

MINUTES OF THE FACULTY SENATE MEETING

Wednesday, September 13, 2000

Professor Howard Howland, Neurobiology and Behavior, and Speaker: "We have a very busy agenda today. I'm going to call us to order now. I'd like to ask for unanimous consent to switch the order of agenda items - to move the discussion of Professor Seymour Smidt and Michael Goldstein, items eight and nine, dealing with the for-profit status of distance learning entity, to follow the more general discussions of distance learning, items ten and eleven. The later flight of Mr. Goldstein no longer requires that he depart as early. Do I have unanimous consent? Hearing no objections, that will be the order. I will now like to call on President Rawlings for remarks."

1. REMARKS BY PRESIDENT HUNTER RAWLINGS, III

President Hunter R. Rawlings, III: "Thank you very much. It's a pleasure to join you this afternoon for the first meeting of the fall. Let me welcome you all back and say how delighted I am that Provost Martin and I could join you this afternoon on an absolutely beautiful afternoon. I want to begin my remarks by thanking Dean Cooke and the University Faculty Committee and several other members of the Faculty Senate for the work that they did over the summer. A number of you stayed on course with several projects, and I am very much appreciate that you did so. I know that this was an extra burden, and I wanted to underline how much I appreciate the kind of time that a number of you spent on issues that were of real importance to the University this summer. You have helped a great deal in forming the search committee, for example, for the Dean of Engineering which is now just about complete, the west campus planning council, also now just about complete and for your careful review of eCornell through a number of different vehicles. I also want to thank the Provost's Advisory Committee on Distance Learning for an excellent detailed report. Bill Arms did an especially fine job of chairing that committee, and I'm happy to report he has agreed to serve as a member of the eCornell Board of Directors, which will hold its first meeting quite soon. I'm especially pleased that someone who has been so involved in the process will now serve in the next stage as well in implementing it.

"Secondly, we've begun the academic year with considerable momentum, particularly in new appointments to the faculty and in undergraduate admissions. And I want to take just a moment on each of those points to underline my enthusiasm for both. The Cornell Chronicle will run a series of articles starting this week, in fact tomorrow, on new faculty appointments at Cornell, as well as a series on programs that combine our strengths in the physical and biological sciences to take advantage of new opportunities in fields such as genetics, bioinformatics, nano-biotechnology, chemical biology, biophysics and several other programs here at Cornell. I wanted to recommend that series to you. It will begin tomorrow and contains a lot of interesting information. It's part of an effort that Provost Martin and I are undertaking this year to try to ensure that we are well publicizing a number of the new efforts, the new initiatives at Cornell in fields that are of particular interest and, in many cases, are interdisciplinary and borrow strengths from several related departments at Cornell. We particularly see major strides now in this merger, so to speak, of the physical and biological sciences, which is taking place in so many different ways and is producing so many dramatic discoveries. That is what the first series will be concerned with. We hope to do some other series in the near future as well in fields such as the humanities and social sciences, and we intend to do that.

"On the side of student recruiting, I wanted to underline that this is the strongest freshman class ever at Cornell, at least by most measures that one can do. It is a very strong class indeed owing in part to a nice jump in the yield rate for several of our large colleges in particular. This means that we are more selective. On the other hand, it means that we had more students than anticipated. It is a big problem, because these are very good students, and we

didn't feel like sending anyone home. In fact we were a little overcrowded at the beginning of the term. I think that most of that is working itself out fairly well now that accommodations have been made. It is a very strong freshman class and a number of the special programs such as the Presidential Research Scholars Program and the Cornell Tradition Program have brought extraordinary students to Cornell. I think we are becoming more competitive in what is a highly competitive arena these days for recruiting new students. I would also like to underline that we have seen greater diversity in this class, particularly in African American students. That is thanks to the efforts of a number of the colleges, as well as faculty and admissions personnel. So far we have seen some very good results this year. I think we would like to build on that momentum in future years. While I'm at it, I would like to urge you, if you haven't already to take a look at the new buildings that are going up on North Campus for the freshman class next year. Of course, we have to be a little better at predicting the number next year than this year, because we have only a certain number of beds on the North Campus, so I hope that we will be able to come within the right numbers. There is an astounding transformation going on on the North Campus and if you haven't had a chance to visit that yet, I hope you will avail yourself of the opportunity.

"Thirdly, we are now planning the details for the faculty salary program which we announced this summer. As I think most of you are probably well aware that program is designed as a five to six year program at least in current thinking to bring us to a position of strong competitiveness with our top peers in terms of faculty compensation. There is a set of peers chosen by faculty committees on the endowed side as well as on the statutory side, and with the help of those committees we have identified goals and we have identified exactly what it is going to take to reach those goals in the next five to six years. So we will have a compensation program based on several different sources of revenue that need to total to about fifteen million dollars per year added to the base budget. So an additional fifteen or sixteen million dollars added to the base budget is what is required to bring this program into full effect. It is going to be a good, hard piece of work to get there, but I'm quite confident that we are going to. We have identified several sources: state funding is one, tuition is a second, a pay-out on the endowment is the third and then probably, in fairly short order, a campaign for faculty excellence is the fourth potential source of revenue which will help us make up this gap of some fifteen or sixteen million dollars in order to bring salaries to this competitive level which is essentially the median of the peer groups that have been chosen by the faculty committee with which we have worked. I would like to thank those faculty committees for working long and hard on these matters. There is a financial policies committee of the senate and there is also an ad hoc committee in the college of arts and sciences with which we worked over the past year, and I am delighted with the results.

"I would like to conclude my brief remarks by saying what a pleasure it is to work with Provost Martin who has as all of you know come into that position in the past few months and has gotten a running start. I know that you will work very closely with her as well. Thank you very much." (Applause)

Speaker Howland: "I would like to now call on Provost Biddy Martin for remarks and a brief question and answer period."

2. REMARKS BY AND QUESTIONS FOR PROVOST BIDDY MARTIN

Professor Biddy Martin, German Studies and Provost: "Thank you Howie. Thank you, Hunter. The concept of me running —that's my favorite comment of the day no matter what else follows. Thanks a lot, Hunter; I have been enjoying my position thoroughly. I will take fewer than my allotted five minutes and say simply that I want to thank Bob Cooke and the members of the UFC for the very cooperative and helpful working relationships that we have

had over the summer. We discussed university priorities and agreed on a set of things which we will collaborate on throughout this year and the coming years. I also want to thank Charlie Walcott of the Nominations and Elections committee. We have, with your help, come up with a list of candidates for the Life Sciences Advisory Council and the Social Sciences Advisory Council and I have now a final list of members of the Engineering Dean Search Committee. I found out from my staff just before coming over here that they didn't have time to send out the list of the members of the Engineering Dean Search Committee to the Engineering College faculty, and for that reason, it might be better if I do not announce the members to you, since the Engineering faculty will not have heard them--unless you beg and plead and are really interested, I can read the names. You can wait, right? OK.

