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Minutes of the Regular Meeting of the Academic Council

Thursday November 19, 2009

Craig Henriquez (BME, Chair of the Council): Welcome everyone. Our first item of business is to approve the minutes of October 22. [The minutes were approved by voice vote without dissent.]

Report: Athletics at Duke

Our first presentation is from Kevin White, Vice President and Director of Athletics. Many of you know that Kevin came to Duke about a year ago from Notre Dame where he served as Athletic Director for eight years. What you may not know is that Kevin has a Ph.D.

ating at a deficit for about the first time in its history with a deficit of \$500,000 dollars.

The report suggested a series of reforms for athletics — such as asking Duke to “make an institutional decision about the inherent value of athletics and its place and priority in the life and economy of the university” and developing greater oversight of athletics by the educational administration and faculty. But there were more controversial recommendations in the report and that is what got a lot of media attention. One of them was to terminate the practice of *redshirting*, reducing the num-



in Education from Southern Illinois University and completed his postdoctoral work at Harvard’s Institute for Educational Management. While he has been only been at Duke for a short time, I think he has actually achieved a level of distinction that is somewhat unprecedented. I think he is the first senior administrator ever to live with students on campus in the same dormitory as part of the Faculty in Residence program. Talk about jumping in with both feet! (laughter)

This is Kevin’s first meeting with the Academic Council, and one of only a few times that Duke’s AD has actually met with the Council. One of those times was actually in response to a report on the State of Athletics submitted to Academic Council almost exactly 40 years ago on November 20, 1969. In that report, which actually received a lot of media attention at the time, it was noted that until 1968, DUAA (Duke University Athletic Association) operated almost autonomously with relatively little input from faculty and the academic administration on campus. In the Spring of 1968 — in the middle of a budget crisis — the University decided to take over the fiscal operations of the DUAA and it was oper-

ber of grants-in-aid to football and basketball and diverting them to other sports, and the big one — disaffiliating with the Atlantic Coast Conference and aligning with, or forming a new conference of, schools with like academic standards and philosophy regarding the value of athletics.

This report actually was an agenda item for the Council for several meetings and in February of 1970 the long time Athletic Director Eddie Cameron, for whom the Indoor Stadium was eventually named, ventured onto campus and addressed Academic Council and the faculty probably for the first and only time.

In the past 40 years, the divide between academics and athletics at Duke has narrowed, considerably. Today, while we still have redshirting and we are still in the ACC, there is definitely more faculty oversight and faculty eyes on athletics than ever before.

The Athletic Council was restructured in 2007 to include a wider faculty presence and to require reporting of its findings to the Academic Council. Next month, the chair Michael Gillespie, Professor of Political Science,

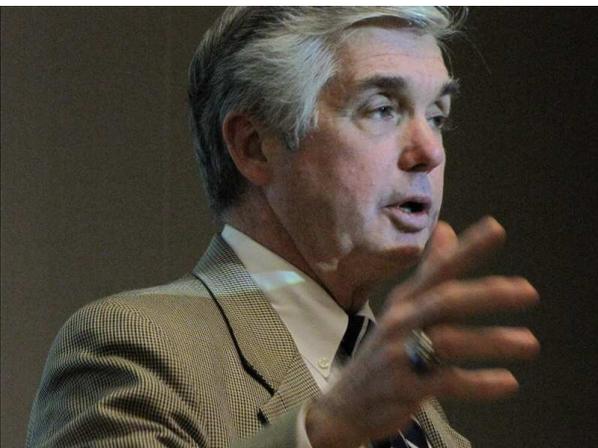
will update us on what has been happening in the Athletic Council this past year.

In 2006, Paul Haagen, as chair of Academic Council, introduced the "Faculty Athletics Associates Program," where faculty representatives are assigned to each of Duke's athletic teams with the goals of increasing connection and depth of understanding between faculty and coaches. This program has also been restructured a bit and we will talk about that in an upcoming meeting.

But these are not easy times for athletics. As in 1968, the economic downturn has intensified interest in finding ways to control the ballooning costs of athletics. In the past two weeks, the Stanford Athletic Director has discussed the possibility of eliminating some sports on campus and, perhaps more dramatically, Berkeley's faculty senate voted just recently for an immediate end to loans and university subsidies to athletics. These subsidies exist at 80-90% of all Division I universities including Duke and are relatively large — somewhere on the order of 10-15 million and at some places even more.

We are pleased to have Kevin come here today and discuss some of the challenges and opportunities facing Duke.

Kevin White (Vice President and Director of Athletics): First and foremost, thanks for the invitation to be with you and to share some thoughts as they relate to the challenge and opportunity of athletics. I had the opportunity to visit with ECAC just a week ago and went through these same kinds of thoughts and insights and I thought that what I would do is provide kind of a macro, an overview, and then I have got a couple of colleagues that I will invite to come up and fill in the blanks and be



micro-players and then we can open it up for questions.

I understand you have a pretty busy agenda, so let me just surge forward. I'm not sure it really matters if you are having a conversation with somebody that endeavors to do what I do, represent intercollegiate athletics at a University. I don't think it would really matter if you were talking about a public, a private — there are so many different kinds of schools, size and scopes — it's pretty eclectic and I think if you have someone who is endeavoring to do what I do you, will hear of the challenges and the opportunities almost in the same way and the same format. I don't think they differ much from campus to campus.

So let me just say, I think the most significant challenge that we have in higher education, certainly as it relates to inner-collegiate athletics, is to maintain an appropriate balance between academics and athletics. There are a lot of places where that is not the case and there is a tremendous, a significant, imbalance actually.

I think at Duke we have a great history of maintaining the appropriate relationship between academics and athletics and I think it is really important that we do that. It is really my job, as well as my staff's, to make sure that we conduct the program in a way that that's maintained.

And the people who really hold us to that standard, believe it or not, are our student athletes. I have had the opportunity already to visit with twenty of our captains, last year I visited with fifty-seven. That's why they make the decision to come to Duke. These are savvy consumers — you all as faculty members have this first hand — our students, particularly at a place like Duke, are really, really, good consumers. As I said, they are really savvy and they make the Duke decision, in terms of intercollegiate athletics, to come to a place that is a world-class academic institution and compete at the highest level. That is why they make the Duke decision — it is very clear to me as I have these conversations with each and every one of our captains.

