



**Minutes of the Academic Council Meeting
Thursday, September 25, 2025**

Mark Anthony Neal (Chair, Academic Council / African & African American Studies): Good afternoon. Thank you for coming out to the first official Academic Council meeting of the 2025-26 academic year. If you don't know me, my name is Mark Anthony Neal, James B. Duke Distinguished Professor of African & African American Studies, Gender, Sexuality and Feminist Studies, and English, and the newly elected Chair of the Academic Council. (applause) I'd like to begin by welcoming the new members of the Academic Council. We look forward to working with you over the next year. And of course, thank you to all those folks who agreed to come back for another year.

THE CHRISTIE RULES

For those who are new to the Academic Council, we are governed by the [Christie Rules](#). For the new members, I want to share a little bit of information about our guiding principles and shared governance. In 1972, a committee chaired by Professor George Christie of the Law School – who I hear still shows up from time to time, apparently in his crocs – fine-tuned the Academic Council in a series of reforms aimed at strengthening the role of the Academic Council in the decision-making process at Duke. The summary of the recommendations from the report became known as the **Christie Rules**

and is a critical element of university governance, ensuring a role for the faculty in key decisions at Duke. The language behind me is considered the key language from that report. (refers to [slide](#))

The Executive Committee of the Academic Council, also known as ECAC, has met regularly over the summer – probably five or six times, including joint meetings between the 2024-25 ECAC and the current ECAC. I'd like to take a moment to introduce the members of the current ECAC. If you would all stand, please. (applause) **Claudia Gunsch** is in her second year with us. **Terry Oas** is also in his second year, though he is not here today. The new members include **Harvey Cohen** from the School of Medicine; **Victoria Szabo**, who's serving her second stint on ECAC; **Mallory SoRelle** from Sanford; **Grainne Fitzsimons** who's also serving her second stint on ECAC, though she is not here today. Lastly, **Andrew Foster**, who joins us from the Law School. According to our bylaws, ECAC must select from the Executive Committee a member to serve as Vice Chair and I am happy to announce that Grainne Fitzsimons has agreed to serve as Vice Chair for 2025-26. ECAC and the Academic Council run in part because of one woman: **Sandra Walton**, who both keeps the trains running on time and serves as our institutional memory. She has been an invaluable

resource for us in this particular moment. She's assisted by **Jennifer Xiao**, who joined us earlier this year. (applause)

The attendance sheets are being circulated. Please be sure to initial them and pass them along. Our bylaws state that you can be removed from the Council after three consecutive unexcused absences, so please email Sandra or Jennifer if you are unable to attend a meeting. As you ask questions or make comments, please say your name and school or department, as our meetings are recorded and transcribed. In the past, we've done the "pass-the-microphone" thing, but we're not doing that today. If you have a question, there are two standing microphones at the top of the stairs, so when there is an opportunity for Q&A, we ask that you go to those microphones to ask your questions.

Suggestions for discussion topics for future Council meetings are welcome. If you would like to suggest an item, please send it to acouncil@duke.edu. The Council has a tradition of submitting questions to be asked anonymously of the senior leadership. You can do this either through the website at the "Contact Us" tab, or you can send an email to acouncil@duke.edu.

Approval of the May 8, June 17, and August 4 meeting minutes and other business: As ECAC is granted authority by the Council to conduct business on your behalf over the summer months, the approval of the last three meetings of the Council, along with approval of summer term degrees and Duke-NUS degrees, were handled by ECAC. You can find the minutes for the three meetings on our website.

FACULTY HEARING COMMITTEE – APPROVAL OF NEW MEMBERS

ECAC's nominations for the Faculty Hearing Committee are behind me. (refers to [slide](#)) The Faculty Hearing Committee is a subcommittee of the Academic Council and is charged with considering complaints from faculty concerning issues such as termination of employment, violation of academic freedom, and allegations of harassment not resolved by other university bodies. The process of issuing a formal complaint is detailed in **Appendix F** of the Duke Faculty Handbook. The Faculty Handbook states that the Faculty Hearing Committee will consist of up to 18 tenured faculty members, nominated by ECAC and elected by the Council at large, to serve three-year terms. Are there any questions about the proposed new members of the Faculty Hearing Committee? Hearing none, all in favor of these members of the Faculty Hearing Committee, please say "yes". Any opposed? Any abstentions?

[Proposal to elect individuals to the Faculty Hearing Committee approved by voice vote with no abstentions or dissent]

Thanks to the faculty who have agreed to serve. And thanks to **Joshua Socolar**, former Academic Council Chair from the Physics Department, for chairing the Committee for another year.

I'm also pleased to share members for the **Ad Hoc Committee to review Appendix I** of the Faculty Handbook. For those who were in attendance last academic year, you will recall that my predecessor, Trina Jones (former Academic Council Chair / Law School), who I believe is in the house, and ECAC worked with the Academic Council to create a committee to review Appendix I of the Faculty Handbook. Appendix I pertains to the Pickets, Protests and Demonstrations Policy. Last academic year, ECAC heard from some faculty requesting

greater clarity and notice about expected standards of conduct under the policy, as well as clarity concerning the procedures to be followed in the event of an alleged infraction. The committee began meeting earlier this month, and by next spring we should have a report from them with recommendations on any revisions to this appendix. **Jennifer Nash** (Gender, Sexuality & Feminist Studies / Trinity College of Arts & Sciences) has agreed to chair, joined by **James Chappel** (History / Trinity College of Arts & Sciences), **Tim Lovelace** (School of Law), **Anne-Maria Makhulu** (Cultural Anthropology / Trinity College of Arts & Sciences) and **Don Taylor** (Sanford School of Public Policy).

LIBRARY UPDATE: STRATEGIC REALIGNMENT AND COST REDUCTION EFFORTS

Neal: Next, I would like to invite my colleague, the Vice Provost for Library Affairs and University Librarian, Joe Salem, to discuss the changes that have occurred in conjunction with the financial realignment in the library.

Joe Salem (Vice Provost for Library Affairs / University Librarian): Thank you, Dr. Neal, for the invitation today, and thank you all for making time in your busy schedules for this agenda item at the first Academic Council meeting. I'm honored to be part of the first meeting. I'm going to try to speak for about 10 minutes and really want to engage in as much dialog as possible.

The first thing I want to do is to provide a little bit of context. My name is Joe Salem, and I serve as the University Librarian and Vice Provost for Library Affairs. I am responsible for an entity we call Duke University Libraries. I say that because

Duke has five different library systems. I'm responsible for the West Campus libraries – Perkins, Bostock, and Rubenstein – and what a lot of undergraduates think of as the libraries on the East Campus – Lilly Library and the Music Library. As you're going to see in a few moments, until recently, I was responsible for a library at the Marine Lab in Beaufort.

We work really closely with other libraries on campus. Four of the professional schools have their own library: the Ford Library is at Fuqua School of Business, the School of Medicine Library, the Divinity School Library and the Law School Library. We work very closely, but anything regarding cuts in those areas would have been school-level decisions. I'm sure the libraries were impacted in ways that we don't completely understand, but we coordinate as much as possible.

I also want to give you a little bit of sense as far as the context. We all know the numbers at the university level. I report to the Provost. And obviously with the Vice Provost title, we were asked to cut \$4 million out of our budget on a recurring basis, to contribute to \$150 million in cuts for the Provost's Office. That's the overall context.

