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Minutes of the Regular Meeting of the Academic Council

Thursday March 19, 2009

Paula McClain (Political Science, Chair of the Council): Good afternoon. It is now that time, and I begin with the first item of business which is the approval of the minutes from our February 19 meeting. May I have a motion to approve the minutes? [The minutes were approved by voice vote without dissent.] Thank you, and thank you John and Sandra for the minutes. I'd like to announce that today is John's birthday, so a very happy birthday to John from all of us here!

McClain: Our March meeting is the last one for some of our colleagues whose Academic Council terms expire this spring, and I want to thank these members for your service. And I hope that you will continue to follow the Council activities and attend some meetings, if you miss us a lot!

At our April meeting, we will welcome new members to the Council. As soon as the election results, in fact when we get the yeses from the people who have been elected that they will serve on the Council, we will then send the election results so that you can all see who was elected in your division.

I'd also like to thank you, this was the first time through with the electronic voting. We had some glitches, especially when whatever happened with our server went down, and no one could vote. We had not as strong participation on the nominating process, but very strong participation on the voting. So, just tell your colleagues it's a two-part process, you have to nominate people so you can't complain when you see the final ballot of who has been nominated to represent your division.

Dissemination of Research and Scholarship

Next, we move to the first item of business which is a presentation from Paolo Mangiafico, Director of Digital Information Strategy, in the Provost's Office. Paolo will discuss the university's role in the dissemination of research and scholarship. Background materials about the topic were shared with today's agenda. Paolo and John Simon, Vice Provost for Academic Affairs, met recently w/ ECAC to discuss the best approach for soliciting faculty input as they weigh how Duke will tackle

this important task.

Paolo Mangiafico (Director of Digital Information Strategy): Thanks for inviting me to join you here today. I'm here, to invite you to participate in a strategic planning process that Paula just mentioned, and that we're just getting underway around the management, access to, and preservation of, digital information output from the university.



Circulated with the agenda was this document – it came about a month ago – from the Association of American Universities, the Association of Research Libraries and some others. It's titled, "The University's Role in Dissemination of Research and Scholarship – A Call to Action" and I circulate this because it encapsulates some of the issues both Duke and other universities should be addressing now. I invite you to read it when you have a chance.

The gist of it is that the new technologies are creating lots of opportunities for new ways of sharing and collaborating with information. They also create some challenges for preserving this information, for organizing it and providing appropriate access, not just for humans to read, but for machine interaction, machine analysis of data, that kind of thing. It encourages (and Duke agrees through creation of my position, and this kind of strategic planning process) that we should start looking at some of these issues strategically, see where there are areas that we could do some things at the university

level, look for where it's appropriate to do things at the disciplinary level, what kinds of commercial tools are available that would be appropriate for this kind of activity.

In particular, some of the challenges that we need to address are longevity I mentioned a little bit earlier, permanent (searchable) links to information. A lot of the information that's published on the web now, whether it's informal publication or formal publication, typically we don't know where this information is going to be in five or ten or fifteen, twenty years from now and how we'll get to it. If you post, put a link in a citation, will that link still be actionable, how will you know it's the same thing that you intended, and so on?

So, we'll need to explore and address those kinds of issues, and again look at whether it's appropriate to address them at the university level, disciplinary level, and so on. Preserving and migrating information in a variety of digital formats – again how do we know that these things will still be accessible or available.

There's already some work going on in different areas around Duke, in particularly the Library and some of your IT organizations, in OIT, but we wanted to look at this strategically and see whether there are things we should do university-wide and in particular how do we support these things over the long term?

You're probably addressing some of these issues as part of your department or school, or for grants, for example, but at the point where your grant finishes and you deposit this information somewhere, how is it maintained over time, will it still be there, how is that supported? – that kind of question.

There are also some policy questions that are important to address. You have probably heard in the past few weeks that Harvard school government just announced this week (and MIT just yesterday) open-access policies that were adopted by their faculty to essentially make it a default position that all faculty publications will be deposited in a university depository for open access.

This is not intended to replace traditional publication mechanisms, but to supplement them and to show that the university supports open-access and is therefore going to provide a mechanism and a policy structure to encourage faculty to publish copies of their research in open-access form. Do we want to do something similar here at Duke?

The Law School has been a leader in this already here. They've been publishing open-access journals for some time, and recently have spearheaded the so-called Durham Statement, which was based on a meeting that was held here at the Law School, I think last fall, that was signed on by a bunch of law schools around the country, that essentially expresses support for more open-access publication, online publication, and digital preservation of the materials being published online.

Do we want to adopt these kinds of things more broadly at Duke? What does it mean if we do that? What are the questions involved? How do we support technology? – those kinds of questions.

There's been some planning going on around this at Duke for a couple of years now; it was spearheaded by the library. We received a Mellon grant that funded some planning, and funded the creation of the position that I'm now in, and that grant also recommended the creation of the faculty committee to start to explore these issues, and that's why I'm here today, to invite you to be engaged in that committee, to lead the planning on this, set the priorities and goals, and to drive the implementation around some of these issues.

I would be glad to take any questions and be especially glad to meet with anyone who is interested in talking about this further, afterwards.

Questions

Rich Burton (Fuqua): How is this related to the Google proposal, if at all?

Paolo Mangiafico: It's not right now. It's related in that the property issues are similar. I know that Kevin Smith, my colleague from the Library, spoke with you about that recently... those are issues that will need to be discussed. We have a university policy or strategy for dealing with those kinds of issues, separate from the book issues that Google has faced ...that Googlebooks project is raising.

Barbara Shaw (Chemistry): One of the issues that's of main interest to the scientists is that a PhD dissertation, which could be three or four hundred pages, is reflective not only of the student's work, but also contributions from the laboratory. And it's been funded by, probably government, like NIH grants or other, and therefore should be in the public domain, yet Duke has required that dissertations be copyrighted by the single person whose name is on that dissertation.

This presents a conflict, because some of the ideas in that dissertation may not be just the ideas of the student who is writing the dissertation, but it may reflect ideas of the professor, or ideas that are coming from the other students in the laboratory, plus experimental assistance from other students in the laboratory.

It appeared to me that it's not clear where a dissertation falls, under what I heard last time, and the notes from this week. I thought that you were going to get something from the Provost or the administration that was going to address more clearly what's going with the Google issue. Now, maybe that has come out and I haven't heard it. But all of this is coming to a head right now, and it appears there's a deadline?

Mangiafico: For the Google Books?

Shaw: For Google Books. It's not clear to me why there has to be such a short deadline...why the deadline is then, although I realize there's a court involved. But somehow, I and other people would like to be involved in at least having some more knowledge about this situation, and some way to input...

Paula McClain: There seem to be two different things here. On Googlebooks, Kevin Smith came last month and talked about it. And he was going to have a series of workshops, or something.

Shaw: There was something on the 17th.

Provost Peter Lange: Either we have sent, or we're

going to send a memo, a letter from Kevin, that outlines the issues and invites people to come to that meeting.

Barbara Shaw: There was something that came, a few days before, I was totally booked, there was only one day...so the question is hopefully maybe I'm talking about the wrong issue, but...

Paula McClain: I think you have two issues: the dissertation, maybe Paolo can talk about; the Google is Kevin Smith, and maybe we can put you in touch with him directly? I think there's some information in the minutes about what he talked about when he was here.

Barbara Shaw: Well, I'm just concerned that the university is not going to have a thorough consideration of this issue, as to how it affects the research and the dissemination of research, and the future dissemination of publications. And all of this seems to be tied together.

Lange: I understand why you believe it's tied together, but it's the case that the Google issue is not an institutional issue, it is an individual issue, because of the character of the lawsuit. What Kevin is doing at that working session, or whatever we want to call it, is informing individual faculty members about the decisions they face and the implications of those decisions for them. The Google issue is not an institutional issue, it's an issue between the individual faculty member and Google.

On the other hand, the issues that Paolo is raising today are institutional issues because they involve the extent to which we're going to provide to our faculty with infrastructures for the retention and dissemination of documents...and the extent to which you're going to have policies regarding retention and dissemination.

So institutional issues like the first one you mentioned should be directed at Paolo...The other is really a fundamental issue for Google and the individual faculty member, and the responsibility that Kevin was taking on was to be a counselor, if you want, to faculty members, with regard to their rights and options with respect to the Google settlement. But that Google settlement is a settlement between corporate Google and each individual faculty member who has published materials that fall under the Google lawsuit. Have I got that right, Paolo?

Mangiafico: Yes, that's right. I think one thing that we need to address further or also, is where the boundaries are between, in other cases aside from the Google Book project, between things that are individual decisions and things that are institutional decisions, or whether they are in practice in a particular discipline that we should support rather than try to reinvent, or support separately here at the University.

McClain: Is there an answer to the dissertation issue?

Shaw: Many of my students have written long dissertations. Initially, we had a rule in Chemistry, don't copyright, but more recently, we've been getting pressure from the University to copyright. That means that I would never hear anything, because I'm not...I would not be informed as to any of the decisions that relate to that dissertation, even though it could be a major part of our research.

Mangiafico: I'd like to follow up with a line about

that, because I don't get the details of the history of the copyright policies for dissertations, but I think that's one of the kinds of issues that we need to discuss further and come to an understanding of what the default policies should be, what kind of exceptions we might want to have, what circumstances, and how to manage that kind of situation.

Shaw: Anyway, it's amazing to me that...most of my colleagues are unaware of this.

