The President's Report was given in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, at 9:15 a.m. on January 18, 2008.

The following Trustees were present: Broadhurst (chairman), Garban (vice chairman), Alexander, Baldwin, Chaiken, Clemens, DiBerardinis, Eckel, Hayes, Henning, Hetherington, Hintz, Huber, Jones, Joyner, Junker, Lubert, Metzgar, Myers, Poprik, Riley, Shaffer, Spanier, Strumpf, Surma, and Zahorchak; and Trustees Emeriti Beahm, Coppersmith, and Huck.

Present by invitation were faculty representatives Blasko, Blood, and Hufnagel; student representatives Casiano, Gyekis, and Lewis; staff members Ammerman, Bowen, Curley, DiEugenio, Dolbin, Erickson, Hanes, Hurley, Kirsch, Mahon, Pangborn, Paz, Pell, Poole, Romano, Schultz, and Weidemann; and Mr. Courtney of McQuaid Blasko.

Chairman Broadhurst welcomed a new member of the Board, Trustee Ira Lubert. Chairman Broadhurst also welcomed Robert Lewis, who has been asked by the Governor to serve as his non-voting representative to the Board. He welcomed University Faculty Senate Officers Dawn Blasko, Ingrid Blood, and Pamela Hufnagel; student representatives Bobby Casiano, Joseph Gyekis, and Hillary Lewis; and Academic Leadership Chair Madlyn Hanes.

-President's Report-

Dr. Spanier's report is included in its entirety:

"Since January is traditionally the time of year when people resolve to improve their health, I thought I would begin my report by sharing the single factor that best predicts a long life. According to the former assistant surgeon general, the biggest effect on longevity is education. Every year spent in school extends life expectancy by 18 months...and that is consistent around the world. So let me know if you'd like to re-enroll for another degree! Now on to other news.

"This Board meeting comes in the midst of our celebration of the life of Dr. Martin Luther King, Jr. It has always been my philosophy that in order to make the holiday most meaningful we should take advantage of the educational context of Penn State. On each of our campuses, we have planned a rich variety of academic and extracurricular offerings including the annual Day of Service. To honor the legacy of Dr. King, students are encouraged to take a 'day on' rather than a 'day off' to engage in service activities in the community. For example, the students hold a blood drive, make presentations at local schools, and volunteer at Mount Nittany Medical Center, Meals on Wheels and other organizations. Participation increases each year, and we're very proud of the social awareness of these students.

"Another point of pride for Penn State is our continuing popularity among prospective students and families. Last year, we received a record number of applications for admission, making Penn State the most popular university in the country. This year, we're seeing another increase, and as of last week our applications were up by about 2 percent over the same period the year before. We expect to receive more than 100,000 applications for admission this year.

"We're also seeing a high conversion rate, with more and more prospects accepting our offer to attend Penn State. This is a great testament to the value of a Penn State degree.
"In December, 4,256 graduates joined the ranks of Penn State alumni, and we had the pleasure of awarding an honorary degree to Dr. Charles Sanders, former CEO of Glaxo and one of the nation's leaders in medical education and research. As the commencement speaker, he was inspiring and encouraging. He told graduates, 'Money and titles are not the gauge of happiness, though it's very hard to believe when you don't have either.'

"Looking ahead to a couple of important dates, please note that during the first week of February, the Governor's budget recommendations will be made available to the public. On February 26th, I will be in Harrisburg to testify at Penn State's budget hearings for both the House of Representatives and the Senate.

"Penn State has long had the largest outreach effort in American higher education, and this fall Penn State received some very positive news with respect to our statewide impact. A recent study conducted by Penn State Outreach and the Center for Survey Research found that Penn State touches one of every two Pennsylvania households within a 12-month period. This is remarkable, and means that Penn State is providing essential services, information and support to over 2.4 million households in Pennsylvania each year.

"One example of an innovative Outreach program is PROSPER, which is an acronym for PROmoting School-community-university Partnerships to Enhance Resilience. In December, the National Institute on Drug Abuse awarded this promising program a five-year $5.7 million federal grant to continue to implement programs that strengthen families and help young people avoid substance abuse and behavioral problems. The total award to Penn State and our partner, Iowa State University, is $11.6 million. PROSPER currently serves almost 15,000 youth in communities in Pennsylvania and Iowa and it is anticipated that this program will lead to a national network of partnerships.

"As you know, during the last Board meeting the partners visited Shaver's Creek Nature Center, another division of Outreach. I am happy to report that Shaver's Creek received a $100,000 grant from the Pennsylvania Department of Conservation and Natural Resources to develop an outdoor learning facility, including an outdoor climbing wall, outdoor classroom pavilion, ADA accessible lakefront trail, and a lakefront gazebo. Congratulations to Mike DiBerardinis for his leadership on a broad range of projects benefitting so many people across the state.

"Near Shaver's Creek is Shale Hills, the site of a project with important implications for our water supply. A five-year $4.2 million National Science Foundation Grant will help Penn State scientists study how soils form from bedrock. This is crucial for understanding water movement and groundwater flow to streams. With this NSF Critical Zone Observatory Grant, researchers will begin geochemistry studies in Shale Hills, which is one of three research sites in the United States. Penn State researchers are collaborating with their counterparts at the University of California, Merced and the University of Colorado on the project.

"Other Penn State researchers have also been studying shale in Pennsylvania, and have discovered structures that will allow the production of significant natural gas accumulations that were not previously accessible in the Appalachian Basin.

