The President's Report was given in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, at 8:40 a.m. on May 16, 2008.

The following Trustees were present: Broadhurst (chairman), Garban (vice chairman), Alexander, Arnelle, Baldwin, Chaiken, Clemens, Eckel, Fouke, Hayes, Henning, Hetherington, Hintz, Huber, Jones, Joyner, Junker, Lubert, Metzgar, Myers, Peechatka, Poprik, Riley, Shaffer, Spanier, Strumpf, Suhey, Surma, and Wolff; Trustees Emeriti Brosius, Huck, Rowell, Wise, Wolff, and Zemprelli; Governor's Representative Lewis; and Secretary Zahorchak's Representative Tandberg.

Present by invitation were faculty representatives Blood, and Coraor; student representatives Keirans, Khoury, and Mendoza; staff members Ammerman, Bowen, DiEugenio, Dolbin, Erickson, Hanes, Hurley, Kirsch, Mahon, Pangborn, Paz, Pelli, Poole, Romano, Schultz, and Weidemann; and Mr. Courtney of McQuaide Blasko.

Chairman Broadhurst welcomed Secretary Zahorchak's representative, David Tandberg, Special Assistant to the Deputy Secretary of Postsecondary and Higher Education for the Pennsylvania Department of Education, and Rodney Hughes, who was appointed by the Governor to serve on the Board effective July 1. Chairman Broadhurst also welcomed the University Faculty Senate Officers Ingrid Blood and Lee Coraor; student representatives Keirans, Khoury, and Mendoza; and Academic Leadership Chair Madlyn Hanes.

**President's Report**

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

"Let me begin my report by calling to your attention a document I saw when I came in. I don't know if the rest of you may have been given copies but I think you have been fully briefed on some of our students' efforts to have Penn State pledge its support to a designated suppliers program. We have had many communications with you about that.

"I just want to point out something about this document that I have communicated to you on a number of occasions because, sometimes, when you don't correct a record, an error stands. This document reports to be the designated suppliers program and alleges that quite a number of schools have signed onto the program and are finalizing plans for implementation. Actually what you have here is a copy of the proposal for a designated suppliers program that emanates from discussions of the Worker Rights Consortium. Penn State attends all of these discussions. This is in fact the proposal that's been put on hold and that was withdrawn from consideration by the US Department of Justice, where it was submitted some time ago for a ruling on antitrust matters.

"Many of you are in businesses where you are familiar with the Sherman Antitrust Act and its provisions. Because of the questionable nature of this kind of a proposal in relation to antitrust, it was submitted to the US Justice Department. They would not give antitrust clearance so the Worker Rights Consortium did withdraw it. I suspect that they will submit it after the administration changes and make another go at it. If this program ever were to be implemented, it would almost certainly differ from what you see in this document.

"Penn State continues to monitor this situation very closely. We participate in the discussions and I will be continuing to stay in touch with officials at the Worker Rights Consortium and the Fair Labor Association. If, and when, we get to the point where the program is put in place, we, like other universities, will consider it. I have spoken to the presidents and chancellors of many of the universities that have allegedly been signed on and are claimed in this document to be finalizing plans for implementation. I can assure you
that is not the case. Institutions have written letters. These letters are all posted on the Worker Rights Consortium's website and they say lots of things like 'we are for it,' 'we will consider it,' 'we would consider it' or 'would do it under certain conditions.' Many of those institutions have said something very similar to what Penn State has said along the way.

"We of course continue our efforts to be very proactive on this issue of the manufacturing of apparel that would contain Penn State's logo. We have a staff who works very closely on this and is dedicated to it and monitors all aspects of our licensing of many Penn State products.

"This spring has been quite a time to be in Pennsylvania in general and at Penn State in particular. From the presidential primaries to a national championship to academic honors, our campuses have been in the national spotlight.

"Our students have shown a level of interest and attention to politics that is unmatched in recent history. At University Park, Barack Obama drew a crowd of 22,000 students, faculty, and community members to the Old Main Lawn. This photo was taken from the Bell Tower. (Photo displayed.)

"Bill Clinton packed Rec Hall, and visits by Hillary Clinton, Bill Clinton, Chelsea Clinton, Barack Obama, and Ron Paul occurred at several of our campuses: Fayette, Brandywine, Erie, Hershey, Greater Allegheny, Altoona, and University Park. The visits are part of Penn State's effort to expose students to the 2008 presidential campaign and part of the University's open-door policy to host campaign stops during the presidential elections.

