

Almanac

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SEARCH FOR AN OMBUDSMAN

The President, Provost and the Vice President for Management of the University are soliciting nominations for the position of the University Ombudsman for a term beginning July 1, 1973, when the current Ombudsman, Joel Conarroe, leaves office. (The Danish term "Ombudsman" is neutral by definition, and the position can be held by either a man or a woman.) The office was created in 1970 following a recommendation of the Task Force on University Governance.

The Ombudsman's primary function is to help safeguard individual rights by increasing the responsiveness of the institution to the needs of its members. He or she acts as a sounding board for grievances and as an impartial arbiter of serious conflicts between the individual and the institution. The Ombudsman is accessible to all members of the university community but is independent of any segment of that community. He or she supplements but does not replace any existing grievance mechanisms or modes of redress although the office may recommend changes in existing rules and practices. In specific instances, after examining complaints from members of the university community, the Ombudsman attempts to secure either a satisfactory explanation or expeditious redress. In addition, the Ombudsman promotes better channels of communication within the university by acting as a clearing house for requests for information which are then referred to the appropriate individual or agency.

Traditionally, the power of the Ombudsman does not lie in the areas of prosecution or coercion. Rather, the prestige of the office lies in its efforts to solve problems after reasonable investigation and in its accessibility to any individual with a complaint. In order to function effectively, the office must have access to all sources of information, must be furnished with means for publicity of its actions when necessary, and must expect that the community not only understands its independent function but also accepts its role. In turn, the community can expect that the Ombudsman will enjoy an advance reputation for efficiency, integrity, and impartiality with all segments of the University. Certain qualities of the Ombudsman are of utmost significance to the success of the office. He or she must:

- a. be familiar with the governance of the university.
- b. be skillful, tactful and discreet in all matters which come to the attention of the office.
- c. have the capacity to be impartial until a thorough investigation of the complaint has been made.
- d. possess independence.

During the past two years, the Ombudsman and his assistants have dealt with more than 400 complaints concerning housing, grading, tenure, discrimination, payroll, fees and benefits as well as other problems and issues. Anyone wishing further information about the activities of the office should stop by for a copy of the 1972 Annual Report, available at 3537 Locust Walk.

As in the past, the Ombudsman will be selected by the President from among the nominations received from the University community after consultations with faculty, staff and students. Nominations should be submitted in writing to the President by Tuesday, March 13, 1973.

Martin Meyerson

Elliot Stellar

Paul Gaddis

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SENATE

Four Commission Topics

At Wednesday's special meeting, the Senate considered four topics in the University Development Commission report, concentrating on "the indication of faculty attitudes toward broad questions of policy," as Chairman Jean Crockett proposed.

She also announced that a special subcommittee on the Senate Committee on the Faculty will look into Commission recommendations 23 and 25 in tenure rules. Faculty are urged to send their comments on these to chairman Maria Brooks, whose subcommittee will report at the regular Senate meeting April 25.

A tape of the February 21 proceedings contains the opinions and queries of some 25 faculty members who spoke; it is on file with Senate Secretary E. J. Lawson Soulsby. Among the highlights:

Selective Excellence (32, 33)

Dr. Charles Dwyer called for departmental input into evaluation and offered a seven-step process which would include granting a department three years to meet the standards set. Dr. Robert Dyson replied that the Commission deliberately did not define criteria but left it to the Academic Planning Committee to develop them: "Nobody has any intention of jamming . . . criteria down the throats of the faculty or the departments."

Dr. Irving Kravis criticized the Commission report's emphasis on innovation versus the need to strengthen the liberal arts core. The thrust, he said, should be to strengthen the core by figuring out how to do so in a way that would attract dollars.

Dr. J. Robert Schrieffer agreed that the University does not lack for innovation; the 60 graduate groups "spread thin" were cited along with the need to consolidate and put excellence first.

Undergraduate Education (31)

Dr. Michael Cohen questioned the exclusion of freshmen and sophomores enrolled in undergraduate professional programs from programs of smaller classes.

Dr. Kravis introduced Commission Report Section 9 on Endowed Chairs, questioning the strategy of making appointments based on teaching itself; he suggested using the chairs on a rotating basis to allow faculty appointed on academic grounds to devote themselves to undergraduate teaching for a period of time. Dr. Robert Zemsky noted in response that the chairs were more "programmatic" than teaching chairs, comparable to graduate chairs that enable a distinguished professor to build a program or environment. Innovation is centered with administrators at present, he pointed out, and the program chairs would give faculty control over innovation; it would also allow "short deaths instead of lingering deaths" to innovations when the time comes.

Jean Crockett summed up the controversy by asking precisely what the Commission and/or the Implementation Report meant: all chairs to outstanding scholars interested in undergraduate teaching, or some to outstanding scholars but others to adequate scholars having good rapport with students? Martin Meyerson's reply used the Sterling model at Yale; no holder is not an outstanding scholar, but every holder is a distinguished teacher.

Fiscal Targets (27)

Dr. Robert Summers disagreed with the cost-benefit analysis proposed, pointing out that a school could make ends meet by

(Continued on page 8)

LETTERS

A RESPONSE TO JOHN WIDEMAN

In a letter to the *Almanac* published on February 13, John Wideman criticizes in several respects the minority statement which I submitted with my signature to the Development Commission Report. I wish to respond to those criticisms.

First, Dr. Wideman questions the propriety of distributing my statement to the Senate membership. Since I served on the Commission *ex officio*, by reason of my position as Senate Chairman, I believe it was not only appropriate but in fact a part of my responsibility to my constituents to inform them in some detail of my reactions to its complex and highly significant Report.

Second, Dr. Wideman asks my source for the statement that "the pool of black Ph.D.'s recently graduated from quality institutions is not large." To some extent the statement reflects what I know of the experience of deans, department chairmen and faculty members at Penn who have devoted substantial effort to the search for potential black additions to our faculty. My primary source, however, is a Ford Foundation study entitled "A Survey of Black American Doctorates", which indicates that the 63 responding graduate schools of arts and sciences awarded about 300 Ph.D.'s to blacks over a recent five-year period, or an average of 60 per year. Even if we double or triple this to allow for incomplete response (though it is highly probable that the major graduate schools would respond to such a survey) and for growth since 1968 in the rate of graduation of black Ph.D.'s, we still fall short of 200 per year.

