

THE FUTURE OF OUR UNIVERSITY

By Joel Seligman

Remarks to Faculty Senate
January 22, 2008

This is the year of strategic planning. While it is premature to articulate an overall strategic plan for the University today, let me describe the considerable progress that each of our academic divisions, the Medical Center, and several other programs have made in articulating our future.¹ I will begin by articulating a vision of our future.

I envision a University of Rochester that within 10 years is unequivocally one of the 20 most outstanding research universities in the United States, with a best or near best evaluation in the Eastman School of Music; national leadership in several research areas or approaches in health sciences including neuroscience, clinical and translational research, orthopaedics, nursing, dentistry, and in specific areas in vaccine biology, cancer, and cardiovascular science. Our University will have clinical programs that are regarded as among the best in the Northeast, with an increased proportion of patients coming to the

¹ The Laboratory for Laser Energetics will present its strategic plan to the University Board during our May 2008 meeting. The Memorial Art Gallery also will present its strategic plan after the March 2008 retreat. Information Technology is working with the academic divisions on a strategic plan coordinate with the academic divisions' plans. Provost Ralph Kuncel will present a report at the March 2008 Board meeting on multidisciplinary work at the University of Rochester and sustainability, whose University-wide Council he cochairs with Dean Lennie.

University of Rochester Medical Center for tertiary and quaternary care. In the College we will have national leadership in an increased number of specific fields, building on our current leadership in such fields as Political Science, Optics, Visual and Cultural Studies, Biomedical Engineering, Economics, and Physics and Astronomy as well as significantly stronger programs in the humanities and international programs. I also anticipate at least 15,000 undergraduate applications to signal clearly that the University has become a more important national and international school. I envision a Simon School among the top 20 in the country with a more distinctive academic profile; a larger Warner School making increasingly consequential academic contributions to education; a mature advancement and alumni operation that limits endowment draws to our target levels (currently 5.5 percent); an overall endowment of at least \$3 billion; growth in our faculty from approximately 2,340 to approximately 2,550; and an overall student body that increases from our current full and part-time total of 8,465 to approximately 10,000 students.²

To articulate this vision in different terms, a small number of outstanding research universities in the 21st century will have a reputation or “brand” that signifies academic excellence with particular importance in specified areas. Our objective is to be one of these leading research universities. Our vision should not have a regional or national focus, but an international one. Universities such as Cal Tech, MIT, and Johns Hopkins have demonstrated that to be great in specified areas also requires strength in providing a liberal arts and interdisciplinary education to attract the best and brightest faculty and students. The universities that are the closest models for what we seek to

² Slide 1. Even with this growth, the University of Rochester will remain one of the smallest of its peer universities, able to continue to emphasize its nimbleness and ease of interdisciplinary collaboration.

achieve are Johns Hopkins, Washington University, Duke, Vanderbilt, Northwestern, and Emory. In several fields, we already are on a par with these universities. Our aspiration is to be systematically on a par with these and similar leading research universities.

Our strategic planning process occurs at a propitious time. Upstate New York, while economically challenged in some respects, is increasingly involved in a transformation to a more knowledge-based economy. This transformation is receiving significant support from our State government through programs such as the recently created Empire State Stem Cell Fund and the Governor's announcement on January 16th of a \$50 million commitment to our Clinical and Translational Sciences Building.

To achieve our vision, we have two paramount challenges.

First, the challenge of size: As I explained in a 2006 address:³ "The University of Rochester is smaller than virtually all of its peers in both faculty and student size. During the past 15 years, Rochester has been one of the few universities in the country to decrease its student body and has had one of the slowest rates of faculty growth among peer universities."⁴

³ Envisioning the Future: A Framework for Strategic Planning (Oct. 3, 2006).

⁴ Id. at 5. The most relevant peer set is the Association of American Universities (AAU) private universities with medical centers. This peer set involves 19 universities, whose average enrollment in fall 2006 was 17,623. In 2006, the University of Rochester had the second smallest enrollment of this peer set with 8,846 students. A review of faculty size between 1989 and 2006 shows a similar pattern. In 2006, the total University of Rochester nonmedical faculty was 569, in contrast to an average of 1,114 nonmedical faculty for the 19 AAU private universities

Second, the challenge of our endowment: Increasing the size of our endowment was stressed as a top priority for the next president during the search that led to my appointment. I have focused on building a state-of-the-art advancement team. Slide 2 highlights how important this effort will be.⁵ Between 2000 and 2007, our endowment grew by about half a billion dollars from \$1.245 to \$1.726 billion, but the relative size of our endowment declined from 33rd to 39th, including a decline from 35th to 39th last year.

These results can be explained to some degree by three special cases: The University of Toronto, which bounded ahead of us because of a 6 percent improvement in the Canadian currency relative to the dollar; the University of North Carolina, which reclassified \$600 million in assets; and Williams College, which is in the final year of a \$400 million capital campaign and added over \$100 million to its endowment in the last year.

More significant are two fundamental points. First, the challenge of growing an endowment will become more imperative over time. Slide 3 illustrates what I call “Red Shift.”⁶ The universities with the largest endowments are accelerating their relative advantage based on returns on existing endowments. For example, our endowment grew by \$235 million last year, which seems like a lot until you compare this to Harvard, where

with medical centers. Significantly, the relative size of our nonmedical center faculty was 77 percent of the size of the average AAU private university with a medical center in 1989; in 2006, the University of Rochester nonmedical faculty was 51 percent.

⁵ This slide shows the market value of endowment assets for selected NACUBO top 50 institutions by fiscal year, 2000-07.

