

THE INSTITUTE FOR ADVANCED STUDY

MINUTES

Regular Meeting of the Board of Trustees
Saturday, September 27, 1975

Board Room, Princeton, New Jersey

Present: Messrs. Dilworth, Doob, Drell, Forrestal, Hansmann, Petersen, Roth, Segal, Simon, Straus, Taplin; Messrs. Hochschild and Linder; Dr. Kaysen; Mr. Morgan.

Absent: Mesdames Gray and Whitehead; Messrs. Houghton, Solow, Watson.

Presiding Officer: The chairman, Mr. Petersen, opened the meeting at 10:00 a.m.

Minutes: The minutes of the annual meeting of the Board held in Princeton on April 25, 1975 and of the Executive Committee, held in New York on September 17, 1975 were approved as circulated.

Finance Committee: In the absence of Mr. Houghton, Mr. Hansmann presented the report of the Finance Committee. He said that they had met earlier in the day and also on September 4 in New York City. The current market value of the portfolio is approximately \$47 million, a reduction of \$3 million from the June 30 figures. A new statement of the "Guidelines" for the composition of the portfolio has been adopted by the Finance Committee; this includes a ceiling of approximately 65% investment in equities. The current predicted income is \$2,650,000 which is approximately \$1,700,000 below our needs.

Mr. Hansmann said that the study of the equity performance being conducted by Wertheim & Co. was almost complete and will be presented to the Finance Committee at its meeting in New York City on December 4.

Mr. Petersen reported that the firm of Haskins and Sells would also be present at this meeting to discuss the Annual Report.

Mr. Forrestal said that he had been asked by Mr. Houghton to make a study of trustee liability and that he would also be prepared to report on this matter in December.

Report of the Review Committee: Mr. Segal, the chairman of the Review Committee, reported on the actions of the Committee from its first meeting on July 8, 1975. At that meeting, the Committee had considered the request from the Association of Members of IAS (Alumni Association) for the inclusion of two members of the

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Association on the Review Committee. The decision was negative, and the chairman had written to Mr. Reginald Allen, the chairman of the Association, stating that the Committee had every intention of seeking the opinions of former members, but that in the interests of keeping the Committee small, the request did not seem appropriate. The Committee also voted to recommend to the Executive Committee that two members of the Faculty be included in the membership of the Review Committee. This recommendation was discussed at a joint meeting of the Executive Committee and the Faculty Liaison Committee, on September 17, and the recommendation was adopted. Since that time, the faculty has met and selected Professors Borel and Hirschman to represent the faculty on the Review Committee.

A previously scheduled meeting of the Committee for September 18 was cancelled, because the faculty had not yet had time to make their selections. The next meeting of the Review Committee will be held in New York City on October 9 with the faculty members present.

Mr. Segal said that over the summer, there had been a general discussion of the need for staff assistance to the Committee and that Miss Barbara Gale had been appointed as secretary to the Committee for a period of six to nine months.

The Committee has adopted a schedule which will provide for a final report by early April.

One of the first matters to come under discussion of the Review Committee at its next meeting will be the financial forecast of the Institute's income and expenses, prepared by a sub-committee of Professor Solow and Dr. Kaysen.

The Director reported that the meeting of the Faculty had been amicable and was marked by a high degree of consensus.

There followed a general discussion of a number of topics which the Review Committee would have under investigation. It was moved, seconded and unanimously passed that the report of the Review Committee be accepted and that Professors Borel and Hirschman be formally appointed to the Review Committee.

Report of the
Search Committee:

Mr. Forrestal, the chairman of the Search Committee, first introduced the question of the time factor in the relationship of the work of the Committee with that of the Review Committee. It was the sense of the meeting, in which Mr. Segal concurred, that the Review Committee could address itself to those matters bearing on the directorship in the early stages of its

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investigations and that any decisions reached with respect to the directorship could be passed on at once to the Search Committee. It was the further sense of the meeting that it was, therefore, not too soon for the Search Committee to begin organizing and receiving suggestions.