I'll talk more about how we've done that. I wanted to also give you a little context as far as how that situates within the library budget. And everything I say is depending on how you look at it, but really, we have about a \$40 million budget – obviously, it will be less for the upcoming fiscal year. If you can, please focus on the three biggest items here. (refers to slide) The first is salary. As you can see, we had to focus as much on positions as anything else. The second is our collections budget which accounts for 32%. The one I really want us

to pay a little bit of attention to, is that 16% slice. That's debt servicing in the libraries. I want to give a little context on that from three different perspectives. First, I've been in library leadership for the last decade. I've never had this situation before where the library's budget was this constrained from debt servicing. This is due to renovations that were undertaken in the last 20 years. A lot of debt was issued as part of library renovations. This also was reconciled a few years ago. What we did as a university a few years ago, was reallocate back to the library's budget – debt that the library had assumed. Prior to that, \$6.25 million in debt was serviced by the Provost's Office for the libraries, which is a somewhat unique situation. For a three-year period (actually anticipated to be a five-year period), \$1.25 million was added back to the library's budget, reducing spending ability. That was essentially framed as a cut. It was taken by reducing the expenditures largely in collections. Two things about that, as we move on. We are committed in the library, not to add to that debt. I would like to see it come off the library's budget over time. The first debt that will come off the library's budget is 10 years from now, so it's a high watermark for myself, but we are not going to add to it. We were able to move forward on a major renovation of the Lilly library in partnership with Daniel Ennis (Executive Vice President) and his group, because we all agreed not to add to library debt or university debt, but to go through philanthropy to fund our portion of the \$64 million project, and it's been able to proceed accordingly. The other is that as we look at these reductions, we couldn't look at the collections budget in a way that some of our peers will during this period, as many library leaders try to do, the collections budget ends up taking a lot of these hits, because we are loathe to make any decisions that impact staff. We couldn't do that. We felt we had to

focus on staff, so we've taken \$3 million in cuts to the salary budget, resulting in the elimination of 40 positions (35 of which were filled, 5 were vacant). All were offered a VSIP (Voluntary Separation Incentive Program), and all accepted either VSIP or a secondary agreement, with a few retirement agreements which helped us meet our number. We've also taken out \$1 million in collections budget cuts. Part of what our overall strategy here is, as much as we can – that's a caveat – to focus on doing that by reducing print and other physical materials. Now, please focus on this as much as you can. We know that this is impossible at a comprehensive university. We know that many materials aren't published digitally, and in many cases, the digital access might be more expensive. The reason we've been focused on physical materials is that we were able to not only identify cuts to the library budget, but another 10 or so positions that handled a lot of circulation and print materials. So, we're trying to be as comprehensive in our thinking as possible. The last is that we are at capacity for space right now. Part of the debt that was serviced over many years was to build and then expand the Library Service Center, the off-site storage facility, which is at 98% capacity. This is going to sound sarcastic. I'm proud to say that that's down from 99.7%. And you get a sense of how much work this is, actively managing that collection and withdrawing duplicative materials. It's still ongoing work. We have a better sense of how to do that, and we're moving more quickly through it. This library had never done that before. We could talk more about that in the Q&A. As part of these reductions, we also closed the Marine Lab Library. This was more of a reallocation effort. The very talented librarian there has been asked to not only serve as a liaison to that area, but now (she is not managing that space), she's our lead on the Climate

Commitment. The reorganization of selected departments and changes in library services are really on the capacity level. I will see how far we can go before we do this. We have not stopped doing anything, and we'll talk more about what some of this has looked like. We have constrained what we are doing, and we're doing it with a smaller model in many cases. We have not taken anything away, other than the potential for the collections expenditures impacting in those areas that focus on print or other physical materials.

A little bit of our process. As early as March, when we were doing scenario planning, we started to socialize the fact that we need to think differently about the collections and the library operations with our own staff. We focused on the staff throughout, when we realized that we would be focusing the efforts around reductions on salary and positions. We wanted to lean into the confidentiality that was expected in this process, communicate as much as we could, but make sure the staff know what was going on. We recently completed a Strategic Plan, so we relied on that to guide our decisions. Part of that Strategic Plan gives us tools that we hadn't had before, which may sound surprising. In January 2025, we finalized collection strategies where we now can say: this is a discipline for which we are building collections distinction; this is a discipline for which we collect to support teaching; or this is a discipline for which we collect to support for research. We had never done that before. The general model was, buy as much as you can in many disciplines as possible. That's obviously not sustainable, even without what we're looking at right now. Finally, part of the process was to redistribute subject librarian goals. I think in some of our communication, we have focused on the idea that some of these positions have gone

away, and that's obviously something we all focus on. Thirty-five people were part of this. We all have people that we worked with that we're concerned about. But anytime we redistribute these liaison responsibilities, they really cut across all disciplines. Part of what we have to do is identify those areas where we can redistribute, where there's already capacity, and even where our model is not working. We've tried to identify where we had too much specialization, and you couldn't ask someone with a very specialized position to take on additional or other roles or other liaison responsibilities.

I want to give you a sense of how much we've leaned into the Strategic Plan pillars, because everything we've tried to do has been guided by these. They were finalized over a year ago, shared with the Library Council. I will talk more about the Library Council in a moment. With the exception of the fifth one, although maybe it helped to guide our focus on transparency communication, we've really been able to make decisions that continue to advance the directions that are laid out in this Strategic Plan. The other document, many of you who have worked with the libraries for a while may be familiar with, is the Library's 2030 Report which predates me. But it had a lot of faculty interaction, as well as our Strategic Plan had a lot of faculty interaction. Both had a lot of vetting and engagement with the Library Council. A lot of what we're doing now also enacts the strategies that were identified in that plan. I want to indicate that we've had faculty engagement in all of our planning processes. And obviously we have an ongoing relationship with a faculty body – the Library Council. I'll speak to that. We also try to – I don't really like the word protect, but I'm going to use it anyway – identify those perhaps more recent opportunities that we've been afforded as a

library to engage and try to continue to move those forward, both because of a commitment perspective and because we think that they'll help our overall effort and capacity. The first of these is we've been invited into working on the implementation of the Trinity curriculum. This is a great opportunity for libraries. We are part of the constellation courses, with a librarian assigned to each of those courses, and the anticipation is that we will do the same with the Century Courses. We knew we had to continue to do that. It's helpful, not only because it's a strategic area for the university, but it also helps with our teaching model. Right now, a lot of what we do is very relational, and I personally love that, but the challenge is that any one student may see a librarian three times before year two or zero times before year two, depending on what those relationships look like. So, this gives us something that we can build on top of. We have been afforded great opportunities to advance research, data support and digital research support. Many of my peers are jealous of how much we do in this area and what the commitments are. We're looking at areas to protect or to continue to build on this one that we definitely identified. In the assessment process, we had a nice opportunity to meet with the Trinity chairs this summer. We had a better sense of the direction of not only the personnel cuts, but some of these other impacts of strategic realignment. In August, just after the conclusion of the most confidential part of this, when most of the decisions have been made and were in, we reached out to all the faculty with a message of the general flavor of the cuts – I hope it was read this way – with a real interest in further engagement on this. I say the bulk of these has been easy for us to move forward in this process, but we didn't finish all of our interactions until Monday this week. We still had separation

agreements that were finalized on September 22, so this is ongoing for all of us.

