has to recognize that the Hospital Board of Governors takes its mission very seriously. We have worked very hard to make sure that this Budget is a realistic one. Under the present circumstances, it is impossible for us to have a balanced budget. The Board has to recognize that with the kinds of things the Hospital does, it is going to be extremely difficult to do the job that the Board wants done. We are looking at a Strategic Plan to see how we can assure that the Hospital isn't a place that can cause problems for the University. We are looking at a way that the Hospital can contribute to the University--both educationally and financially. Dr. Malmud pointed out that we started out with a greater deficit but it has been cut down to \$8.9 million.

Dr. Malmud said Temple University Hospital has the mission of being a clinical, teaching facility for the School of Medicine. In addition, it was founded by Dr. Conwell as a place which, in cooperation with the Medical School, would take care of everyone in North Philadelphia, regardless of the ability to pay, as well as serve the mission of the Medical School. So, we provide \$8.3 million a year in free care from the Hospital alone. This is free care for which we receive not one cent from the federal, state, or local governments, or from anyone else.

In addition, the Hospital bears the burden of underreimbursed care for medical inpatient services. This year, that will be approximately \$7.0 million. Who are the patients who are receiving this care--and can we morally turn our backs on them? The answer is that they are the same ones that we have always served--North Philadelphia and Philadelphia generally. We cannot and will not turn our backs on our mission, regardless of the pressure.

Dr. Malmud posed a question as to whether Temple is an inefficient hospital, and he said we answered that question negatively--

and the answer was reaffirmed by state auditors who concluded that we are the lowest cost academic medical center in the City of Philadelphia. We are the most efficient processor of Medicaid applications. Our hospital delivers 2500 babies annually, the largest provider of Obstetric services in North Philadelphia. Of these babies, 25% are born with crack or cocaine in their bodies. One-fifth of the mothers receive no prenatal care, even though we offer it. With that problem in mind, we have worked with the William Penn Foundation, which granted us \$4 million to try to bring those mothers into the Hospital. Fully 60% of the babies delivered at Temple University Hospital are considered high risk premature babies, have cocaine, or have other problems. In the adult world, about one-fifth of our patients enter and leave our hospital without a penny being paid to the Hospital.

Dr. Malmud posed the question as to why other hospitals are not having the same problems--and the answer is that the payment rates are based on the premise that the free care and underpaid care will be spread across a large group. We have a disproportionate share of persons who cannot afford health care; so, we receive a disproportionate share of patients who cannot pay for their health care. We have never turned our backs on these people. It is a problem that government will eventually come to our aid to help resolve. Our problem is to survive until the government plays the role it should play.

Dr. Malmud then asked Mr. Lux to make a slide presentation, and the latter noted that one of our objectives is to increase patient volume. Referring to a chart on patient volume from 1987 to 1990, he noted that a "plateau" had developed, and we want to move this "plateau" upward. In 1987 we had approximately 1800 deliveries and that is now up to 2500.

In the area of Payor Mix, since 1989 the number of Medicare patients has steadily increased. For these patients, the Hospital is able to get its full costs and slightly more in some cases.

In the area of Medical Assistance, that population has declined slightly. In the category of Blue Cross, a favorable trend is projected for 1991. In this category, we are able to get a little more than our costs.

In the area of commercial insurance (such as Prudential or Metropolitan), the Hospital receives payment in response to what it charges. This has to help in terms of the other categories. Naturally, we are trying to increase this commercial category even further.

With respect to HMO patients, this category has substantially declined due to a cancelled contract which was financially unfavorable to the Hospital and Medical School.

In the "Other Volume" category, Medical Assistance has increased in our own HMO.

Dr. Malmud said that in a business, the customer pays for the goods and services; in a Hospital, an insurer payor takes care of the bill. At Temple University Hospital, last year, if 100% had been covered by Medicaid insurance and had we run at 100% occupancy, we would have lost some \$52 million. If 100% of our patients, with the same illnesses and the same Lengths of Stay, were covered by commercial insurance, the Hospital would have contributed more than \$200 million to the University. The problem is not in the services or the delivery of

services, the problem is in the reimbursement system that under-reimburses us.