If the quality distribution of black Ph.D.'s is similar to that of other Ph.D.'s and if Penn and other universities with significant graduate programs (Category I in the AAUP classification) normally confine their hiring of faculty to the top 25% of the Ph.D. pool, we arrive at 50 potential black candidates each year for positions in such universities. Since there are at least 150 U. S. universities in Category I (based on the number reporting to the AAUP on faculty compensation in 1971-72), this amounts at a maximum to 1/3 of a black Ph.D. per university per year. Alternatively, if we spread the entire rather generous estimate of 200 black Ph.D.'s graduated per year over the 1500 institutions of all categories reporting faculty compensation to the AAUP, we have 1/3 of a black Ph.D. per institution per year.

If Penn is to recruit as many as three young black Ph.D.'s per year (which seems unlikely to require funding at the proposed annual rate of \$100,000), we must succeed in attracting something like ten times our proportionate share of the pool. The question which I asked and which Dr. Wideman has not answered is "What will make Penn that much more attractive to qualified blacks than our competitors are, assuming that we do not attempt to outbid them by offering salaries significantly above normal?" Admittedly, the figures I have given are less than perfect but they are drawn from the only comprehensive study by a competent source of which I am aware. If Dr. Wideman has better data available, he will do the University a great service by bringing them forth.

Finally, Dr. Wideman attributes to me an unspoken assumption: that the pool of potential black scholars consists entirely of mercenaries and misfits. This cannot in any way be logically inferred from anything I said and represents nothing more than an imaginative but quite unsuccessful attempt at mind reading.

I am glad to find in paragraph 5 of Dr. Wideman's letter a statement of his full agreement (1) that a committee of widely known and respected faculty members should advise the Provost in the administration of the proposed fund and (2) that the planned amount of \$100,000 per year need not be completely spent unless and until a sufficient number of candidates meeting the standards of attainment that we normally require of new faculty can be recruited. This means that there are no substantive disagreements between Dr. Wideman and myself as to policy.

—Jean Crockett, Professor of Finance and
Chairman of the Faculty Senate

SMOKING TREATMENT CENTER

Beginning on February 27th, Dr. Ovide Pomerleau of the Day Treatment Center of the Department of Psychiatry will be accepting applicants for a program to help cigarette smokers who want to quit but have been unable to do so on their own. The program will use behavior modification techniques which have been successful in other self-control areas and will consist of eight treatment sessions over a two-month period, and five follow-up sessions over a nine-month period. The fee will be \$100—\$50 of which can be earned back by attending follow-up sessions.

*Screening for Admission to the
Program Will Take Place on Tuesdays
by Appointment*

Those interested in treatment should phone 662-3503 to make an appointment for screening. Treatment will be in small group setting in Room 1142, Gates Building of the Hospital of the University of Pennsylvania.

SENATE

Report of the Ad Hoc Senate Committee on Academic Priorities

Addendum, February 16, 1973

We consider here several sections of the Development Commission Report not available for discussion in our previously distributed report of December 15.*

BLACK PRESENCE

The information provided in the University Development Commission Report as to current University expenditures furthering the presence and serving the needs of blacks within the University appears to be incomplete. For instance, no account has been taken of the very considerable grant aid to black socio-economically deprived, of fellowships given annually by the Graduate School of Arts and Sciences and by the Wharton School, or of the cost of the DuBois Residence.

We wish to express the hope that the principle proposed in the reallocation section be observed in this case, namely that a reckoning of the University's commitment of funds spent on all areas of concern to underrepresented groups be made available to planners so that the academic community can assess the full extent of current obligations and expenditures in this area.

We turn now to a consideration of the UDC proposals.

Recommendation 41 reasserts the established policy of the University, to which we lend our wholehearted support.

We would prefer to see recommendations 42 and 43 directed toward all groups whose current underrepresentation appears related to historical patterns of exclusion. Further, we would like to see responsibility left primarily in the hands of the academic deans, who are charged with carrying out the policy stated in recommendation 41. The deans should develop administrative mechanisms for assisting departments in the recruitment of all appropriate candidates from underrepresented groups for academic appointments. Further, the routine of ongoing search for minority candidates will begin with the departments of the several schools, and the process of appointment should proceed from the department through the school to the level of the Provost's Staff Conference according to regularly established procedure. The deans should include in their budgets funds for supporting any mechanism of recruitment designed to attract candidates from underrepresented groups. The Provost may deem it appropriate to set aside a special fund for specific supplement to a school's budget for this purpose from time to time.

**Almanac* January 16, 1973.

We urge immediate and extensive implementation of the Report's recommendation 44. The area of undergraduate admissions stands in need of the University's full support in this, and in all other functions.

With respect to recommendations 45 and 46 we urge that a committee be established by the Provost in consultation with the Academic Planning Committee and the administration of the Afro-American Studies Program, this committee to be charged with the responsibilities of assessing the needs of the Afro-American Studies Program and, further, of exploring the future development of an institute of Afro-American studies.

In principle we support the maintenance of a program as proposed in recommendation 47. The University has a strong responsibility to provide students whom it admits with counseling that is adequate to their needs.

The Cooperative Project between Morgan State College and the University is well worth our reinforcement. We do note, however, the lack of mention of the extent of Morgan State College's commitment and plans.

Before a definite sum of money is set aside as proposed in recommendation 49, a careful survey of present programs and expenditures is needed and should be made to determine costs and to evaluate past results.