I think we have done a pretty good job at Duke for a long time, for decades and decades, a lot of empirical data has just been released, our graduation success rates, APR, all kinds of data. We just got some data from the freshman class, the Tier I athletes, and I'm going to call on Brad in just a few minutes to give you a little sampling of that data. There is a good story to tell, and it's been a really good story at Duke for a long time, that there is an appropriate balance and for us it is our job to make darn sure that we maintain that.

The second significant challenge, and again campus to campus to campus, I don't think this would change, is compliance. It takes, in our case here, 171 years to build an institutional reputation and image and about 8 seconds to lose it. Lots of opportunities to find yourself out of the fairway and in trouble, and compliance is a never-ending challenge. A lot of units, a lot of transactions, a lot of opportunities again to find yourself in grave difficulty quickly. I could spend an hour on that, I think I'll stop.

The third one is the economic challenges. Craig mentioned a couple of tidbits that are kind of out there in the national media as we speak. You know, I think it was about three years ago, the late Myles Brand, who was the President of the NCAA until recently, had the NCAA conduct a study on the physical health of intercollegiate activities at the highest level, and I'm really talking about the 1A grouping of schools and there is a 120 grouping of schools in 1A. That study concluded, again about three years ago, that there were about seven schools, if you really took a good hard look at cost-accounting measures, about seven schools where cash was flowing.

That kind of gives you a pretty good indication that about 113 schools, by the way, were not cash-flowing

and were relying on pretty significant subsidies, tuition waivers, all forms of gimmicky financing around the country at different schools, state appropriations if you will, and the rest of it.

So it's really become a pretty important focus for an intercollegiate program to become fiscally responsible and to try and find ways to reduce spending and at the same time elevate revenues. I think you will hear in just a second or two that we are trying to do that here as well at Duke and we have got a lot to do. We've made a couple of inroads but there is an awful lot of work to be done.

And so the challenges: balance one, compliance two, economics three; and I don't care if you talk to my colleague at Stanford or at Michigan or at Ohio State or Northwestern or anywhere. I think you might not get that particular order and the syntax might be a little different, but I think that's what you would hear.

On the other side of the ledger are the opportunities, I think the best opportunities that we have in intercollegiate athletics are really monitoring the student athletic experience. We are in the referral business and the group that we have now that are enjoying this experience at Duke, they're going to close the deal with the next generation. It is really important that we deliver, or perhaps over-deliver, as we kind of present it to them in their living room when they came to campus on their official visits and I can tell you by the way of the 57 captains a year ago out of the 67, I finished the year and I didn't get to ten, that the twenty that I have already met with this year, that the student athletes at Duke gush about the place. They love the place, these are earnest, inspirational young people that just absolutely love this place.

And it's interesting, our recruiting right now, particularly in Olympic sports, is going like this because the kids that are here are having a great experience and these kids are helping us close the deal with the next generation and that's the way this thing should work.

The second best opportunity we have is, I call it human resources, probably the work force. We have about 200 employees in intercollegiate athletics at Duke and if you consider the golf course, campus rec., intramurals, club sports, and everything we probably have about 280 people and it's an avocation and it is seven days a week largely and it is like the rest of the University. You live the life of the University and we really work hard and are working hard to create a community within a community and that has really always kind of existed at Duke as well.

And that is probably our second-best opportunity: making darned sure that we adhere to the needs and interests of our work force, they are pretty darn important to us.

The third one, I'm just going to call it politics. We are in a highly politicized sub-sector of higher education, if you will. We really are, intercollegiate athletics. And I think, I did a kind of accounting of the different constituency of the different groups and I won't itemize them for you, but I think the last time I did it I ticked off 42 different groups that we speak to, that we endeavor to

manage the message to, and it's really important that we are proactive and manage the message so that the message isn't managed for us.

That's a pretty big endeavor in its own right. Just trying to be proactive and to be out there politically and speaking with all of these different constituency groups.

The fourth area, wherein I think is the best opportunity, is resource acquisition. It isn't just fundraising, it is putting together resources so that the resources are somewhat commensurate with the expectation. Typically it is not unlike an academic department, it is not unlike a commercial entity of business, a for-profit non-profit, if you undercapitalize something it typically fails. It's not that complicated. And so what we are working really hard to do through all kinds of creative means is to put together resources so that we are making darn sure that they kind of match up, they get in the neighborhood of the expectations.

We've had a couple of really good hits as of late, a member of our staff, Mike Cragg, helped us negotiate an all-school Nike deal. That may not sound like a big deal but it was big to us because it gave us enormous budget relief plus cash; it's a seven-figure-a-year impact on our bottom line.

In addition to that, we've just put together probably a \$60 million-over-ten-year third-rights marketing relationship with a company out of Winston-Salem called ISP which represents 61 colleges and universities and that's another one with a seven-figure bottom line impact.

And there are other kinds of things that we are working on and we have got to find other sources of income beyond just the traditional, the ticket, the parking, and everything else that we do, not to mention Iron Dukes and the rest of them. We have got to find other ways to generate resources and not have to be reliant on the institution. We know that and that's what we signed up for and that's what we are trying to do.

The fifth area where we have the best opportunity (I am just going to say it really quickly) is facilities. Again, these kids today are great consumers, and they look really hard at the facilities you have or don't have and Duke has done a great job over time continuing to build out and update the athletics facilities, to plan so to speak. We've got this strategic plan, and I realize that was presented to this group a year ago, but with the downturn in the economy, we've actually become a little bit patient and conservative, for the obvious reasons. As it relates to that, we really just now have begun to focus on football practice, on at some point a field house to accommodate not only football, but campus rec., intramurals, and club sports, which I think is a great opportunity.

And then we will probably turn our attention to Wallace Wade and try to work on establishing our football business because that is a great source of revenue enhancement. In addition to that, going to protect our position in college basketball and do some work in Cameron Indoor.

Other than that we are putting everything else on hold until the economy starts to recover and really focus

on some smaller pieces of that strategic planning from just a year ago.