⁶ Increment of Change in Endowment Funds, 2000-07.

their endowment grew by \$5.7 billion. Second, of the three factors that determine growth in endowment (investment performance, gifts to endowment, and payout rate), the one in which we are comparatively weakest is gifts to endowment, as Slide 4 illustrates. In the past academic year, we added \$11.7 million in gifts to our endowment.⁷ Our most relevant peer set added an annual average of \$43 million in gifts to endowment for the fiscal years 2004 through 2006.

These are significant challenges, but we will build on extraordinary strengths, of which the quality of our faculty is the most consequential. The University of Rochester faculty includes some of the most outstanding scholars and teachers in the nation. Slide 5,⁸ for example, illustrates the recent significant success that this University has had in research and development funding. This slide consolidates support from the National Institutes of Health and the National Science Foundation with support for the Laboratory for Laser Energetics from the Department of Energy. In New York State, we rank third overall with a total of \$367 million in research and development funds in the 2006 fiscal year.

Slide 6 highlights that we are currently ninth overall in the nation in licensing activity in 2006 with \$38 million.⁹

These and many other achievements are the direct result of the talent and hard work of our faculty. You have been and will be the intellectual leaders in our progress as we advance together with our students, alumni, staff, and friends of the University. You are the heart and soul of what we seek to achieve at the University of Rochester.

⁷ University of Rochester Investment Dashboard Report for Quarter Ending Sept. 30, 2007.

⁸ Slide 5.

⁹ Slide 6.

In the next academic year the Board of Trustees will begin preparation of a campaign statement for the entire University. This March the Board will consider the strategic plan of each of our schools as well as a campus master plan and continue to measure progress of earlier developed initiatives in advancement, communications, and diversity. In October, the Board will formally meet to approve the plans. Let me now summarize these plans and initiatives.

COLLEGE OF ARTS, SCIENCES AND ENGINEERING

The College of Arts, Sciences and Engineering is nearing completion of an ambitious plan that will address the next decade's growth.¹⁰ Dean Peter Lennie and his leadership team emphasize in their Plan: "Our future as one of the nation's leading private universities depends on the caliber of faculty in Arts, Sciences and Engineering, and the breadth and impact of their research programs; it depends on the caliber of PhD students we attract, and our success in training them for prominent research or professional positions; it depends on the caliber of the undergraduates we attract, and our capacity to transform them into powerful, flexible intellects equipped to make an impact on the world. To attract and retain the very best faculty and students we must strengthen and enlarge our research profile, we must fortify and energize our PhD programs, and we must broaden and strengthen our undergraduate programs. These goals are inextricably linked, and we must achieve all of them."

¹⁰ Arts, Sciences and Engineering Provisional Plan, October 2007.

The College bases its plan on an assessment of its strategic context.¹¹ Faculty growth is viewed as the key to building most effectively on the College's strengths, ameliorating its weaknesses and taking advantage of its opportunities. Over the next decade, the College anticipates a 25 percent growth in faculty from approximately 320 to 400, with a concomitant increase in undergraduates from approximately 4,000 to 5,000 and in PhD students from approximately 900 to approximately 1,100.¹² The College also anticipates significant growth in master's and related programs, including a program in postbaccalaureate pre-medical education.

The key to planning is prioritization and the College Plan is particularly impressive in the programmatic areas it stresses.¹³

The World Beyond the United States will develop or amplify programs to address regional and global issues, which present some of the most significant problems the world today faces. The College has already taken steps to develop an International Relations major.

Signature Programs that Connect Humanities and Sciences build on a long tradition of pathbreaking innovation in the College. To date the College has taken steps to establish master's programs in Sound and Music and in Photographic and Digital Preservation. An undergraduate major in Archeology, Architecture and Engineering has been approved by the College Curriculum Committee.

Science and Engineering are core areas of strength at the University of Rochester. The College particularly is focusing on Biology as a basis for three new partnerships in Computational

¹¹ Slide 7.

¹² Slide 8.

¹³ Slide 9.

and Physical Biology, Discovering the Functions of Genes, and Nanoscience for Medicine. A fourth initiative in Alternative Energy draws on established University strengths in photovoltaic devices and fuel cells. To date, in collaboration with the Medical Center, the College has taken the first steps to establish a Genomics Center.

Pre-professional undergraduate programs in business and public health, in partnership with Simon and SMD, will address the preference of many of our undergraduates to enter the professions. Last year the College implemented a new major in Financial Economics, which this year has already attracted approximately 70 students. This academic year, the College Curriculum Committee has reviewed an Economics and Business Strategies major, and a separate committee is working on the design of a business minor. The Curriculum Committee has separately reviewed five majors in the domain of Public Health (Environmental Health, Epidemiology and Statistics, Health and Society, Health Policy, and Bioethics).

At the same time, the College is developing ways to strengthen undergraduate academic life through an expanded focus on undergraduate research, enhanced academic support, and efforts to increase the diversity of the undergraduate student body.¹⁴

The College also is addressing life beyond the curriculum and recommends construction of a *Village for the Arts*, incorporating a renovated Strong Auditorium and Todd Union,¹⁵ and a new general purpose indoor facility that will expand the Goergen Center.¹⁶

¹⁴ Slide 10.

¹⁵ Slide 11.

¹⁶ Slide 12.

To develop academic programs as proposed, the College provisionally believes it will require 80,000 net assignable square feet (NSF) of new space. To the great credit of Deans Borasi and Lennie, approximately 20,000 NSF will become available if the Warner School of Education and Human Development relocates, as it proposes, to a new building, and an additional 9,000 NSF will become available as the College redeploys classrooms.¹⁷ The College anticipates in addition a new science building with approximately 50,000 NSF.

