

Minutes*

Faculty Consultative Committee
Thursday, October 28, 1999
12:00 – 3:00
Room 238 Morrill Hall

- Present: David Hamilton (chair pro tem), Fred Morrison (chair), Linda Brady, Mary Dempsey, Stephen Gudeman, Roberta Humphreys, Leonard Kuhi, Joseph Massey, Judith Martin, V. Rama Murthy
- Present: (For item 3, the budget task force, members of the Senate Committee on Finance and Planning:) Charles Campbell, Gerald Klement, Terrence O'Connor, Richard Pfitzenreuter, Rose Samuel, Charles Speaks, Susan Carlson Weinberg
- Absent: Susan Brorson, Les Drewes, Richard Goldstein, Mary Jo Kane, Marvin Marshak, Paula Rabinowitz, Jeff Ratliff-Crain
- Guests: Executive Vice President Robert Bruininks; Senior Vice President Frank Cerra; Dean Steven Rosenstone (Budget Task Force)
- Other: Florence Funk (Office of the Executive Vice President and Provost); Maureen Smith (Institutional Relations); Julie Tonneson (Office of Budget and Finance)

[In these minutes: future of the Campus Club; issues before the budget task force; status and future of the Academic Health Center]

1. The Campus Club

Professor Hamilton convened the meeting at 12:15 and explained that he was serving as chair pro tem because Professor Morrison's father was having surgery. (Professor Morrison joined the meeting later, during the discussion with Senior Vice President Cerra.) The Committee voted to close the meeting, and then held a 45-minute discussion about the future of the Campus Club, led in large part by Professor Gudeman, a member of the Campus Club board. Executive Vice President Bruininks joined the meeting at 12:30.

At the conclusion of the discussion it was moved and seconded that the Faculty Consultative Committee support a proposal to join with the administration and the Campus Club Board of Directors to appoint a committee to oversee a study related to the future of the Campus Club. The committee would be charged to oversee the study and the design of an appropriate plan that will guarantee the success of the Club in the future. This motion assumed support for the overall plan and strategies proposed to the Committee by Dr. Bruininks in a letter.

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

Discussion by the Committee included statements of support for the Campus Club with the recognition that the Club must be positioned in the future to provide a strengthened sense of community around the academic mission of the University. Committee members also supported the idea that the Club's renovated space in Coffman Union must be more than a "lunch room". Its design and programs should reflect the needs of the greater University community who have requested a facility that would allow faculty, staff, and other users to meet in small or large groups to socialize, share meals, and engage in intellectual discussion. The Committee agreed that the proposal would allow time to build a Campus Club that will be the pride of the University and a model across the nation. The goal of the Committee and the administration is to strive toward the development of a facility that will be a fitting tribute to our predecessors, continue the traditions they established, and promote and enhance their vision and goals for the Club.

The motion was unanimously approved.

Professor Hamilton asked for volunteers from the Committee who would be willing to convey the sense of the motion to the members of the Campus Club Board of Directors. Professors Murthy and Humphreys volunteered to accompany Professor Gudeman to the Campus Club Board meeting.

2. Discussion with Senior Vice President Frank Cerra

Professor Hamilton now welcomed Dr. Frank Cerra to the meeting.

Dr. Cerra began by distributing copies of a talk he had recently given to the Academic Health Center entitled "The Future of the University of Minnesota Academic Health Center." [A copy of the talk is appended to these minutes.] The purpose of the talk was to initiate a dialogue with the faculty and staff about where the AHC is going. The state needs the AHC, he said, and it has an obligation to look ahead; genomics will lead to new treatments, and it is the role of the AHC to lead in those efforts, along with the rest of the University.

As he has spoken with people inside and outside the University, he hears the same thing: where is the AHC going and what is their role in it? In his view, the faculty-administrative partnership model needs to be applied in more cases, which will open up governance.

There are five or six givens that affect the health professions for the foreseeable future: the marketplace has devalued what faculty, the University, and the AHC do, and has said it will not pay for education and research, and will not even pay what expert care is worth. The AHC will have sustaining or core funding, but to achieve excellence, it will have to obtain its own funds, and may do so through partnerships.