"I want to emphasize that I think it will be possible, it has been possible, to work closely with you the senators, the faculty representatives and leadership of the Senate. The president and I aim to make decision making as transparent as possible and to make our priorities as visible and as clear as we can. Those of you who have read the Chronicle over the past couple of weeks have seen far too many pictures of the two of us, and those of you who haven't looked at the Chronicle, I urge you do not look at the pictures of me. I'm convinced, as I told the assembled chairs of the departments today, that I look better than I do in those pictures, perhaps not much, but none the less . . . The interviews I hope you will read because they do reflect what we consider to be our priorities, and they reflect them accurately. We stand by those, and I won't take more of your time reiterating all of those priorities here. Thank you for coming, and I'm enjoying the job." (Applause)

Speaker Howland: "Thank you Provost Martin. I would like to call on Dean Cooke for remarks."

3. REMARKS BY DEAN J. ROBERT COOKE

J. Robert Cooke, Dean of the Faculty: "I'll make this a rather abbreviated presentation so that I don't detract from the discussion that I know you are going to have. I thought that it would be useful to outline some of the issues that I see coming up this semester and to give you a heads up on them. We have a resolution on FACTA coming up today, and you have been sent some materials. The report is now on our web site as of a few minutes ago, but it was sent to you by e-mail earlier this week. You will be getting soon a recommendation concerning the Natural Sciences Advisory Council. You perhaps know it best as the Local Advisory Committee. Legislation mandates a review and that is now due.

"Academic calendar -- the educational policy committee is busy at work looking at the academic calendar. We had a request from the student assembly that we dismiss classes on Labor Day. They will be bringing us recommendations at some point in this semester. We really to get the calendar finalized and made public.

"We'll hear more about the campus climate discussions today, but I did want to point out that there are mouse pads here at the front with the "Open doors, open minds, open hearts" statement that you adopted last year, and I encourage you to take one and use it. They are free. The university faculty forum coming up in October, we'll hear more about later, but it will be a Cornell interactive theater ensemble presentation on diversity topics.

"Professorial titles--we have a request that we examine the traditional professorial titles that carry tenure. That

issue is not yet well formed. We worked on it over the summer, but there will be plenty of time to discuss it this semester and next. As soon as we have something to share with you, we will start the discussion.

"The resolution on Distance Learning is on the agenda and I don't want to belabor that, except to say that I also appreciate the work of the UFC over the summer in trying to move this topic forward, as well as, of course, the Provost's Advisory Committee. Professor Walcott, Associate Dean, will give you a summary of what has happened over the summer, so I prefer not to subject you to duplication.

"Two other projects I'm working on that at least from the comments I've heard are requests for two things that I think will be of assistance to you. The first is to get photographs of advisees for faculty advisors. We did that earlier, if you remember, for the class list, and we are now going to do it so the faculty advisors will have pictures, and it will personalize their interactions a little more easily. The last one is, as has been said already today, much of the exciting work at the University crosses the boundaries of the standard traditional disciplines, so last year we put together a database of calendars. We are going to extend that this year so that you can have a custom, personalized notification system before the year is out. A faculty member in computer science teaches a course in advanced database management, and his class is working with us and will help us build a system so that you will be able to, when you log on the web, get a list of all the seminars that are going on around the campus that might have some interest to you. I'll let you know as soon as that happens; it will take a while for it to be put in place."

4. APPROVAL OF MINUTES OF THE MAY 10, 2000 FACULTY SENATE MEETING

Speaker Howland: "Thank you, Dean Cooke. The speaker would now like to call for approval of the minutes of May 10. I ask for unanimous consent; hearing no objections, the minutes are approved. I would like, now to call on Associate Dean and Secretary Charles Walcott for a Nominations and Elections Committee report."

5. REPORT FROM THE NOMINATIONS AND ELECTIONS COMMITTEE

Professor Charles Walcott, Neurobiology and Behavior, Associate Dean and Secretary of the University Faculty: "Thank you. You all received this information in your packet. I would just like to remark that this is only a small fraction of what the committee has been up to already in terms of finding people to serve on these various committees. We have prepared a list of candidates for the Dean of Engineering as Hunter and Biddy both pointed out, the Life Sciences Advisory Committee, the Social Sciences Advisory Committee, West Campus Life Committee and innumerable others. I think we all owe a debt of thanks to the nominations and elections committee group who find these people and make these suggestions, and in particular, I am impressed with the amount of work that is involved in chairing this committee and the extraordinary job done by my predecessor, Kathy Rassumussen. I give her a vote of thanks for all her work. That's my report."

Academic Programs & Policies Committee

Terrence Fine, Engr.

Jery Stedinger, Engr., Chair

Educational Policy Committee

Richard Galik, Chair (fall term)

Michael Duncan, Engr.

Susan Piliero, CALS

FACTA

Harold Hintz, CALS

Bruce Levitt, A&S

Financial Policies Committee

Max Pfeffer, CALS

Human Subjects Committee

Jeffrey Haugaard, H.E.

Elaine Wethington, H.E., Chair

Local Advisory Committee

Joseph Burns, Engr.

James Gossett, Engr.

Barry Carpenter , A&S (extend term through Nov. 1, 2000)

Susan Riha, CALS (extend term through Nov. 1, 2000)

Music Committee

Jennifer Whiting, A&S

University Faculty Committee

William Lesser, CALS

University Assembly

Donald Tobias, H.E.

University Appeals Panel

Susan Chrisopherson, AAP

Michael Milgroom, CALS

Martin Wells, ILR

Campus Store Administrative Board

Gregory Ezra, A&S

Robert Lucey, CALS

Speaker Howland: "Good. The chair asks for unanimous approval of the report. There are no objections; the report is approved. Thank you. The chair would like to call on Peter Schwartz, chair of the Faculty Subcommittee of the Campus Climate Committee. He will talk about plans for departmental faculty discussions on campus climate for teaching and learning, faculty issues and the Cornell interactive theater presentation in October. Professor Schwartz."

6. PLANS FOR DEPARTMENTAL FACULTY DISCUSSIONS OF "CAMPUS CLIMATE FOR TEACHING AND LEARNING: A FACULTY ISSUE"

Professor Peter Schwartz, Textiles and Apparel: "Thank you, Mr. Speaker. In February 1999, this senate passed a resolution encouraging faculty to take more active involvement in the campus climate. To that end, the Campus Climate Committee and the Faculty Subcommittee of the Campus Climate Committee met and proposed that this semester each department reserve thirty minutes at one of its regularly scheduled faculty meetings to address this issue. In that letter, we asked that discussions be centered around three basic questions. One - To what extent should faculty be involved, either inside or outside the classroom, in fostering a campus environment supportive of teaching and learning and of diversity in enrollment and ideas? Knowing full well that sometime, somewhere, somebody is going to say 'none,' we took that chance. Second -- is assuming there should be some involvement, how can faculty help in supporting an environment that enhances teaching and learning and what, if any, strategies are already being tried? And third - what resources are needed to do the things that you find important?"

