

A BOARD OF TRUSTEES CONVERSATIONAL RESPONSE TO THE RESOLUTIONS APPROVED BY THE FACULTY OF IU BLOOMINGTON AND THE BOARD'S AGENDA FOR A FUTURE OF DISTINCTION

In recent weeks, the Board of Trustees has listened carefully to the concerns voiced by many members of the IU community. We appreciate the thoughtful comments we received from faculty, students, staff, alumni and others. They helped us come to a number of conclusions that we will discuss herein as we lay out our agenda for the university for the next several years.

We are very proud of Indiana University's longstanding reputation for academic excellence, its outstanding faculty, and its record of discovery in intellectual and creative achievement.

But in November, we received two resolutions from the IU Bloomington faculty outlining grave concerns about university leadership and about the future of the institution itself. In a series of conversations following the approval of the resolutions, we repeatedly heard expressions of anxiety about the state of the campus and its future. Simply put, many believe IU Bloomington has lost its momentum, leaving it unable not only to conduct vital university business, but to pursue important opportunities.

It is the first time in roughly 30 years that the faculty has spoken in this manner, and we take their comments seriously. Today, the board is taking a number of immediate steps that it considers absolutely necessary in light of several structural and procedural issues that require prompt attention and deliberation. These actions, however, should also be viewed as the first steps in an ongoing process of analysis and transformation which we, as a board, believe is critical to IU's future.

We intend to establish an agenda for the university and we intend, initially, to focus on seven areas:

1. Structure
2. Pace
3. Processes
4. Finances
5. Internationalism
6. Efficiency
7. Aspirations

STRUCTURE

In our meetings with various constituents over the past several weeks, we repeatedly heard concerns about the university's organizational and administrative structure. This, of course, is not a new topic of conversation at IU, but it is one that took on new urgency in discussions about the role of the chancellor of the IU Bloomington campus/senior vice president for academic affairs.

We believe that we must augment IU's management structure immediately. There is clearly a growing realization both inside and outside of the university that our large and ever-expanding academic enterprise has changed significantly since the current structure was installed in the

mid-1970s, and that we must address those changes if Indiana University is going to meet its academic aspirations and enhance its academic standing.

Moreover, the need for private funding, the state's call for economic development activities, and the growing entrepreneurial aspect of the research disciplines, all call for a deeper and broader management structure. IU is a big organization. Its revenues exceed \$2 billion and its assets top \$4 billion. Managing a venture as large as IU requires significant leadership and business acumen.

We took the first step in December, when we approved the appointment of D. Craig Brater, dean of the School of Medicine, to a vice presidency to elevate IU's health and life sciences programs. Today, we acted on other appointments to enhance the management of the university.

In doing so, we do not mean to preempt the contributions of other members of the university community to shared governance. Rather, we expect these and other initiatives to be the subject of dialogue, debate and reconciliation, and we expect to hear various points of view. But we also believe time is of the essence; we must act now.

First, we believe the Office of the President requires expanded administrative and executive leadership with a portfolio adequate to make commitments and make them stick. We believe a strong general-management person is needed, just as in almost all organizations of this size, where there is either a chief administrative or operating officer in place to support the chief executive officer. The rationale for this decision rests in the significant expansion of the responsibilities of the president. The number of issues that must be addressed, the number of decisions that must be made, the number of people who must be seen, and the number of coalitions that must be built, require an expanded role for an executive who is close to the president and who has the portfolio that allows him or her to make commitments on behalf of the university.

Second, we have also considered the chancellorship of IU Bloomington. As the position is currently constituted and defined, we believe it is flawed. It does not have the control or the authority to function as other successful chancellorships do. There are questions about who runs the campus, president or chancellor, and to whom campus constituencies should look for leadership. We wonder whether top candidates would aspire to either position until the roles are more clearly defined, and we believe clarification of the relationship is needed to make the presidency an effective agent of change. One university president told us he would not take a presidency as an agent of change in a research-extensive university if he had to work through a chancellor at the flagship campus.