This last is a circumstance in which the entire University finds itself, Professor Martin observed; Dr. Cerra agreed.

In addition, he told the Committee, there is a challenge from the web to the academic marketplace. If it is not a "wet lab" activity, the University can be raided by others, and one will, for example, be able to obtain a Master's in Public Health on the web. When he looks at Johns Hopkins, Harvard, and Mayo, he realizes the University must move fast. That is ALSO a University-wide issue.

The challenges to AHC schools are the same ones that face the rest of the University, so the two parts of the institution must get back together to confront them.

The University, AHC, and Medical School have made a big commitment of resources to functional genomics and biomedical engineering. That is wise, and it is where the future lies, but with limited funds, that commitment means that there are fewer funds to put elsewhere. This is a question that has not been examined closely enough: who looks at where dollars are going and the trade-offs that are made? Who keeps track of these things?

There are five key questions facing the AHC [see the text of the speech]. The AHC has come through a period of relative isolationism, tremendous turmoil, uprooting of anchors, where all were nervous. Now the situation has stabilized, there is more linkage to the University, and a greater willingness to solve problems collectively. There are enough anchors that people can ask where the AHC is going.

Dr. Cerra discussed faculty attrition. There has been a loss of 97 positions since 1995, a reduction of 19%, mostly in clinical departments. The losses have slowed, and the AHC has spent \$8-9 million on retention. The average cost of recruiting a new faculty member, moreover, runs about \$800,000 to \$1 million. Another factor that needs to be addressed is that the number of faculty members has declined while the number of academic professionals has increased.

How much time does the AHC have? There are significant and adequate reserves, and there is a reasonable amount of time to plan. What is critical is to get the budgets balanced through an infusion of new funds. There is a need for a plan on how to increase revenues and to operate more efficiently. (The Medical School, for example, has decreased costs by \$10 million in the last five years, so there HAVE BEEN cost reductions through use of more efficient processes.) But there is a need for new funds, which the AHC will have to fight for.

Professor Martin inquired about the intersection of the AHC need for additional funds with the University's capital campaign. Dr. Cerra said that the AHC was looking at different targets. Including, Professor Hamilton pointed out, NIH and the health systems. Many are willing to help, Dr. Cerra said; the AHC has not articulated well what it adds to the quality of life and culture in the state.

Professor Hamilton inquired about the impact of the reorganization of the biological sciences on Dr. Cerra's plans. Dr. Cerra said the impact cuts across many lines, with traditional sciences looking very different. There are administrative problems that are being dealt with. There is faculty unease in basic science departments, Professor Hamilton reported, because the reorganization was not revenue-neutral in all cases (in some cases, there were 20% reductions in salary).

Asked if there had been an analysis of why faculty members had been leaving, Dr. Cerra said that the recent article in the STAR-TRIBUNE was a quite balanced discussion; the reporter did a very good job. He has conducted exit interviews; in the clinical departments, most faculty left because they did not have time for teaching and research, so concluded that they may as well be in private practice. It was not an issue of money, for the most part; they left because they could not teach or spend time in their lab.

This is the first year the AHC has had funds to pay faculty in the clinical departments of the Medical School for teaching, Dr. Cerra said, and that revenue stream has to be increased. It is clear, from

the newspaper article and other sources, that the legislature is paying attention to the issue of health professional education. The Minnesota Chamber of Commerce will take up the issue because of its affect on business. The educational process on this subject will take three-four years, and this is only the second. Dr. Cerra said he did not know if the University could change VOTING in the legislature; the AHC and the University seem not to compete well with K-12 education, corrections, and so on.

Professor Hamilton thanked Dr. Cerra for coming, and affirmed that the Committee would like to see additional data.

3. The Budget Task Force

Professor Morrison welcomed Dean Steven Rosenstone, chair of the budget task force, to report on the work of the task force. The Committee was also joined by several members of the Senate Committee on Finance and Planning.