We are fortunate to work with the Library Council which reports back to the Academic Council. We have never filed a formal report from the Library Council. The Chair, Kyle Bradbury, is a great partner, and we both agreed to work on this and to report back to the Academic Council. That was the plan for last year. Obviously, I've indicated that we used inputs such as the Library's 2030 Report and our Strategic Plan of which the Library Council had a lot of interaction both focus grouping in both those situations and embedding the final products. The topics over the last few years have really focused on a lot of the trends that we're seeing: space constraints, movement toward digital in general and in many publishing areas, and the recognition that no one format would work for all, but a duplicating format is something that we don't feel is appropriate either, unless really needed. This spring, we had some challenges in interacting with the Library Council. In February, I worked with Kyle to cancel our March meeting. Unfortunately – this was just a logistics issue – we were taking the Library Council to the Library Service Center, and the visit was just not coming together from a logistics perspective, so we delayed it until the fall, and both agreed to cancel that meeting, not thinking that anything else would be an issue. In April, we worked with Kyle to cancel that meeting. It was going to be held the same week that we were handing in our VSIP list and the personnel actions. We felt strongly and agreed with the advice that this has been a personnel interaction. We're concerned about confidentiality. We didn't want anything getting back to staff whose positions would be considered. Part of the challenge is that we have representation from library groups in that

room. We felt strongly that I needed to be the one from whom anyone heard about their positions. That was the case. I met with all 35 people over a week's span in July. So, we did not have a Library Council meeting. I didn't want to stand in front of colleagues and not answer their questions. I didn't want to tell them anything that I couldn't do in good conscience.

My final thoughts: A \$4 million reduction was very difficult. It's not the same level of reductions that we've seen in many of the other Provost's areas, or even in the schools. If we need to enact more, we have a plan to do so. That would focus more on collections and in some positions, and we have the opportunity to vet a lot of those decisions going forward. Part of the reason that we took a smaller cut is there's been general support from the university administration for the libraries. There's recognition that we're counted on. I've been through cuts elsewhere where some institutions or some units on campus are identified to not bear the brunt of a cut, and we were identified in that way. We really appreciate that. This was very difficult, but it could have been worse, and it could be worse. I have a lot of appreciation for the process. I don't have the opportunity to meet with you very often. I appreciate my team and my staff. They've engaged in good faith. My team, especially. I've asked them to identify the areas in which they're responsible for and work directly on what we could reduce. I think a lot of us look at something like a library, me included, could say: that's what I care about, don't cut that. We can't work that way. And my team didn't work that way, so I really appreciate their engagement at that level. Then the university support. We easily could have taken more of a cut if needed. I think it will be done in a more deliberate timeframe than the spring, but I appreciate that support greatly. We tried not to impact the student

experience. We made no changes in library hours. We've effectively created more opportunities for students to learn through internships and through positions in the library. We also count on deep engagement with the faculty. There's concern about Library Council meetings. I'm very happy to discuss that. We had a good meeting earlier this week, and I say good, because it's open, honest, and a lot of ideas are exchanged. There's concern about the Library Council not being consulted on these personnel matters, and I understand that. It's impossible not to feel the loss of 40 positions. But I think the other message we're trying to carry through is that we really want to work with faculty and all different groups to address those, mitigate those impacts and where we need to collaboratively identify those areas to completely back away from. As I said earlier, we've not withdrawn our commitment to any disciplinary area or any of our services. We've just dealing with capacity issues. With that, I'm very happy to take questions.

Jocelyn Olcott (History): I serve on the Library Council. As this is a faculty governance body, I wanted to ask: since the provostial appointed committee of the Library Council was not consulted, how did the library assess the research impacts of the way the cuts were distributed?

Salem: That's part of what we're trying to engage in now. We've probably made more definitive statements on collections, which is a very shared concern than what we really intend. We've been moving toward digital preferred when possible and more digital content when possible, for many years now. We know that's not completely possible to do with a lot of disciplines as I mentioned earlier.

Olcott: It was a governance question.

Salem: We're hoping that's what we feel this stage is. This is to work through those issues.

Neal: One quick clarification: it is a provostial committee, but it is staffed in collaboration with ECAC.

Aimee Kwon: (Asian & Middle Eastern Studies): I was also on the Library Council before your arrival. I'm a certified library and archive rat. I work in five languages. I've traveled around the world in various archives, extensively our archives. The impact on my classes has been devastating. The way I find out about my colleagues that I collaborate with every semester is by sending them an email, getting no response, and later, finding out they're not here. This has happened not only in the area of international studies, but also in the digital humanities front. My question is: aside from the governance issue, is there a strategic plan? Were there reasons why certain disciplinary areas were cut, or was this just based on random numbers or people's status? What kind of conversations can we anticipate? Because technically, this doesn't seem like a current emergency situation. There's a little bit of a bad timing because it's happening at this particular moment in the university context. But what you're talking about, in terms of these stats that the libraries have accrued, have been the things that the Library Council has been dealing with for many years. So, why now? Why these particular positions? And is there a way forward for those of us who are waiting for these positions to come back?

Salem: Honestly, I think it's challenging to anticipate any positions coming back in any one direction under the current budgetary model. Why now is exactly to meet our

reduction goals. What I would hope is, we've gone through the process of reassigning those subject areas, so there's a page of liaison librarians via different disciplinary areas. I've been very pleasantly but not surprised that Shai (Ginsburg) has taken us up on the continued engagement, considering how challenging some of these decisions have been. I really appreciate that in that spirit, he invited the librarians who are still working with AMES to come to a faculty retreat. We hadn't had that in quite a while. They all left feeling pretty energized by the opportunity to work in that direction. What we're asking – and what we're hoping for – through both the Library Council's ongoing engagement and the way that we work with the different departments and programs, is to assess that. We've redistributed those to different areas, quite often to people who either from a disciplinary perspective have the expertise, or from their own background have expertise. Sometimes, that looks strange. We'll have people working in Sciences, but with a Language background. And actually, I think that works well here at Duke. We want to continue to engage on that, because if we've gotten that wrong and there are gaps in the coverage, we want to be able to fill those gaps and continue to work on that.

To the question of why: nothing we do is random. My background is in measurement, so nothing we do is random. We've looked at a couple of different things. We looked at the engagement statistics that we all gather. All the librarians do this. They tell us how many classes they work with, how many research questions they work with. We try to redistribute things in a way that we don't think is going to be onerous for any one person or discipline. Usage patterns change – at any given time, one discipline might want to work with that librarian and more – so we have to react and respond to that.

Adriane Lentz-Smith (History): Thank you for coming and talking to us. I think Aimee asked some of the questions that I almost asked. I would repeat the questions. I'm still hazy in my head about what it means by "disciplinary coverage" and how you're thinking about it. You can lump something into a discipline that are many things. The international and area studies, for example, in some ways, is the most acute one, because there are so many languages or capacities lost. You might say, "we have a whole bunch of people in international and area studies." But if you work in Pali, for example, you can no longer do Early Buddhist studies with these texts. I also want to couple this conversation to some question about where these decisions for the library sync up with what we imagine the university being and doing in the future. A university really needs three things: a library, students, and faculty. If the library isn't collecting books – and I'm a hard copy person – and my students don't read well in the digital, whether they think that they do, the decision about what we don't get is, running on space constraints, rather than what our vision for learning looks like and some awareness that learning requires materials. Then, I don't know what we're doing here. That was a rant at you, Joe. I'm sorry.

