

**THE STATE OF THE UNIVERSITY
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COVER SLIDE The state of our University remains strong as we face the significant challenges of the early 21st century.

This year we will complete strategic plans for the University, the Medical Center, and each school. Let me frame where we are and where we are going in strategic terms.

SLIDE 1 Overarching much of what occurs throughout our University is a common ideal. I call it the Rochester ideal – that great research is inextricably linked to great teaching and community service.

Historically we have succeeded because the University of Rochester consistently is among this nation's leading research universities in terms of the path-breaking ideas of our faculty, the achievements of our graduates, the quality of our patient care, the creativity of our artists, and the magnitude of our federal sponsored research awards.

SLIDE 2 Our culture is one of transformative ideas. SLIDE 3 School of Medicine and Dentistry Dean George Hoyt Whipple performed research on the cure for pernicious anemia for which he was awarded the Nobel Prize in Physiology in 1934; breakthrough research led to the first vaccine against any form of cancer; progesterone was discovered here; morphine was first synthesized; the vaccine that virtually eradicated childhood meningitis was developed in our Medical Center. SLIDE 4 The University has helped transform business and related fields with its role in developing agency theory and positive accounting theory; political science, with rational choice theory; nursing, with its unification model linking nursing education, research, and practice; and medicine, with the biopsychosocial model, which simultaneously takes into account the patient, the social context in which he or she lives, the physician's role, and the health care system.

SLIDE 5 We are one University. We have built on the proximity of our River and Medical Center campuses and the nimbleness of our faculty to collaborate in

ways that transcend department or school lines. The Eastman School of Music was the first to link the study of music to the University; we created the first Institute of Optics that integrates quantum optics and engineering; developed the Laboratory for Laser Energetics, which has achieved national leadership in inertial confinement fusion; and our biomedical engineering program links the School of Medicine and Dentistry to Arts, Sciences and Engineering.

We are educational innovators. We have developed programs that are best in class or among the best in class, including political science, economics, evolutionary biology, brain and cognitive science, orthopedics, finance, accounting, neuroscience, musculoskeletal, vaccine development, and RNA biology.

We are confident about our future. The University of Rochester has evolved from a regional leader into a leading national research university with growing opportunities to contribute to local, national, and global progress. This transformation is gathering momentum as we strengthen our faculty, programs, and staff and translate innovation from our campus to a broader community, while increasing our geographic and cultural diversity.

OUR VISION IN THE 2008 STRATEGIC PLAN

SLIDE 6 In 2008, the University Board of Trustees adopted our last University Strategic Plan. By the conclusion of the Comprehensive Capital Campaign in 2016, we envisioned:

- A University whose quality placed it among the leading 20 research universities in the United States consistent with our core values of academic excellence, academic freedom, diversity, and community.
- A student body that would grow from approximately 8,300 students in Fall 2004 to approximately 10,000 in 2015.
- A concomitant growth in our tenured and tenure track faculty, made possible by a substantial increase in endowed professorships.

- Dramatic improvements in student residential life, expanded athletic facilities, and a substantial start on expanded College performing arts programs and facilities.
- Breakthrough programs such as Technical Entrepreneurship and Management linking the College and Simon.
- Expanded facilities and a fully integrated Electronic Medical Records system providing higher quality patient care.
- Approximately \$1 billion or more of new facilities between July 2005 and June 2016.
- A significantly higher and sustainable level of annual giving to provide unrestricted support for University programs.
- A University-wide endowment draw of no more than 6.1 percent by FY 2017, with the University continuing to maintain its target 5.5 percent annual endowment draw rate.

We have substantially achieved our 2008 goals:

- SLIDE 7 When normalized for faculty size in 2011, the most recent year for which we have data, we rank 15th in federal research funding among the 176 top funded research universities, with more than \$400 million in total sponsored research during each of the prior two years and \$348 million in 2012.
- SLIDE 8 Our student body has grown from 8,300 total students in 2004 to 10,510 this past year, achieving the goal of our 2008 strategic plan. Since 2005, we have received \$157.3 million in commitments for scholarships, fellowships, and other support for students.
- SLIDE 9 Undergraduate student quality and diversity have been strengthened. At the College we have seen increases of high school GPAs from 3.56 to 3.81 and the two-score equivalent SAT from 1304 to an anticipated 1368 in the current academic year. Simultaneously the

percentage of our underrepresented minority and international students has increased.