Mr. Lux then noted the projected deficit of \$8.9 million, indicating that in 1990 we received a settlement from the State of \$9 million. In the current budget, because of the new Plan filed by the State, we can get only \$6 million--which is \$3 million less than anticipated originally. The rates that hospitals are paid are governed by Medicare and Medical Assistance, including an inflationary factor. Historically, those rates have been increased to cover inflation. The rates will come to about 4%, and the inflationary rates are at about 6%; the Hospital Association of PA. (HAP) is using 9%. Temple University Hospital has operated below the state and national averages. That comes to about \$3.9 million.

Mr. Lux referred to two non-recurring savings (medical malpractice and Workers Compensation), noting that we do not anticipate those savings in the current fiscal year, which comes to \$1.7 million.

Finally, Mr. Lux said we are anticipating a favorable trend in our Payor Mix, which will net \$2 million, so that we arrive at a projected deficit of \$8.9 million.

Mr. Leibovitz asked whether it is reasonable for us to expect a net increase in the Payor Mix, and Mr. Lux said he did not think it was reasonable to do so.

Judge Dandridge asked how much the Hospital had increased its charges, and Mr. Lux said there was an increase of 10%--and this is not out of line with the charges being made by other medical centers. He said that we look at those charges twice a year, and we did have a mid-year increase last year; we intend to do the same thing this year. Judge Dandridge said he is suggesting that we look at these charges even sooner.

Mr. Fox said it is very evident that Temple University cannot live with a Hospital Deficit of \$8.9 million; we don't have the resources to sustain such losses. There are a whole series of actions that are being taken, by the Board of Governors and by the Board of Trustees to move the University Hospital to a position where we can find a permanent solution. It is very critical that the University not have a deficit at the Hospital.

Judge Scirica said that the discussion has come to whether we want to adopt a Final Budget, with the proviso that we review this again and that the Board of Governors will be monitoring this on a weekly basis, and we will come back to this issue--or whether we can table this until January, at which time the Executive Committee and the Business and Finance Committee can address this matter.

Judge Dandridge indicated that about a year ago the Board said the University would not accept increased debt based on the Hospital's operations. If we adopt this Budget, it assumes that the University will pay off the \$8.9 million deficit. If we are going to adopt this Budget, then we would first have to change our earlier directive. As Judge Dandridge understands it, we had said "close the gates" to further University debt coming from a Hospital deficit; this Budget assumes there will be greater debt that the University will have to assume; therefore, he is suggesting that we have to first remove the earlier limitation before we can adopt this Budget.

Mr. Remillard said the Loan Balance (the debt owed by the Hospital to the University) is down to about \$10 million from some \$24 million. Judge Dandridge said the issue is whether we want to take it back up by at least \$8.9 million.

Dr. Rock said it doesn't make any difference whether we have any Budget. The University owns the Hospital, whatever the Hospital Deficit may be. We have to try every way possible to take care of this deficit. If the government will take over its rightful responsibilities, which Dr. Rock doubts will happen, that would solve the problem. Therefore, we have to have a break-even budget.

President Liacouras said he understands that Judge Dandridge is raising the issue of the \$2.5 million item (which has now risen to \$3 million) which used to be appropriated directly to the Hospital, but which is now appropriated to the University for allocation. This does not represent a new burden on the University. Technically, this money is now the University's rather than the Hospital's--but the University has continued to allocate it to the Hospital.

The President said the item raised by Mr. Remillard has to do with cash flow. What if the Hospital ceased to exist? The University's cash advance to the Hospital would be lost--and there would be good news in the sense that we have reduced it from \$24 million to \$10 million.

The President said the real problem is whether we have a Final Budget. If we continue to lose \$900,000 a month, and if we do nothing about it, we will continue to lose at that rate. We do have a Tentative Hospital Budget that was approved in July.

