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Minutes of the Regular Meeting of the Academic Council

Thursday September 24, 2009



Craig Henriquez (BME, Chair of the Council): Welcome, to the first meeting to the 2009-10 academic year for Academic Council. I hope that you all have had a successful and swine-flu-less start to the fall semester (laughter). For those who do not know me, my name is Craig Henriquez, and this is my first meeting as Chair of this Council and I hope you'll indulge me for a few minutes to say a few words before we get started. (I have not been a member of this Council formally or of the Executive Committee for about a decade, so I had a fair amount of catching up to do.)



I spent part of my summer mulling through the last 47 years Academic Council minutes (laughter). I recognize this is not everyone's version of a good time, or maybe anyone's version (laughter), but for me, who has been at Duke for 30 years, both as a student and as a faculty member, it was pretty fascinating reading to see how

Duke transformed itself from the excellent regional university that I attended as an undergraduate in the late 70's, to one of the top Universities in the world¹. When you read those minutes, you come away with a clear sense of how important this Council has been in insisting and ensuring that faculty play a role in the governance and decision-making that has driven our success. And then of course, I realized that I'm now the chair and I'd better not screw this up (laughter).

Before I go any further, I want to take the opportunity to acknowledge my predecessor, Paula McClain, and the outstanding job she did as Chair. As many folks have reminded me over the past few months, she is a very tough act to follow, and I agree with that. I will certainly do my best and just in case I do have her number on speed dial (laughter).

I would also like to recognize the former members of ECAC who completed their service on June 30, some of whom are still members of the Council. They are: [Tom Metzloff](#), Law School, [Amy Abernethy](#), Medicine & Oncology, and [Dona Chikaraishi](#), Neurobiology – I'd like to thank them for their service to the Council and also to ECAC.

ECAC, the Executive Committee (for those of you who are new) is a pretty busy group – it meets once a week for 2 hours. We live above the Faculty Commons

¹ See the recent

<http://www.timeshighereducation.co.uk/Rankings2009-Top200.html>

in the old Union Building. This group meets with the senior leadership regularly – so far we’ve met with the Provost and the President; we’ve had four meetings so far. We spend a lot of time going through various proposals, and give frank feedback, then do the challenging job of actually populating the 50 plus University, Academic Council and Trustee committees.

We are still getting organized this year, but we’re going to try and at least announce on our web site the visitors who are due to come to ECAC . So, you can check our website to see who’s coming and when and if you have any questions you’d like for us to ask those people, we can certainly do so (write sandra.walton@duke.edu).

The current members of ECAC are:

Stan Abe, Art, Art History and Visual Studies
Amy Bejsovec, Biology
Ana Barros, Civil Engineering
Ann Brown, Medicine-Endocrinology
Marie Lynn Miranda, Nicholas School
Suzanne Shanahan, Sociology, and
John Staddon, Psychology & Neuroscience,

who is also the Council’s Faculty Secretary and Academic Council historian.

According to our by-laws, ECAC has to elect a Vice-Chair every year. The formal responsibility of the vice chair is to take over for the Chair when the chair is out of town or otherwise unavailable. I am pleased to announce that ECAC has elected [Marie Lynn Miranda](#) as this year’s vice-chair for Academic Council -- she has asked me one thing and that is to not be out of town and to always be available (laughter).

I’d also like to introduce [Sandra Walton](#), our Administrative Assistant, who keeps the ship afloat. If anything good is happening in Academic Council, then Sandra’s responsible for that, if anything bad happens, you can certainly blame me.

The attendance sheets are being circulated... For those of you who don’t know, *the bylaws state in pretty dramatic fashion that if you miss three consecutive meetings or are not excused from three consecutive meetings, you can be kicked off the Academic Council.* A bit draconian, I must admit, but there’s a reason for this and the reason is that we need a quorum to do business. It’s important that we know ahead of time who’s going to be here and who’s not, in case we have to reschedule a meeting if there’s a particular important matter that needs to be discussed by the Council. So, please email Sandra if you’re unable to attend.

Another reminder, if you make a comment, please identify yourself because the meeting is being recorded and it’s nice to know who made the comment when we create the minutes. I should also note that Academic Council has historically made its meetings open to the public and press, but some of the business is for faculty only. And in that case, the Council will be called into closed or executive session as will be the case for part of the meeting today. When we’re in closed sessions and you’re not a faculty member, you will be asked to leave

– usually politely – and any remaining faculty who are here and may be tweeting to their loyal followers, we may ask you to put away all electronic devices, a list of which you can find in the seat pocket (laughter). I should note that in today’s meeting we will have a vote in our closed session, it is important that we maintain a quorum, so if you can, stay until the end of the meeting.

We also have a tradition of inviting members of the faculty to submit questions and future agenda items to us, which you can do to acouncil@duke.edu . If you have questions for the Provost or President, you can send them to us and we relay them to both of them and perhaps ask them to speak to that at a future Academic Council meeting². Please also encourage your colleagues who are not members to do so as well. And if you are a first timer in Academic Council, and you want to get a better sense of how we do business or why we do things the way we do, feel free to contact me and I’ll be happy to meet with you.

So, with that, our first order of business is to approve the minutes of May 7th. Could I have a motion to approve the minutes? [The minutes were approved by voice vote without dissent.]

Henriquez: Next we will have nominations of candidates for Earned Degrees. In accordance with the University Bylaws, I will call on representatives from the various schools and Trinity College for recommendations of approved candidates for various degrees. These lists will be presented to the Faculty Secretary and forwarded by the Provost for approval by the Board of Trustees.