Questions such as these cannot be answered in a vacuum. In coming months, we must reexamine whether we are one university or a university system. Other decisions regarding structure and roles, including that of the vice president for academic affairs, will flow from there. As stated before, we intend to enlist the faculty, administration, staff, Foundation, alumni and other interested parties in the discussion of this issue, but we also intend to conduct it at an accelerated pace.

We have concluded that the title and position of provost more accurately defines the Bloomington position. At this point, we intend to leave the relationship of president and provost largely unchanged, namely that the Office of the President, which includes IU's senior managers, will continue to manage the non-academic side of the Bloomington campus.

The provost will:

- a. Energize and secure funding for the sciences and research in all fields.
- b. Develop financial and non-financial incentives and unlock impediments to the recruitment and retention of a top-quality faculty.
- c. Develop the means to enhance the reputation and rank of at least 25 key departments.
- d. Establish priorities, lead the internal review of Responsibility-Center Management, and free funds for reallocation.
- e. Develop private, state and federal funding.
- f. Lead Indiana University's internationalization efforts.
- g. Engage all people and resources to support the less well-funded disciplines on campus that are essential to education: liberal arts, social sciences, philosophy, cultural and linguistic programs, and determine a strategy to protect and enhance them as we deal with the turbulence of accelerating change. At the same time, we must ensure that priorities are set and choices made in our academic offerings.
- h. Bring into the provost's office associate provosts who will ensure that the interests of the sciences, liberal arts, arts, and professional schools are all represented and supported.
- i. Oversee the improvement of the student body to elevate the intellectual tone of the campus.
- j. Identify ways to maximize revenues from tuition and fees while, at the same time, protecting students who would be deprived of an education by these actions.
- k. Safeguard and improve diversity, humanity and accessibility during the process of change. Tolerance and inclusiveness are the key ingredients in building community, generating energy, and creating a climate supportive of innovation.
- l. Collaborate with Vice President Brater on the development of an integrated Life Science Initiative.
- m. Manage academic issues including appointments, searches, tenure and promotion.

Finally, we are also looking at a number of management models, including the so-called matrix form of management, which will allow the university to work seamlessly across geographic boundaries to create cross-functional teams so that it can capitalize on assets and resources in all locations, and avoid duplicative efforts. Matrix management has already been used successfully in some IU departments and was the model we had in mind when we approved the appointment of Dean Brater as a vice president. We envision using similar models elsewhere at IU.

PACE

An overriding issue for many with whom we talked is the slow pace that pervades program development, searches, decision making, coalition building, funding, goal setting and other similar activities throughout IU. Trustees believe the university must accelerate and streamline its processes, including those that involve the board itself, and the administration, the faculty and the IU Foundation. We understand that accelerating the pace of change incurs a greater degree of risk-taking than many of us are accustomed to, but we have little choice if we are to prevail in the increasingly competitive academic world. And there is a corollary: Rather than insisting on

perfection prior to implementation, we will need to move more quickly to correct our mistakes. Opportunities have much shorter life spans today, and the time to grasp the opportunities of a lifetime is within the lifetime of the opportunities.

PROCESSES

Closely aligned with pace, and of equal concern to many with whom we spoke, is process.

Many initiatives and decisions for the university require analysis, collaboration and consultation, and rare is the initiative that is not opposed by at least one constituency. Finding the means of resolving disputes takes time and energy. On the academic side, collegiality takes more and more effort as the university sprawls, diversifies and enters disparate fields. The business of the university is now a huge enterprise and requires negotiation and collaboration between multiple constituencies.

The president of the university has been criticized for failing to lead the Bloomington campus either personally or by not securing appropriate campus leadership. We interpret this anxiety to mean that a more activist president, with the support of a more activist board, should arrive at policies and produce appointments in a more expeditious manner.