Dean Rosenstone distributed three handouts which set out the questions being asked by the task force, the roster of task force members, and its schedule of consultative meetings. The members of the task force are: Carl Adams (CSOM), Suzanne Bardouche (CLA, staff), Robert Bruininks (Executive Vice President and Provost), Charles Campbell (IT), Frank Cerra (Senior Vice President AHC), Tom Cook (CLA, staff), Greg Fox (Vice Chancellor, UMD), Steven Gudeman (CLA, Chair, Senate Committee on Finance and Planning), Katherine Johnston (Associate Vice President, AHC), Eric Kruse (Vice President, University Services), Fred Morrison (Law, Chair, Senate Consultative Committee), Richard Pfutzenreuter (Vice President, Budget & Finance), Steven Rosenstone (Dean, CLA, Chair), Gail Skinner-West (Dean, University College), Marilyn Speedie (Dean, College of Pharmacy), Al Sullivan (Dean, College of Natural Resources), Julie Tonneson (Budget & Finance, staff).

The President appointed the task force on May 27 and charged it to make recommendations to improve the budget framework and the allocation of costs. It is a unique group, consisting of faculty, administrators, and financial staff. The task force held several meetings devoted to understanding very complicated processes, and everyone now has a more nuanced understanding of them and how they might fit together better. Task force members have done a good job, Dean Rosenstone told the Committee, and they all parked their hats at the door when they came to meetings--they are serving not as representatives of a particular unit, but as citizens of the University trying to get a handle on complicated matters.

The task force is beginning to write down its conclusions and recommendations, although there is no draft report yet. Consultation started last week; the task force will talk with all campus employee groups, and it wishes to be as informed and intelligent as it can be about how the issues will play out. Anyone wishing to comment on these questions may email Dean Rosenstone at sjr@mailbox.mail.umn.edu.

The major questions being addressed by the task force are these:

1. How can we ensure that the University community's core academic values and priorities are adequately reflected in the University's various planning and budgeting processes?
2. How can we enhance the connections among the University's various budget setting and planning processes?

- Biennial Budget
 - Annual Budget Cycle
 - Compact Cycle
 - Capital Budget
 - Misc., decentralized decision processes with fiscal implications
3. Common goods
 - a. What criteria or principles should be used to decide whether a particular set of services or expenditures should be treated as common goods rather than the responsibility of individual units?
 - b. What are the criteria for deciding whether particular common goods should be paid for through central resources (perhaps raised through taxes) or paid for through a mix of central resources and charging mechanisms (such as user fees)?
 - c. What mechanisms are used to fund common goods? Which mechanisms should be used?
 4. How can we increase the incentives for greater accountability and efficiency in the use of resources?
 5. How can we create incentives for better revenue management and risk management?

With respect to question #2, Dean Rosenstone commented that there would be a big improvement if the processes could be more transparent and the coordination among the budgeting and planning process improved. It was suggested by one Committee member that the last bullet should include **CENTRALIZED** as well as decentralized processes (for example, the cost to maintain and operate buildings).

With respect to questions 3 a-b-c, Dean Rosenstone said that these three questions were put on the plate by the President, and they are the ones the task force has focused on. Question 3 (a) can be approached over and over. If the decision in 3 (b) is that something is a common good, that does not necessarily mean it would be funded with central dollars; there could be fees, or cost-sharing, or some mix of funding that includes central dollars. On 3 (c), there will need to be appropriate consultative mechanisms in place.

With respect to question 4, Dean Rosenstone said the task force believes that opportunities for greater accountability and efficiency exist, and it will suggest places to look and strategies that might be used, but he cautioned that one should **NOT** think that if efficiencies are found, financial problems will be solved. The task force does not believe financial problems will be solved by waiving the magic wand of efficiency; it may be possible to obtain \$500,000 to \$1 million per year with increased efficiencies, which is a lot of money for the University, but it is not enough to address the many problems that exist.

With respect to question 5, Dean Rosenstone said that there needs to be an **APPROPRIATE** level of risk management. The University should not be **TOO** cautious in risk management.

The task force will not have a detailed blueprint for the budget planning process, he said. It will see where things work, where there are problems, and how those problems might be addressed.