- SLIDE 10 Tenured, tenure track, clinical, and other instructional staff have grown from 2,009 in 2004 to 2,499 in 2012. Since 2005 we have created or received commitments to create 65 new endowed professorships and deanships.
- SLIDE 11 New programs have been developed throughout the University, including the Health Sciences Center for Computational Innovation; the University-wide Center for Integrated Research Computing; 14 new majors in the College of Arts, Sciences and Engineering, including those in international relations, public health, digital media studies, and the Barry Florescue Undergraduate Business Program; and the Center for Medical Technology Innovation jointly developed by the School of Medicine and Dentistry and the Hajim School of Engineering and Applied Sciences.
- SLIDE 12 Twenty-four new major facilities projects have been completed or initiated since 2005 with an aggregate budget of \$723 million, including Goergen Hall, Eastman Theatre Renovation and Expansion, SLIDE 13 LeChase Hall, SLIDE 14 Rettner Hall, and SLIDE 15 O'Brien Hall.
- SLIDE 16 The Medical Center has been particularly active with new facilities projects such as the James P. Wilmot Cancer Center, the Saunders Research Building, and the SLIDE 17 Golisano Children's Hospital.
- SLIDE 18 The University facilitated the separately financed development of Brooks Landing and SLIDE 19 College Town and worked with local, state, and federal governments to secure funding for SLIDE 20 the new Interstate 390 road network, which will provide the basis for future growth at the University.
- SLIDE 21 We have grown to be greater Rochester's largest employer with 22,019 full-time equivalent jobs, making the University the seventh largest private employer in New York State, with an increasing role in the community as the provider of 47,000 direct and indirect jobs, \$2.4 billion in direct and indirect wages, \$66.9 million in uncompensated health care in

2012, and, since 1996, 55 startup companies using University-licensed technology.

- SLIDE 22 We have reduced our endowment payout rate from 6.9 percent in 2000 to 5.9 percent in this year's budget.
- This decrease has been achieved by a notable reduction in endowment payment in 2009-2010 at the College of Arts, Sciences and Engineering from \$32 to \$22 million that has been maintained with annual adjustments since then; relatively low administrative costs for our research programs; and cost efficiencies in University hospitals that have reduced their budgets or enhanced revenue by a total of \$99.7 million between 2009 and 2012.
- SLIDE 23 And we publicly launched the Meliora Challenge in October 2011, our first comprehensive capital campaign since 1924. Through June 30, 2013, we have raised in cash and commitments \$945 million or 79 percent of the June 30, 2016 goal of \$1.2 billion.

THE NEXT FIVE YEARS

THE RESEARCH UNIVERSITY IN THE 21ST CENTURY

SLIDE 24 Now let me turn to the next five years. United States research universities today are among this nation's greatest comparative advantages – centers of innovation, creativity and training of new generations of leaders, professionals, artists, and scholars. As former Columbia University Provost Jonathan Cole memorably wrote in *The Great American University*:

[I]t is the thousands of scientists, scholars, and administrators who have been dedicated to their work on a daily basis that have truly put our universities at the top. Their ambition to excel and their fierce competitiveness to be “the best” have led American research universities to become the engine of our prosperity. The laser, magnetic resonance imaging, FM radio, the algorithm for Google searches, Global Positioning Systems, DNA fingerprinting, fetal monitoring, scientific cattle breeding, advanced methods of surveying public opinion ... all had their origins in America's research universities, as did tens of thousands of other inventions, devices, medical miracles, and ideas that have transformed the world. In the future, virtually every new industry will depend on research conducted at America's universities.... The

universities have evolved into creative machines unlike any other that we have known in our history – cranking out discoveries in a society increasingly dependent on knowledge as its source for its growth.

That research enterprise, placed firmly in a residential educational setting, contributes immeasurably to the strengths and distinctiveness of undergraduate education.

