

**University of Kentucky Board of Trustee 2013 Retreat**  
**Opening Comments from President Eli Capilouto**

October 25, 2013

You know, often at the University of Kentucky we say we want to “see blue.” Over the next day and a half we want to try to “see tomorrow.” And I want to thank all the people who help put this retreat together in a compact way to provide you much information so that – together – we can “see tomorrow.”

First, Provost Christine Riordan; Vice President Eric Monday; Jim Tracy, our Vice President of Research; and David Adams, who you’ll hear from in a moment, from Education Advisory Board.

Bob Wiseman has worked tirelessly over the past year, year and a half, with associates on our master plan; you’ll hear from them, and then, as always at the University of Kentucky, there are countless staff behind the scenes that really make a day like this possible.

I reserve my final thanks to the Board of Trustees. Over the past two years and certainly long before I arrived, you have provided wisdom, guidance and advice that has helped us advance and earn our way forward.

As we talk about the future, what is going to be a key for us today is to ask the right questions. There are four. Four is meaningful to me. The first is:

- “Why are we here?”
- “Where did we come from?”
- “What progress have we made?”
- and “Where are we going?”

I remember when my daughter was 13 years old, she insisted that I watch the movie, Gladiator. And I finally acquiesced. I was looking for a bonding moment and she was right, it was a very powerful movie. At the end of the movie, having been moved by a certain line that Russell Crowe stated, I turned to her and said, “That was really a terrific movie. As a parent, what do you think the most important line in that movie was?”

She said, “I don’t know.”

And I said, “Come on, please. Think harder. As a parent, what was the most important line?”

To which my daughter said, “Oh, that’s easy. It’s when he said, ‘On my command, unleash Hell.’”

That’s a true story. But what I always remembered about that movie is when Russell Crowe turns to his followers at a challenging time and says, “Why are we here?” It’s always the most important question.

Through email I shared with you my travels across Kentucky for the last three weeks. Along some 1,900 miles, those stories underscore something terribly important and irrefutable to me and that is “We are Kentucky.” In both a physical presence at all our extension centers and through the soulful

work of our students, our faculty and staff, we are Kentucky. We educate students. We conduct groundbreaking research, and we extend and enhance the quality of life.

Discovery of knowledge and application of knowledge in the form of service is part of the DNA of this University. And carrying that metaphor a little further, throughout RNA, I see it evident in every county in Kentucky. So this is why we're here... We're here first for our students, for our faculty, our staff, our community and our Commonwealth. For the last one hundred and fifty years we have been a shining light for research, service and education. As we approach our sesquicentennial, it is now an appropriate time to see how we will best fulfill our obligations and promise for the next one hundred and fifty years.

During the last Board Retreat and the Health Committee Retreat, Dr. Karpf outlined a vision for UK HealthCare. He said that over the next few decades there will probably be 50 top academic health centers. And with your guidance and his leadership, we have made strategic investments to ensure that UK HealthCare is going to be one of those 50 top academic medical centers.

I concur that when you look at a research campus across the country given all the forces that we face, and some that you saw in the articles we had you read before the meeting, that there will be 100 or so thriving residential research campuses and we have to be among that group.

So what will it take?

It's first going to take a commitment to look anew at some of the old challenges we faced and look even more seriously at the new and more perplexing challenges.

English novelist, H.G. Wells said, "Adapt or perish, now as ever is nature's inexorable imperative." History offers irrefutable evidence that regardless of the entity, business, industries and agencies, they've all perished on a single principle. Perished or flourished. And that is the only thing that is absolute is that nothing is absolute.

So we must change.

UK has changed. A few weeks ago a workman at our Cooperstown site uncovered something we didn't know was there. It was a time capsule when we constructed that facility. So they brought it to my office. First, this is from September 22, 1956. It says the Lexington Herald. It sold for a nickel. Some things don't change... newspapers like to use sports to gather attention, this is pretty clear. It says "36,000 may witness the Kentucky Tech opener today." It's got the Wildcat on the front page.

But there are some other things that indicate change in that document. In Frankfort, there seemed to be a controversial issue that was being debated -- a plan that would make it illegal to hang beer and liquor signs outside of taverns.

But then there was one story that particularly struck my eye. It says, "Sturgess and nearby Clay, today settled down to await federal court action after two weeks of racial friction over attempts to integrate Negroes into all-white schools. Many people expressed the opinion that if the federal court opens the school doors to eight Negroes here, and four at Clay, the only reaction would be another white boycott of the schools."