There followed a general discussion of the relationship of the work of the Search Committee to the Faculty, with specific reference to the request from the Faculty, reported by the Director, that two of its members be added to the Search Committee. Mr. Petersen said that the Rules of Governance had been adopted very recently and that they made provision for appointment procedures of a new director. After further discussion, it was the clear sense of the meeting that the Board was aware of the request for faculty membership on the Search Committee and that Mr. Forrestal should further explore the matter of faculty participation in the work of his Committee along the lines of Section 15a of the Rules of Governance, which read as follows:

When there is a vacancy in the Directorship, the Board shall receive the views of the Faculty on the vacancy in any way the Faculty chooses to offer them. Faculty views on the general characteristics desired in a Director, specific nominations, and Faculty comments on nominees the Board is considering, shall all be welcome. Names of all candidates to whom the Board is giving serious consideration shall be circulated to the Faculty in a timely way to allow for careful and thoughtful comment. In particular, should the Faculty wish to express its collective opinion through a Committee, the special committee of the Board provided for in Article VI, section 3 of the By-Laws, shall meet with that committee for full discussion. Nothing in these arrangements shall preclude Faculty members from offering their individual views.

Director's Report:

a. Faculty

The Director reported that the current faculty population was eight in Historical Studies; nine in Mathematics; six in Natural Sciences; and three (including himself) in Social Science. There will be two retirements in 1976, (Professors Gödel and Weil); and two more retirements in 1977, (Professors Thompson and Whitney). The next retirement after that will be Professor Montgomery in 1980.

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- b. Members There are 153 members during the current academic year, divided into more or less the same proportions between the several schools as in recent years.
- c. Professorships This year for the first time the Institute's information booklet includes the listing of the two endowed professorships; Professors Harish-Chandra -- IBM von Neumann Professor and Hirschman -- 1907 Foundation Professor.
- d. Budget The Director called on Mr. Morgan to present the Post-Closing Budget. Because of certain favorable balances in the grants and an increase in expected overhead income, the appropriation request was down slightly from the Budget Committee draft approved in April. It was moved, seconded and unanimously carried that the Post-Closing Budget for the academic year 1975-76 be approved as presented.
- e. Other housekeeping matters Mr. Morgan reported that reductions in non-academic staff, effected last spring, had been accepted with a fine spirit of cooperation by the respective department heads and foremen, but that the housekeeping department was now stretched rather tight, particularly in the case of absences because of illness.

The only major unpredicted expense incurred by the Institute over the summer resulted from the serious flooding in the month of July, which created a potentially expensive and dangerous situation in the machine room of West Building. This will have to be corrected by the installation of additional pumps, and the purchase of a stand-by generator.

- f. Staff retirement resolution The following resolution with respect to staff retirement policy was moved, seconded and unanimously carried:

WHEREAS the Employee Retirement Income Security Act of 1974 sets forth certain requirements with respect to funded pension plans which in some cases differ from the TIAA-CREF Plan now in force for members of the Institute Staff,

BE IT RESOLVED that the pension plan adopted by the Board of Trustees at its meeting of April 4, 1957 be amended as follows:

1. Eligibility:
 - A. Within six months after attaining age 25 (formerly June 30th following the 28th birthday)
 - B. Waiting Period: 3 years after employment (formerly 2 years)

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2. Vesting:

Immediate (formerly 5 years)

3. Repurchase:

No repurchase (formerly anytime within the first 5 years)

g. Faculty Pension Policy:

The Director reported that the current target, adopted some years ago, for faculty pensions was \$17,500, plus Social Security benefits. He said that supplementary pensions were now being paid to Professors Morse and Alföldi, who had both retired some years ago with much smaller funded pensions. He said that the biggest single problem with faculty pensions was the fact that they were tied to salaries at the time of retirement, rather than current salaries.