For some time the Graduate School of Arts and Sciences has administered a special program of fellowships for black applicants, lately called Fontaine Fellowships. It has been the program's goal to promote the number and quality of black applicants to admission to our graduate groups. This program antedates the University's commitment to black studies, or Afro-American Studies, for undergraduates. We recommend that it be one of the earliest tasks of the long-awaited Vice-Provost for Graduate Studies and Research to evaluate the past success of this program, to improve the program where needed, and to see to its continued funding. If

the University seeks to contribute to the training of black academics in every discipline in order to facilitate increased black faculty presence not just for Pennsylvania but for all institutions, the University would be well advised to emphasize its commitment to the graduate instruction of blacks by advancing the momentum gained by the operation of the Fontaine Fellowship Program.

We recommend that the appropriation of an adjusted flat percentage of the expense budgets of all schools, as proposed in recommendation 49, be incorporated in the Academic Development Fund, and that this flat percentage not exceed 20% of the Academic Development Fund, and finally that this portion of the Academic Development Fund be applied to programs for all under-represented groups.

LIBRARIES AND AUDIO-VISUAL RESOURCES

We share the University Development Commission's concern for the grave financial exigency of our libraries and strongly recommend that the excellent program proposed by the Commission be treated with the urgency it deserves. This urgency extends not merely to seeking outside funding, but also to strengthening by means of present funds.

With regard to the Commission's report on audio-visual resources, we believe that such a program of expansion, while deserving of attention, does not command a high priority in assigning our existing funds. Should adequate outside funding come to the University for this purpose it would be quite welcome. However, reallocation monies would not seem well spent here.

CALENDAR

In the light of our experience with the normal calendar of the past dozen years and in relation to various proposals in the UDC report for short-term courses, we second the proposal for a full study of the calendar. If a true trimester calendar is to be rendered viable, the cost of increasing the faculty, now remunerated for two trimesters of instruction, must be calculated. In this matter the question of academic leaves of absence might be considered in terms of longer stretches of teaching with longer intervals of intermission at full salary. At all events, the faculty members should be left with the option to teach at the pace to which they have accustomed themselves.

CREATIVE AND PERFORMING ARTS

The Creative and the Performing Arts in some sense belong to the category now filled by Intercollegiate Athletics. All such activities meet personal tastes and interests within the University. It is also apparent that, while they enhance the pleasure we feel, they are not integral parts of University instruction. However, the creative and performing arts do bear on some existing academic programs and are integrated with instruction at some other institutions. We should not like to see competition among these arts and intercollegiate athletics for the same University funds. But we must bear in mind that, at this time, they do fall under the same rubric and, consequently, should find financial support from without the University and should neither draw on funds needed for academic pursuits nor divert gifts from interested donors.

The Committee has attempted to concentrate its attention on academic matters and on finances which are, or ought to be, applied to academic budgets. Especially where allocation of present funds is at stake, the Committee sought to address the problem of priorities. Also, it has noted certain problems which touch on the heart of the University such as the libraries. Other kinds of proposals of the University Development Commission that explicitly require outside funds not yet at hand could not be ranked in order of merit. Indeed, the Committee expects the central administration to evaluate these nonacademic proposals before undertaking them, to ensure that the resulting increase in operating costs does not impinge upon funds now devoted to the maintenance of academic programs.

Jamshed Ghandhi
Peter Nowell
Robert Palmer, Chairman

Lewis Pizer
David White
Jean Crockett, ex officio

TO: MEMBERS OF THE FACULTY SENATE

*Pursuant to Section 11(b) (I) and (II) of the Rules of the Faculty Senate, as amended, you are invited to suggest candidates for the posts and terms stated below, with supporting letters if desired. Candidates' names should be submitted promptly to the Secretary of the Senate, E. J. Lawson Soulsby, c/o W-35 Dietrich Hall, who will transmit all replies to the newly elected Nominating Committee.**

The following ten offices are to be filled for 1973-1974:

Chairman-Elect of the Faculty Senate (1 yr)
(Incumbent: Paul J. Taubman)

Secretary-Elect of the Faculty Senate (1 yr)
(Incumbent: Stephen A. Ross)

Four Members of the Senate Advisory Committee (3 yrs)
(Incumbents: Harold S. Ginsberg, Michael H. Jameson, Paul Rozin, Haze Tishler)

Two Members of the Senate Advisory Committee (1 yr)
(Incumbents: Maria Z. Brooks, Bernard F. Cataldo)

Two Members of the Senate Committee on Academic Freedom and Responsibility (3 yrs)
(Incumbents: Stuart W. Churchill, Donald N. Langenberg)

At least 42 days prior to the spring meeting (Wednesday, April 18, at 3:00 pm) the list of candidates that will have been compiled by the Nominating Committee will be circulated to the Senate membership, with an invitation for additional nominations via petition, if any, in accordance with the Rules, Sec. 11(b) (III) and (IV).

—E. J. Lawson Soulsby, Secretary

**Those elected to the Nominating Committee in the recent mail ballot were John deCan, Louis Girifalco, Madeleine Joulle, Richard Kadison, Phoebe Leboy, J. Douglas Minyard and David Rowlands. Dr. Kadison has agreed to serve as Chairman.*

Overhead and Dr. Frankel

by John N. Hobstetter

Dr. Frankel's recent article on "overhead" recovery (*Almanac*, February 13, 1973) is marred by some errors of fact, some unwarranted presuppositions, and also by a curious but pervasive view of College Hall as the site of some kind of giant conspiracy against the intellectual interests of the faculty. His errors are easily set to right and I shall do so here. As for College Hall, if we did not believe the steps we are taking are in the best interest of the faculty, all things considered, we would not be taking them at all. Few would argue that it is not in the interest of the faculty, and others, to keep the University solvent and able to maintain its academic and scholarly programs and to pay its faculty and employees on a reasonable scale. Even fewer would believe it proper or ethical to use tuition and endowment funds to subsidize the research program of the federal government. The issues involved in indirect cost recovery are of this kind.

Let me deal with Dr. Frankel's errors at the outset.

1. In 1970-71 the University was on a government-pre-determined indirect cost rate which cannot be altered by any later knowledge of the state of affairs. There was and there is no plan whatever to "recover \$3.17 million dollars from 1971 by overhead charges in 1973." With the benefit of hindsight we have determined that we did under-recover by \$3.17 million in 1971, but that is water over the dam.

