Certain of the ingredients of the 1983 Commencement ceremonies in mid-May remain vividly in my mind as I reflect upon the University of Pennsylvania and our sense of direction and mission in this third year of my administration. The awarding of degrees symbolizes the close of one stage of a person's life and the commencing of another stage. So those of us who bear responsibility for the ongoing life of the University have completed the process of identifying certain salient elements in Pennsylvania's future, and we are now involved in the planning which will serve to shape the future. I want to share some of the planning that is underway.

The audience enthusiasm which greeted our Commencement speaker, syndicated columnist Ellen Goodman, indicated clearly that she had struck a chord in her reflections on the real world. At the same time her message went to the heart of what a university should be. Ms. Goodman suggested to the graduates that there is no sense in pretending that they can plan a future for themselves without regard to the future of the country and the future of humanity; that there is nothing more self-defeating and reckless than a plan to ignore the public world.

Here at the University we are examining how we can most effectively relate our human capital and the attendant resources to the recognized needs and expectations of the larger society. This report will focus upon people... planning... and progress within Penn.

Sheldon Hackney
Choosing Penn's Future

Following eighteen months of extensive discussions of long-range plans, I presented a strategic plan to the trustees last January. The plan is called "Choosing Penn's Future." This title was meant to emphasize a commitment to active and purposeful planning, and to declare our intention to shape our own future, rather than leaving it to be molded by events and impersonal forces. I believe the strategy contained in this document is the right one for Penn at this particular time. The four general planning maxims that serve to define our priorities and establish a framework for future decisions are:

- The University's quality depends on the strength of its faculty.
- The University must conserve its resources and protect its financial integrity.
- The University's special character is reflected in the diversity of people it attracts to its community; and
- The University's scale must ensure the highest academic quality of its students and research efforts.

To be successful over the next decades, the University not only must adhere to these axioms but must respond to three special challenges with the fervor and commitment that have given Pennsylvania its reputation and distinction. These challenges are:

- Undergraduate education: Research excellence; and Student financial assistance.
- Each school and resource center has been formulating its own detailed five-year plan informed by the priorities indicated in Choosing Penn's Future. These plans will begin with a clear statement of the intellectual directions over the next decade and must necessarily include frank appraisals of current programs, administrative organization and functions, and physical facilities. New ventures will be identified along with the substitutions and reallocations necessary to fund them. Finally, questions of scale must be addressed by examining the ability, during a decade of economic uncertainty, to maintain the quality of the student body and to make critical investments in new faculty and programs.

At the same time we must recognize that none of our academic objectives can be realized without the work of a dedicated administrative and support staff. We must continue to build the sort of environment that leads to productive and satisfying work lives for all of Penn's employees. My vision of the University is inherently a collective one, capturing a common sense of purpose and resolve, a jointly held sense of both past and present on the part of all those associated in any way with Pennsylvania.

The planning process that has been described commits the entire University to self-study. Detailed five-year plans from the schools and resource centers are being reviewed by the Academic Planning and Budget Committee, which is a broad-based, highly-respected group of University citizens responsible for providing the president and provost advice on future priorities. It has the ability to strike a critical balance between resources and aspirations. Our task, centrally, will be to take the separate school and resource center plans...
and meld them into a University plan. The outcome should be a fundamental statement of the University's scale and scope for the balance of the 1980's and beyond. In February a committee representing the Middle States Association of Colleges and Schools will be on the campus to conduct an accreditation visit. We envision the visiting committee playing a useful role in the review of individual school and resource center plans and in making sure that a sensible University plan emerges.

The Faculty and Teaching

Even as the schools and resource centers become more immersed in planning for their futures, new evidence of the University's strengths appears in the form of evaluations by persons external to the University and grants from public and private agencies. In an assessment of thirty-two Ph.D. research-doctorate programs made by the conference board of scholarly societies, twenty-one departments at Pennsylvania received highly commendable ratings based on a combination of measures, including the reputation of our faculty members among their peers.

In addition to winning top national awards like the MacArthur Prize, the Edison Medal and the National Medal of Science, members of the University faculty once again were well represented among the Guggenheim Fellows. The recipients are identified elsewhere in this report.

Three important deanships have been filled. Dr. Joel Connaroe returned from leave as the executive director of the Modern Language Association to head the Faculty of Arts and Sciences; Dr. Jan T. Lindhe resigned his deanship at the University of Gothenburg to become dean of our Dental School; and Russell Palmer came to the Wharton School from his position as chief executive officer of Touche Ross International.