In addition we interpret faculty concern to indicate that IU Bloomington's shared governance structure is prepared to facilitate such a high level of activity. We are told that past presidents were hindered in making difficult decisions because achieving unanimous consent of all constituencies was burdensome and often contentious. That legacy contributes to our problems today.

We charge the president to accelerate all of IU's processes, and we urge the senior leadership, deans and faculty to contribute to a renewed spirit, bringing Indiana University to the top rank of dynamic American universities.

One process that demands immediate attention is the manner in which we identify, interview and select new leadership. The Board of Trustees believes that Indiana University's search process is flawed and needs restructuring. The current search process cannot be relied upon to bring to IU the type of leadership we will require. The Board of Trustees has definite suggestions that it will bring to the table shortly.

Given that President Herbert will conclude his term of office within the next two years, it is also not too soon to begin consideration of criteria for the next president, particularly in light of the agenda we describe in this statement. We anticipate we will begin the search in the fall of 2006. The criteria must be congruent with the plans and agenda of the Board of Trustees, some of which are suggested in this paper. The organizational restructuring of the university will be pertinent, as will IU's research aspirations.

FINANCIAL CONUNDRUM

Another theme permeated our recent conversations with faculty, leadership, deans and other constituencies: the severe limitations, and resulting frustration, brought on by static state funding, limited tuition increases, shriveling resources for repair and rehabilitation of aging facilities, the unbalanced ratio of restricted to unrestricted giving, and the concentration of new assets and research grants flowing primarily to new fields of inquiry.

IU is not alone in facing such issues. James C. Garland, president of Miami University in Ohio, tersely summed up the situation two weeks ago when he wrote in the Washington Post, "The historical business model for public higher education is broken and cannot be fixed."

We sense anxiety among faculty, deans and other constituencies with regard to how we are going to remain dynamic in the future. We share their concern, and we see in it a mandate to take vigorous and, in some cases, unprecedented action.

The Board of Trustees will promote unrestricted giving and will work with the IU Foundation to continue growing restricted giving that relieves the overall budget of the university.

We charge the administration to pursue all avenues to increase entrepreneurial income from university technology and intellectual capital, and focus on identifying continuing efficiencies in both general and academic costs. Trustees will take part in the careful development of capital and building budgets, realizing that many projects on our wish lists are no longer possible. Those that are possible will come about through the careful balancing of private funding, debt financing, IUF funding, and presentations for increasingly rare state funding. The Board of Trustees will insist on strengthened audit and compliance of research funding to make doubly sure we remain highly regarded by government funding agencies.

Trustees intend to oversee the organization of university finances to meet President Herbert's aggressive goal for doubling research funding. Reaching our goals for improvement in our reputation will not come cheap. It will entail, for example, finding the capital for facilities to house the research.

The board will carefully review need- and merit-based aid against the requirements of the institution for increased tuition and fees. It supports the aggressive pursuit of more privately endowed scholarships and chairs, which help relieve the pressure on the budget and are essential means of ensuring that IU remains internationally competitive by attracting the best students and faculty. The board believes the university has to reexamine the proper balance of tuition and fees in order for it to progress in the modern environment with sufficient funds to provide a quality education.

Finding the funds to advance our programs, to fulfill our vision, and to provide compensation comparable to other leading institutions will be compromised unless concerted effort is applied by the entire community on this issue. Having said this, the Board of Trustees looks upon this situation as a great opportunity to preserve the traditions of Indiana University while building a different and better model of the modern university.

Finally, and most importantly, the Board of Trustees recognizes that for the university to move forward, it must reallocate some of its funding. Simply stated, there is not enough money for the board and the president to underwrite new initiatives, to make rapid investments in fast-developing opportunities that would increase the standing of the institution, or to address imminent problems.

The board has requested a complete review of Responsibility-Center Management, which has served the university well for many years. Old priorities, however, are likely to be inconsistent with current realities, such as the shortage of funds available to the president and the board. If that problem is not addressed during the review, the board will have to consider appropriating some of the available funds before committing the balance to the RCM process.

