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## Minutes of the Regular Meeting of the Academic Council

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February 19, 1998

The Academic Council of Duke University met in regular monthly meeting on February 19, 1998, with Prof. **Leonard Spicer** (RAD, BCH) presiding as Council Chair. The meeting was held in the usual location, 139 Social Sciences, running from 3:45 until around 5:20 p.m. In view of special concerns raised about the set up of the overhead projector last time, a special transparency discreetly referring to Prof. **Kenneth Knoerr** (NSOE) was on display, demonstrating that the overhead projector was efficaciously deployed — in focus, adequately screen-filling, and parallax-free. "Is it alright, Ken?" the **Chair** asked. **Knoerr** gave it his seal of approval, commenting that he had been giving the technician from Special Services a hard time about making the Council minutes. The Chair: See what office hours and tutoring can do? Good job. He also expressed his delight in a sunny day, "particularly since we're going to talk about the Capital Campaign."

### MINUTES OF JANUARY 22, 1998

The **Chair** introduced the minutes of January 22, 1998 into consideration, noting that there were still several typographical errors in the version circulated. Since these are nonsubstantive the minutes could be approved with the understanding that these corrections, still to be pointed out to the Faculty Secretary, would be made. [They have since not only been pointed out, but entered into the record of these minutes on the Council Web Site: [www.duke.edu/web/acouncil/minutes/1-22-98.htm](http://www.duke.edu/web/acouncil/minutes/1-22-98.htm)]. With that understanding there was a motion **that the minutes be approved subject to these corrections.** The motion was seconded and **passed by voice vote, without further discussion or any dissent.**

### ANNOUNCEMENTS

As a first announcement the **Chair** noted the inaugural meeting of the Samuel DuBois Cook Society, immediately following the Council meeting with a 5 p.m. lecture by Dr. Cook. ["The mission of the Society is to recognize, to celebrate, and to affirm the presence of African American students, faculty, and staff at Duke University." It honors "the years of service that Dr. Cook has offered to Duke University, to the cause of African American advancement, and to the betterment of relations between persons of all backgrounds." Its members support a number of proactive pursuits among those objectives.]

As a second announcement the **Chair** also responded to a second concern raised by Prof. **Knoerr** at the previous meeting. Beyond the matter of projection arrangements, he had again raised a concern regarding the process for approval of earned degrees, a very important faculty function. EC AC (the Executive Committee of the Academic Council) has discussed this suggestion and is of the opinion that although it's sometimes seemingly awkward it does get the job done reasonably well. The Provost has testified to the effect that there is not much remediation to be done in fulfillment of the charge to him to make last-minute changes in behalf of the faculty. ECAC is considering some changes that might somewhat smooth the process without significantly undercutting the assembly of the record of degrees that is the subject of the motion to approve them. But ECAC is also interested in having a straw poll of the Council, to see if the process is considered truly broken, with major improvement really needed in how we get the degree information assembled on the floor of the Council, versus some minor editorial things which we can and will do to smooth it out so that it's not quite so stilted. So, to thus poll Council opinion, he asked that those feeling that we should proceed practically the same way, with only minor revisions to make it a little smoother, please raise their hands. And then, those feeling we ought to really change things should raise their hands. [There was a general show of hands for the first vs one hand for the latter.] The **Chair** concluded that what ECAC will do is work on the language, which is elective and not statutory, to try to make it work better, and certainly not increase the bureaucracy, Prof. Knoerr's concern, or lengthen the process. **Knoerr** remarked that his point had been missed, but that he did not propose to argue it further now.

#### QUESTION FOR THE PRESIDENT

The **Chair** then took up a question submitted for the President, under a long-standing custom of entertaining such formal, anonymous enquiries from faculty members to senior officers, with time for a prepared reply. The question had been circulated but he would read it:

"Thank you for the information (that was presented in the January Academic Council meeting) about the possible formation of a corporation to operate an expanded Duke health system.

"The data presented by Chancellor [Ralph] Snyderman showed convincingly the need for the Duke health system to become much larger if it is to remain competitive and thus viable within the new world of health care, and for the health system to operate as a business. With the experience and depth of talent present in the medical center and its leadership, it appears likely that the corporation will grow to several times the size of the current medical center, and perhaps many times its size.

"The structure proposed was that of interlocking officers and leadership among a parent and a subsidiary corporation.

"My question is whether, as years go by, the increasingly larger size of the health care system will cause (indeed, will force) the corporate considerations required for its management to be the foremost factor in decisions about choice of officers, policies, allocation of resources, or other major aspects of corporate operations, whether owned by the parent or by the subsidiary.

"That is, will the effect (intended or not) of the proposal be that Duke will become a diversified, large, successful health-care corporation, that also operates a relatively small university on the side? And if it is, is this outcome intended?"

Coming to the lectern President Nannerl Keohane said that this is neither the intended nor the expected outcome. But since the question is of considerable importance for Duke's future, she'd like to expand on that answer more fully. Some were perhaps not present to hear Chancellor [Ralph] Snyderman (Health Affairs) speak, last time, so she would briefly remind the Council of the goals we are trying to achieve. As the question indicated, the reason for the development of a DUHS (Duke University Health System) more expansive than the one which was instituted a couple of years ago is that such an integrated health system is necessary to sustain and enhance the educational and research missions of the Medical Center. For example, as health care rapidly evolves, the locations that are needed for effective teaching and research for health care personnel become ever more community-oriented, and appropriate access needs to be available. Second, the development of an integrated health system allows the Medical Center to provide care for the whole person in ways that might otherwise not be available. And finally, given the close ties between the Medical Center and the rest of Duke, the viability of the University as well as of the Medical Center depends on the success of the Medical Center's clinical mission. As health care becomes more market driven and competitive, the Medical Center must develop mechanisms for delivering health care that are sustainable in this rapidly changing market. For all these reasons, both the University leadership and its Board of Trustees have encouraged this development of an integrated health system.