SLIDE 25 Other nations throughout the world increasingly are competing with the United States research university model. Several nations, including China, India, Brazil and Singapore, are making enormous investments in research universities which are transforming global higher education in ways that both provide challenges and opportunities. International universities compete for outstanding faculty, but they also partner with United States research universities to provide increased support for global collaborative research.

SLIDE 26 We begin this period with a comparative advantage in undergraduate and graduate education. For the foreseeable future, we anticipate an acceleration of outstanding domestic and international students seeking admission to the most academically successful United States universities and colleges.

SLIDE 27 The College of Arts, Sciences and Engineering has seen validation of our approach in the systematic growth of its applications, quality measures, and diversity. We believe that the increase in outstanding applicants is consistent with a widespread belief by students and their parents that higher education is a fundamentally important investment in students' futures and that education at a leading institution is the best type of educational investment.

SLIDE 28 Our opportunity in the 21st century is to accelerate our progress by building on our greatest strengths – our faculty, our outstanding academic departments and schools, and our multidisciplinary programs.

Our challenge is to harmonize these strengths with our resources. The University of Rochester today has approximately 2,500 faculty and more than 10,000 students in seven schools, with a total annual budget of \$3.0 billion and net assets also of approximately \$3.0 billion. Compared to our key peer group of AAU private universities with medical centers, we are smaller in terms of total students, tenured and tenure track faculty, and aggregate endowment.

We intend throughout the next five years to focus on enhanced support for our faculty and students and to develop additional support for existing and future programs where we particularly can make a difference in the quality of our research, scholarship, learning, clinical care, and the creative arts consistent with our resources.

THE DIGITAL REVOLUTION

SLIDE 29 Advances in information technology are having an immense impact on all aspects of university life. Throughout the University, the transition to a digital future is well advanced. Faculty, students, and information services have been particularly affected by the digital revolution. Increasingly, faculty and students rely on digital rather than hard copy resources. New data management systems already have transformed our ability to reach out to our alumni and in the future will give us critical management tools to better employ financial reporting and student information systems.

Profound changes are also being driven by the explosion in the availability of data and the tools to deal with them. In 2013, *Science Daily* reported that approximately 90 percent of the world's data has been generated in the past two years. The University is responding to this challenge by investing in the emergent discipline of data science and the high-performance computing resources it requires.

SLIDE 30 In 2008 we created the Center for Integrated Research Computing through a collaboration between the River Campus and Medical Center faculties. Today the Center includes 650 faculty, students, and research staff from more than 40 departments supporting computational and data-intensive research activities.

SLIDE 31 For the University as a whole, the creation of an internationally distinguished campus-wide Data Science Institute is a top priority. Initially the Data Science Institute will focus on three domains for research: Predictive Health, Cognitive Systems, and Analytics on Demand. In Data Science, we build on enormous strengths, including the Health Sciences Center for Computational Innovation (established in partnership with IBM), the Departments of Computer Science and Biostatistics, historic achievements in machine learning and artificial intelligence, and more than 100 principal investigators having been awarded \$307 million in research, using high performance computation during the past three years. Between 2013 and 2018, the further development of a University-wide Data

Science program will include expanding faculty across several schools by 20 tenured and tenure track professors and constructing a new facility to bridge data science across critical disciplines.

SLIDE 32 Rapid changes in technology also are driving changes in our curriculum. The College has introduced new programs in Digital Media Studies, Computer Science, and a Biomedical Engineering master's degree with a concentration in Medical Technology Innovation; developed humanities laboratories to introduce students to the use of technology in the service of humanities scholarship; and currently is developing an increasing number of experiential learning components in traditional courses, including more active use of online resources to assist students in entry-level courses. The School of Medicine and Dentistry has begun a transition to an online/iPad based curriculum. The Simon School is developing programs in Data Analytics.

SLIDE 33 Equally important changes are taking place in the way we deliver education. We envision major opportunities for master's and certificate programs that employ online formats. This has already begun. Our School of Nursing has had success offering hybrid courses combining online and in-class teaching. For the 2013 academic year, 32 percent of its courses at the School of Nursing and 28 percent of its tuition revenue came from online courses. In the new generation of strategic plans, the School of Nursing intends to amplify its online efforts. Virtually all of our schools during the next five years will increase or begin online programs.