Reallocation of funds, if done improperly, would put at risk core programs that are essential to sound education. The Board of Trustees realizes that the trend favoring research dollars over core instruction, along with a historical bias for allocating funds to high-profile departments, has the potential of leaving important aspects of liberal arts and social science programs without proper support. As we are forced toward raising more private funds due to economic shortfalls in the larger economy, toward a more "privatized" concept of the university due to dwindling state support, these financially poor programs that are the foundation of education must be protected.

We believe, however, there remains significant potential in the system to achieve the adjustments that are necessary to convert old paradigms into new.

INTERNATIONALIZATION

The Board of Trustees believes that the major universities of the future will have as a part of their fabrics significant international dimensions. We are looking beyond the enrichment programs that enable students to study abroad. Rather, we intend to call upon the most thoughtful minds to help define how to position IU internationally.

Historical ways of adding international experience for students are inadequate to meet the challenges of the future. We envision an internationalization strategy that will become a principal driver at IU, and provide us with an opportunity to leapfrog our less-alert competition. This needs to be a university-wide approach, and while we do not demean school-based programs, we do not believe the full value can be received by a shotgun approach. Where do we look? Collaboration, joint research, cross appointments, licensing, economic development arrangements, common curriculum, and relationship to governments are starting points, to name a few.

EFFICIENCY, ENTREPRENEURS AND ACTIVITIES

As the State of Indiana, like other states, has gradually reduced its support for higher education, or diverted resources away from four-year institutions to other forms of higher education, the Board of Trustees has been, and will continue to be, compelled to use its every strength to convince the state that research-based universities are essential to dynamic regional economies. At the same time, IU must keep pace with other competitive research universities in developing a more entrepreneurial culture, both within the academy and in its relationships with outside entities. The culture that accompanies this will be foreign to some. Not everyone must engage in these activities, but it is important that those leading the effort be appreciated.

It is difficult to construct such entrepreneurial university models of the future without encountering, among others, the issues of project selection, allocation of time inside and outside the institution, and publication. Such issues are fraught with difficulties, and striking the right balance will be daunting; some universities that go down this path may run the risk of sacrificing their integrity. Only exceptional leadership at all levels of the institution can fashion good answers to the dilemmas they will face. There will be no easy answers, and insistence upon perfection can become the enemy of good if we permit it to freeze us.

The trustees believe that IU's efficiency is comparable to other similar institutions, but we also recognize the need for yet greater effort in view of the tightening budget, and we believe that more efficiencies can be found. Programs to improve efficiency are rarely popular, but they are an imperative of our situation. Administrative areas and service functions such as overhead,

campus design and planning, transportation, risk management, and printing, require continued review. In the academic areas, the silos constructed along geographic and academic discipline lines should be carefully studied as part of the structural analysis. Rather than allowing such silos to persist, the Board of Trustees would prefer to eliminate the problems such enclaves were created to avoid.

Curbing costs by counting paper clips or freezing salaries is not effective over time. Significant and lasting savings come from reducing functions that have marginal value to education and research. Each functional unit has a powerful and eloquent constituency, but we need to balance autonomy with needs of the whole institution.

It is clear that many entities in the institution will be forced to rely on their own resources, or outside resources, to continue to function in a competitive way. There are some functions and disciplines that are essential to education that cannot be self-supporting; those that can support themselves must be expected to do so, because of limited university funds. We may expect more pieces of the university to become free-standing financially, relying on their entrepreneurial abilities to achieve success. Profitable activities have obligations to serve the greater good and the grand purpose of the university. It will take sophisticated leaders to make that happen.

The type of university we envision is not one beleaguered, but one that must come together and optimize tight resources. Almost all great universities in the United States have gone through this phase. The Board of Trustees must rely on Indiana's spirit of teamwork and selfless support of its greatest goals.