To complete its strategic plan, the College will develop a refined needs assessment for academic space and a management plan for residential space and dining; develop more detailed plans for master's degrees; refine its financial projections; and establish appropriate performance measures.

UNIVERSITY OF ROCHESTER MEDICAL CENTER

The largest and most complex part of our University is the University of Rochester Medical Center (URMC). In Fiscal Year (FY) 2007, the Medical Center's revenues equaled 80 percent of total University revenues.¹⁸

The Medical Center Strategic Plan articulates seven major goals¹⁹ and emphasizes the progress that the Medical Center has made since its highly successful 1996 Basic Research Strategic Plan, which included a facilities plan that added approximately 465,000 square feet of new research space; focused initially on

¹⁷ Slide 13.

¹⁸ Slide 14.

¹⁹ Slide 15.

three new research centers (aging and developmental biology, cancer, and vaccine biology and immunology), with three more added later (cardiovascular biology, musculoskeletal research, and oral biology); developed the Double Helix medical school curriculum; and built a primary care network to partner with the Medical Center's specialized medical and surgical programs. Between 1996 and 2007, the Medical Center revenues tripled from \$600 million to \$1.8 billion.²⁰

Senior Vice President for Health Sciences and CEO of the Medical Center Bradford Berk and his colleagues begin this new strategic planning cycle as one of the nation's leading medical research centers. At the close of the last federal fiscal year on October 31, 2007, the School of Medicine and Dentistry ranked 25th overall among U. S. medical schools in the National Institutes of Health (NIH) grant funding, with NIH awards of \$159 million and total research awards (including other federal agencies as well as foundations and industry) of \$234 million.²¹

The essence of the Medical Center Strategic Plan involves five core Integrated Disease Programs (IDPs), where the Medical Center will integrate science, education, and clinical care by leveraging new and joint recruitments and new technologies:

Cancer²²

Cardiovascular Disease²³

²⁰ Using Education, Science and Technology to Improve Health: UPMC Strategic Plan (2007-2012), August 2007, Slide 11.

²¹ National Institutes of Health, Office of Extramural Research, U of R Office of Research and Project Administration, 2007.

²² Slide 16.

²³ Slide 17.

Immunology and Infectious Disease²⁴
Musculoskeletal Disease²⁵
Neuromedicine²⁶

Simultaneously the Medical Center will invest in four Innovative Scientific Programs (ISPs):

Stem Cell and Regenerative Medicine²⁷
Biomedical Imaging and Biomarkers²⁸
Nanomedicine²⁹
Genomics and Systems Biology³⁰

At the current time, the University of Rochester Medical Center and indeed the general Rochester region face a serious challenge because of an inadequate number of beds to serve the existing population and future bed needs. In 2007, Strong Memorial Hospital operated at an overall inpatient occupancy rate of 98 percent. On weekdays, the occupancy rate has been as high as 110 percent, which means that patients who require inpatient admission are often required to have an extended stay in the Emergency Department.³¹

²⁴ Slide 18.

²⁵ Slide 19.

²⁶ Slide 20.

²⁷ Slide 21.

²⁸ Slide 22.

²⁹ Slide 23.

³⁰ Slide 24.

³¹ URMHC Strategic Plan (2007-2012): Blue Ribbon Panel PRISM Presentation, August 2007; KSA Report: Strong Memorial Hospital Market Assessment and Bed Need Analysis, July 2007. These levels of occupancy create patient dissatisfaction, pose patient safety risks, and limit any ability for growth. Imaging Sciences (Radiology) has

To enhance its research and educational missions and simultaneously address the urgent need for more clinical space, the Medical Center's Plan emphasizes strategic facilities investments.

On August 21, 2007, the Aab Cardiovascular Research Institute was opened to provide 102,000 new square feet of space for cardiovascular research and functional genomics.³²

On May 15, 2008, the 163,000 square foot James P. Wilmot Cancer Center will be formally dedicated to provide comprehensive cancer care and research in areas including hematology and oncology, stem cells and cancer, and lymphoma.³³

In December 2007, a new 10-room Ambulatory Surgery Center received a Certificate of Need from the New York State Department of Health and work began on its design development phase.³⁴

outgrown its allocated space as imaging volume has grown from 60,000 images in 1970 to 350,000 images annually today. Volume projections developed by Kurt Salmon Associates anticipates growth of approximately 3,000 inpatient cases annually between 2013 and 2018.

³² Slide 25.

³³ Slide 26.

³⁴ Slide 27. Ambulatory surgery is a particularly fast growing clinical activity. Assuming contingencies are satisfied, construction by a developer will begin in April 2008 with completion anticipated in April 2009. The URMCC will have a 14-year operating lease with the opportunity to purchase the building at fair market value at the completion of the lease period.

Building on an inaugural \$40 million NIH Clinical and Translational Sciences Award in October 2006, the design phase of a new Clinical and Translational Sciences Building (CTSB) was approved by the University Board of Trustees Facilities Committee in February 2007.³⁵ This building will provide approximately 150,000 square feet dedicated to clinical and translational science programs, including Community and Preventive Medicine, Heart Research, Movement Disorders, Clinical Trials Coordination, Neurology and Biostatistics. The construction of the CTSB will also allow 20,000 existing square feet to be renovated for basic research.

