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ACTA PRAISES AU GOVERNANCE CHANGES
Calls for Additional Reforms

WASHINGTON, DC (May 24, 2006)—The American Council of Trustees and Alumni (ACTA) today praised governance reforms adopted by the American University (AU) Board of Trustees, but called for some additional modifications to ensure the board's ultimate authority and independence. ACTA has been advising on changes to the AU governance structure for months.

“We are very pleased to see that AU has implemented many of the reforms ACTA and other expert groups recommended,” ACTA president Anne D. Neal stated. “But there is still room for improvement. In the long term, process is important only if it leads to a good education for the students at AU.”

In the wake of a highly publicized scandal involving excessive presidential compensation at AU, the Senate Finance Committee held a governance roundtable in early March. ACTA testified at the roundtable at the request of Committee Chairman Sen. Chuck Grassley (R-Iowa). ACTA's testimony called for the removal of AU's president as a voting member of the board, the hiring of independent staffing for the board, a reduction in board size, and regular board orientations from outside experts.

On May 19, AU announced that its board had approved extensive changes to its governing procedures, including many of those ACTA recommended. The reforms endorsed by the governance report include:

- Removing AU's president as a voting member of the board;
- Regular review of the president;
- Approval by the full board of presidential compensation;
- Non-voting representation of students and faculty on the board;
- Regular orientations and performance reviews of trustees;
- More frequent board meetings;
- Trustee selection by the board and not the president;
- Independent staffing for the board;
- Expansion of the board; and
- Adding more individuals with backgrounds in higher education to the board.

“The board's conscientious effort to address many of its governance failings should quell some of the fury over its past practices,” Neal said. “But at nearly 35 members, the board is far too large and diffuse to govern thoughtfully.”

“AU’s board should be reduced to a size of no more than 15,” Neal continued. “Also, the contention that boards should include trustees with a professional background in higher education should be tempered by a realization that too many of our universities suffer from insularity and demand outside, independent judgment. AU itself has been a prime example of this problem, as the recent scandal illustrates.”

“We look forward to continued reforms at AU,” Neal concluded. “AU’s troubles are proof positive that college and university boards of trustees must take their fiduciary obligations seriously if our institutions wish to address the many challenges—educational and financial—facing higher education.”

The American Council of Trustees and Alumni is a national education nonprofit dedicated to academic freedom, academic excellence, and accountability. It has a network of alumni and trustees across the country. For more information, contact ACTA at 202-467-6787. Copies of ACTA’s statement before the Senate Finance Committee can be downloaded at <http://www.goacta.org/publications/speeches-testimony/SenateStatement3-3-06.pdf>.

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