So with that, let me slow down and invite Stan Wilcox to give a quick update on campus rec., intramurals, and club sports and then I am going to turn to Brad Berndt to talk about academic services and some of the data that I suggested just a second ago, and finally, we will have Mitch Moser introduce, at least some sense of our financial position to you. So with that, Stan...

Stan Wilcox (Deputy Director, Athletics): I'll give you a very quick snapshot of what we have done in the



area of recreational sports. Over the past year one of the main things we want to focus in on is to do a really good evaluation of that area. And as we looked at rec. sports, or HPER¹ as it is called, we saw that we had done a very good job on the health, the physical education side of things, and we felt that we could do a little bit more on the rec. side of sports things. So what we decided to do, after bringing in consultants to kind of give us an overview of how we fare, we decided to basically create two divisions within HPER. We created a division for health, wellness, and physical education, and we created a division for campus recreation. We also went out and found an individual who has a lot of experience in working with campus recreation, her name is Felicia Tittle, she used to be the director of campus rec. at the University of Florida Gulf Coast, she started with us in October, and getting her acclimated to the Duke Community and how we do things here at Duke.

The other thing that we have obviously had challenges in the area of rec. sports is that we share our facilities with Varsity athletics. We are doing a facilities master plan that includes, not only all of the athletics, but also rec. sports. That is something that we needed to do. Take a really hard look at not only our internal facilities but also our external facilities, the fields that we have, to allow our students to participate, etc.

We just recently received the Erwin Road fields which is a huge field where we currently have a softball, baseball field there, and its large enough to also have rugby and some other things, and we are hoping that we might be able to create that in the long term as kind of a hub for rec. sports. I think the main thing that over this

¹ Department of Health, Physical Education and Recreation

past year that we looked at and we've been able to create, and now have, a structure in place with the organization that is going to allow us to really excel, not only in the area of health, wellness and physical education, but also on the side of recreational sports.

Kevin White: If we may, hold questions until the end and let me get Brad and Mitch and then we will open it up.

Brad Berndt (Assistant Athletics Director): Always good to be in front of this group, but I want to talk just really briefly about what we did academic-support wise — some of the statistics that came out are pretty relevant to the discussion today.



About three years ago, Peter Lange called a meeting. Every year he looks at the statistical data, graduation rates, admission rates, of our student athletes, and we came up with a three-pronged approach to what we want to do.

We want to take a look at admissions, to make sure we were admitting students that could be successful here and would do a good job academically, we wanted to look specifically at majors. Are students able to pursue the majors that they are interested in? Are there time constraints?

And then the third thing is what we call academic engagement. Graduation is important, the APR rates are important, but are our students engaged in the classroom? Are they engaged in the curriculum? Are they engaged with the other student body members?

So out of that Bob Thompson, the previous person right under Peter, we came up with something we called the early alert system, and Lee Baker has continued that. We took all of our highest-risk, least-prepared-academically freshmen, and looked at where they were, early on. So if there was a problem, the last two years we have designated through the midterm grade reports (which you guys have done a great job with) we tried to figure out where our students were going to have trouble and got on them very early in the process.

This year we had three of our thirty-three Tier I freshman come in with some problems, that would be Ds or Fs, the last year (we had about twenty-six students) we didn't have anybody with any issues, but that's a really good benchmark for us. What that leads into, and certainly Lee spearheads that with his staff, and Gerald Wil-

son, Peter oversees those folks, but what that leads into are some of the statistical things that came through the media in the last couple of days.

One of the things we do is look at what we call the Academic Progress Rate [APR]. It's a one-year snapshot of how our students are doing. We get two points a year for retention, so if you continue on, you get two points a year for eligibility. We had 386 student athletes that were in the cohort last year, so the 08-09 year, we had 12 students who lost eligibility out of 386.

Let us put that into perspective. Not to pick on other schools, but the University of Maryland, in their basketball program alone, had 8 students that lost points out of twelve or thirteen, not that we are going to compare ourselves with Maryland, (laughter) but out of a twelve or thirteen squad size they had 8 students who lost points. We had twelve out of 386. That was really, really, good. Six of those twelve transferred to other institutions, four of those twelve have returned to Duke, one has not returned to Duke, and one has become a professional athlete. So we feel like we have done a really good job.

Just yesterday, we released our graduation rate statistics, and that took into account the class that entered in 1999 through the year 2002 and our graduation rate was 97 %, which was outstanding. That was the top rate in the ACC, probably in the top 3 in the country. Our football program was at 96%, that was a top rate in the ACC, our men's basketball was at 92%. That's pretty impressive. It's a great benchmark for what our coaches are doing, and more importantly, what our student athletes are doing in the classroom.

Mitch Moser (Business Manager, Duke Athletic Association): As Kevin mentioned, we are working very, very hard to weather the financial storm, facing very



similar challenges to what other institutions across the country and collegiate athletics are facing, as well as some of the departments around campus. We're heavily reliant on fundraising, we're heavily reliant on endowment income. Those are two areas that we are working to bolster as we try to move forward.

Some of the challenges that we are facing in the current year (we're working very hard) we have set up a budget committee within our department and we are working to constantly monitor our financial position. Every month, every week, we are working to generate

additional revenue and contain our costs wherever we possibly can. Through the first third of the fiscal year, our revenue is tracking at about 7.5-8% behind where it was this time last year. Much of that is due to being about a million dollars behind in fund raising from where we were at this time last year. We're working very hard to close that gap and have some confidence in working with Tom Coffman, our Director of Development, that we are going to be able to do that. So a lot of that is being driven by that.

The other thing that is driving that a little bit is that we lost a piece of our ACC revenue-sharing agreement. In the past, one of the things that the schools have done to somewhat level the playing field, based on the different sizes of stadiums among the institutions, is that we have all contributed to the ACC 30% of our net gate receipts, which end up getting divided evenly and distributed to the schools. Because all of the institutions in the ACC are hemorrhaging so badly financially, the ACC voted last spring to eliminate that revenue-sharing agreement. Since we were technically one of the takers, meaning that we got more out of the revenue sharing agreement than we put in, it ended up being a net loss to us of about \$350,000. So that is one of the challenges that we are also going to face in the current year.