Professor Morrison affirmed Dean Rosenstone's view that task force members left their hats at the door, and said that they had all looked for the best interests of the UNIVERSITY, not faculty or staff or civil service or college or campus. The key issue that caused the task force to be set up is common goods; the other four questions will provide useful background information, but it is common goods that stimulated the inquiry, because of faculty and decanal concerns about the allocation of resources between colleges and the central administration. Question 3 must be answered, he concluded, or the task force will not succeed in its work.

Professor Morrison said he would also add a fourth item to question 3: how big should the central administrative share be, who will decide that, how will costs be apportioned among units, and when will the decisions be made? The charge, he said, was how can the administration get enough dollars, not how to properly allocate funds.

Asked if the work of the task force would have any impact on the present budget cycle, Dean Rosenstone said he hoped it would; the report is to be delivered by January 1.

Mr. Pfutzenreuter said there had been much progress in improvement of the University's budget processes over the last several years, but that there were nonetheless a number of surprises in the last cycle. Things "pop up" that surprise everyone, and those items are hard to handle; they cause the debate about common goods.

Professor Morrison pointed out that every year, and every biennium, there appears a list of items that total \$10 to \$30 million that someone promised without thought about the financial consequences. That list then competes with other academic claims, and academic programs are forced to absorb whatever costs it is not possible to find another home for. He provided several examples of these kinds of items that have arisen in recent years. Either academic units are assessed, or auxiliary units pay, but in turn raise rates or require an increased subsidy.

There needs to be a mechanism that connects a decision to build a building to the University budget, Professor Kuhi commented. Professor Martin added that there also needs to be a mechanism to decide when the place of a building on the priority list is to be changed.

Dean Rosenstone observed that a program decides on an expenditure, such as new faculty, which in turn generates the need for a new building. There needs either to be a filtering mechanism for these decisions (Professor Hamilton) or the funds need to be sent down to the level where the decision is made (Mr. Pfutzenreuter).

Mr. Pfutzenreuter said there is a need for principles to decide what costs will be common goods. Professor Morrison added that there is a serious concern, focused by Professor Gudeman, about common goods and about other costs that may be centrally-funded but which are not common goods. The task force will note the distinction, and ask whether items receiving central funding that are not common goods should receive that funding. Dean Rosenstone said the task force could identify things the University values, which could be provided free in order to encourage certain behaviors; there may also be efficiencies achieved by doing certain things centrally, even if those things are not common goods.

Professor Gudeman said there are several ways that common goods and similar items could be handled. One, by externalities. Two, by a cost/benefit analysis that takes into account TOTAL cost and TOTAL benefit. Three, by systemicity (the impact when a butterfly flaps its wings).

Professor Kuhi expressed support for the increased accountability suggested in question 4. He observed that a decision is made about a common good (e.g., CUFS, the Enterprise Systems Project), and then costs increase significantly over time. There is no way to hold the group responsible that implemented the decision.

One Committee member commented that incentives are more important than defining common goods. They could be easily defined by the person receiving them, but not so easily by those who are paying. They would be easier to achieve if there were incentives to do so. One possibility, Professor Morrison suggested, is to say that the administration will have \$X million to support new common goods; this could help avoid the phenomenon of not basing central support for common goods on tradeoffs. Rather than fund something simply because it is good, items would be examined to determine if they provide more or less benefit than other expenditures.

Professor Martin inquired of Dean Rosenstone, about question 1, if there was agreement on core values and priorities. "Of course not," he responded; those are always the subject of debate. Whatever the answers, they should inform the budget process; the budget is principles turned into action plans about how to run the place.

Dean Rosenstone said the task force is attentive to institutional cost drivers over the next 3-5 years: competitive compensation, technology, and facilities. The vast majority of issues arise in these three areas.

Asked if there is a representative from technological areas on the task force, Dean Rosenstone reported that they had talked with Associate Vice President Cawley. They are thinking about what is on the horizon, what revenues there are, what assumptions they can make, and how to take to the legislature the University's needs. There are many core needs in the three areas he mentioned (compensation, technology, and facilities), and it has been difficult to get legislative support for them.