SLIDE 34 For undergraduate programs we believe that the current residential teaching model will remain dominant for the foreseeable future and that ensuring its continued high quality is a key to our future success. But we anticipate that the residential undergraduate teaching model will evolve during the next five years and will include increased complementary use of new technology in undergraduate teaching and ancillary programs, allowing faculty to devote more time to working with students in laboratories, workshops, and discussion sessions rather than lecture formats.

INTERNATIONAL ENGAGEMENT

SLIDE 35 Major universities are increasingly global institutions, drawing students from all over the world, competing internationally for the most talented faculty, and establishing international partnerships that extend their potency in research.

Substantial international engagement is an indispensable part of a first-rate undergraduate and graduate education, providing diversity for our students that will mirror future employment and life experiences, and strengthening our financial base. Knowledge knows no boundaries. In the 21st century the most successful higher education programs will be those that have a global reach.

We are already a university characterized by a global student body and faculty and a growing number of international programs.

SLIDE 36 Our enrollment of international graduates and undergraduates has grown from 1,147 students in 2001 to 2,079 students in 2012. International undergraduate enrollment in Arts, Sciences and Engineering notably has increased, from 2.8 percent of the entering class in 2004 to an expected 19 percent in 2013.

The percentage of our tenure track faculty that is foreign born similarly has grown from 8 percent in 2008 to 11 percent in 2012.

We anticipate that the next five years will be a period of increasing international engagement for the University of Rochester, principally in the expansion of international partnerships in research and opportunities for our students to study abroad. We have already taken steps to establish strong research linkages with major universities in China, Hong Kong, and Singapore, and the Medical Center has completed a memorandum of understanding for educational programs with the Apollo Hospital Group, one of the largest health care systems in India. We are undertaking a major expansion of study abroad opportunities in Asia, Africa, and the South Pacific, mainly through exchange programs.

FUNDAMENTAL CHALLENGES

During the next five years, three fundamental challenges will dwarf all others at the University: the transformation of health care, the decline of sponsored research, and the cost of higher education.

THE TRANSFORMATION OF HEALTH CARE

SLIDE 37 The American health care system faces mounting pressures for cost containment, quality improvement, and public accountability. The 2008-2009 recession and the subsequent enactment of the Affordable Care Act have initiated fundamental change in the health care system. This transformation includes consolidation of hospitals and the development of broad health care systems in which incentives are shifted from the current dominant fee-for-service model to bundled or population-based annual fee or “capitated” models that reward the combination of better service and lower cost rather than high procedure volume. It is reasonable to anticipate that there will be significant future reductions in third-party payor support for our hospitals and physicians as a result of implementation of lower cost insurance products through health care exchanges and a systematic effort to “bend the cost curve” in Medicare and Medicaid. As a result of these changes, the Medical Center faces substantial financial challenges to its clinical enterprise. Health care reform portends fundamental change in the way hospitals deliver care, the way clinicians are trained, scientists discover therapies and cures, and insurance companies and health care providers compete in offering health insurance.

SLIDE 38 The University of Rochester long has had a major role in health care through its hospitals, School of Medicine and Dentistry, School of Nursing, and health-care research programs. As of 2013, approximately 83 percent of the consolidated University \$3 billion budget originated in the Medical Center. Sixty-eight percent of the overall University budget involved patient care.

The University of Rochester Medical Center’s objective in the next five years is to change the way it cares for patients by developing an integrated system of services across the health-care continuum that delivers the highest quality care at the lowest cost. The Medical Center will continue evidence-based practices to provide the highest quality of care to its community; develop research programs of excellence to accelerate discovery; adopt new skills and competencies for practitioners; and help evolve its educational system to meet the demands of a transformed health care landscape.

SPONSORED RESEARCH

SLIDE 39 In the 2011-2012 academic year, 14 percent of the University's overall budget or \$348 million originated in federal, state, and corporate and foundation sponsored research. The majority of this total came from federal sponsored research programs, most significantly the National Institutes of Health, National Science Foundation, and Department of Energy.