Like most other departments on campus, we are facing reductions in funding from the University, so that is something that we are trying to incorporate within our overall operation. One of the good things that we are currently doing in the efforts to contain costs is the work of the Executive Budget Committee in our department, we're running at about 5% favorable to where we were this time last year in our overall expenditures. We're doing everything we can to contain our costs and reduce our costs without impacting the student athlete experience and we will continue doing that and continue working to monitor our financial position and look for ways to reduce our travel party sizes, modify our modes of transportation, look at everything we are doing from print office supplies, we are working with the folks from financial services over on campus, and the Dart committee to work within the University for cost containment guidelines as well.

Kevin White: We are not doing anything that everybody in this room isn't doing. We're just trying to get through a very difficult time. We have not back-filled eleven positions, we may, unfortunately have to furlough some folks at some point. When I look at my peers and when I am in conversation with my peers at a time where we are probably in an enviable position, we are probably in a position stronger than most intercollegiate athletics. We had a great response from the Iron Dukes last year, and we actually finished above our projected revenue budget.

But unfortunately, this year we are not having the same kind of reaction. I think the marketplace is really kind of lagging behind, and unfortunately we are feeling the effects of the downturn this year rather than a year ago. Anyway, we'll be fine and we'll make our budget. Beyond that, Craig, you've asked if we could move through quickly, I apologize if I've gone too quickly,

didn't get to tell you about our almost one year in Few, tell you about our proficiency in beer pong, Jan and I have become quite proficient in beer pong, in addition to fighting spider bites and all of that other stuff that comes with dorm living. We had a great time for a year living in Few. It was great fun. Any questions from the group?

Questions

Steffen Bass (Physics): So what's the bottom line? How much does Varsity athletics cost? How much do you make and how much does the University subsidize?

Kevin White: I'm sorry, could you say it again? Three questions?

Bass: Three numbers: how much does Varsity athletics cost? How much do you make? How much does the University subsidize?

Moser: Our operating budget in the current year is \$60.3 million in revenue and expenses so we have a balanced operating budget. Our University budget funding is right at \$14.5 million.

Warren Grill (Biomedical Engineering): Just wondering broadly about the message for Duke, but for college athletics across the country, what television revenue looks like over time? You know we see just an enormous



scope in the number of channels, the number of games, the number of sports you can now watch on television. Some of them are making a lot of money or it wouldn't be on television. (laughter) Is some of that trickling down to the institutions?

White: It is. It's amazing to me what the proliferation of television and the monopoly of say ESPN...let me digress and say that ESPN enjoys about 4.8 billion with subscription fees before they sell an advertisement. So they're buying the rights to everything and unfortunately, in my opinion, once they own it all, then they downsize us. They compress the economic realities for all of us.

At this point, most of the agreements are growing in staggering fashion even in the downturn. It's amazing to me. It doesn't make any sense. The BCS contract just went up 53.4% and that was negotiated last November in the heat of the downturn....So proliferation of television, all the platforms, you would think [it] would go in the other direction, but that [the] insatiable interest that our

society has in sports is continuing to go in the right direction is amazing to me.

There was a piece in the *New York Times*, I think it was two Sundays ago, and it talked about the best buy right now for corporate America is the college sports space. I don't know if anyone read that piece, they made a great case for it. You know a lot of the other media are struggling, but college sports is still at a fever pitch. Kind of interesting.

Tom Metzloff (Law): One of the revenue opportunities is football. I heard that Duke's revenue in football



is less than Notre Dame's and others (laughter). Have we seen progress on that front? What do you see as the opportunities for further progress?

White: I mean, we've seen progress. But when you start from zero...we had no football business, I mean, let me just be honest. There's no reason to not just tell you what I think and what I learned already a year ago. Our take per ticket was \$11.38. Peter and Dick have heard this so many times, they're sick of it. This year, we're like \$16.21 and next year I think we will be over \$20. And so we're going to get ourselves in the position where we are not unlike the rest of the ACC schools.. By the way, the mean pay-per-ticket within the conference is between \$35 and \$40 per ticket. The school that I used to work for was something over \$70 per ticket. So what we started at was \$11.38 a ticket, we are building a business and we are way up over a year ago. And it wouldn't take much to get way up (laughter) to be honest with you.

We have a terrific coach, David [Cutcliffe] and for folks that haven't had a chance to meet him, he's infectious, he's done a great job. He's not only done a great job with the team, but with everything around the program. He's generated an awful lot of interest. So we're going to build the football business. We're determined on that. That's our best chance to reinvent ourselves financially.

Amy Bejsovec (ECAC/Biology): For the graduation-rate calculation, does that take into consideration the student athletes who dropped out because they lost eligibility?

White: There are several different rating systems so to speak. Let me have Brad speak to that.

Brad Berndt: There are two rates. There is what we call the Federal Graduation Rate, and that's a raw rate,

the number of students who came in that particular year. If forty came in and twenty graduated, then it would be 50%. The GSR is what I talked about before. That's the rate where if somebody leaves the institution in good academic standing, they are taken out of the cohort. So that rate is going to be higher than the raw rate. Our raw rate is 88%, which again is one of the top five in the country. The raw rate is the Federal Rate, the other one is the GSR which allows you to back people up if they are in good standing.

White: I know I say this, and I know I am going to be redundant, and I know we are probably out of time, but if you just had the opportunity to spend time with the student athletes and I know some of you do, anecdotally, in your classrooms, but they came to Duke to graduate. They came to Duke, not only to graduate, but they came here to earn a Duke degree and to be very competitive, they are really earnest about it. Our graduation rates are a function of the kids that are being attracted to Duke.

Thanks so much, thank you (applause).

Henriquez: Thanks Kevin, Stan, Mitch, and Brad and Nina King was also with them. I also want to mention before Kevin leaves is that there was some discussion about ECAC trying to have a broader discussion, maybe a forum in the spring, which would bring some of the student athletes, and some of the folks from athletics, and some of the coaches, to have a discussion with the faculty and talk about issues that are still lingering and that may be solved in an open forum, maybe a half day forum. So we're in discussion about trying to do that and when would be the best time to do that.

White: And we would love to do that. Thank you.

Henriquez: Okay, we are now going to enter Executive Session for the next item on our agenda. Would all of those who are not members of the faculty please leave the room? We will have one more item to follow this one, in case you would like to stay around.