The President said the problem is that if we approve a Final Hospital Budget with an \$8.9 million deficit, he cannot tell the Board where we will find the money to cover this deficit. As a practical matter, the Hospital is trying to reduce its expenses as much as possible and also trying to increase its revenues. The only other alternative is to down-size the Hospital's operations. That would create major discussion regarding the Trauma Center and other programs.

The President said we could postpone or table this Final Budget until we have more information, recognizing that the Tentative Budget will be in effect--and it is practically the same as that being proposed today.

After further discussion, on motion duly made and seconded, the Board of Trustees voted to table the recommendation that the Final Hospital Budget for 1990-91 be approved, with the understanding that the Executive Committee and the Business and Finance Committee will review this matter at their Joint meeting in January 1991.

After the above action was taken, Judge Dandridge said his earlier comments about not increasing the University's indebtedness because of any Hospital deficits were based, he thinks, on discussions at one of the Board Retreats which were held about a year ago at Sugarloaf or at Dixon House.

7. Approval of Schedule of Board Meetings and Board Committee Meetings for 1990-91

On motion duly made and seconded, the Board of Trustees, in keeping with the terms of the Sunshine Law (Act 84 of the 1986 General Assembly) voted to approve the Schedule of Meetings of the full Board

and of the Board Committees for 1990-91, as listed in the Public Notice attached as SUPPLEMENT III.

Educational Policies Committee Report and Recommendation for Action

Mr. Shrager, Chairman of the Educational Policies Committee, called attention to the Report of that Committee (Agenda Reference 5), and recommended approval of the matter covered by Item 8 of these Minutes.

8. Tenure for Faculty for 1990-91

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 (11/26/90) with respect to the granting of Faculty Tenure for 1990-91. (The list of the three faculty recommended for Tenure is on file in the Office of the Provost.)

Committee on Trustees Report and Recommendation for Action

Mr. Shrager, Chairman of the Committee on Trustees, called attention to the Report of that Committee (Agenda Reference 17) and recommended approval of the matter covered by Item 9 of these Minutes.

9. Approval of Acting Provost

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Committee on Trustees (12/10/90) that Dr. Julia A. Ericksen become Acting Provost of Temple University, effective January 19, 1991.

Board of Governors Report and Recommendation for Action

Dr. Rock, Chairman of the Hospital Board of Governors, called attention to the Report of that Board (Agenda Reference 10) and recommended approval of the matter covered by Item 10 of these Minutes.

10. Election of Member to Board of Governors, Temple University Hospital

On motion duly made and seconded, the Board of Trustees, in accordance with the Trustees By-Laws (Article IV, Section 13) and in accordance with the Governors By-Laws (Article II, Sections 1, 2A, and 2B) voted to elect Reverend Gus Roman to membership on the Board of Governors, Temple University Hospital, for the 1990-93 term, effective December 11, 1990, Reverend Roman having been duly nominated by the Board of Governors on 11/6/90. The Board instructed the Secretary to cast a unanimous ballot for the election of Reverend Gus Roman, and this was done.

Committee on Student Affairs Report and Recommendation for Action

In the absence of Judge Green, Chairman of the Committee on Student Affairs, Mr. Fox called attention to the Report of that Committee (Agenda Reference 15) and recommended approval of the matter covered by Item 11 of these Minutes.

11. 1990-91 Allocation to Temple PIRG

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Student Affairs Committee (12/4/90)

that the University's Agreement of Financial Support with Temple PIRG be renewed for the 1990-91 academic year in the amount of \$10,000 for the Fall 1990 semester and \$10,000 for the Spring 1991 semester, the latter payment being made subject to the conditions that Temple PIRG:

1. accept an advisor designated by the University who will provide continuity to the organization and serve as a resource person and budget consultant;
2. establish a system of internal financial controls to ensure the accountability and verification of expenditures;
3. establish a system of record-keeping to ensure that actions taken by the Board of Directors are duly considered and authorized; and
4. in addition to the foregoing conditions, Temple PIRG must undergo a review by the Temple University Department of Internal Audits for FY 89-90 and FY 90-91, so that Internal Audits can assist Temple PIRG with its record-keepings.