Mangiafico: I think the technology changes have forced some of these decisions to become more prominent. For example, something that was in the stacks before is not as findable as it is now, when you go to Google to find something. That creates pressures to revisit some of these issues that we might not have had in the past. I think that's precisely the kind of question we want to have further discussion on, and not have it just be an ad hoc decision.

Unidentified speaker: So if the faculty would like to join your group, would this faculty just email you, and what kind of participation are you expecting?

Mangiafico: Yes, please do get in touch with me or I guess Paula, ECAC is going to be charging the committee. And I would be glad to come and talk to you before then, to get a better sense of what the issues are, and what the plans are going forward.

Shaw: I'm very concerned about the feedback. Perhaps...the basics of the university are that things are open, available, and I sort of see this as an academic freedom issue. Perhaps I'm wrong, because you know a lot more about it than I do.

Lange: I don't know enough about this issue to say one or the other. I didn't voice any opinion on the dissertation issue. I only voiced an opinion: that the nature of the issue was about Google and the individual faculty members...Those are individual options, in which I think it would actually be inappropriate for the university to dictate to individual faculty. It has to do with how individual faculty members want to deal with their own work, with respect to this commercial operation.

Dona Chikaraishi (ECAC/Neurobiology): I know that recent theses [are] now available on Duke space and...This has been talked about quite extensively at the Graduate School. In the executive committee of the graduate faculty, this has been an ongoing dialogue that's been going for at least a year or two, in getting, launching this thing. It hasn't yet been vetted - at least through the graduate faculty.

Mangiafico: We're still early in the pieces of this dissertation process here at Duke, we've been doing this for a couple of years, but a number of other universities have been on this for decades, I think it probably needs to be explored further...elsewhere where they've been dealing with this for a long time and see whether there are precedents there that are appropriate for us.

McClain: Thank you Paolo. Next, we will hear from Stan Abe, Director for the Film/Video/Digital Program, regarding the request to change the program's name to Program in the Arts of the Moving Image (AMI). This proposal has been processed through the appropriate channels and now comes to Academic Coun-

cil for approval.

Film/Video/Digital Program, name change to Program in the Arts of the Moving Image (AMI)

Provost Lange: So, actually, if you think back, for those of you who have been on the council for multiple years, you'll remember that we've had a number of programs, for renaming, and to a considerable extent, that has reflected the evolution of the underlying material that those programs deal with, or with a re-composition or evolution of the composition of the faculty in those programs, in fact the aims – double-A double-L discussion we had last year. So this is very much in that same spirit, and Stan is here to explicate a little on that. These things are actually substantive and rather interesting, as well as formally necessary, so...

Stan Abe (ECAC/Art, Art History and Visual Studies): Now you're making me nervous! (laughter) Thank you very much Paula and Peter. I don't have a lot to say, the materials have been distributed, but I would be very happy to answer your questions and discuss the



issues.

I come before the Council today to present for approval a request to change the name of the Film Video Digital Program to the Program in the Arts of the Moving Image. The Film Digital Program was founded by Jane Gaines in 1987 and I wish to first acknowledge with gratitude her contributions over so many years to the program and to express our best wishes for her at Columbia University, where she took a position beginning this January.

Much has changed over the last twenty years. The presence of moving images of all types has dramatically increased. The volume of moving image production has been multiplied tremendously by the availability of inexpensive video cameras and computer editing. The moving image in a wide variety of forms is everywhere, produced it seems by everyone, especially on our computer screens.

Distinctions between film and computer-generated moving images have rapidly collapsed. The most innovative works of the moving image transcend divisions of media, genre, and technique. We have assembled at

Duke an impressive list of innovators in the production and criticism of new and emergent forms of the moving image. Historical circumstance has afforded us an opportunity to rethink and transform the Film Video Digital Program.

The new Program in the Arts of the Moving Image will build on the strengths of the old – the production of film, video, and animation as well as film history and criticism – by expanding to include the production of innovative moving image arts and the critical study of such new moving image forms. The study of established cinematic codes and visual forms, however, remains fundamental. These constitute the historical and theoretical framework from which innovative new works are and will be produced. The Program in the Arts of the Moving Image will be unique in joining the most sophisticated historical research, analysis, and critical theory to the production of exciting, ground-breaking forms of the moving image here at Duke.

The name *Program in the Arts of the Moving Image* aptly captures the new orientation and scope of the Film Video Digital Program, and I hope you will approve the name change. Thank you very much. Questions?

Questions

Lee Baker (Dean of Academic Affairs of Trinity College): I'm fully supportive of the name change. I do have a question with regard to the process. It's my understanding that departmental name changes come through Arts and Sciences councils first, as well as the curriculum committee, because they have a major. I'm curious why I don't think this actually did go through the



curriculum committee, and I would like to move, or to suggest, when names for programs that have academic components, change – because your certificate will be changing too, which actually does have to go through the curriculum committee, and for little things like the subject code, [which] might be identical to another subject code...

I was just curious what the process is for changing names for departments and programs? ... I guess that's a Paula question.

McClain: When this came to ECAC, I think our assumption was that it had cleared all the lower levels, because it came to us from APC – transferred over. So my assumption, and our assumption, was that it had

cleared all of the lower level processes. Now, if that is not the case, then I think we need to kind of hold up a bit, and figure out exactly what the process...where it should have gone, that it didn't go, before it came here.

Baker: Well, we have something in place for departments. I don't know if we have something in place for programs. I asked a little bit, and no one seemed to know.

Abe: That's probably the situation. I requested the advice of Dean Gregson Davis, who solicited Kevin Moore's input, and as I outlined on the cover letter, we followed what Kevin Moore had recommended for us, which was to go through the Provost, who then referred it to APC, then to ECAC, and then now to the Academic Council. So that's what we were advised, but I can understand your question.

Baker: So, I have no problem moving forward here, I just ask that in the future, that departmental name changes and programs, especially if they have a certificate program attached to it, just follow that same procedure.

McClain: is there something that needs to be altered to add program to whatever the processes for departmental name changes?

Baker: I can look into that.

McClain: Would you? Because we have a number of programs around now, so it would be nice to be able to use the process we have for departments – put programs into that same group – so that we don't have to create another process. But, Lee, if you could get to me when...you know? (laughter)

McClain: We're now ready to move to the resolution.

Be it resolved, the Academic Council endorses the request that the Film/Video/Digital Program be renamed Program in the Arts of the Moving Image (AMI).

[The resolution was approved by voice vote without dissent.]

McClain: Thank you – the motion passes unanimously. Stan, you have your name change, and Lee, we will need to make sure that 'program' is inserted into the process for the name change for departments.

Proposal to change the Sanford Institute of Public Policy & the Department of Public Policy Studies in Arts & Sciences into the Sanford School of Public Policy

We'll now hear from Provost Lange on two items. The first, is the proposal for the transformation of the Sanford Institute of Public Policy & the Department of Public Policy Studies in Arts & Sciences into the Sanford School of Public Policy. The Academic Council endorsed this proposal initially at the May 2006 meeting, and those minutes were included with the additional background documents with today's agenda.

Some of the details around this proposal have changed and the Provost, along with Bruce Kuniholm, Director of the Sanford Institute and Chair of Public Pol-

icy Studies, is here to update the Council about that.

This will be a two-meeting item, so it will be presented and discussed today and then we will vote on it in April.

The second item we will hear is a proposal to create a one-year Masters of Management Studies degree in the Fuqua School of Business. This proposal has not gone through the entire degree approval process. It came to APC and ECAC. We requested that we would bring it to Academic Council but with the proviso that it be considered a pilot program, and then would have to come back for complete and official degree approval at the end of the pilot. So, we'll tell you a little more about that as we move through, and why in fact this is essentially outside of the normal degree approval process. Peter?

Provost Lange: First, Bruce Kuniholm is here to talk about the Sanford School proposal, so as you are aware, in *Making A Difference* we had among the key priorities and principles, putting knowledge at the service of society, promoting interdisciplinary studies, and internationalizing the university. In light of the plan, it was evident that Sanford could make a major contribution to that, especially with its expanded program, as outlined in the proposal, which makes the substance of what Sanford works on much more international than was the case in the past. So it seemed a perfect fit with our strategic priorities. That's where the push began, or the plan began, and that was what was essentially brought to the Council's attention when this proposal was first initiated two years ago.

I think that in the current climate, the strategic importance of a school like Sanford is even heightened. I think it's important to sustain our institutional and strategic momentum in a period in which there is some sense of retrenchment. We have something that is really good to be moving forward with; we ought to be moving forward with it. It's a statement about the University and its commitment to its principles.

Additionally, I don't think we need to read much further than page one of any newspaper, even the Durham Herald, to understand that the role of government in our society is going to be expanding in the coming period and that a school of public policy which is committed to effective development of public policy and the training of individuals who both study that and participate in that is particularly important.

Of course, we would not want to create a school if it were financially weak, and we are not doing so here, although as Bruce will recount, the finances are not what we initially anticipated for this school. The scaling of the school that will be created to the resources which it has, is appropriate, and I think we are all confident that this school will be launched in a way which will make it able to move ahead aggressively with its programs, even in the context for some period of time (we don't know exactly how long) at a somewhat lower starting resource phase, although substantially more than they had two years ago, very substantially more than they had two years ago...So Bruce is here to go over that proposal with you...