Executive Session on the Duke-in-China project in Kunshan, near Shanghai. Discussion was held in executive session, but the draft of the project at the time of the meeting was presented as a set of slides, which are appended to these minutes.

Henriquez: One thing that I should also mention, (we did mention this in an email) that we need a signoff by Academic Council to grant authority to the Duke Institute of Brain Sciences to hire non-tenure track regular rank faculty — that's a process that was developed in 2007. We sent that information to you and we will vote on that at the next meeting. Just wanted to make you aware of that meeting, David Fitzpatrick will be here and we will have a vote.

Proposal for a Master's of Management in Clinical Informatics

Our last item is Bill Boulding, Senior Associate Dean at the Fuqua School of Business, here to present a proposal for a Master's of Management in Clinical Informatics degree. The supporting documents were made available to you. This is a two-meeting item, which

means that we will present it now and vote on it in the December 3rd Council meeting.

This is an interesting proposal that involves Fuqua, the School of Nursing, the School of Medicine, and is attempting to address the emerging need for people who can manage and develop complex health and clinical-informatics systems in hospitals, public health organizations, and probably other areas as well.

Bill will present the motivation for the degree, the curriculum and process of assessment.

One word about assessment: ECAC has been working at length to think of ways to make the assessment of these new professional Masters a little bit more formal. We are working with APC. We are working with an ad-hoc committee chaired by Jo Rae Wright, Dean of the Graduate School, who is overseeing the master's degree process. We hope to give you feedback on that process soon. Bill I will let you have your ten to fifteen minutes and then we will have questions and answers.

Bill Boulding (Professor of Business Administration, Fuqua): What I would like to do very quickly is establish the intellectual premise for this program, as well as the fit with the school's strategy and I would like to do this using words rather than the acronyms that are so beloved by my colleagues in IT and in the health profession.

So, I am going to make three assertions in terms of the intellectual rationale of this program. The first is that by any measure, the health sector is enormously important. And as we look at the health sector, there are critical questions that have to do with the quality of care, cost of care, accessibility, and those are just fundamentally important in this society.

The second assertion is that within this sector there has been an incredible data explosion — and that I believe, it is my personal argument, that you have had an explosion of data — but you have not had a commensurate increase in terms of knowledge, having tapped into that data. The growth in data is far greater than the growth in knowledge as a result of that.

There are three things that are driving the creation of incredible amounts of data. One is the assessment of clinical performance and trying to develop evidence-based standards of medicine. The second is just thinking about the problem of hospital administration and thinking about the quality of care in that environment. And the third is regulation, and efforts to either provide consumer protection, consumer information, and to provide the appropriate incentives from a regulatory perspective.

So based on those two assertions, what I would argue is the reason why you have not had the growth in knowledge despite the explosion of data, is that those data streams are pretty much unrelated. It's unusual to bring those streams together in a way that lends insight into the basic problems in health.

And so the argument in this program is the third assertion, which is that looking at these issues through the lens of management gives you an integrative framework to bring together those different streams to tackle the fundamental questions of health quality, cost, and acces-

sibility and so on. And so that is, in a nutshell, the intellectual premise for the program.

I am going quickly so there will be time for questions.

How does this fit with the school strategy? There are really three things that I want to highlight. One is that the school has made bets in terms of why we think it's important for a business school to align itself with key sectors of fundamental importance in the global economy and I have already told you that health is one of the most important sectors. So by engaging in this program, it allows us to do more in the health space; it allows us to build dynamic capabilities, building on the strength that we have in health sector management, increasing the capabilities set, and so it is a way to build on a strength that we already have.

It's also the case that because we are going from health to IT through the role of informatics, it allows us to build another industry sector that is of fundamental importance to us, which is getting a greater presence and greater content in the area of IT media. So one of the real benefits of this program is that we are going to be creating content of relevance to the informatics program, which is also going to be of interest to people that are interested in the IT domain. So this allows us to build strength in two industry sectors that are of fundamental importance to the economy as a whole, and of particular importance to the business school.

The second thing is that a core element of the business school strategy is that we believe business needs to go beyond a business school, and that we as a business school, need to meet the needs of the world, have to engage other parts of Duke University that have intellectual frameworks, ideas and relevance to the problems that are also a concern in the business world. So this is a beautiful example that gets us farther down the path (that we think is extremely important) of collaboration across different units of Duke University. This is a wonderful collaboration with Duke Medicine broadly speaking, that really fits our strategy.

The third thing I want to call attention to is that as you enter into a new domain, as you engage in the process of innovation, it's always nice to have somebody pay for it. And so we heard an example of as we go to China, we're doing this with other people's money, in the case of this program, as we bear the risk of a new program, we have other people's money to fund that risk, and so we have defrayed that risk of entry into this space, to give us the opportunity to build something of real value to the business school.

These are my very brief comments; you have the reports, and I am happy to answer any questions.

Questions

John York (Pharmacology): So is this the same or a dovetailing-with program, the medical informatics being considered through Kevin Schulman ?

Boulding: I am acting as Kevin Schulman.

York: So why is it called Clinical Informatics here and Medical Informatics in other circles? And is Com



puter Science involved? Of the fifty faculty involved, how many are from the Arts and Sciences and Computer Science?

Boulding: I mean, that's an open question. One of the questions that was raised in our meeting with ECAC was the depth of capability within the University and there is a lot of capability. I am going to give an answer that Kevin [Schulman] gave to ECAC, which is that the traditional Computer Sciences courses in this area are highly theoretical, and that the courses in informatics in this program are designed to be much more practical and grounded in the domain of the practice of healthcare. And so it is an open question in terms of the exact faculty that would participate but it is an open invitation to draw resources from across the University that have expertise and interest.

York: And then the target group of students would be professionals or say medical students?

Boulding: Both are possible. Essentially, this would be a group of people who have some experience. They may be people who are going through a health program and want to develop strength in the informatics area in addition to their health capability, or it could be people who are at work in an industry as IT professionals who want to come back into the program to get a better strategic perspective on what they are doing within their firms.