SLIDE 40 The decline in support for sponsored research has affected all aspects of research throughout the University. In the School of Medicine and Dentistry, which in 2013 was awarded \$132 million from NIH, reliance on institutional support for sponsored research recently has ranged between 40 and 45 percent of the School of Medicine and Dentistry's budget. As real dollar support for sponsored research has declined, the School of Medicine and Dentistry increasingly must rely on its endowment, which is smaller than many of its peers and on margin transfers from Strong Memorial Hospital.

The School of Medicine and Dentistry today is developing a comprehensive plan to address how best to diversify its funding sources and otherwise respond to a probable period of stagnant federal sponsored research support.

Other parts of the University reliant on sponsored research such as the Laboratory for Laser Energetics have developed similar contingency plans.

THE COST OF HIGHER EDUCATION

SLIDE 41 We cannot be complacent about the high cost of education at our University, particularly for undergraduates. In recent years, the rising cost of higher education has been a focus of intense public discourse. In the 2012 national elections, for example, both leading political parties emphasized reducing the rate of increase or absolute cost of higher education. SLIDE 42 In August 2013, President Obama proposed linking federal financial aid to students to quality metrics for higher education.

SLIDE 43 These types of initiatives have prompted research universities to engage in systematic efforts to achieve greater cost efficiency and reduction in the rate of increase of undergraduate tuition. The University of Rochester has been unrelenting in its efforts to be cost efficient and to moderate the rate of tuition increases. Between 2005 and 2008, for example, the rate of tuition increases at our

schools, when adjusted for inflation, averaged 4.2 percent; during the last five years, inflation-adjusted tuition increases have averaged 2.1 percent at the University of Rochester. During the period of our next generation of strategic plans, the University's commitment to cost efficiency will continue to be unswerving.

We do not anticipate that online or for-profit education will be an effective substitute for the residential model used in our undergraduate programs. There are fundamental differences in the quality of these programs and online and for-profit institutions have had less success in graduation and job placement. We believe that the recent growth in for-profit educational institutions and generally increased use of online teaching including MOOCs (Massive Open Online Courses), along with declining state support for public universities, will continue to widen the gap between the most outstanding research universities and liberal arts colleges and other post-secondary institutions.

FINANCES

Let me also frame the University's future in financial terms. In doing so, let me particularly thank Ron Paprocki, our Senior Vice President for Administration and Finance, for preparation of this analysis.

Continuing Performance of the Health Care Enterprise

SLIDE 44 There is no issue of greater importance to the financial stability of the University than the performance of the patient care enterprise. Our hospitals have maintained a consistent track record of positive financial performance. Patient care activities are not only a source of operating support for the School of Medicine and Dentistry but account for all of the University's positive operating margin. This positive performance has a favorable effect on the University's financials and consequently on our credit rating and on the cost of capital for the entire institution. Patient care activities are the primary source of the University's operating capital liquidity. The hospitals share in the University's fixed overhead and infrastructure costs, thus benefitting the entire institution.

The rapidly changing environment for health care poses a challenge to the Medical Center's ability to continue to generate cash flow margins at the historically high levels of the past few years.

Balance Sheet and Debt Capacity

SLIDE 45 At the end of the 2012-13 fiscal year, the aggregate debt for the University including its affiliated entities totaled \$911 million. This includes approximately \$63 million of debt attributable to the FF Thompson Health System. Our Series 2013 Bond Issue, the largest in the University's history, will add approximately \$244 million of debt to the University. This added debt is manageable within the University's existing Aa credit ratings. All three ratings agencies have issued reports confirming the University's rating of Aa3 and stable outlook.

The University has more limited future additional debt capacity, however. A common theme among the rating agency reviews of the University is that significant additional debt must be accompanied by a commensurate increase in financial resources. Assuming continued growth of financial resources and recognizing annual principal payments, the University could expect to have sufficient debt capacity for borrowing in the \$100 to \$150 million range in 2015 and approximately \$100 million in 2017 while maintaining its current ratings.

Endowment Spending

SLIDE 46 The University's aggregate endowment spending rate exceeded 6 percent from 1986 to 2009. In fiscal year 2010, the spending rate declined to 5.7 percent of the five-year moving average, where it has more or less remained.