Earned Degrees

Diplomas dated September 1, 2009

Summary By Schools And College

[Trinity College of Arts and Sciences](#)

| | |
|----------------------|----|
| Dean George McLendon | |
| Bachelor of Arts | 31 |
| Bachelor of Science | 13 |

[Pratt School of Engineering](#)

| | |
|------------------------------------|----|
| Dean Tom Katsouleas | |
| Bachelor of Science in Engineering | 2 |
| Master of Engineering Management | 14 |

[School of Nursing](#)

| | |
|------------------------------|----|
| Dean Catherine L. Gilliss | |
| Master of Science in Nursing | 42 |

[Nicholas School of the Environment and Earth Sciences](#)

| | |
|------------------------------------|---|
| Dean William L. Chameides | |
| Master of Environmental Management | 6 |
| Master of Forestry | 1 |

[Fuqua School of Business](#)

| | |
|-----------------------------------|---|
| Dean Blair Sheppard | |
| Master of Business Administration | 2 |

² These questions are usually presented anonymously.

Divinity School

| | |
|-------------------------------|---|
| Dean L. Gregory Jones | |
| Master of Theological Studies | 4 |
| Master of Divinity | 7 |
| Master of Theology | 3 |

School of Law

| | |
|-----------------|---|
| Dean David Levi | |
| Juris Doctor | 1 |
| Master of Laws | 1 |

School of Medicine

| | |
|---|---|
| Dean Nancy C. Andrews | |
| Master of Health Sciences in Clinical Leadership | 3 |
| Master of Health Sciences in Clinical Research | 6 |
| Doctor of Medicine | 2 |

The Graduate School

| | |
|----------------------------|----|
| Dean Jo Rae Wright | |
| Master of Public Policy | 1 |
| Master of Arts in Teaching | 15 |
| Master of Science | 22 |
| Master of Arts | 47 |
| Doctor of Philosophy | 91 |

TOTAL 314

[Degrees were approved by voice vote without dissent.]

Degree Approval Process

Henriquez: While on the topic of earned degrees, I want to share with the Council a situation involving the approval process. I hope you had a chance to read the memo that was sent to ECAC from Bruce Cunningham, University Registrar and Dori Taylor-Sullivan, Dean for Academic Affairs with the Nursing School, that was posted with our agenda. As noted, there's been a problem with timing of events. The approval that took place today, and the Board of Trustee approval, and when the degrees can actually be certified by the Registrar – in some cases, there's a delay, a significant delay, in the case of the nurses, in terms of when they can get their degrees certified.

This is a problem for the nurses, in particular. They cannot seek employment until they have a certified degree. So, they have asked us to facilitate this process if we could find a way to do so. This is not unique to the nurses, there are some certification-of-degrees problems for foreign students related to some of the requirements from the Department of Homeland Security.

This is not a problem for May graduates, but it is a problem for September and December, simply in terms of the timing of Academic Council approval and Board of Trustees approval. Because ECAC & I want as many trained Duke nurses to get into the workforce as soon as possible, we looked to find a solution to this problem, and the simplest plan, and the one we likely will use, is to call a special meeting of the Academic Council prior to the August and January meetings of the Executive

Committee of the Board of Trustees (the Executive Committee has power to approve candidates for degrees) – and make this the single agenda item. The Executive committee has this power, and in keeping with our own bylaws, only 'members present' are required for the approval of degrees. So in principle, only the chair and one other Council member is needed to be the formal approval according to our bylaws (laughter). This plan preserves the ceremony that we just did, but adds a couple of meetings to the process.

An alternate plan, and one I've seen at other institutions, is to have the Council bestow upon ECAC the authority to do this approval process. This would not, may not, involve the ceremony, but it may involve a bylaw change. We don't want to do a bylaw change today, but we can bring this up a future meeting, but I was interested in any feedback or thoughts as to which one of these plans people would be most interested in.

Questions

Priscilla Wald (English): It seems to me in the interest of efficiency, which is what this is all about, the second plan makes a lot of sense.



Henriquez: Giving ECAC the authority?

Wald:

Right. And ceremony is for the students more than for us, I would think for graduation, for the community, so that perhaps could be bypassed.

Susan Lozier (Nicholas School): Are you suggesting that we would give ECAC the authority for all three graduations or would we preserve one?

Henriquez: No – well, that's the point. We could do it for two of the three, September and December, because there is a problem with them, and the timing is such that there's no problem with May. So, we would do it for September and December alone, and allow ECAC to do this, and when I said ceremony, we wouldn't have this process announcing them.

Lozier: You're saying the bylaw would be specific for those dates?

Henriquez: It would be specific for those dates.

Provost Peter Lange: The vast majority of degrees are approved for the May date. This is a substantial inconvenience for those seeking professional certification and I think you should know that the Board (of Trustees) has graciously agreed to allow its Executive Committee to take this action on behalf of the Board, so that we can actually do it at the Executive Committee of the Board meeting at the end of August and at the Executive Committee meeting of the Board in early January, and since the holiday season is not an inconvenience for people because they're not going to go for certification then anyway. If this were available for that January Executive Committee meeting, we would be able to expedite

by in that case, seven weeks. And in September's case, it's by about five weeks.

Henriquez: So, does someone want to make a motion?

Lozier: I make a motion that we amend the bylaws section and give ECAC the authority to authorize the degrees for the summer and December graduates. [Seconded]

Henriquez: Any discussion?

Marie Lynn Miranda (ECAC/Nicholas): Just to be clear, if we give the authority to ECAC, does that mean that there has to be a quorum in ECAC or can it just be you and me meeting at Twinnie's?

Henriquez: You and me meeting at Twinnie's is probably sufficient. We can draw it up in any way we want in terms of the bylaws. I think we could have a meeting in ECAC, and whoever is there...

Lange: Could I ask a question. I've been on the Council many times before I became an administrator, and there was always this delegation of authority which I believe still happens in May to the Council to conduct business in the summer in the absence of Council meetings?

Henriquez: That's correct.

Lange: If that's the case why is a bylaw change needed? Why could the Council not...

Henriquez: For September, I think you're right. It's only in December.

Lange: All I was going to suggest is the other, perhaps even easier way to do this, is to have the December Council meeting, create a delegation for the period until the next Council meeting which is actually a long period of time.