"As you can see from this slide, both Barack Obama and Hillary Clinton were looking like winners at Penn State. (Slide shown.)

"This is another record-setting year in the number of admissions applications received by the University. We are on target for meeting our goals of 7,000 students in the new summer/fall class at University Park and 8,200 at the Commonwealth Campuses. Currently, one-third of incoming students are from out-of-state, two-thirds from in-state.

"This class will also be more diverse. For the University as a whole, African American paid acceptances are up almost ten percent over last year, and Hispanic students' paid acceptances are up nearly six percent. International paid acceptances at the undergraduate level are up by 50 percent over last year.

"This weekend marks the 358th exercise in Penn State's history. University-wide, 10,327 students will graduate—531 with associate degrees; 8,209 with baccalaureate degrees; 1,257 with graduate degrees; 125 with medical degrees; and 205 with law degrees. For those of you keeping score, this means Penn State will have awarded over 625,000 degrees.

"Our ceremonies begin this afternoon, when we will recognize a remarkable group of scholars in the Medals Ceremony for the Schreyer Honors College, and also commission R.O.T.C. students.

"This year's list of noteworthy distinctions and awards earned by our graduates is extensive, including two Barry M. Goldwater Scholarships, a Fulbright Scholarship, National Science Foundation Research Fellowships, and many other prestigious awards.

"Penn State athletic teams have earned top spots in national competitions this spring. The men's gymnastics team won the Big Ten Men's Gymnastics Championship and placed fourth in the NCAA finals. Junior Casey Sandy proved that he was the nation's top collegiate gymnast by capturing the NCAA all-around title. This victory makes Casey the first Penn State gymnast to win the Big Ten and NCAA all-around crowns in the same year. Men's gymnastics coach Randy Jepson was honored as Big Ten coach of the year for the second time in his career. Randy is here, and I'd like to ask that he stand so he can be recognized.
"Also, it's now official. Penn State is the volleyball capital of the nation. The men's volleyball team defeated second-ranked Pepperdine to win the national championship a week ago Saturday. This decisive victory makes Penn State only the second school in NCAA history to win NCAA men's and women's titles in the same year. The national title is the first for head coach Mark Pavlik, who was an assistant coach on the 1994 team that captured the school's first national championship.

"Congratulations also go to Schreyer-Scholar Molly Crispell. Molly was the recipient of the 2008 Wayne Duke Postgraduate Award presented by the Indianapolis Big Ten Community Partnership and the NCAA post graduate fellowship. Molly is a two-time women's swimming team captain and has been honored many times by ESPN The Magazine, the Big Ten, and the NCAA. Molly graduates tomorrow, and plans to pursue graduate school so she can become a physician assistant.

"Now, turning to faculty accomplishments.

"I'm very pleased to introduce the inaugural Penn State Laureate for 2008-2009, professor of music Kim Cook. Kim is a world-renowned cellist and a gifted teacher. Previously, she served as Artistic Ambassador for the U.S. State Department, and she has performed internationally as a soloist in 25 countries. In her role as Penn State Laureate, Kim will bring an enhanced level of social, cultural, and artistic awareness to a broad array of audiences. Kim, can you please stand so you can be recognized? (Kim Cook stands.)

"This spring, Penn State faculty members have been honored by some of world's oldest and most prestigious societies. First, I would like to recognize Peter Hudson, the Willaman professor of biology. Yesterday, he received notice that he was elected a Fellow of the Royal Society of London for Improving Natural Knowledge. This is a tremendous honor for Peter and Penn State. As a Fellow of the Royal Society, Peter joins the ranks of other eminent scientists including Isaac Newton, Charles Darwin, and Albert Einstein. Peter, can you please stand so we can offer our congratulations? (Peter Hudson stands.)

"In April, two Penn State faculty members were honored by the American Academy of Arts and Sciences, which has a distinguished history dating back to the American Revolution. James Kasting, distinguished professor of geosciences, and Jainendra Jain, the Erwin W. Mueller professor of physics, were both elected into the Academy's 2008 Class of Fellows.

"Richard Alley, the Evan Pugh professor of geosciences, and Barry Marshall, the Francis R. and Helen M. Pentz professor of science, were elected to the National Academy of Sciences in recognition of their continuing achievements in original research. This year, Dr. Alley also received the Milton S. Eisenhower Award for Distinguished Teaching.