SLIDE 47 Since 2010, budget discipline has kept endowment use essentially flat. For fiscal year 2013, the aggregate endowment use of approximately \$82 million was virtually the same as that during fiscal year 2008. That amount is approximately \$26 million less than the use projected for 2013 in the 2008 strategic plan. While our use of endowment has remained flat, we have experienced the effects of the severe market decline in the five-year moving average for the last five years.

SLIDE 48 Our 2013-2018 strategic plan assumes an average annual return of 8 percent to our endowment. Under this scenario, the aggregate spending rate of the core academic divisions would descend from 5.9 percent in fiscal year 2014 to 5.7 percent in fiscal year 2018. Spending as a percentage of the beginning market value would be approximately 5.3 percent.

Potential Capital Projects

SLIDE 49 During the past several years, we have undertaken construction of several new buildings as well as additions to several existing buildings. Looking forward, the five years encompassed by the strategic plan will include fewer major facilities projects. An imaging sciences building on the South Campus is in the planning stages and a potential building to be located on the Engineering Quad is planned. This facility would house the Rochester Data Sciences Institute. The major focus of capital expenditures during the strategic planning period will be investments in the University's infrastructure, including its existing facilities, utility systems, and information technology capabilities.

UNIVERSITY OBJECTIVES AND GOALS FOR 2018

SLIDE 50 Against this strategic and financial background let me frame proposed University objectives and goals for 2013-2018.

We unequivocally are committed to being an institution that emphasizes the greatest possible quality in our academic, clinical, professional, and creative arts programs consistent with cost efficiency.

By 2018, we envision that the University of Rochester will fortify its position as one of this nation's leading research universities consistent with our core values of academic excellence, academic freedom, diversity, and community. Fundamental to our progress will be continued strengthening of our faculty, students, and staff. Five years from now we intend to be a University ever better in the quality of our teaching, research, clinical care, and creative arts.

During the next five years we will make major commitments to data science; health care; faculty growth in the College of Arts, Sciences and Engineering; new or expanded programs to support learning and research; improved infrastructure; and classroom and library renovation.

We will successfully complete our first comprehensive capital campaign since 1924.

Our campus in 2018 will include College Town, an expanded Brooks Landing, the Golisano Children's Hospital, a new Imaging Sciences/Pediatric Ambulatory Building, a new University Data Science facility, and a Science and Engineering

Quadrangle including the new University Data Sciences building and Goergen, Wilmot, Gavett, Hutchison, and Hopeman halls, the Computer Science building, and Carlson Library.

The University, the Medical Center, and each School will have a sustainable financial model.

Within our community we will build on our role as the region's largest employer and engine of economic development to help catalyze the revitalization of Rochester.

Specifically, we seek to be:

- **SLIDE 51 *ONE OF THIS NATION'S LEADING RESEARCH UNIVERSITIES***: Our fundamental objective is to strengthen our position as one of this nation's leading research universities. At the University of Rochester this means strength not only in research, but also as a university that is strong in undergraduate and graduate education, professional training in the schools of business, education, medicine and nursing, outstanding clinical care throughout our health system, and commitment to the creative arts exemplified by the Eastman School of Music.
 - For the entire University, the recruitment, support, and retention of the most accomplished and diverse administrative leadership, faculty, students and staff will be a top priority.
 - A top University priority will be the expansion of Data Science faculty and programs across the University and the construction of a new Data Science facility.
 - We will implement a University Research Strategic Plan to strengthen the vitality of the research mission at the University of Rochester.
 - We will emphasize improving infrastructure and renovating classrooms, laboratories, and library space to provide our faculty, students, and staff with state-of-the-art facilities.