Salem: I knew what the assignment was today. (laughter) A couple ways to think about what you just said: I'm a print person. I read in print. When people ask me how I use the library, I check out books all the time. We also do know – and no one wants to hear these kinds of things – that the use of print continues to drop among our entire community. Right now, the last year for which we have complete statistics, fiscal year 2024, 113,000 items were circulated and renewed. It's actually about half of that, maybe three-quarters of that, when we look

at every transaction as a unique one in the system. That's down from 117,000 which isn't a huge drop, but depending on how you look at the collection, that's about 1.5% of the collection that's being used in that way. And we see the digital use, eBooks and things like that just moving exponentially up. So, I think we do have to be somewhat responsive. The bigger issue over format, is what we are building, as far as an enduring collection. And I think quite often we hear "digital" and think that means it's not necessarily enduring. We're also talking about legacy or more materials that are more commonly available at other peer institutions. We can circulate from other places. When we think about the kinds of collections in areas where we want to continue to invest in space and people, make sure that it's print first in those unique collections that are managed within the Rubenstein Library and our University Archives. That includes a lot of materials in other languages, either from the perspective that they're not available digitally, or that they don't work well digitally because of language barriers.

Lentz-Smith: Not to be all historian about things, but I do think it's worth noting that one reason that books are used in hard copy form less frequently over time is that books have been removed from the library. You can't send students to learn how to do research by browsing the stacks when there are very few books in the stacks. I say this partially because I'm whining about the past, but also because I want us to think about what decisions we make now that are going to change the way we and students work, that in the future, we will justify those decisions by saying that's the way we work, and the way we work has changed.

Salem: I understand what you're saying. We are actually out of sync with quite a few of

our peers as far as how much of our physical space is dedicated to collections. I don't say that from a desire to clear out the collections. We hear this quite often – students and researchers enjoy being in the stacks and enjoy that serendipity. We probably facilitate more of it than we might want to going forward. But I'm sensitive. We haven't made any of those determinations in any kind of drastic way. We did a space study, and when compared to our peers, we were out of line with a lot of them in terms of collection allocation. We were comfortable with that for the time being.

Betsy Albright (Nicholas School of the Environment): Thank you so much for your presentation. I was wondering if you could speak a bit about the closure of the Marine Lab Library, and more specifically, as we move forward, how will our faculty, colleagues and students be supported in terms of their library needs?

Salem: Thank you for that. It's never fun to close a library, and I don't think I've closed one before, though I've been at the tail end of that. We've had a really great partnership with the Marine Lab. The person who's working as liaison is still in that area. It's hard to balance statistics and what we see. The main reason to have that library is a physical space that needed updating. So, the question was: do we do this in the direction of updating it as a library, or is there other use for the campus? If it's study space or active workspace, it can be managed differently. It doesn't have to have collections there as an asset or, in some cases, liability. In any given year, we circulate 100 to 200 materials there, and we know we can do that through other means. So, she's there. She's able to work with them programmatically. She's also able to be now the liaison and the lead for the

Climate Commitment. And we're working with the Marine Lab to make sure that the physical materials that are needed are supplied in a way that's helpful.

Shai Ginsburg (Asian & Middle Eastern Studies): I would like to first pick up on something Aimee said. First, I would like to acknowledge the personal cost you bear as someone who had to go through this. These were very difficult decisions, and I wouldn't like to be in your place. Second, as Aimee noted, the current state of the library is not of your making, and it's not something new. Some of the issues, such as space, have been discussed for many years, at least for two decades. Part of the issue is that, for many years (and that precedes the current leadership), the library has been seen as an orphan, or a "half-orphan" kid on the campus. So, my first question, which is not a question only for you, but for Daniel, Alec Gallimore (Provost), Vince Price (President) and Mohamed Noor (Executive Vice Provost), is this: what steps is the administration taking to change this perception and ensure better strategic thinking about the place of the library on campus? And again, this is larger than your role on campus. The issue of debt and the reassignment of debt to the library is just one very conspicuous symbol of how this university has treated its library.

The second question is whether any kind of regional strategy has been developed. We are part of a library system – not just the Duke library system – but we enjoy the services of other libraries in the region. Whether a conversation has been initiated with other libraries about how the region as a whole can support academic and scholarly pursuit here, or whether we are still working as Duke all alone, and whatever it is, it's up to us to do it all around?

Salem: Thank you for both questions. I'm not going to speak for anyone else, but I would highlight a couple of quick thoughts on the current leadership. I personally feel well supported. My peers are trailing. I think we've seen this and seen more. Many of them are trailing as far as reductions go. No one has been given a smaller number. I know Stanford is looking at a 15% cut, that's in line with other departments. MIT is enacted 10% cuts. It's really easy – and I might be wrong about this – but I think we're the largest “check” that the university cuts. So, when looking for a lot of money quickly, it would have been really easy to just decimate the library, because it's the biggest source of expenditure for the Provost's Office. That wasn't the case, and I'll defer to others for any conversation on this.

On the regional question – thank you, it's a great question. We do work really closely. UNC is our best partner from a collection perspective, and we have collaborative collection and development agreements with UNC. It's challenging, and I think this is the overall challenging environment where we're seeing. Again, state schools are trailing a bit on this because of state budgets and different pressures. But in general, the buying power in the collective research library ecosystem has declined, and it's continuing to decline with federal cuts, so we have to be more strategic as we continue to do this. We have really great relationships with UNC. They've been partners on the Library Service Center. They will be partners when we move forward on the Library Service Center, and we're looking to make that a philanthropic project. We're not silly enough to think that anyone is going to come and name an off-site storage facility off 147, far away from the campus. But we've identified naming opportunities, both on West Campus and East Campus, where

we would take revenue and build that Library Service Center expansion. We are continuing to work in that way. We're just concerned about the viability as others take cuts. But we're coordinating well on that.

Neal: Thank you, Joe. (applause) We want to commend Joe for his willingness to be accountable in this moment. ECAC and I began to get a bunch of concerns about the library in early August. Joe had never been to ECAC. He came to talk with us. I know he subsequently also met with UPC (University Priorities Committee). So, to Shai's point, thank you for your willingness to stand up here.

Speaking of folks who've been willing to communicate with us fairly regularly over the summer, Daniel Ennis and his team, will now give us a financial update.

UPDATE ON UNIVERSITY FINANCES AND FINANCIAL PLANNING

Daniel Ennis (Executive Vice President): In the classic mode of engagement with shared governance, my notes are completely useless after listening to that conversation, so I'm going to start with the fifth topic. The five topics are: first, some reflections on the moment in terms of what I experienced in our community; second, talk a little bit about the goals of this presentation; third, a quick overview of the financial position and trajectory; fourth, the next steps and path forward with regards to strategic realignment and cost reduction; and fifth, learning about where and how we can get better together.