"With such a magnificent faculty, it's not surprising that U.S. News and World Report recently ranked 21 Penn State graduate programs among the top ten in the nation. Released annually, the U.S. News graduate school rankings are based on expert assessments and statistical measures for more than 1,200 graduate programs.

"Penn State also ranked highly with The Journal of Blacks in Higher Education. According to their recent report, Penn State ranks seventh among top state universities in black graduation rates and is significantly above the national average of all colleges and universities in the U.S.

"Earlier this week we hosted the 13th annual Road Scholars bus tour. Trustee Riley and I traveled throughout the state with almost 50 new faculty members from 15 different campuses. This year, our stops included Penn College, Penn State Hazleton, the Eckley Miners' Village, Pennsylvania College of Technology, Sterman Masser, Penn State Medical Center, Penn State Berks, the Milton S. Hershey School, an Amish farm, the Starbucks York Roasting Plant, and the State Capital.
"This road trip is a great opportunity for faculty to better understand that Penn State is one university, geographically dispersed. It also gives new faculty the chance to meet and make connections with each other.

"As you heard in our March Board meeting, For the Future: The Campaign for Penn State Students is off to a very strong start with $364 million raised in the first year. This momentum continues.

"I am pleased to announce that the University Faculty Senate has endowed a Faculty Trustee Scholarship that has reached the level of $54,000. This initiative demonstrates the commitment of faculty to helping families of modest means afford a Penn State education.

"In a historic move, the Penn State Alumni Association has pledged a $2.1 million gift to support students across the University. The gift will establish 35 Penn State Alumni Association Trustee Scholarships, each funded at $50,000 in 12 colleges, at 20 campuses, and three additional undergraduate units. In addition, the gift includes $350,000 to support graduate and professional education—$100,000 each for The Graduate School, the Penn State College of Medicine, and the Penn State Dickinson School of Law—as well as $50,000 for Penn State Great Valley, School of Graduate and Professional Studies.

"I was delighted to see many of you at the Mount Nittany Society dinner in April. This is always a wonderful event, and this year it was especially noteworthy. We had a record number of new memberships: 258 individuals and couples joined the Society. That's a 70 percent increase over the prior year's new memberships.

"We're very grateful for such strong enthusiasm for our campaign efforts.

"This summer we will continue the renewal, renovation, and repair projects that are vital to our campuses. This chart gives you some idea of the scope of the work. Almost 300 projects are planned at University Park and on the Commonwealth campuses. These projects include capital renewal projects, campus roadway improvements, new buildings, roof replacement, masonry repair, and beautification projects.

"For example, in this project, the West Campus will be enhanced by a significant pavement reduction, as well as new trees, turf, and ornamental plantings. Here's another example. (Slide shown.) This project will dramatically improve the landscape in front of the Agricultural Engineering building along Shortlidge Road. As you are well aware, buildings and landscape send a powerful message about the character and quality of an institution.

"Together, they have a tremendous influence not only on the caliber of students we attract, but on the kinds of faculty we are able to recruit and retain. I know all of you wish to join me in leaving a legacy of stewardship of our campuses to our successors.

"Meanwhile, Boots and Robin Hetherington have been busy with a restoration project of their own. The barn they restored on their Ringtown farm won the Barn Again! Farm Heritage award for restoration from the National Trust for Historic Preservation and Successful Farming Magazine. The project took three years to complete, and the Hetherington family was recognized for their outstanding stewardship and restoration work. Please join me in congratulating Boots and Robin.

"Finally, we had a great time when Mad Money with Jim Cramer, CNBC's hit investment show, came to Penn State as part of its 2008 'Back to School Tour.' The audience was packed with exuberant Penn State students, and the show aired on March 26th. Jim had a very special guest on the show, which I'd like to show you now... (Video clip is shown. Trustee John Surma was a guest.) Thank you John for joining us on Mad Money.

"I will be happy to take questions at this time."
President Spanier received comments concerning:

- universities hiring agents and/or contractors to recruit international students and Penn State's recruitment practices;
- the encouragement of undergraduate students to perform volunteer work specifically in regards to non-traditional tourist parts of the world to develop international perspectives;
- the percentage of international students attending Penn State; and
- an update on the change in student aid.