

REPORT OF UNIVERSITY PRIORITIES COMMITTEE ACTIVITIES 2025-26

BACKGROUND

The University Priorities Committee (UPC) is appointed by President Vincent Price, chaired by a member of the faculty, and convened by Executive Vice President Daniel Ennis and Vice President of Finance and University Treasurer Rachel Satterfield. The committee’s membership includes several faculty members, senior administrators—some of whom report to the Provost and others to the President—one undergraduate and one graduate student, and two deans. The full list of members can be found [here](#).

The UPC is charged with “assessing university and academic priorities, ensuring that the University’s annual and long-term budgets reflect these priorities, and making recommendations to the President.” Rather than serving as a decision-making body, the UPC plays an advisory role—offering feedback on emerging proposals, reviewing key financial and strategic issues, and elevating faculty perspectives on matters of university-wide importance.

Importantly, the UPC does not vote and does not have direct decision-making authority beyond suggesting agenda items for discussion. It participates in discussions of key ongoing University business and identifies areas of interest to the faculty that should be elevated within the committee’s charge. During the academic year, the committee holds eight scheduled meetings. While we begin the year with an initial set of topics, we remain flexible and adjust based on new information or events that arise over the course of the year.

CHAIR COMMENTS

At the outset, I would like to note that I have been impressed by the concern shown by both administrators and faculty for the impact on staff during the strategic realignment and beyond. This was particularly evident during our October 2025 and February 2026 meetings. The staff at Duke enable our students and faculty to thrive. To our staff colleagues across the University: thank you for all that you do. You are integral to the Duke community, and none of us could do our work without you. We recognize that the past year has been challenging in many ways, and it is my genuine hope that brighter days are ahead.

I was a member of UPC during the 2024–2025 academic year and have served as chair during the 2025–2026 academic year. During that time, I have seen various pieces of reporting suggesting that faculty were not consulted regarding the strategic realignment. The reporting I have seen does not fully reflect the extent of faculty engagement. During the Spring of 2025, faculty were regularly consulted as the University developed plans to engage in cost-cutting measures in response to a range of external factors. I do not mean to suggest that the strategic realignment process was perfect, nor that there could not have been increased faculty engagement—particularly at the school level. I am,

however, stating that university-level strategic realignment decisions were discussed during UPC meetings and that faculty input was taken into account in the decision-making process.

I have also seen reporting suggesting that Duke did not need to engage in a strategic realignment. I disagree with those assessments. As reflected in this report, several units are now operating with surpluses as a result of strategic realignment efforts. At the same time, short-term surpluses are not guaranteed to translate into long-term financial stability. There are a number of risks and uncertainties on the horizon. Duke has chosen to model a range of responses to what I will refer to as potential “market disruptions.” These decisions did not assume the worst possible scenario, but they also did not assume the best. It is my sincere belief that the University continues to make the best decisions it can with the information available, even if those decisions may be imperfect.

UPC spent the year discussing a range of strategic and financial decisions central to the proper functioning of the University. There is a constant tension inherent in this form of faculty governance. Administrators tasked with making decisions may be reluctant to bring items forward when they are still nascent, while faculty seek to engage early to ensure their perspectives are meaningfully considered. A common concern is that faculty are consulted only after decisions have effectively been made. That tension is worth acknowledging. Both faculty and administrators must continue working to identify the right points of engagement to sustain strong faculty governance.

The upshot of this report is that the University is in an increasingly strong financial position. Achieving that position has required significant effort and engagement from leaders across the institution. I am grateful for their leadership and for the continued commitment of faculty, staff, and administrators to the University’s mission. With that shared commitment, I am confident that Duke is well positioned to navigate the challenges ahead and to build on its many strengths in the years to come.

HIGHLIGHTS OF 2025-26 ACTIVITIES

September 2025

University Year-End FY 2025 Financial Results

Rachel Satterfield, Vice President of Finance and University Treasurer, shared the University’s FY 2025 financial results, noting strong operating and investment performance that drove a significant increase in net assets for the year. The University’s cash position remains strong, and operating results exceeded the budgeted surplus due to higher-than-expected contributions and gift revenue, as well as royalty payments, while expenses remained flat. Grants and contracts revenue was slightly below plan but in line with the prior year, and clinical operations provided stronger-than-anticipated support due to additional DHIP-related academic activity within the School of Medicine. Capital spending for the year remained below budget, largely due to timing-related delays in project execution.