Jeffrey Ferranti (Pediatrics): Kevin asked me to come as well to talk about the clinical and research aspects of the program. I just mentioned that this is also happening in connection with the establishment of a Duke Center for Health Informatics, which will be housed administratively in Duke Health Technology Solutions and academically in Duke Translational Medicine. Duke Health Technology Solutions has many resources for applied informatics, resources, computer scientists, who work on developing and deploying and operationalizing. And so there is a novel opportunity here for students in the Fuqua program who work with folks on the ground, informaticians who are actually deploying and studying information systems in the HTS and researching assistants...

Blair Sheppard: This actually was brought to us explore our willingness to support the business component of it. Actually it turned out it made more sense to fold it in as a program that we would control the certification

and management of, but it really is a program that was identified in Medicine, Health Informatics, and Nursing, and it came to us — and it perfectly fit what we are trying to do, which is connect our capability to the needs that exist in other parts of the University.

Henriquez: I would like to note that the question about the student target group was definitely asked by ECAC, and we asked each group to target initially folks who had experience with health care, because we think that is very important. Eventually, they may be able to target folks without experience — if you come out of an undergraduate program lets say in Biomedical Engineering — but right now we think in terms of maintaining quality and ensuring that this program is successful, that we really go after the best people they can at the very beginning. That's also part of this assessment that we will ask APC or some group to take on as we go forward.

York: Well another concern about the medical student or professionals is that they have nine months in

their third year, so can you actually get a masters degree in nine months and what kind of curriculum component would it be?

Henriquez: Well this is a one-year program, so I don't know exactly how that would work, but perhaps there would be some mechanism to make it work, or after. Okay, well thank you everyone, I know it was a long meeting. Hope you have a good Thanksgiving, and we will see you December 3rd. Hopefully, a somewhat shorter meeting then.

Respectfully submitted,

John Staddon
Faculty Secretary, November 27, 2009

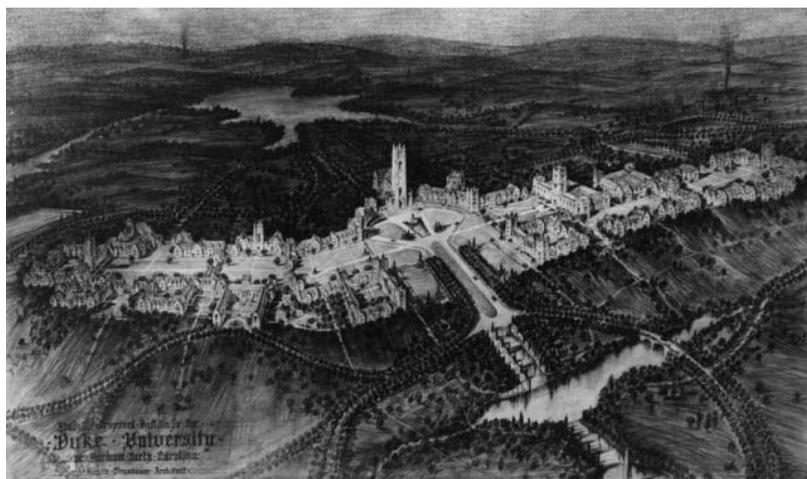
Presentation by R. Sanders Williams follows as a separate file....

(zoom for detail)

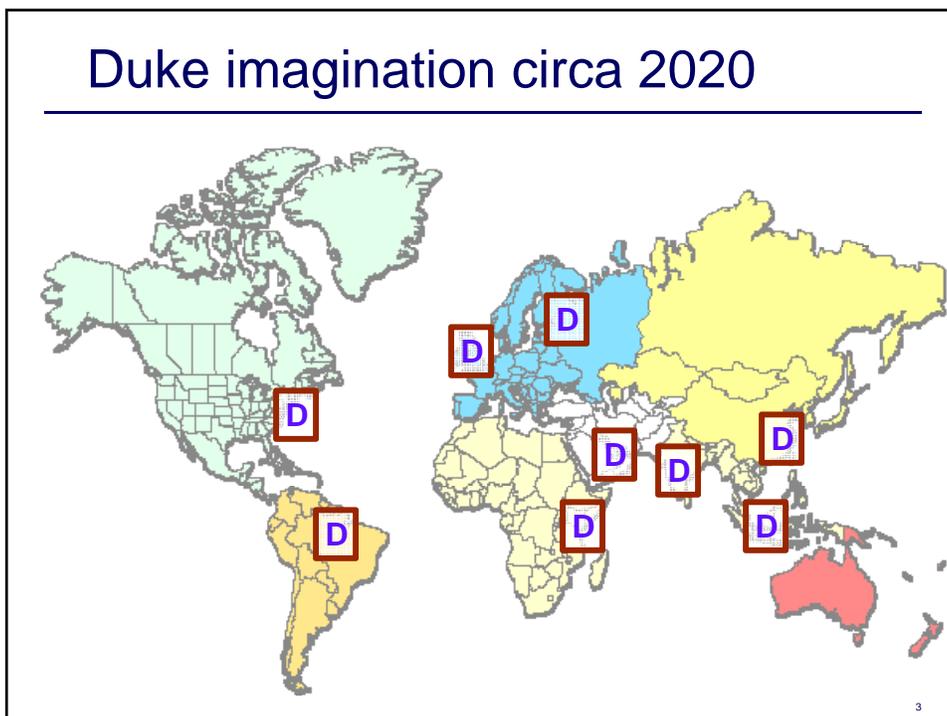
Academic Council: China opportunity for Duke

November 19, 2009

Duke imagination circa 1920



Duke imagination circa 2020



Why a Global Duke?

“The single highest necessity for a great university is to attract and retain the highest level of talent in its faculty and students ... draw the world’s best and most creative minds. ...

... wherever our students come from, we owe them the chance to immerse themselves in the world’s cultures and learn how to work with people from widely diverse origins. ...

... All of the deepest challenges we face—in economic development, in environment, in security, in health—arise across borders and must be solved across borders. We must be international to be part of that solution.

Duke needs to be out in the world not only to serve, but also to learn.”