We are ever mindful of the responsibility and need to increase the numbers and percentage of women and minorities in the faculty and nonacademic work force. A report issued by the Director, Office of Affirmative Action, covering the period 1973-1982, indicates that the number and percentage of women among the standing faculty has modestly but steadily increased despite decreases in the total number of faculty in a number of schools. In the case of minorities among the standing faculty, the total number of minorities increased by twenty-nine percent during the period 1978-1982. The twenty-five new minority faculty represented one-third of all positions added to the standing faculty.

Provost Ehrlich and I are committed to maintaining this momentum. We must continue to recruit aggressively and appoint larger numbers of women and black and Hispanic scholars to the standing faculty. To this end, we have appointed a standing committee of minority faculty and staff to advise on the issues of special concern to minorities and to help with the recruitment, retention and promotion of junior minority faculty and staff.

To help focus consideration of undergraduate education at Pennsylvania, a new Faculty Council on Undergraduate Education has been formed, chaired by the provost and including proportionate representation from each of the schools. The Council is presently considering the development of options and mechanisms for our undergraduates that draw on the strengths, experiences, and academic perspective of faculty from the liberal arts and the professions. At the same time, the associate provost is working with his colleagues on a report to assess the scale, scope, and organization of graduate education at Penn. Particular attention will be given to the funding of graduate education and increasing fellowship support of outstanding students.

Following careful study and year-long effort to find a viable alternative, Provost Ehrlich and I reluctantly decided to recommend to the trustees that the School of Public and Urban Policy be phased out, while ensuring protections for the programs and people involved. The process of review that we followed about the appropriate settings for public policy analysis at the University convinced us that a combination of current realities precluded continuation of SPUP as a separate school. Pennsylvania is rich in talented faculty and students working in the public policy field. Given the goal to strengthen public policy studies at the University, a task force subsequently recommended that the faculty members and the several degree programs be distributed in the Graduate School of Fine Arts, the Wharton School, and the School of Arts and Sciences. A new group, chaired by Professor Curtis Reitz, is at work on the best ways to ensure strong public policy research and teaching at the University.

A Research University

Penn is one of the premier research universities in the nation, ranking eleventh in the total amount of expenditures for research. In the past year we received nearly $128 million of such funds, spread among 1504 awards. Although the federal budget for FY1984 includes real increases for basic research, we face continuing challenges to the quality of our research effort. These include changes in the distribution of federal funds for basic research, the maintenance and improvement of modern research facilities, the provision of easy access to computers across the campus, the identification and funding of new research thrusts, increased support for graduate students, and the simplification of reporting requirements. The $1.4 million surplus in this past year's operating budget is being utilized for laboratory renovations and for the in-house University Research Foundation.

Despite significant increases in some aspects of federal funding, the outlook for the biomedical sciences is still troublesome. The budget for research grants in the National Institutes of Health is being increased by less than the rate of inflation, and the Department of Health and Human Services is seeking to impose reductions in overhead charges paid to universities. Because two-thirds of all grants received by the University come from those sources, Penn's base of research support will be under great pressure.

Research in plant science is in a particularly dynamic phase due both to the flood of new information resulting from the application of new techniques, particularly genetic, to its study, and to the evident practical applications of much of this work. Sharing this perception, the Biology Department, the Morris Arboretum, and the vice provost for research have been working together to establish a plant science institute. Partial funding for a building to house the institute has been obtained from the Seely Mudd Foundation; a nationwide search for an institute director has yielded several highly qualified candidates; and expressions of support have been received from several chemical companies. Additional funds are now being sought.
University-Industry Relations

The number of participants from the university and the corporate world who attended a Partners in the Research Enterprise conference at the University last December reflected the high level of interest in the subject. Our purpose in arranging the conference was to lay out as frankly as possible the advantages as well as the pitfalls of new relationships that are being developed between industry and academia.

Basic research has reliably provided the starting point for new technologies, and seventy percent of it still takes place on campuses. Recognizing that the gap between the discovery of a basic idea and its application has been steadily decreasing, industry has an interest in becoming more closely connected to the source of new ideas. Both universities and industry are paying attention to the new relationships that are emerging.

