



AMERICAN UNIVERSITY

W A S H I N G T O N , D C

May 16, 2006

Senator Charles Grassley
Chairman, U.S. Senate Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Senator Max Baucus
Ranking Minority Member, U.S. Senate Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Grassley and Senator Baucus:

This is to update you on the considerable progress made to reform board governance and oversight at American University. This Thursday and Friday (May 18 and 19), the AU board will address extensive governance reform recommendations proposed for adoption at their meeting (with conforming bylaws revisions proposed for board adoption at a special meeting of the board on June 9).

As you likely know, the Board of Trustees appointed a six member Governance Committee that has worked intensively for months to conduct a critical review and recommend fiduciary "best practices" for American University trustees individually and for the board as a whole. Valuable assistance was gained directly from nationally renowned experts on board governance and higher education, as well as from the open discussion of this issue at the March 3 roundtable on non-profit governance sponsored by the Senate Finance Committee. A comprehensive review was done of pertinent literature and comparative data on university governance across the country, reviewing board policies, bylaws, board practices, board committees, campus involvement, trustee qualifications, trustee selection process, and other facets of responsible governance.

From December into May, the Governance Committee met formally as a group 18 times and convened more than a dozen sessions with campus constituencies (faculty, students, academic leadership, staff, and alumni) to engage in a broad institutional dialogue regarding these issues. The committee made these groups participants in this process and shared with them information gained and decision points.

In addition to the work of the governance committee and the reform recommendations going forth, the board has adopted improved oversight of presidential expenditures and audit committee responsibilities, and a rigorous process of presidential

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4400 MASSACHUSETTS AVENUE, NW WASHINGTON, DC 20016-8060 202-885-2121 FAX: 202-885-3265

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review. The AU board also initiated a new era of openness with the AU campus constituencies and accessibility by individual board members. This has included greater inclusion of campus representation in formal board and committee discussions; improved communications; and the creation of mechanisms to enable the campus to chart the board's commitment for change.

A tangible indication of how far we have come and how changes are already being implemented can be seen in the recruitment of new trustees – seven of whom will be voted on at the May 18 and May 19 meetings. The AU campus participated in the nomination process, and some 85 candidates were suggested, from which the current seven will go forth for approval. In addition to the change in trustee selection “process,” the board sought a significantly enhanced diversity of experience in its trustees; as a result, the current class to be voted on includes two former college presidents; non-profit experience; and a former (and relatively recent) student government president.

We look forward to sharing with you and the Senate Finance Committee members the results of our deliberations over the past months, improvements already made, and recommendations for further change, and to updating you after the board meeting this week. We are confident that American University can serve as a model for higher education governance change and improvement, and we welcome the responsibility this entails.

Sincerely,



Gary Abramson
Chairman

cc: Dean Zerbe, Senate Finance Committee