"As a seed for this discussion, we have put together a short presentation, a Power Point presentation (Campus Climate for Teaching and Learning: A Faculty Issue). It is available on the University Faculty web site in both Power Point and Adobe Acrobat PDF files. We have tried to make a self-inclusive type of presentation that doesn't need someone to do a lot of explaining. The presentation is based on a series of position papers that were solicited by Dean Cooke. Those papers and a full exposé are on the web site, and what the committee did in putting together this presentation for consideration is to blatantly quote from some of those documents. I show the one from Reverend Johnson just to give you some flavor of what the presentation is like. There are a number of people on campus who we have quoted, and again they were taken from the documents that were taken from the solicitations. We encourage you to go to the web site and actually read the full text of all these documents. This is one vehicle of doing this."

"Another vehicle and one that Vice Provost Harris asked me to talk about and announce was the University Faculty Forum with the title "Diversity in the Classroom: Faculty Student Interaction." The kernel of this forum is a vignette that is presented by the Cornell Interactive Theater Ensemble. Many of you may have seen other presentations that they have done. They present a vignette; after the vignette the actors stay in character for further discussion and to answer questions from the audience, and the moderator further extends the discussion. This is to be held Wednesday, October 18 from 4:30 to 6:00 p.m. in this auditorium (Hollis E. Cornell). You will get notification of this. We also, through posters and through ads in the Sun, will invite the entire campus community — faculty, students and staff—to attend."

Speaker Howland: "Thank you very much, Dr. Schwartz. The speaker would like to now call on Professor Charles Walcott to inform the body of the University Faculty Committee's summer discussions and resolution on distance

learning. The resolution is not up for vote; this is for information only."

7. UFC'S SUMMER DISCUSSIONS AND RESOLUTION ON DISTANCE LEARNING

Professor Walcott: "I would like to start with a bit of history. You will remember that last spring the administration proposed the establishment of eCornell as a for-profit, possibly at that point a venture capital funded, corporation. At its March 8 meeting the faculty senate passed a resolution stating that the faculty senate expects to participate with the administration and trustees in the development of principles and plans for distance learning, including any potential establishment of a for-profit corporation. The trustees subsequently approved such a corporation and the administration and the faculty senate established a joint committee, headed by Professor Arms, to sort out some of the issues that such an organization presented. Professor Arms presented a preliminary report on May 10, that is at the last Faculty Senate meeting of the year. It was clear that these discussions were going to have to take place during the summer. This body authorized the University Faculty Committee to offer counsel and advice in your stead to the Arms committee. On July 11, the Arms committee brought forth several recommendations which were considered by the UFC, and the UFC prepared and posted a motion on its web site for comment, and then we got together and discussed it, and we essentially accepted this resolution (Appendix A) on your behalf. What essentially this says is that we approve the major features of the Arms committee report, and we are going to hear about that in just a moment."

"One of the issues that the Arms committee did not address is the issue of whether eCornell should be for-profit or not-for-profit. The University Faculty Committee thought about this and established a small sub group, composed of Locksley Edmondson, Risa Lieberwitz, with Seymour Smidt as the chair, to investigate and prepare a background report on what they could determine about the pluses and minuses of profit and non-profit. A copy of their report (Appendix B) was also enclosed with the call to this meeting, and Professor Smidt will talk about that later in this meeting. So that's the history; that's the situation, and now I believe we are going to hear from Professor Arms."

Speaker Howland: "Thank you, Professor Walcott. The speaker would now like to call on Professor William Arms, chair of the Provost's Advisory Committee on Distance Learning for response to questions by members of the senate concerning the preliminary report on Non-Degree Programs."

8. RESPONSE TO QUESTIONS BY MEMBERS OF THE SENATE CONCERNING THE PRELIMINARY REPORT ON NON-DEGREE PROGRAMS, PROVOST'S ADVISORY COMMITTEE ON DISTANCE LEARNING (Appendix C)

Professor William Arms, Computer Science: "What I would like to do is give you one or two slides and then leave time for some questions. Let me give you a bit of the background. When the committee was set up last semester, we were in the position of wanting to help the University move ahead rapidly with some decisions. There did seem to be a genuine need for haste. At the same time, we wanted a situation where there would be university wide understanding and support, if not universal support, at least a general support and understanding from the directions. The strategy we followed is written on this slide (Appendix D) and talked about that at the Faculty Senate meeting at the end of last semester. The first thing was to narrow the initial focus. What things is there a genuine need to come to and make rapid progress on. And it turned out those factors could be restricted to non-degree programs, mainly from the professional schools and colleges and mid-career programs and so forth. We also agreed on an approach, which was parallel planning. Our committee focused on the academic impact of the proposals.

"Meanwhile, the administration explored the financial and legal options. We had a frequent exchange of ideas. I met with the Trustee Subcommittee twice and the Executive Committee once. That was an important meeting, chaired by the President in this office, and I think I met with the UFC three times over this period. As a result, by the time our committee reported all our major recommendations, with one exception, had already been accepted by the administration. The one exception, which was the source of funding, was accepted shortly afterwards. So in many ways, this was a report that by the time I presented it to the Provost and to the UFC, most of the work had been done. Our recommendations, and note in the red button, very strongly said this only applies to non-degree programs. Subject to that, and subject to the conditions on my next slide, we endorsed the fact that the University has implemented non-degree programs delivered by distance education and plans to expand them. And secondly, we support the fact that to do this well, it makes sense to have a separate entity to develop and distribute those non-degree programs. So fundamentally, we endorsed the strategy the administration has proposed, but subject to a number of conditions.

"These conditions are in the report, I only just put the headlines here. The first is academic oversight and strategy. This should be seen as part of the academic activities of the university - something that falls under the Provost, rather than the financial administration or buildings and grounds or some other part of the activities. Secondly, faculty control of academic content. Anything that goes out of Cornell, with Cornell's name of it, should have some academic unit of the university that stands behind it. There is a complex clause that I don't think we worded very well about the right of first refusal. Roughly speaking, we would like Cornell's activities in these areas to be coordinated and come out of a single umbrella, but we don't want to force academic units to go under that umbrella if it's unsuited. So we tried to find some neutral language which would encourage those things to work together and not force them. I think our language isn't very good. Number four, on campus use of distance learning materials—we want this to feed back into the on-campus program; we don't want these things to be separate. Public contract—I'm a great believer that there are no secrets in universities, and therefore urge the administration to make public the contract the university has with this organization, because if the contract is not public, there will be rumors and the rumors will not necessarily be accurate. This was one of the first things I asked the President, and he agreed immediately. Use of Cornell's name -- we want that under control, and the University Counsel, Jim Mingle, came up with a mechanism for that which I think is very good. And finally, because there are very complex issues of intellectual property and funding fees and so forth, we don't think it is possible to lay down standard rules for all the programs. We think there ought to be a separate agreement for each program, and we will learn as we go forward.

