

## **Annual Report to the Faculty**

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I am pleased once again to present this annual report to the faculty of the University.

### **I. The Continuum of Scholarship**

As many of you are aware, our decennial reaccreditation is scheduled for 1997-98. Professor Philip Stewart, who will be reporting to you later today in Academic Council, chairs the steering committee, staffed by Vice Provost Judith Ruderman. The committee is preparing a background self-study on Balancing the Roles of the Research University. The emphasis is on the unique opportunities provided by a research university for participation in scholarly discovery -- through both research and teaching -- for members of the faculty, graduate and professional students, and undergraduates as well.

In principle, the broad range of academic experiences in a research university should infuse and strengthen one another. Sophomores who have just chosen a major ought to have an invigorating sense of the excitements and rewards of their new discipline, of the questions that are most basic to its enquiries and the distinctive methodologies it uses to find answers. Such a sense can be conveyed not only by professors in the classroom, but also by advanced undergraduates and graduate students, in settings where such mentors function not just as traditional TAs, but as colleagues and guides in the adventure upon which the new majors have embarked.

Professional students who have chosen a vocation ought to have a chance to talk with other professional students who have made different choices, to discuss common challenges and prepare the ground for collaboration in tackling vexing social problems down the line. Members of the house staff in the Medical Center who are encountering daunting legal and ethical questions in the profession they have chosen, or are boldly envisioning a speciality practice that will bring them patients from around the globe, ought to have a chance to talk with those who wrestle every day with thorny topics in law and ethics, or who have deep experience in the international arena. Emeriti professors should have the opportunity to share the fruits of their wisdom with first year students bewildered by the novel aspects of an academic setting. The list of what ought to be goes on and on.

Unfortunately, the demands and pressures of the contemporary university make it very difficult for scholars at different stages of their careers to communicate in these ways. We are subject to regimens which provide little time and few incentives for venturing outside the boxes in which all of us find ourselves on campus. Through our reaccreditation self-study, I hope that all of us will be motivated to think about how we might give more meaning, for ourselves and our students, to the rich continuum of scholarship that exists at Duke.

### **II. Research and Teaching**

In my convocation address to the members of the undergraduate class of 2000, I used the theme of time to organize my points about the pressures and opportunities first-year students will face at Duke. Certainly, in addressing my colleagues on the faculty, I am even more mindful of the exceptional pressures (as well as opportunities) you face in deploying your time each day, each week throughout the year. You face multiple tradeoffs in university, disciplinary or department service, community and volunteer activities, patient care or clinical or consulting work, time with one's family and friends. But I want to note especially the tradeoffs between teaching and research, or among different kinds of teaching, or different forms of commitment to research. The time spent rewriting a lecture, or mentoring junior majors in their fledgling research interests, is time not spent on the laboratory bench or preparing that paper for the next scholarly conference. Yet far from being fundamentally in conflict, the two enterprises are closely akin, and spring from the same root motives and

ideals.

At certain points, for many professors, a research project entails an intensity and immediacy that make it dominant over everything else in life. At other times, with a new course or a particularly exciting group of students in a seminar on a topic one feels passionate about, teaching provides the same kind of total immersion and reward. But the sense of scholarly excitement is the same in both instances, and the fruits of one kind of passionate involvement fulfill and deepen the other. And in a research university there are especially good opportunities for the two activities to blend in a rich continuum of scholarship.

Thus, although there are real tradeoffs in the use of time for any scholar, there are multiple ways in which teaching and research enrich one another throughout a scholarly career. Our goal should be to create an atmosphere in which all faculty members are encouraged to take seriously both their teaching and their research. This requires more than rhetoric; it means providing the resources and incentives that make it possible, realistically, to do both well.

In support for teaching, we have created the Center for Teaching and Learning, to help members of the faculty in Arts and Sciences and Engineering think in new ways about how and what they teach, and graduate students learn about pedagogy from some of Duke's best teachers. The Provost is establishing a task force to consider how we might evaluate teaching more effectively, in order to assess it with greater confidence in our tenure and promotion decisions. We encourage chairs of departments with a well-earned reputation for supporting and mentoring all their students to share some of their strategies with others. Through financial support for imaginative and successful programs such as the freshman FOCUS program, senior capstone seminars, supervision of student research and the Faculty Associates Program, we want to make it possible for more faculty members to participate in ventures that renew one's sense of the exciting dimensions in teaching in and outside the classroom.