One Committee member observed that there have been no increases in supply and expense budgets, and that this item has also not been saleable to the legislature. Real costs increase, however, and they must be funded somehow. In addition, Dean Rosenstone agreed, there are increased demands for technology staff and new equipment.

Professor Morrison recalled that up until perhaps 20 years ago, the University would ask the legislature for an increase in its base and the legislature would provide funding, without specifics. Beginning in the 1980s, the legislature quit doing that, and instead declared the University base budget was fixed, with all new dollars to go to specific purposes. That practice put pressure on places where extra money could be found (e.g., tuition, ICR funds).

Many of the issues facing the task force are not unique to the University of Minnesota, Professor Hamilton pointed out; has the task force looked externally for guidance? Dean Rosenstone said that Associate Vice President Kvavik had surveyed the CIC institutions about common goods and taxing, and the task force was provided a copy of a detailed paper on financing strategies prepared for the provost at

Michigan; that papers deals with such things as common goods, taxing mechanisms, and what to abandon because it does not work. If there are to be taxes, he said, they want to avoid a bureaucratic and onerous system with separate taxes for the libraries and the President's office. That leads to chaos, and other institutions have backed off such systems. The fight must be over priorities, and any system must be simple, transparent, and fair.

Asked if the task force had gone to non-university expertise for help, Dean Rosenstone said it has not brought in consultants. There is great wisdom on the task force, he said, and it wants to frame the questions and answers itself, before any consultants look at them.

Professor Morrison thanked Dean Rosenstone for joining the meeting.

4. Meetings with the President

Professor Morrison noted that the FCC chair and vice chair regularly meet with the President before he joins the Committee; on the athletic matters, he and Professor Hamilton have invited Professors Kane and Martin to join them in giving the President advice.

Professor Morrison adjourned the meeting at 3:00.

-- Gary Engstrand

University of Minnesota

Choices and Challenges:
The Future of the University of Minnesota Academic Health Center
Frank B. Cerra, M.D.
Senior Vice President for Health Sciences
October 25, 1999

Thank you for joining me today.

President Mark Yudof often talks about defining moments in the life of the University, those points that history will remember as hallmarks of the institution and its faculty. Defining moments can be positive--such as launching the new molecular and cellular biology building--or negative--the ALG situation comes immediately to mind. They can either happen quickly or, like the Glaxo-Wellcome settlement, represent years of hard work.

We in the health sciences are clearly facing a defining moment. The time has come for us to find answers to two important questions--where are we going, and what are the right choices for our faculty, our students, and for the people of Minnesota?

I have been reflecting on those questions--and arguing with myself about the options--for the past few months. During that time, I have sought out the best thinking of the faculty and leadership of the University. As you know, I have had meetings with all of the departments in AHC schools and colleges; I have had dozens of one-to-ones; we have had discussions in regular meetings and in faculty governance meetings. I have also been meeting regularly with the heads of the health systems and individually with leaders in government, business, labor, health care, communities of color, and education. You have all talked and I have tried to listen carefully.

What follows are my observations and personal views. I struggled with how to present them, e.g., lecture format, lots of data, and whether or not to be very prescriptive. But rather than delivering a very formal presentation, I decided just to share my thoughts with you, in the hope of engaging in a dialogue and process that will define the issues and develop a plan for addressing them.

To begin, I want to tell you I have learned from our discussions.

-- Although the dark days of the past are gone, their ghosts still haunt us. We have preserved our schools and professional identities with clear roles for deans and department heads, yet I still hear the word "reengineering" from time to time. We have settled with the Department of Justice over the ALG matter, but remain criticized for the amount we had to pay. We are still subject to the NIH exceptional status. And, most importantly, our financial future remains an unanswered question, especially for the Medical School. We have managed thus far by selling the hospital, spending our reserves, and securing additional legislative support through the tobacco endowment, funding for annual AHC grants, and funding for the new MCB building. As good as these latter gains are, we can't continue this patchwork of fiscal solutions. We must understand and fix the structural financial problem.