Richard H. Brodhead, The International Dimensions of Duke’s Ambitions
 Address to faculty, October 18, 2007
<http://www.dukenews.duke.edu/2007/10/rhbfaculty.html>

Duke Global Principles

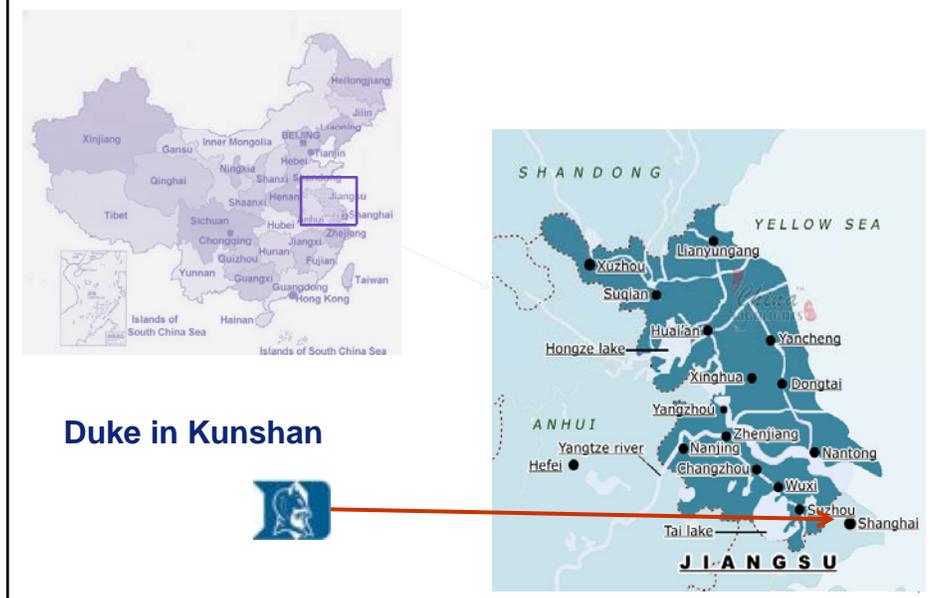
- Duke Global sites meet or exceed all measures of Duke academic quality
- Engage local partners with goals clearly shared
- Build around faculty champions who are deeply committed
- Emphasize Duke's multidisciplinary strengths and dexterity in implementing cross-school programs
- Global activities complement and enhance Durham programs
- Prioritize programs with strongest intellectual rationale and prospects for financial self-sufficiency

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Duke reality 2009: Singapore



Close up on China



Duke in Kunshan



Focus on Fuqua: Leading Duke into China

Global Strategy

- Develop an embedded and connected presence in key regions of the world,
- Locate research, teaching and other student and faculty activity in key centers in these regions – **the most critical of which is China.**
- CCMBA, GEMBA, Open Enrollment, local Exec Ed, MEMP, etc.
- Conduct research advantaged by location (comparative analysis)

Due Diligence

- Learned from successful models
- Conducted market and partner research (BCG as consultant)
- Examined competitive landscape
- Investigated three options as the primary relationship
 - a top 5 Chinese university
 - a city or province
 - a private entity

Relevant facts on Kunshan

- 1.5million people
- Most successful small city in China with highest per capita income
- Leading location in China for attracting foreign industry
- Highest export growth in China
- Immediately adjacent to Shanghai
 - 16 minutes by train
 - 9 minutes by high speed train 2010
- Past success has always been to leverage education
- Highly trusted by partners
- Connected and respected in China well beyond size
- The city of Suzhou (Party Secretary) and Province of Jiangsu (Governor) are highly supportive of Kunshan as our partner
- Rich cultural history as home of Chinese opera and philosophers

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Duke in Kunshan – Proposed Phases

- Phase I Fuqua and related Duke programs
 - Commitment date January 2010 with programs launched in 2011
 - Partnership with Shanghai Jiao Tong University
 - possible Duke site in Shanghai as complement to Kunshan
 - Construction of Conference Center, Academic Building, Faculty housing, Dormitory, Research Incubator Building for occupancy 2011
- Phase IIa Incubate additional Duke programs (2011-2015)
- Phase IIb Expand selected Duke programs (2013-2020)

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Duke in China – Phase 1 – Kunshan partner

Kunshan will

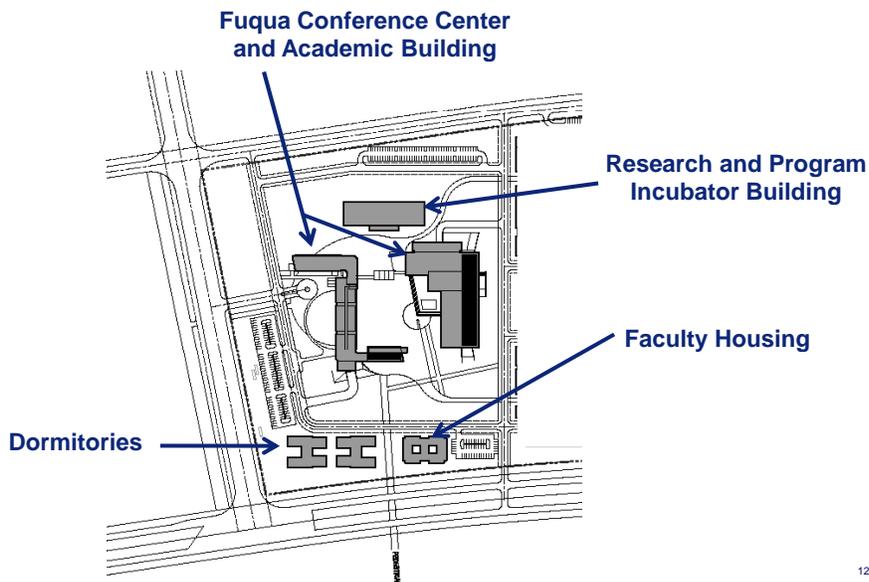
- Provide 200 acres
 - Duke could never acquire land of this caliber so close to Shanghai
- Build first phases of campus
 - Minimum 20 year free lease with free utilities for 5 years, probably free in perpetuity. Gift in a time when Duke has no capacity to build
- Create a tax exempt entity able to deliver all activities except local Chinese degree programs
 - Puts us on an equal footing with Chinese universities, never been done before by US school
- Run interference with relevant Ministries
 - Expedites all efforts and avoids primary reason for failure in China
- Provide money and program guarantees
 - Facilitate getting started