The Pediatric Replacement and Imaging Sciences Modernization (PRISM) project will be the most expensive construction project in the history of the University of Rochester, with an anticipated cost of approximately \$250 million.³⁶ PRISM will provide approximately 340,000 square feet to modernize pediatric facilities and augment the earlier substantial progress made by construction of the Golisano Children's Hospital; address urgent adult bed needs; and provide sufficient imaging sciences space to address our burgeoning radiology needs.³⁷

In the broadest sense, the Integrated Disease Programs, the Innovative Science Programs, and strategic facilities initiatives

³⁵ Slide 28.

³⁶ Slide 29.

³⁷ Slides 30-31. A Certificate of Need (CON) application was filed for PRISM in October 2007. This CON is under review by the Finger Lakes Health System Agency, whose recommendation in turn will be reviewed by the State Department of Health. If all goes according to plan, construction will begin in July 2009 and be completed in January 2012.

portend a substantial amplification of the progress made by the 1996 Basic Research Strategic Plan.³⁸

There is much more to the Medical Center's Plan. The School of Medicine and Dentistry includes 400 medical students, 531 residents, 122 fellows, and over 700 graduate students.³⁹ Building on its rich history of educational innovation epitomized by the Biopsychosocial Model and by the Double Helix curriculum, the School of Medicine and Dentistry will introduce a new approach called Six Domains of Excellence, which will add a new focus on practice-based learning and systems-based practice.⁴⁰

Dentistry at the University of Rochester is unique nationally in the sense that it is the only primarily postdoctoral institution of dental education, research, and clinical care existing within a major academic health center.⁴¹ The Eastman Dental Center is singular also in its retention of George Eastman's aspiration that it

³⁸ Slide 32.

³⁹ Slide 33.

⁴⁰ Slide 34. For Graduate Medical Education students (residents, fellows, master's and doctoral students), there will also be compelling new strategies. New clinical core competency programs will be developed for residents and fellows. A new PhD in Translational Science will be introduced as well as a *Med into Grad* program to create clinically relevant educational experiences for PhD students. A focus of the School of Medicine and Dentistry's plans will be expanding coordination with the College of Arts, Sciences and Engineering by partnering to help create new undergraduate majors in Public Health and new majors and programs in areas such as Systems Biology, Genomics, and Computational Biology. The School of Medicine and Dentistry separately will work with the Simon School on a new PhD-MBA program.

⁴¹ Slide 35.

serve the community while simultaneously providing outstanding education and research. In its strategic plan, the Dental Center will strengthen and develop translational research in specified priority areas – Dental Caries and Biofilms, Pain and Arthritis, Salivary Physiology, and Health Services Research.

The School of Nursing Strategic Plan builds on the successful implementation of its 1999-2005 Strategic Plan.⁴² In 1998, the School faced a severe financial crisis that catalyzed significant change. The 1999 Plan focused on increasing extramural funding, developing two centers of excellence (Aging and High Risk Children and Youth), and recruiting faculty with significant funding potential. Between 1999 and 2006, the School rose from 28th in NIH funding (of 72 funded schools of nursing) to 12th, with funding increasing from \$693,000 to \$3.2 million.⁴³ In education, the 1999 Plan addressed the precipitous decline in undergraduate nursing enrollment by phasing out this program in 2002 and successfully implementing a new accelerated baccalaureate and master's program for non-nurses.⁴⁴ A capital campaign raised over \$20 million, far exceeding the goal of \$13.5 million and making possible the construction of the Loretta C. Ford Education Wing, which was completed in 2005.

There are four goals in the School of Nursing's Strategic Plan:

⁴² University of Rochester School of Nursing Strategic Plan, 2007-2012, July 2007.

⁴³ NIH Extramural Awards and Current Ranking by Component of Higher Education, Fiscal Year 2005.

⁴⁴ Slide 36. The School remained committed to its research-intensive doctoral program. A combined degree program (MS/PhD) was developed that offered nurse practitioners an accelerated path to the PhD degree.

1. Advance the state of the science and translation of evidence concerning health promotion, human responses to illness, and outcomes of care delivery.⁴⁵

2. Create innovative environments that promote the recruitment, retention, and productivity of the best scientists, faculty, students, and nursing staff.⁴⁶

3. Foster entrepreneurship that advances science in the marketplace of new, cost-effective models of care and creative professional enterprises.⁴⁷

4. Maintain national leadership in transforming nursing practice.⁴⁸

SIMON GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

Since awarding its first graduate degree in 1959, the Simon School has achieved a remarkable record of accomplishment.⁴⁹ With 32 full-time tenured or tenure-eligible faculty and 13 full-time non-tenure eligible faculty, the School routinely ranks in the top 10 in terms of per capita faculty citations and fifth for downloads per faculty member, particularly in such fields as accounting, finance, risk management, and managerial economics. Simon is the top business school in the world in terms of the percentage of its PhD

⁴⁵ Slide 37.

⁴⁶ Slide 38.

⁴⁷ Slide 39.

⁴⁸ Slide 40.

⁴⁹ Aiming Higher: Simon School Strategic Plan (2007-2012), November 2007.

graduates who secure academic positions at top 20 business schools.⁵⁰

Today Simon faces three fundamental challenges.

First, ensuring the next generation of faculty excellence: The current faculty size has between 10 and 15 fewer tenure-eligible faculty than during a peak period in the 1990s.

Second, heightened competition: Business education has grown increasingly competitive in recent decades with greater international rivalry from such institutions as the London Business School, Hong Kong, and Indian School of Business, among others. Nationally, Babson, UC Davis, UC Irvine, UC San Diego, and Johns Hopkins are newer business schools that now compete with Simon.⁵¹

⁵⁰ Bruce Jacobs, A Thousand Faculty Members: University of Rochester Graduates at America's Best Schools, January 2002. Simon's reputation has been based on intellectual leadership. The School was the source of agency theory (through Professor Jensen and Dean Meckling), positive accounting theory (through Professors Watts and Zimmerman) and the concept of organizational architecture (through Professors Brickley, Jensen, Smith and Zimmerman). Simon launched and today manages three of the leading business academic journals (the *Journal of Financial Economics*, the *Journal Accounting and Economics* and the *Journal of Monetary Economics*) and has close editorial ties to the *Journal of Applied Corporate Finance*, which is the most widely cited journal in MBA education circles.