Henriquez: We thought about that as well, but basically you have that little window....

Lange: Yes, just like the summer window, have that delegation, then you don't have to do a bylaw change and you don't have to worry about all these things like exact dates and all that.

Lozier: So, is the delegation...

Henriquez: At the beginning of the summer, the Academic Council delegates its authority to ECAC to conduct business during the summer and so we would do the same thing, but over the winter break.

Joel Marcus (Divinity): I haven't been on the Council as often as Peter Lange, but whenever I have been on it, I've wondered about this ceremony. What is its purpose? And is there any conceivable circumstances in which this body as a whole might want to challenge the (proposal?) of a particular school for some students to graduate?

Henriquez: We thought about that, and we could come up with absolutely no scenario (laughter) to deny this process, particularly because the Provost has the authority to override that. I don't know maybe John will know the origin of the ceremony?

John Staddon: Well, Paula McClain is not here, and I know she loved the ceremony (laughter) and for that reason alone I'd be for it.

Karla Holloway (English): I do remember this coming up some years ago and there was, at least for me, a

very convincing argument made for keeping some ritual attached to a university process especially in the age where ritual and ceremony seem to go by the wayside. It seems that it's a very harmless ritual except when you have to make this kind of change, but maybe because I'm Paula's friend or from the same generation (laughter), but I'm for the idea of our preserving something about the formality of an occasion that is extraordinarily important to our students and their families and to us as faculty.

Lee Baker (Dean of Academic Affairs of Trinity College): I'm Dean and also an anthropologist and I appreciate the role of ritual (laughter) but there is a very functional and very practical reason for the ceremony from our perspective. When we're clearing and certifying Trinity degrees it's up to the last minute, and it gives the deans a little leverage to get on the DUS's, and say hey we have to make a decision in twenty minutes, which ones are graduating, which ones aren't? And without that, you would get more delays and it wouldn't be an absolute cut off point to make a decision who's in and who's not – it has to wait to the following semester. So that is a very practical and functional reason for this...

Kate Bartlett (Law): So, I favor some solution to this problem either the motion or the suggestion made by the Provost, but I'd be surprised if our bylaws allow us to change the bylaws without a notice motion in advance.

Henriquez: That's right. It would be more complicated – right now, ECAC has the authority to call another Academic Council meeting, a special meeting, for this purpose, and again as I indicated only the members who happen to come to that meeting are necessary to do the approval. So we would still do the ceremony, everyone is invited to come, and we do not have to have a majority quorum in order to approve degrees. That would be the simplest solution, but will require two additional meetings. So, we do have a motion on the floor....

Bartlett: To me, that's the first option, can I suggest that this be written up as a motion and presented at a couple of meetings?

Henriquez: We can certainly do that – we're not pressed to do this.

Lozier: I'm happy withdrawing the motion if the sense of the group is that, and I agree, is that the vote at the end of the summer....

Henriquez: We appreciate the feedback and we will work on this within ECAC.

Faculty Hearing Committee

With your agenda you also received the names of the current members of the Faculty Hearing Committee. If you have never heard of the Faculty Hearing Committee that is probably a good thing (laughter) it means that you've never had a complaint or no one has complained about you.

The Faculty Hearing Committee is a subcommittee of the Academic Council and has jurisdiction to consider complaints from faculty concerning issues such as termination of employment, violations of academic freedom and allegations of harassment, that are not resolved by

other university bodies. The entire process for issuing a formal complaint and role of the University Ombudsman is detailed in Appendix N in the Faculty Handbook.

The Faculty Handbook states that the Faculty Hearing Committee shall consist of (12) tenured members nominated by the Executive Committee of the Academic Council and elected by the Council at large. The newly-nominated members who will serve a three year appointment are:

John Board (Electrical & Computer Engineering)
Steffen Bass (Physics)
Philip Rosoff (Pediatrics-Hematology/Oncology)
and
Kimberly Wade-Benzoni (Fuqua School).

They will join

Thomas Bashore (Cardiology/Medicine) 2010
Kerry Haynie (Political Science) 2010
Neil McWilliam (Art, Art History & Visual Studies) 2011
Garnett Kelsoe (Immunology) 2010
Carol Meyers (Religion) 2011
Larry Zelenak, Chair, (Law) 2010
Christopher Schroeder (Law) 2011
James Cox (Law) 2011

who make up the entire Faculty Hearing Committee. Are there any questions? If not, may I have a vote to approve these four members for Faculty Hearing Committee? [The nominees were approved by voice vote without dissent.]

Thank you. I also want to thank Larry Zelenak for agreeing to serve as chair. As always with this committee, we wish you a very uneventful year.

Proposal for a joint PhD in Environmental Policy

Our next item of business is a presentation by Professor Randy Kramer, from the Nicholas School – Professor Jake Vigdor, from the Sanford School, will join him at some point – to present the proposal for a PhD in Environmental Policy that will be jointly administered by both schools. Background was included with your agenda and presentation will be short. As with all such proposals for a new degrees, there is a process. This particular proposal has been vetted by faculty in the two schools, by affected departments in A&S, and by the executive committee of the Graduate School, because this is a graduate degree in that school, by the Academic Programs Committee and by ECAC. Academic Council is the final hurdle before it goes to the Board of Trustees.

While you are free to ask any question about this proposal, our purpose today is to consider this proposal in the broadest sense – and consider how the addition of this degree will add to the excellence of Duke, affect the overall academic environment and whether any additional central resources that may be involved in its creation are justified. As we add programs we have to remember that we are adding students to campus, and

graduate students also need services. So there's some cost to the growth that we need to consider, and that's really the role here of Academic Council, to consider the overall impact of the growth in the addition of new degrees. Today's presentation is informational – we'll vote on it at the October meeting.