Bruce Kuniholm (Director, Terry Sanford Institute of Public Policy): Thank you, Peter. I appreciate the

opportunity to come before the Academic Council again, and particularly since we feel that we're very close to the finish line here. In a little over two and a half years, we've raised \$30 million in cash and pledges. Our tenure-track faculty has grown from 21 to 31.5, which is an increase of over 50%; our regular-rank faculty now stands at a little over 20: which makes a total of 50. And compared to other schools of public policy in the United States (according to the possibly specious US News and World Report rankings) we're in the top ten. And our faculty is ranked by the Chronicle of Higher Education Studies as either first or second among public-policy faculty in the country.



Peter's memo lays out the timeline that we've been following, and I'm here to underscore the reasons for becoming a school – first articulated in the task force report in 2005, after 13 full meetings of the task force and over 30 meetings of sub-committees, approved unanimously by the task force committee that was made up of about 20 people, including the deans of Social Science and Trinity College – and all of these reasons that still hold.

Although the Sanford Institute graduated the largest number of undergraduates and the fifth largest number of graduates among the top ten schools, and we were the only one of the top ten not a school, we had what appeared to be the second-smallest faculty.

In 2005, our endowment portfolio was significant, and we had even then raised the resources for the two buildings that we occupy. But our location in Arts and Sciences nonetheless limited our capacity to be entrepreneurial and capture income that we otherwise could if we were a school. In short, it was felt that we needed more resources and freedom to acquire them, if we were to play a larger role in the University.

Given the freedom to be entrepreneurial, Sanford could develop its evolving vision, we argued, we could excite new and existing donors to contribute to the realization of that vision, hire more faculty so that our research mission could be significantly enhanced in critical areas, and make more robust a very good faculty that was currently spread too thin doing too many things.

The University's goal of advancing our ability to put knowledge in the service of society, the task force argued, could best be met by authorizing the creation of a school. The task force believed that a school of public

policy could best meet the Sanford Institute's needs and in the Provost's desire that such a school would be catalyst or resource for activities throughout the university, but bear on public policy broadly defined. The school would enable the University to establish a broader, deeper engagement in public life, while sustaining and enhancing undergraduate and graduate programs in public policy that had already gained national distinction.

Provided with the budget to catalyze interdisciplinary research of policy relevance, and encourage policy engagement, the school would be able to provide a supportive environment for policy-oriented research centers and programs throughout the university, develop potential synergies among them in the Duke faculty, and thereby play a major role of supporting and helping to develop the University's new strategic plan.

The task force was confident that if the President and Provost were persuaded by the logic of the school option, and chose to make it a priority, the goal would be achievable. The prospect of Sanford being free to pursue global initiatives, raise resources, manage a budget according to priorities set by the school, and constrained only by efforts for which it would be responsible, all suggested that the best structure to achieve Sanford's interests was a school that would enable it to double its current tenure track faculty from 21 to 42, and the Provost and President agreed. So did the Academic Council and the Board of Trustees.

Terry Sanford, when he founded the institute, envisioned the institute as a key element of the University's mission of service, and saw it as a critical factor in positioning Duke in higher education. The task force saw Duke University's overarching goal of putting knowledge in the service of society as an extension of Sanford's goal, and the evolving context of an increasingly interdependent world.

In addition to those reasons, the elements of the University's strategic plan that would be served by the Sanford School are even more compelling. Among them are internationalization. For example, our Center for International Development regularly teaches students from at least 16 different countries per class, and in the course of its existence, has taught students from over 100 countries.

Interdisciplinarity – we have faculty members from 10 different disciplines, and others who run interdisciplinary centers that are University-wide.

Engagement – many of our faculty either have been, or are engaged in, public service, and we advise as many as 15 foreign governments and international institutions.

Not to mention, of course, knowledge in the service of society – we have a big education program for Chinese, and we also have one for Indian civil servants, the Indian administrative service where we regularly educate about 120 a year.

It's also the case that over the last two and a half years, while in a fundraising mode, we have in effect become a school de facto. We've been responsible for increases in our infrastructure costs associated with a ramp-up to becoming a school. We've been treated

separately from Arts and Sciences, particularly in the last year, when it comes to our budget responsibilities. We've been treated separately when it comes to our fundraising, and we've been authorized to create our own Annual Fund. We've been treated separately when it comes to reporting to Arts and Sciences, through Arts and Sciences to the Provost when it comes to hiring and tenure. We've been preparing to take on the responsibilities of running our own professional programs. And I've been invited to Dean's Council meetings in anticipation of full partnership as a colleague.

In the interim, we've been fiscally prudent. In our fundraising, we hope to raise at least \$10 million more in the current year; our current expectations are that with a few significant gifts we might hit that threshold by July 1.

But the critical question is, what if we don't? The Academic Council resolution of April 20, 2006 specified as a benchmark for proceeding, the raising of \$40 million in new cash and pledges before the end of the 2008-2009 fiscal year, and the Academic Council's review should be limited to consideration of whether the changes in circumstance between then and now require a re-evaluation of the advisability of transforming the institute into a school.

The critical question here is, why go ahead now, when the \$40-million goal has not been reached? What circumstances have changed? The answer, I think, is reasonably clear: we can afford to do it, and it makes sense. \$40 million is a figure based on the assumption of what it would take to hire 36 faculty based on a starting point of 21 faculty. When I became director, part of the arrangement for my becoming director was that we would start with 25 tenure-track faculty and not 21, something that those of you who are department chairs who are in negotiations are familiar with. And as a result, we had to grow from 25 to wherever we are going, not 21. We will be at 31.5 next fall, not the 36 that was anticipated when we looked at the 40 million dollar mark. So in effect, instead of going from 21 to 36, we're growing from 25 to 31.5; instead of 15, it's 6.5.

Secondly, we've done a lot of hiring of junior faculty, which gives us a smaller budget than otherwise we might have planned. We've also planned to halt our growth until we can further afford growth, and that will depend on the resources. Meanwhile, we've balanced our budget for next year, and are managing our resources prudently. Even under tough economic constraints over the next three years, we can manage our budget and the Provost's office can verify that fact.

And there are a number of factors aside from those I've already shared with you that explain that. Number one, we have a substantial endowment. Our endowment is worth over \$100 million, and it makes us, as far as I can tell, the third-largest public-policy endowment in the country after Harvard and Princeton. We also have, it's fair to say, \$15 million "underwater" at this time, and we have not factored interest from that endowment into our projections. When those endowments come back above water, we think we'll be better off.

We also have \$12 million in confirmed pledges that

we have not yet put into our budget. We expect those to happen, and when they do, that will contribute to it. We also will continue fundraising; we've raised \$30 million in the last 2.5 years, and we expect to raise more money in the future, we think that will continue, we have an annual fund that raised a modest \$124,000 dollars this last year, and we're projecting \$150,000 for the next year, we have bridge funding from the Provost's office to cover UIC and SIP funds, and unassigned incomes, both part of the package that we negotiated.

We have indirect cost recoveries – and I might say that endowment counts for roughly 24-25% of our budget, indirect cost recoveries about 20% – and we've got reserve accounts from the dean's strategic funds, and other funds that we can draw on if we need to, in quasi-endowments.

And finally, we have a very stable tuition revenue that we can count on. Tuition and fees account for about 54% of our projected budget, so if you just count the endowment and the fact that it's above water, our tuition and fees and our indirect cost recoveries, that's roughly almost 98% of our budget. For all these reasons, I think we're on solid financial ground, and are in a position to go forward, so with that said, I'd be happy to take any questions that people might have.

Questions

Unidentified speaker: Just a comment: the Nicholas School Faculty in the area of Environmental Policy are excited to see Energy and the Environment targeted as one of the main elements of the strategic plan for the new school of public policy, and are happily anticipating having more colleagues in Environmental Policy and also more course offerings available to Nicholas School students in Environmental Policy. We have also been encouraged to hear from Dean Chameides that you and he have been in discussion about how to be appropriately collaborative in developing faculty hiring priorities and also in advertising opportunities in environmental policy to potential student applicants so that we'll realize our hopeful synergy.

Kuniholm: Thank you. Is Bill here, do you want to say anything?

William Chameides (Dean of the Nicholas School): You said it all!

Kuniholm: I can say that we have a very good relationship with the Nicholas, and I think six of your faculty have secondary appointments with us, and both of our newly hired Environmental professors have secondary appointments in Nicholas, and we've included their people in our searches, and our reviews, and I know that we have some prospects of collaboration when Blair Sheppard finally gets his operation up and running in the next year in India. So we're looking forward to that too.

Shaw: I just had to ask some questions – first of all, it seems to me that you only have \$30 million of the \$40 million. Is that correct?

Kuniholm: Right.

Shaw: When I was on the council when we voted four years ago, I guess...it strikes me odd that you would come back at this time with this request, considering the

constraints that are happening in other departments and other schools on campus. Considering that this is a time of uncertainty, and considering that you don't really have the money in hand, when there is also going to be a new council who starts up next time. So why do you just split this, and bring it up at a time when the old council, or half of the old council, is going to be gone, the new council is not going to be aware of what goes on here? I would suggest that this particular issue be put off until next year, when it will be clearer what the status of the University funding is, what the status of the financial problems are within the United States, and in the same way that a number of things have had to be put off in other departments,

McClain: Let me answer this in regards to the sequence. Because we only have two more council meetings, and we have other things to deal with. And there's enough of a holdover from the old council that we scheduled it so that we could make it through and go to the Board of Trustees if in fact that was Academic Council's desire. So that's the schedule.