I also found in the time capsule the entire schedule of classes at the University of Kentucky. That's it. In 1956, we had six colleges – art and sciences, agriculture, engineering, law, education and commerce.

Like us today, they were considering building projects, housing. Here's the big one that was on the table. They only had a model at the time and this is the model for Cooperstown married students.

The president at the time, President Donovan, announced a record increase in enrollment – 10 percent, got up to 6,400 students, two-thirds of them are men. There's predictions that if we do things right we can get up to 12,000 by 1970.

It opens with a report of how many faculty we've lost over the decade to other universities. I'll return to that in a moment. And if you're really curious, and some of your families members are listed in here, here's the Lexington phonebook, 1956.

So yes, we've got to change. We have changed in the past. But where have we been?

At the conclusion of the first retreat you identified two priorities on which we were to focus: Enhance and expand undergraduate education and renew and rebuild the core of a nearly 150-year-old campus.

Because of your continued support, we made significant progress. The last two incoming classes have been the largest, most diverse and best-prepared classes in Kentucky's history. 176 National Merit Scholars in these two classes. This is along record numbers of African American, Latino, and international students. And a larger number of out of state students while fully meeting our obligations to first educate Kentucky's sons and daughters.

We are halfway, some \$265 million into a multi-year partnership with EDR to rebuild and revitalize our campus living learning spaces. We opened two residence halls in August, five more will open this coming August and three more a year from this coming August.

This month we broke ground on three projects approved by House Bill 7. Some \$45 million in gifts and commitments have been made to the \$65 million renovation and expansion of the Gatton College. It was a great groundbreaking just a week or so ago.

With nearly two thirds of the support coming from UK Athletics, we're making progress on a \$100 million new academic science building. And as the chair noted, a \$110 million renovation of Commonwealth Stadium, funded entirely by Athletics, will begin the day after the last game this year. In total, you have undertaken, approved and put in motion these projects and others for a total of \$615 million in capital improvements just in the last two years.

Last year you directed us to continue this work and you asked us to confront challenges in higher education and invest in priorities that keep us on the leading edge. Through your direction and terrific support across campus, we identified and hired new institutional senior leadership: Executive Vice President, Eric Monday, General Counsel, Bill Thro, and most recently Provost Riordan.

We continue to make progress on the financial model of accountability. The Provost has added new energy and new insights which we think are going to add to its success as we enter a year of partnership with our various units under her leadership.

And we are doing more to support faculty and staff, implementing all recommendations from the R3 committee and a new performance evaluation throughout the campus.

We've also fulfilled and implemented strategies to expand technology and learning. We launched an e-learning initiative to introduce new teaching technologies in our classrooms. We integrated more technology and tools that you can find clearly evident, and I encourage you to visit at the W.T. Young library. We signed a partnership with Coursera along with other high level universities to provide MOOCs and in our case targets for high school chemistry students. And all of you share the pride that we should in our NCI designation of our Markey Cancer Center.

I'd like to say the watchword here is promises made, promises kept. Thanks with your help.

But how were we successful? The Provost is made available to us a personalized, signed copy of Jim Collins's *Good to Great* – this one focusing on the social sector. The title here is “Why Business Thinking Is Not The Answer.” I would say we are business-like, but we are not business and some of the distinctions he draws here I think are worth noting.

But what he describes as the, “good to great framework,” I think have been cornerstones to our successes. He talks about disciplined people, disciplined thought, disciplined action. He uses an analogy that I think is appropriate for today.

He says, “Imagine an egg, any egg. They're not dissimilar to another. Eggs share a familiar shape and often times similar colors. Day after day the egg just sits. Undisturbed, it does not move from point A to point B. It doesn't blink, flash, shutter or speak. In many ways there are few distinctive characteristics on the outside until one day the shell cracks. A break appears as it pushes through the wall of its common looking shell and a chicken emerges. From the outside it is an undistinguished process. Most of the activity is unnoticed. But imagine for a moment the perspective of the chicken. While the world was ignoring a seemingly dormant egg, the chicken was evolving; growing over time until it hatched, until from an outsider's perspective there was a breakthrough – change that, for the chicken, was one step in the line of many to come.”

I see the chicken's perspective in many ways as our perspective. As we transform ourselves from good to great, there's no singular breakthrough moment but there will be a series of steps and events that make us a great and differentiated organization. We have maintained our focus in the past and must do so in the future to continue our ascent.

This brings us to the question of “Where are we going?”