There was agreement at our conference on the seriousness of the problems involved in bringing universities and industry into closer partnership. From the point of view of the universities, those problems revolve around the threatened diversion of the faculty from teaching and basic research into more applied investigation, and even into the management of small companies in cases where research results in a technological breakthrough. Moreover, faculty members engaged in proprietary research or in basic research with the promise of some near-term application might find themselves in a "diversion-of-interest" situation with their duties at the university pulling a different way from their interest in research programs sponsored by a corporation.

Private industry worries mostly about how to evaluate basic research wherever it is performed. Industry currently invests heavily in research programs of its own. There is a growing awareness on the part of industry that it depends on universities for the new ideas that come from basic research and also for a steady flow of well-trained scientific and technological talent.

Both sides further recognize the essential tension between the competitive ethic of the free enterprise system, with its legitimate need for secrecy, and the cooperative ethos of the academy as a community of independent scholars linked by mutual adherence to standards for testing the truth and for freely communicating the results of research in the cause of advancing knowledge.

Industry now perceives its interest and responsibility to universities as twofold: beyond helping supply some research funds, it is prepared to help impress the government with the fact that basic research is not an esoteric value but fundamental to the future of American enterprise and its competitive stance in a highly competitive hi-tech world. There is general agreement that there is no other source of the required support to be found anywhere else in the country, and that the future of our nation's economy depends very much on a healthy basic science community.

The University's policies with regard to research relationships with private industry have been re-examined and refined.
watching rapid increases in the costs of health care, particularly hospital costs, the Congress passed Medicare legislation in 1983 which may dampen those increases through prospective reimbursement of hospital costs. Such reimbursement is based on the concept of diagnosis-related patient groups. There are two aspects to the entry of corporate business into the health care marketplace. First is the wholesale purchase of acute general care hospitals by investor-owned companies, and second the new insistence by business, which pays most of the health care bill through its employee benefits, that physicians and hospitals compete for their resources.

Those medical institutions that are capable of organizing themselves to deal with these new forces are most likely to thrive in the new environment. A complex, tertiary care, teaching hospital must respond by developing a full range of high quality medical care which continues to be delivered in a cost effective manner. For Pennsylvania, this means the creation of a primary care base of patients and a wider referral network in order to support highly specialized physicians in the hospital.

There are two basic strategies for achieving these goals, and they are not mutually exclusive. The first strategy postulates that the medical center ought to build on its current strengths in its present location by enhancing its ambulatory care which is optimally responsive to the needs of patients and referring doctors, and then to integrate ambulatory care within patient-diagnostic and treatment services using innovative patient traffic patterns and existing information systems. The second strategy declares that this approach will not be adequate for most medical centers, and that therefore they should acquire an HMO, or set up satellite ambulatory care operations in the suburbs, or purchase a community hospital with which they can compete more effectively for patients. The new director of the University Hospital, Dr. Charles R. Buck, Jr., arrived at a propitious time. He will join in the enormous amount of planning which has already been done by the Medical School, Hospital and the clinical practices in addressing these issues.

University Life

On July first we welcomed a new vice provost for university life, Dr. James J. Bishop, former dean of students at Amherst College. During the interim period of eighteen months, the integration of academic and extracurricular student life had been ably managed by George Koval, who has returned to the direction of a range of important student services.

The focus of the activity in this office during the past year has been on the work of several task forces which, in capsule, have addressed the following concerns:

The Freshman Year: the role of the freshman in shrinking the psychological size of the University.

Student Career Development: providing diverse opportunities for students to learn more about various careers before the job placement process begins.


Undergraduate Attrition: the compilation of data on how many students re-enroll each term, graduate early, on-time or later; the nature of student attrition and when it occurs.

During the year several matters involving our policies on nondiscrimination and sexual harassment received the careful attention of formal and informal groups on the campus. One centered upon the use of University placement facilities by external organizations interested in recruiting our students. Here the issues involved conflicting principles. Disagreements focused on (1) the extent to which the University should, and can with any practical effect, act as an agent of reform in the larger society, and (2) the extent to which, in affording access to its facilities, the University is implicated in practices that, although legal, are offensive to many in our community. I concluded that the wisest course was to assume that our placement facilities be made available for use by any potential employer of University students unless the employer were practicing illegal discrimination.