The issue therefore is not whether we need an integrated academic health system, but how to govern it appropriately. It should be noted that the goal of the integrated health system is not simply to have growth for the sake of growth. The strategic plan has a clearly defined and manageable scope that is relevant for the region that it serves, and there are no [expectations] about indefinitely expanding the pieces of the system for the future. We believe that the proposed subsidiary corporation provides the best governance for the clinical delivery and "business portions" of the health system as it grows, which it is likely to do in accordance with our strategic plan. The proposed sub-corporation structure is designed to link the health system firmly with the greater goals and purposes of Duke. It is also designed to allow appropriate representation from the Duke partners in the communities that this health system will bring to this venture. And, it provides a supple mechanism for partners to join the health system, and some of us in fact will help influence this direction.

Given these facts, that the new health system has appropriately calibrated and carefully considered specific goals, which don't include growth into an unmanageably mammoth health care organization; that the governance structure is designed explicitly to retain control over major strategic decisions in the Duke University Board of Trustees; that the proposed Board of the DU Health System would have a majority of members from Duke, at all times; and that the relationships between the Medical Center and the rest of the University are both intricately intertwined and mutually valid, she thought it highly unlikely that the DUHS will become a dominant governance structure that skews the priorities of the rest of the University.

Our planning has in fact been more concerned to prevent another eventuality. We see that the development of the new DUHS health system, with its strong strategic vision and exciting future, will require the development of a strong corporate management structure appropriate to its scope, with interests and concerns that are quite consonant with those of the rest of the University, but quite different in their day-to-day preoccupations. So one possible undesirable outcome would be that the DUHS might over time become more distant and separate from the University, facing outward rather than inward. If that were to happen, the fruitful synergies that have historically characterized Duke ~ synergies of creativity, intellectual stimulation, and mutual support, both financial and administrative ~ would be lost by such a separation.

So, not a dominant health-care corporation overshadowing a small appendage University, but a health care system too far removed from other core activities at Duke would be the unintended consequence we've been trying to guard against. The governance structure is designed to be supple enough to allow this new corporate structure to develop effectively, while also sustaining the ties with Duke University that gives that system its heart and soul, and also, much of its attractiveness to potential partners.

#### Discussion of the Question to the President

Prof. Knoerr said that seeing this question raised to the President caused him to recognize that he could have asked the same question, based actually on a conversation with Prof. Roger Barr (EGR) after the last Academic Council meeting. He had tried to get Prof. Barr to raise the question, "but he won't, so I will." His question was, reflecting on what Chan. Snyderman had said, what if in the Indenture [of 1924], Duke had somehow become the owner of Duke Power. In other words, our Trustees and others could have had to worry about the management of a business as well as an academic institution Prof. Barr had said, and he agreed, that probably the University would look somewhat different than it does today, just because in selecting the Trustees, who are to worry about the management of the whole operation and particularly a business side [much] bigger than the academic side, we might have a different mix and emphasis on the views of the Trustees. There is the potential here, in the new DUHS, for that. If somebody monitors the store, minds what's going on, and follows the suggestions Pres. Keohane had made, very carefully, year-to-year, it probably won't happen. But if somebody isn't really paying attention to the intended way

this [DUHS is to develop], it could easily drift into involvement in the process of selection of the Trustees. The DUHS is going to be a big business, and if the Trustees are ultimately responsible for the financial viability of the business and the Trustees are the largest component of this subsidiary corporation, selection of Trustees will basically be very concerned about that [business responsibility]. That's going to be a pretty important criterion in selecting Trustees. He would agree with what had been said [about the devising of a new DUHS], but somebody really has to pay attention on an annual basis.

Pres. **Keohane** answered that this focus, brought in follow-up, on how Trustees would be selected, and what they will worry about and where their interests would lie, provides an interesting twist on the question. She saw its relevance but believed that the importance of this new Board for the new DUHS is designed partly to avoid precisely that. The fact is that the health care concerns of the Medical Center and its efforts to adapt into this extraordinary market have been so important to the Board [of University Trustees] over the last few years, and have taken more and more of the time of the Board — rightly she thought given their crucial importance to the University — has been that we have seen how valuable it will be to have a separate group which is totally involved in and controlled by the Trustees, but which has other people on it who know a lot about medical centers and are there to give their advice. We already have this in the current, but still recent, Trustee Committee on the Duke University Health System (TCDUHS). We will have [this special emphasis] even more in the new Board [of the new DUHS]. It is right that we will need to think about choosing [some] Trustees who can serve effectively on that [DUHS Board], as on other committees, but they don't have to be people who are interested only in medicine. Many of the people who will serve on that [new Board] will be people who have generalist abilities in management, for example, or who are thinking about strategic decision making which may not have anything in particular to do with the Medical Center and which will be useful as well to other parts in the University. But it will also be important to have plenty of people on the [University Board of Trustees] who understand the other parts of the mission of the University, the academic parts, issues of student life, or facilities, whatever they may be. It's right that we need to be careful down the line to make sure that balance [on the Board of Trustees] is maintained.

The **Chair** remarked, "for the record," that one of the issues in that follow-up question had to do with the [University] Trustee [Screening] Committee, where in fact the Council is well represented. He, as Council Chair, is serving right now in that capacity, together with one other faculty representative, Prof. Craufurd Goodwin (SocSci). There is significant faculty influence on the Trustee selection process, but probably not brought to this Council in a way that is widely understood. However, that element of vigilance needs to be brought to the fore as a concern, and it's wise to be aware of it [on a continuing basis]. Pres. **Keohane** agreed to the importance of faculty representation on that committee, and a strong faculty voice in the Trustee selection process.

The **Chair** also saw another opportunity of faculty influence, and the Council is fortunate to have this meeting before the imminent Trustee meeting, where some of this

might be presented for the Trustees to think about. That was the probable genesis of the Question for the President, which arose via that formal mechanism. If there are other afterthoughts from last time's presentation, particularly relevant perhaps to structural issues, the Council could take time to discuss them now, so that they might enlighten Pres. Keohane in her discussion with the Trustees, and also about any future proposals that might be made. This opportunity is in accordance with the Christie Rule [that faculty opinion be sought in advance of decision about academic matters, and that those opinions be considered as decisions are made]. Were there other follow-up comments, regarding this response or other structural issues related to the presentation last time?