In research, we are encouraging interdisciplinary initiatives that may secure funding from new sources, especially from corporations. Under Charles Putman's direction, we are also expanding the support provided by the Office of Research Administration and Policy, in sharing information about funding opportunities and workshops for faculty members to improve proposal writing skills. Along with our colleagues on other campuses, our educational associations and some new organizations such as the Science Coalition, we are working hard to remind the Congress and the Administration that sustained federal investment in science and research is crucial to our economic strength and the health and quality of life of people around the world.

I know that many of you have been involved in these efforts through your own scholarly and scientific societies. This is time well spent; these combined efforts have helped head off some of the most draconian cuts in research support. Funding for NIH in particular, and NSF to a lesser degree, have been protected, although research in the mission agencies and the National Endowments has been hard hit. It is crucial that these efforts to make our case in Washington continue unabated; the struggle has just begun. And it is equally crucial that faculty not be discouraged, that you be aggressive in seeking extramural funding to support your research in order to sustain Duke's own scholarly endeavors.

Several parts of the university provide crucial academic resources for both research and teaching, including the library, and information technology. (Parenthetically, since this is the first meeting of Academic Council for that new Librarian, I want to make sure that all of you have a chance to meet him, and to welcome him at the reception after Academic Council. David Ferriero...) We are aware that Perkins Library needs to be rethought and reconfigured to make it more user-friendly and to deal with the present pressures on space. And we have received a planning grant for 1996-97 designed to help all of us at Duke think more boldly about the use of information technology in teaching, to share ideas and develop new resources.

The magnificent recent gift by Anne and Bob Bass is designed to honor members of the Duke faculty who

manage to pull it all together, to excel in both teaching and research. There are many such professors, in every school, and we want them -- and everyone else -- to know that they exemplify what Duke most values. These chairs will be held for a term of five years by associate or full professors who teach undergraduates in any discipline, chosen by a committee which is now being formed. The chairholders will gather occasionally in the Bass Society of Fellows to talk about issues in undergraduate teaching and research, and invite others who care deeply about these topics to join with them.

The generosity and creativity of the Bass's \$10 million gift allows us to challenge potential donors of chairs by matching their funds with \$1 for every \$3 they donate. Each chair will bear the name of the specific donor. Three chairs have already been pledged by enthusiastic Duke supporters, and we expect to name the first chair holders within this academic year. Since most of the chairs will be held by current members of the Duke faculty, a significant portion of the salary funds released by the new professorship endowments will be used to support some of the initiatives for improving undergraduate education that I sketched out above.

Dedication to imaginative teaching has been one of the hallmarks of this university across the years. In my conversations with alumni, I am struck by how frequently they mention specific professors they remember with affection, nostalgia and a kind of awe. This is true of all colleges and universities to some extent, but I believe that it is especially powerful at Duke. We have a rich heritage of great and dedicated teachers who helped define this university, and it is our responsibility to continue this tradition.

John Franklin Crowell, president of Trinity College in the late nineteenth century, spelled out an interesting ideal for teaching in this university. Although he presided over a college still focused almost entirely on its duties to rural North Carolina and the church, he foresaw a university that would build upon and transmute those strengths into something broader. This is part of his description of his vision, expressed in 1891:

This new university is to be a teaching university in the fullest sense, in and out of its walls. It proposes to itinerate, to carry the university to the people if the people do not come to the university. It may be a joyous hope to hear that no age, sex or condition will debar anyone from being aided by this institution in the pursuit of knowledge at their own firesides or in their own villages.

The felicitous combination of reference to Methodist itineracy and a forward look to what we now call distance learning makes this an especially creative vision for his time, one that we are only beginning to think about how we might actually realize in our own. That will have to be the subject for another talk.

A later president of Duke sketched out a more traditional, but equally bold vision in one of his addresses to the faculty. In 1979, Terry Sanford said:

I believe that every Trinity classroom, (no matter what the discipline or what part of the discipline, who is teaching it, or for what purpose) should be led by a teacher who is a living example of a liberal education. ... Each classroom experience should provide an example, by its teacher, of what a liberal education is.

It is not easy to define what is being exemplified when a faculty member succeeds in doing this. One of the best definitions of a liberal education was given by William Johnson Cory at Eton in the nineteenth century, and quoted in a Duke Bulletin of Undergraduate Instruction in the mid 1960s:

You go to a great school not so much for knowledge as for arts and habits; for the habit of attention, for the art of expression, for the art of assuming at a moment's notice a new intellectual position, for the art of entering quickly into another person's thoughts, for the habit of submitting to censure and refutation, for the art of indicating assent or dissent in graduated terms, for the habit of regarding minute points of accuracy, for the art of working out what is possible in a given time, for taste, for discrimination, for mental courage and mental soberness.