He then presented a number of tables and graphs which contained the following variables:

1. a target of 50% of current salary (including Social Security);
2. a target of 60% of current salary (including Social Security);
3. an assumption of 5% annual salary increment;
4. an assumption of 7% annual salary increment.

All of the variables listed above presume the election of the single life annuity option from TIAA. The final table indicates the several costs of pension supplements, under the various options.

After some discussion it was moved, seconded and unanimously carried that the target of 50% of current salary be adopted and that pension supplements be paid to achieve this and further that the whole matter be reviewed in 1980. The Director sought and was granted the authority to make a comparable arrangement for Dr. Bigelow.

In taking this action, the trustees were aware of the fact that this was a new departure in pension arrangements, possibly not duplicated in many other educational institutions.

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h. Academic facilities
for Professors
Emeriti:

The Director said that he had raised the matter of facilities for Professors Emeriti at the spring meeting of the Board with the suggestion that there be a dollar ceiling on these facilities in some combination of an assistant, a part-time secretary, or an allowance of \$1500 for academic travel. At that time, the suggested ceiling was \$6500. The intent of the proposal is not to save money, but to establish equity among the several professors emeriti.

During the summer, the Director had written to all of the current emeriti professors and those active professors who will retire in the next few years. He had received varying reactions, depending largely on whether the proposal represented a reduction in the present allowances or an increase.

He was now prepared to make the following proposal to the Board:

1. that Professors Emeriti continue to be given appropriate office space;
2. that the ceiling for academic assistance be \$7,000;
3. that this may be used for the salary of an assistant or for a combination of \$1500 travel allowance and a part-time secretary;
4. that this be effective on July 1, 1976 if it represents a reduction in the present expenditures, but that it be effective at once if it represents an increase in the present expenditures.

It was moved, seconded, and unanimously carried that these arrangements be approved.

i. Faculty Salaries

The Director said that, although he was not asking for any action at this time, he felt that it was appropriate to raise the matter of faculty salaries. He said that the relative standing of Institute salaries was still high competitively, but that it was narrowing. The average salary for full professors in ten of the leading institutions in the country in 1974-75 was approximately \$32,000 and there were in the country 470 professors who were earning more than \$35,000. In the matter of fringe benefits, the IAS position is generous: \$6800 or 17% of salary as compared with an AAUP average of 13.7% in these same leading institutions.

In response to questions regarding the ability of Institute professors to supplement their income between terms, the Director said that this was common practice for all of the

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physics faculty, half of the mathematics faculty, but none of the faculty in history or social science.

j. Additional
appointments
to the Faculty

There followed a general discussion of the wisdom of any further faculty appointments during the current academic year with two conflicting facts in mind:

1. the outstanding promise to the Schools of Mathematics and Historical Studies that they could each make one more appointment and;
2. the work of the Review Committee which might lead to the conclusion that the size of the Faculty should be reduced. It was the sense of the meeting that it would be best if there were no new appointments this year, but that it was important to avoid a serious confrontation on the matter. It was, therefore, referred to the Review Committee for negotiation with the Faculty with this instruction in mind.

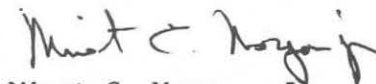
k. Dr. Kaysen:
Future Plans

The Director spoke briefly of his personal plans for the future. He mentioned several academic positions that had been offered, and that he, of course, was weighing these against remaining at the Institute. One matter involved in the decision that troubled him was that the trustees of the 1907 Foundation, who had already been very generous in their gifts (\$2.5 million) for the endowment of the work in Social Science, might feel that their continued support would depend on his presence at the Institute. He was endeavoring to persuade them that this should not be the case, so he could make his own decision independently of this factor.

Adjournment:

There being no further business, the meeting was adjourned at 1:20 p.m.

Respectfully submitted,



Minot C. Morgan, Jr.
Secretary