⁵¹ Within the United States, several MBA programs have pursued new and more aggressive marketing efforts, including RIT (which cut its EMBA price in half last year),

The educational program portfolios at most business schools have also expanded over time. Today 38 of the 50 leading MBA programs, for example, offer undergraduate BBA programs; and an increased number of business schools offer Executive MBA (EMBA) programs, summer boot camps for undergraduates or recent graduates, or specialized master's degrees in such fields as accounting, finance, marketing, health care management, or entrepreneurship.

Third, diminished tuition revenue: In the wake of the dot-com bust, the terrorist attacks of September 11, 2001, heightened visa restrictions, and demographic changes, the market for full-time MBA applications fell by 30 to 60 percent at top schools in the first half of this decade. Simon experienced a 43 percent decline in its full-time MBA student body between FY 2000 and FY 2006.⁵² Simultaneously EMBA matriculation, to a considerable degree contingent on the fortunes of Kodak, Xerox, and Bausch and Lomb, experienced a 47 percent decline between 2000 and 2007.

Against this backdrop, Simon School Dean Mark Zupan presented the School's Strategic Plan to the Board Strategic Planning Advisory Committee on November 30, 2007. The objective of the Plan is to be recognized as one of the 10 leading business schools nationally by 2027.⁵³

Cornell (which introduced a video-conference-based EMBA program throughout the state), and Yale (which began an EMBA program with an option to concentrate in health care management).

⁵² Slide 41.

⁵³ "Over the next five years, our intent is to make our long-term objective more of a reality by enhancing our reputation for influencing how students, scholars, and real-world

Simon's Strategic Plan has four goals.

First, increase student quality and enrollment: In the past two academic years, full-time MBA enrollment at Simon has increased from 119 to 165 new students per year.⁵⁴ Pivotal to this increase has been the success of the *Early Leaders* program, which drew roughly 45 students to the current class. Between 2003 and the current academic year, the average GPA of matriculants has increased from 3.2 to 3.52. Simultaneously Simon has introduced or expanded specialized master's programs in Medical Management, Accounting, Marketing, Finance, Operations, and General Management and has begun new relationships with business schools in South Korea and Chile. Four years ago, specialized master's programs at Simon enrolled seven students. For this academic year, the total of specialized master's students exceeds 90.

The aspiration for Simon is to increase MBA enrollments to approximately 250 incoming students per year by 2013 while improving quality and diversity.

The second goal is to increase the faculty by a net of 10 tenure-eligible faculty, particularly emphasizing mid-career scholars attracted by Simon's cross-functional approach to

decision-makers think about and solve management problems. In a financially sustainable manner (by driving down the endowment draw to no more than 5.5 percent per annum by 2012), we aim also to be recognized as one of the country's 20 leading business schools per reputational rankings of merit.”

⁵⁴ Slide 42.

scholarship and teaching.⁵⁵ The pace of hiring will be correlated to growth in tuition and fundraising revenues.

The third goal of Simon's Plan focuses on the curriculum and community.⁵⁶ Generally, Simon intends to stress a new FACT-based approach (Frame, Analyze, Communicate) to problem solving and to develop specific areas of expertise where there is the potential for comparative advantage such as in entrepreneurship, health care management, systems consulting, pricing, and leadership.

Building on recent success,⁵⁷ Simon's fourth goal is to participate in the University-wide capital campaign with initiatives to double its endowment, stressing new endowed scholarships, professorships, and junior faculty fellowships.

EASTMAN SCHOOL OF MUSIC

One of the University's crown jewels is the Eastman School of Music, whose prominence in graduate education has been repeatedly recognized by *US News and World Report* as the leading graduate music program the nation, and more recently in the August 2007 *Newsweek/Kaplan*, which characterized Eastman as "the hottest school for music."⁵⁸

⁵⁵ Slide 43.

⁵⁶ Slide 44.

⁵⁷ Slide 45.

⁵⁸ Slide 46. Eastman's reputation is based on a combination of music pedagogy that combines conservatory level training with a university education; a history of "firsts," such as Howard Hanson's leadership in establishing the Doctor of Musical Arts degree or the more recent establishment of the Institute for Music Leadership; internationally acclaimed

Eastman today has considerable assets, including an endowment of \$277 million as of June 30, 2007; leading centers and institutes, such as the Hanson Institute for American Music, the Sibley Library, and the Eastman Community Music School; and partnerships locally with the College of Arts, Sciences and Engineering and the Rochester Philharmonic Orchestra as well as international alliances with the Royal Academy of Music, Paris Conservatoire, and Beijing Central Conservatory, among many others.⁵⁹

The School confronts three quite different types of challenges.

First, as with every academic division of our University, Eastman faces increasing competition.⁶⁰ Beyond several new significant competitors such as Rice's Shepherd School, the Colburn School in Los Angeles, and the Cleveland Institute of Music, several established schools have become more effective rivals, such as Yale, with a recent \$100 million gift to support tuition-free graduate education, or Julliard, now with a \$700 million endowment.