Prof. **Michael Gillespie** (PS, APC chair) was concerned that as [the DUHS] comes to occupy a much larger and more comprehensive role in the local community that it might tend to become a monopolistic provider of health care for faculty and staff at Duke. Or is it still intended that other alternatives for delivery of health care be sought out and offered as choices?

Pres. **Keohane** said that we not only intend to seek out other alternatives, but we should remember that we are part of a region which is larger than our own immediate neighborhood, and there are a lot of competitive institutions in the counties and cities around us. With the development of telemedicine and for-profit managed care she would imagine that competition will be a very strong feature of our future, and there is certainly no intent to impede that competition. It's important to build what we call an integrated system, but we don't want that system either to be a monopoly, or to be perceived as such. Competition, at least up to a point, is helpful as well. She would certainly convey both of those concerns when she reported to the Trustees on this discussion, both within the Academic Council and with other members of the faculty more informally. As people may think of things between now and next Friday, when the Board of Trustees will be discussing and voting on this proposal, please let her know and she would be sure to try and convey some of these concerns.

#### ELECTION OF A CHAIR OF THE ACADEMIC COUNCIL

The **Chair** said that now is a time that he had been looking forward to, for future relief and for renewal of the Academic Council community, the election of a new Chair. As heard last time, two faculty colleagues were nominated and put forth by Prof. Jeffrey Dawson (BasSci), speaking on behalf of the Council Chair Nominating Committee at last month's meeting. The candidates are Profs. Gregory Lawler (MTH) and Robert Mosteller (Law). Along with their agenda the Council should have received brief biographies supplementing what was read at the last meeting. If any members of the Council so desire, those biographical statements can be read again, or is the Council satisfied with the written information? There being no call for such reading, and following procedure, he called for any additional nominations from the floor. Hearing none, the Council proceeded to a ballot vote on the two nominees at hand. Profs. Roger Barr (EGR) and Peter Burian (Humanities, ECAC) had agreed to serve as tellers. They distributed prepared ballots, to be marked and

collected in ten or fifteen minutes. With this process begun the Council moved on to the next item on its agenda and at a later point in the meeting the tellers reported back their results and the **Chair** announced the election of Prof. Mosteller in a close contest, congratulations (applause). He also, at that point in the meeting, congratulated Prof. Lawler, saying that usually when you sit on the other side of the electoral result it's not clear who is really the winner. Actually, being Chair is a wonderful experience, and he wanted to thank both candidates. It's unfortunate that we have to make the choices that we do for Chair of the Council, even in such a close election.

## PROPOSAL OF A MASTER OF ARTS DEGREE IN EAST ASIAN STUDIES

The Council proceeded next to discussion of a proposal to create a new degree, Master of Arts in East Asian Studies. The explanation of the proposal for this new degree was included with the Council agenda. The Director of the Asian/Pacific Studies Institute will be responsible to oversee this degree, but Prof. Nan Lin (A/PSI) is out of town unfortunately, although he did meet with ECAC this week to present this material, in preparation for this meeting. In his stead, Prof. Margaret McKean (PS) will speak to the proposal, after it is first introduced by Provost John Strohhahn.

Prov. **John Strohhahn** was pleased to present to the Academic Council a proposal to create a new Master of Arts program in East Asian studies. It will be offered by the Graduate School under the administrative auspices of the Asian/Pacific Studies Institute. The proposal has been thoroughly vetted by both the Executive Committee of the Graduate Faculty (ECGF) and the Academic Priorities Committee (APC). If it meets with the Council's approval he hoped to present it to the Trustees for consideration at their February meeting, next week.

It will come as no surprise to anyone that East Asia is increasingly a major site for economic, political, and cultural interest. At Duke, we currently have thirty faculty in various departments whose primary teaching and research interests are focused in this area. He was pleased, therefore, that this faculty could enhance the educational opportunities for students who are interested in advanced work. Not only will the opportunities attract new graduate students to Duke, they will significantly contribute to our general efforts at globalization. In addition to a more detailed explanation of the proposed master's program by Prof. McKean, Dean Lewis Siegel (Graduate School) could also respond to questions the Council may have about the program.

Prof. **Margaret McKean** (PS) donned the unaccustomed wireless microphone to say first that the proposed East Asian Studies degree is long overdue at Duke. Top-ranked institutions elsewhere in the country have been offering such degrees, and in Asian Studies more generally, for decades. Our faculty is probably the equal of those in these other institutions, and in some cases we may probably outdo those offering a degree [comparable with that we are proposing]. We really have a broad-based faculty poised and ready to offer this new degree. In the last fifteen years, and partially under Prof. Nan Lin's leadership

during most of that period, we've been concentrating on serving needs of undergraduates and PhD. students in East Asian Studies. But there's a niche in between, obviously, that we have not been able to help, by not having a degree like this. At this stage, it will not take any stretch of our current resources to create a degree for people in this MA niche, and in fact they could fill available spaces in courses we already teach. Our East Asian library collection serves faculty and advanced graduate students, and could easily serve MA students as well.

The proposal brought before the Council involves creating a freestanding MA degree, and also a significant [opportunity] for East Asian-specializing PhD. students to document their East Asian expertise along with the PhD. itself. Two kinds of students are envisioned who would receive this degree. One would be professionals intending careers in law, business, diplomacy, journalism, and even some of the sciences, who need to have East Asian expertise. They will be people expecting to work in East Asia or with firms or agencies that deal some of the time with that part of the world who simply need some form of formal documented training in East Asian Studies as part of some sort of broad interdisciplinary base. In addition we anticipate serving another group, future PhD. students who know they want to do work in East Asian Studies and know that East Asia will be the geographic focus of their work. They can save some time by doing course work for an East Asian MA, along with an opportunity to select the more precise discipline or area they might choose later. We anticipate such students applying to PhD. programs here and elsewhere afterwards.