Randy Kramer (Nicholas): Thank you, Craig. What I want to do is provide a little bit of background, some rationale and talk about the implementation of the



degree if it is approved. By the way, I'm here because I'm chair of the faculty planning committee for the degree. So, some history about this: in the planning for the PhD program in Public Policy which is housed in what is now the Sanford School, there was considerable discussion about how to coordinate that program with the existing social-science track of the PhD program in Environment housed at the Nicholas School. There was some general agreement at the time that a joint program would be a desirable long-run goal but in the interim, an arrangement was formulated that instructed those applicants to the Public Policy PhD program with an interest in Environmental Policy to apply to the Nicholas School. Now that the Sanford Public Policy PhD program is up and running, and now that the Sanford School and the Nicholas School have made additional senior hires in Environmental Social Sciences, we believe this is an opportune time to launch a university PhD program in Environmental Policy.

While the center of gravity for the program would be the Nicholas School and the Sanford School, the program would operate in collaboration with Economics, Political Science and other units. We also think this is an opportune time to launch the program because of the increasing national and international interest in Environmental Policy. We want to educate the people who will be shaping the next generation of Environmental Policy. Duke is very well situated to mount a top-notch program in Environmental Policy because of the expertise in a number of schools and departments, and with four university institutes involved in initiatives related to the environment – most notably the Nicholas Institute for Environmental Policy Solutions – and with its strong connections to Washington and other environmental policy making venues.

This will be the first PhD program in the nation that formally links an Environmental School and a Public

Policy School. We believe the new program will provide improved educational opportunities for doctoral students by offering a more comprehensive and integrated program. We also think this will broaden the academic and non-academic job opportunities for our students and help us attract the very best students.

So, you have a great deal of detail about the proposed course-work in the background proposal that was circulated to you, but very briefly the curriculum combines social-science theory with quantitative and qualitative methods. In particular, it includes a two-course sequence in political economy and public policy, a core theory concentration in either political science or economics, a strong focus on research methods and environmental social-sciences workshop that the students will enroll in several times during their period at Duke, and a field in either environmental economics or environmental politics.

I can say that the structure of the program was developed with very careful attention to the essential requirements for PhD training in this area and consultation with relevant faculty, keeping in mind existing PhD programs and curricular structures at Duke. I'll also say that additional concentration areas could be added in the future depending on the evolution of faculty and student interest.

And finally a few words about implementation. If approved, the PhD program would be jointly administered by the Nicholas and Sanford Schools, as Craig said, working of course closely with the Graduate School. So the director of graduate studies would be nominated by the Deans of Sanford and Nicholas. In addition the Faculty Steering Committee would advise the DGS. The core faculty for the program would be comprised of the social-science faculty of the Nicholas School, and those faculty in the Sanford School who work in the area of environmental policy. Additional faculty from a number of other units who are likely to engage in the program are listed in the appendix.

In terms of resources, the two schools have committed 5-6 teaching assistantships for the entering class. The cost impact will be modest, since most of these slots will be reallocated from the existing environment PhD program in Nicholas, and Sanford has obtained foundation support for the assistantships that it is providing. The program can start quickly because all the required courses are already in place, and we believe the program will quickly emerge as a top-tier PhD program. Finally, I want to acknowledge the support of Dean Chameides from Nicholas, Dean Kuniholm from Sanford, and David Bell from the Graduate School, and I want to thank the other members of the planning committee: Erika Weinthal, Jake Vigdor, Fritz Mayer, Alex Pfaff) and especially thank Richard Newell. Richard chaired our committee until he went on leave in May. With that, if Jake will join me we'll be happy to entertain any questions you might have.

Questions

Pat Wolf (Biomedical Engineering): Why did you choose to do it as a joint degree? Why this and why not

have the degree be a PhD in environment with a specialty in policy?

Kramer: That's the current situation we have. We have a PhD in environment which has students who are pursuing a number of different areas of concentration. We felt that once the Sanford School established their public policy PhD program, because we had students who are contacting us, they're confused about whether they should apply to Sanford, or Nicholas, that it was important to have a joint program. This also gave us an opportunity to take advantage of some of the new courses and structure that Sanford was putting into place and to formalize some of the informal arrangements that we've worked out over the years. We think this will be an easier program to manage and a program that really provides students a better opportunity.

Philip Benfey (Biology): What is the projected time-to-degree and what's the funding strategy after the first year?

Jake Vigdor (Public Policy): I believe the expectation is consistent with the expectations you would have in current public-policy PhD programs and in the constituent disciplinary departments as well. It is a five-year



model, and the expectation is that over time the funding for individual students would come from a mix of research assistantships and teaching assistantships. The idea is that as students spend more time on campus they will integrate themselves into research agendas with faculty members and that will help them develop their own independent research agendas. Supporting that with RA work would be a significant portion of the overall funding stream.

Otis Jennings (Fuqua): In the event that a student doesn't successfully complete the PhD, say they want a terminal masters of some sort, where does that come from?

Vigdor: Well, this is actually a situation we're dealing with in Public Policy right now because Public Policy, our PhD program – we're just starting our third year right now, and we started the PhD program without having any sort of terminal-masters degree in place. So, we are now going through the proc-



ess of getting a terminal-masters degree approved through the Graduate School, and I would imagine that a similar process would need to take place. Conditional on the PhD program itself being approved, we would take this as a subsequent step.

You're right, there are people who arrive in a PhD program who don't know exactly what they're getting into, they find out that they don't like it or they're not perfectly suited for that type of work and they prefer to pursue other options.

Jennings: Which school is going to take responsibility for these people?

Kramer: We have not contemplated that possibility yet, but as Jake mentioned there is a possibility that we could have a terminal masters degree issue by the program or we could go back...

Vigdor: I imagine that the default as it stands would be to have the degree approved by the faculties of the two schools independently and then the proposal would proceed through the regular Graduate School approval process.

Kramer: Any other questions? Thank you.

Henriquez: Thank you Randy and Jake. We will vote on this in the next meeting.