-- The faculty and staff have suffered from the dramatic changes of the past few years, but still fight to maintain high quality programs and services. The talent here in the Academic Health Center is amazing, but we are all tired. I am reminded of playing "Tug of War" when I was a kid--a team on each end of a rope struggling to pull the other team over a line drawn on the ground or, worse, a mud pit. I can remember digging in and hanging on--despite the pain and despite the temptation to let go. We'd make progress; then we'd get pulled and yanked. There was always the urge to let go--to give up. If we all let go, the other team fell backward. We couldn't win, but they wouldn't either. These days, we are all feeling the urge to let go, to give up, to go away. But we can't, because if we let go of the rope, we, and the people who rely on us, fall backwards. The health of Minnesota would be the real loser.

-- Minnesota's health depends on us. It is safe to say that there has never been a time when we have been needed more. The people of Minnesota need us to educate their health providers and to take care of their families; the state needs us to help build a life sciences industry to complement Minnesota's medical device industry; the world needs the research that is conducted here. As the population ages, these needs will grow. We must be ready to respond.

-- Virtually everyone asks, where are we going as an AHC? What are the questions? What is the plan? What is my role in the plan?

Together, we have made tremendous progress over the last four years. We have faced seemingly insurmountable obstacles and overcome them. While we may be a bit bruised; nevertheless, we made it.

I could recite a long list of tangible changes--from the sale of the hospital to the integration of the practice plans--but you know the list well. You have had the courage to make many painful decisions; you have had the commitment to do what we knew was right. As an aside, I laughed when I read Corporate Report's October interview with Mike Bonsignore, the CEO of Honeywell, and thought about the merger with Fairview. Mr. Bonsignore was talking about the merger with Allied Signal and said. "Once a merger is approved, we'll move ahead with the implementation of the plan with the goal of having it completed within 90 days." Little does he know how difficult these mergers are--90 months is a better estimate of the time it will take for the merger to begin to take hold.

So, what have we really accomplished? We have

- delivered the highest quality research, education, and clinical services.
- improved service to faculty and industry through the Research Services Office.
- opened the doors to communication and collaborative decision-making.
- begun to establish a different marketplace position through Fairview and University of Minnesota Physicians.
- become better known for our contributions to science and to the health of the people of Minnesota.
- become leaders in interdisciplinary education and research.
- implemented new programs such as the Center for Spirituality and Healing, the Rural Health School, the National Institute of Health Policy, and the on-line Pharm.D. degree for practitioners.
- invested in facilities and technology.
- strengthened curriculum and taught new skills and knowledge.
- successfully funded graduate medical education--unlike other states.
- become more accountable to taxpayers and to the students by implementing new oversight models and management systems.
- begun the process of delivering education where the care is delivered.

Schools, programs, departments, individual faculty also had big wins. Every week there are multiple newspaper and television stories locally and nationally about the accomplishments of the faculty. The Cancer Center received comprehensive designation by the National Cancer Institute. New faculty and department heads were recruited. We have held our own in research funding and continue to make major contributions to science and therapeutics. Students were graduated. And the life of the University continued.

I am proud of this progress we have made together.

Even so, our greatest challenges lie ahead of us.

- The swirling and rapidly evolving health care marketplace continues to challenge our development. Burdened by its own issues and increasingly less able to support education and research as it has in the past, the market is the primary cause of our financial problems. The market also fails to recognize that education and research are as much a part of our identity as expert clinical care. We encourage the players in the marketplace to set their own interests aside and help stabilize the state's public, land-grant health professional education system and research engine. Who pays for health

professional education is a public policy problem that needs a solution. This patient is in intensive care, and if this doesn't change, the infrastructure of education and research will crumble. The patient may not survive.

-- The U.S. Congress and the Minnesota Legislature are unlikely sources of solutions to our serious financial dilemma. At the federal level, it appears as if Congress will starve medical education, or choke it with regulation. Congress has already declared its opposition to using Medicare funds to continue support for graduate medical education. At best, we will be able to compete for this funding during every appropriation cycle. Our situation here in Minnesota is better, but still not reliable enough. Last year in the Minnesota Legislature, with 4 billion additional dollars to spend, we ended the session with a recurring increase of \$8 million--despite a massive educational and promotional campaign by the Academic Health Center. Legislators support us, believe in us, respect our research, and commend us for providing 70 percent of the state's health professionals. Yet, when placed up against other priorities, we seem unable to compete with K-12 education, corrections, and human services. We are going to have to create our own opportunities and forge our own partnerships to move ahead.

