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Rice at a Crossroads

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Baylor College of Medicine has become something of a Rorschach test for Rice University faculty members. Some look at the institution down the street and see a top tier medical school that could be enveloped into Rice at a bargain basement price. For others, Baylor is a financially beleaguered institution that will at best drain resources from Rice, and at worst suck it down like an anchor.

Over the last year, the competing views on a merger with Baylor have spurred an internal debate at Rice, which some describe as a normally tranquil institution that's having one of its first big tiffs in recent memory. Trustees are expected to decide by the end of January whether to approve the partnership with Baylor, and the tightening time line has elevated the intensity of the discussion. The debate reached a crucial point last Thursday at a specially called faculty meeting, where faculty narrowly voted against a resolution expressing opposition to the merger.

The closeness of Thursday's vote not only shows the division of the faculty on the merger, but also illustrates just how concerned administrators are about keeping talks with Baylor alive. In a move one faculty member described as "quite unusual," four high-level administrators -- including President David Leebron and Provost Eugene Levy -- cast votes opposing the resolution, using their positions as faculty members to vote in support of their own administrative agenda, according to a faculty member who discussed the closed session on condition of anonymity. Absent the administrators' opposing votes, the resolution would have passed, the faculty member said.

The president and provost have the constitutional right to vote, and to say their votes were "unusual" misses some important context, according to Duane Windsor, speaker of the Faculty Senate. Rice changed its governance structure about five years ago, and most full faculty meetings to this point have been for relatively pro forma approvals of students' grades -- not matters of policy or resolutions on controversial matters, Windsor said. Prior to the governance change, the president was chair of faculty meetings and did not vote except to break ties in accordance with *Robert's Rules of Order* -- not in observance of some tradition or voting etiquette, Windsor said.

"You could take the position that maybe they should not have voted, they should not have exercised their franchise and let the faculty exercise its voice. But they are members of the faculty," said Windsor, a professor of business management. "Under the current constitution they're entitled to vote, and they are entitled to decide whether they should vote or not vote. To make an argument they shouldn't have voted would be extra-constitutional."

"This gets tricky to say senior members of the administration ought to lose their voting privilege," he added. "Personally, I would rather have senior administrators who are faculty."

While the resolution was voted down, observers of the debate attach great significance to the meeting having been held at all. Rice's [Faculty Senate constitution](#) provides that faculty can only call a special plenary session with the signatures of 50 professors, and "that's not an insignificant number on a campus this small," said one longtime staff member. "It's almost an act of rebellion to even hold the meeting."

The contours of the merger debate are complex, ranging from basic cultural concerns about Rice partnering with a significantly

larger institution to serious financial misgivings about Baylor's outstanding debts. The potential upside, however, is not to be underestimated. Despite its current challenges, Baylor College of Medicine, which became independent of Baylor University in 1969, is by all accounts an esteemed institution that could quickly and significantly bolster Rice's research enterprise if a merger occurred, supporters say.

Conversations between Baylor and Rice became public in October of 2008, about seven months after Baylor announced that it would halt construction on an independent hospital, citing the economic downturn. Baylor's interest in a merger presented an opportunity for Rice to consider a medical school without the complexity and expense of building one from the ground up, Leebron said.

"For a medical school, you have a lot of doubt about what the cost of starting that from scratch is, and then of course what the reputation might be," Leebron told *Inside Higher Ed* last week. "With Baylor College of Medicine we have, almost literally across the street, a freestanding medical school with top ranked [status]. Those things don't make it a slam dunk at all, but they tell you these are two institutions which might have a very good [partnership] together given location, mission, reputation for quality and excellence, public service contributions, [and the] esteem with which they are held in Houston."

While Baylor's reputation has grown over the last 50 years, the sticking point for those concerned about the merger has been what's happened in the last five years. In 2004, Baylor and the Methodist Hospital [severed a partnership](#) that had sustained them for 54 years, and [stories of the bitter feud](#) between the two entities has been recounted like a soap opera script in the [Texas press](#).

A brief courtship with St. Luke's Episcopal Hospital showed promise, but efforts to reach a long-term deal collapsed, leaving Baylor with no adult hospital partner once again. Then the grand plan for an independent Baylor College of Medicine hospital emerged, but that too has hit a snag. With debts mounting, Baylor trustees announced in March of 2008 that the college would "temporarily suspend" construction of the hospital building's interior.

Baylor's financial woes are no secret, and among a concerned group of Rice faculty the college's ledger is now as well read as any text on Rice's campus. Audited financial statements show the college has been running expenses in excess of revenues for years, totaling \$321.6 million since 2004. The college has also [issued \\$897.4 million in bonds](#) to finance construction of its hospital, a project that has now been in limbo for months.

Rice has laid out a [series of conditions](#) for any merger, and they include an insistence that Baylor "must be on a sustainable path to eliminate its operating deficit" before any partnership will happen. Additionally, Rice insists that Baylor establish a relationship with at least one adult hospital, something that has been lacking since the split with St. Luke's. While Baylor has ties to specialty hospitals that treat children and cancer in Texas, the college's inability to sustain a relationship with a general care adult hospital is widely viewed as one of the key drivers of its current financial struggles.

"[Baylor faculty] predicted financial implosion if the split happens," said Moshe Vardi, a professor of computer science at Rice who opposes the merger. "Well, they were right. What we're seeing now is a financial implosion."

Vardi has become one of Rice's most vocal opponents of the merger, suggesting he has a responsibility as a tenured faculty member to speak up on the issue. In addition to making a public presentation on the merger to faculty, Vardi has created a [Web site](#) with detailed documentation about Baylor's financial health and the debate over the merger.