Duke's financial situation and DART

Our next agenda item is an update by Provost Lange and Executive Vice President Trask on Duke's financial situation in light of the efforts of DART (Duke's Administrative Reform Team) over the summer. If you remember from last Spring, the stated goal is to try to make Duke's annual operating budget a bit leaner, 125 million dollars leaner to be exact, over the next three years. And as you recall ECAC and Academic Council also asked for and received a commitment from each school to elect and assemble a faculty body that would assist the Deans in their budget planning process, and we understand that many of these groups are already involved and engaged in this process. Today Drs. Lange and Trask are going to tell us how Duke's financial fitness plan is going.

Executive V-P Tallman Trask: Thanks, Craig – I'll start and Peter will say some things about particular academic issues. This is a follow-up from our spring visit. I expect you'll probably see us at every meeting going forward. This topic preoccupies all of us.

Last spring, things were pretty bleak. We were looking at a stock market that was down more than 50%. We had a lot of plans of changes to make over the summer, and we said we'd come back and tell you what we did and how it's going. The FY-10 budget has negative impacts in all of our revenue streams: sponsored funding, tuition, financial aid, annual giving is down and reduced spending from the endowment. To try to begin to deal with this problem, and as we said going back to last spring, this is a multi-year solution to a problem, this is not something that we're able to fix all at once. We put in place a very conservative compensation policy for 2010. We made a number of one-time reductions and permanent reductions. On the one-time side, the capital reductions below what had been previously projected are

north of 200 million dollars. We projected a 25 million dollar savings on administrative efficiencies, and we appear to be on target for that. And we asked the trustees to approve, and they did, a bridge funding of 265 million dollars to ease the transition.

So that was the model – we're still working on it. We are still using 125 million a year as the impact of the reductions. The market has of course rebounded somewhat in recent months. Part of the problem here is, we're dealing with lots of numbers, lots of them are estimates, all of them change on a weekly, if not monthly, basis, so our trying to give up to date information is somewhat difficult and sometimes when you get a number you want to grab it and believe it's more real than it actually is. So, I'm going to give you numbers that are as of a date certain, but that date was a month ago and those numbers are no longer precisely accurate.

For the twelve month year ending August 31, the endowment was down 18.5%. It's up about 4% since June 30. Our ten-year return remains above 10%, which was the target in all of our models, so we're still in general okay – basically what's happened is the value of our endowment has deteriorated from its high and gone back to its 2006 levels, so just sort of put that into the context.

We have made a number of changes to close that gap, including launching some initiatives that Peter will talk about, where we think the revenue exceeds the expenses. We have looked a lot at reducing costs and containing costs – many of those relate to personnel. We had a very active summer on the personnel front. In addition to the compensation policies, we've instituted a strong vacancy-management role, which in the spring took out fifty vacant positions. As of this month, Duke as a whole, is hiring about fifty fewer people a month than we were a year ago. In the central administrative units, that number is down 50%. As you know, we had a voluntary retirement plan for bi-weekly staff. That net took out about 275 people. We have been hawks on overtime, and have cut those costs down dramatically, roughly across the institution, the equivalent of 50 FTEs. As you might expect, turnover is down, and so the opportunities to make these voluntary savings are reduced. But I think, in general, we're moving in the right direction.

To me the most astonishing number, which says a lot about the economy, not just about Duke, is we are currently on target for people to apply for non-faculty jobs at Duke, at the current run rate, we will receive 125,000 applications this year. And, of course, we have no jobs. As we announced last week, we are going to pursue a voluntary retirement plan for monthly staff. We're somewhat less sure as to what the results of that might be, and it will play out over the next couple of months. We have reduced our expenses by curtailing entertainment, travel, memberships, employee recognition events, internet, life cycles of computers, and by moving to voice-over-IP which is about half done – all said that's about 1.5 million dollars in saving on voice-over-IP.

I can say now, which I couldn't absolutely say last summer, that I am confident any liquidity issues are be-

hind us. We have sufficient cash in reserves to cover any foreseeable event, absent complete catastrophe, but I think we're actually in very good shape. This summer DART has been working hard to try to get at costs. We've gone through all of the budgets, looked at things in some detail, looked at the expenditures by unit, and I've spoken to all of the deans to tell them where they are relative to their peers in terms of what kind of expenses seem to be particularly high in some units and not in others. As Peter will say, our obligation here is to get the deans to have a balanced budget.

Every budget is different, everybody's in a different circumstance and different deans will choose different levers to make that happen. But we are looking in particular at departmental administration and the pooling of resources, especially across organizational lines. There's a group working with the schools who sit at the corner of Science & Towerview, seeing where there's some way they might join up together in some administrative activities and not all have three of their own. We're optimistic there. We're pushing hard on information technology, trying to figure out can we improve the purchasing power of what we now buy. We are looking at Facilities jobs, including material and store room models shared with the Health System. We're also making, and you'll begin to see fairly soon, effective reduction in services in Grounds and Housekeeping and we are, although because of the variant in the weather this month you haven't noticed it, beginning this winter buildings will be colder and beginning next summer, buildings will be hotter. Our target is two degrees in each direction which will save about a half a million dollars. This is a long term problem at Duke, people always like to complain about it and I got a number of messages in the fall suggesting if we just fix this problem, everything else would go away. And I had to point out that in fact if we completely shut down the steam plant and the chilled water plant, never provided any heat or cooling to anyone on campus, including the hospital, it would solve about a quarter of the problems. On the margins, it's important to do, but it's not going to generate a lot of money.

We're also looking at development, the amount of money raised per effort and how those organizations are put together. In particular, we're working this fall on communications, trying to figure out how to reduce the number of publications that actually go out from Duke without distorting the message. In general, I would say that we made a lot of progress over the summer. We're about where I thought we'd be. The markets have come back a bit and so on balance I would say we're in fairly good shape, but we have a lot of work left to do.