We get 40-50 inquiries a year about [these possibilities], and are very sorry to have to say that there is no such degree here. There would be applications right away. While we expect the program to grow slowly, we know that there is substantial potential for great growth in this area. The requirements we have set put us midway in the path in terms of demand, three years of language work, in courses. We would expect most of the students coming in to have a great deal of language work already. Some of them might have actually acquired considerable proficiency in relevant languages. And then there is to be a research project that they would submit at the end of the program, done within what is being called a capstone course. This project could be approved by a committee consisting of appropriate academic advisors, two others, and integrating synthetic kinds of experiences. Project work would not be done wholly in the library but would involve seminar sorts of independent work, built around perhaps a theme. If the program grows substantially, there could be multiple tracks and multiple capstone courses with clusters of students focused on specific study [emphases]. She would be ready to answer questions at this point.

### **Discussion of the Proposed MAEAS Degree**

**The Chair** had one quick question. Are infrastructure resources such as our library holdings understood to be adequate both in quality and amount? Prof. McKean said absolutely. We do a good job with the [undergraduate and doctoral] students we are now serving.



While inviting further questions the **Chair** also introduced a resolution drawn up by ECAC reflecting the discussion there and in the APC and the ECGF. It had been brought as a handout and he would read it after calling on Dean Siegel to speak to the importance of this new degree program to the Graduate School, documented as well in a letter included with the agenda.

Dean **Lewis Siegel** (Graduate School) emphasized that this proposal has been thoroughly vetted in a history running in fact slightly over two years from its initial proposal through the processes of the ECGF. It was modified [to final form] by some recommendations coming from the APC, which were incorporated in the final proposal. These modifications had in fact caused the ultimate delay in getting this matter before the Academic Council because he had insisted that even the technical wording of any amendment be approved by the ECGF elected in January, which they did, providing for a now fully approved proposal before the Council. It may be useful to point out that this degree program will represent a sixth such program focus in an area of the world for which the Graduate School offers a degree or a certificate. It is comparable with our long-established certificate and/or degree credit in Canadian, Latin American, Slavic, Eurasian, and Eastern European Studies, with of course PhD. programs in German and in Romance Language Studies areas. East Asia is an area of clear investment emphasis in terms of faculty and other resources, providing a sound basis for the proposed degree program.

Before relinquishing the floor, from his vantage in the back of the hall, and in view of Prof. McKean's department, Dean **Siegel** noted that it will be announced that Political Science is in eighth place in the *U.S. News & World Report* ranking, so we now have yet another department at Duke that has moved into that top ten group. Remarking that perhaps it's time to convert the *U.S.N.&W.R.* into a scholarly journal, the **Chair** called on Prof. Michael Gillespie (PS) for any comments he might have about the proposed MAEAS, as chair of the APC, but **Gillespie** preferred simply to respond to questions.

Noting that the proposed program anticipates that students are expected by and large to be able to pay their own tuition and expenses, Prof. **James Rolleston** (Humanities) asked about students who can't. What are the criteria for accepting them with support? How will the selection process take cognizance of this possible need? Dean **Siegel** answered that while master's programs *per se* do not offer financial aid, this program will be like the others in that 50% of the tuition revenue from the program will go back to the program for support of graduate students and related programmatic costs. Some financial aid will be possible thereby, although obviously not the whole cost. Of the kinds of individuals proposed as likely to pursue the MAEAS certainly a primary group consists of people in professional schools who will be taking joint masters degrees in this specific area, as another option under the JDMA (in Law), say, getting an MA in something else which they've already paid for.

Prof. **Robert Healy** (NSOE) said that the Nicholas School has joint degrees with several other schools, and typically the relative number of courses for the MA is twenty-four units rather than [the thirty units for an independent MA]. Are the various committees that

have considered the substantive requirements for this proposed degree satisfied that essentially eight courses are sufficient in this area? Prof. **Gillespie** said that the APC had considered this matter, comparing with other requirements in other programs, and had concluded that this program was above the average in terms of its requirements. They had asked that the core course be designated, to hold the program together, and that was done. And the capstone course with the research requirement was added, also to fix and guarantee [the rigor of the program]. The APC was fairly confident that this was going to be a reasonably rigorous program. Obviously, we might all like to see more work at this level, but what is currently proposed is within the realm of quality programs in this area, as rigorous [as any]. **Healy** said that he was speaking specifically about the joint degree, though, with a course reduction not mentioned in the text. Dean **Siegel** pointed out that the text of the proposal says that this is the kind of thing the details of which are generally negotiated once the degree is approved. Here's what would happen, as happens with nearly all of our disciplinary joint degrees. With Law, for instance, it would be important that the two law courses that are counted in fact be demonstrably relevant to this study and that's usually very easy to do. The **Chair** remarked that many were impressed with the breadth of the pertinent courses that are already offered in the graduate program. Were there other questions?

Prof. **Jeffrey Dawson** (BasSci) had a motion to propose. Since there seemed to be no significant controversy concerning the creation of the degree, and since the Provost suggests that it be given priority consideration in relation to a deadline for notification of several applicants for this fall interested in whether there will be indeed an East Asian Studies program, the Council could consider expediting its approval. He moved **that the Academic Council waive its normal [procedure] that a new degree not be [approved at the same meeting where it was introduced], [i.e.] that the Council vote on this degree proposal today.** Prof. **Miriam Cooke** (Humanities) seconded the motion. The **Chair** reminded the Council of the normal procedure, which this motion proposed to forgo in this instance, based on urgency in relation to the academic calendar, as he understood the proposal. But first he would read the draft resolution of approval of the MAEAS degree, as follows:

**"WHEREAS, the Graduate School has proposed the creation of a degree of Master of Arts in East Asian Studies under the auspices of the Asian/Pacific Studies Institute, and**

**"WHEREAS, the proposed degree program has been reviewed and endorsed by the Executive Committee of the Graduate Faculty and the Provost's Committee on Academic Priorities and is supported by the Dean of the Graduate School,**

**"BE IT RESOLVED, that the Academic Council approves the establishment of the degree of Masters of Arts in East Asian Studies.**

That's the draft proposal, subject to further discussion, whether the Council decides to vote on it today or at another meeting. Ruling that the procedural change should achieve a 2/3

majority he called for a show of hands of those favoring and then those opposed. [The Council was essentially unanimous, in the affirmative.] The motion was declared to have **passed**. After inviting any further discussion of the resolution of approval, and there being none, the **Chair** proceeded to the vote on the resolution itself, which also **passed**, by voice vote without dissent.