"The one thing that we did not talk about, and we explicitly did not talk about, is this topic of whether the organization should be for-profit or not-for-profit. Let me correct myself; we talked about it a great deal. We did not make a recommendation on, and the reason is quite simple. We believe that any vigorous organization, whether it is an independent unit of the university, a not-for-profit organization or a for-profit organization, has the potential to get out of control. While we were meeting the University of Indiana basketball program was giving an example of how a program gets out of control. Legally it's part of the university, actually it was out of control, so we think it's really important that the academic control of the organization is clearly spelled out. That's what we state as an academic committee. However, we believe that the university administration is competent to make the decisions about the financial and legal framework, and we are talking about a committee of very knowledgeable people. We have the former Dean of the Law School, the Dean of the Johnson School of Management; myself as Vice President for Computing at Carnegie Melon have been involved with many spin-offs. We have the ability to evaluate these things, but we're quite happy to divide responsibilities. We set the academic things; we leave the administration to do the financial things. That's a quick summary. I hope I have time for a few questions, or have I been a bit too long."

Speaker Howland: "You have been a bit too long, but there will be time for questions later. Thank you very much. I would like to call upon Vice Provost Mary Sansalone for response to questions by members of the Senate concerning the August 3rd administrative "Response to the Preliminary Report of the Provost's Advisory Committee

on Distance Learning."

9. RESPONSE TO QUESTIONS BY MEMBERS OF THE SENATE CONCERNING THE AUGUST 3rd ADMINISTRATIVE "RESPONSE TO THE PRELIMINARY REPORT OF THE PROVOST'S ADVISORY COMMITTEE ON DISTANCE LEARNING

Professor Mary Sansalone, Civil and Environmental Engineering and Vice Provost: "Before I take questions, I would just like to briefly comment that with regard to the administration's response that plans for eCornell are entirely consistent with the conditions that Bill Arms just mentioned. In fact they are all contained in the over-arching agreement which was shared with the committee during its deliberations. Since Bill talked about all this, there is no need to go through them, but I would be glad to take questions."

Speaker Howland: "Are there any questions for Professor Sansalone? Professor Stein."

Professor Peter Stein, Physics: "With reference to Bill Arms' first bullet—of the, I can't remember the word exactly, but the academic oversight of instruction—In what way is this actually written into the document? There is a Board of Directors that presumably is responsible for everything for the organization. Is there a by-law for the corporation that specifically makes that statement (in much the same way as the Trustees have evolved their oversight on matters to the faculty)?"

Professor Sansalone: "The report that the Arms Committee wrote stated that the new entity should be part of a broader academic strategy for computer mediated learning and distance education at Cornell. The committee believes that affirmative leadership of Cornell's diverse initiatives in this area is important and that a senior academic officer e.g., the Provost should be responsible for this sphere. The planning of eCornell is and has been part of the larger strategy in distance learning. As many of you know, Polly McClure is working on many aspects of this and continuing to work with Bill Arms' committee, and so eCornell has always been presented as part of a much bigger strategy, and I believe that is what the committee was talking about. So there is nothing written into the legal documents that eCornell is classified under, but that is a university policy."

Speaker Howland: "I'm afraid we are going to have to move on. I think we will have time for more questions later. Thank you very much, Professor Sansalone. I would like to call now on Professor Seymour Smidt, a member of the University Faculty Committee for the UFC subcommittee report on the for-profit/not-for-profit status of the proposed distance learning facility."

10. UFC SUBCOMMITTEE REPORT ON FOR-PROFIT/NOT-FOR-PROFT STATUS OF THE PROPOSED DISTANCE EARNING ENTITY

Professor Seymour Smidt, Johnson Graduate School of Management: "All of you should have a copy of the actual report, so I'm going to very quickly go over some of the highlights. Basically as has been pointed out, the Provost's Advisory Committee deals with the for-profit/not-for-profit issue. There was a lot of evidence that the faculty was

intensely interested in that topic.

"During the summer the UFC appointed a subcommittee to try to provide some material for the faculty as a basis for their discussion. Basic concepts may seem pretty obvious. The object of a for-profit organization is to generate profits and revenues. OK, that's not so surprising, but the concept is that the owners will in some sense profit. But a non-profit organization that's supposed to be directed toward some public good (I'm not going to get into the accountant's terminology), but basically a non-profit organization can generate what anybody would recognize as profits. That's not outside of the realm; what they can't do is divert those profits to private individuals. As long as they have this public purpose for a goal, that's all right. A somewhat related but separate issue is what is the tax status of the profits. In general the profitswell, I'm not a lawyer and the committee did not have expert legal advice on this, but I think we're right. In general the profits of a non-profit organization are not taxable if they are generated by activities related to the organization's major goals. Presumably an educational organization could engage in profitable kinds of education and not have a problem. If Cornell operated a steel mill, it would have a problem, and in that case those profits would be subjected to, effectively, income tax. It's called an unrelated business income tax. For a "for-profit" organization, generally profits are taxable. On this issue we didn't have clear advice so I think an expert opinion would be useful. In the case of a for-profit organization that was wholly owned by a non-profit and when the activity was related to the non-profit's goal, it would seem logical that it would be exempt from taxes, although whether that's true or not, I'm not sure.

"In the spring, the Trustees decided there would not, at least initially, be outside equity in this organization. And this removed a lot of the concerns that people had about for-profit or not-for-profit, but not all of them. So my related comments go on the assumption that there is no outside equity, that all of the equity for a for-profit organization comes from Cornell. We tried to look at the rationale for a for-profit organization, and I could have invented additional ones, but these are the ones that were presented to us in one form or another by the administration and were still relevant after the decision that there would be no outside equity. There is one we didn't exactly understand, It says they are presuming it can operate better in a complex and dynamic market environment. The second claim that was made was that the tax might be less burdensome and less distracting to the energy of the organization than trying to maintain the tax-exempt status. That's theoretically possible, but if this is going to be a capital-intensive organization then that's a rather high hurdle to face. The third point that was made was that a for-profit organization might avoid political opposition and unfavorable publicity that might occur if it operated as a non-profit, tax-exempt.

"I can see that my time is running out, but there were a number of points that were made with respect to the rationale for a not-for-profit organization. In that case, we more or less invented these, because there was no document that the administration had for, or against it. You all have copies of the handouts, and I think in the interest of conserving time, I'll just skip those, and you can look at them."

Speaker Howland: "Thank you. The speaker would like now to call on Michael Goldstein, Special Counsel to the University, for response to questions by members of the Senate concerning the for-profit/not-for-profit status of the distance learning entity."

11. RESPONSE TO QUESTIONS BY MEMBERS OF THE SENATE CONERNING THE FOR-PROFIT/NOT-FOR-PROFIT STATUS OF THE DISTANCE LEARNING ENTITY

Michael Goldstein, Special Counsel to the University: "I'm truly delighted to be here. It reminds me of sitting down the hall 36 years ago, with my closest friends, writing down every word Clinton Rossiter had to say. Let me give you 30 seconds of background on myself as to how I have the temerity to stand here and address you. I have the education practice of my firm to represent a large number of institutions in a variety of things, recently very extensively in terms of developing mechanisms to enable institutions to expand their reach to serve constituencies that they are presently not serving, particularly to take advantage of new technologies and to have the resources to take advantage of those technologies to serve those constituencies. There are a couple of handouts. There is an article that is coming out in the current issue of *Change Magazine*, published by the American Association of Higher Education, that's called "To Be {For-Profit}, or Not To Be: What Is The Question? It discusses some of the issues that Professor Smidt raised. There is the outline on the table that's entitled "Comparing For - And Non-Profit Structures" (Appendix E). I'm hopeful that you all have the copy of this outline. A moment of background--before I joined my present higher education practice, I was Associate Vice Chancellor at the University of Illinois and Associate Professor of Urban Sciences. Before that, I was Director of University Relations and Assistant City Administrator in New York City, responsible for the relations with the 50 some odd institutions in the New York area. So I have the long experience, not only of practicing law in this field, but also of standing here in exactly this position explaining why the administration was doing something at the University of Illinois. So, I've been there.