A much more serious question arose in the case of the alleged victimization of a woman in a University fraternity house. The statement issued to the campus community by the provost and me at the time read, in part:

"No tenet of this institution is more important than the equality—as human beings—of each member of the University. We judge rigorously on academic and professional standards; we neither make judgments based on whether an individual is female or male, nor treat each other carelessly. We shall not tolerate behavior within the University community that violates the responsibility we all have to treat each other as individuals with dignity, not as objects.

"We expect the University to be a community of trust in which all members have a strong sense of belonging and a commitment to respect the essential dignity of everyone else on campus. We can best provide leadership for society at large by building a caring community that respects differences yet is tied together by the bonds of our common humanity."

University policy on sexual harassment in the academic, work and other environments has been clearly enunciated. The resources available to individuals who believe they have been subjected to coercion have been identified. We recognize however that this form of human misbehavior requires our con-
stant vigilance and prompt attention. During the first week of school, the provost and I issued a statement on “Conduct and Misconduct on the Campus” to the University community that outlines our expectations for the personal conduct of all members, particularly in regard to sexual behavior and tolerance of others’ backgrounds and beliefs. We also appointed a task force of faculty, students and staff to review further steps to be adopted.

Athletics

One of the reasons spirits were buoyant last year on the campus is because our sports teams had a good year. Football delivered the “miracle on 33rd Street,” a share of the Ivy title for the first time since 1959. The women’s basketball team had their best season ever, and the women’s volleyball, hockey and tennis teams won tournaments. Both men’s and women’s lacrosse were ranked in the top six in the country, the men’s fencers won the Ivy and Eastern titles again, and our women’s fencers won their first Ivy championship. Alicia McConnell was the best collegiate woman squash player in the country. Overall, our women’s teams ranked second in the Ivies and our men’s teams were fourth.

Undergraduate Admissions

The Admissions Office completed the fifth year of a continuing effort to emphasize the University’s commitment to a racially and geographically diverse student body. The sharp decline in the number of high school graduates began in 1979 and will continue to a predicted twenty-six per cent decrease in numbers by 1991, with especially high percentages of loss from the northeastern states. Furthermore, it is now predicted that by the end of the decade fully a third of all high school graduates will be minority students—especially Hispanics. Our admissions goals are directed to achieving the following kinds of diversity within a highly-qualified student body: racial, geographic, and alumni-related, at the same time keeping in mind our obligation to Commonwealth of Pennsylvania residents.

The freshman class which entered in September numbers 2090, with two-thirds of them matriculating in the College and the remainder in the Engineering, Wharton, and Nursing Schools. Continued progress was made in most of the desired diversity categories. The Class of 1987 has 266 (12.7 per cent) freshmen who have alumni legacies from the University. At the same time, the academic profile of the class and for each of the schools compares favorably in strength with last year’s class, reflecting as it does outstanding classroom performance as well as strength in standardized testing measures.

The dean of admissions and his staff are optimistic about the continued ability of Penn to compete successfully with the small group of institutions with whom we share admitted candidates. Good progress has been made in recent years, and more ambitious steps are underway to enlarge the number of schools visited (presently some 1400), to improve the quality of the experience for the high school visitor to the campus, and to enhance the format and content of recruitment publications and films.

Financing a Penn Education

Over the last decade, inflation and new federal policies have brought a fundamental change in how students finance their education. These changes have in turn raised a basic question: to what extent should government assume the burden of what used to be considered primarily a family obligation? Given the current uncertainty about government support, universities must be prepared to look for new solutions. We recognize that most students and their families will require assistance in arranging equitable as well as stable financing plans for spreading the costs of a Penn education over a decade or more. The University has an opportunity and an obligation to join in those arrangements. The director of planning analysis and the vice president for finance have led an effort to design a new approach to financial aid that we hope to have perfected and in place for the class entering in the fall of 1984.

In brief, we are planning a new system of family-based financial assistance to meet three broad goals:

First, in a time of diminishing applicant pools nationwide, the University must retain its ability to attract and admit the most qualified students without regard to their financial means.
ments. Four basic plans are being developed, each targeted to meet a different set of financial needs and expectations:

For students and families who want to prepay tuition costs in order to be guaranteed no tuition increases.

For students and families who want to arrange for 10 years, fixed interest, secured loans covering tuition costs for all four years.

For students and families who want guaranteed access to educational capital, at variable interest rates, for up to ten years.

For students and families who qualify for need-based aid.