Shaw: On the other hand, you're asking us to forget that you haven't really reached your goal. Now, I don't want to be in conflict with the Provost and the President on this, but I also feel that perhaps another year or so would actually make it clearer whether or not this should be a school or not. Irrespective of what you have been able to accomplish so far, I'm looking at the dollars. And you know, when I ask for things, a refrigerator in my laboratory is broken (not by me but by somebody else) the University will not replace that refrigerator, or whatever primary piece, because they don't have the money. And we're only talking about \$3,000 dollars.

So in this case, we're talking about \$10 million, and to me, obviously, I'm not making the higher decisions, but I do think that this is...I am concerned that the consideration today is going to be reconsidered next time. I'm also realizing that most of the times in the past, when situations like this have been brought to the Council, we have had forewarning of this, we have actually had documents to look at, or documents available for us to read at the same time.

McClain: The documents went out with the agenda for the meeting...

Shaw: But they're not available here. I mean, I got some documents, but...

Kuniholm: Let me try to answer the question. I'm not sure where this metaphor is going, but if the price of an icebox was \$40, and it turns out we can buy it for \$30, the question is, ought we not to think about that possibility? (laughter)

Kuniholm: Let me just make my point here. The \$40 million projection that we looked at three years ago was based on certain assumptions...The estimated cost of growth included going from 21 faculty to 36. In fact, our starting point was 25, which cut the cost of that growth.

The second part is, we've grown to 31.5, we haven't quite gotten to 36, but that was a reasonable benchmark, and the fact is, that given other resources that we've been able to cobble together, I think that

we've persuaded the Provost's office that we can actually financially manage not only the coming year, but over the next three years under relatively serious budget constraints.

Meanwhile, we have grown substantially – 50% in tenure-track faculty since I first became director 3.5 years ago, and we are recognized as one of the top ten schools, even though we're not one [a school], in the United States, and play a critical role not just in the University, but through synergies with all the rest of the schools in the University. And there is no real cost to the University of saying, "Go ahead now," the only cost is that we can't quite grow at the rate that we expected to. But I would guess that from a budgetary point of view, relative to other schools, we're in reasonably good shape. And I think the Provost's office might be in a better position to make that kind of judgment.

Lange: So, without delving deep into budgetary re-tails, there is no cost to Arts and Sciences, or to any other school of the University, from making Sanford into a School from its current status. There is a reduction in the...I'll try to be more concise. Every school receives an assigned income, which is income that is held at the center, which is transferred to the schools to assist them with their overall costs. When Sanford is being transferred from Arts and Sciences to a school status of its own, rather than withdrawing a pro-rata share from the Arts and Sciences unassigned income and transferring it to the new school, we instead chose, because this is a strategic priority, to make that withdrawal to cover the unassigned income of the new school, from central strategic funds. And we are doing that.

The net result of that is that actually, Arts and Sciences has somewhat larger share per capita, if you want, per student, per faculty member, of unassigned income, after this is done, compared to how it was before. So net, Arts and Sciences actually has more money to buy a new refrigerator, if I can reduce it to that level, than they would have, so you have a marginally greater chance of getting that refrigerator I think, if think, if this happens, after July 1 or before.

Emily Klein (Nicholas): Does that take into account the transfer of the undergraduate...

Lange: Yes. I just want to make clear, this is not just the Provost's office approving this, this has been through every approval process that we have, including a thorough vetting in the Academic Programs Committee, and you received a letter about that, and in the University Priorities Committee, which had the responsibility for vetting the proposal from the standpoint of priorities on budget, and assuring that the budgetary status of the program was commensurate with the goals that it outlines.

So I don't want this to seem as if they're sitting over there on a separate floor of the Allen Building and getting cooked up with Bruce and deciding this is a good idea anyway. We took this through the entire approval process, and the budget documents were very thoroughly vetted and your materials, materials reflecting those budgetary considerations.

Kuniholm: I was going to tell the Provost to cool it, but I decided not to. (laughter)

President Richard Brodhead: I should say one word of my own, perhaps, which is that I trust that even anyone who would raise a question about this, of the sort you raised, would understand why, in principle, it would be highly desirable for this to take place.



I spent the last two days in Washington – this is a time when every phase of public life, when every issue of consequence is receiving great consideration. I'll tell you, the President of Duke is twice as welcome now because our University is set up in such a way that the forms of expertise have links to public policy. So if people want to talk about energy, this is a University that connects energy studies with energy policy, healthcare studies with healthcare policy, on climate change with climate policy. And so it's a very particular strength of this university that enables us to capitalize on a variety of our strengths, it seems to me.

I do resonate and respect your question. I take it your question is, might it be the case that either we are launching a school weaker than we had in mind when we contemplated it, which would be a bad thing to do, or to make it adequately strong, to be stealing money from everybody else, to profit off it? I think that actually Bruce and Peter have both been very conscientious in their answers, to give assurance on those points, and I still think that.

Paul Haagen (Law): I think this is a friendly question, and may have been pre-empted by what the President just said. We explicitly considered that you would come forward with less money in UPC and in ECAC and we discussed it, and I think I said to the Provost that I expected it would happen. But the one thing I haven't heard clearly is the response [to]: Is this the optimum time to do it, given the economy, given a variety of other things, would Sanford be better continuing in its current status for a year, and then launching itself as a longer, richer, larger school when it launches, or is it better to do it now?

Kuniholm: Let me give an answer and then maybe Peter can give one. The answer from my perspective is yes, because right now, I'm a department chair, I'm an institute director, and I'm a member of the junior league of deans (laughter) and as a result, I go to ALL of the meetings, and I spend my time working through and around Arts and Sciences, going to department chairs' meetings, and institute directors' meetings, and coordi-

nating all this is complicated, because while I work directly with other deans, I also have to touch base.

For example, when we're jointly hiring people, or we're trying to coordinate something, it's somewhat Kafkaesque, with a better outcome (laughter). So from my perspective, it would be nice to be neat and clean, and there are so many things that we've been getting ready to do for several years. Arts and Sciences understood that we were ramping up our infrastructure to get ready, which we've been doing, so we had more infrastructure than we would need as a department, perhaps less than we would need as a school, and we've been trying to manage that process, and we have increased our faculty, we have started all these connections with other schools, but it would just be simpler and easier to go ahead and do it.

And the question is, what is the cost of not doing it? And the answer is just a lot of busy work, we are a de facto school anyway, if we stayed where we were we'd still cost the University money, and it would be better for us to be on our own and manage ourselves appropriately. But maybe Peter has a more macro view.

Lange: I gave some additional rationales at the beginning when I was introducing Bruce, and I feel those very strongly. I think that if I felt that this would be a weak school, I would not be in favor of it. I have dealt with weak schools, and it's not fun. No names will be... At the same time, I don't believe this is a weak school, I think that it's on a solid foundation. We have looked at their budget, they have a solid budget for the next three years. It's not built on inappropriate assumptions about their future. As Bruce said, he's been cautious in making those assumptions precisely when some things go well, he'll be in better shape than we anticipated, but not in worse shape, I don't believe. You know we're working off a conservative set of assumptions rather than an aggressive set of assumptions.

And, with respect to momentum, I think that's true for the University, and I also think it's true for the Institute and its faculty. They have been targeted out here, and Paul, it is true that you told me that, but if you really knew it I would like to see your stock portfolio (laughter) because the truth be told, the only reason they did not reach their target is because the market crashed in the Sept-Dec period, but they were well on their way to doing that.

So my underlying sense is we want to sustain that momentum, and that we will be better off in a year, sustaining the momentum by transforming this into a school now, than we would be in waiting a year, then doing that anyway at a somewhat larger endowment – with not a larger faculty, by the way, because they have basically frozen their searches for the coming year.

Lee Baker: I see that undergraduate tuition is a large chunk of your unrestricted revenue and you're one of our largest majors in Trinity College. In these choices that will have to be made, what priority will you place on undergraduate education?

Kuniholm: The short answer is I think it's our most important priority. As background, I spent twelve years as a director of undergraduate studies when I was

younger (laughter) and the premise of our going forward in the charge by the Provost was not only that we would maintain that connection, but enhance it. And we worked really hard with the task force that included Bob Thompson and Susan Roth from Arts & Sciences, and when our task force began, to be honest, the task force was split. I was ambivalent myself about whether we should become a school, but as we worked our way through the process, we all were convinced that becoming a school would give us more resources to do a better job teaching and mentoring the undergraduates.

It's also the case that our graduate programs are not money-makers for us. They in fact cause us to lose money, and the reason is that in public policy, unlike business or law, you can't charge an arm and a leg and expect the students to recapture that as they are successful in their varying endeavors after they graduate. People who are going into public policy essentially know that they are going to have limited incomes, and as a result, to get the best students we have to give financial aid. The financial aid in our graduate program is roughly 50% of tuition.

So, if you put it all together we lose money and we intend to keep our graduate programs small, about 55, that was one of the clear points we made in the task force report, and there's also a clause that makes it very clear that if we go up or down our assumptions by 20%, that we will totally revise and recalculate those under the Provost's aegis and renegotiate it if it seems necessary. So, we have a vested interest in the undergraduate program and are committed to it and intend to make that the centerpiece of our vision – [see the] statement in the package there of transforming students' lives, which we see primarily on the undergraduate level.