That is a demanding ideal, yet I believe we should embrace it for our own time in Duke's history, not only for undergraduate education, but in its basic principles for all schools of the university. And we should do so confident that a liberal education for undergraduates in a great university cannot and must not be divorced from first-hand involvement with true scholarship. At least at certain moments in each course, students should become aware of the great adventure of scholarly discovery, through the personal experience of their professor made available in terms appropriate for them. Through our teaching, they should catch a glimpse of the larger world of scholarship that stands behind any lesson plan, any lab experiment, any textbook or seminar discussion, which gives learning its essential meaning across the generations.

### **III. Financial Concerns and Strategies**

Having enunciated such a lofty goal, I will come back down to earth and deal with the thorny issue of finances, of the real challenges we face in trying to realize our ambitions.

One of the issues on the minds of many of you is the disparity between the announcements in the papers of the "surplus" in our budget for 1995-96 and the stern dictates of your deans, particularly the Dean of the Faculty of Arts and Sciences, about the financial exigencies we face. What is the situation, really, and what's going on the Allen Building that we get such conflicting messages? A similar question has been posed for the Provost to answer in Academic Council, but I think it is important for me to address it as well, in the context of this report.

The first fact to keep in mind is that Duke, like many of our peers, is a highly decentralized university. Under our formula budgeting system, each tub is not completely on its own bottom, but very nearly so, as far as resources and expenditures are concerned. Almost all sources of revenue come directly to the schools -- tuition and fees, gifts and endowment income, grants and contracts. There are some unassigned resources and "transfer payments" within the university to fund academic support activities like libraries and computing, as well as central administration and university priorities; but these are modest compared with the financial transactions in the schools.

Thus, when you read that Duke University had a \$13 million surplus last year, this does not mean that \$13 million in unrestricted money was there for the taking, for any purpose we might choose. The Provost will discuss this in more detail, but a large portion of these funds -- about \$6 million -- came from performing better than budget in a few academic units of the university, principally in the School of Medicine and the Fuqua School of Business. These funds have been allocated to the reserves of these areas for capital projects and new initiatives.

The funds that were truly available centrally were committed for specific high-priority needs. \$3 million was deposited in a special endowment to support the operating costs of the LSRC. This is part of a \$13 commitment which will principally benefit Arts and Sciences, beginning with next year's budget. Other funds were used to complete the East Campus Union project, and to address pressing water and sewer issues at the Marine Laboratory. As far as Arts and Sciences is concerned, instead of looking at a "surplus," the Dean had to draw down on reserves by \$1.2 million in order to balance revenues and expenses. Most of this withdrawal was part of the budget plan for Arts and Sciences, but about one-third of the total came from an unexpected decline in indirect cost recoveries from sponsored research. Again, the Provost will be discussing these matters further.

Our formula budget system works in a highly decentralized fashion. It provides incentives and imposes constraints on each school, for seeking revenues and spending them wisely. The system accomplishes these goals quite well. But there are continuing questions about whether the base assumptions of the system are well aligned with our academic priorities and needs, and questions also about the meager provisions in the system for funding any new initiatives from the center, or even providing sustaining support for schools that face significant financial tradeoffs that may threaten fundamental quality. Such funds are simply not easily available

in Duke's financial structure.

The administration and the President's Advisory Committee on Resources (PACOR) are reviewing the formula budget system with an eye to fine-tuning it to address these issues. We have also identified the root causes of the "structural deficit" that constrains Arts and Sciences, and are working on strategies to solve it. You will be hearing more about this from the Provost later on this afternoon.

#### IV. Undergraduate Financial Aid

In thinking about both resources and ideals, one of our most important policies is Duke's undergraduate financial aid policy. This is both a fundamental commitment of the university, and a financial challenge. Duke, uniquely among the institutions with which we compare ourselves, has programs for undergraduate scholarship aid of all three basic types: merit scholarships, athletic scholarships, and need-based financial aid that meets the full demonstrated need of all eligible students. Most institutions have one or two of these, but not all three. It is particularly bold of Duke to choose to do this, given that we are significantly less well endowed than most of our major competitors for students. But over the years, each of these types of aid has helped Duke recruit an increasingly talented, diverse student body. One of the most important elements in this set of strategies is our financial aid commitment to recruiting students from North Carolina and attracting them to Duke. Taken together, all these policies make a significant contribution towards defining a university with a distinctive character among our peers.

The twin strategies of need-blind admission and meeting the full need of all eligible students are shared in full by only a few of our competitors; but those few are by any definition the best colleges and universities in the country. The institutions that make these commitments, even though the costs of doing so are very high, are making a significant statement about their values and priorities. Duke belongs among these institutions by every other measure, and I believe that it is crucial that we sustain this policy, as well.