-- The biological revolution presents both opportunities and threats. It is blurring the lines between medicine and agriculture, and between the basic and clinical sciences. In some ways, it is our greatest opportunity, promising new treatments, new cures, and a new industry for Minnesota. It appears at this point that we will prioritize human and translational/functional genomics, stem cell research and bioengineering, supported on a platform of bioinformatics. This will require an expanded infrastructure. It could draw resources from other important programs. And it could fail as Minnesota attempts to compete with states that have already invested heavily in the new science.

-- The University's traditional role as a primary source of knowledge and fount of solutions is being challenged. Information technology and an increasingly electronic marketplace have made it possible to get expert advice elsewhere, to engage in world-wide conferencing, and to earn a degree, at home.

There are also some realities that we must face head-on.

-- We aren't as good across the board as we used to be. Our rankings have slipped even though we have one of the finest faculties in the world. Thanks to their dedication, we still have dozens of highly regarded programs and many more that remain nationally ranked. Unfortunately, we do not have enough faculty to regain that stature. Faculty recruitment--and retaining our own--must be a top priority.

-- If we are to succeed, we must get out and create the opportunities and partnerships ourselves. We won't be able to rely on the Minnesota Legislature, Congress, or the health systems to solve our problems for us while we sit passively and wait. We will need to mobilize all of our creative energies to bring together the right parties--including our friends in politics and managed care--to negotiate solutions. We will need to use our best thinking to develop creative financing mechanisms for new buildings, programs, and services. The recently announced University of Minnesota capital campaign presents us with immediate opportunities to secure financial support. Many of you have helped articulate the goals and the needs for gifts. Now is the time to support the fundraising initiatives of the Minnesota Medical Foundation and the University of Minnesota Foundation.

-- Our partnership with Fairview is important, but it cannot be the sole source of resources for us to grow. We need to develop an effective arrangement with Fairview that maintains a world-class hospital with flagship programs on our campus. We also need relationships with other care delivery systems in the provider community to meet the needs of our mission.

-- The future requires us to "hang together" rather than "hanging separately," as Benjamin Franklin said. We have had some great successes in interscholastic efforts. We need more! I know that every change--large or small--creates tension among us. I know that painful decisions create emotional chaos. We are not through the worst yet, but I remain optimistic. By working hard and making good choices, I am confident that our future will be bright.

-- Success is dependent as much on external factors as on internal ones. One bad media story can seriously damage our reputation. One decision by the NIH or the Department of Justice can set us back years. One lawsuit can cause serious financial setbacks. We can disagree all we want to about University issues, administrative services, and internal politics, but we need to remain focused on our clients--students, patients, stakeholders, and regulators. We must continue to deliver the highest quality and most ethical research and service to strengthen our national reputation. We must also maintain the environment of creativity and innovation within which we can all grow and develop as individuals.

-- The end--good or bad--is not near. We are in this for the long haul, and it will take months to define where we are going and years to deliver it. At the same time, life is not ending as we know it. We are educating students, delivering world-class patient care, and making major discoveries. This is our purpose; this is why we are here. We, in fact, are in a lot better shape than a lot of places, some very prominent, around the country who are just beginning to face the problems that managed care has created for health professional education and research.

To succeed, we need to answer several defining questions with specific strategies. There are no right or wrong answers, but the choices are difficult ones. We must answer these questions to move ahead; we must develop internal and external support for our choices.

1. What is our role in the health of Minnesotans--our land grant mandate?
 - Can we continue to train two-thirds of Minnesota's health professionals? Do we focus on specialists or primary care? Are we ready to care for an aging population? How do we pay for it?
 - In addition to how to care for the sick and injured, what do we teach? Wellness/prevention with treatment? Complementary therapies? Business skills? Team care?
 - How do we deliver education where the care is delivered--in the community?
 - Will we be able to maintain the essential connection between innovation and education?