McClain: this is a two-meeting item so we can continue the discussion next month, so if you think of other questions, we will return to this before we vote.

Proposal for a 1-year Pilot Masters of Management Studies (MMS) Program in Fuqua

Lange: For a number of years, there's been a significant demand across many of our masters programs, PhD programs, and among undergraduates – that is especially graduating seniors – that they have the ability to acquire training, systematic training in management at a level below the MBA. We made relatively little progress on that front with the Fuqua School, which I think Blair would agree, makes the Fuqua School a less-than-perfect partner with other schools. In other words, the students wanted management training, the MBA wasn't a well-adapted degree to that, so students were actually unable to get what they wanted, either thorough joint programs between another school and in Fuqua, or through coursework that might not lead to a degree.

Now, due to a set of converging factors, this pilot program for a masters in management science and studies degree is being proposed. Obviously we have increased and deep demand and need, and I want to stress that this not just among graduating undergraduates but

among masters students across the university, including, by the way, medical students, who again sometimes want to get training and management because they want to work in the health sector but don't want the health sector management MBA.

Second of all, there are available teaching resources in Fuqua which were not there previously. Blair can discuss that when he and Bill make their presentation. And there's also a degree of openness to innovation in Fuqua and among Fuqua faculty which is captured in this proposal. So, they've been open to exploring a new degree. So we are bringing this pilot three-year proposal to you. Part of the reason why the procedures have been a little unusual was that in order to make available to students for next fall, we need to have authorization earlier than May. We could have gone through – we've been through the committees – but the ordering of the approvals is somewhat different than would be true [usually] and that's why it is a pilot.

This has been through APC and UPC, it has been vetted. I think that it's a strong program and it will add a really useful component to our overall array of the degree availabilities at the university and we have Blair Sheppard, the Dean and Bill Boulding, Associate Dean, of the Fuqua School to present it to you in greater detail.

Blair Sheppard (Dean of the Fuqua School): Thank you. What I thought we would do is actually tag-team the presentation, asking Bill Boulding, senior associate dean of programs, to describe the process we went through as a school to determine whether or not this was a degree that actually was a degree that Fuqua and Duke should be offering, and then take questions from you related to that. But I just want to do a couple of things in context.



We were actually asked in December to consider this idea. And so, if you think about it, it has progressed very quickly. Part of the urgency has to do with the economy we find ourselves in. We have this set of students graduating who actually have a need, and so there was urgency to review this. We followed internally every process we needed to follow in the school but in an expedited fashion. So, we reviewed it at Fuqua the way we review any degree, it had a full faculty vote, it had a committee reviewing it, all that was expedited for reasons that I hope are completely obvious.

The reason for the sequencing is the same, which is

if we're going to put an offer in front of the students, we can't wait until May because actually by then they'll have made choices that for them cut off options.

We are putting a pilot forward as a proposal to you for two reasons: the first is actually we think this degree has tremendous potential for us to work with other schools in ways we have not been able to. Let me give you one example; in Law, we regularly run into the problem of the Law School identifying a student who is a really great student, immediately from undergraduate, and in the MBA program we have a requirement of five to six years of work experience. We turn that student down, the Law School loses that student to another school that's willing to do a joint degree. Duke loses net-net. This degree has the potential for making that pairing work much, much better.

There are other examples, and I'm happy to give you other examples later. But because of the potential of the degree in those examples, we actually think it's worth experimenting with those before coming to you with a full-blown proposal but here's what it could look like nested among the other activities in the school, including Masters of Engineering Management, Masters of Environmental...there's a whole series of those that we actually think this has potential for, but we need to run the experiments before making the proposal that this actually works the way we think it will work – that's the first one.

The second one is because it's an expedited review process by everybody, right? instead of our own faculty and the university at large, it seems it's only appropriate to have it be a pilot. We think we need three years and part of the reason why we think we need three years is that we think we need the data, we need some cumulative data, on how well are the students doing in the employment market to be able to determine whether or not it's achievable...And we actually think we need enough time to try and modify it a little bit to try it again to be able to come back and say this is actually what we know works – is the correct answer.

So, what we're asking for is slightly unusual in terms of the sequence, but it's the opportunity to run the experiment. With that, I think it's important to hear the thinking because it turns out in December, both Bill and I didn't want to do this. And it's only in reflecting...but we thought it was an important request to respond to. But in processing, we became persuaded we were wrong, and it's worth hearing that journey from Bill.

Bill Boulding (Associate Dean, Fuqua): Well thanks for taking the time to consider this pilot proposal. I think that Blair has touched on something important as a starting point of the process, which is we were approached to consider an MMS degree, and the push fact that we had was yes, we understand that there is a substantial contingent of the undergraduate population that is sitting there, they're going to graduate, they're not going to have jobs, and we were very sympathetic and we'd like to help. However, we don't think it's appropriate to offer a new degree if that degree does not have a sense of permanence.

Now the ironic thing about this particular situation

is normally you're thinking about something that works not only good times but bad times; here, we wanted to be sure that this degree, which was appropriate for bad times would also be good for good times. And so we went through considerable due diligence in trying to assess the question "Is this something of permanence that would be a program that Duke University would be both happy and proud to offer on a long-term basis?" And so we essentially looked at three different issues.



The first is, would it be distinctive from our current program offerings in the MBA market? And the notion here is, it doesn't do us any good to serve a new market if by doing so, we harm our core market. And so we spent a lot of time asking the question: would there be any harm from the MMS program that falls to our MBA students? And we looked at that very carefully; ultimately, what we realized was that these two programs would be highly complementary to each other.

So essentially, the argument in terms of the complementarity is as follows: we would like to have the scale in certain firms that are very important to our MBA students. Examples would be some of the high-profile firms in consulting, investment banking, and so on, and if we can have MBA students in those firms, and then add MMS students to that mix, then we get increased scale, where we have those students occupying different positions within those companies at the entry analyst position, the more senior associate position, then we build reputation for Duke University within those firms, and that enhances the prospects for MBA students.

Also these firms typically then send their employees off to an MBA experience after having worked there for three or four years; we then become a destination for those students or those employees within those firms, and so we build a virtuous cycle in building our reputation within those firms, increase opportunities for the MBAs and increase the applicant pool for the MBA program, which is also important.

It is also the case that we can create scale for the smaller firms that would otherwise choose not to make a trip to Duke University. The issue here is, for a small firm, if they came to interview our MBA students, the expected yield might be so low that it would not be economically worthwhile for the firm to make the trip to Duke. By offering this program, the firm has the opportunity to look at the undergraduate market, to look at the

MMS market, and to look at the MBA market, and across those programs, they have an expected yield that is probably sufficient to make it worth their while to make the trip to Duke University – thereby increasing the opportunities, once again, for all of our students.

And finally, we investigated the question of: if you offer this degree, would it eat away from the future business of the MBA market? And so we looked at our competitor schools that offer an undergraduate business degree to find out what happened to those undergraduates who went through an undergraduate business experience, what did they do for their MBA? and what we learned is that there is actually a virtuous cycle, where if you attend the program earlier, you want to come back for your MBA because it gives you more degrees of freedom as you go through the MBA experience, allowing you to specialize. So the conclusion was that it was good for our MBA students, as opposed to doing harm.

The second question that was critical from our perspective was “If we created this program, would it be distinctive and valuable in the marketplace?” It does us no good to create a program which supposedly solves an issue that helps current undergraduates who can’t get jobs, if this program doesn’t actually help them get jobs, in a way that’s sustainable over a time...

The benefit that we had in looking at the MMS opportunity is: it turns out that the concept of a pre-experience Master’s degree is very common in Europe, and almost nonexistent in this country. So we had a lot of data to draw from in the European market to see: is this a concept that’s valuable to employers? and what are the kinds of employers that hire students out of these programs? are they employers that are desirable to us? When we got the list of companies that are hiring students out of these pre-experience Master’s programs, it turned out that there are many firms that we currently have relationships with, and many firms that are very desirable, from our perspective, to build deeper and broader relationships. So there’s evidence in the market – not in this country, but outside of this country – that it’s a valuable concept.

Our belief is, that this concept is especially valuable in the following sense, if you compare it to the alternative of an undergraduate business education: we firmly believe that if you combine the critical thinking depth and breadth that an undergraduate student experiences when they are engaged in a liberal arts experience, when they are liberally or scientifically trained, that that skill in critical thinking, when combined with a business degree after having built those capabilities, creates a student who is more capable than a student who, in their undergraduate experience, focuses strictly on a business education. We think that’s a winning combination – to combine those two approaches, and as I said, there’s experience in Europe.

Blair might touch on the idea that we would like to lead the way on a product that we think will inevitably take hold in this country.

The third issue that we focused on was the question of “If we provide this product, if we add it to the portfolio of programs that we offer, would it be consistent with

the overall strategy of the business school?” And Blair touched on this, but if you heard Blair speak previously, there is no question that an important component of the Business School strategy is the belief that if we’re going to do relevant research and teaching in the domain of business, that we must be better connected to the rest of the university, and that only by being better connected can we provide the appropriate educational experience and the appropriate research that will continue to push us in a positive direction as a school. We evaluated whether or not this program would be consistent with that strategy, and there are a couple of points that Blair already made; I want to add some other points.