We face a continuing trade-off between grant aid, which must come from unrestricted funds, and other University priorities. Therefore we are fashioning a system that maintains the University's commitment to need-based aid, which does not result in unreasonable levels of student indebtedness, and which encourages and extends the family's participation in financing their children's educations. Our best judgment is that unrestricted aid can increase over the next decade only as fast as the sum of all the University's unrestricted incomes—rather than in proportion to tuition revenues as over the last decade.

Penn as a Public Forum

Several events on the campus last year served to signal the University's commitment to providing an open forum for the thoughtful exploration of national issues from all perspectives and to contributing significantly to the public discussion of these issues. We do this both by asking the faculty to focus disciplined attention on a problem of interest to the public and by acting as an intellectual magnet, attracting experts from across the nation and around the globe. We hope, through this activity, to inform public debate. This is one of the important roles of higher education in a democracy.

I was particularly pleased with the results of our forum, "Toward Preventing Nuclear War," a series of debates, speeches, panel discussions, and other events stretching over a thirty-day period in the spring. The forum was planned at my request by a faculty-committee that successfully solicited the active participation of the schools and organizations on the campus. The University does not promote any particular point of view about how to prevent nuclear war. As an educational institution, the University is dedicated to the ideal of a free market in ideas. It would not be appropriate for the University to presume to speak for its members on an issue of public policy not directly related to our educational purpose. I do hold the academic dogma that something approximating the truth will progressively emerge from the unrestricted colloquy among disciplined investigators.

We have decided to mount another, perhaps slightly less elaborate, forum this year around the theme, "Toward Improving the American Political System." The presidential campaign will be in full swing next spring, so there is a great opportunity for a lively discussion on the campus and in the general public about candidates, the selection process, the issues of our time, and the American political system in general.

A million dollar gift by the family of the late John C. Pappas of Boston is serving to fund three interwoven programs to strengthen living/learning in the college houses. Up to six Pappas faculty fellows will conduct special seminars each year; some thirty Pappas tutors will be affiliated with the houses and join in a Pappas Society of Fellows; and distinguished visitors from many fields will lecture and share ideas informally. Norman Mailer's visit to campus as the first Pappas Fellow last March was a great success; it was a week of constant activity and was stimulative in the best sense.
In the visual arts, completion of the Arthur Ross Gallery in the south wing of the Furness Building represents the first of a number of separate galleries to be developed. It makes it possible to exhibit the present and future collections of the University and to bring exhibits here from outside for the enjoyment and education of the campus and Philadelphia communities. Mr. Ross was an undergraduate in the Wharton School, 1927–30. He has had a distinguished career in business and philanthropic activities and has also served our government as a public member on various delegations to the United Nations.

The opening exhibition in the Ross Gallery comprised selected etchings by Goya from the collection of the Arthur Ross Foundation. A second exhibit was presented during the spring and summer months of paintings, sculpture, and graphics that were brought together from the various schools and offices of the University. Another exhibition of outstanding visual art, presented in the summer of 1982, was “The Jews in the Age of Rembrandt,” which consisted of rare prints by Rembrandt and his contemporaries.

In still another example of the University’s role as a forum, ceremonies took place in March which celebrated the inauguration of the Center for History of Chemistry. Co-sponsored by the University of Pennsylvania and the American Chemical Society, the Center plans to discover and disseminate information about historical resources, and encourage scholarship and research in the history of chemistry and chemical engineering. Professor Arnold Thackray was the prime mover in this important development.

### Our Human Resources

The step taken to combine the various personnel functions into the Office of Human Resources one year ago reflects our commitment to the creation of a warm and friendly campus community and a fully satisfying work environment. The Office of Human Resources undertook a number of initiatives during the year which should result in improved communications with individual employees and groups of University personnel; more effective administration of employee benefits; increased opportunities for training and career development; and improved compensation policies and performance appraisal.

Members of the faculty generally derive their greatest satisfaction from teaching and research, and from collegial relationships within their disciplines. Yet compensation in its several forms is a factor of great consequence, especially during a period of acute inflation. A major discussion took place within the faculty last year on the restructuring of tuition benefits, as proposed by a Faculty Senate committee, for the purpose of distributing these benefits more equitably among the faculty. Following much healthy debate and a mail ballot, the faculty indicated by a three to two margin that they favored a plan calling for gradual movement over the next five years to remission of seventy-five per cent tuition for faculty children at Penn and a direct grant of up to forty per cent of Penn’s tuition for faculty children attending other schools. This will replace the former policy of 100 per cent tuition remission for faculty and staff children at Penn and $900 grants for faculty and staff children going to other colleges. We are working on ways to minimize any special problems this shift may have on particular members of the faculty and staff.