"Let me talk about the issues that Professor Smidt raised, and I had written this outline before he had the kindness to send me his outline of questions, so it's interesting that we really did coincide very, very closely. Any entity, particularly an institution of this nature, (non-profit) always has the choice in characterizing its activities whether to do so within the existing structure of a non-profit venture or to create something different. The question becomes why is the decision that has been made a rational decision? What is the decision tree that goes into that process? Now, the indication earlier that Professor Smidt's comment that the purpose of a for-profit is to make a profit for its owners is, in a sense, an over-simplification. It uses the term profit, and the real purpose, the real standard, is not to create a profit for its owners but to create value for its owners. There is a distinction between profit and value. An interesting example is Amazon.com, which has clearly not produced a profit for anyone but has in fact created enormous value. So there is a distinction, and it is a distinction which is relevant to the eCornell model.

"That is really the beginning of a set of economic issues that differentiate between a for-profit and a not-for-profit. One aspect that has led numbers of institutions in this direction is the ability to raise equity. I have worked with New York University in creating NYU On Line. They, like Cornell, have determined to capitalize NYU On-Line at this point. They, like Cornell, have an endowment with an awful lot of zeros behind it. Working with the University of Maryland in creating their on line enterprise--they are in fact having it funded through venture funds. The reason is: they are a state university, they do not have those funds, and the only way for them to accomplish their goal is to bring in external funding. There are models back and forth. The earliest model out of the box was National Technological University which basically divided itself into a non-profit, academic enterprise and a for-profit enterprise to do marketing, development of courseware, distribution of courseware and secure a significant venture funding for that for-profit. So there are numbers of models going in different directions.

"The administration and trustees have chosen a direction at this point, which is, to internally fund. So raising capital by selling equity is not an immediate issue with regard to eCornell. As has been indicated, it could be an issue later on if it is determined that a fusion of additional funds is required, if it is determined that it is unwise or economically disadvantageous to use internal funds. Certainly eCornell will have that capacity, but that is in the future; it is not a present issue. The second economic issue is to create value. This is where a for-profit and a non-profit vastly differ. The problem with the non-profit is that no matter how good it is, no matter how successful

it is, there is no appreciation in the value of it, because it has no market value. A for-profit has something called equity. Let me back up a second, in higher education there are three sources of revenues, we earn it in tuition, we borrow it or, putting it most directly, we beg for it. And we are very good at that. There is a fourth leg to the economic table worldwide, and that is (we call it capitalism) creating capital. You create capital by selling a component of your business. In this case, eCornell is selling all of its equity to Cornell University. Cornell has the equity in eCornell. That is a big purchase of an asset. The money that is being spent for that could be invested in Cisco Systems or it could be invested in Microstrategies, but it is mainly invested here. So it is not an expenditure of the institution; it never goes off the books of the endowment; it simply is invested in eCornell versus being invested somewhere else. But it is not operating money. One distinction that hasn't been drawn is that if eCornell were funded internally as a non-profit, it would have to come out of operating funds, either out of the existing operating budget or out of depleting the endowment.

"That is an important distinction and one of the important considerations that goes into making these kinds of decisions. If eCornell is successful, the value of the investment made in the enterprise will potentially increase very substantially. There are many systems that would enable the university to convert that appreciated value back into money that would go back into the university either to further increase the endowment or fund the operations of the university, doing that without eliminating the control of the university over the enterprise. So there is the ability both for appreciated value and ultimately, if successful, to monetize that appreciated value. There is a selection of elements that both for-profits and non-profits can do equally well.

"I've skipped over the issue of minimizing risk of economic loss. That is where if you have the third party investor, because then you have other people's money. Investors are accustomed to occasionally finding their money disappearing. Here the university is putting its dollars on the table, so the risk is the same in this case.

"A couple of other attributes: to provide persons who provide value with an equity interest in the entity. The non-profit can pay anything that it wants. It can pay a reasonable value—it has to be reasonable. In cases where non-profits pay huge salaries to their officers, they have gotten into very serious difficulty. But they may pay reasonable compensation for value. The beauty of a for-profit is to pay, not only in current cash, but to pay also in the form of future appreciated value, to give persons an equity interest in the value of what they are doing. This is a very, very common technology transfer and for those of you who are in fields where there is that form of activity are intimately familiar with this. What has happened now is because of the tremendous interest in learning. There have now been a half dozen reports issued by the investment community on how eLearning is the "Killer Act" of the 21st Century. There is enormous interest in this field and therefore, there is reasonable likelihood, if it is done right, of appreciating value. So one can compensate using that appreciating value as well as using immediate available cash. There is the ability to distribute profits, and let me tell you that if eCornell has taxable profits, the people who are managing it are doing a really lousy job, because there are many perfectly legal, perfectly proper ways that the value of eCornell will go back to Cornell without an diminution by taxes. For example, royalties, things of that nature, passive income is not taxable if you structure the arrangement properly.

"Contract services, services that are provided by the university, to eCornell. For example, the creation of courseware is revenue to the university, is an expense value incurred by eCornell; it reduces the margin in terms of profit. Let me speak a second to a point that was made before about the academic oversight and strategy not seen in the agreement--control over that. In fact, the agreement between the university and eCornell, and more importantly, the agreement between the faculty members creating content. --(eCornell doesn't exist except for the ability of persons within the university to create content, to create value.)--the academic creation is here, the

agreement controls here. So that issue, the issue of control over what academic content bears the eCornell crest is a function of the relationship between eCornell, Cornell, and the creating faculty, which is really not significantly different from what happens right now when faculty create course work to create value.