Health System Year-End FY 2025 Financial Results¹

Ms. Satterfield provided an overview of DUHS’s FY 2025 performance, noting that net assets increased meaningfully from the prior year, driven largely by strong investment returns. Cash and liquidity levels declined slightly due to the Lake Norman acquisition and additional short-term borrowing activity. The operating deficit was significantly better than budgeted, supported by favorable Healthcare Access and Stabilization Program (HASP) impacts tied to expanded Medicaid participation, though this benefit was partly offset by higher academic support payments to the School of Medicine. While the improved operating result is encouraging, anticipated federal and potential state Medicaid cuts present substantial challenges to meeting future performance targets.

University FY 2026 Operating Budget and 5-Year Plan

Ms. Satterfield provided an update on the FY 2026 operating budget and five-year plan. The University enters FY 2026 with a fundamentally strong financial position, but the five-year outlook is shaped by mounting federal funding risks and continued pressure on research and healthcare reimbursement streams. The University’s plan incorporates significant assumed reductions in both sponsored research funding and indirect cost recovery, alongside major threats to DUHS from potential Medicaid cuts. In response, the University launched a \$350M strategic realignment and cost reduction program, which is already yielding substantial recurring savings and additional efficiencies across units. Despite these headwinds, the FY 2026 budget projects a \$74M adjusted operating surplus and maintains critical strategic investments in financial aid, academic excellence, and facilities renewal.

Libraries’ Strategic Realignment and Cost Reduction Efforts

Joe Salem, University Librarian and Vice Provost for Library Affairs, discussed the Libraries’ strategic realignment and cost reduction effort, which required \$4 million in annual savings achieved primarily through personnel reductions, targeted cuts to collections, the closure of the Marine Lab Library, and departmental restructuring. These actions were guided by the Libraries’ 2024–2029 Strategic Plan, updated collection development priorities, and structured communication with stakeholders. He also outlined ongoing challenges, including debt service, space and storage constraints, increased dependence on philanthropy, and broader shifts in research library collections and usage patterns. Looking ahead, Dr. Salem emphasized the need to align staffing and collections with evolving academic priorities and to rely on philanthropic support for major capital projects to avoid additional debt. The importance of engaging faculty more effectively in future planning was also discussed.

October 2025

Community Engagement Strategy

Adam Klein, Associate Vice President for Economic Development, led a discussion focused on Duke’s evolving community engagement strategy and the University’s responsibilities as an anchor institution in Durham. Members reviewed two major strategic initiatives—Economic Mobility and the new Center for Community-Engaged Scholarship—which together outline a more coordinated institutional approach to strengthening Duke’s partnerships and responding to regional needs. The

¹ Please note that Duke University Health System (“DUHS”) is a subsidiary of Duke University. Technically, UPC’s charge pertains to the University and not the health system. However, because there are areas of overlap, UPC occasionally engages in discussions that have implications for both Duke University and DUHS. As a subsidiary, DUHS operates under a governance structure that does not formally incorporate a faculty governance model. That said, some faculty hold appointments in both DUHS and the University.

Economic Mobility Initiative emphasizes how Duke's hiring, purchasing, and investment practices can expand opportunity and improve long-term financial stability for residents in Durham and the Triangle, while the Center for Community-Engaged Scholarship supports collaborative academic work that is rooted in community-identified priorities and conducted in partnership with local organizations, schools, and nonprofits.

The committee also discussed increasing external pressure from Durham stakeholders regarding PILOT contributions, as advocacy groups have intensified calls for Duke to contribute more directly to public services, affordable housing, and wage initiatives in Durham. Although Duke does not view PILOTs as an effective policy tool (the faculty present overwhelmingly concurred), these external pressures underscore the need for clearer communication about the University's public purpose, its ongoing investments in the community, and the strategic choices shaping its engagement efforts. Understanding this broader context will be essential as Duke continues refining its approach to community partnership, economic development, and long-term institutional responsibility.