2. The facts about 1971 were not discovered and documented until last summer. To say that in announcing a deficit of \$1.25 million in 1971, the University "failed to inform the faculty that there was surplus of \$1.92 million" is a shameful misrepresentation. It is typical of the kind of self-inflicted wound that too often damages our credibility in the eyes of our supporting constituencies.

3. There is no truth whatever to the charge that the "University is just now completing negotiations for another huge increase that may raise the rate another 50% the following year." No such negotiations are even contemplated. Dr. Frankel's supposed rate of 80% exists only in his own mind.

4. If I may be permitted a personal note, I believe that I am not wholly "in ignorance of the delicate relationships existing between professors and funding agencies and of the realities of research funding in the present era." These matters have long been of major concern to me and to my associates.

The real facts are that for some time now it has been suspected our recovery of those indirect costs which are generated by the federally sponsored research program was falling far short of the actual costs. We feared that in effect *an unseen subsidy of sponsored research was in fact occurring*. One piece of evidence for this fear is our unusually low "overhead" rate, currently 37% of research salary and wages, which compares with rates in the high 50's or low 60's for those peer-group universities using the salaries and wages base. Of course, Dr. Frankel is right that rates in themselves are not readily comparable unless the *base* to which they apply has been determined in essentially the same way. However, if the amount of money we actually are recovering is compared with that of other universities, one must have grave doubts that our computation of actual indirect costs has been in accord with the facts. Apparently this situation was also known in Washington.

To determine the facts, a study of indirect costs was conducted. One important component of the study was a survey of faculty effort as related to both direct and indirect activities (such as department committee work, etc.). A sample of one hundred randomly selected faculty members was queried in detail about their division of effort. Results of this survey and other aspects of the study pointed to a serious under-estimate of the extent and therefore the cost of indirect activities. Incidentally, inclusion of these revised costs in our indirect cost pool would bring the University near but still below cost recovery at other universities. The *independent auditors* of University accounts, Lybrand, Ross Bros. and Montgomery (now Coopers and Lybrand), followed the survey in detail and have accepted its results for certification purposes. These results will become the basis for setting our new, on-going indirect cost rate.

It is difficult for me to see how it can be claimed that "researcher input" in the process of auditing our accounts could improve or affect the audit. That is not to say I do not believe "researcher input" can be useful. If Dr. Frankel or any faculty or other member of the University community knows of an "overhead bureaucracy" of unneeded secretaries, unwanted or unnecessary services, waste, duplication, etc., we need to hear about it at once. Please inform me as Chairman of the Budget Committee or Vice President Gaddis, or if you prefer, please go to your deans and chairmen. Reducing these costs will help not only to control indirect costs, but much more important, it will help directly with the University's own critical budgetary problems.

Let me turn now to the real substance of our plans to make up for past under-recovery—the so-called "roll-forward." In 1971-72, the government for the first time placed the University on a *provisional* overhead rate of 37%. *Provisional* means that the rate was acknowledged as a guess to be corrected later, after the books for 1971-72 were finally audited and certified. The government's own scheme for making the corrective payments or charges is to roll them forward as additions or subtractions from future recoveries during either one or two subsequent years. It is planned that our audited under-recovery of 1971-72 be spread over the two years 1973-74 and 1974-75. However, our negotiation of this arrangement will be conducted to ensure that *the total composite rate does not exceed* that of peer universities taken as a group. This is possible because we shall *still* be a relatively inexpensive (and therefore perhaps a relatively efficient) institution insofar as our normal on-going rate is concerned.

We now expect that the provisional rate of 37% this year (1972-73) will also be found by audit to be too low. If so, the under-recovery for the current year will then be rolled forward to the two-year period 1975-76 and 1976-77 during which our composite rate will still be quite competitive. After 1977 our normal on-going rate will resume.

The Budget Committee is recommending that part of the roll-forward recovery should be used to retire past deficit of the University which stemmed in large part from the under-recovery itself. The accumulated deficit has been covered by

borrowing and the interest cost it generates is of appreciable significance in each annual budget. If the accumulated deficit can be reduced or paid off, there will be more money for academic purposes.

The Budget Committee has long since agreed in principle to recommend setting up a hardship fund from the roll-forward receipts. This fund will be used to ease the transition to the new overhead rate for researchers who are adversely affected by it. I emphasize this must be a transitional program. Faculty advice on expenditure of this fund will be sought.

Finally, I would like to turn to the nature of indirect cost calculations themselves. No perfect indirect cost system exists. The established methods used at Penn and elsewhere are, as Dr. Frankel asserts, crude. It is not so much that the total indirect costs themselves are wrong, but their attribution to projects is based on averaging and spreading techniques that doubtless are often misleading. One grant may be charged more than the actual indirect cost it generates; another less. Until recently it has been held that the refinement that could be realized by improved cost accounting was not worth the added costs that would be entailed. (A further increase in indirect cost!) However, at Penn we are about to make a significant internal improvement. Next year each school will be credited with all overhead recoveries from its contracts and grants as part of *school income*. Hereafter, none of the recovery will be retained by the central administration. Imperfect though the government's averaging technique is, a school of the University is probably a large enough unit so that the recovery it makes from its mix of contracts and grants is not unfair. The school will then be charged with indirect costs by the University itself, but on our new straight transaction basis which was described in some detail in the *Almanac* article on the school budgets (*Almanac*, December 5, 1972). This system of cost determination is much fairer, project by project, than the averaging technique. Later, when our program accounting system is installed our deans will be able to see and allow for any inequities between recoveries received by projects and the costs they actually impose.

PROGRESS REPORT ON THE 1973-74 BUDGET

Following is the text of Associate Provost John Hobstetter's report to the University Council on February 14, 1973.

The fact that the University is operating on a balanced budget during the current year is somewhat reassuring, but our long-term survival as an institution of quality depends on our being able to keep the budget balanced in the future without cutting out the things that make us good. The Budget Committee is making some progress toward a balanced budget next year. We also believe we have found a budget-making technique better able to maintain fiscal balance on one hand and protect academic quality on the other. A brief progress report follows.