The first thing is, that by offering this program, it does something that we consider to be very important. It says that we can serve the undergraduate population without interfering with the undergraduate experience. We think that the undergraduate experience is a wonderful experience, it’s beautifully designed, and we do not want to have to say the solution would be to enter in and muck that up. Instead, we can serve the undergraduate population after graduation by combining that experience with what we offer in this foundations of business programs. So we do not think there should be any shift in the liberal arts philosophy of the undergraduate program for Duke University.

The second thing is just (Blair touched on this) to more generally touch on the notion that if the Business School is going to be able to cooperate with other parts of the University in terms of students from other programs who would be interested in taking business courses, there is a general class of students that is exactly right for this program, which is the pre-experience student. And so, we expect to bring people directly into this program, but there are a lot of people coming into the Law School who are pre-experience, there are a lot of people coming into Engineering who are pre-experience, there are a lot of people who are in our PhD programs who are pre-experience, and it turns out that – surprisingly to me – approximately 50% of those PhD students go into industry rather than academia, and they could definitely benefit, at least that’s what we have been told, that they would be very interested in being able to connect to the business school.

Now the problem that we’ve had that Blair touched on is that if you bring these pre-experience students into the MBA classroom, the mix is not good, and so going back to my first principle of do no harm, this is something that allows us to maintain the experience in the MBA classroom and offer something in the MMS domain that is exactly right for the rest of the University.

So those are the three things that we’ve looked at, and as I said, we came to very positive conclusions on all three questions, and so we’re very interested, as opposed to our initial reaction, we are now very interested and enthusiastic.

Questions

Roy Weintraub (Economics): A number of years ago, when you were up for your first real accreditation, external accreditation review, you had to drop the under-

graduate program in management because you were told you were going to lose your accreditation as a graduate



school of business because the undergraduate program was not strong enough, given the Trinity College requirements for distribution. Will this program pass the accreditation board, have you had any kind of questioning about that? because it would be one indication of why there are no US programs but there are European.

Blair Sheppard: So it turns out, actually, the pre-experience Master's program was created by... which is the European accrediting body. And there is a good legacy of it in Europe, there's actually even a ranking of the pre-experience Master's programs, and one of the measures of this is can it be ranked by somebody?

AACSB has been slow to acknowledge that it's there, but it's entered, and it's actually in, in a way where they have a set of criteria that will be required for a quick degree, and we passed that with flying colors. It's at Wake Forest, Virginia has just created it, and there are specialty Masters that several of the schools have gotten. The difference between what we're doing and any of the others is that generally, it is an undergraduate school that is offering the Masters, not a graduate school that is offering the Masters, and I think that's backward.

I think the good thing about what we're proposing is that this actually permits the Business School to be supportive of the rest of the University without actually trying to become an undergraduate institution, which is I think a bad thing for us to do, for all sorts of reasons. So yes, it is a factor and we're very excited about that.

Unidentified speaker: Just to follow up on an accreditation point, you were talking about your Business School accreditation, but since I have SACS on my mind, coming next week, any substantive change that you're rushing, moving this forward quickly.

Lange: We actually cleared SACS with....

Unidentified speaker: So you have said that one of the things that would be attractive elsewhere with the University, this would facilitate, actually concurrent degrees with other schools, and I'm curious as to how you see that working, because I noticed in looking at the curriculum that it says 12 required courses, no substitutes, no nothing, and usually, the way we put together concurrent degree programs is by having some efficiency factor achieved in terms of both tuition and time required by allowing some substantive trading off between the con-

current degree requirements, and I'm not seeing how that would go here.

Sheppard: Part of the reason that it's three years is that we think we need to run the experiment in two steps. The first is that we actually offer a world-class degree. What we're trying to do in the first year is actually deliver what we know we can deliver well, with no complexities associated with it. Part of that has to do with the speed with which we're going to do what we're going to do. And so we have simplified the model by saying it's rigid. And we look at it from the standpoint of what we thought employers would need, and we looked at what we thought were the past hurdles, and so we're just going to try to do an exceptional job.

Test one is, can we offer a great degree? It turns out that degree splits into sort of two segments, one segment that we would consider a core and another segment that is meeting the employment requirements so the student will not come out with a narrowly defined degree. The ability to actually split it into those two pieces permits us to then do what you're talking about with other schools. That's phase two, but it doesn't make sense for us to do phase two until we have demonstrated that phase one can actually be done effectively. And so yes, and that's why it's three years rather than one.

Dona Chikaraishi (ECAC/Neurobiology): I have a related question, in terms of dual degrees. Will this sort of thing fulfill the third year medical school requirement?

Boulding: I believe it does, yes.

Sheppard: So you're bringing up an important point, and remember this: the dilemma Bill raises is a really critical one. Law Schools, many of the best law students – straight out of undergrad. Master's degree in management many of the best students – straight out of undergrad. Nicholas, many of the best students – straight out of undergrad. Medicine straight out of undergrad. Five or six years work experience – we're a terrible citizen. This degree permits us to have a really, really good business education, put against any of those other programs, and that's what has me especially excited. But I don't want to do it year one, I'd rather we get it done right.

Unidentified speaker: Thinking down the road for partnership, are you planning to run this on the Business School calendar or the University calendar?

Sheppard: Right now, the Business School calendar, but there are actually some interesting ways in which you can modify it to work. For example, if you have a fall term which is on our calendar, which is fixed, because it's the core, you can then do a lot of stuff with the spring term, and so you can have one course that cuts across, and then have everything else be semester-based. And so, that's the flexibility that we know we're going to have to do, but...

Lee Baker: I think this is great, especially for our seniors, but I'm a little concerned about our juniors. Are we going to start backing up, in having these MMS folks compete with our graduating seniors? So when you said that recruiters will come down, they'll be able to select from the undergraduate population, the MMS, and the

MBA. Will the MMS folks out-compete, or will our seniors still be selected at the same levels?

Boulding: That's a question that has definitely come up before; we've been working with Bill Wright-Swadel in the Undergraduate Career Services Office to make sure that, again, by serving one population we don't harm another. I think, again, the idea is that we can, by offering undergraduate MMS and MBA, that we offer a portfolio of options for those firms that are coming here to recruit. And that some students that are coming through an undergraduate program that would never consider the MMS, because they know they're directly employable as is. Others would say, I really need to have more business exposure to be able to make myself attractive. And so, we think the key thing here is that we work together across these programs, to make sure that we increase the opportunity set rather than harm one group.

Sheppard: I had a chance to talk to one of our alums who had won a legends award in a women's basketball tournament, who is now the advisor to the President of one of the liberal arts colleges, and they're terrified that what's going to happen is the liberal arts education is going to get destroyed by the pragmatism that's being driven in the world today.

I think what this permits is the ability to say – because there's a term that Bill uses, absorptive capacity, that I think was what we were discussing when we're at our best – because of the range of the learning they're asked to do, because of the matrix or whatever it's now called, the students actually come out with the ability to see things that others just can't see.

The problem is, every once in a while, they lose in the marketplace because they don't have the pragmatics necessary to compete with an NYU or UNC. This prevents the students from actually saying, "I'm going to be liberally educated, and Duke has provided the opportunity for me to go peak if I choose to go build that form." And there actually are recruiters we have lost in the last year or so, because they say, "I can't afford to invest in the training of the student because I don't have the discretionary income I used to have as a firm." That's a really bad thing, because it actually puts the whole liberal education at risk.

So I think, short-term, there's an issue we have to really worry about, but long-term, this is actually in defense of the liberal education. Actually, that's why I'm excited. I'm at Duke because I believe in Duke. And it's the ability to say, "This achieves, this defends that."

Boulding: And from at least one perspective, in the meeting I had with the President of American Express, he said, "Oh, this is a tweener." And I can see all three, and this is a perfect addition to the options, how we want to have it as a recruiting partner.

Paul Haagen: These are sort of paired questions. You were going to be doing this with your existing resources, or are you adding resources before you start doing this?

Sheppard: One of the things that permitted us to do this is that our chaired faculty have actually, for one year, given a course back to the school. So that we could

run it without having to add extra resources.

Haagen : And so, there is nothing that you're taking out of what you're doing in order to do this, by reallocation of resources?

Sheppard: No.

Haagen: The other question is, do you have any account for why no one else has done this?

Sheppard: Yeah, I think so. Two accounts. First is, the undergraduate schools have a disincentive to do this, because it actually puts the undergraduate business major at some risk.

Haagen: That's why Wharton doesn't do it right?

Sheppard: This actually allows Duke to compete with Wharton in a pretty interesting way. Actually Wharton peaks by forcing narrowness into the undergraduate curriculum. We don't believe in that, and so it allows us to actually out-Wharton Wharton, which my competitive nature likes a lot.

But Virginia was forced to do it, in a so-too way. The schools that are doing a pretty good job at the graduate level find themselves being forced to do this. The graduate schools are not doing it because they actually don't have the obvious mechanism. But they see some people doing things in the margin, so MIT has a masters of financial engineering. That's actually much closer to the economic masters that the University is proposing. Completely complementary, different groups. So you're seeing it happen.

I think one of the other issues is that the school that gets there first gets to define what it looks like. I'd like to be the ones who define it. But it's going to occur.

Unidentified speaker: I have two questions related to interactions with other programs around the university, particularly at the masters level. One is I understand that you want to get this going quickly, that you're trying to keep it simple in terms of how it might interrelate with other...and so on. One question is will existing masters students be able to take courses that are being offered to...