The one thing that I am most concerned about is that by deciding to do this incrementally over time and deliberately rather than like some of our colleagues who simply announced last spring the world is over and people should get out, that we lose a sense of urgency. That people begin to think that this problem has solved itself. It has not and we'll be at it at least for the next several years. If current numbers hold true, FY 11 and FY 12 will in fact get worse not better, but the extent to which

they will get worse has declined as the market has come back a bit.

Provost Lange: We'll take questions at the end if that's alright. Our job is to talk to you about what's been happening in the academic sector. Let me start by saying that fiscal year 2010, which is the one that we are in, our target in the spring during the budget season was to ensure that every school came in with a balanced budget for this year – a real balanced budget, not a mythical balanced budget, but a real balanced budget. And that entailed taking significant reductions because their revenues were down, although they might compensate a little bit for that with new forms of revenue. Every school did in fact come in with balanced budget for this year, and so far we are tracking well on that although the fall variance report will tell us more. We've also begun a substantial amount of work with the deans about the next fiscal year – fiscal year 2011. That's the one that Tallman just indicated where revenues will continue to fall somewhat. Just to give you a sense of the intensity of this process – usually the budget process would start in November or December. This year it began in the preceding May, so we were starting to talk about fiscal year 2011 in May of 2009. We had a budget meeting with the deans, and gave them basically our projections of all revenues for those schools for that year, and asked them to come in with estimated budgets for fiscal year 2011 and 2012 that would be in balance. I think it would be fair to say that for fiscal year 2011, those balanced budgets are within sight, and they're getting closer to being within sight as a second round of meetings took place and now we're going to have a third round of meetings in about six weeks after we have the fall variance reports. We're tracking there in a pretty good way, and there's a lot of advance notice for the deans to work through this.

The DART process is obviously helping us in that regard and will help us especially for fiscal year '11. You can see that we're planning very far ahead in order to give lots of time to work on it, but we're not assuming that we know everything about those years now, we're assuming we know what we know now and given that to the deans. We're updating these projections at each time, so we will have an additional meeting.

One thing that gives me substantial confidence in this regard is in fact the excellent management that the deans provided already for fiscal year '09, which is the one that just ended. I would say that at the spring variance time we were a little concerned about fiscal year '09, but between the spring variance report and the end of the fiscal year almost all of our schools actually improved their financial situation through the excellent management that the deans had undertaken already last year during the academic year.

For this year we have some favorable budget developments that might help a little bit: enrollments are favorable to budget in most of our programs, I think that you are aware that we undertook some measures in Arts & Sciences to slightly increase the undergraduate enrollment. Those measures have been working. Most of the schools also had additional enrollment in many of their programs. I think, if I may single out one, the

Nicholas School had about forty more applicants that they were able to admit while improving the quality of the class over the preceding several years because of the number of applicants that came in for their master's programs. So, we've had developments like that that were not fully anticipated, that are good.

Undergraduate Financial Aid is a source of concern in the following sense, that we budgeted fully for this year for an amount of aid that is actually going to prove to be accurate. But that amount of aid requires us to use most of the existing reserves, because the aid budget has increased substantially, as you would anticipate, as we have more students needing aid and more of our aid-needing students who need more aid. So, in the out years we are working now to find the sources to support that. The Board has historically committed quasi-endowment funds to support (back-stop) financial aid beyond the level of a reasonable expectation of the schools, and we anticipate that they will going forward.

Now as you know our goal has been to maintain academic excellence and momentum in the environment which we are in. We have focused on this programmatic momentum and I think that focus is working. It is real, even if it's constrained, and the schools are working very hard within that environment. Let me give you a few ways that we are trying to maintain that momentum and respond with additional resources so that we can do so. We have new revenue sources that are developing through programs in a number of schools. And I would say that one of the things that's really fascinating is that it's not as if the schools are inventing out of whole cloth new programs that they never had thought of before. Rather, what tends to be happening is that people had thought of things but they thought it would probably be too much effort and not really worth it to do all the work you needed to get those new programs together when there was a sort of profusion of resources and why go through all of that extra effort if you don't need to? Well, lo and behold, when the profusion of resources has substantially gone away, people's willingness to try and do new things that they had sort of been thinking about but hadn't really been ready to put the effort into doing, has increased substantially. So we're seeing the emergence of some new programs and as we discussed last year, we've actually started a process to make sure that the quality of those programs and the oversight of those programs as they come in maintains the level of expectation that we've had in the past. So that's one good place because revenue enhancement, you recall, is one of the things we talked about as a mechanism for relieving some of the pressure that we're seeing.

One of the things that we had hoped for, but I must say not anticipated at the scale that we're seeing is the stimulus money coming in for our researchers. I'm going to give a few figures which are fairly dramatic. As of the eighteenth of September, Duke University as a total had submitted \$658 million of requests for stimulus money. The total awards received as of that same date on that \$658 million was \$67 million already in hand and another \$29 million of proposals that were already tracked positively for notification. So we've already hit a hun-

dred million dollar target and we anticipate more, because there are \$377 million of proposals still under review. To tell you the truth, I suspect that some of those proposals are not really any longer under review, but you can imagine that if you were a program manager and you had to get out all these notices, especially the notices where you are going to spend money, by the end of the federal fiscal year which is the end of this month, you would be sending out the notices to the places where you're going to give money before you spend the time sending out the notices for the places where you weren't. So I don't anticipate that the 377 means things where they really haven't made decisions, but some portion of it is in fact areas where they really haven't made decisions, so we're anticipating getting at least another chunk, I'm not going to make an estimate of how much, of additional stimulus funding.

If you're curious on the split between the campus and the School of Medicine, basically of the total awards of the 67 million, about 42 million is for the School of Medicine and about 24 million for the campus and, if you include the proposals tracked for notification, another \$25 million, because NIH has more of those, is for the School of Medicine and about \$4.5 million for the campus. These are dramatic numbers. They mean that there will be an infusion of overhead returns to the schools over the next two to three years. In theory it is supposed to be two years, but everyone is hearing that in fact it is unlikely that the Feds can stick to that two-year expenditure deadline giving the timing of the proposals coming in, etc., but that means there will be an infusion of additional funds into the schools.