"There are a few operational issues and most of them are indistinguishable between non-profit and for-profit. There is a point at the end about the level playing field issue, and that was raised in one of the slides. The point has been made that the university has been doing this sort of thing for decades, scores of decades. Nobody has challenged that - that somehow we are unfairly competing. The answer is we did it in a different way. We own the franchise for this kind of instruction, credentialled, coin of the realm, accredited instruction. We hear about the for-profit institutions that are out there, 97% of higher degree education in the United States is in the non-profit and public sector. The for-profit sector is a flea. eLearning, particularly eLearning that is aimed at the corporate constituency, is aimed at professional training. The kinds of things that eCornell is looking to develop is a field that is presently dominated by the for-profit community. There are numbers of companies very, very richly endowed, in the capitalization sense of the term, who are our competitors in this field. This is the environment into which eCornell will venture. What we do not want is for the challenge to be made that we are, unfairly trading, on two things — on our exempt status, the fact that we are non taxable, (we may end up paying taxes, but we are not taxable), and secondly that we are unfairly trading on the benefits that we have gotten as a non-profit educational institution. Some things, for example like royalties. The national commission on web based education has had a series of hearings--they are having one today and tomorrow-- on the issue of how the web should be more effectively used in education. The complaint that was raised by the for profit providers is that because universities have expanded their use, they don't have to pay royalties to authors for expanded fair use in the classroom and for-profits have to do that. What we don't want to do is to expand ourselves as non-profits into this domain and raise the specter of the congress saying, "You know, expanded fair use is being used in a way that is unfair to the commercial market place; let's take it away." So there is a real reason for subjecting ourselves to the level playing field, recognizing that we should not have a particular problem with actual diminution of value by paying royalties.

"Let me close and then let me be responsive to your questions. Why does one do a for-profit. There is a need or probable need for future capital and the activity is likely to create value. The answer for eCornell is that while the immediate need for capital is not there, the future need is possible and the value proposition is likely. If capital is provided by third parties, you can reduce the risk to the institution. Again, this is a future possibility. The activity will benefit in securing the services of key personnel where one can provide a broader range of compensations than are available within the construct of the university. There are potential partners with whom the peer peer relationship is structurally and ideologically preferable. One of the problems that every non-profit institution has is the view by the outside world that we are untrustworthy partners. It's too difficult for us to make decisions. I try to explain to the folks I work with on the commercial side how universities are governed and in the first fifteen minutes of my explanation, their eyes are glazed and they say, "But businesses can't operate that way." That's the general scope, the general outline of choice decision of profit/non-profit. Cornell is by no means alone. It is in the vanguard of institutions that are developing this kind of mechanism. We are by no means at the leading edge of that vanguard. It is in excellent company —Columbia, NYU, Duke, Stanford--significant institutions are putting their toes, their whole feet, up to their knees into this. It has to be done carefully, and I think the advice and guidance I've heard today is very helpful.

Speaker Howland: "We have time for one or two questions. In the back."

Associate Professor Bruce Lewenstein, Communication: If you go the non-profit route and you have additional need for capital, where does the capital come from, and in essence how does the organization grow if there is a

non-profit structure?

Michael Goldstein: "Well, that's the problem. You can beg for it, and the problem here is in an environment that is more commercial than the traditional academic environment, the ability to generate contributions is much less. You can borrow it, but that is a very steep cost. And that again is the reason why many non-profits where they are in a field that one can in fact create equity, are doing so. You can't create equity easily at a university. What you do is not likely to return the kind of economic value that Wall Street goes for. That's fine; that's why we are doing what we are. But in the kind of thing, like E-Learning, it's why Geographic has got into numbers of ventures, partnering in numbers of ventures, because in fact the millions of dollars needed to create the kinds of things they do are not available by contribution, they have to be available by equity. Geographic is a good example; there are numbers of commercial ventures."

Speaker Howland: "One last question."

Professor Richard Schuler, Civil and Environmental Engineering: "My question is - is it possible to structure a for-profit corporation with a board of directors that is self-perpetuating and that is not dominated for control by the external investors?"

Michael Goldstein: The short answer is no, but let me give you the slightly longer answer. In a non-profit one can have a self-perpetuating board that simply goes on and on with no external influence. In a for-profit, the owners, that is those who hold the shares in the company elect the directors. That's statutory. If it is wholly owned by the university, then all the directors are appointed by the university. If, for example, the university decides to monetize a piece of it, and has a partner and sells 20% interest, that 20% shareholder would almost certainly have the right to elect a director. Having said that, there are numbers of vehicles that one can use to prevent that from happening. There is the *Washington Post*. Some of you know of, a small newspaper in my hometown. The Graham family has about 10% of the stock of the *Washington Post*. They have 100% of the voting rights. The investors are there because they are getting back appreciated-value for their stock; they couldn't care less about who sits at the table running it. They are delighted that Kathryn and her son are running it. The answer is--number one, you can absolutely maintain control of a for-profit, and you can maintain it in a number of different ways."

Speaker Howland: "Thank you very much. The chair would like now to call on Professor Terry Fine, former Chair and Jerry Stedinger, Current Chair of the Committee on Academic Programs and Policies, to present the resolution for a Graduate Field of Systems Engineering and a Master of Engineering Degree in Systems Engineering. I beg your pardon? The Chair recognizes Biddy Martin."

Provost Martin: "I just want to thank Mike Goldstein publicly.

12. RESOLUTION FOR A GRADUATE FIELD OF SYSTEMS ENGINEERING AND A MASTER OF ENGINEERING DEGREE IN SYSTEMS ENGINEERING

Professor Terry Fine, Electrical and Computer Engineering: "On behalf of the Committee on Academic Programs and Policies I bring you this motion approved by the committee for the establishment of a new Master of Engineering Degree in Systems Engineering and a new Graduate Field of Systems Engineering and I introduce the chair of the committee, Jerry Stedinger."

Professor Stedinger, Civil and Environmental Engineering: "I'm in the dual position as member of the proposed field, as well as being chair of the committee, but the proposal is the following . . . how many of you want me to read this? No. O.K. (laughter) So a number of the faculty in the College of Engineering from five different departments have gotten together and developed an initiative to primarily offer initially a Master of Engineering Degree in Systems Engineering, Master of Engineering Degrees are awarded by the Graduate School, but the Engineering College handles day-to-day administrative details. This is a proposal asking you to approve the creation of a Field in the Graduate School of Systems Engineering which would administer a Master of Engineering Degree." (Appendix F)

**Resolution for a Graduate Field of Systems Engineering
And a Master of Engineering Degree in Systems Engineering.**

WHEREAS, the proposal to create a new graduate field of systems

engineering has been approved by the Graduate School, and

WHEREAS, a master of engineering degree in systems engineering has been

approved by the Graduate School, and

WHEREAS, creation of the new graduate field and a master of engineering degree in systems engineering has received enthusiastic endorsement by the Dean of the Engineering College, the Master of Engineering Committee of the Engineering College, and the participating engineering departments, and

WHEREAS, the Committee on Academic Programs and Policies has also

recommended creation of the new graduate field and has approved the

creation of a master of engineering degree in systems engineering,

THEREFORE, BE IT RESOLVED that the Faculty Senate upon review of the merits of the proposals put forth approve establishing a graduate field of systems engineering, which would offer a master of engineering degree in systems engineering, and urges the Administration to place this on the agenda of the Board of Trustees for consideration.

Speaker Howland: "The motion is open for discussion. Seeing no discussion, I take it that you are ready for a vote. All in favor of the motion say aye."

Senate: "Aye."

Speaker Howland: "Opposed? The vote is unanimous. The chair would like now to call on the faculty members, Professor Wilfried Brutsaert and Professor Dorothy Mermin, for a resolution from the Faculty Advisory Committee on Tenure Appointments."