I'm going to start with point five. This is obviously painful, and it's really hard to hear the experience of our faculty in terms of campus life, the loss of support, the loss of continuity and knowledge expertise in the

process of this transition. We feel it, and we appreciate how difficult life has become as a result of many forces, most of which, are externally created. The second is that we put our academic leaders in a really impossible situation. I don't think you could ask for a better guardian of our values and commitments than what you have seen and observed of what Joe (Salem) tried to do in an incredibly difficult situation. Because we saw significant threats to our model and to our values, we thought we needed to be proactive and address that. We asked academic leaders and units to undertake planning under incredibly short time frames, and we thought that we needed to do it under a short time, because we are dealing with lives, families and households who had to make decisions, who had to figure out what their future would be. We did not want to create sustained confusion or ambiguity about that. We knew it would be hard, we knew we had to take hard action, and we needed to do that as humanely as possible. We talked about this through the spring, that we were in a conundrum with regards to what we would normally do in terms of paying attention to and benefiting from proper shared governance. At the university level, in rooms like this, and the University Priorities Committee and ECAC, I think we couldn't have done much better, to be honest. I said that over the summer and I still believe it. But I think where we sacrificed a lot and are feeling the pain of it from a conversation like this, was at the school and academic unit level, such as the libraries. We recognize that. There are two different things: one is we squeezed someone like Joe (Salem) and we didn't let him talk as freely as he would like, because we're dealing with personnel issues, and we have a lot to navigate in that respect. But I would also say moments like this always show you where the holes are in terms of shared governance. And I think our

determination is there's work to be done at the school and unit level with regards to the "hygiene" of shared governance and the fluency of a faculty with regards to the challenges the school will face. If you have fluency, when you get to crisis, you understand the picture. I think at the university level, we created better fluency, or we've invested a lot in trying to do that, but at the school level, we can and will do better. And Alec, Mohamed and the Deans are thinking a lot about that. We knew we were going to move at a fast pace. The pressure, the volatility, – to be honest, as you know – the uncertainty of what we faced was so significant. We knew we were going to have moves and decisions that were less than ideal. And one of the clear learnings and outcomes is we want to do better with regards to shared governance down at the school level. I hope that's helpful. But I do think it is worth reminding ourselves of what we asked Alec, Mohamed and people like Joe to do, which was a very difficult task.

I would like to say I am enormously proud of our community and leadership, for the reasons I just explained. We kept our eye on our core values, and we did this as humanely and thoughtfully as possible. I do believe, and this gets to the financial situation, that in the aggregate, we're so much more better positioned than had we not taken the action that we did. We have to look to the long-term about the health and excellence of this institution. We are going to navigate a much smaller resource envelope. Given that fact, we needed to move and absorb the fact that we're going to have to continue to adapt to a very different resource environment moving forward.

In this presentation, we'll do three things. We'll give you a quick update on where we are in terms of the financial position in the

institution and a quick progress report on the outcome of the Strategic Realignment and Cost Reduction Program. And then we will flow all of that into a five-year plan and show you how the university is positioned moving forward. We're in a strong financial position – we were, and we continue to be. And yet the uncertainty continues to be very significant. We have some “knowns” of certainty now. We know the endowment tax, we know the impact to Medicaid, and we know enrollments. On enrollments, the outcome is far better than we were fearing. The endowment tax is better than we were fearing. Medicaid, however, is far worse than expected. So, you get these inputs with regards to what we're navigating. The biggest uncertainty is the research funding environment. One thing to talk about is the aggregate appropriation towards research as a policy matter, but the biggest pain point we will face is a significant reduction in the F&A (Facilities and Administrative) rate, and we have no clarity on that question. So, you'll see we modeled for that being as low as the cap that was suggested back in February.

On the next phase of things, Alec and Mohamed are doing a lot with regards to planning for the academic questions that are coming up in rooms like this. Over the summer, you all asked for the need or the opportunity to have better engagement for the future in a very different resource envelope or resource environment. They're working through that question operationally. Three quick things: While we started right from the beginning, when we started this process, we said to Tracy Futhey (Vice President and Chief Information Officer) to set up an operation, a team that will focus on the quality of life for our faculty, students and staff, such that we will actually have some wins in demonstration of our commitment to quality of life on this

campus in the face of something as difficult as what we face or we're living through. I can't wait for her to spend time with you all to talk about what she's been working on with regards to automating and streamlining bureaucratic processes. That process is a really important effort, and it will have tremendous externalities, both in terms of quality of life today, and obviously setting us up for a very different future. So, more to come there. The second is staffing. We knew the minute that the VSIPs occurred and involuntary reductions occurred, the work on the ground, and the way in which work would get completed would be confusing and would take careful hands to navigate. So, Antwan Lofton (Vice President of Human Resources) and his team with administrative leadership, would need to dig in, because we were hearing a lot of concern and completely predictable friction on that front. The final thing is benefits. If you want to test the degree of what shared governance was all about while working throughout this process, we heard concern that the cuts didn't feel progressive enough – that we weren't impacting higher-paid employees. One of the moves we considered was changing the retirement benefit. We came up with a progressive plan. We spent an enormous amount of time with UPC, ECAC, the chairs in the School of Medicine, and ultimately, through a very considered process with strong input from our faculty, the collective decision was, it sounded good in concept, but in practice, there was way too much that was worrisome in the implementation, so we didn't do it. I can't tell you the number of hours of faculty discussion we had on that topic. Having said that, it is clear that the question of how we optimize our benefits for our progressive values and for the nature of our workforce moving forward, requires further analysis and consideration. So that's on the list. I don't think it's in the immediate term. We're

much more worried about staffing and the simplification of the bureaucratic processes, but I do think it's a topic where you need to take it up holistically. With that, I'll turn it over to Rachel Satterfield (Vice President for Finance and Treasurer) to run you through the financial picture. Thank you.

Rachel Satterfield (Vice President for Finance and Treasurer): Good afternoon. Thank you for having us. As Daniel said, I'm going to provide some context on where we are financially at the end of this year. On a consolidated basis, our operating revenues for fiscal year 2025 are \$11.3 billion. What you can see is that nearly two-thirds of that comes from the Health System, or our clinical mission. The remaining 37% relates to the university. That's \$4.1 billion. You can see the distribution of revenue across the institution – that the largest portion relates to research, which accounts for 37%, or \$1.5 billion. As Daniel mentioned, this is the area with the most degree of uncertainty. This includes federal and non-federal sponsors. It also includes the indirect and the direct recovery rates. We'll come back to our current thinking around the potential losses in that area. The next biggest category relates to the investment support from operations, which accounts for 21%. That's generally the income that comes off the endowment. This is followed by the net tuition and fees at 15%, and auxiliary and other revenues, also at 15%, just to give you some perspective.

This slide shows the university's historical operating performance. This is revenues minus expense, so that's your margin as a percentage of revenue. There are two lines. The first line, in blue, is what we report in our annual audited financial statements. It includes additional investment support to cover school deficits and/or capital renewal. The School of Medicine relies on additional

withdrawals to help close its current fund operating deficit. The red line excludes those additional withdrawals. It shows you what a more ongoing operating performance looks like. You can see that there is steady improvement from 2020 after the pandemic. And I'd say that in 2025, there was a slight dip, but certainly outperformed what we feared in the spring in terms of revenue reductions.