## UPDATE ON PLANNING FOR THE CAPITAL CAMPAIGN

The **Chair** remarked that the Council was now coming to a very important and long-awaited agenda item. Many faculty over the past several months have asked if there might not be some discussion of the Duke Capital Campaign planning process. The Provost's Office and the President's Office in discussions with ECAC have talked favorably about the process, and have encouraged that [more public stage of] discussion [before the Academic Council ]. Those involved in actually planning and running the campaign, Sr. V. Pres. John Piva (Development) and Assoc. V. Pres. Robert Shepard (Campaign Exec. Director, Development) have been enthusiastic [in their discussions with ECAC] but as is well known there are several stages in such a Campaign and the question was when is the best time to talk about it more openly. That best time may be now, and we're really delighted that we have this opportunity. As he understands, from a flurry of e-mail messages about this agenda item just this week, Prov. John Strohbehn will introduce the matter.

Prov. **Strohbehn** said first that there would be either a three or perhaps four-part presentation. He would start off with some general comments, pass it on to V. Pres. John Piva who would in turn pass it on to Assoc. V. Pres. Robert Shepard, and then he himself would come back and talk about some of the academic priorities. Certainly, it's no secret that we've been preparing for the Campaign now for some time, and most will know that there is a private stage to a campaign and a public phase. We are still in the not-so-quiet private stage. A first question, naturally, is why is such a campaign critical for Duke [at this time]? He had an overhead to illustrate the situation. [TAPE TURNS] Why we need a campaign is clear from some comparative figures on [yearly] income from endowment: \$175M for Harvard, \$70M for Cornell, and only \$35M for Duke, even including the Duke Endowment income. In terms of endowment income per student, Princeton and then Stanford are out ahead, far ahead of us. Endowment money is hard to raise, a reason why we are still in our silent phase. This is an era of billion-dollar campaigns. Yale's recent \$1.7B effort is the largest-ever campaign completed so far. So in our campaign we are thinking within that general scale, with V. Pres. Piva tending to be "realistic," and with himself as Provost tending to push the limits. The Campaign will be comprehensive, including all the money raised by all the units, including the schools and the Medical Center, and including restricted funds and the Annual Fund. The current silent phase is a time of setting priorities and deciding the particular areas and facilities for which the new campaign would provide. There has been considerable consultation with Deans during this process. It's also a time of testing the waters [among donors]. John Piva and Robert Shepard have been logging a lot of miles attending Presidential dinners and events arranged to test those potentials.

Sr. V. Pres. **John Piva** (Alumni Affairs, Development) began by remarking that the Provost was taking over [former Pres.] Terry Sanford's role of reminding him that "this ain't going to be no piddlin' small campaign." The Provost's chart of comparisons presents our defensive position, and any campaign has both defensive and offensive aspects. Our traditional sources of support in tuition, government and corporate grants, and the Medical Center [clinical business] will be leveling off and we need to increase our spendable dollars from endowment. That's our defensive position. The offensive side really came out of this room, back when this Council was exploring the needs and ambitions that led up to the strategic plan, "Shaping Our Future," [coincidentally with the advent of Pres. Keohane]. The five goals of that plan amounted to half a billion dollars, or more. We employed Carol O'Brien & Associates, a consulting company coming off a \$ 1B campaign at Cornell and high-end experiences at Penn, Harvard, and Michigan. They interviewed some hundred people, here and among our potential donors, and presented some recommendations. The first was that we do a comprehensive campaign, counting everything, from endowment to current operating funds, unrestricted funds, and facilities. The second was that it be a University-wide campaign. Third was that we look at a timetable of two to 2.5 years of this quiet phase, and five years of public phase. They suggested that a goal of \$750M to \$1B was possible.

So, we then considered whether we were really ready for that, and put in place the organization to do it, some seven University-wide task forces to look at the things like staff training and volunteer training, plus the management of public relations, and also looking at our implementation systems. With those things then in place we started the meter running, on January 1st [1996], looking for 40% of our *ca* billion-dollar goal in the quiet phase. In a two-year period we are trying to do what would normally be done in seven: \$218M in new endowment funds, \$33M in unrestricted operating funds, \$170M in current ongoing programs, and the completion of several facilities: Recreation Facilities, the Center for Jewish Life, a Children's Health Center, and the new Gardens project.

While advance solicitations are going forward the Provost has been working with the senior officers, the Deans, and faculty, on the particular goals and priorities for each school, including projects across school lines. We have put together a national steering committee, headed by Peter and Ginny Nicholas, benefactors of the Nicholas School. Its members have million-dollar potential, setting the case for supporting Duke, "to tell the outside world," and reporting to the Trustees. The schools have similar committees in place and are working with their own Boards of Visitors.