13. RESOLUTION FROM FACULTY ADVISORY COMMITTEE ON TENURE APPOINTMENTS (Appendix G)

Professor Brutsaert: "Well, I find myself somewhat in a bind here. I would have preferred not to do what I am about to do. Earlier today I was ready to move the resolution. By the way, you should all have copies of the resolution handed out and separately mailed to you. But this very afternoon, I was informed that a few things have come up with which I have nothing to do, which would make further discussion of the resolution difficult. But this item is part of the agenda so we have to move forward, and we must move it. So I hereby move acceptance of the resolution by the Faculty. Having made the motion, I would also like to ask the Chair that I be recognized and that I want to make an additional motion."

Speaker Howland: "The resolution is open for discussion. I recognize you."

Professor Brutsaert: "Thank you very much, Mr. Chairman. (laughter) What I would like to do now is to move that the resolution be taken back to committee for further consideration and that we discuss it later on."

Unknown: "Second."

Speaker Howland: "Professor Stein."

Professor Peter Stein, Physics: Why is the motion being sent back to committee?

Professor Brutsaert: "As I said, I have nothing to do with the few things that came up. I would like to ask Dean Cooke to enlighten us if he chooses to."

Dean Robert Cooke: "There were several amendments, including one by Professor Stein, and there was some ambiguity. There is no urgency to deal with this matter this afternoon so we'll put it off until we resolve it. One of the things that occurred to me afterwards is that there is a tenure appeal and there is an item in this resolution that says we'll consider items where the department has approved tenure but the Dean has said no. We are creating a

dual process there where the appeals is supposed to be the final word. There is no reason we shouldn't wait and use the time freed up by this for more eCornell discussion."

Speaker Howland: "Thank you. I think the motion is on the floor. All in favor of the motion . . . I'm sorry."

Professor Michael Kazarinoff, Nutritional Sciences: "Is the motion to recommit for a definite or indefinite period of time?"

Professor Brutsaert: "Definite. (Laughter.) At the next meeting."

Speaker Howland: "Thank you for that. Are you ready to vote on the motion. All in favor of the motion to recommit say 'aye.'

Senate: "Aye"

Speaker Howland: "Opposed? The motion passes. Thank you very much."

Dean Cooke: "I propose you ask the body if they want to return to eCornell. I think we have ten more minutes.

Speaker Howland: "Yes. Would the body like to return to discussion of eCornell? I hear a few yeses. All right, so we'll open that for discussion until 10 minutes to 6:00, and then we'll go to Good and Welfare. Professor Stein?"

FURTHER DISCUSSION OF eCORNELL

Professor Peter Stein: "Yes, I had a question. I'm one of the people who has raised some concern about the for-profit versus not-for-profit status when it came up last year some time. I'm certainly not a person who is well versed in an understanding of these issues. What bothered me at the time was that I couldn't imagine how you could on the one hand get people's capital and on the other hand give them no say as to what was going on. It was my understanding that in a for-profit business the board of directors has a fiduciary responsibility to increase the value of the corporation and the value is monetary. I mean part of the value is not educating America in something or other, but value is conceived of in monetary terms. When I was listening to your description, it seemed to me that fundamental to the whole rationale of a for-profit was that one could monetize the appreciated value, that you could only do that in a for-profit setting. You couldn't do that in a not-for-profit setting and that seems fundamental. But the process of monetizing means selling it to somebody else, and then that person has a stake in this corporation, and that person's value must be served by the board of directors of that business, if in fact you do go ahead and monetize it. We sort of think of Cornell as having these lofty ideals and of course we all understand

that we have to make money in order to support these lofty ideals, but nonetheless there are the lofty ideals that we believe generate our existence, as do people at the University of Illinois and elsewhere, and these are not the same lofty ideals for instance that governs a Firestone or . . .

(Laughter)

"They have a different set of ideals. The thing that worries me is that so OK -- in the beginning all the capital comes from Cornell, so the lofty ideals rule because there is nobody in there without the lofty ideals. And then we get these E hot-shots that come in and we provide them stock options or something like that and we raise capital by selling stock, preferred stock (I don't' know so they don't have a vote in it), or common stock. Then all of a sudden people realize that the right thing to do is to increase the value of this corporation is X, and Z which does not fit with the lofty ideals of Cornell. Do we not then, have a legal problem of the fiduciary responsibility of the board of directors to do these X Y Z things, and how will that all work out? That's the basic thing that concerns me."

Michael Goldstein: "That's a valid question, and it is one that we have spent a lot of time considering. If, in fact, what the university did was create eCornell as a company and license to eCornell the name of Cornell University and the crest and the logo and said, 'Go forth and make money in E Learning' your concerns would be perfectly justified, because there would be no control. If all the university said is, 'Here's the name, and we want 20% of your net profits, go forth and do it,' then exactly the scenario you are talking about could easily happen. In having to get outside investment, the board decides that we can make some real money by opening an E Learning franchise, which probably (I speak for the faculty) would not fit your ideals.

"But the structure is profoundly different. There is a corporation that is controlled by the university. It owns all the stock in the corporation, but you are absolutely right, the directors of a for-profit have a fiduciary obligation to increase the value of the corporation. But the value that exists in the corporation is the name and brand of Cornell. The license to use the name and brand of Cornell is subject to the control of the university that name and brand is used in a manner acceptable to the university, and that is an revocable license. So if, in fact, the corporation uses the name and brand in a manner that is not acceptable to the university, they are not eCornell anymore. By the way, corporate names are again one of the things that we have discussed. The corporate name will not be eCornell, the corporation will not have Cornell in it. It will be a different generic name. The reason for that is, if something does go wrong, and we want to sever our ties with this company, the company will not have a residual of Cornell. So the point you are making has been considered.

"Secondly, the set of agreements between eCornell and the university, the overarching agreement, and the agreement with faculty for the creation of courseware, are very specific in terms of how it's used. It's very specific in terms of the reservation of rights of the university. So there a risk generically in any organization . . . You know you talk about Bobby Knight being a renegade employee. New York University ran into a huge lawsuit with its alumni federation, because they didn't think they had any particular reason to have anything to do with the university, and they had a lot of money. This is not uncommon. It happens with non-profits every bit as much as it can with for-profits. So it is the contractual relationship, the licensing relationship, between the university and eCornell that will keep eCornell on the reservation. Your concern is well founded in the sense that it is a matter that needs to be carefully considered, but I believe that the structure that has been devised addresses that very clearly."

Professor John Butler, Policy Analysis and Management: "I want to respond to two aspects of this. One is that bad behavior of the sort occasionally shown by for-profit corporations can be matched by bad behavior by not-for-profit corporations. And bad behavior by not-for-profits is not penalized by a drop in stock prices. Therefore it is quite possible that for-profits are under a much greater incentive to act well than not-for-profits, so I'm not concerned about that issue. Secondly, if the university chooses to fund the project because of high ideals that have no particular likelihood of making significant profits, there are multiple ways to fund that, and should the university wish to fund that the standard way that degree programs that have high ideals and little profits are funded, that is perfectly feasible. It doesn't have to go through eCornell. If eCornell doesn't wish to do it, but the university does, it will still happen the same way it happens now. It just doesn't go through eCornell. I don't see how it can vary."