While Leebron acknowledges the financial challenges inherent in any merger, he scoffs at the notion that Rice would ever allow its own financial stability to become seriously compromised by a partnership with Baylor.

"I don't think there's a realistic scenario where Baylor College of Medicine becomes part of Rice and somehow pulls down the institution," he said. "That's just not realistic."

Even so, Rice has seen its own fiscal reputation called into question just for having talks with Baylor. Moody's Investors Service put Rice on a watch list for a potential bond rating downgrade in October, saying the terms of the merger could impact the rating. Like most institutions, Rice has also seen a substantial loss on endowment investments, which fell about 18 percent or nearly \$1 billion during the economic downturn.

Throughout negotiations, there has been little public acknowledgment of the costs associated with a merger. Leebron says administrators have talked "candidly with faculty about what the numbers would look like," but he wouldn't even hint at what the cost to Rice might be when asked by *Inside Higher Ed*. Several faculty interviewed for this story, however, affirmed that they've been

given adequate financial information to develop informed opinions.

As for Baylor, officials there aren't discussing the merger at all. The college issued a statement in September touting the progress of the talks, but Baylor has refused to grant interviews with Interim President William T. Butler, and public affairs officials have instructed department chairs not to discuss the merger publicly either.

It is clear that the financial pressures on Baylor have added urgency to the negotiations. Now in technical default on three bond covenants, the college received waivers from bond holders on the condition that Baylor either merge with Rice by Jan. 31 or hire a "chief implementation officer" to oversee a reorganization.

Benefits Questioned

Even supporters of the merger say Rice will have to reinvest in its existing programs to ensure an appropriate disciplinary balance. With nearly 3,700 full-time and part-time faculty, Baylor has nearly four times as many professors as Rice, although many of Baylor's faculty -- as is common in academic medicine -- devote only a fraction of their time to teaching duties. To ensure Rice's non-biomedical fields aren't simply "starved" to support new initiatives with Baylor, the university will need to raise \$250 million in endowment funds over the next five to eight years to support existing programs and make additional hires outside of the biomedical sciences, according to a 15-member Faculty Merger Review Committee.

There are few who would argue there are not potential collaborative benefits for Rice and Baylor, even if realizing those benefits may come at too great a cost. Both institutions could expect to take in more research dollars in fields like bioengineering, neurobiology, nano-biotechnology, stem cell biology and gene therapy, according to supporters. The question, however, is whether a merger is the only way to increase these collaborations.

Sid Burrus, professor emeritus of electrical engineering at Rice, said his thinking had evolved on the merger. Initially resistant, Burrus said he now sees real potential for the institutions to work together, expanding research and offering students courses that blend disciplines in a way neither institution has done before.

"It is a risk," said Burrus, a former dean of engineering. "There's a possibility that 50 years from now people will look back and say that was a big mistake, but I think there is a greater possibility that we will be able to do something we cannot do individually."

The track record Baylor College of Medicine has had with its partners in recent years, however, is enough to give Burrus and others some pause.

"Baylor has a bad history," he said. "They didn't get along with Baylor University, they didn't get along with Methodist Hospital. It's like you're getting married, and you say you're going to change that person. Well, good luck."

"Those people over there have a history of being contrary, they're prickly," he added. "They're also very good. If it weren't for the fact that they are very good, you would walk away from it."

There are significant culture differences between the institutions as well, notably the fact that Rice has undergraduate programs and Baylor does not. How two institutions with such differences would gel is a matter of considerable debate.

Matteo Pasquali, professor of chemical and biomolecular engineering and chemistry, said Rice stands to lose one of its greatest attributes by merging with a larger institution like Baylor. Rice's size allows for quicker decision making, and also forces professors to work across disciplines because their departments are often relatively small, he said.

"The benefits are being hyped of this potential merger," he said. "I haven't seen a single instance of a collaboration that I could not have now that I could have if the merger occurs."

Others, however, take a different view. A joint group of Baylor and Rice administrators, known as the Subcommittee for Academic Matters, gave a laundry list of collaborations that they suggested the merger would facilitate. Drawing on additional reports that included faculty input, the subcommittee outlined opportunities for drug discovery, expansion of neuroscience programs and the creation of new majors and minors, among other possibilities.

The subcommittee was co-chaired by Jim Coleman, Rice's vice provost for research and Adam Kuspa, Baylor's associate dean of research. Coleman joined Rice's provost and president last Thursday in voting against the faculty resolution that expressed opposition to the merger, according to a faculty member in attendance. The fourth administrator to cast a no vote was Carol Quillen, vice provost for academic affairs and another member of the Subcommittee for Academic Matters.

Faculty Support Will be Key

For all of the debate at Rice, the merger discussions have made clear that the university is at a crossroads, and Rice's future will be dramatically shaped by the decision trustees make in the coming weeks. For supporters, the merger presents an opportunity to re-energize existing programs and develop new ones. For detractors, there's a sense that Baylor will invariably become an albatross and may well chip away at the distinctive features that make Rice what it has become.

Leebron says he welcomes the debate, which he calls one of the hallmarks of academe. He acknowledges, however, that winning faculty hearts and minds is important to the ultimate success of the merger.

"It does matter," he said of faculty support. "Any university president has to try to keep the institution together and on track, and [keep] people enthusiastic about the direction it's going."

While Leebron says he shares concerns about preserving the ethos of Rice, he says he's not interested in clinging to a particular view of what Rice is supposed to be at the expense of seizing opportunity.

"Rice has often been described as a hidden gem, and we don't regard being a hidden gem as a strategy," he said. "We need to be visible."

— **Jack Stripling**

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