

**Statement of Helen E. Dragas
Rector, University of Virginia
June 21, 2012**

In my statement to the Board on Monday, I conveyed my heartfelt apologies for the pain, anger and confusion that has swept the Grounds over the last 10 days, and said that the UVA family deserved better from your Board.

I also indicated that this University was entitled to a fuller explanation of the Board's thinking for collectively taking the action that we did, and explained that, as Visitors, we have the very highest aspirations for the University of Virginia -- for it to reach its fullest potential as a 21st century Academical Village, always rooted firmly in our enduring values of honor, integrity and trust -- and that we want the University to be a leader in fulfilling its mission, not a follower.

Although I was reluctant to go into detail on our concerns, as I said, we owe you a more specific outline of the serious strategic challenges that alarmed us about the direction of the University. No matter how you feel about our actions, these challenges represent some very high hurdles that stand in the way of our University's path to continued success in the coming decade, and they are going to remain front and center for the next Board and the next President over the coming years. Simply put, the UVA family must be clear-eyed about the shoals and dangers that exist below the surface, and the hard work and strategic planning it will take for this community to navigate them together.

While the UVA student experience remains premiere, though our faculty creates dynamic new knowledge every day, and despite the enduring magic of Mr. Jefferson's University, the bottom line is the days of incremental decision-making in higher education are over, or should

be. For some time, the Board of Visitors has been concerned about the following difficult challenges facing the University – most of which are not unique to UVA -- and we concluded that their structural and long-term nature demanded a deliberate and strategic approach, not an incremental one.

1. State and federal funding challenges – Since 2000, state funding per student has declined from \$15,300 to \$8,300 per student in constant dollars. Governor McDonnell has done much to restore stability to state funding, but the outlook for economic growth in this area over the long term is bleak. Federal research funding and federal support of student loans are both in decline, with no expectation of a recovery, putting pressure on the University to replace these revenue sources with sustainable alternatives. The University has no long-range plan to do so.
2. The changing role of technology in adding value to the reach and quality of the educational experience of our students. Bold experimentation and advances by the distinguished likes of Stanford, Harvard, and MIT have brought online learning into the mainstream, virtually overnight. Stanford’s president, John Hennessy, predicted that “there’s a tsunami coming”, based on the response to online course offerings at Stanford (one course enrolled an astounding 160,000 students). Michigan, Penn, Princeton, Yale, and Carnegie Mellon are all taking aggressive steps in this direction. The University of Virginia has no centralized approach to dealing with this potentially transformational development.
3. A dynamic and rapidly changing health care environment. The UVA Medical Center, while excelling at cutting edge patient care and research, competes with competent and sophisticated private health systems providing high quality health care in a market

undergoing substantive structural change. At the behest of the Board of Visitors, the Medical Center undertook a strategic planning study in 2011 that resulted in a well-articulated plan. Implementation will require strong leadership and very ambitious interim steps.

4. Heightened pressure for prioritization of scarce resources. Difficult choices will have to be made to balance competing demands for financial aid (the University's generous, \$95 million per year financial aid program, AccessUVA, has consumed resources at an unsustainable and alarming rate over the last five years, yet it is considered necessary to compete with many elite private institutions in attracting the best and the brightest students) and faculty and staff recruitment, and retention. A wave of faculty retirements is coming over the next seven years, and faculty retention is increasingly difficult due to stagnation in faculty salaries. The College of Arts and Sciences alone estimates it would take \$130 million by 2016 to provide competitive compensation and start-up costs to fulfill its aspirations in the humanities and the sciences. Yet, the University has no articulated long-range plan that prioritizes these competing demands for resources.
5. Issues of faculty workload and the quality of the student experience. The ratio of students to faculty is deteriorating. This change has not occurred as a part of a thoughtful process and planned strategy to integrate technology into introductory courses while extending important small group and individual interactions between faculty and students. Rather, it reflects the stresses of increased enrollment and insufficient resource prioritization.
6. Issues of declining relative faculty compensation. In a letter dated May 11, 2012, the College of Arts and Sciences faculty issued a letter to the Board almost identical to one it

issued to the Presidential search committee in 2009. It demanded urgency in addressing the decline of UVA in faculty compensation from 26th to 36th since 2005 among Association of American University peers, and noted our relatively poor performance vis-à-vis key public competitors such as UCLA, Berkeley, Michigan, and UNC.

7. Drifting engagement direction – The securing of philanthropic gifts and grants from a broader base of supporters is critically important as our devoted volunteer leadership attempts to finish the UVA capital campaign. Large gifts received over the last year include much appreciated, donor-driven funds for international squash courts and contemplative sciences (the confluence of Eastern thought, yoga, meditation, etc.). Central institutional priorities should be articulated and highlighted for engagement, but cannot be without development of a specific vision and plan.
8. Research funding and activity – Research funding has been in decline, and we have decreased in federal higher education research rankings in the past five years. In 2008, we were #70 in the nation overall (compared to Virginia Tech's #43 ranking). These statistics are incongruous with other characteristics of the University that suggest we should be a research powerhouse. Mr. Jefferson's vision for his University and his early encouragement of the sciences suggests the same. In areas of applied research, UVA often is not the first institution in Virginia that governmental units and businesses go to when they need a partner.
9. Increasing accountability for academic quality and productivity. These issues are foremost on the minds of students, family, and legislators. The Board well understands that curricular programming is the responsibility of the faculty, and the Board has never suggested any specific curricular adjustments. It is the Board's responsibility, however,

to ask for evidence that the current curriculum is meeting its stated goals and also to ask how well any particular curriculum or program actually prepares UVA graduates for the increasingly complex, international world in which they will live and compete. There is no long-term program in place for assessment, reporting, and improvement in many disciplines.

10. Increasing importance of a proactive, contemporary communications function. The recent events unfolding at UVA have proven a demonstrated need to fortify university communications functions with updated technologies. We need faster, multi-platform communications including cutting-edge use of mobile, digital and social media to complement a more traditional media-relations function and press outreach to tell the UVA story.

This is but a partial list. Put together, these challenges represent an extremely steep climb, even if the University were lean and on top of its game. Yet in the face of these challenges, the University still lacks an updated strategic plan.

Believe it or not, the last time the University developed a concrete, strategic plan was a decade ago – in 2002. We deserve better – the rapid development of a plan that includes goals, costs, sources of funds, timelines and individual accountability. And, without micromanaging details such as calling for the elimination of specific programs or mandating distance learning, the Board did insist, and still insists, that the University leadership move in a timely, thoughtful, and organized fashion to address these and similar issues. Failing this, the University of Virginia will continue to drift in yesterday.

At the time of President Casteen's retirement, the search process should have included a thoughtful assessment by uninvested third parties who, in collaboration with the institution's stakeholders, would have examined everything from academic programs, faculty assignments, student services, research activity, technology, tuition and admissions strategies, administrative expenditures, public service and outreach, private support, the Medical School and hospital, and, yes, governance, both at the administrative and board levels.

With this said, I agree with critics who say that we should have handled the situation better. In my view, we did the right thing, the wrong way. For this, I sincerely apologize, and this and future boards will learn from our mistakes. However, as much as our action to effect a change in leadership has created a wave of controversy, it was motivated by an understanding of the very stiff headwinds we face as a University, and our resolve to push through them to forge a future that is even brighter than imaginable today.