So, where are we? We go to the Trustees in May with our recommendations, expecting to be at 113% of the nucleus fund goal of unrestricted funds. That's the easy one. Unexpectedly, we're at 101% of our facilities goal, absolutely on track, but endowment giving is at 80% of where we want to be in May. That's the tough sell. To reach the campaign target for the endowment we're looking to raise some three times what we've been raising in the last seven years. Why he thought this campaign is going to succeed, and how it differs from previous campaigns, involves three elements: leadership, a real understanding

of what campaigns can and cannot do, and looking at our alumni pool prospect. For leadership, start with the Trustees, who are embracing this campaign in a way he had not seen before, and Boards of Visitors have done the same. This is not Nan's campaign or John's campaign or Bob's campaign, it's the University's campaign. The leadership of the Deans is outstanding, and that of the development staff, including the development staffs for the schools. They're doing solicitations that are very aggressive and very successful. The development staffs include top-level people who have experience in other ways and other campaigns: Bob Shepherd [with the campaign at Penn], Joseph Beyel in the Medical Center, with experience from the Michigan campaign, and Linda Steckley in the Law School. These are people who have been there, who've done it before, and who know what works and what doesn't. And when you consider their experience at this level, combined with the experience and knowledge that the staff like Susan Ross (A&S, TCAS) brings, we're really poised to do a very good job in terms of leadership.

He also felt strongly that people understand reality, that not all boats rise with the tide. There is understanding that we really have to focus on very clear priorities, those that are the core of this place. We need to understand the slow rise in return from million-dollar pledges that are paid over four to five years. It takes time for them to be fully paid. And, endowment once in hand is under a spending rule.

In terms of our prospect pool, [our alumni group] used to be a liability for us, too recent to be generating the \$100M gifts. But they are emerging now as leaders of business and professions, emerging in very exciting ways as you look around the country. We can identify key alumni, 189 Duke people — real people, alumni, parents ~ capable of \$5M gifts, with 310 at the \$1M level and over 1100 at a \$100K level. That level of total support is there for us if we go out and do our best to invite it.

Assoc. V. Pres. Robert Shepard (Campaign Director) would talk a little about what's next in the Campaign in terms of planning and our trying to pull it all together so we can announce it publicly and move forward this fall. The timetable in brief is that in a few weeks, the Trustees meet in a retreat, a part of which will focus on the Campaign and specifically the messages involved. What is the case for the Campaign, and in preliminary discussion what should be the goal for the Campaign? The Trustees will be brought in in preparation for their May meeting, which he would get to in a minute. In April, the Campaign Steering Committee, mentioned by the Provost, will spend two or three hours in a discussion about the goals of this campaign. Is it to be \$700 million, \$800 million, a billion, is it a billion 2, or is it perhaps a billion 3 dollars? What does the history of our fund raising at Duke show? What are the experiences or successes with the nucleus fund [of the quiet phase], and what do they illustrate for us? And then, what kind of "stretch" can we make in this campaign, hopefully attainable but at the same time a stretch for us. That's in April. Ultimately, in May, the Trustees will approve a preliminary goal for the Campaign and the priorities will be shared with them. And then in the fall, in October, we will launch the campaign publicly. There will be a weekend, October 2 and 3, where the University community will join with our volunteers, alumni, and other friends, with a series of events.

At that time the Campaign will officially move from the two-year semi-quiet phase to the five-year public phase of the Campaign and we all will be spending even more time on the road asking for five-year pledges. What do we do in the next few months to try and pull it all together organizationally? He had a few things to add to those already mentioned by V. Pres. Piva. Shortly, the Provost will be sharing the current state of the priorities [that will underlie the Campaign]. It is decision time for us in terms of those priorities that will go in to this campaign and be a part of it. Obviously, 80% to 90% of those priorities won't be a surprise: what may Duke do in terms of our academic mission, faculty support, and student financial aid? Yet there are certain things we'll [add] programmatically and certain things in terms of facilities; the final decisions on those specific priorities have still to be made. We are meeting with the Deans and meeting throughout the University [community], to give final shape to those priorities, which (again) are shortly to be discussed.

Secondly, there's the volunteer organization. As a comprehensive campaign, this Campaign will include every School and all units of the University, and thereby some thousand volunteers. V. Pres. Piva mentioned the Campaign Steering Committee. Each School has a Board of Visitors or else a Campaign Committee. A number of the other units do as well. The regions of this country are being organized to pull that all together so that, come May, the volunteers will be able to make the case for the Campaign as they go out and solicit others, with our volunteer organization in place.

Thirdly, there's the case statement. One of the difficulties of a comprehensive campaign is that we have to try and distill some five thousand academic programs and priorities into a case that a volunteer can make. We have what we call an elevator exercise: whether you can in fact convince another alumnus/alumna about the value of supporting Duke in this Campaign during the opportunity of a ride from a first floor to the ninth floor. We have to pull that message and those themes together. A lot of what we're doing in terms of building a case with this Campaign, and using the volunteers as we go forward, is in fact to try and shake and pull out those themes and messages into the Campaign themes.

Setting the goal is next. As mentioned, the Campaign Steering Committee meets in April. He got questions and calls from the press sometimes, not believing him when told we don't yet know what the final goal of this Campaign is going to be. But that is the truth. As V. Pres. Piva mentioned earlier, we have to take a look at our past successes and we have to make a projection into the future in terms of what is possible for us, in terms of capacity, and in terms of what we think is a stretch for us and yet hopefully is attainable. So in the next few months, we have to come to grips with that decision about the big number, after each of the Deans and each of the Schools and other units has done the same thing. And that's going to occupy a lot of our time as we ask some of the hard questions and try to balance what we see out there in terms of the money and in terms of the aspirations everyone has.

And finally, we're preparing already to the kickoff event itself. It will include of course the public announcement, made in a press conference. It will also include a

celebration. We intend to include faculty and student input into symposia as we bring many volunteers and alumni back to campus to try and give them a sense, at least for a day and half, of some of the intellectual vitality of this place, give them some motivation to go out and raise whatever the final dollar goal is. That's the timetable, and a bit of the context. It's a very exciting time, and one which hopefully crescendos, come October, and then we can go out and spend five years raising one heck of a lot of money in endowment and support for Duke. He proposed to be around for questions, along with V. Pres. Piva, after the Provost had updated the current thinking about priorities.