Faculty members asked several questions aimed at ensuring the strategies outlined meaningfully serve the Durham community, as well as Duke students, staff, and faculty. Mr. Klein indicated that he would consider the questions raised as he continues his work to strengthen Duke's engagement with the broader Durham community.

November 2025

Endowment Performance for FY 2025 and DUMAC 2035 Initiative

Neal Triplett, President of DUMAC, provided an update on the University's endowment performance for FY 2025 and the long-term positioning of Duke's investment program. Mr. Triplett reviewed the key drivers behind the Long Term Pool's results, noting that the endowment reached approximately \$12.3 billion² as of June 30, 2025, with a one-year return of 9.0% and continued strong long-term performance relative to strategic benchmarks. DUMAC's diversified investment framework—which includes public and private equity, absolute return strategies, real estate, commodities, and fixed income exposures—remains central to balancing growth objectives with risk management.³

Additionally, an overview of the DUMAC 2035 initiative was provided, a forward-looking strategic exercise designed to ensure the organization is structured for sustained success over the next decade. The effort builds on DUMAC's long history of investment innovation—including venture capital expansion, direct investing, co-investments, and advanced analytics—and focuses on strengthening culture, enhancing processes, and identifying opportunities for future evolution. Finally, DUMAC's current and future collaborations with students, including existing internship opportunities for Duke students, were discussed.

² To put this figure in broader context, Duke's annual operating expenses are budgeted at approximately \$1.7 billion for FY27, reflecting the core cost of running the University. This figure excludes an additional roughly \$1.0 billion in sponsored research expenditures, which are generally supported by external funding and would be expected to decline if that funding decreases.

³ DUMAC must plan in advance when drawing funds from the endowment. For practical purposes, the endowment functions more like a restricted certificate of deposit (CD account) than a checking account, reflecting constraints on liquidity and use.

Discussion on Agenda Setting & Current Priorities

The committee discussed a range of potential topics for subsequent UPC meetings, incorporating input from both faculty and administrators. This conversation helped shape agenda setting for Spring 2026.

January 2026

Discussion with Provost

Provost Gallimore outlined five central priorities for the year: (1) Refocusing Global Duke by moving from a decentralized model to a coordinated strategy that aligns global activities with University priorities such as climate, health, and economic development; (2) Launching DST 2.0, the next phase of Duke Science & Technology, which will center on building an ecosystem to support transformative, interdisciplinary ideas in areas such as AI-driven medicine and quantum innovation; (3) Implementing a university-wide AI strategy through faculty-led committees, expanded access to AI tools, and preparing academic leaders to adapt to rapid advances; (4) Advancing interdisciplinarity through major investments in interdisciplinary hubs, new graduate education collaboratives, and strengthened community-engaged scholarship; and (5) Fostering pluralism, free inquiry, and belonging by building skills for constructive dialogue, promoting open academic discourse, and expanding campus-wide initiatives that support inclusive engagement. He also noted that a major emerging priority for the coming year will be elevating the arts and humanities, supported by the new Vice Provost for the Arts.

Trinity College of Arts & Sciences Long-Range Financial Plan Update

Gary Bennett, Dean of Trinity College of Arts & Sciences (also present were Kate Henz, Trinity CFO and Steve Vaisey, Chair of the Trinity Arts & Sciences Council Budget Advisory Committee) led a discussion on Trinity's long-range financial plan. Dean Bennett outlined the school's operating model, which relies heavily on undergraduate tuition and has endowment and financial aid resources that lag those of key peers, resulting in greater pressure on unrestricted revenues. Trinity's research profile also makes it sensitive to potential declines in federal indirect cost recovery rates. While recurring operating deficits have challenged the school—particularly during years of flat tuition—the strategic realignment effort has repositioned Trinity to return to financial balance over the planning horizon through a combination of cost reductions and new revenue strategies.

Dean Bennett described several major components of the realignment, including efforts to manage faculty retention and hiring costs in a competitive environment and a plan to resize the Ph.D. program to ensure its scale, funding model, and disciplinary distribution remain sustainable. Trinity also intends to strengthen alignment between faculty staffing and emerging academic priorities, while preserving internal governance through a faculty budget committee. On the revenue side, the most significant opportunity is a substantial expansion of undergraduate transfer enrollment, with an emphasis on junior-year entrants whose academic trajectories align with available teaching capacity—particularly in the arts and humanities—while also broadening access to a Duke education.