To admit students without regard to their financial circumstances means that we are genuinely seeking talent wherever it may be found. Such a policy alone, however, does not help us recruit students from all kinds of backgrounds, unless it is joined with the commitment to provide financial assistance to all admitted students who have need of it, to make it possible for them to come to Duke.

The principle of accessibility to a Duke education is both a moral and prudential commitment. If we believe in a society open to talent, in a democracy that treats all its people as fairly as possible, it is important to provide access to education in our finest universities for all of our most talented, curious and ambitious young people who have the capacity to be leaders in the future. If we believe that the best education is one that includes diverse companions to open the mind and enrich the spirit of all students, it is important that we not people Duke University only with the children of the well to do.

Prudentially, a policy of meeting full need allows us to combat the greatest challenge that we face in today's academic marketplace -- the "sticker shock" that many families feel when they look at the price of a Duke undergraduate education: more than \$100,000 over four years. An eloquent case can easily be made that colleges are giving students "much more than what they pay for," as Harold Howe said in a column last week in the New York Times. Nonetheless, for most American families, middle class as well as poor families, such a price is not within their means, no matter how dedicated they may be to securing the best possible education for their children.

If we can say, and mean -- don't let the price itself discourage you from applying to Duke; if you are admitted and want to be here, we will do our part to make it possible for you to come -- then we have a shot at attracting very talented students from all backgrounds. If we cannot say that, if we can only say that there is some aid available for some students, so it's worth a try, many families will not find it worthwhile even to send in the

application. The message our policy sends to all families about what Duke is like and what we value helps encourage applications from exactly the kind of dedicated, service-oriented, intellectually vigorous students we want to have here, whatever their economic backgrounds.

Our aid packages are designed to maximize the self-help that any student and family can provide, with work and loan funds for all students we aid, and grant funds only for those whose need exceeds the threshold of what self-help and loans provide. Even so, the amount of aid money needed to make Duke accessible to all the students we want to bring here is a major financial commitment, one that is increasing all the time.

It is very important, I believe, that we continue this policy today at Duke. We must also be realistic about its financial implications, and work out strategies to make the policy affordable. In the short term, this means rethinking how we use our limited discretionary resources, reallocating more support to fund our policies to relieve the burden on our undergraduate colleges. In the medium and longer term, it means appealing as persuasively and aggressively as we can to alumni, parents and other friends of Duke to help us meet the costs of our need blind admissions and financial aid policy. We need to do a better job of telling our friends and supporters how important the policy is to the quality of the educational experience we offer students, and how crucial it is that Duke be able to continue to afford it. I hope that members of the faculty share this fundamental commitment, and will help in getting out the message.

I am confident that friends of Duke who care about these values will respond generously to this appeal in the next few years, and that this will make it possible to continue the policy without eroding support for other important priorities of the university. This has, in fact, been the experience at other institutions like Duke that have made financial aid one of the cornerstone appeals in their recent capital campaigns. If we discover that this supposition is mistaken, if our supporters do not share this commitment and the values it represents, then we would have to review Duke's policy. But it would be decidedly premature to give up on our commitment without having made the best case we can to those who care about the quality of education Duke offers, to help us sustain it for the future.

## **V. Preparation for a Proposed Campaign**

As you know, we are in the midst of preparing for a comprehensive campaign for financial support for Duke, in which financial aid will be one of our key priorities. We are refining our priorities, assembling key staff and identifying volunteer leadership for a campaign, in each school and in the university more generally. We need to invest in people, space where they can work, and research and information systems at this time in order to reap the benefits of a successful campaign down the line. We are talking with potential supporters who are close to the university, including members of the Board of Trustees, to persuade them to make early commitments, so that when it is time to launch the campaign itself, we will be able to do so with a sense of momentum and accomplishment.

You have seen the announcements of some magnificent gifts recently, including the Bass gift and the gift from Pete and Ginny Nicholas and their family to name the School of the Environment, as well as gifts for the recreation facilities, for professorships in several schools, and for scholarship funds. These are all key university priorities, clearly identified in our long range plan, and they help build the base of support that we will need when we announce our campaign publicly a few years down the line.

The deans, the senior officers, the development staff, I and many others have been working hard to garner this support. Some of the gifts will provide program support for one or another of our schools. It will be important that such gifts are sought for our recognized priorities, to provide budget support and relief for our most fundamental activities in each school, rather than moving us in novel directions that we would not otherwise have chosen. Some funds will come in pledges that will be fulfilled over a period of years. Some will come immediately for operating purposes, through the crucial annual fund. One major thrust of the proposed

campaign will be for endowment, which means we will realize today only a small proportion of the financial benefits of the gifts, made to serve generations of Duke faculty and students far into the future.