REPORTS OF OTHER COMMITTEES

The Chairman of the Board called attention to the reports of the other Committees (Agenda References 7, 8, 9, 12, 13, and 14), suggesting that if Trustees had any questions about these Reports, they should communicate with the appropriate Chairman.

12. Treasurer's Report

Without objection, the Board of Trustees received the list of grants and contracts awarded between July 1, 1990 and September 30, 1990, the major gifts and grants received between July 1, 1990 and September 30, 1990, said report having been distributed to the Board meeting of today (Agenda Reference 18).

13. Secretary's Report

On motion duly made and seconded, the Board of Trustees voted to approve the presentation of degrees-in-course dated January 25, 1991, to candidates approved by the appropriate academic committees of the faculty.

UNFINISHED BUSINESS

14. Comments by the Chairman of the Board, Clarifying Recent Media Articles

Mr. Fox said that in recent weeks, several articles have appeared in the press that contain serious misinterpretation of the facts in respect to certain aspects of Temple University's finances. He wants to set the record straight regarding those issues.

A. Share of University Budget allocated to Instruction

During the strike it was asserted by the faculty union that Temple spends only 23% of its budget for instruction. This is a misinterpretation of data taken from the University's financial statement and refers to those categories of expenditures that are

defined under standard accounting practices as direct costs of instruction. This includes only the cost of faculty salaries and certain other direct costs of instruction. It does not include other essential costs of education, such as academic support (e.g. libraries, computing, advising, departmental and school administration); or physical plant (e.g., offices, classrooms, labs, utilities).

B. Costs of Intercollegiate Athletics

It has been asserted by some that the University's subsidy for intercollegiate athletics has grown significantly in relation to the University's total budget in recent years. The fact is that, while the overall budget for intercollegiate athletics certainly has increased, along with everything else, private support and revenues from our revenue-generating sports (i.e., football and men's basketball), also have grown significantly. As a result the subsidy for intercollegiate athletics has declined over the past ten years from .71% of the total budget in 1981-82 to only .59% in 1990-91. When financial aid is included, the subsidy as a percentage of the total budget has grown only slightly, from 1.13% in 1981-82 to 1.22% in 1990-91. So, the University's commitment to sustain a competitive intercollegiate athletic program has not been a significant drain on the University's overall budget.

C. Article in the November 26, 1990 Issue of Forbes Magazine

The November 26, 1990 issue of Forbes Magazine carried a highly misleading report that suggested that Temple generated in 1989-90 a "profit of" \$45.7 million. This was a gross misrepresentation of data taken from the University's IRS form 990, which is filed annually by non-profit institutions. The \$45.7 million figure is not profit, but rather the increased value of all University fund balances.

This includes, for example, \$11.5 million which is the value added to our physical plant by the completion of the new Dental School building built by the State; \$2.5 million of capitalized equipment purchases; \$6.8 million of debt repayments on previously purchased capital equipment; and an \$18.9 million contribution to the sinking fund for retirement of physical plant debt. No one with any understanding of University fund accounting could legitimately consider those changes in fund balances as "profit." In point of fact, the only increases that could be considered "profit" was a modest increase in our quasi-endowment fund of \$3.369 million. That fund, as the Trustees know, is the University's only reserve for general operations and is equal to less than 6/10ths of 1 percent (.58%) of the University's annual budget. Virtually all of that increase is currently pledged to cover for operating budget for the current year. This suggests, perhaps, that the writers for Forbes Magazine need to enroll in our School of Business and Management for a crash course in fund accounting.

Mr. Fox said that he has written a letter to Forbes Magazine, asking them to clarify the facts because it is important that the record on this matter be accurate.

The meeting of the Board of Trustees was adjourned at 5:20 P.M.

(As indicated at the beginning of these Minutes, the Board of Trustees met in Executive Session from 3:00 P.M. to 3:25 P.M. to discuss personnel matters, and the Minutes of that Session are recorded separately.)