The Budget Committee has approached the problem of next year first by considering what we call the "macro-situation"—a projection of what gross incomes and costs are likely to be, independently of how these are packaged by schools and services. To help guide our thinking, we asked advice from our Wharton colleagues in econometrics who reported two significant facts: Next year average cost-of-living increases are likely to be 3½ to 4% and average disposable family income is likely to increase by 5½ to 6%. The Committee has regarded these data as setting a floor to compensation increases for our personnel and a ceiling to expense increases we could ask our students to bear. Neither the floor nor the ceiling are considered to be desirable nor final figures.

Looking at *macro-income* expectations the Budget Committee sought and developed increases to the maximum extent feasible from sources other than student payments. Among the *earned*

incomes of the schools and the University, the following facts emerged:

In the light of the new total return concept, income from a significant part of endowment in our schools could increase by 22% \$ 655,000

Federal grants might continue their upward movement in step with cost-of-living changes, and the improved overhead recovery system should add to income and produce a total increase of about 2,700,000

Sales and service income in our schools should increase with the cost-of-living 175,000

Looking now at the University's general income, the following improvements seemed feasible at the time the projections were made:

The State appropriation could increase by the cost-of-living (More recently the Governor has now proposed no increase.) \$ 500,000

Alumni Giving should reach its new goal and increase (net) by 200,000

The recovery of investment management costs from the restricted endowment income should provide new funds 810,000

There would be a loss in income used this year, but non-recurring in 1973-74 350,000

On the expense side, the most important increase we could foresee was for compensation of all of our employees. Even at the minimal cost-of-living rate, this change would cost the University \$4,500,000 in salary and employee benefits, an amount that is almost surely too small.

Other increased costs are unavoidable. Increased utility rates and other obligatory maintenance items beyond our discretion will cost an additional \$667,000 beyond current budgets. Payment of the General State Authority of "rentals" on our new buildings will cost \$450,000. However, we hope for a reduction of some \$200,000 in the net cost of Auxiliary Services after compensation changes.

These *minimum* foreseeable cost increases are, therefore, about \$5,200,000. In addition, a variety of additional needs could be identified. Among these are an expansion of the library budget, investment in new faculty for high priority academic areas and including new minority and female faculty members, new educational programs, improved student aid support, and several others. We have estimated some \$1,500,000 would cover only the most urgent of these. All are crucial to the University but none can be irrevocably committed, given the prevailing uncertainties in income and costs. Rather than budget these items now, the Committee decided to reserve the sum of \$1,500,000 for later release as income may become available and priorities and programs take shape.

We foresaw, then, the desperate need to cover some \$6,700,000 in increased costs and foresaw only \$4,700,000 in new income before tuition changes. To close the gap of \$2,000,000, a 5% increase in total tuition receipts was indicated. The Budget Committee, therefore, adopted 5% as an overall planning figure, but without predetermining how this figure would be apportioned among the schools and programs. The viability of this planning figure and its allocation are now under study by the deans.

Our approach to budget-making is a distinct departure from previous practice and makes full use of the concept of responsibility centers in control of their own earned income and direct expenditures. These centers can and should expect to receive *subventions* from the University's general income in accordance with a developing system of academic priorities.

Returning to the general income, next year it might be as large as \$23,600,000. The Committee has taken the advice of the Development Commission that for the moment the subvention for intercollegiate athletics should remain at a constant level of about \$1,000,000—this pending establishment of a long-range priority for this activity. Setting aside also the contingency reserve of \$1,500,000, we could foresee subventions for the schools and funds to meet otherwise uncovered indirect costs in the amount of about \$21,100,000—not much different from the current year. These funds were distributed in the form of budget targets for each of

our schools and for the indirect cost generating activities. In effect, these targets require the absorption of all cost increases either by expenditure reduction or income increase. The indirect activities share equitably with the schools in meeting this new burden.

We have also anticipated, in part, the recommendations of the Development Commission in setting school targets. Schools and centers whose earned income does not cover direct costs were asked to reduce their direct deficit by one-third next year. Schools that do cover direct costs were asked to absorb their cost increases, but were asked also to narrow the spread among their fiscal performance. We hope next year a performance target can be set for each school that will directly reflect academic priorities.

In summary, then, each dean has been given a budgetary target, along with floor and ceiling guidelines and asked to develop a budget within these constraints that will maximize the effectiveness with which their resources can be used. The sum of the targets represents the maximum the University can afford within its own constraint that the overall budget be balanced.

We feel this system provides two major protections of academic quality and effectiveness. Within each school, there is full freedom to use available resources in any and all ways that will maximize educational effectiveness. The dean is the responsible officer for allocating resources in defense of the school's internal plans and priorities. These plans and priorities should and will be made increasingly explicit. Similarly, at the University level, the availability and use of subventions permits implementation of priorities among the schools. These priorities, too, will become increasingly explicit.

We shall soon have completed two rounds of budget-planning under this system. Our understanding of next year's situation is becoming increasingly sharpened in some respects. At the same time, external factors have become less clear. The Governor's recommendation that we receive no increase from the State comes on top of President Nixon's budget message which contains a good deal of very bad news for the University. These events have forced a reconsideration of where we stand.

Our schools, particularly in the health area, derive considerable support (\$1,500,000) for faculty teaching salaries from training grants. Student stipends and tuitions are also provided from these grants. The federal budget proposals would end new starts under these grants and phase them out. General support grants are also being cut drastically. Federal support for area studies would be abruptly terminated next year as would a sizable number of graduate fellowships. It appears, then, that our hopes for federal income to support direct expenses plus indirect costs have been too optimistic. A larger contingency may be needed.

All of these issues along with the questions of specific tuition levels and student aid are under final study at this time.