Ennis: A thing that I want to make clear – which is a little counterintuitive – is that we're a nonprofit. As a nonprofit, we shouldn't be profiting. I couldn't disagree with that statement more. Because of the way in which we reinvest in our missions, assure that we have renewal of plans and the cutting-edge technologies, we know our faculty need. The library renovations that have been done, it is because we have access that we can then reinvest in mission. So, I think as a collective, we need to discipline ourselves towards what is the right level of surplus that assures ongoing mission continuity and excellence.

Satterfield: This shows select categories on the university's balance sheet. You can see Duke's significant growth over the last 10 years. That growth points to cash and operating adjustments totaling \$2.6 billion. We have continued to focus on growing that number. For moments like this, it has certainly positioned us to be more proactive about realigning our expenses around decreased funding levels. You'll notice that the endowment market value and net assets have seen significant increases too. Those are generally driven by the investment performance which has been strong over the last several years. The endowment is \$12.3 billion. Just to remind people that about 70% of that is restricted, so it can only be spent in compliance with donor stipulations. The net assets, I would say, is like equity in your

home. It's the asset value minus your mortgage which equals the equity in your home. Net assets, which is \$17.5 billion, is not liquid. Lastly, I would point to debt. Our debt balance is \$2.6 billion. We have strong credit ratings from Moody's and Standard & Poor's, our two credit rating agencies. There are no plans to borrow in the near term for either liquidity or as part of the five-year capital plan.

Ennis: A couple of things to think about on this slide: I agree with the perspective that indebtedness reduces flexibility – the opportunity to navigate changes in fields and disciplines. I think in truth, when I arrived, I thought Duke had too much debt. So, we're focused on not increasing that and taking that down where possible. That's statement one. Statement two is that we've constrained capital investment, in part because we need to shift it back to being philanthropically tied. Over the summer, we had weeks, where for any number of bureaucratic reasons, the government was not reimbursing our research expenditures – tens of millions of dollars. The reason we don't come back to you all in a panic saying we need to do more or less is because we have the ability to buffer that and work through that. The federal government is about to shut down. If that happens, our monthly loss in sponsored research spending would be about \$60 million. That piles up very quickly. This cash buffer helps us navigate more thoughtfully and more strategically.

Satterfield: This shows the Health System's historical operating performance. You can see that since COVID, there has been a steadily declining margin through 2023 and that's when they implemented their strategic financial turnaround plan. Again, there are two lines. The black line is what is issued in our audit report, but the red line removes things like COVID relief funds and other

one-time funds that we had which helped suppress our operating deficits. You can see that in 2024, there're some significant improvements that include both operating performance improvements, as well as increased federal reimbursement for Medicaid expansion, which is exactly what's being threatened in terms of the pullbacks. So, the strategic plan counted on an increase in revenue from the federal government, which is only going to be pressured by the reductions that are yet to come.

Looking at the Health System's balance sheet, I'll point out that it's smaller than the university's considerably, but still quite stable. I also want to highlight their investment growth and net assets — the investment portfolio has shown significant performance. Their debt balance is close to ours, at \$2 billion. Their ratings are lower. Their strategic investment plan is likely to require additional borrowing in order to fund that.

Ennis: The reason we spend time on the Health System – beyond the fact that the clinical mission is vital to who we are as a university – is that the Health System generates and significantly supports our research and teaching mission through the School of Medicine. The income support, which is \$240 million, is actually \$300 million roughly a year. Obviously, the School of Medicine mission doesn't happen anywhere near the level of excellence which it happens today without that support. But it's also a source of unrestricted funding. Most research funding is not, as we know. That unrestricted funding is what allows us to advance the scholarship and research that happens in the School of Medicine, not to mention the teaching mission. That's why we spend as much time as we do on this topic and its importance in terms of the total health of the institution.

Satterfield: Moving on to how we built our FY26 budget and five-year plan. There was a \$350 million savings target. This shows you, on the left, how the savings are built into the five-year plan with the schools and units in terms of building out when those savings would occur. The majority of the savings are occurring in FY26, but you'll notice that some of the more strategic changes take more time, therefore it takes between year 2 to 5 before you fully appreciate the \$350 million of annual savings. If you look to the right, you can see where the savings are coming from. Roughly 50% of that is personnel-related. There is some revenue growth there, and that's largely tuition-related within Trinity, as they increase their master's programs, as well as transfer students.

This is a summary of the major employment initiatives as a part of the Strategic Realignment and Cost Reduction Program. On the left, you see the Voluntary Separation Incentive Program, which had a 64% acceptance rate – just under 600 people accepted their incentive packages. This equates to just under \$100 million in savings from salaries and benefits. In the middle, you see the schools all launched their own Faculty Retirement Programs. Across the total program, there was, overall, about a 30% acceptance rate, which is estimated to yield \$27 million of annual savings. And then, fortunately, due to the high uptake rate on the Voluntary Separation Program, we had a limited number of Reduction in Force actions – only 45 people were affected, largely in the School of Medicine.

Ennis: The only other thing to say is that it's astonishing to see the results from those who took us up on the Voluntary Separation Program. That's exactly what we were trying to achieve – giving people the

opportunity to set their own future and do it nicely. We saw layoff numbers way lower than I would have thought it would be. But it's slightly understated, because two things are happening during this time period. You're managing vacancies so that you can avoid personal impact; it's not like there hasn't ever been Reductions in Force that has happened in the institution. There were involuntary moments happening in various parts of the institution, just as there have always been. So, to put it in context: it's still a remarkable outcome, given the target that we set for ourselves.

Satterfield: Just to update you on our thinking about where the risks are of the reduced funding versus what we told you in the spring. The biggest level of uncertainty resides in the research area. So again, there is a \$1.5 billion annual flow in research, of which \$785 million is the direct federal reimbursement. The federal government also reimburses indirect costs for F&A. Our current rate is 61.5% and that yielded \$361 million in 2025. I will point out that our effective rate of recovery is closer to 40%, meaning not all direct dollars attract the full F&A rate. So, our effective rate is really closer to 40%. The biggest risk is that the potential cap of 15% goes into effect. That's about 11% effective rate, and we estimate that to be a loss of revenue of roughly \$230 million a year. The other areas had some positive and some negative updates, as Daniel mentioned. On tuition and fees, we were worried about the elimination of federal loan programs for graduate and professional students. We were afraid students wouldn't be able to find private loan substitutes. That hasn't been the case or our experience yet. As Daniel mentioned, in terms of the international student enrollment, we didn't see nearly the loss of revenue in these particular areas. The endowment tax was better than what we

were modeling in the spring as well. We had heard it could be as much as a 20% tax. Right now, we're estimating that we will be in the 4% tax tier. We are paying 1.45% now. We're estimating that this could be an annual increase in taxes of \$20 to \$40 million. We pay the endowment tax from the market value of the endowment, so it doesn't directly hit our income statement, but it puts downward pressure on our spending distribution. We target a 4% to 6% payout of the market value of the endowment. The tax will bring the market value down, so it has an indirect impact to the P&L (Profit and Loss). The biggest negative update was, as Daniel mentioned, the proposed reductions in the Medicaid funding. We were modeling somewhere in the \$200 million a year loss. Based on the current regulations, they're phasing things out over time. Our estimates are closer to \$1 billion over five years in terms of the lost revenue to the Health System. Again, that puts pressure on their ability to fund the School of Medicine on an annual basis at the current level of \$240 million a year.