So I'm going to offer six broad themes that we think will be the framework for our discussion over the next year of the strategic planning process. Within each one of these themes we need to ask the right questions, and we ask you to begin this process with us today to make sure we pose the right questions -- can't answer them all today but we should be sure that we ask the right questions.

So what are the six broad themes for which we'll have corresponding committees?

- First, create a vibrant undergraduate learning community.
- Second, advance a high quality graduate and professional education portfolio.
- Third, cultivate a robust research environment.
- Fourth, develop a strong and sustainable infrastructure.
- Fifth, create a positive work environment for faculty and staff.
- And finally, and most meaningfully, maintain the significant impact we have on community.

Let's start with the **undergraduate education**. From the article we distributed to you in advance from national affairs, Butler writes about what he says is the most decisive threat to the current structure of higher education. Namely, he says attacks from new kinds of institutions. He further states that a less regulated and easier entry market -- and I think he's referring to new and more effective and efficient means of accreditation -- will heighten the central questions posed by U.S. News and World editor Brian Kelly.

You remember his questions: "Is the consumer getting the product we promised? What do you actually learn here? Can you guarantee a job? What about admission to graduate school?"

Now, he's not the only one asking these questions. You hear these questions more and more, time and again, from the federal level and our state level. Locally, we are debating performance-based models. All of these questions and policy initiatives are calling for more transparency and demanding accountability for what we do.

There are lots of little questions but they beg the large one.

What and why are we providing a certain type of educational experience? Jim Collins says, "Great organizations have a distinctive impact." And I believe we do so at UK, and I wanted to share a story with you about one of our graduates. He's pictured on the left here, Brian Curry. In the center, when he was a student here in 1978, is his proposal for an individualized curriculum.

He created his company in 1996. I met Brian in New York City last year where he lives and then he visited campus last weekend and I had the joy of spending time with him again.

But in 1996 he meshed his love for movies, his admiration for Hollywood innovators and his fascination with computers. At the time when the world was trying to figure out "What is the world wide web?" He recognized the Internet as the next great frontier and launched his company. His company is Earth Cam. It's the leading international provider of Internet based web cam monitoring. When he left Lexington the next day he was traveling really throughout the Middle East advancing his business.

As I said, a 1978 alumnus, he initially majored in computer science. But he was able to customize this track that worked for him. This is what he said in 1978... "I wish to prepare myself to enter the television and film industry as a filmmaker and producer. I feel like a liberal arts education with a strong emphasis in art, theatre and telecommunications would give me a more intellectual background of aesthetic development. My major (that he's designing) will be split primarily between art and theatre with a significant amount of course work in telecommunications, English, and architecture. The traditional BA structure in any one of these departments would not allow me room enough for electives in other departments."

His coursework, which he outlined, included computer programming, acting/directing, algorithmic processes, textiles, production, music, psychology, sociology, economics and accounting. We are one of seven universities in the country that offers on a contiguous campus the rich array of disciplines that we can boast.

This is a reflection of the distinctive opportunities we can offer. And given the uncertainties of our times, Tom Friedman has written that this generation is going to have to create or reinvent their job more than once. As I heard recently stated, the greatest skill we can give a graduate is a skill to develop a new skill. That's what they'll have to do. So how will we do this? How will we keep all of this affordable? How will we keep it accessible?

Second, **we must advance a high quality graduate and professional education portfolio.** The University of Kentucky and the University of Louisville are the only two institutions in the state that award research doctorates. We award some 59, the University of Louisville 34, PhDs. This is a fundamental part of our mission. Our graduate students are the leaders in their company. They're at the top of organizations, whether in the private or public sector, doing incredible things with a sophisticated toolkit of skills.

I'm going to tell you about one who's pictured in the center here, Melinda Jean-Louise. She's a native Haitian. She's getting her Masters degree in civil engineering. She spent significant time in her native country, Haiti, working with an international non-governmental organization to measure soil stiffness to help rebuild that country ravaged by horrible forces of nature. Using low-cost, portable equipment, she helped her in-country engineers and geologists, so that they could re-build that country. So here's someone with a sophisticated set of skills able to apply it in a place of deep need where the technology wasn't as advanced as one would hope.

There are questions about this graduate and professional enterprise. Does our portfolio of programs, do our delivery mechanisms, meet the demands of working adults who are moving towards asynchronous learning to fit their lifestyle, schedules and family obligations? Is our structure for administering and adapting graduate programs the most effective environment? Do we have those processes that keep us nimble at a time of so much change? Are we offering an attractive mix of programs for pre-professional and mid-career students? The list goes on and on that we could answer.