GRANTS

SPONSORED RESEARCH

A Summary of Contracts and Grants for Research and Related Activities Received by Faculty Members During December 1972

PUBLIC HEALTH SERVICE: *R. Austrian* (Research Medicine) "Respiratory and Respiratory Pathogens of Man" \$98,097 . . . *R. Brodey* (Clinic Studies) "Immunologic Studies of Canine Neoplasia" \$32,330 . . . *J. Brody* (Medicine) "Biologic Function of the Leukemic Lymphocyte" \$31,023 . . . *F. Brooks* (Medicine) "Vagal Release of Gastrin" \$37,622 . . . *R. Cagan* (Monell Chemical Senses) "Mechanisms of Taste Function" \$20,628 . . . *R. Coburn* (Physiology) "The Measurement of Endogenous Carbon Monoxide Production" \$31,023 . . . *D. Cooper* (Surgery/Neurosurgery) "Mechanism of Oxygen Activation for Aerobic Hydroxylation" \$31,023 . . . *J. Corriere* (Surgery/Neurosurgery) "Urinary Particle Scanning in Urinary Tract Disease" \$32,686 . . . *A. Dubois* (Physiology) "Mechanical and Biochemical Function of Lung and Pulmonary Circulation" \$31,023 . . . *A. Epstein* (Biology) "The Neurological Basis of Feeding and Drinking" \$49,541 . . . *R. Forster* (Physiology) "Measurement of Rates of Gas Uptake by Human Red Cells" \$61,450 . . . *J. Furth* (Pathology) "RNA Metabolism in Mammalian Cells" \$38,990 . . . *P. Gambetti* (Neurology) "Studies on Synaptosomes" \$59,993 . . . *H. Ginsberg* (Micro-

biology) "Mechanisms of Viral Eclipse and Assembly" \$52,787 . . . *H. Ginsberg* (Microbiology) "Biochemical Changes in Virus-Infected Cells" \$93,237 . . . *M. Kare* (Monell Chemical Senses) "A Comparative Study of the Sense of Taste" \$25,743 . . . *F. Karush* (Microbiology) "Immunology and Immunology Chemistry" \$31,023 . . . *G. Koelle* (Pharmacology) "Neurohumoral Transmitters and Related Drugs" \$83,297 . . . *C. Lambertsen* (Institute For Environmental Medicine) "Oxygenation and Oxygen Effects in Man" \$308,784 . . . *D. Lefkowitz* (Moore School) "The Implementation of a Chemotherapy Chemical Information Processing System" \$492,390 . . . *P. Lieberman* (Anatomy) "Microphotometry of Retinal Rods and Cones" \$23,607 . . . *R. Mack* (Community Medicine) "Apprenticeship Training in Community Health" \$19,572 . . . *M. Papadopoulos* (Physiology) "Placental Exchange of Gases and Divalent Cations" \$21,000 . . . *F. Pepe* (Anatomy) "Electron Microscopy and Chemistry of Muscles" \$63,378 . . . *M. Pring* (School of Medicine) "Medical School Computer Facility" \$190,787 . . . *M. Reivich* (Neurology) "Control of Cerebral Circulation and Metabolism" \$31,023 . . . *H. Samitz* (Dermatology) "Clinical and Laboratory Studies of Metal Sensitivity" \$32,481 . . . *K. Rickels* (Psychiatry) "Early Drug Evaluation in Neurotic Outpatients" \$174,850.

DEPARTMENT OF INTERIOR: *M. Murphey* (American Civilization) "Investigation of Unexplored Franklin Property" \$10,000 . . . *J. Quinn* (Chemical Engineering School) "Track-Etched Membranes" \$38,898.

ENVIRONMENTAL PROTECTION AGENCY: *J. Edinger* (Towne School) "Hypolimnetic Flow Regimes in Lakes and Impoundments" \$46,503.

DEPARTMENT OF LABOR: *H. Northrup* (Management) "Impact of Manpower Training Programs On Minorities and Women" \$23,570.

ATOMIC ENERGY COMMISSION: *S. Frankel* (Physics) "High Energy Physics Research" \$90,000 . . . *Y. Suyama* (Biology) "Nucleic Acids and Protein Synthesizing Mechanisms of Mitochondria" \$23,000.

NATIONAL SCIENCE FOUNDATION: *M. Altman* (Towne School) "Direct Energy Conversion" \$79,300 . . . *J. Behrman* (Economics) "A Macroeconometric Investigation of the General Equilibrium Impacts, Etc." \$70,200 . . . *M. Cava* (Chemistry) "Condensed Cyclobutane Aromatic Compounds and Related Studies" \$38,000 . . . *S. Inoue* (Biology) "Fine Structure in Living Cells" \$101,600 . . . *W. Labov* (Linguistics) "Quantitative Study of Linguistic Change in Progress" \$93,800 . . . *S. Sakai* (Mathematics) "Operator Algebra" \$8,900 . . . *A. Thackray* (History and Sociology of Science) "Historical Relationships of Science, Technology and Society" \$33,700.

Private Foundations, Research Organizations and Associations, and Industry:

AMERICAN PUBLIC HEALTH ASSOCIATION: *L. Mastroianni* (OB-GYN) "Family Planning Project" \$96,138. **AMERICAN MARKETING ASSOCIATION:** *R. Frank* (Marketing) "Journal on Consumer Behavior" \$36,000. **COLGATE PALMOLIVE COMPANY:** *A. Kligman* (Dermatology) "Investigation of Cutaneous Bacteriology and Physiology of Skin" \$10,000. **DUPONT:** *A. Kligman* (Dermatology) "Dermatologic Studies" \$2,400. **ESSO COMPANY:** *H. Wallace* (Surgery/Neurosurgery) "Evaluation for Mixtures of Fluorocarbons" \$5,167. **FLOW LABORATORIES:** *F. Lief* (Animal Biology) "Research in Parainfluenza" \$2,500. **HARTFORD FOUNDATION:** *H. Sloviter* (Surgery/Neurosurgery) "Dispersed Fluorochemicals as Substitutes for Red Blood Cells" \$44,548. **MERCK COMPANY:** *R. Weibel* (Pediatrics) "Clinical Studies of Viral Vaccines" \$30,000. **NATIONAL MULTIPLE SCLEROSIS SOCIETY:** *D. Silberberg* (Neurology) "Multiple Sclerosis Clinic" \$14,707. **PPG INDUSTRIES FOUNDATION:** *P. Shephard* (Architecture) "Energy Conservation and the Education of Architects" \$27,000. **VICK CHEMICAL COMPANY:** *A. Kligman* (Dermatology) "Vick Research Dermatology Fund" \$7,500.