ASPIRATIONS

We conclude with a look into the future. These are the board's goals and aspirations.

Indiana University is a good research university, but it must become a great one. At the same time, the university must embrace a strategy that allows the institution to serve its residents in a broader sense than in the past, raise the level of its research-based economic development activities, elevate the levels of instruction and program reputation, and figure out how to lower -- repeat, lower -- the cost of higher education. The remainder of this paper will address those points.

Indiana University has many programs that are highly regarded and recognized as among the best in America. The Board of Trustees is committed to maintaining and enhancing our academic excellence. It has been suggested by a number of observers that in years to come, the American higher education landscape will boast as few as 30 great research universities, and that there may not be more than 50 worldwide. It is essential that IU advance its research endeavors if it is to be assured of being in this group. As part of that process, we must prioritize and make selective investments in outstanding programs. There is not an infinite number of programs with this kind of potential. We note that when we refer to research, we are not just talking about the natural sciences, but all research-based disciplines, which are widespread in a research-extensive university.

Indiana University-Purdue University Indianapolis should become a top-rated research university in its own right, mainly in the areas supporting its current strengths. Other areas of IUPUI will support a growing urban university serving a large urban student body. Bloomington will become a more highly regarded intellectual leader of international reputation and function. We

expect to see a blurring of the geographic competition, however, as the integration of research fields continues to evolve.

Within Indiana, the Board of Trustees envisions a university that serves the state's residents in a broader sense than in the past. In addition to graduating professionals and educated individuals to serve the needs of the state, IU must play a role in increasing the state's skill base and intellectual capital. We compare poorly to other states, and many Hoosiers seem unaware of this peril and the consequent need for intellectual acuity if Indiana is to remain a relevant economic entity.

We expect the regional campuses to be educational leaders and to fully meet the needs of their regions

IU must become Indiana's intellectual beacon, and it must push, cajole, challenge, inspire and lead the intellectual aspirations of the people of the state. For example, the School of Education must provide forceful and challenging leadership in the drive to reform and improve K-12 education in Indiana. A culture of outreach, collaboration, risk-taking and selfless service for the good of Indiana needs to permeate layers of leadership at IU.

Rather than concentrating on maximizing revenue for itself, IU must take the counterintuitive stance of figuring out how to participate in the lowering of the overall cost of education in the state. Taken as a whole, the overall per-student cost of Indiana's higher education system is high, and there has been no real increase in per-student funding in most of the United States for a decade. IU has an obligation to rationalize its curriculum, its governance, and its regional and local relationships with various communities and with the Community College system. Merging activities with other institutions, developing joint programs and appointments, building out distance learning, and withdrawing from high-cost endeavors when other institutions can offer a product more effectively, are examples of the selflessness we seek. In the short term it may be to our detriment. In the long run, it will benefit us.

One way to reduce the per-student cost of an education is to return college to a four-year experience. For this to take place, and to allow for changes in academic majors, significant curricular adjustments will be required, and other incentives will have to be created for administration, faculty, students and parents. The Board of Trustees will press forward on this matter.

The Board of Trustees acknowledges that gradually changing goals, but not providing adequate resources to do so, is not responsible on our part. We will strive, once priorities are set, to support our expectations for excellence by better managing the resources at hand, and seeking additional funding. This Board of Trustees appreciates that revenue follows students, but it expects the quality of the student body to increase in parallel with the increasing quality of research and teaching in the system. IU no longer has the responsibility of providing nearly open admissions now that other competent institutions are growing in size and reputation.

As part of its focus on improving the quality of the student body at IU Bloomington, we charge the president and the provost to undertake an immediate assessment and overhaul of admissions at IU Bloomington, including recruiting efforts for the best and brightest students. We believe this is of utmost importance.

We charge the president and the administration to institutionalize and increase funding to improve the diversity of faculty and students of Indiana University through, but not limited to, such programs as Hudson & Holland Scholars, the Office of Strategic Hiring and Support, and

the Groups Program. We are dedicated to attracting and committing the resources in the budget to substantially enhance diversity at Indiana University and to expand its K-12 outreach capabilities.