- **SLIDE 52 A UNIVERSITY THAT EMPHASIZES QUALITY**

EDUCATION: We will continue to strengthen undergraduate, graduate and professional education:

- The College of Arts, Sciences and Engineering will build on its momentum in residential education to enhance its curriculum by adding new majors, including, pending faculty approval, a new undergraduate business degree developed with the Simon School of Business; teaching, learning, and research opportunities that employ digital technology; and increasing student retention and opportunities for student research. By 2018, Arts, Sciences and Engineering will increase its faculty from approximately 350 to 380; increase its two-score equivalent SATs for entering students from 1368 to at least 1400; increase applications from approximately 16,000 to 20,000; and increase six-year student graduation rates from 85.6 percent to 88 percent.
- The School of Medicine and Dentistry will implement the Institute for Innovative Education (IIE) to provide education across the entire Medical Center and better employ information technology in medical education. The IIE will oversee state-of-the-art education programs and the development of the new Simulation Center.
- Key areas of focus for Simon over the next five years are improving the rankings of the Full-Time MBA Program, building a robust and diversified set of educational programs, and developing the next generation of faculty leaders. Simon is partnering with the College in expanding undergraduate business offerings so as to improve the quality of undergraduate business at our University. Simon is also leading our efforts to develop a branch campus in New York City, initially in conjunction with the Warner School and the School of Nursing.
- The Eastman School of Music will develop, subject to faculty approval, a new undergraduate program in convergent media, a new master's of arts program in music leadership, and a new online master's of arts program in music education.

- Our schools generally, led by the School of Nursing and the Warner School of Education, will expand or implement hybrid or other online education, especially in master's programs.
- **SLIDE 53 A UNIVERSITY KNOWN FOR IMPROVED HEALTH CARE:** We will improve health care for our community through transformative approaches to clinical care that are nationally recognized:
 - The new Accountable Health Partners will become the region's leading accountable care network, recruiting a substantial additional number of primary care and specialist physicians by 2018.
 - The University of Rochester Medical Faculty Group will become a model of an integrated University-based practice that includes centralized administration and a compensation plan based on performance, service, and quality.
 - The Medical Center will further its current recognition in *U.S. News* Top 50 hospital rankings, especially within its Centers of Excellence, including the Wilmot Cancer Center and the Golisano Children's Hospital.
 - We will complete the initial phase of construction of the new Golisano Children's Hospital by 2015 and achieve greater recognition of our Pediatric Programs of Excellence.
- **SLIDE 54 A UNIVERSITY KNOWN FOR SERVICE TO THE COMMUNITY:** We will strengthen our service to our community and society by:
 - Enhancing programs to support Rochester K-12 education, health care, and community programs.
 - Enhancing our position as the regional and national leader in economic development and technology transfer.
 - Strengthening technology transfer and startups consistent with our academic mission through active engagement of the business

community, including our innovation advisory network, composed of our alumni; our career center; and the technology development fund.

- Completing major neighborhood projects, including the expansion of Brooks Landing and College Town.
- **SLIDE 55 WE WILL SUCCESSFULLY COMPLETE OUR CAPITAL CAMPAIGN:** We will successfully complete our capital campaign by June 30, 2016, raising a minimum of \$1.2 billion, achieving each of our specific Campaign goals, including support for students and faculty, while increasing the membership of the George Eastman Circle to 3,300 and achieving a higher sustainable level of annual giving that continues after the campaign.
- **SLIDE 56 WE WILL DEVELOP FULLY SUSTAINABLE FINANCIAL MODELS:** We will more fully implement sustainable financial models for our University, the Medical Center, and each school.
 - We will limit, except in extraordinary circumstances, the aggregate University of Rochester endowment draw to no more than 5.9 percent, while maintaining the target of 5.5 percent.
 - We will maintain competitive compensation programs for our faculty and staff and complete significant infrastructure and deferred maintenance projects.
 - We will develop new programs for revenue enhancement and cost efficiencies through shared services and new technologies to support University objectives.
 - We will review use of our facilities in the College of Arts, Sciences and Engineering, the River Campus Libraries, and the Medical Center to determine if we can more efficiently use existing space.

VI. CONCLUSION

CONCLUDING SLIDE Our emphasis in the next five years will be on systematic improvements in quality balanced by a determination to create sustainable financial models for our University, each school, and the Medical Center.

We build on tremendous momentum and with the knowledge that we have successfully implemented many of the goals of our 2008 strategic plans.

We will always remember that our most important resource is our people – our faculty, students, alumni and staff. All that we have achieved or aspire to achieve is based on a University community that is exceptionally collaborative, mutually supportive, and committed to the spirit of our University motto – *Meliora*, ever better.

We are one University. We are the Rochester family.