2. Will we lead or follow in the marketplace?
 - Will UMP become truly integrated and compete effectively? Metro area and/or statewide?
 - What is the optimum relationship with Fairview? With community partners?
 - How full does FUMC need to be, and what are the implications for the composition of the faculty? Of UMP?

- How do we develop a service culture that meets the benchmarks?
 - How do we provide the education base today that prepares the leaders of the care delivery systems tomorrow?
3. How will we support research?
- Can we be top ranked nationally in all areas? If so, how do we support it? If not, how do we choose our priorities?
 - What is the future of clinical research and industry partnerships? Will there be an interest in funding initiatives for economic development?
 - How do we build infrastructure and an environment that rewards innovation?
 - How do we build Biomedical Alley?
4. Will we meet the challenges of the electronic age?
- What courses and degrees should be on-line or web-based?
 - How are education, research, and clinical services strengthened (or weakened) by communication technology? How do we pay for it?
 - Do we want high-tech or high-touch education and care?
 - How do we build life-long learning and self-education into our programs and support systems.
5. How do we develop a culture of accountability in an environment of good communication and consultative decision-making?
- What are the right formulas for effective communication and collaborative decision-making?
 - How can we be certain that the governance processes are representative of the opinions and principles of the constituencies?
 - Are we willing to engage in responsible decision-making and be accountable for our actions?

I would like to tell you that I have at least some of the answers to these questions. I don't, but I have some ideas about where we want to be down the road. Our tasks--together--are to define that vision more precisely and to make the choices necessary to reach the goals.

How do we get answers? There is only one way I know of: harness our collective energies and focus on defining and solving the problems. We will also have the added benefit of a new committee of the University Board of Regents that has been organized to help us chart our course.

- I will work with faculty governance at several forums to determine whether the questions I have posed are the right ones and to further define the planning approach. Please give an hour to participate.
- In early 2000, we will organize work groups of faculty and staff to discuss the questions and to articulate options. We need our best thinking about the choices we will need to make. At the same time, we need to pose these same questions to our friends in the community and to public policy makers. Their voices will help shape our final agenda.

- In mid-2000, I would propose a faculty-administrative partnership that will be entrusted with the development of a vision for the Academic Health Center by June 30, 2000. This will require a review of the information developed by the work groups, making choices among the options, discussing those recommendations widely, and returning to the deans and me with an agenda that will meet the challenges over the next several years.

So, let's look to the future for a moment. If we answer the questions--given our realities--how will we know we have made the right choices?

In my mind, we will know we have succeeded when

- the University of Minnesota is listed in the top 20, all the health professional schools are in the top 10 on any list, and our research programs are in the top 10.
- health professional education balances outstanding, well-funded core programs with interdisciplinary education and training that meets the needs of the people and the providers, especially those of an aging population.
- education is delivered where the care is delivered and is paid for with designated resources.
- all parties--public and private--invest in medical education and recognize its public value.
- high-tech is combined with high touch to strengthen curriculum and care, and we are viewed as a resource for self-education for life.
- faculty and staff are challenged, motivated, and appropriately supported financially.
- Fairview Health Services is our primary partner, but University clinical services are widely available through other community partnerships.
- University of Minnesota Physicians competes effectively in the marketplace and is able to generate revenue consistent with its needs and the needs of the Medical School.
- we are providing leadership in the care delivery marketplace.
- the University continues to educate two-thirds of Minnesota's health professionals.
- the best students and faculty in the nation consider us among their top three choices when making education or career choices.
- Minnesota has a growing life sciences industry sector to complement our success in medical devices.

Let me now close by expressing my gratitude to you for your advice, insights, candor, and contributions. Samuel Johnson, the British lexicographer, once said that second marriages are the victory of hope over experience. In many ways, the Academic Health Center is in a "second marriage" --the second major phase of our evolution. I, like Samuel Johnson, am hopeful, but I need you to make it work. You represent the best in health education, research, and patient care. I am proud to be your colleague. Thank you.