Boulding: There's a short-term answer which is... falls short of the idea of full degree, which is the ability to bring students into those classes...so Jeff Glass was here earlier, I think he left? But that the masters of engineering management students very much want to be in the business courses, but the mix in the MBA classroom, because they haven't had the same experience doesn't work as well if you brought them into this environment, it's a much better fit. So, that's the short term answer to see how we can work towards the joint-degree concept and serve the University.

Bill Chameides (Nicholas): Bill, I think we agree with that...The question was will the students have the ability to take those classes?

Boulding: We actually haven't answered that question for next year, because it has to do with the complexity question. I think one of the things we do need to do, though, is actually get a set of people from the other schools on some joint-evaluation committee to see what's the mechanism we should use to integrate this degree with the other things the University is doing. Because that ought to be one of the measures, it isn't us

reporting on that, it's actually you.

Unidentified speaker: So, yes that was actually going to be second part of my question. The first part was, in the near term, meaning next year, assuming this goes forward, will students in existing programs be able to sit in on these classes? Second part is, is there a process by which over the longer term, you'll work out the integration with concurrent programs?

Sheppard: I can answer the second one. The first one, the answer is we don't know yet. But will take it under advisement about what you prefer we do. But again, please let us do it well.

Earl Dowell (Pratt): As you know, there is this Masters of Engineering Management program, it's been around for about a dozen years, so it was a joint venture with your school, the Law School and Engineering. In that case, Engineering is the lead partner, as it were. Did you have any discussions about Arts & Sciences being the lead partner for this?

Sheppard & Boulding shake heads: no.

Dowell: Never came up?

McClain: Other questions? Then I'd like to move to a resolution that ECAC has structured in such a way that it covers the pilot program and everybody understands exactly what it is that we are doing.

Be it resolved, the Academic Council endorses the proposal to create a one year Masters of Management Studies Degree in the Fuqua School of Business as a pilot program to be offered beginning August 24, 2009, which is the beginning of the fall semester for 2009, through May 13, 2012, which is the end of the spring semester 2012. Before the degree can be continued past the 2012 time frame, it must go through the formal degree approval process.

No second is needed for this resolution. All those in favor, please say aye. [The resolution was approved by voice vote without dissent.] The motion passes unanimously, and we'll see you again in 2012.

Lange: Before that.

Letter from ECAC about faculty participation in financial discussions

McClain: That's right, because otherwise it's going to stop. I need you to hang with me here. We have never run over our stop time, but we've got some things that we've got to get through because we only have two more meetings this academic year, and we have a lot of stuff that we need to do. I'm going to short-circuit this first part. John is going to pass it ([APPENDIX](#)) out to you, and some of you may already have it.

ECAC, over the last couple of weeks, has been working on a letter to the Provost and the Administration about the formation of faculty advisory committees in the various schools and colleges to deal with budget issues. So that faculty had a role to play in the discussion about cuts, redistributions, a whole host of things, Peter and I have had a discussion,. The letter is worded in such a way that it will cover all of the schools and colleges, so that after this meeting, ECAC will be sending this letter to the upper administration on behalf of ECAC

and Academic Council. Our concern is that things are moving so fast and so furious that we want to make sure that the faculty's voice is present in decisions in the colleges that are related to budgetary issues. If you have some comments about the letter, please email me, because this will probably go out tomorrow.

The second thing is I want to call up Peter and Tallman to come forward to tell you about DART, Duke's Administrative Restructuring...

Duke's Administrative Reform Team (DART)

Lange: *Reform* – Duke's Administrative Reform Team – I told you Restructuring the other day.

Executive Vice President Tallman Trask: I want everyone to know Peter made up the acronym, I didn't.

Lange: Tallman's acronym was censored (laughter)

Trask: Peter wanted to have a logo. (laughter)

Lange: No, I did not.

Trask: We want to talk to you about where we're headed in terms of trying to get costs out of the budget. As you all know, we've decided to try to do this carefully over a couple of years rather than quickly because we believe that trying to take the kinds of numbers we're talking about at our institution too fast will compound the problem dramatically.



So, we've set a schedule of working over the next two years to understand how all of this money will get out of the budget and to have it out by the end of the third year and roll into that new budget. To do that we have agreed to take a serious look at a number of places where we believe over time, just naturally, inefficiencies, duplications, sometimes intended, sometimes even unknown, have grown into the institution and to see if we can look at some of those things and try to figure out how to become a more efficient organization and give people access to the information they need without having necessarily to create it themselves.

We're looking at a group of people, Peter can talk about the membership, but we also have an analysis team actually collecting data, we've already found some rather interesting things that surprised us and I think will probably surprise you in terms of growth of certain activities in certain units.

As a centrally organized, but locally run organiza-

tion, I think it's good for us from time to time to step back and actually see what's happening, not only in the central units but in the individual units. So, we're looking at things including Peter's favorite, Audit & Compliance. It is the view of many of us we have become too concerned about Audit & Compliance in recent years, spending a lot of money on it, but then spending more money trying to comply with the compliance requirements.

We have a series of activities that are performed across multiple units, we've never taken a serious look to understand why each unit has to have its own staff in each of a dozen or more activities – we're going to have to work through those. And then we have some on-going central issues we want to get at in terms of efficiencies.

We've met now three times. This will be intense activity, especially this spring and going into the summer. We hope to have some data to share more widely in the late summer or early fall to show people what we found and where we think there is in fact an efficiency to be had by taking out what is largely duplicate effort. Obviously, the problem is that duplicate effort is being performed by someone, and so we shouldn't kid ourselves that this is going to be an easy thing to do, but we're looking pretty carefully at where we are and where we can get to.

Lange: The process is that we're doing...an analysis team is bringing us data trying to identify what you might call low-hanging fruit, plus areas where there seems to be very high expenditures that sort of pop out at you as being a little – inviting further questions, let's put it that way! We will then identify the ones we think there's the most to be gained. We'll be then creating working groups which, where appropriate, will include faculty members who we will be vetting with ECAC.

There's an overall team, chaired by Tallman and me, which includes [Kyle Cavanaugh](#), the Vice President for Human Resources, [Kemel Dawkins](#), Vice President for Campus Services, [Scott Gibson](#), Executive Vice Dean for Finance and Administration in the School of Medicine, [Warren Grill](#), Chair of UPC, [Greg Jones](#), Dean of the Divinity School, [Tom Katsouleas](#), Dean of Pratt School, [Sally Kornbluth](#), Vice Dean for Basic Sciences, [Hof Milam](#), Vice President for Finance, [Jim Roberts](#), the Executive Vice Provost, [Lynn Smith-Lovin](#), Professor of Sociology and Chair of APC, and [an additional member](#) to be named by ECAC within the next few days so that this person doesn't miss another meeting.

I can tell you that this is a fascinating, a truly fascinating experience. The one thing I want to stress is that there is not a prejudice here about centralization or decentralization. Nor is there a prejudice about whether we should use what you might call regulatory practices or market practices to create greater efficiencies. The idea is to identify the areas and then figure out what's the way that we can gain administrative efficiencies, cut costs, and doing the least damage to our ability to perform as the university that we want to be.

I can guarantee you that there will be very signifi-

cant savings, I think we've seen that already, more significant probably than Tallman and I imagined, even before we had this first cut at the data.

I will give only the one example that we've given in many places. Some of you may be surprised that there are 600 telephone lines in this university that are currently being paid for at the monthly rate for which there is no instrument at the end of the telephone line. Now this is not surprising, okay? Offices move, people move, space gets reconfigured and nobody thinks, oh, we ought to get rid of that telephone line. But the fact is that it exists. We have an opportunity to find – this is, at one level, a fairly trivial example, although it's a \$250,000 – \$300,000 trivial example. But there are many such things that happen at a university that are created over time when you've been living in a period of relative wealth and growth, in which there's been a lot of change and a lot of resources available. We're now in a more stringent setting and we have the advantage now that we can make ourselves fitter, trimmer, a better-run university than we have been.

Trask: We have a lot of work to do and the \$125M number should not be under-estimated in its complexity. I think that Peter's right. When we're able to say to certain people, did you know that you were actually paying this much for that? A lot of people will be surprised and say No, I didn't and I'd rather not.

Lange: Know or pay?! (laughter)

Trask: Pay. That will get us somewhere, but we shouldn't confuse ourselves, we have some very tough times ahead.

Questions

Earl Dowell: I think it's great that you are giving us these reports. I was surprised, but pleased, to receive this draft letter from ECAC about the schools and about the advisory committees. You've already had advisory committees in the university budgeting process, the UPC, and ECAC itself, I suppose? But in my limited twenty-five years experience at Duke, those organizations have been relatively opaque. ECAC and UPC, in terms of communicating to the university at large, there are a lot of people around the university who understand the budgets very well, there are a lot of other people who don't.

But I think in times like these we need everyone to pitch in as best as they can, and it would be helpful to have more transparency. I don't know if you can issue the minutes or be able to look at them on the web or whatever, but anything that you can do to increase communication about all the nuts and bolts of what we're doing to look at the budget, I think has to be applied.

Trask: There's actually on its way to everyone this afternoon, an email announcing the process. While I don't think that we're going to submit minutes, we'll certainly keep people apprised, generally, as to topics that we've discussed.

The other thing is that given the nature of these activities, we're going to have to talk to a lot of people before we can actually do things. We can't sit by ourselves and make these choices. I don't think that there

will be any surprises, but I think given the magnitude and the effect across the institution these things have, that we have a special obligation to keep the community involved. So, you'll see a lot more communication coming forward.