Prov. Strohbehn wanted to talk about the major priorities for the Capital Campaign, in a broad sense, not in great detail. As everyone has stated so far, we're still trying to decide how much we should be going for. We certainly do have a major goal in mind, but there's going to be a lot of fine tuning. What we're going to be presenting [as the figure and as the priorities] in October will certainly be somewhat different than what he would be talking about today. Clearly, as was stated, some priorities of the Campaign relate to goals for the whole University, even as these spin out among the Schools, and into faculty chairs and financial aid. Some monies are to be raised primarily within the Schools, and others more with central administration. For example, in talking about faculty chairs and in talking about financial aid, some of those monies are going to be raised primarily within the Schools, while others will be raised with [more participation by the Development staff] and the central administration.

As already said, endowment is really our primary priority, in a sense that [how much endowment we can raise] is going to tell us whether we're successful or not successful. He showed a pie chart, looking at the University as a whole, to illustrate that we are hoping that about 45% of the monies raised in this Campaign will be for the endowment. The impact of that [much new endowment], if we're able to get to something on the order of a billion-dollar Campaign, is that we would be increasing the endowment of the University probably on the order of 45%, from our endowment of about a billion dollars today, with a really significant impact on our resources as a University. Within that endowment area our number one priority is going to be for faculty — faculty chairs and faculty enhancement. About 20% of the endowment [part] of the Campaign we hope will go into the endowment for faculty positions. There are a couple of reasons for that. One of course is the expected reason of having more resources so that we can have a strong and vibrant faculty and opportunity to increase it. But a second reason is also important. Looking at the number of chairs that Duke has compared with what other institutions have, we have generally fewer. One of the [resultant problems] that the Deans have is that if somebody gets offered a chaired position from another institution, the Deans don't have a chair at Duke to offer, because our endowment is smaller. Arts & Sciences, for example, has about 450 tenure-track faculty, and about 55 chairs, which means that only about 12% of the faculty in Arts & Sciences can hold a chair. Most of the schools that we consider our competition have at least 20% of their senior faculty holding chairs. So one of the main objectives in this Campaign is to increase the number of chairs that Duke is able to award. As Council members know, we have two types of chairs right now, basically. One is our regular chairs, related to the

Distinguished Professors Committee, and clearly we want to increase the number of chairs for that group. But as is also known, there is now in addition the program of Bass Chairs, which is starting for Arts & Sciences, Engineering, and the Nicholas School of the Environment. The Bass Chair Program has been very successful already, and will bring in about 40 million dollars worth of endowment. That goal is one which shows every promise of being attainable.

We are talking about whether there should be a set of chairs that can be called University Professorships, but haven't made any final decisions about that as yet. They would be designed for recruiting senior faculty whose efforts and interests are interdisciplinary, chairs for faculty with responsibilities in two or more schools, something that is under consideration as we move toward decisions about the priorities to be finally set.

The second major area, which is about 13% of the total Campaign goal — all of these numbers can change -- is financial aid. Financial aid is an issue for all of the schools, and obviously a major consideration for the undergraduate education. Princeton, for example, has a hard time using all of the income from their endowment for financial aid. So this is going to be one of our major objectives, to make sure that any student can afford to come to Duke. It's an issue not only for Arts & Sciences but for the other schools as well. This whole financial aid area has actually been further impacted, just as we've been going through this process. As has been indicated in the news lately, three universities -- Princeton, Yale, and Stanford — have now [announced] undergraduate financial-aid packages that will no longer include a loan component; they will be covering that loan part with a direct grant-in-aid. That means that from a competitive point of view Duke is now going to be in [an even] less advantageous position. If this Campaign is successful we would hope that is something we'll have a chance to respond to. With respect to financial aid, we really have three types. There is what we call purely need-based financial aid, a certain amount of merit financial aid such as the A.B. Duke and the B.N. Duke and the Reginaldo Howard Memorial Scholarships, basically given on merit, and also athletic scholarships. All of those represent different packages of endowment, and [all three] are going to present a substantial part of what we're hoping to achieve in our fund raising.

A next area that is very important to us, still in the financial-aid area, is graduate fellowships. We pay very little [from] endowment towards graduate fellowships in general. Most universities find that a hard area [in which] to raise money. We have a pretty aggressive market [in graduate student recruitment] and we're hoping that we can be successful in that area as well, helped in priority by the quality of the graduate students [we can attract].

The next area, a pretty small percentage of the Campaign total, will include things such as global initiatives, areas that hopefully will be taken from the unrestricted endowment for interdisciplinary types of activities. These could be any number of things, some of it interdisciplinary, while some of it could be international activities, basically in the area where there is support for most Schools, and make that one of the priorities. But it's also a



sensible priority to give flexibility within this rather general area. Interdisciplinary activities clearly represent an area that will be most essential for monies to go, especially central monies, and they will be used to foster programs between the Schools. That's another one of our priorities and goals. We also hope that we will be successful with unrestricted endowments [yielding] funds that will be used at the senior officers' level, to be able to respond to opportunities without having to go to the Deans [to ask for help]. We are hoping that senior administration could also [relate to] unrestricted endowment, where we will have these types of opportunities.

The last area among our priorities under consideration is facilities, already briefly mentioned. When we started looking at the Campaign our objective was not to make this a facilities campaign. That we [are in] a period when there is going to be a great deal of new building [is possible], but this is not a primary objective of this Campaign. Nevertheless, we know that there will be a number of projects that are ongoing, for example, the Recreation Facility, including the Wilson (West Campus) Recreational Facility currently under construction. There's the Center for Jewish Life, all projects which will have fund raising [still moving forward] while they are under construction. There are projects such as the Richard A. White Lecture Hall, which has been agreed to, and for which we're trying to raise money. Some areas of the Library are a priority, and there are other areas we're still discussing and which some think we should or shouldn't make a part of the Campaign. These facilities concerns will be settled over the next several months.

If we look at the way the resources will be distributed, clearly, the Medical Center is a big part of the University. It will represent around 42% of the Campaign, although these numbers will all change to some extent. But obviously the Medical Center is going to be a very large part of this Campaign. Arts & Sciences, given its size, will represent about 25% of the Campaign, University priorities [about] 10%, and the rest of the Campaign total is pretty much based on the size of the [relevant] population of the faculty at Duke.