As part of our mission **we must cultivate a robust research environment.** We're the leading discoverer of scientific information and other creativity in the state, and we must commit to excelling on that front. And what we do is certainly, I think, what comes to mind when you think scientific research and discovery, but our creativity on this campus is broad.

Our undergraduate and graduate programs are not in competition with our research responsibilities. In fact, they complement it at every level.

This past week I attended the lecture of Armando Pratts in our department of English. He teaches a course entitled "Literature in Film." He focuses on film adaptations of literary works. The day I attended the book, written by John Conrad, *Heart of Darkness*, was being discussed. It was inspired by his visit to the Belgian Congo in 1890. Armando used his scholarship to illustrate how art can shock one out of being oblivious; how art can change your perspective in unique ways.

He powerfully conveyed man's inhumanity to man in the midst of what many would define as civilization. It was a powerful moment to see our students, who could apply this to current activities.

The experience reminded me that at the University of Kentucky we do not simply train people, we educate people. We don't simply teach someone how to do something, we have the ability to teach and individual why we do something. I'd like to think that we give a moral compass that is as important as any skill that we may be able to convey.

Yesterday, the Provost and Vice President for Health Affairs and I attended a powerful presentation to get an update on an incredible multidisciplinary research team. You're certainly familiar from the reports we've made to you about our cancer research and its dread in the state. But this map illustrates that we confront another killer, and the darker the county, the worse things are. This shows the association of obesity and cardiovascular disease. As my predecessor rightly said, this is one of those Kentucky Uglies. So what are we doing about this at the University of Kentucky?"

This is a great story, and, to me, it reminds me of that analogy of Jim Collins about those series of events that lead to a powerful impact. So I believe, Bob, we met in the Wethington Building on the 5<sup>th</sup> floor. That entire floor houses 17 investigators from different departments and colleges. The building was built with state funds back in 2001. There was a shelled floor there and our University put in for a NIH construction grant to complete the floor.

Dr. Fred de Beer was director of this fledgling center. It started with great leadership and then talent was built. And talent begets talent. So, over time this partnership begins. They start adding other investigators. They come up with an idea to confront one of Kentucky's horrible scourges. And then here's the persistence and perseverance it takes. 2005, 2006, 2007 they submit this proposal. They're unsuccessful in '05. They're unsuccessful in '06. They keep coming back. Even with higher and higher scores they're not funded but in '06 they finally are. The commitment to science takes that kind of perseverance and it was certainly evident there.

So they built these core facilities, strategic hiring, and then, importantly, they started mentoring and growing our own talent. So look at this... these are the young investigators that came through after they received a \$10 million award when they were successful. These are people that they really birthed. These are a sterling record of a group of young investigators that came out of this center. \$34 million in grants they received. They averaged two publications a year in top-notch journals. Sterling record, again building, but it wasn't over.

As I said, look at the units that are represented here... agriculture, engineering, pharmacy and several departments in medicine. So the work goes on... in '09 Lisa Cassis has been leading this enterprise, heads the diabetes and obesity research center. We get an endowment from Barnstable Brown to lift this project further. We recruit Phil Kern, and then we get our CTSA grant that as Dr. Karpf likes to say, "Puts us in the big leagues." Because it illustrates that you can bring all of your colleges together to bring a discovery quickly to a community and make a difference.

Look what this has meant in funding to tackle one of Kentucky's Uglies. Some \$92 million over the past 10 years through investments made by medicine, by our University, but I would argue it illustrates that sustained focus -- that disciplined thought -- that Jim Collins writes about. So this is paid off the University, it paid off for Kentucky.

We did it with infrastructure, not just a physical plant. So with that kind of success and with the environment changing, what are the questions we must ask ourselves? How can we afford an enterprise like this and assure its success in an environment of declining or flat federal support? How do we best compete for researchers and those lucrative grants? How do we service those who do this research? How do we assign costs, assess costs and allocate revenues across a diverse portfolio of creativity and discovery? And how do we measure our outcomes in research?

Fourth, **we need a strong and sustainable UK infrastructure**, and I want to define infrastructure broadly. We'll start some of the definition today. I don't mean to complete it. I hope the committee elaborates.

I'm not just talking about the physical plant. I'm talking about the other resources we need to complete and achieve our mission – the people, the processes, the policies, and the systems of accountability.