Second, Eastman's facilities and instruments, though often grand, are aging. Most significantly, the Eastman Theatre is now in its eighth decade; the piano inventory, with an average age of 45, needs significant upgrading; and classroom spaces are in need of revitalization to provide technology for effective teaching.

faculty; leading alumni; and a highly selective student body with an admission rate of less than 25 percent.

⁵⁹ Slide 47.

⁶⁰ Slide 48.

Third, the very nature of music and music education are experiencing considerable change, creating the challenge of how Eastman will provide the nation's leading music education into the future.

Four months into his tenure as Dean, Doug Lowry presented a first draft of a Strategic Plan to the Board Strategic Planning Advisory Committee on December 1, 2007. This Plan is more a work in progress than those of the other academic divisions.

The preliminary Eastman Plan stresses two broad themes: (1) Raising Eastman's international profile in order to enhance Eastman's significance in the competitive marketplace and (2) Enhancing the quality of the Eastman experience through investments in human resources, facilities, and music instruments and equipment.

In the next few weeks, Doug Lowry and the faculty of Eastman will polish a strategic plan that considers several strategies to raise Eastman's profile.⁶¹ Among other strategies that will be considered will be an increased focus on international music and strengthening the School's engagement with New York City.

Already well under way is a greater than \$35 million project to renovate Eastman Theatre⁶² and to expand the facility to include a new wing with a recital hall and rehearsal hall.

⁶¹ Slide 49; Empowering the Eastman Advantage: The Strategic Plan for the Eastman School of Music (First Draft), November 28, 2007.

⁶² Slide 50. There will be several other projects considered that are likely to address Eastman's physical resources, including initiatives concerning the piano and instrument

Doug Lowry and the Eastman faculty will also address a new approach to Eastman student funding⁶³ as well as several faculty initiatives, including the creation of ten new endowed professorships.

WARNER SCHOOL OF EDUCATION AND HUMAN DEVELOPMENT

The Warner School is the smallest of our academic divisions, with total core revenues in FY 2007 of approximately \$7.5 million. In recent years, Warner has been one of the most dynamic of our schools. Between FY 2000 and FY 2007, its enrollment increased by 67 percent (from under 350 to 565 students); its faculty by 71 percent; and its grant and other operational revenues by 354 percent.⁶⁴ During this period, Warner achieved national accreditation for the first time, established a new clinical faculty track, and created a new Center for Professional Development and Education Reform that has secured over \$10 million in grants.

In presenting the Warner Strategic Plan, Dean Raffaella Borasi articulated a SWOT (strengths, weaknesses, opportunities and threats) analysis,⁶⁵ which highlighted Warner's considerable strength in conducting interdisciplinary work and its state-of-the-art programs. At the same time, Warner is relatively small compared to other education schools, has chosen not to be

inventory, Messinger Hall, and the Eastman Rochester Organ Initiative (EROI).

⁶³ Slide 51.

⁶⁴ Slide 52.

⁶⁵ Warner Strategic Plan for 2008-2013, December 2007; Slide 53.

nationally ranked, and currently has inadequate facilities to support further expansion.

The Warner Plan articulates five strategic goals.⁶⁶ The most significant of these goals would be achieved by constructing a proposed 50,000 square foot building on the River Campus to house the Warner School and provide additional classroom space during the day for the College of Arts, Sciences and Engineering.⁶⁷

ADVANCEMENT

In the *Presidential White Paper* that preceded my appointment, it was stressed: “The University’s total endowment ... urgently needs to grow...”⁶⁸ Between 1996 and 2006, our peers’ annual fundraising grew at an average rate nearly twice that of the University of Rochester.⁶⁹

To achieve the academic divisions’ strategic aspirations requires a fundamentally new approach to advancement, emphasizing national best practices, highly qualified professionals, sophisticated technology, and, most of all, a

⁶⁶ Slide 54.

⁶⁷ Slide 55. To achieve its strategic objectives, Warner also envisions creating a new accelerated option for its Ed.D. programs, transforming the Center for Professional Development and Education Reform to develop additional capacity in specified promising new areas such as program evaluation and leadership development, and securing additional scholarships, endowed professorships and mini-grants for faculty.

⁶⁸ University of Rochester Presidential Search White Paper, July 2004, p. 24.

⁶⁹ Slide 56.

recognition that, as with virtually all of our peers, a substantial investment in advancement is necessary to create the long-term, sustainable results necessary for a successful philanthropic program. In hiring Jim Thompson to be our Senior Vice President and Chief Advancement Officer in September 2005, the University, in effect, began a cultural change. We recognized that advancement could not be done primarily on a decentralized basis, often by persons also performing other roles, but instead would require a much more centralized effort, emphasizing the University's senior leadership.

Results from Phase I of Operation Advance have been highly encouraging. In FY 2006, Jim Thompson and his team set and achieved eight primary goals.⁷⁰ Notably, the Board of Trustees' annual commitments grew from \$325,000 in FY 2005 to five-year annual fund commitments of approximately \$1.1 million in FY 2007. The first two phases of the new OASIS IT system have been implemented. Virtually all of the senior management staff have been hired. The charter phase of the George Eastman Circle, a new Annual Fund leadership giving society, already has achieved considerable success, with 378 charter members as of December 31, 2007, far exceeding its initial target of 250 members.

Cash receipts from advancement operations grew from \$69.2 million in FY 2006 to \$84 million in FY 2007, a 21 percent growth. During the first six months of this fiscal year, cash receipts have continued on this record pace, equaling \$56.9 million, compared to \$48.5 million in the comparable period last year.⁷¹

⁷⁰ Slide 57.