Lange: There are two mechanisms that we're going to use for that on a broader financial picture which is, I think, what you were also referring to? One is I think that the members of the UPC have in a sense a responsibility to report back to their constituencies. So, UPC contains members from all parts of the university and they should be participating in their faculty meetings in the school settings where they're available to do that.

Second of all, the deans are extremely well-informed and through this process, there's no way the deans are going to be able to do what's outlined in that letter without bringing back to those faculty committees the broader context in which the school decisions are being made. So, I think that's going to be an additional mechanism. How we reach the 1400 faculty if you include a portion of the medical school or the 900 faculty in the Provost's area with a level of information, I don't actually know. Not at the level of complexity in which, I mean take the answer I just gave about how we're paying for the unassigned income for the new school of public policy. That's a fairly complicated question. You have to understand a lot before you can understand the answer. I want to bring as much information as we can, and we're devising these mechanisms to do it. I don't know how deeply we're going to be able to penetrate. Unless faculty talk to each other, which I think is part of the process.

Dowell: First of all, UPC has never reported on a basis, and I've been a member of UPC in my day, has never reported on enough frequency and enough completeness for anyone who even understands the budget process that's to be able to use that in a timely and effective way.

Lange: If you don't mind me saying so, that's not my responsibility.

Dowell: Didn't say it was, I'm just pointing out the problem there. I know minutes are sensitive, but...

Lange: There are no detailed minutes in UPC, I can tell you that.

Dowell: Well, there should be.

Lange: Either the minutes would have to be immensely detailed or they should be very general because the middle ground creates more misunderstanding than it does understanding.

Dowell: I understand the sensitivity, Peter, but there's a tremendous amount of self-selection. Most people are either not going to pay any attention to it because it's beyond their interest or beyond their range of experience. But there will be at least a few dozen people around the university who will, and you'll be doing a better job, because you'll know that those people will be looking at it.

Lange: I have never questioned that and I welcome you being on the Engineering faculty advisory committee so that you can be both informed and informing of the process.

Rich Burton (Fuqua): This is a focus on controlling costs which I understand and I understand that when you get a diffused focus you run into problems, but we also just had a lot of discussion about how we're going to move this university forward in terms of actually making these trade-offs, vis a vis doing new things that we want to do, and I guess is that going to be part of this discussion, those trade-offs not only are they downside but on the upside?

Trask: One of the things that we're trying to be very careful about is to maintain enough flexibility that positive momentum will go forward. This is not entirely an exercise in retrenchment. Good things need to happen as well as we move forward. We're actually looking at (Peter can talk more about it) some revenue ideas – which is unheard of in a university. Of course, my biggest revenue idea is to charge Peter more money which he decided would not be a good way to generate revenue. By within the limits of what universities can do, we're looking fairly actively at revenue, but I should tell you as compared to the base problem, revenue is not going to get us very far – it will get somewhere.

Lange: I think Rich asked an additional question on the programmatic side, so we are within the next few weeks going to be launching with each school and at the university level what you might call a mini-strategic planning process, which is precisely designed to take the plan we have in place and its major goals, but push back to the units as well as the university level, what have we learned in the two and half years since *Making A Difference* has been in place, plus how do we deal with stringency in order to maximize our ability to achieve our goals under conditions where we have more stringent resources.

I think that's what you're talking about, and the whole point there is to use this as an opportunity for innovation – innovation doesn't always have to be expensive, it can also be really smart and come out of a thing that I think we've done at Duke, for years, which is part of our culture, necessity breeds excellent invention in this institution, and this is a period where we're going to have a lot of necessity and we need to do a lot of inventing. I think that's very much part of this process. He's going to save the money and I'm going to spend it (laughter) but we're not going to spend it, we're going to innovate it.

Trask: Our new slogan, "robbing Tallman to pay Peter." (laughter)

"Stimulus Planning" – report of a presentation to the UPC

McClain: Thank you Peter and Tallman. We're almost, we're almost there folks. We're next going to move to Dr. Scott Gibson, Executive Vice Dean, Administration, School of Medicine, and Jim Siedow, who's not here, but both are members of the Research Administration Continuous Improvement Steering Committee. They recently made a presentation to the University Priorities Committee regarding stimulus planning, all of the money that's coming from the stimulus package. Dr. Gibson?

Scott Gibson (Vice Dean for Administration, DUMC): I will make this quick. There are five areas, this is a university-wide initiative, not just the School of Medicine, so there are five areas that we are working on: HR, IT, reporting logistics, other assets for the IACUC, IRB and the pre-award offices to get things through the system and communicate to the faculty.



For example, in the human resources area, we are tracking outside candidates creating pools for the top six or eight research technical positions that faculty might need, so that when you get funding, let your business manager know – I'll get to the communications in a second – we'll let the faculty know that they should first alert their business manager, the business manager will then talk to this team that I'll describe in a minute and we will be able to get you a technical position posted very quickly, you won't have to go through the normal HR processes and we'll have a number of pre-screened candidates for you.

In the post-doc world where a lot of the effort is going to come from, we've already got ads with general post-doc requests out. We think we can help there as well. The reason that it's important for us to know and help track those individuals is because we have specific language in their offer letters which will relate to the funding period, so September 2010 would be the most, so that we don't have lay-off obligations after that period. Information Technology for tracking these grants separately, so that we can report on them.

There will be quarterly reporting requirements from the feds on these awards, pretty significant reporting requirements. Not so much, we think, on the programmatic aspect, but on the employment statistics and on the spending rate, and they will, we think, pull this money back mid-stream if we are not progressing in the way they think we should. So, we will have IT tools to help automate that.

Finally, logistics: we're going to create a small central group of staff to first help the faculty through this, sort of an ombudsman function, through the pre-award phase, so that if you have trouble getting something through IACUC, if you have staffing needs or the pre-award office has a hang-up, there will be a way to let this group know and they will help get that grant through the system quickly. They will transition to a post-award function relatively quickly to help with reporting re-

quirements. So, that's the third thing we're trying to do. We have added resources to IACUC and the pre-award office on the School of Medicine side to help get the grants processed.

We are also going through an extensive list of decision processes in the schools, to try and figure out – the initial grant deadlines we are looking at are April 21, April 27, and we anticipate a big bolus of activity during that time. So, we're trying to be thoughtful about what we really have to approve versus our normal processes.

Finally, faculty communications: you will all see communication come out in about 5 – 7 days which describes all of what I've just said and explains to faculty how they can get help. Questions? Advice? (laughter) . To say this is uncharted territory is an understatement, so we're letting this evolve, so if you can think of any other way to be of help, please let us know.

Questions

Martha Adams: Webpages?

Gibson: We will have a webpage – it will be announced this week.

Adams: Off the university? Or School of Medicine?

Gibson: It's a university website, actually runs off of that research administration continuous web.

Dona Chikaraishi: You didn't say anything about IRB?

Gibson: IRB will have also a fast-track process. We actually don't think a lot of activity is going to flow through there that's new, because they're already approved or there's no time to get this money spent.

Amy Abernethy (ECAC/Medicine): Scott, thank you very much. First of all, on behalf of all the faculty and the faculty for which you guys have gotten this done is just downright amazing. My request to you is that you let us help you in any way is possible, so feedback,



things that schools need in order to make this process easier, it's our responsibility to help make this process easier too. And the reason I bring that up is my hope is for example that IT facilities that come out of this, will be transferable across to other processes as well, and so thinking about how we can improve on them once this process is over and do that de-briefing will be really useful.

Gibson: That's a very good point. Actually,

there's quite a lot in this process that may come out the other side as helpful for us in the long run. I should also mention that this central group that I described, Jim Siedow will be the campus leader for that initiative and Sally Kornbluth for the School of Medicine. So, faculty feedback directly to them will be helpful.

McClain: Thank you, thank you very much. Last item, and I need to call the Academic Council into Executive Session...

Executive Session: Honorary Degree

Respectfully submitted,

John Staddon
Faculty Secretary, April 6, 2009

APPENDIX

Duke University
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ACADEMIC COUNCIL
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March 20, 2009

Provost Peter Lange
220 Allen Building
Box 90005

Dear Peter,

The recent economic downturn presents serious economic challenges to all aspects of Duke's mission. We appreciate the careful efforts being undertaken by the Administration to consider appropriate responses to deal with the expected shortfall in revenue. We also appreciate the close collaboration with faculty committees in sharing information and in developing strategies for cost reductions.

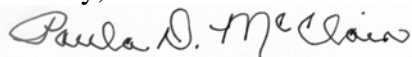
Many of the most important decisions affecting Duke's academic programs will occur at the school or department level. We believe it is essential that Faculty play an integral role in contemplating responses and making strategic choices relating to cost controls and reductions at the school and department level.

Accordingly, Academic Council requests that each Dean establish a Faculty Advisory Committee to assist in the process of making strategic choices relating to cost controls and reductions. The members of these committees should be drawn from the appropriate college/school governing body or from other faculty recommended by members of that body.

These committees should draw from the full range of faculty within each school and department. The committees should be provided sufficient information about budgets and economic projections so that they can assist the deans and department chairs in developing priorities and formulating appropriate responses to the difficult economic environment.

How Duke responds to the on-going financial crisis is the most critical issue now facing the University. We believe that the best way to ensure that Duke will succeed is to ensure direct and meaningful faculty involvement in the process.

Sincerely,



Paula D. McClain
Chair, Academic Council