SUMMARY: Contract and Grant Awards July 1972 through December 1972: 348, totaling \$21,518,453.

NOTE: In the listing of November 1972 awards, Dr. Alfred P. Fishman should have been listed as the Principal Investigator for the award of \$752,932 from the Public Health Service for "Cardiovascular and Pulmonary Performance".

WHARTON

Response to The Emery Report

Following is the text of Dean Donald C. Carroll's statement to the Wharton School faculty at its meeting Tuesday, February 20. The Emery Report (Report of the Wharton Committee on Structure and Organization) was prepared by Drs. James C. Emery, Marshall E. Blume, Ralph B. Ginsberg, Irving B. Kravis, Leonard M. Lodish, Dan M. McGill, Ronald E. Miller, David Solomons and Oliver P. Williams.

This is a brief statement of the decisions that I've made based on our discussions here, your position papers, and the Emery Report itself. Recall that the Emery Report made four recommendations:

Recommendation 1 suggested that the School should be organized into two divisions. I accept that recommendation. I will create two divisions, a Social Science division and a Management division. The Social Science division will contain the departments of Sociology, Economics, Political Science, Regional Science, the Peace Science Unit and the Public Policy Analysis Unit. The Management division contains the rest.

It is my feeling that policy is everybody's business and therefore, I do not want to attach that name only to the Management Division. I will defer the appointment of Associate Deans until the question of the faculty of Arts and Sciences is resolved, hopefully before spring. The duties of the Associate Deans, I think, would differ markedly under the various proposals that are under consideration.

Why do I choose to do this? I see this as primarily an administrative move. The Social Science departments differ programmatically from the Management departments; the Social Science departments share common problems of interface with College, Graduate School of Arts and Sciences, and Wharton. They constitute, in my opinion, a sensible administrative entity and I accept the general notion spread throughout the report that the School needs more administration. I believe also that the Management Division is a sensible administrative entity; the departments therein sharing program interrelationships at all levels.

I do not feel that divisionalization necessarily means less interaction. I find the interaction minimal now. Under responsibility center management I believe the keys to interaction, interdisciplinary research, for example, are moral suasion and intelligent transfer pricing, and I see nothing in the divisional structure that will prevent this.

Recommendation 2 of the reports suggested preserving the departmental boundaries in the Social Sciences Division. I accept that.

Recommendation 3 suggested the creation of "groups" instead of departments in the Management Division and an upward movement in budgetary responsibility. I reject that proposition—perhaps temporarily. I find cogent the following arguments against it. One is that flexibility and change can be obtained through creation of units and by changing departmental boundaries. Second, departments are natural responsibility centers under the new concept of budgetary management in the University. Third, that departments tend to create *esprit de corps* and aggressive recruiting, and fourth, that there are other ways to encourage interdisciplinary research and teaching—program budgeting, for example.

I find all of these to be eminently testable hypotheses; that is to say I have resolved to test them. If, and only if, constructive change can be instituted with existing structures and mechanisms we will stay with them. If not, we will experi-

ment with group mechanisms. I will encourage, but not require, large departments to try out group structures—that is, to create subsidiary responsibility centers.

Recommendation 4 had to do with program budgeting. It suggested increasing the budgetary authority of program managers, in effect. I accept in principle the idea of program budgeting. As a practical matter, it is difficult to implement this immediately because we are instituting responsibility center budgeting this year. I propose, with your help and counsel, to institute some form of program budgeting next year. I do this because I believe it will improve programs and encourage interdisciplinary and interdepartmental cooperation.—Donald C. Carroll

A Master For Hill House

During the next two weeks, the faculty fellows and students who run the living/learning project for freshman at Hill Hall will be actively in search of a Master of the House . . . a tenured faculty member with an interest in students, who can help draw together the activities of some forty other faculty fellows and who can also represent Hill House effectively to the rest of the faculty and administration

Living in the House is not first on this list of qualifications for Master of Hill House. More important will be the Master's ability to create interaction and to shape a program that will guide Hill's students into the mainstream of University life. "If we can find such a man or woman who will also choose to live in the House, that would be ideal," said Vince Conti, Program Coordinator at Hill. "But the other considerations come first: the right person for the House." Conti and the rest of the search committee—Dr. Burton Rosner and students David Gross and Eleanor Packman—ask for nominations by March 15, urging faculty members to submit their own names if interested to Hill House, 34th and Walnut; Ext. 5235 or 5219.

The residential project at Hill was begun two years ago by an ad hoc faculty group to provide a "rational introduction to the University" for Hill Hall's 500 freshmen, mainly by bringing academic and social pursuits together in the Hall itself. Physically, Hill is suited to the residential college style to begin with: it is actually four linked houses overlooking a court ringed with lounges, for common living and dining space. This year it has also been the site of many credit courses in the Freshman Seminar program, as well as informal faculty-student dining.

As it now stands, Hill House is for freshmen. A proposal has been written, however, to extend it into a two-year residential college for freshmen and sophomores. Unlike the House proposals being studied for the Quad (which call for organization of each house around a theme or topic), Hill House's plan calls for a broad "pre-major" college that would take in students from Engineering, SAMP, Nursing and Wharton as well as College and CW.

The Master of the House will have a great deal of input into what Hill House becomes. The House would like a three-year commitment from the faculty member chosen, and is urging some flexibility in living arrangements so that a junior faculty member might perhaps be placed in residence if the tenured Master does not live in. (The House has a staff headed by Janet Bly with 20 aides including graduate students and upperclassmen.)

Dr. Edward Peters, who goes on leave next semester, has been the nonresident Master for the past year. Fellows of the four houses have included a wide selection of faculty and administrators. Among them are William Adams, Peter Conn, Elizabeth Flower, Harry Gamble, David Goddard, Theodore Hershberg, Alice Kelly, Henry Wells, Thomas Winant and Robert Zemsky plus a number of junior faculty and teaching fellows.