February 2026

HR-Related Planning Assumptions

Joyce Williams, Associate Vice President for Total Rewards, and Antwan Lofton, Vice President for Human Resources, led a discussion on key FY 2027 HR-related planning assumptions and the context for proposed changes to healthcare plan design and premium structures. These FY 2027

planning assumptions—including a proposed 3.0% merit increase for non-union staff and an increase in the minimum wage—are intended to support competitiveness in a tight labor market and address wage compression, especially among lower-paid and unionized staff.

Rising healthcare costs were the central focus of this year’s planning discussion. Materials presented to the committee outlined proposed changes to health plan design and employee premium cost-sharing, including a 20% increase in employee premiums for CY 2027 and adjustments intended to return the employer contribution to the institutional 70/30 target (currently ~74% employer-funded). To mitigate the disproportionate impact of premium increases on lower-paid employees—whose merit increases could be significantly offset, particularly for family coverage—leadership sought feedback on a progressive premium rate structure. This model would shift a greater share of premium costs to higher-paid employees while reducing the burden for lower-paid employees, allowing the changes to remain cost-neutral to the University while addressing equity concerns. These decisions will inform FY 2027–28 budget planning and carry long-term implications for competitiveness, employee affordability, and the sustainability of Duke’s benefits program.

Financial Aid Progress and FY 2027 Tuition Proposal

Miranda McCall, Associate Vice Provost and Director of Financial Aid, outlined Duke’s continued commitment to socioeconomic diversity through substantial investments in undergraduate financial aid, particularly via the Carolinas Initiative. The initiative has contributed to the overall rise in Pell-eligible students, which doubled from 11% in 2023 to 23% in both 2025 and 2026. Additionally, the share of students receiving need-based aid has returned to 40%. Despite rising published costs, Duke has maintained a stable net cost for aided families for nearly two decades.⁴ As larger Pell-eligible cohorts advance through all class years and the Carolinas Initiative expands, financial aid expenditures are expected to grow, underscoring the need to increase endowment support, as most aid commitments are currently funded by unrestricted school resources. Faculty overwhelmingly expressed support for increasing the socioeconomic diversity of students at the University and raised a range of questions, including how best to ensure adequate supports for students and considerations related to maintaining positive classroom dynamics.

Scott Franklin, Associate Vice Provost for Financial Systems and Analysis, stated that leadership proposes a 4.9% increase in undergraduate total cost of attendance for FY 2027, covering tuition, fees, and room and board. This adjustment aims to keep Duke aligned with anticipated peer pricing, and financial aid will continue to fully offset tuition increases for need-based undergraduate students. This structure preserves affordability while supporting the University’s efforts to remain competitive and sustain access for lower-income families.

March 2026

University Cash and Endowment Overview (at committee’s request)

Daniel Ennis, Executive Vice President, engaged with the committee on a broad conversation about Duke’s financial structure, focusing first on clarifying key financial terms—cash, endowment, quasi-endowment, net assets. Mr. Ennis emphasized that while Duke appears to hold significant cash, much of it is legally or operationally restricted and therefore not freely deployable. He highlighted distinctions between short-term operating cash, long-term endowment assets, and quasi-funds used for future strategic needs, noting that public reporting conventions can create misleading perceptions

⁴ Practically, that means if a student’s estimated financial contribution is \$10,000, they will receive aid up until that \$10,000 regardless of tuition increases.

of liquidity. Several participants urged improving communication on these complexities, suggesting reframing the narrative to start from core costs (e.g., faculty salaries, financial aid, building maintenance) to show how quickly resources are consumed. They also recommended rethinking how cash is labeled to avoid the impression of excessive reserves.