One of the things which I am extremely pleased about is that with a couple of small exceptions, none of the deans actually budgeted these numbers. When we did those projections for Fiscal Year Eleven and Fiscal Year Twelve, they did not actually put the ARRA³ stimulus money into their budgets. Why not? Because it comes in, but after two years it's going away, so you don't want to really put that in your budget because you're going to lose it. Instead, we are expecting that we will put that money in a pool on the side and the deans will use it for one-time expenditures and to the extent we are able to actually walk it down over two or three years there by relieving some of the pressure we're going to get from other sources. So that's a very favorable development in addition to the revenue enhancement kinds of measures I said earlier.

Now, we're deploying a lot of strategies to ensure that we can continue to develop the faculty and as you can imagine, the market right now is particularly attractive for junior faculty because the pipeline of junior faculty coming out is about as large, or not much smaller, than it has been and to the extent it's smaller it's sometimes because people are trying to park, in a way, while the market is so difficult, so they can be induced to come out, so to speak, to move from their parking place if they can find a position into which they can move. So there's a great opportunity out there for hiring really superb

³ American Recovery and Reinvestment Act

younger faculty. But how do we do that? If you think about it, we have lots of factors that militate against being able to replace faculty. We have, you might expect, fewer dollars to hire new faculty by growth, in fact really no dollars right now to grow the faculty in net terms. We have fewer faculty who are likely to be bid away by other institutions because the other institutions are facing the same problems to some extent we are, often worse, and we have the possibility that retirements will decline. So you could see that we have a difficulty of maintaining what I like to refer to as our replacement ratio, which is a tremendously invigorating thing for the faculty overall. So how do we do that? Well, what we've been doing is, number one, we told all the deans "Let's not treat faculty hiring as the residual." In other words, you figure out all the rest of your budget and say "All right, now how much do I have left to hire faculty?" That's a very bad way to pursue. So what we've been doing in all of these budget meetings is saying, "Cue some replacement rate up at the front of your budget, and then build the rest of the budget around the fact that you have to spend this amount of money to do faculty hiring."

Just to give you a sense of the scale, over the preceding three years, which were Fiscal Years Seven, Eight, and Nine, we hired an average of sixty-five faculty members a year. That includes continuation searches and new searches. This year, we will be hiring fifty-seven. We have authorized fifty-seven positions. That sixty-five number is probably low compared to what actually happened because deans would come in the middle of the year and say, "I've found this fabulous additional person, can I add them?" I suspect that this year there won't be much opportunity to add, but still fifty-seven over sixty-five in September is really not a bad ratio and it testifies to the willingness and urgency that the deans feel about continual replacement of faculty.

Another way of looking at this is that on average, taking the continuation searches out, we've been hiring about forty-nine new faculty members a year, for those three fiscal years, and this year we have about thirty-nine cued up. So that gives you an approximate sense that we're still able to do a lot of forward moving. It means being sharp about where you put your focus, which faculty you're going to hire and why, but it does mean that we can continue to hire. We also have the opportunity fund, which the Board made available, which is enabling us to do some really strategic hiring still, enhanced with the central funding.

Some of you may be wondering whether anything is going to be done about those faculty members who may have been considering retirement and then found their retirement resources substantially diminished. We are considering a way of making available to the deans some additional funds for them to assist faculty who are considering, or might be considering, retirement. These funds would be made available partially to offset the effects of the loss in retirement income, and or more likely also the uncertainty that's been created about retirement. We hope to be able to make these funds available to deans and to do so in a way which will not overly

affect the deans' budgets and there are ways we can manage that.

So I think that that gives you a good picture of how we're managing through here. I think Tallman is correct, we're a long way from out of the woods, but I would say as opposed to six or eight months ago, we have a sense of what the process is to get us where we want to go. The deans are being very active as creative managers in their schools, and thanks to the process that ECAC helped us put in place last year for budget management at the school level, we now have structure parallel to UPC, the University Priorities Committee, at the school level to work with the deans, and to integrate the strategic planning process, which is the last step of all of this which all of you are engaged in, with the budget process. With all of that going forward, I remain very hopeful that not only will we weather this situation well, but that we can actually do some creative and innovative things as we're doing so. And now we'd be happy to take any questions. Kerry?

Questions

Kerry Haynie (Political Science: Is the central/new campus deal, still on the shelf?)

Peter Lange: All construction projects are still on the shelf, including new campus.

John Staddon (ECAC/Psychology & Neuroscience): First of all, I'm not sure I totally understand about the \$125 million. My understanding is that you want to reduce the annual budget by \$125 million but make the reduction over three years. Is that correct? Okay, that was question one. Question two, I noticed headlines that refer to the UNC system, noting that they're making a lot of cuts at the higher levels, the executive levels, both academic and non-academic. Are there any plans to do something comparable here? We've heard a lot about making lower-level efficiencies and so on, but are there any plans to cull the higher level, moving deans to faculty and so forth?

Trask: Peter talked about the faculty, but we're about to unveil the monthly retirement plan which was targeted exactly at that question.

Peter Lange: I would say that that's happening on a school by school basis. I reduced my staff, for instance, by one vice-provost, went ahead in retirement, and there are similar steps being taken by the deans where appropriate.

John Staddon: Shifting a dean back to faculty seems like a relatively benign kind of cut, in the sense that no one loses their job, but the university saves some money and gains a teacher.

Carlo Tomasi (Computer Science): Is there an estimate for the number of authorized faculty searches for FY11?