The report on the economic status of the profession for 1982–83, issued by the American Association of University Professors, contained the welcome news that average faculty salary levels expressed in real terms rose by approximately two per cent last year; yet this does little to offset the cumulative decline in real salaries that has occurred in the professoriate for more than a decade. In the AAUP survey, the University’s salary scales continued to rank above the ninety-fifth percentile nationwide, and both salaries and total compensation (salaries plus benefits) compare favorably with the handful of research universities with which we are inclined to compare ourselves in terms of mission and human and material assets.

For 1983–84, the total salary increase for the continuing standing faculty as a whole was six per cent. In addition, a central reserve was provided to cover
promotions, extraordinary performance, market adjustments, and salary inequities. We expect that salary levels in real terms will continue to rise this year in view of the trend in the consumer price index, making the third year in a row of real, though modest increases in compensation.

Salary increases for the non-academic staff as a whole were comparable to those for the faculty. All major discrepancies in the tuition benefits program between faculty and administrative employees have been eliminated. These changes serve to underscore our belief that the nearly 5000 persons who support the role of the teacher and researcher are integral to the mission of the University.

The essential role of alumni in the life of the University is perhaps most clearly seen in the dedication of our trustees, whose standing committees have gained an expertise in all facets of University affairs and provide wise counsel and advice to the administration. During the past year, Leonore Annenberg and Susan W. Catherwood joined the board as term trustees. New alumni trustees are Linda C. White and three who take office in October: David C. Auten, William T. Creson and James A. Pappas. The General Alumni Society is now represented on the board by its president, Dr. John Hellwege. Sadly I must report the loss of a distinguished University statesman, Thomas S. Gates, Jr.; his trusteeship spanned a period of thirty-five years.

**Resources Management**

The management of an enterprise whose budget is now approaching $700 million demands a rare combination of native talent, experience, dedication and knack for the collegial style of university life. We are fortunate to have in the major management positions individuals who possess these qualities. In August we added another such person, Helen B. O'Bannon, who assumed the position of senior vice president to oversee the following functions: finance, human resources, operational services, and Commonwealth and federal relations. Mrs. O'Bannon will also play the key role in the development of long range financial and administrative planning. She is former Secretary of the Pennsylvania Department of Public Welfare and before that served as an associate dean at Carnegie-Mellon University.

Other key changes in the central administration were the appointment of Alfred F. Beers to comptroller and Shelley Z. Green to University general counsel; both served in acting capacities prior to their appointments.

Reflecting a proper concern about how University funds are spent, the committee on administration of the Faculty Senate last year conducted a review of administrative costs with the consent and cooperation of the eight major offices surveyed. In a detailed report made to the campus community, the basic finding was that the increases in general administration and expense spending during recent years were justified by corresponding increases in services provided to the University community; and that when the effects of inflation were factored in, there was no support for the perception that personnel expenses in the central administration had increased excessively. At the same time, however, the report identified one area in which we do not perform well enough: the storage, retrieval and analysis of information critical to resource allocation decisions.

Provision of adequate computer facilities for research, teaching and decision-making has been receiving a great deal of attention by two interfacing groups. An academic computing committee, which reports to the provost, is charged with determining the needs of the academic community and making recommendations for improving our academic computer capabilities. An administrative computing board, which is advisory to the vice president for finance, is concerned with provision of administrative computing services. Reorganization of the University's in-house data center is underway.

The Office of Budget Analysis is in the midst of a dual task which carries tremendous implications for our financial planning. One imperative is to produce a budget resource allocation plan that maximizes academic quality within the University's fiscal constraints; the second goal is the development of a twenty-four-month budget process for the schools and resource centers, wherein quarterly reviews of budget and expense data will serve to identify emerging problems. At the same time we are in the midst of developing a capital budget for major renovation and new construction projects; here the funds must be obtained, for the most part, from external sources.