Duke will

- Offer the majority of its programs in Kunshan unless there is an intellectual, location, or partner based reason for holding elsewhere in China
- Incorporate as tax exempt entity in Kunshan and Jiangsu Province
- Locate relevant aspects of Fuqua
- Work to complete a planning process for the rest of Duke to consider the nature of a more extended campus
- Seek a local university partner to investigate local research and degree offerings
- Control determinants of academic quality (admissions, faculty, administration)

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Duke in Kunshan – Initial facilities (2011)



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Academic Building and Conference Center



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Local University partner for Fuqua

- Shanghai Jiao Tong
 - One of four top universities in China
 - Business school targeted for \$300million in investment to develop finance expertise
 - Top five in business, engineering, environment, law and medicine
- Fewer partners than other business schools in China and those are not limiting of our relationship
- Strong desire to be part of our global network, viewing that to do so will place them in a pre-eminent position in China
- Wishing deep relationship
- Experience setting up other schools as silent partner, as they sponsored CEIBS, the first independent business school in China and the most successful

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Duke in China – Phase 1 – University partner

SJTU will

- Become Fuqua's designated partner in China as part of global network
- PhD: grant the PhD, jointly admit, conduct comprehensive and supervise dissertation
- For new faculty hires, fund for a two year post-doc at Duke in order for them to learn US teaching and research
- Conduct joint faculty hires with primary appointment in one school, but teaching and research responsibility in the other
- Create a center for the study of Chinese enterprises with Fuqua and link to other Fuqua research centers
- Sponsor Fuqua's activities in Kunshan with the Ministry of Education as a silent partner
- Sponsor Fuqua's financial and professional services activities in Shanghai

Duke will

- Chair a network of St. Petersburg State, IIM Ahmedabad, SJTU and LSE
- PhD: provide the first two years coursework and mentor students throughout program
- Provide a high quality post doc experience for SJTU new faculty hires through joint research and teaching
- Conduct joint faculty hires with primary appointment in one school, but teaching and research responsibility in the other
- Co-sponsor Chinese enterprise center and link Fuqua research centers to similar activity at SJTU
- Build its primary presence in Kunshan sponsored by SJTU at the MOE
- Create small downtown presence to serve banks and professional service firms – like Northwestern

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Shanghai opportunity

- Key initiative for China - Make Shanghai Asia's money center
- Office of Financial Services
- Large banks in Pudong
- Smaller, boutique banks on the Bund
- Key concern of banks is human capital
- Offer:
 - Building just off Bund
 - Funding
 - MOE assistance

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Potential programs for Fuqua

• Kunshan

- Masters of Management Studies conducted in several versions
 - MMS – Foundations of Business
 - MMS - Entrepreneurship
 - MMS – joint with other schools
- Custom and open enrollment executive education requiring a retreat-like setting
- An EMBA focused upon Yangtze River Delta and Jiangsu Province
- Integrated research with Duke: energy and the environment, health care and health care management, entrepreneurship and innovation.

• Shanghai

- An MMS-Finance
- An MMS-Accounting
- A part time MBA focused on finance and professional services
- Accreditation courses for the financial services community and financial regulators
- An LLM in Finance and International Business (maybe)
- A joint PhD with SJTU focused upon finance and accounting faculty in particular

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Duke in China – Phase I – Shanghai partner

Shanghai will

- Provide facility in Bund region
- Retrofit the facility to our specifications
- Sponsor Duke with the MOE
- Help develop advisory board and relationship with financial service firms in Shanghai
- Support Kunshan activity

Duke will

- Adapt the MMS degree to create an entry level degree education for financial service and allied professionals
- Adapt the Weekend MBA model for ongoing development of professionals in finance, accounting and consulting based upon our Weekend MBA model
- Link the daytime MBA to Shanghai through a mini-term and connections to Shanghai banks as employers
- Work with SJTU to increase the quality of Chinese faculty teaching finance and accounting
- Offer continuing education and certification programs to finance, legal and consulting professionals

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Preferred downtown Shanghai location for Fuqua



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Some images of preferred building



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Duke in Kunshan Phase I: Risks and Mitigating Factors

Risk	Mitigation
Quality of faculty in China	<ul style="list-style-type: none"> • Fuqua has sufficient capacity • Recruit the Diaspora
Compromise quality in Durham	<ul style="list-style-type: none"> • China enhances our core
Sustainable financial and business model	<ul style="list-style-type: none"> • Partner providing free land and facilities • Initial programs meet known needs
Execution of complex three- or four-way partnership	<ul style="list-style-type: none"> • Our interests are aligned and we are critical to their success • Due diligence validates choice of partners
Cultural conflict (e.g. academic freedom or intellectual property)	<ul style="list-style-type: none"> • Run scenarios among senior team • Strong advisory board
Delayed decisions by Duke lead to lost opportunity	<ul style="list-style-type: none"> • Maintain momentum without sacrificing prudence

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Duke in Kunshan– Proposed Phases

- Phase I Fuqua and related programs
 - Commitment date January 2010 with programs launched in 2011

- Phase IIa Incubate additional Duke programs (2011-2015)
 - Commitment date later in 2010
 - Global Health – Diploma and Certificate programs (~4 faculty)
 - Sanford – Executive Education (~3 faculty)
 - Pratt – Masters program (~5 faculty)
 - Nicholas – Masters program ~(3 faculty)
 - Undergraduate experiences – Duke Engage, Study Abroad (semester or year) (~3 faculty)

- Phase IIb Expand selected Duke programs (2013-2020)
 - Expand the most promising Duke programs to modest scale as justified by experience, financial circumstances, and further planning (~30-60 faculty)
 - Flexible decision points on nature, scale and timing of Duke programs and on construction of additional facilities on the Kunshan campus

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Duke in Kunshan – Phase II

Under discussion

- Graduate programs in Pratt, Sanford, Nicholas, A&S, DGHI
- Multidisciplinary research institute (s)
- Potential Undergraduate programs

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Duke in Kunshan: Next steps

- Dec 2009
 - Seek Board consent for Phase I plan
- Jan 2010
 - Duke delegation to China to sign Phase I agreement
 - Groundbreaking for Phase I facilities for occupancy in 2011
- Ongoing internal review of Phase 2 programs and ongoing discussion with Kunshan of key issues (financial support, regulatory approval, Duke controls)

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