The committee also discussed broader governance and cultural challenges related to decentralized financial management, including the constraints imposed by donor restrictions, the non-fungibility of funds across schools, and the tension between institutional stewardship and unit-level autonomy. Participants highlighted that misunderstandings about how funds flow—particularly regarding “Big Duke” resources, federal funding, and Responsible Center Management (“RCM”) governance—create unrealistic expectations about available financial flexibility. They stressed the importance of developing clearer messaging about vulnerabilities in core academic and operational areas, the long-term nature of current financial pressures, and the rationale behind recent cost realignment efforts. Several UPC members encouraged aligning communication with Duke’s core academic values and providing more consistency in how those values are expressed across initiatives.

AI Roundup and Institutional Planning Discussion

Tracy Futhey, Vice President for Information Technology and CIO; Evan Levine, Assistant Vice President, IT Services and Support; David MacAlpine, Professor of Pharmacology and Cancer Biology and Special Advisor to the CIO, led a discussion on Duke’s AI and automation efforts which have advanced significantly this year through a coordinated strategy spanning governance, infrastructure, and practical tool deployment. Ms. Futhey highlighted the Provost’s AI at Duke planning framework, which consolidated committee recommendations across research capacity, workforce development, communications, governance, infrastructure, and societal impact into a comprehensive report to be released shortly. Discussion then shifted to OIT-based initiatives in the past year, which are guided by a central theme of pairing innovation with responsible implementation—ensuring secure, Duke-governed environments for AI experimentation while rapidly expanding training, guidance, and faculty engagement.

Dr. MacAlpine described projects such as “Devil’s Advocate” that demonstrate clear benefits for research administration by automating compliance checks, consolidating version control, and providing red-team proposal critiques, enabling faculty to reclaim time for scientific work with strong early adoption across campus. Meanwhile, the “Ask Chris” HR chatbot is progressing through pilot stages. It offers secure, personalized, role-specific benefits guidance, with a goal of broad availability for staff and faculty, after functionality, documentation and quality controls mature. It is unclear when “Ask Chris” will be available to individuals beyond HR staff.

Mr. Levine guided the discussion that addressed emerging institutional priorities related to teaching, academic integrity, and the evolving nature of staff roles. Units are expanding training programs, summer boot camps, and orientation materials to help community members understand which tools to use, how to use them securely, and how to teach effectively in an AI-rich environment—even for faculty who prefer not to incorporate AI directly into coursework. The discussion emphasized the need for broad access to a range of tools, including existing Microsoft and ChatGPT agreements, and for pursuing enterprise agreements with Anthropic, Google, and other emerging platforms as the landscape continues to evolve.

New course-based chatbots have been prototyped to support learning using instructor-approved materials, with efforts underway to automate and scale their creation. Faculty raised concerns around

student use of AI, material-upload restrictions, accommodations involving classroom recording, and pedagogical norms in courses requiring sensitive discussion—topics Duke will continue addressing through policy development and support structures.

Finally, Ms. Futhey previewed the forthcoming high-efficiency data center designed for scalable GPU-based workloads, integrating heat-reuse systems to support Duke’s sustainability commitments.

April 2026

Strategic Realignment Efforts within Fuqua, Nicholas, and Pratt (at the committee’s request)

The committee received a comparative overview of strategic realignment efforts across the Fuqua School of Business, the Nicholas School of the Environment, and the Pratt School of Engineering, highlighting how differing revenue models shaped each unit’s approach. Each school highlighted prioritizing the student experience when undertaking their strategic realignment processes. Each school also emphasized having a stronger financial position after the strategic realignment, which allowed the schools to get ahead of potential funding challenges.

Jerome Lynch, Vinik Dean of Engineering, discussed Pratt’s strategic realignment efforts, noting that the school—given its exposure to fluctuations in research funding and graduate enrollment—continues to face significant headwinds. These include a potential decline in master’s student enrollment, particularly among international students, and broader uncertainty surrounding indirect cost recovery. To meet its financial targets, Pratt relied heavily on personnel-related actions, including a voluntary separation program, targeted reductions in force, and faculty retirements, with the Dean’s Office absorbing a disproportionate share of the cuts in an effort to preserve the student experience. While these measures have positioned Pratt to approach a potential modest surplus, concerns remain regarding morale, deferred investments such as equipment replacement, and longer-term enrollment risks.