Several physical plant/real estate projects engaged the attention of our business officers during the course of the year. The new Steinberg Hall-Dietrich Hall was officially dedicated in January; this $16 million rehabilitation should serve to enhance the relative position of the Wharton School in the competition for faculty and students. Through the generosity of the Albert M. Greenfield Foundation, the Albert M. Greenfield Intercultural Center will provide facilities for minority group organizations and serve as a focus of activities, bringing together students from all backgrounds to examine minority group cultures. Work is pro-

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Donor-alumnus Saul Steinberg performing the ribbon-cutting at the official opening of Steinberg Hall-Dietrich Hall; with him are Trustee Chairman Paul Miller, President Sheldon Hackney and Wharton Dean Donald Carroll.
ceeding on expansion of the Annenberg School and the Performing Arts Center. Lying on the University's southern terminus are 18 acres of open land, the site of the former Philadelphia General Hospital. Our health affairs and financial officers have been carrying on a productive dialogue with the several parties whose expressed interests are directly involved. It now appears that a fair resolution for use of the land will soon be achieved.

FY 1982–83 was one of the most successful years for energy management and conservation efforts. For the first time in ten years, utility expenditures actually declined as compared with the previous year. Although unseasonably mild weather was a factor, this reduction occurred at a time when the University's physical size is increasing. As a result, we are now able to free up money for use elsewhere in the budget for purposes that are central to our academic mission.

On page 22, the reader will find a statement on University finances for the year 1982–83 by the vice president for finance.

Building Penn's Future

In consonance with the strategic plan, "Choosing Penn's Future," the trustees in June approved a set of development objectives for the next three years that focus on attracting the necessary funds from private sources to strengthen the quality of undergraduate education while continuing fundraising for the other divisions of the University. A summary of these objectives appears elsewhere in this report.

Many of Pennsylvania's graduate and professional schools and resource centers are refining their five-year plans and fund-raising strategies to meet key academic objectives. The Veterinary School and the Morris Arboretum have already launched major fund-raising efforts that are expected to reach fruition in the next several years. Others, such as the Law School, are in the initial stages of a major search for resources. The Medical School and Hospital are both planning significant capital improvements, including renovation and construction of patient facilities and research laboratories, beginning with pharmacology. The University Museum is actively seeking funds for the repair of its roof and safety systems as well as for ongoing programs. The School of Dental Medicine is pursuing a long-range plan of reorganization and relocation.

Gifts and subscriptions in 1982–83 from private sources reached a gratifying total of $54,000,000. Moreover, gifts in the form of cash and securities were the highest in the University's history, over $49,000,000. Annual Giving rose by ten percent to $8,255,000, with exceptional growth in membership in the Benjamin Franklin Society composed of those loyal friends who contribute over $1,000 per year in critically needed unrestricted funds.

Governmental Relations

As a major teaching and research university, Pennsylvania must relate continuously to various levels and agencies of government. Approximately twenty percent of our revenues come from the Commonwealth of Pennsylvania and United States government, not including federal and state student loan monies. Early in my administration I commissioned a study of Penn's governmental relations activities as compared to a small number of peer institutions. Subsequently it was decided to integrate our efforts at the state, city and community levels under James E. Shada, the University's representative in Harrisburg, and to establish a new position, Director of Federal Relations, to coordinate our interests in Washington. Following a nationwide search, David J. Morse has been appointed to this position. Mr. Morse has served as senior legislative aide to Senator Robert Stafford for issues concerning higher education and cultural affairs and was staff director for the presidential task force on the arts and humanities. These two directors report to the senior vice president.

Late in July, final action was taken by the legislature and governor on the University's appropriation request for FY 1983–84. Although state revenues did not allow for the increased amounts of assistance the University had requested, especially for financial aid and the Veterinary School, nevertheless we were gratified to receive a 3.6 percent increase over last year in total funding, the increase being fairly comparable to that received by the state-related universities. Penn's interests during the appropriations process were supported by a network of alumni and

“The Veterinary School and the Morris Arboretum have launched major fund-raising efforts...”

by a program of news releases to media across the commonwealth.

The University increasingly has been reaching out for closer involvement with its community, its region, and its state. Small businesses, local governments, public schools and social agencies are among those who benefit from advice and research by faculty and graduate students; it is imperative that the knowledge generated and stored in a university be communicated to agencies of society.