This gives you an idea of what we actually put into the five-year plan. (refers to slide) The biggest impact, really, again, relates to research. The top line shows our direct funding losses. We did build in the decrease in direct grant funding over the five-year period – more heavily in year 1 and 2, and it becomes more flattened out as you look across the five-year period. But the big loss is really around the indirect funding. In this case, we didn't even model the worst-case scenario. We took a midpoint – our current 40% effective rate versus an 11% rate if it was capped at 15%. We went with the midpoint, so it's roughly a 27% effective rate. As you can see, that's still \$100 million of reduced funding on an annual basis. So, we're estimating in the plan a loss of revenue of \$662 million over the five years.

Below that, we do show the endowment tax impact. As I mentioned, this doesn't impact the P&L, but it does have pressure on the endowment distribution which is part of the P&L. And we've modeled for a flat distribution, so no increases in the payout over the five-year plan. I just mentioned the Medicaid reimbursement – and this is what the Health System is modeling in their plan – a progressive reduction, which again is \$1 billion over the next five years. In their previous five-year plan, they already had over \$1 billion of operating performance improvement. This layers on another billion dollars of operating performance improvement, in order to remain within their strategic plan. This is what the forecast looks like (refers to slide). We embedded the strategic realignment cost reduction savings. We embedded our thoughts around federal reductions in funding and key strategic investments, so it wasn't all just reducing things, but in this case, we also have continued investment in the out years. But what you see is our projected operating performance over the next five years. You do see it projects a declining trend, as expense growth is outpacing revenue growth over this five-year period. But as Daniel mentioned, it's still above breakeven, which is kind of miraculous. I don't think any of us expected to see it look this positive, even though, as you heard, breakeven isn't really our objective, but I think we feared it to be much worse than this.

This slide shows a crosswalk between the results we posted for the current year – we had a \$217 million surplus, and the budget for next year at a \$74 million surplus on the far right. What you can see are the red bars – which are the pressures downward in terms of revenue reductions as well as merit increase, and the green bar – which reflects the significant savings from the Cost Reduction Plan in FY26. If not for the Cost

Reduction Plan, we'd be looking at closer to a \$150 million deficit for FY26.

The plan is not without risk, as Daniel mentioned. We didn't assume the worst-case scenario on a number of things. Particularly in our assumptions around direct research funding, F&A funding and clinical support from the Health System. What we did was we ran sensitivity analyses around each – if we had further downside scenarios, what would it do to the baseline. The blue line shows you the baseline results. You can see that by FY30, we are projecting a \$25 million surplus. The first scenario that we modeled was related to sponsored revenues, and we assumed a 10% further reduction in direct funding in each year over the five-year plan. The dotted gray line shows that it would be result in a negative \$1 million operating margin by FY30. We also modeled reduced clinical revenue. The baseline model assumes clinical revenue support is flat. In this particular scenario, we modeled a \$15 million reduction each year, starting in FY27, so over four years, a \$60 million decrease. The orange line shows a projected \$35 million deficit by FY30. The last sensitivity was the biggest, in terms of the F&A – assuming an 11% effective recovery rate. And as you can see, that would put us at a negative \$113 million deficit by FY30. The sensitivity analysis demonstrates that under different scenarios – other than what we have in the baseline model, the outcomes could be materially worse.

Ennis: Regarding the capital plan, you all know that the Reuben-Cooke building is the first of many projects to renew the teaching and research facilities on the main campus. There are other philanthropically funded plans and projects in Athletics. The libraries are still underway. The Gardens has a Gateway project underway. The goal is that

left bar, which is traditional teaching and research facility renewal and modernization.

Neal: Questions?

Kerry Haynie (Political Science, African & African American Studies): Thank you, Daniel and Rachel. My question is: you gave a broad overview of the aggregate university situations, but one of the things we face at the school level is that the schools are differently situated under that umbrella. Can you say a word about the differences across the schools and where the schools are situated within that broad view?

Ennis: This is a really important question. I meant to address it at the top, so I appreciate you raising it. The first thing to say is that our schools range in size significantly. Just like the Health System, it's so large in relation to the university. The School of Medicine, which is at \$1.8 billion in revenues, is three times the largest school in the institution (refers to slide). We've talked about their research dependence, which is the blue bar. And we've talked about the support of clinical operations, which is the red bar. The School of Medicine is under profound pressure. If the School of Medicine is under profound pressure, the rest of university is under pressure. They did an enormous amount to adjust their operations to respond to the strategic realignment, and it was not easy. But the uncertainty at the largest school, with the pressure coming on, it's unrestricted sources of support, indirect cost and support from clinical operations, just says, well, we've got to break even. At the school level, we have very important challenges. In many respects, the hardest work of the next year will be at the school level. When we think about the units that we worry about the most, they are School of Medicine, Trinity and Athletics – in part because of their scale. Trinity is the

second largest part of the enterprise, but it has different pressure points. We have a huge commitment to access and affordability. Trinity is tuition dependent. The green bar is the tuition and they're tuition dependent. We believe so strongly in that as a core priority and value of the institution. But what it means is that the financial matter for Trinity is that their funding source is challenged. During COVID, we didn't raise tuition. That's really hard to catch up on. There are a number of things in Arts and Sciences at any major research institution which are hard to make work. We're making it even harder in the case of Trinity. Their funding and financial challenges are significant. They were actually significant before we got to this moment, and this moment exacerbated it. We could talk about each of the units and have similar conversations about trade-offs and priorities being balanced.

Vince Price (President): If I could add – Trinity also has a very substantial deferred capital challenge as well, so we had a separate plan to work on addressing that. We're trying not to mortgage the future on the present and maintain those investments. We just have to do it for Trinity. The second thing I want to add is the cuts that were described did not apply just to the school, but to every unit across the university – including all administrative units. Everybody participated, from my office to Athletics. Everybody went through a similar strategic realignment exercise. And in aggregate, most of that \$350 million came not out of the Provost schools, but through these other budgetary cuts. So, you don't have the sense that the schools took an undue burden – it's not the case at all.

Cam Harvey (Fuqua School of Business): Following up on Vince's remark, I'm wondering if the leadership could talk a little

more about the "Realignment" part of the "Realignment and Cost Reduction" initiative? I get this question all the time: What is the "realignment"? Or, is the "realignment" just code for "cost-cutting"? We have a strategic plan. And what I'm wondering is: amongst strategic priorities, what has changed? What priorities have been cut, modified or added with this realignment?

Ennis: I'll take the School of Medicine as an example. I think what you heard from Joe (Salem) – and what the School of Medicine leadership is struggling with – is that this exercise was more blunt-force honestly than would be ideal, in the context of the core mission and planning for a different resource envelope. But there is no world in which the School of Medicine can support the level of research – a 1,000 flowers research proposal development – that doesn't have better alignment with and planning within areas of priority and focus, where we think we can be successful and we can actually allocate resources that support that research. That's a really hard question to undertake. We've had the great fortune of being able to have faculty pursue scholarship, find funding and support it. I don't think there's a model in which the School of Medicine can sustain that, but pulling back from that raises the core values questions and support for our faculty questions. So, you couldn't have answered that in the spring. I mean, you couldn't possibly have gotten to that. And yet, as Joe (Salem) was describing, there're some really important core questions that he has to resolve in order to support the disciplines. There's work to be done. I would say the first phase didn't allow the thoughtfulness that it requires. Having done what we've done, we now actually have more ability to take a breath and think these things through – whether these measures are in alignment with priorities and values, and

an understanding of continued pressure on the resource envelope.