⁷¹ Highly significant also has been the growth in our book of pledges, which is critical to the long-term success of our fundraising efforts. In FY 2007, new pledges achieved a

Phase II of Operation Advance is now well under way. A key objective is identifying potential significant supporters of the University or confirming major gift prospects. When I arrived, there were approximately 300 individuals so identified. The goal in FY 2007 to FY 2009 is to identify 4,000 prospects. To date 2,200 have been identified. To achieve the ultimate goal of 10,000 prospects, Advancement is planning a national screening and rating program. Separately, a volunteer infrastructure for our University is being created through the formation of National Councils associated with each school and through the development of Regional Cabinets. National Councils and Regional Cabinets will help us to develop, refine, and better articulate our case for eventual campaign support.

Before the public phase of our capital campaign begins, there will be significant further steps. Execution of the campaign will involve the recruitment, involvement, and leadership of the Trustees, Campaign Cabinet, National Councils, Regional Cabinets, Campaign committees, and many volunteers. The eventual campaign goal is dependent upon the level of leadership commitments during the leadership gift phase, also referred to as the quiet phase, and the implementation of feasibility studies. Typically, a public campaign is launched when approximately 40 percent of the eventual campaign goal has been received in cash or pledges.

When announced, our comprehensive, University-wide capital campaign will be the largest in our history. Its critical

University record of \$22 million. In the first six months of FY 2008, we have already booked new pledges of approximately \$25 million, exceeding the entire prior year's total.

objective will be to support the aspirations of our academic divisions and units.

COMMUNICATIONS

Next to advancement, the 2004 Presidential White Paper most emphasized the need for more effective communication of the University's identity and accomplishments. In hiring Bill Murphy to be Vice President for Communications in March 2006, we began a series of initiatives better to achieve this objective.

An early emphasis was on graphic identity. Communications studied the University's graphic heritage⁷² and surveyed our peers' identities. In September 2007, a new University graphic identity was initiated, beginning with a new University logo,⁷³ spirit letter, and a new Yellowjacket. On February 1, 2008, the new name for the Yellowjacket will be announced at the Washington University basketball games.⁷⁴

Beginning September 2006, Communications created @Rochester to provide daily news to faculty and staff.⁷⁵ Currently @Rochester has a circulation of 17,000. The biweekly publication *Currents* (with a circulation of 9,000) has been expanded from four to eight pages and redesigned, with greater

⁷² Slide 58.

⁷³ Slide 59.

⁷⁴ Further implementation of the new graphic identity will continue through 2009 for business cards, stationery, Web sites, flag and banners, apparel, and signage. In selecting the new logo, Yellowjacket, and name, the entire University has been involved. Over 10,285 students, faculty, staff and alumni voted online to choose the logo.

⁷⁵ Slide 60.

focus on feature coverage and an enhanced calendar.⁷⁶ A separate online events calendar covering the entire University now receives 60,000 “hits” per month.⁷⁷ *Weekly Buzz*, an e-newsletter for undergraduates, began in the Fall of 2007.⁷⁸ Soon there will be similar e-newsletters for graduate students, parents, and alumni.

Alumni communications have received particular emphasis. *Rochester Review*, our flagship publication, with a circulation of 106,000, has been expanded from four issues to six and in page length from 56 to 64 pages.⁷⁹

We have put special emphasis on *Inside Higher Ed* and the *Chronicle of Higher Education* and increased our participation in Association of American Universities (AAU), the Science Coalition, and National Association of Independent Colleges and Universities to raise the University’s profile in higher education.⁸⁰

⁷⁶ Slide 61.

⁷⁷ Slide 62.

⁷⁸ Slide 63.

⁷⁹ Slide 64.

⁸⁰ Media relations have also received increased attention. Communications has added an associate vice president to focus on national media relations, created the position of spokesperson, expanded the news staff, and encouraged University-wide coordination through a biweekly news story meeting. Our focus has not been solely on print media. Through our broadcast partnership with WXXI, we have had success broadcasting such programs as the URMCM medical series *Second Opinion*. In February 2008, WXXI will connect to the fiber optic cable linking the University’s campuses. We expect that this linkage will be a catalyst for further joint broadcast projects.

We are one university. The initial Communications efforts have begun the process of more effectively articulating this.

DIVERSITY

In June 2007, I delivered the First Annual Report on Diversity to the Board of Trustees and the University community.⁸¹ The Report included detailed baseline data, which, I stressed “are not a cause for celebration.” In comparison to relevant peer institutions, for example, 3.7 percent of our nonmedical faculty are underrepresented minorities (African American, Latino, or Native American) in contrast to 6.2 percent on average at the Consortium on Financing Higher Education (COFHE) universities.

Lynne Davidson, Deputy to the President and Vice Provost for Faculty Development and Diversity, is coordinating initiatives that focus on building applicant pools, significantly expanding our Special Opportunities Fund, addressing dual career hires, and further building the most welcoming community. In FY 2008, the Special Opportunities Fund supported 14 faculty members in five schools, of whom nine were new commitments, compared to a total of seven faculty who were supported by the precursor fund in FY 2007.⁸²

Communications has performed user studies on the University homepage, which will inform a redesign of the University web presence in the coming year.

⁸¹ http://www.rochester.edu/president/memos/2007/diversity_report.html.

⁸² Slide 65. We newly established a University-wide process for monitoring the progress that is being made in diversifying the faculty. Beginning this spring, deans, departments, and programs will collect data on specific practices of hiring and retaining historically

Stan Byrd, the Human Resources Manager for Multicultural Affairs and Inclusion, supports University staff diversity and inclusion initiatives. In the 12-month period ending March 2007, the University hired 30 professional staff that contribute to the diversity of the workforce; initiated three new affinity groups; and initiated new career development and mentoring programs.