A major impetus to this kind of activity was provided by Governor Thornburgh when he proposed the establishment of a statewide Ben Franklin Partnership to stimulate development of high-technology industries in the state. The University welcomed the governor's initiative to create improved economic opportunities in Pennsylvania and it is playing a leading role in making the Partnership concept a reality for the benefit of all Pennsylvanians. To date, a total of $2,350,000 has been received from the commonwealth for the work of the Partnership.
The City of Philadelphia

Last year the City of Philadelphia completed the celebration of its 300th anniversary, and the University had a meaningful role in various Century IV activities. There are many indications that Philadelphia is on an upswing. It has been ranked as the tenth best investment out of thirty-three cities, the eighth pleasantest city to live in, and fifth in the big three service industries (finance, insurance, and real estate). According to Professor Ted Hershberg, in the course of its history the city has shown a cyclical tendency to rejuvenate itself. The time is evidently ripe for progress. In 1983 the new Bell Atlantic Corporation chose Philadelphia over Washington, Baltimore, and Pittsburgh for its corporate headquarters. Six weeks later, the $30.5 billion Cigna Corporation reached a similar decision, turning down 200 sites in the New York area that had been examined. Several new hotels have been opened, the site for a new convention center has been chosen and the mayor has announced plans for the renaissance of Market Street East.

More than sixty organizations are housed under the umbrella of the University City Science Center, which borders us along Market Street. Research institutes at the Science Center deal with such diverse subjects as energy management and economic development, criminal justice administration, substance abuse research, and data/information research.

A bit to the west, Route 202, within easy access of the city, is a local development along the lines of the prototype - Route 128 in Boston. Because the region spans many political boundaries, it has gone almost unnoticed. Yet this center of high technology is in a position to draw on the expertise of sophisticated institutions concentrated in the area. There is a natural tendency also for young talent to gravitate from the universities to state-of-the-art, computer-based industries.

The University has been directly involved in the organization of a committee to support the public schools in Philadelphia. This group, headed by Trustee Ralph Saul, includes the presidents of local colleges, large corporations, and foundations; it will focus its efforts on the coordination and provision of educational, management and marketing services to the Philadelphia School District.

In the renaissance of the 1950's, the Greater Philadelphia Movement was founded by local business and civic leaders to promote the improvement and orderly growth of the metropolitan area along economic, industrial, social and cultural fronts. At that time, the chair of the four-man executive committee was held by a University of Pennsylvania trustee, and the late Gaylord Harnwell was also an influential member. In recent years there have continued to be many kinds of relationships between College Hall and City Hall and corporate board rooms, despite the psychological barrier of the Schuylkill River. Graduates of the University have taken up influential positions in government and business and in the cultural life of the city.

The area designated by the Philadelphia Redevelopment Authority as "University City" is comprised of a vibrant mixture of educational, health, and scientific institutions, residential neighborhoods, and small businesses. It was the vision and initiative of Dr. Harnwell which, nearly twenty-five years ago, brought into creation the West Philadelphia Corporation with the mission of enhancing the quality of life for those who live and work in this community. As a relatively new worker and resident of University City, I have become directly involved in promoting the efforts of the successor organization — the West Philadelphia Partnership. Having established parity between the major educational/scientific institutions and the neighborhood organizations, we are now proceeding, in this my first year as president of the Partnership, to build upon the original mission of concern for urban problems by placing a new emphasis on job and economic development in West Philadelphia.

"...it is imperative that the knowledge generated and stored in a university be communicated to agencies of society."
A Final Word

In this kaleidoscope of University affairs during the past year, I hope one can discern the major thrust of our collective efforts to maintain and enhance the mission that has been Penn's for many years. If I were to be asked to assign a grade for the University year, the pluses would certainly outweigh the minuses by a wide margin. We had an impressive record of achievement in a single year. Most of all, in addition to those individual things that have been identified, I believe the spirit of the campus is more positive. We have many important challenges before us, and there are number of serious problems yet to resolve. Even so, I feel increasingly good about the future.

In closing this report I am reminded of the thought expressed by Jonathon Rhoads, our distinguished professor of surgery, when he completed a term as provost in the late 1950's. His perceptive characterization of the University continues to apply to those of us who are his successors today:

"Pennsylvania is a great university but fortunately a dissatisfied one. Its further development is bounded only by horizons and not by walls. It will be the sum or at least the resultant of the efforts of the individuals who compose it. They have in common the desire to develop a greater University here at Pennsylvania than this country has yet known. It will take intense and sustained effort, but I see nothing to prevent success, and within our time."

This condensation of the 36-page President's Report for 1983 contains all of the text and most of the photographs of the president's essay on the year's activity. The full report, including the audited annual report for FY 1983, is at the Office of the Secretary, 121 College Hall.