Michael Goldstein: "Yes."

Associate Professor Risa Lieberwitz, Industrial and Labor Relations: "It seems to me that one thing that should be clear in what we heard is that whether we have a for-profit or not-for-profit—it is a choice. I think that you made that clear and one of the reasons I want to emphasize that is because on the University Faculty Committee we've heard things one way or another that the reason we have to go for-profit is that we have to go for-profit; the reason we are going that way is because there isn't any choice. You have made clear that there is a choice, and your own words in the article we have, I think really states it all. You say, "Why for-profit is a question that each institution must answer for itself. The answers will differ according to how the institution sees itself, where it is, and perhaps most important, where it wants to be. It seems to me that some of the issues being raised here are asking the questions we asked originally, in terms of academic freedom and public mission and the issue that Peter Stein raised just before, and that our choice is not simply a question of finances, the financial arrangements reflect our choice of values. And who we want to be is our choice of values. Do we want to be an entity that sells ourselves? Do we want to sell ourselves in equity, which will inevitably attack our independence? People can say every which way they want that it won't attack our independence, but it will. That's the reason we talk about that wall of separation between the university and what we do and those who give us money. So you can talk about the limitations, but the reality is that you will have a third party investor in the system and mixed values, and it will continue that way and we will sacrifice our independence. You also said do for-profit if you want to pay higher money to personnel, just like a for-profit corporation does. I don't think the university should contribute to increasing even more the wage inequality between CEO's and the people who work for them. I don't see that as a value of who we want to be. Finally, you talk about wanting a peer to peer relationship because it is ideologically better, also tells me it is a question of values. Who do we want to be? And when you talked about how they will help run our institution, and they say, "Oh gee, we don't want to deal with them. They're so slow..." Another way of describing the way we run our institution is that it is a democratic process. That's why we have faculty governance; that's why we talk about things. Democracy can be slow. So this really isn't a question to you. I understand your position. You're saying certain things, but I'm also emphasizing what you're saying in terms of a choice of values and what we want to be, and it seems to me that I'm not here to be that."

Michael Goldstein: "There is not a question there, but let me try to answer a couple of things that you said. First of all, I don't disagree fundamentally with what you are saying which is why Cornell is a non-profit institution. It's why I am an alumnus; it's why we are what we are. And I don't think that anybody in this room would want to change that. And you are absolutely correct. Of course it's a choice. There is no question that it is a choice. The real question is—is it a wise choice? The issue here is not whether the university should become for-profit and have external ownership. One can debate endlessly the effect of donors and the effect of having to compete in a marketplace for both faculty and students. But this is a question of whether a particular activity that is separate from the core function of this institution as a campus institution can more effectively be carried out using a vehicle, using a different vehicle. That is what eCornell is all about."

"I alluded to more flexibility in compensation, I was not talking about compensation to the CEO, what I was in fact talking about was the ability to have more flexibility in compensating the people who create the value, because there are limitations within the institution, the economic institution, structural limitations. Those same limitations do not necessarily abide this kind of structure, so if someone is creating coursework, creating significant value in the marketplace, there are mechanisms for that person being rewarded commensurate to what he or she is generating that simply aren't available in this mechanism.

"Back to your premise, there is a choice; there always has been, and it is my understanding that the reason for this decision is that there are attributes of the structure that are necessary to enable this university to become a major player in E Learning, particularly professional education. as it is one of a handful of major players in traditional campus based work. That, in my view, is a perfectly valid goal. As I said in my article (I stand by every word I ever said or thought), it is exactly about a choice, a valid set of choices. I worked with an institution for a considerable period of time, a large institution that ultimately made the decision that not only were they going to internally fund, but they would keep it within the institution. They had lots of reasons why they did that. Will they succeed better or worse than we will succeed? I don't know. But that's a choice every institution makes. They have constraints on them that we don't have, and that decision was in some key respects forced by those constraints. But it is a choice, and I think (I'm slightly prejudiced) for my institution it's a valid choice. Obviously, one can analyze it and can come to a different conclusion."

Speaker Howland: "Thank you very much. I'm sorry I must break off these discussions but we must move on to Good and Welfare. We have one speaker who has registered for it. I call now on Porus Olpadwala to talk."

14. GOOD AND WELFARE

Professor Porus Olpadwala, Architecture, Art and Planning: "Should I come up front?"

Speaker Howland: "Yes, it would help if you would, sir."

Professor Porus Olpadwala: "Thank you. I'm here as the current chair of the A .D. White Professors-At-Large Program and also a new program, titled the Class of '56 Frank H. D. Rhodes Professorship which is somewhat parallel to the A. D. White Professorship. We will be sending out a request for nominations in the not-to-distant future. I just wanted to mention that we have tried to simplify the nominating process. You don't have to put together a massive dossier on the first trip around. There is a sort of brief proposal process which will take place in December, and then based on a simple letter of proposal, the committee will look at things which might apply and might not apply in their views. And then you can put the whole massive dossier together if you wish for the February deadline. My request is to encourage you and your colleagues to please generate as many proposals as you can for both sets of professorships. Thank you."

Dean Cooke: "Do you want to say something about the current visitors?"

Professor Porus Olpadwala: "Yes, if you want. The current professorships include Jane Goodall, who will be here tomorrow and Friday. Later in the semester Richard Meyer, the architect, will visit as a Rhodes Professor. An environmental architect, Bill McDonogh will also be here as the A. D. White Professor, and Professor John Cleese and Toni Morrison will all be here this fall. I guess what these professorships mean—they are mainly academics, but they have to be of the purest and highest order. We also look for people who can jump across constituencies, including we hope, interact very positively with undergraduates. Beyond that, they don't have to be academics. The A. D. White also has people of great achievement who can be brought to the campus to expose us to other ways of thinking and other minds."

Speaker Howland: "Thank you very much. By my watch we are within 8 seconds of six o'clock."

(Laughter)

Speaker Howland: "The meeting is adjourned.

Appendix A

~~University Faculty Committee Resolution~~

~~on the Distance Learning Report Dated July 11, 2000~~

~~WHEREAS, the July 11, 2000 "Preliminary Report on Non-Degree Programs" (hereinafter referred to as the report) from the Provost's Advisory Committee on Distance Learning (hereinafter referred to as the DL committee), and the Administration's response to that report have been shared with the Faculty Senate members and posted on the Senate's web site, and~~

~~WHEREAS, the report contains several positive recommendations that have been agreed to by the Administration, especially~~

- ~~1) The restriction of DL entity's initial activity to non-degree programs;~~
- ~~2) The maintenance of faculty oversight on the content of DL programs;~~
- ~~3) The clarification of the DL entity's right of first refusal;~~

~~WHEREAS, the Board of Trustees on June 20, 2000 made the "...decision that the initial funding (capital) for e Cornell would come from the University's unrestricted endowment,"~~

~~WHEREAS, the UFC wishes to expedite the actions of the DL committee in accord with the resolution passed by the Senate on May 10, 2000,~~