Budgeting for Strength

Vice President Paul O. Gaddis emphasized pragmatic aspects of the "One University" theme in an address to administrators at an "Inside Pennsylvania" program last Tuesday. Contrasting the new management procedures with recent bleak financial history, he implied that Penn's examination of its aims and values as well as its budget can bring it strength at a time when "any University is a beleaguered place."

Mr. Gaddis explained the effects of the nation's eight-year period of inflation on all service institutions. During this time, as the nation tried to adjust "a civilian economy to a full-time war" many such institutions were willing to cope realistically with the problems of rising costs and dwindling funds. The decline and fall of an institution facing financial crisis is by now so familiar, in fact, that Mr. Gaddis resolved the process to a seven-step outline beginning with "the era of easy solutions" to the later invasion of endowment principal to final collapse "with or without formal bankruptcy." A disregard of economic facts often results at a late phase in "unenlightened and indiscriminate program-cutting" and an institution which provides little real service to the community which supports it.

"Our priority is to survive financially while retaining our strengths and values," Mr. Gaddis said. University management, fortunate in having a faculty with the strength to be responsive to change, must "measure up to the challenge" of assuring that our academic values survive along with the recently-balanced budget. "That's what administrators are for."

He continued to show how the new budget system is directed to that purpose. Responsibility centers will allow their directors more control over their incomes and output and more flexibility to assess their own needs and future plans. More vigorous accounting of total costs by the general administration will conserve resources. Examples of this are total cost budgeting (allocation of all overhead costs to the cost centers to define real costs of operation) and cost depletion of capital (analysis of facility-utilization costs instead of merely absorbing them in the hopes that we can "depend on a later donor to give another Houston Hall.")

"A university this big can't be run effectively without putting cost control in the hands of key centers," the Vice President concluded.

ACADEMIC COMMITTEE ON EQUAL OPPORTUNITY

Following is the membership of the University's new Academic Committee on Equal Opportunity, a committee announced last week in the *Implementation* supplement by President Meyerson, Provost Eliot Stellar, and Vice Presidents Gaddis and Dripps.

Chairman: Dr. Anna-Marie Chirico, Assistant Professor of Medicine. **Members:** Dr. Sol D. Erulkar, Professor of Pharmacology; Dr. Lucienne Frappier-Mazur, Associate Professor of Romance Languages; Dr. William Gomberg, Professor of Management and Industrial Relations; Dr. Phoebe Leboy, Associate Professor of Biochemistry (Dental Medicine); Dr. Ann R. Miller, Associate Professor of Sociology and Senior Research Associate in Population Studies; Dr. Audrey S. Penn, Associate Professor of Neurology; and Dr. Robert F. Engs, Assistant Professor of History.

The Committee will be advisory to the Provost on policies and procedures with respect to the University's Affirmative Action Plan as that Plan relates to academic staff; it will not function as a grievance committee.

SENATE Continued

teaching 900 students under a teaching fellow if a way to "value services taking quality into account" is not found. Dr. Sherman Frankel objected to the treatment of faculty research support as subvention. Most other questions related to the fate of specific schools or disciplines.

Dr. John Wideman asked whether, in the light of the federal budget, the University isn't dealing with obsolete data on income. President Meyerson's reply implied that it is; although Penn is one of 50 institutions from 28 states working through the AAU to try to alter the budget, the outlook is not optimistic.

Black Presence (43, 49)

Dr. Festus Adebajo took issue with Dr. Crockett's Minority Statement in the Commission report, his prepared text said in part: "That we should be discussing this problem at this late date in an old University tells me, and hopefully everyone here, that a long practice of systematic exclusion and neglect has been permitted in this University. To adopt an attitude of 'business as usual' as is evident in Dr. Crockett's remarks smacks of further neglect . . ."

Dr. William Gomberg objected to what he called the projection of synthetic guilt into faculty recruitment, and others raised questions such as the morality of "rip-off of black colleges" (Dr. Dwyer); reverse discrimination (Dr. Albert Lloyd); and the difficulty of defining "the right thing" when even government directives conflict (Dr. Andrew Bagdaley). Dr. Henry Faul called the proposal "illegal, immoral and romantic."

Dr. Schrieffer called for stronger recruitment but opposed the special fund; he pointed to the need for attention to the education of more black scholars to increase the pool.

Other responses included Dean Bernard Wolfman's plea to forget history and ask whether the Commission's proposals are the best for achieving the goal if in fact we agree to the goal; and Dr. Robert Rutman's description of the special fund as "a special allocation to produce excellence in another area" comparable to the half-dozen areas elsewhere singled out by the Commission. Dr. Murray Gerstenhaber, recalling when Penn had only three or four tenured Jewish faculty before it "turned the corner" said "We are being asked to turn the corner in another way. . . . We can persuade more blacks that it is a good thing to become college professors. If we worry about rip-off of black colleges we will not create that impetus."

Dr. Robert Evans emphasized that he wanted more black faculty here, but asked specifically how the Commission meant its proposals: to import large numbers quickly via a procedure comparable to Special Admissions?

Dr. Eliot Stellar replied that the University had no such intention. "We do want funds to recruit able people. We want to earmark funds specifically because it is difficult to recruit without them. We simply want to make a special effort where a special effort is required."

Dr. Wideman talked of specific uses for the fund. "I am bewildered by your bewilderment about the nature of the faculty to be brought here," he said. "I don't know how many of you have looked at the pool, but a year ago I found that regardless of the quality of the credentials of the black candidates I found, I could not find slots for particular blacks in particular departments at Penn."

Citing the hypothetical case of a department whose normal obligations are such that "by tradition no slot will ever occur," he said, "If I take it on faith that the department is not giving me a line, I want to find a way to aid that department." The proposed \$350,000 is a one-time allotment, he added. The fund might add perhaps six to 10 new faculty—but would only be spent if six to 10 appropriate faculty could be found.

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