As we talk with potential donors, one of the things that is clearly on their minds is how well we are doing in providing stewardship for the resources that have been given us in the past. This means both how well are we doing in administering ourselves effectively, cutting costs and using our money for our highest priorities; and how well are we managing the endowment funds that we already possess.

On both counts, we have good news for our supporters. Steps are being taken across the university to reduce our administrative costs and allocate money directly to key priorities -- teaching, research and patient care -- as well as to provide better service for everyone. And in the management of the endowment, the bold and patient strategies chosen by the people at DUMAC (the Duke University Management Company) have borne rich fruit in the last few months. The overall return on our endowment and related investments in 1995-96 was almost 30%. This is by any measure an excellent result, which compares quite favorably with almost all our peers. It is important to recall, however, that the base size of our endowment is considerably smaller than the endowments of most of the universities with which we compete. This is one of the greatest challenges we face, and one that the campaign will be especially tailored to address.

We need to continue with imaginative efforts to reduce our costs, and make some tough choices about capital projects and areas where we will deploy our time and resources. Duke is a gloriously entrepreneurial university. This in many ways has served us well. But the wish lists that each of us might construct for new facilities and renovations must be scrutinized very carefully so that we are realistic about what we can actually accomplish, and keep our sights focused on our fundamental priorities of support for our faculty and students.

## **VI. Conclusion**

I have covered a lot of ground in this report, because there are many things I want to share with you and ask your thoughts about. There are other topics that I have not had time to touch upon, but hope to return to in future reports.

These topics include:

- our internationalization initiatives across the university;
- some of our accomplishments and ambitions in the use of information technology;
- reflections on the newly established Task Force on the Arts, chaired by Professor Jan Radway and charged by the Provost with providing advice and counsel on how we can do a better job of bringing all the arts together to enhance life both on campus and for our community;
- comments on our outreach to, service for, and partnership with our community in the City of Durham, especially the neighborhoods closest to the university;
- some further musings on the particular challenges we are likely to face in higher education in the next few years, and on the unexpected directions from which our competition may come in the future;
- some thoughts on where we stand in our initiatives for increasing diversity on campus;
- and some observations on what we are doing, and can do better, to make this university a place that is "family friendly" in allowing the leeway our employees need to do their jobs and live their lives.

Let me close by returning to the theme I broached at the outset -- balancing the roles of a research university, and particularly Duke University. This university has for quite a few decades now been getting better, and will and can be better still -- not in some amorphous, generic or soulless sense, but by building on those distinctive principles and commitments that have marked it in the past.

Leaders of Duke throughout its history have been quite clear that we are not just engaged in copying others, but

are determined to realize our own ambitions in our own way. Sometimes this has sounded a bit defensive, as though we might lose our identity entirely if we admit that we can learn some things from our sister universities. Duke has aspired to be -- as increasingly indeed we are -- part of a small handful of the world's very best universities; it makes little sense to think of ourselves as an aberrant strain with nothing in common with our neighbors.

Not only can we benefit from their experiences, we also have much to teach our sister universities, in the solutions we have devised to common problems, and in those distinctive accomplishments and emphases that make Duke Duke. We are in a strong position today to provide genuine educational leadership in a society that looks to its best universities for such leadership -- something that has always been part of the vision of those who care about Duke.

Nobody claims it will be easy. We are still significantly under-endowed compared to many of our peers, a smallish university compared to many others, identified in the minds of some with a geographic region not well understood outside its borders. But none of these challenges is insuperable. We intend to do whatever we can to secure and strengthen our financial base. We intend to continue to take advantage of being a middle-sized university with a manageable feel and scope, and of our history of entrepreneurial and interdisciplinary ventures, doing more with less. And we intend to help publicize and build upon the growing visibility of this exciting part of our country, as it becomes better known to people throughout the world.

Those of us who are at Duke today have the great good fortune to be part of this institution at a time when it is poised to make good on this ambition for leadership to a greater extent than has ever been true in the past. This provides both a wonderful opportunity, and a sobering responsibility not to squander it. Faculty leadership is as important today as it has ever been in Duke's history, both in envisioning a bold, creative future and in helping to make -- and then to implement -- the hard practical decisions that will make it possible for us to get there. Together, we can continue the steady progress that has brought Duke to its position of excellence today, and will, I am confident, bring it to even greater eminence in the future.

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