In summary, then, there has been a great deal of careful planning, and we need to thank John Piva and Robert Shepherd in particular for the leadership they have taken for this activity over some number of months. We are well on our way. Secondly, there will be a lot of fine tuning and none of those numbers will be the same by the time we have this final recommendation to the Trustees. We're at a point where the Deans have been talking to the faculty, or will be, about the priorities they see from their perspectives. That's easier to do in some Schools than in others. From the point of view of the Law School, they are well along in that process. Obviously, Arts & Sciences has a larger challenge in trying to have this discussion [of Deans with faculty] so that the faculty will have input into the final decisions that are to be made about where we will be looking for resources and how we will [go about it].

## Discussion of the Capital Campaign Planning

Prof. **Kenneth Knoerr** remarked that he had seen a list of the priorities under consideration and was really surprised that the Center for Jewish life was on that list. Has the University supported other centers for religious life in the past? He thought we've had others, although not sure if they still exist. Having been on a siting committee of the Committee on Facilities and Environment for [the Center for Jewish Life] he was quite familiar with it. But, he thought that it was raising money on its own. He was wondering if [including it in the Campaign] might be opening Pandora's Box, because there are lots of things [that might ensue]. There's Islamic studies and lots of other religions that might like to have centers, too. If the University says yes to one, and is going to help raise money for one, it's pretty hard to say we won't do that for [another religious life center].

Prov. **Strohbehn** said that the inclusion of the Center for Jewish Life had a history; it was his understanding that the fund raising for it was fundamentally finished, but that there will be some monies coming in. V. Pres. **Piva** added that the fund raising for that Center was actually done by a Board for the Center for Jewish Life. **Knoerr** said he was familiar with that. **Piva** further explained that because they are approaching Duke alumni and Duke parents, we really needed to bring that [activity] into the whole system for management of prospective contributors. We certainly didn't want them [the Center fund raisers] out raising money from an individual whom we have targeted for a chair, while their target has been the Center, so we need to have their efforts coordinated through the Campaign. It's more a matter of coordination. **Knoerr** interpreted that as a matter of telling them whom they can or cannot approach. Or negotiating whom they approach, **Piva** clarified. Prov. **Strohbehn** remarked that there's a similar situation also in the Duke Gardens, and **Piva** remarked that there have been other efforts in respect to religious centers in the past. Jordan Building, for example, [was originally built as a Methodist Student Center]. And there was or is a Baptist Student Center [was, it's now the Ronald McDonald House]. There is some precedent for [fund raising for such purposes].

Prof. **James Rolleston** wanted to hear a little bit more about that enormous element on the pie chart, namely the Medical Center. It's purely a matter of information as he thought about the Medical Center, but isn't there an enormous amount of building that has been going on already? Also, he thought research in the Medical Center was very much sponsored [by and large] by government and other funding agencies. He thought of professors as being clinically supported [in substantial part]. Obviously, there are huge needs, but how do those needs relate to those [figures on that sector of the pie chart]?

Prov. **Strohbehn** said that first of all, that pie chart referred to is for endowment, where federally sponsored research does not figure. The area that is called sponsored research will be reduced, representing really monies that come in by way of the Medical Center, not just for the Medical Center, but gifts as they come from corporations. There is a middle ground where discussion among the President, himself as Provost, and V. Pres. John Piva, etc., will decide whether fund-raising opportunities should go for the Medical Center,

or for Arts & Sciences, or elsewhere. We have a process for looking at those [potential donors] and saying these are the ones we think should be for [this part] of the University. It's not sponsored research in the sense that a scientist would think of sponsored research. There are really monies that come in to places like the Medical Center, by way of the Medical Center, not just for the Medical Center. But it's certainly right in respect to faculty; they will certainly have less money [available by that route]. [TAPE CHANGED] There is certainly a middle ground where there can be discussion particularly by the President, himself, and John Piva, etc., where we feel somebody has the opportunity to go in behalf of the Medical Center or Arts & Sciences or some other places, a process of looking at those individuals and saying these are the ones we think should be [approached for a specific giving purpose] by the University.

Pres. Keohane wanted to add a footnote to Prof. Rolleston's question. One of the things that is important to the Medical Center in this Campaign is that the clinical revenues that might have supported education and research in the past are, as Council members know from the presentation in January, under considerable pressure. So the Medical Center's expectation in raising more endowment, for example, is to endow more faculty scholars, support more financial aid, and support more research. They cannot expect in the future that clinical revenues will flow towards [these purposes] as they have in the past. That is one large portion of what we're doing. It's also important that in the Medical Center, as in other Schools, some of the things which they are supporting benefit not only the Medical Center. They are very interested in work on genetics, for example, and cognitive neuroscience, things which are being done in partnership with the rest of the University. It's a little hard sometimes to parcel out those numbers to [represent] faculty.

The **Chair** asked V. Pres. Piva about the hysteresis [lag in effect] of money that comes in from a five-year public campaign. When does one start to feel the full impact of a successful campaign? Prov. **Strohbehn** said that for all the monies that are not endowment the effect is seen immediately. So annual funds, restricted funds, and the like, those are things seen immediately. In financial aid, generally you'll see the impact at least in the [midterm] as well. Obviously, for things like chairs, where the donors say they want to pay the amount of the endowment over five years, it's going to be five years before one sees impact. That's the reason we don't count more than five years in contributions to pay-off [term]. So you actually start seeing the bulk of the impact after the campaign.

The **Chair**, on behalf of the Council, expressed appreciation for this briefing on the current state of planning of the Capital Campaign. Faculty should feel encouraged to go to their departments and deans and work hard on the Campaign. With the hour quite late [5:20 p.m.], and the Samuel DuBois Cook lecture beckoning, the motion of people ~ rather than the motion of hands in respect to a motion to adjourn— was taken to signal the adjournment of the Council.

**Prepared for consideration by the Academic Council,**

**Donald J. Fluke, Faculty Secretary of the Academic Council.**