Student diversity initiatives are addressed on a school-by-school basis. In Arts, Sciences, and Engineering, 48.3 percent of our undergraduate population were women in the fall of 2006. This is on a par with the 48.4 percent enrollment of women in the COFHE non-Ivy universities. The 9.4 percent underrepresented minority enrollment in the College compares considerably less favorably with the 15.5 percent underrepresented minority enrollment in the COFHE cohort.⁸³ Late in 2007, the College announced a new Rochester Promise scholarship program to award \$25,000 in support for four years to qualified high school students from the Rochester City School District.⁸⁴ The program initially will include 40 students, but can be expanded if additional qualified students are admitted. The Simon School Early Leaders initiative also has proven to be more effective in welcoming

underrepresented faculty members. The new reporting system will facilitate the timely identification of campus-wide hiring and retention trends, help identify promising practices that will enhance the processes for recruiting more diverse faculty, and allow us to recognize and reward departments and faculty for their efforts and success in hiring a diverse faculty. Results will be reported annually on the quality and success of the faculty diversity initiative.

⁸³ The nine non-Ivy COFHE universities are Duke, Johns Hopkins, Georgetown, MIT, Northwestern, Rice, Stanford, University of Chicago, and Washington University.

⁸⁴ Slide 66.

women students than the earlier approach of focusing on older students.⁸⁵

In the 21st century, our aspiration should be to welcome the most qualified faculty, students, and staff regardless of gender, race, religion, or national origin. As we go forward to meet this challenge, our focus on diversity will be about striving for academic excellence and becoming as welcoming a community as we can be.

CAMPUS MASTER PLAN

In March 2008, the Board of Trustees Facilities Committee, chaired by Trustee Roger Friedlander, our Senior Vice President for Administration and Finance Ronald Paprocki, and our external consultant, Ayers Saint Gross Architects & Planners, will present a draft Campus Master Plan to the Board of Trustees.⁸⁶

The Plan, “One University in Many Places,” will propose an approach to guide expansion of the University over the next several decades.

The draft Campus Master Plan includes conceptual plans for each campus, identifying zones for various types of uses,

⁸⁵ Compiled from list of top 30 business schools, <http://www.businessweek.com/bschools/rankings/>. For example, 50 percent of the latest group of Early Leaders to enroll at Simon (in its entering Class of 2009) are women versus roughly 31.5 percent of full-time MBA students at all top 30 MBA programs around the country.

⁸⁶ Slide 67.

potential sites for known projects, and potential future sites. There will be phasing plans for development over time.⁸⁷

In the next few decades, this growth may be most dramatic on the Medical Campus side of Elmwood.⁸⁸ On this side of Elmwood, the draft Campus Master Plan envisions a greater than doubling of the physical space for the Medical Center, including potential new space for the College and other academic programs, as well as the future development of the Mount Hope Corridor, primarily for commercial, housing, and retail purposes.

To achieve the College, Simon, and Warner strategic plans, growth will also occur on the River Campus.⁸⁹ Near the new Alumni and Development Center and the Laboratory for Laser Energetics, on what we call the South Campus, future development is anticipated in a manner responsive to the environmental sensitivity of this area and the concerns of neighborhood residents.

Development of the draft Campus Master Plan significantly also has enabled us to address contiguous housing and retail space, for example, in Brooks Landing,⁹⁰ where this calendar year a new hotel and office building will be completed, and also at the Riverview Apartments, where by August of this year there will be apartments to house up to 400 University students.⁹¹

⁸⁷ Guidelines will address building placement and design, pedestrian and vehicular circulation, open space, and signage. Standards will be included for development and construction consistent with the University's commitment to sustainability.

⁸⁸ Slide 68.

⁸⁹ Slide 69.

⁹⁰ Slide 70.

⁹¹ Slide 71.

CONCLUSION

When I began in July 2005, I was asked to address two fundamental questions:

1. How can we strengthen our academic and clinical programs?
2. How can we develop a sustainable financial model?

Having carefully reviewed the budget forecasts developed for these plans, I am confident that these plans both will achieve substantial improvements in our academic programs and reach a sustainable financial model.⁹² To be sure, there are still some significant budgetary issues to analyze, including those concerning information technology. But we have made substantial progress in developing plans that by 2016-2017 will bring the University into alignment with our target endowment draw.

I am particularly proud that the plans described today have been and will continue to be developed with the broad collaboration of academic leaders, faculty, students, staff, and alumni leaders. This has been a strikingly transparent and

⁹² My confidence is based in large part in my confidence in the senior leadership team, both including persons new in their positions such as Brad Berk, Rich Feldman, Ralph Kuncl, Peter Lennie, Dave Lewis, Doug Lowry, Bill Murphy, Joanna Olmsted, and Jim Thompson, and experienced leaders such as Raffaella Borasi, Paul Burgett, Pat Chiverton, Steve Goldstein, David Guzick, Grant Holcomb, Bob McCrory, Ron Paprocki, Kevin Parker, Doug Phillips, Peter Robinson, Sue Stewart, and Mark Zupan.

inclusive process. Together we have come far toward designing an ever more outstanding University of Rochester.

I venture to predict that when the ultimate history of this country is written, the role that this nation's leading research universities performed in the education of our citizenry, scientific, engineering, and medical research, cultural achievement, and the enhancement of the learned professions and humane learning, will be viewed as among our most outstanding achievements. Not by weapons, not by wealth, but by the creation and dissemination of knowledge will we best be remembered. When this ultimate history is written, the University of Rochester, in part because of the plans we consider today, will have a proud place among the leading research universities of this nation.