One of the things I like about our financial model that we're instituting is it puts a higher expectation on administration. You will see what we spend to serve our units, and we want to build in those ways that assess our quality. Vice President Monday shared with me that, currently, it takes 17 days -- lots of paper, too -- to reimburse a faculty or staff member after they take a business trip going to a professional meeting or a conference... 17 days. We're working now to reduce that process, make it paperless, to one week and have the reimbursement made via direct deposit. This is just one example of the efficiencies and effectiveness we've got to build in to everything we do. But we also need to look internally at our other processes.

I greatly appreciate the leadership of Lee Blonder, Jeff Spradling, and our faculty and staff senates. They have added greatly to what we do, and I want to work every day to further build the trust that I think underlies change at a university.

Lee shared with me this week in a great summary of all the things that the Senate undertakes that the Senate oversees 16 standing committees -- some who are more active than others -- three advisory committees, two joint committees and four councils. They have reviewed 601 new course proposals this year and 172 minor course changes. I worry that some of the processes that we used were developed when we were this big and we're just a bigger place now. Are there new ways for us to nimble and agile and trusting one another to review all of the things that now fall under our egis?

The questions then are simply how can we increase the cost effectiveness of developing our human capital – our faculty, our staff, our students, and how can we increase the effectiveness and reduce the cost of our physical plant, our time, and our other resources to guarantee success?

I think you will agree from the readings you've seen and those I've shared with you before like the report from Moody's I shared with you. The future belongs to those universities who control costs and offer high quality, high value outputs.

Fifth, our most precious resource – **a positive work environment for faculty and staff**. We've got to invest in our people.



We're proud of our record setting, at least in 21 years, salary and benefit plan this year, but we've got to do more through mentorship, support, and offering growth opportunities. While we were successful this year, recent national data came out to illustrate how we compare to other universities. We still lag behind. There is much more we have to do.

In Dr. Donovan's report, the annual report, *Building for Tomorrow*, his first section is a table of all the faculty that left the University in the past decade for better opportunities. We can't be the farm team for America's universities. We have to be the place where people want to come first and want to stay. And that's what we have to dedicate ourselves to.

Sixth, **a meaningful impact on community.** I don't need to say this to this group. What a history we've had. A land-grant university that birthed a college of medicine, that included it in its curriculum, not just how to treat a patient one at a time but how to treat an entire community.

This rare and rich blend of programs we have allows us to impact Kentucky in powerful ways. And we've got to be the place for Kentucky – the place for farmers and families, the place for patients and people, and students in need of our expertise. But how will we do that as a modern, 21<sup>st</sup> century land-grant university?

I want to share with you part of my 1,900 miles of travel; the day I spent in Inez, Kentucky with trustee Jim Booth. When I pulled into town -- this wasn't on my schedule -- but I saw the sign for our extension office so I always drop in there.

I walked in and they were holding a breakfast in honor of the Inez school superintendent, all the principals and other leadership. I read in the newspaper that day, which I understand can be a tough and objective press, that the reason they were celebrating is Inez had been for years, if I'm correct Trustee Booth, in the bottom third of the test scores for their students. And they had moved up in a short period of time up into a top tier group. I want to say if you want to get inspired, if you want to realize you never give up on a place, go to the places like Inez, Kentucky. Here's a group of people, got lots of odds going against them you know when you look at the data and simply try to make interpretations you may say, "What else can you do?" But there is a community in very powerful ways making a difference and that's where our partnerships are rooted.

Over the last two years, through your leadership we've gained much momentum. We need to accelerate it, and we must answer the questions I posed and many others that I'm sure you have.

If you asked to me today, what would I say about the University of Kentucky and what should it be for the next 150 years?

It should be a world of opportunity – a world of opportunity for our faculty, staff and students.

It has to be a flagship and land grant with its foot certainly squared in the values of our past but its actions rooted in modern ways to serve Kentucky.

We must be regarded nationally for our work in teaching, research, service and care. But our work will also have a global impact.

We can do all of these things. To get there we must have a shared vision. We must develop a strategic plan that clearly focuses with discipline on our priorities and our investments. We must continue our work on the financial model of accountability, so that units can be nimble and direct their futures in imaginative and innovative ways. And we must have an overarching master plan to direct efficient and effective growth and design of this campus.

We can do all of these things. I know that this process is going to be ably led by Provost Christine Riordan, and I want to turn the program over to her so that she can share the comments that she began at our September Board meeting to outline the process that we will use to chart our future.