"A key part of their discovery is the recovery method known as the Penn State-Fredonia approach to horizontal drilling. This innovation will dramatically improve the recovery of natural gas in Pennsylvania, and provide significant economic opportunities for the region. At least a dozen companies are exploring the most promising layer of black shale, and it is expected that industry will ramp up to rapidly take advantage of this new approach to resource recovery.

"Some of you may have seen The New York Times Magazine cover story on January 6th that described the problems with electronic voting systems. The article featured a research study led by Penn State professor Patrick McDaniel and conducted at the request of Ohio Secretary of State Jennifer Brunner. In the study, Dr. McDaniel and a team of..."
researchers tested the touch-screen and optical-scan systems used in the 2004 elections in Ohio, and found critical security failures in every voting system. The teams showed that the election systems were subject to vote tampering by simple methods such as picking locks, or via more sophisticated computer-based attacks. The researchers found all evaluated systems had systemic security failures that could be used to manipulate elections. Based in part on these findings, Secretary Brunner has recommended that all the state’s touch-screen machines be replaced with optical-scan machines that read and electronically record paper ballots filed manually by voters. As the presidential elections approach, you will no doubt be hearing more about this important issue.

"Eva Pell, Penn State’s Senior Vice President for Research and Dean of the Graduate School, has been heavily involved in shaping the recommendations for the U.S. Secretary of Commerce with regard to Deemed Export Rules. Deemed exports refer to technology that resides in the U.S. but is ‘deemed’ to have been exported if a foreign national has access to the technology within the United States. The Deemed Exports Advisory Committee has proposed a simplified new process that will both enhance national security and strengthen America’s economic competitiveness.

"We are seeing great progress in Penn State’s Dickinson School of Law. At University Park, our new building is taking shape, and on Wednesday, we’ll celebrate the Dickinson Carlisle groundbreaking. This renovation and addition project will transform the historic Trickett Hall into a state-of-the-art facility and provide much-needed space for the program.

"I want to emphasize that what we’re doing is one of the most significant innovations in American legal education and is on the leading edge of the future direction of law schools. Governor Rendell, along with other state and local leaders, will attend the groundbreaking ceremony, and I will express our appreciation for the role the Commonwealth of Pennsylvania played in allocating funding for the project.

"During the fall sports season, Penn State enjoyed a generous share of recognition and glory for our coaches and players, especially for the Penn State women’s volleyball team who beat top-seeded Stanford to win the NCAA women’s volleyball title.

"In addition, Coach Russ Rose was inducted into the American Volleyball Coaches Hall of Fame and was selected as the National Coach of the Year. Here with us this morning are Coach Rose and his senior players: Melissa Walbridge, Kara Callahan, Kate Price and Ann Naylor. Can you all please stand to be recognized? (The coach and players stand.) Thank you for giving us a thrilling season with a spectacular finish! Congratulations team and Coach Rose!

"The women’s field hockey team also had a stellar season. During the NCAA Tournament, Penn State upset the number two and number three seeded teams, before losing to the number one seed in the finals. Coach Charlene Morett just completed her 21st season as head coach at Penn State, and with 300 career wins at Penn State, she is the fifth all-time winningest coach in NCAA field hockey history. This year, Coach Morett was named the Mideast Region Coach of the Year, an honor she has had on four other occasions.

"Last week, the Penn State wrestling team was ranked number one in the USA Today/NWCA Coaches Poll, for the first time since the 1992-93 season. The team is having an incredible season, and during the 2008 National Duals in Ohio, head coach Troy Sunderland earned his 100th career coaching win.

"I think we’ll all remember the Alamo Bowl as a great win for the Nittany Lions. This game was another milestone for Joe Paterno as well, making him only one of two major college coaches to reach the 500-game mark. We had a very enjoyable visit to San Antonio where we were able to connect with thousands of loyal alumni.
"We are anticipating a notable loss in February. As many of you may know, vice president for development Peter Weiler has accepted the dual post of senior vice president for development at The Ohio State University and president of The Ohio State University Foundation. For almost 20 years, we have benefitted tremendously from Peter's leadership, enthusiasm, and dedication, and he will be greatly missed by all of us at Penn State. Peter, can you please stand to be recognized? (Peter Weiler stands.) Thank you for all you have done to make Penn State a better place.

"The University's new capital campaign 'For the Future' is now well underway. We are fortunate that Ed Hintz, Arthur Nagle, Joe Paterno, and Bill Schreyer have accepted appointments as honorary chairs. These four leaders will advise Campaign Chair Peter Tombros and serve as members of the campaign executive committee.

"As I do each January, I want to remind you that the Dance Marathon will be taking place February 22nd to the 24th. Again this year, THON will be at the Bryce Jordan Center, so I hope our Trustees will try to stop by and cheer on the dancers. Please let Paula know if you'll be attending so we can make special arrangements for your THON 'experience.'

"Finally, I want to recognize the passing of Thomas Reed Ferguson, Jr. this past Wednesday. He was 92. Throughout his life, Reed contributed enormously to Penn State, as an alumnus, educator, founder of Penn State's Erie campus, vice president of public affairs, and volunteer. He will always be remembered at Penn State through the student award and West Campus residence hall named in his honor.

"This concludes my report. At this time, I would be happy to answer any questions you may have."

President Spanier received comments concerning:

- the changing landscape on student aid at Ivy league schools and other elite universities and the effect on Penn State;
- Penn State's record keeping for undergraduate and graduate students and how we avoid any abuses;
- Coach Paterno's final year of his contract and the process of hiring a new coach when or if the time arises;
- the collection, size, and quantification of data in studies regarding the impact of Outreach;
- discovery of structures that will allow the production of natural gas accumulations; and
- the distinction between Penn State and other universities collectively defined as state related universities in regards to non-preferred appropriations by the state.