Peter Lange: No. That depends on what happens in Fiscal Year Ten, and on a lot of those uncertainties that Tallman indicated earlier. Remember that searches in Fiscal Year Eleven would be adding to the budget of Fiscal Year Twelve so that's a pretty long way to add up. So I wouldn't do the estimates that far in. In fact, if you'd asked me eight months ago what my estimate was

for the number of searches this year, it would have been lower than it ended up being.

Susan Lozier (Nicholas School): So you mentioned the good news about the \$67 million stimulus money. Where are we overall with federal funding, or non-stimulus money? How did we do last year? In terms, were we up or down? I'm just wondering.

Peter Lange: I don't have those numbers but I have heard nothing from those who give me those numbers to suggest that there is any significant change in one direction or the other.

Susan Lozier: Because I thought earlier Tallman said they were sort of down in all categories in terms of revenues and I was just wondering if we were down overall in our indirect cost recovered.

Peter Lange: No, I don't think that's true.

Trask: No, we're not. We're not down.

Peter Lange: Jim?

Jim Roberts: It's flatter than I would like.

Lange: But it didn't go down. The growth rate is less. Earl?

Earl Dowell (Pratt School): I have two distinct questions. The first one, this was discussed and I think it was actually done but I'm not sure I heard much about it recently. There was a proposal to borrow a half a billion dollars to avoid having to sell stocks in a depressed market, did in fact that occur and how has that played out in terms of the benefits?

Trask: That did occur in January '09. We issued 500 million dollars taxable bonds, which meant that we could invest them or use them as needed. We took 90 million out so that DUMAC did not have to make one quarterly distribution. The rest of that money is sitting in the Bank of New York, were, as of August 31, it had generated 56 million dollars in gain.

Dowell: If I could ask one other question. The voluntary removal of staff, 20-30 years ago, when the university was faced with a similar crisis, there was a lot of effort to get the faculty to retire, and universities found out that that was a very bad idea in general for various reasons. This time we seemed to be starting at the other end of the spectrum – we started with the bi-weeklies, now we're going to the monthlies. The up side of doing that is getting people to voluntarily to retire, of course those people are the least likely to be disgruntled, and you presume they have some other plans in mind. But the down side is that you may lose some of your best people, especially as you get to the higher levels of staff. Are you concerned about that?

Trask: In the case of the bi-weekly retirement incentive which is governed by federal (ERISA) laws, we had very little discretion. We had to basically offer it by job category and see who took it. In the monthly one, we have a lot more discretion and it's going to be offered discriminately. So, what we've said is basically at the end of the exercise that the attempt is to decrease the number and increase the average.

Lange: And on the faculty side, if you've listened carefully to what I've said, we will not be changing the basic procedure, we're just making more resources avail-

able to the deans, to (the) procedure we've been using. I think what you're referring to is when there were retirement programs that were offered across the board, and that enabled faculty members to retire and then essentially go and take a job somewhere else while they got their full retirement benefits. And, we have been, let me say, very aware of that situation. And recall, that all the retirement programs that we have used so far, to employees eligible already under the rule of 75 to receive the rather favorable retirement health care plan that we have, which was part of our intention. I'll just say in a more ad hoc way, I've been struck by the number of, for instance of biweekly employees, who came up to me and were actually extremely pleased that we had offered them the opportunity as we structured it because they had felt that they might not be able to retire and now they could when they had wanted to. Now, I'm not saying that's true for everyone, but it was voluntary many were in fact happy to have the opportunity.

Executive Session: Honorary Degree

Henriquez: We are now going to move into Executive Session, all attendees who are not members of Academic Council or are faculty will now officially be politely asked to leave. [\[What follows are non-confidential comments in advance of discussion of the specific honorary degree candidate.\]](#)

I wanted to make an announcement about the possibility of using the option of Executive Sessions perhaps more liberally than used in the past. Depending on the topics on the agenda, ECAC and I would like to reserve a portion of the meeting for executive session if there's a need then to discuss matters more freely with administration and the faculty. As I've looked through our bylaws, there's really nothing to prohibit this process of having a small closed session at the end. It's not something we necessarily always have to do, but I'd like to preserve the option of having a closed session at the end in which there are no press or students, and it's really just the faculty and administration speaking. In light of that, I'd like to ask if any Council member or previous speaker wishes to add anything to their earlier comments?

We will now proceed to the last agenda item - the approval of an Honorary degree.

I hope you have had a chance to read the email we sent this morning -- if not I will summarize.

I will present a single candidate for approval for an honorary degree in an executive session. This candidate has also agreed to give the 2010 commencement address. On some occasions, the President and Commencement Committee select the commencement speaker from a list of candidates that were approved for an honorary degrees in May preceding the Commencement for the following year.

Sometimes this is done out of cycle. The Commencement speaker is secured at a time other than that previous May, and in that case the person who is giving the Commencement speech may or may not get an honorary degree, but it is usually our custom to give the Commencement speaker and honorary degree unless they are a member of the faculty or a member of the

Board of Trustees. The approval for this historically has involved two meetings. The first meeting presents the candidates and the second meeting is the approval process. We do this traditionally in April and May for the honorary degrees, and often there is an alternate list that we also approve. This candidate is going to be presented today and we are asking Academic Council to waive the two-meeting-rule. (I'm not exactly sure that it's a rule because it's really not written anywhere, but it's been a procedure that we've followed over the years.) I'd like the Council to waive that and allow us to approve this candidate today in a single meeting. The reasons are two-fold, one the Board of Trustees meeting is next week. This would allow this candidate to be approved by the Board of Trustees and then release to the press an announcement on the Commencement speaker and the honorary degree soon afterwards. It also gives the candidate an opportunity to make plans for the future.

We are requesting this, and in order to do this are requesting that Academic Council waive the two meeting rule. If I could have a motion? [Motion to waive the two-meeting rule was proposed, seconded and approved by voice vote. Council then moved to Executive Session for the purpose of considering the honorary-degree candidate]

Respectfully submitted,

John Staddon
Faculty Secretary, October 15, 2009