The Board of Trustees expects the level of instruction and program reputation to rise so that our graduates are competitive beyond Indiana's borders, in the prime markets of the world. Not only do we owe it to our graduates to constantly elevate our programs, we owe it to our own institution if we are going to compete internationally, attract top Hoosier and non-Hoosier students, develop undergraduate intellectual ability congruent with the excellence of our faculty, and produce students capable of becoming top-level graduate students in doctoral or graduate professional programs.

Finally, the Board of Trustees reinforces and supports the strategic thrust into the Life Sciences Initiative including medical science, health science and related disciplines, basic sciences and the life sciences.

The Board of Trustees has high hopes that the Life Sciences Initiative will serve to expand the activity into Bloomington in an even more robust fashion than has been realized in recent years. We believe the initiative should integrate activities and focus them more along the lines of science and much less along legacy geographical lines. We need a combined, highly leveraged, synergistic effort by all parties if we are going to prevail in the competitive environment. The health and life sciences, through the IU School of Medicine, Clarian Health Partners, Riley Hospital for Children, Wishard Health Services, the Midwest Proton Radiotherapy Institute (MPRI) and the Indiana University Cancer Hospital are all springboards to drive research, in both Indianapolis and Bloomington.

CONCLUSION

We wish to voice our support for President Adam W. Herbert. Dr. Herbert has a long list of achievements at Indiana University over a wide range of activities. He responded to and resolved a number of pressing problems the board presented him with on his arrival, including difficult organizational, financial and personnel issues. During his tenure, IU experienced record research funding and private sector support. In an era of declining state support he oversaw needed restructuring of our government relations operations to increase federal dollars flowing to IU. He identified strategic internal issues and initiated programs to deal with them, including mission differentiation, a review of Responsibility-Center Management, leadership succession planning, and an analysis of university admissions policies. He continued to define important external strategies, including the intensification of our life sciences efforts, especially in the areas of cancer, diabetes and neurosciences research. These areas of focus will have significant economic development impact for the state we serve.

The Board of Trustees recognizes these and other accomplishments. Trustees are confident that President Herbert can guide the board's call for change and improvement, and launch programs that will move the university forward. We believe the appointments and structural changes we have identified will be of assistance to him as we work together to address complex problems and opportunities. We charge him with the responsibility to move rapidly and decisively on the many issues we confront. And we intend to be supportive of the president as he works to achieve our shared goals.

We particularly want to thank Chancellor Kenneth Gros Louis, who devoted nearly a quarter century to IU, retired -- if you can call teaching and research retiring -- and came back at IU's request to provide the leadership that was needed at an important juncture in our history. Ken's stamp will forever be on the university. Although his institutional responsibilities have been weighty, he has always found a way to personalize Indiana University, and to keep alive its history, its traditions and its spirit. We wish him well and hope he enjoys a long and productive second retirement.

We close by reiterating the gravity of the concerns that have been expressed to us. We have responded to the resolution seeking the reframing of the position of senior vice president for academic affairs/Bloomington chancellor by recommending a number of structural changes and recommending a broader assessment. We have responded to the request for a review of the president with a number of appointments and proposals. Further, we have accepted the proposition that the university must move rapidly. We believe that a review would result in a state of anxiety and suspended animation on the IU Bloomington campus and would be an impediment to the pace that we consider crucial to moving forward. Consequently we are not going to undertake a review.

We trust that in this paper we have demonstrated that we intend to waste no time in pursuing solutions. We stress again our commitment to involving the entire university family in many, if not all, of the discussions, but we also emphasize that time is of the essence. We are dedicated to preserving and protecting the very best of Indiana University, but we believe we must do so using new paradigms. We must make the changes, however radical they may seem in 2006, which will place us ahead of our challengers within 10 years as higher education transforms itself.