Lori Snyder Bennear, Stanback Dean of the Nicholas School of the Environment, described the school’s progress in achieving a balanced budget without additional central support, despite a mixed tuition and research funding model and a history of structural deficits. She emphasized a governance approach grounded in faculty council engagement, prioritization of mission-aligned activities, and a deliberate effort to minimize impacts on students. Cost reductions were achieved primarily through staff attrition, non-salary spending cuts, and the restructuring or sunseting of selected programs, including non-degree offerings. Despite these efforts, the Nicholas School continues to face pressure from potentially smaller master’s cohorts and reliance on a limited number of large research grants, while also identifying future revenue opportunities through expanded use of the Marine Lab and potential undergraduate programming.

Mary Frances Luce, Dean of The Fuqua School of Business and Robert A. Ingram Professor of Business Administration, outlined a strategy shaped by Fuqua’s dependence on tuition—particularly from international students—and its limited reliance on sponsored research. The school’s realignment focused on significant staff reductions, organizational restructuring, and adjustments to programmatic offerings, including pausing its global MBA program and reducing self-funded scholarships and adjunct teaching costs. Fuqua also eliminated outstanding debt obligations, strengthening its balance sheet. While current-year performance is tracking ahead of expectations

due to stronger-than-anticipated enrollment, Dean Luce emphasized that this surplus may be needed to buffer against continued uncertainty in international markets.

University-Wide Cost Allocations (at the committee's request)

David Bowersox, Vice Provost for Finance and Administration, led a discussion on university-wide cost allocation methodologies, focusing on how central costs are distributed to schools and units within Duke's decentralized financial model. He outlined the rationale for allocating shared expenses—including administrative services, facilities, utilities, and other central support functions—emphasizing the importance of transparency, predictability, and alignment with usage-based drivers where feasible. Faculty members posed a range of candid questions, which were addressed by university representatives and Deans present at the meeting, reflecting a constructive and open exchange. Importantly, the discussion underscored broad-based support across schools for Duke's continued commitments in key areas such as undergraduate financial aid, even as units navigate differing financial pressures under the current allocation framework.

May 2026

One UPC meeting remains this spring. The May meeting will focus on the FY 2027 capital and operating budgets and five-year capital and operating plans, as well as a detailed financial update from the School of Medicine. This discussion will include updates on federal funding challenges as well as, a brief update on athletics long-range planning in light of the evolving landscape in college athletics.

ADDITIONAL ITEMS

- During the 2024-2025 academic year, UPC received detailed financial updates from the School of Medicine, Trinity, and a targeted discussion was had on Athletics. During the 2025-2026 academic year, UPC received detailed financial updates from Trinity, Fuqua, Nicholas, Pratt, and the School of Medicine.
- During the 2025-2026 Academic Year, UPC, the Global Priorities Committee (“GPC”), and Academic Programs Committee (“APC”) tried to coordinate our efforts in a way that would not be duplicative. As a result, UPC did not discuss DKU, as it was an important topic for GPC. That said, DKU could have important budgetary considerations that may be worth the attention of UPC in the future.
- UPC faculty expressed interest in discussing the following items. None were discussed during the 2025-2026 academic year.
 - Graduate student housing was identified as an area of interest, including questions related to availability, affordability, and implications for recruitment, retention, and overall student experience.
 - Facilities renewal and deferred maintenance were raised as ongoing concerns, particularly regarding how departments and schools access renewal funding and how priorities are determined across units.
 - International student enrollment and visa-related uncertainty were noted as important factors with potential implications for revenue stability and enrollment planning across several schools. I am unsure if this was discussed by GPC.
 - The long-term sustainability of Ph.D. programs was identified as an area for further discussion, including considerations related to program size, funding models, and

alignment with the broader academic mission. I am unsure if this was discussed by APC.

- Athletics was identified as an area warranting further discussion. While a partial update was provided, faculty expressed interest in more meaningful engagement on athletics-related budgetary issues.
- Administrative structure and associated costs remained an area of faculty interest, particularly with respect to understanding how central expenses evolve in relation to academic priorities. This was partially discussed by UPC.

It was a pleasure to serve as Chair of UPC during the 2025-2026 academic year. I am grateful to the committee for its time, attention, and hard work.

Sincerely,



Veronica Root Martinez
Simpson Thacher & Bartlett Distinguished Professor of Law
On behalf of UPC