Price: I'll just add – with that resource envelope shrinking, we have to become smaller. This is unusual behavior for universities. Universities have done nothing but grow. I'm not talking just about Duke, but universities in general for a long time. Compression is not what we're all that great at doing. But hopefully, we're modeling this. By doing this, we've taken the pressure off us to move suddenly, and we have a bit of time now if those five-year projections are accurate to do the second thing, which is we not only have to be smaller, but we also have to figure out how to work differently with the people we have – faculty, students and staff. That means changing administrative routines. Every school's faculty is going to have to have conversations about how the faculty manage their time, strategic decisions at the school level about the research, educational and service missions. We have some high-level reviews of those things that have already percolated through some of the programs that the Provost's Office funds. We've already realigned our capital expenditures away from new buildings to renewal of existing buildings. We were starting to do that, fortunately, before a lot of this hit, but it's just underscored that we need to do that. So, those things are in the process of changing, and some of them are in another phase. Alec, Mohamed and I have been in conversations with Mark Anthony about how we could build a process for the faculty to engage in that. From a faculty governance perspective, that's absolutely incredible. Those kinds of questions will have to be addressed. It's how we move forward. The final thing is, we are in a campaign. The public phase of the campaign and the major pillars of that campaign are around health – which is absolutely critical, because the

Health System is under extraordinary stress. We do not have a history of philanthropy supporting the clinical enterprise. That has to change, and it's unusual. I've never been around a Health System that has to be heavily leveraged. When financial aid and student experience is core, at the graduate and undergraduate level, we really have to lean into financial aid, faculty chairs. These are all the core investments that we have to make. What I would say is, this is a positive thing. It's taking our collective attention away from the shiny new objects that we can't really afford. Make sure that we shore up the core work that we do, and do that really well, and then have the resources, because we do have resources. We have cash reserves. We're not depriving ourselves of all of the shiny new resources. We need to make sure that we spend those wisely, so that those priorities we lift really catapult our schools to the next level. That's the general sense of where we are. Cutting is hard. It's painful and miserable work. Universities, as I say, aren't accustomed to this work. In the corporate world, people would say, "Welcome to the club" – they do this all the time. But in a way, it's easy work, because the more challenging work is to say, now that we're smaller, how do we put the strengths on that pattern of letting a 1,000 flowers bloom? Because we just can't afford, particularly if things look okay for us to go back to non-strategic work.

Neal: To add to Vince's point, he approached the Executive Leadership Team a few weeks ago, drawing on a previous history of the Academic Council, ECAC and administration, and looked at the proposal that former Academic Council Chair Paula McClain had delivered to Peter Lange (former Provost) in March of 2009, in response to that financial crisis, as a way to talk through creating a new model for us to move forward.

Price: In a way, we went through this 2030 planning exercise which is a wonderful project, but it was more of a refinement. We need to revisit that with an eye toward bigger strategic uses.

Steffen Bass (Physics): I have a comment and a question. The comment is in response to Cam, and perhaps channeling more direct what Vince said – what does the realignment mean at the departmental level? I speak as a former department chair. Faculty searches will be very rare in the future. Faculty numbers in probably every department on this campus will decrease. For each department, this now means that one has to confront the question: Can we still cover the breadth of the discipline as we had before? Or, if we want to, invest in a new topic in a discipline, which will require sunseting some other topics? I think this has been made very clear to us in this meeting. I just want to emphasize it – so that in the future, no one can say they weren't told this.

My question to this: I was kind of shocked – but not really shocked – by the number when you assumed an F&A rate of roughly 11%, we would be in deep financial trouble. This is not sustainable. Clearly, the way that we conduct our research enterprise, both financially and operationally, has to dramatically change in order to accommodate that. Obviously, we cannot afford the kind of overhead expenses associated with the research in the way we have done in the past. What's the thinking there? Can you point us towards how we're conducting research at Duke, or at any other institution in this country, going forward?

Ennis: The first thing to say on that is thanks to Jenny Lodge (Vice President for Research & Innovation), we are fighting that F&A reduction and working as

constructively as possible with all constituents to get to a better answer. Jenny has been part of a blue-ribbon effort to simplify the structure, make it more legible and more defensible as a political matter and policy matter. We collectively think that would be a terrific outcome given what we face. Know that there's enormous advocacy happening by people like Vince, but also now as a policymaker, we're really trying, through Jenny's leadership and others, to come up with a different model. I really hope that we get to that place. I think this is the hardest question that faces us as an institution and as a faculty. I can't even pretend to give an answer to that question: what is the shape of the research enterprise when the funding model is turned upside down? It has this impossible weight associated with, that's actually really hard work. If you could come up with an answer, you could say we'd have to start closing buildings; we'd have to reduce what administration support goes against; we'd have to take on more compliance risk. There're a number of things you're going to go do. But that would be reactive. That wouldn't be the strategic conversation that we should expect of ourselves.

Jessilyn Dunn (Biomedical Engineering): My question is actually related and I guess a little bit thinking toward the overreaction on the F&A front. Because, paying attention to what's going on in the Senate and the House, it actually looks like things are remaining relatively stable, particularly at the effective rate. Even in your base model, assuming a 27% F&A rate is really low balling, compared to an effective rate of 35% to 40%. I worry that if we're making decisions now for a five-year plan based on a base model that makes a low-ball assumption, we might be cutting ourselves short. I'm just curious what your thoughts are on that.

Price: I wish it were true. I don't think we're lowballing. The idea that you can roll back in 15% has actually been around for a very long time, and we have battled back against it year over year. There is political support for a new solution, and the FAIR (Financial Accountability in Research) model that Jenny worked on would be a great act, but the will of the federal government for Science and Technology, especially Basic Science, is saddening. So, we're going to have to turn to corporate sources, which are very short term in their vision. I think these are reasonable assumptions. Number two, if we're surprised with better news, we'll be in a better position at that point because if we're internally efficient, we can operate. By the way, at a 40% effective F&A recovery rate, we're still spending about 40 cents for every dollar we take in. So, of all of the R&D conducted in the United States today – that entire envelope of research – universities are paying for about a third. The federal government is paying for the other two thirds. The corporate world is just benefiting; they're just not investing much in R&D. A lot of things have to change. My view is, for the 30% that we're spending now, I can't see that going up because, you've seen the numbers, we don't have that money. So, we're going to have to find funds even to just tread water based on this assumption. We are fighting very hard to shore up support for this, but it's a difficult time. If we make assumptions that are slightly overshot, we are very careful. We're trying to be surgical, which is not how the US federal government operates. We're very conscious of not taking things down that we might have to rebuild later. It's a danger, but I think the larger risk is more like getting 5,000 cuts. We go through this, and next year we're dealing with another rate – worst-case scenario is the one we're living

with now – and that's the scenario we'd like to avoid.

Ennis: To just add, I think the FAIR model would get you closer to what we're carrying. And listen, I've said throughout – you can deal with an amazing level of uncertainty, but you have to put a stake in the ground and create some planning context to inform decision making. We just have to do the best we can.

Neal: Daniel and Rachel, thank you. (applause) Thank you all for coming out this afternoon. The meeting is adjourned.