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### **UDC Autonomy (or “Functional Independence”)**

Most major public universities in the United States enjoy a level of independence that allows them to function effectively and efficiently without being overburdened by procedures unsuited for the academic environment. Universities from those in California to Indiana to Maryland, Virginia and Delaware are the stewards of their own future, accountable to the public and fully transparent. To make UDC a first class institution, significant additional funding is required, and it is virtually certain that the District Government will not be in a position to supply that funding for the foreseeable future. The Trustees and I believe that we can obtain the necessary funding from the Federal Government and private sources, but that we can do that only if UDC is autonomous and not simply another agency of the District of Columbia Government. There are two basic aspects to this concept: the manner in which UDC will operate, and the qualifications and selection of the Board of Trustees.

**Operations:** The single most important requirement to obtain outside funding is that UDC’s finances be truly independent from those of the District, subject to appropriate accountability, which means that UDC funds will no longer be kept with other funds in the District Treasury. The ability to attract additional funding must include the ability to assure individuals, foundations, businesses, and others that the money will

be used only for UDC, which is similar to the arrangement for the Convention Center Authority.

Second, UDC must have the authority to set its own budget and spend its money as the Board sees fit. UDC will need to continue to receive an annual appropriation from the District, which could be limited, in whole or in part, to certain uses (such as student aid or infrastructure), but even within those categories, the University must operate like other universities and not be subject to detailed instructions and controls. In contrast to the current system, money not spent in a given budget year will not be returned to the District, but will be used as the budget approved by the Trustees provides. The Trustees will set the budget and the officers will follow it, but the District will no longer set personnel caps or control how money is allocated between personnel and other uses: those decisions will be made by the Trustees and, as delegated by the Trustees, by other officers of UDC. Laws of general applicability that forbid certain spending or impose other requirements on all educational institutions in the District would apply, but the Council and the Mayor would not manage UDC through the budget process. Under this approach, all UDC funds will be kept in its own account and paid out under its budget and other internal guidelines.

Third, as a necessary element of having its own budget authority, UDC will no longer have to obtain the approval of the Office of Contracting and Procurement and, in some cases, the Council, before entering into contracts for goods, services, real estate, and other acquisitions. It will be bound by District laws on contracting (subject to appropriate modification that take into account the special status of UDC), but the

implementation of those laws will be under the direction of the Trustees and not the District's Chief Financial Officer.

Fourth, to assure that UDC complies with all applicable laws, it will continue to have an annual audit, under District laws, for the use of District funds. To the extent that it receives Federal funds, it will have an audit for them. In addition, since it will be soliciting grants and contracts from other entities, it will have to have an audit and other financial information of the kind that is expected of any institution seeking funds from those sources.

Fifth, some of the personnel rules that apply to the District government are not suitable for an institution of higher education, and some significant changes are required to assure that UDC is able to deliver quality education. In particular, those who teach the students should be governed by the same kind of rules as are teachers at other public institutions, including tenure and other similar protections, but not standard civil service protections. For other employees, their rights will be modeled on what other public universities do, which includes assuring that their rights to fair and impartial treatment, and other due process protections, are retained, although not necessarily in exactly their current form. Existing collective bargaining agreements will be honored, and no effort will be made to eliminate unions or prevent them from extending their membership in the future.

Sixth, UDC's infrastructure is in serious disrepair and requires a major infusion of money immediately. It is unrealistic to think that anything other than long term borrowing, through the issuance of tax-exempt bonds, can fill that need. Thus, UDC

must have the power to issue its own bonds, backed by its own assets and future streams of income.

Seventh, it would be unrealistic to expect that the District or its taxpayers, or anyone else, would support this plan unless the operations and budget of UDC were fully transparent and its Board and officers thereby fully accountable to the public. The Trustees and I understand that completely, and we embrace transparency and accountability. We recognize that those terms have many meanings, and we intend to work with the Council and the Mayor to assure that there are procedures in place so that transparency and accountability are not simply empty promises. UDC needs the trust of the public, and these assurances are a vital means of obtaining and maintaining it.

These are the most important aspects of the restructured operation of UDC. They are not set forth in detail because of the limited time before this hearing and because we welcome input into the specifics that will come from the Council, the Mayor, and other interested citizens of the District. Moreover, there are other operational issues that will need to be spelled out, consistent with these principles, and then specific legislation prepared and carefully reviewed.

**Governance:** The current Board has 11 of its 15 members chosen by the Mayor with the approval of the Council. That structure is appropriate for an institution that is the functional equivalent of an agency of the District Government, like the DCPS. But UDC should not be seen as another District agency, but as an institution of higher education, which must have a broader base of selection of its Trustees. This is especially important if UDC is to attract funding from other sources, as it must do to achieve its educational goals.

The Trustees and I have formulated some preliminary thoughts about the direction of the change in the method of appointment to the Board, but we are by no means wedded to the specifics. The only points on which we are firm is that the selection process must be diversified and that we must find a means to assure that future trustees will be persons with significant experience that contribute to achieving UDC's mission as an institution of higher education, including the areas on which UDC will focus its future attention, and that they are prepared to devote substantial time and effort to making the independent judgments required of university trustees.

One way to increase the likelihood of such persons being appointed is to create a nominating commission, similar in its breadth, but with different categories of membership, to the commission that nominates judges for the Superior Court and Court of Appeals for the District. The role of the commission would be to assure that all nominees are willing and able to perform the functions of the Trustees and to be sure that there is appropriate diversity in all relevant respects on the Board. It would then be up to the persons with the appointment power (or, in the case of student and alumni trustees, the elective power) to select from among the qualified nominees.

## ATTRIBUTES OF AUTONOMY

- Exclusive control over use and disbursement of all UDC funds and property.
- Authority to set own budget and allocation of funds within the budget.
- Contracting and procurement governed by District law, but implementation carried out by UDC and not the Office of Contracting and Procurement.
- Subject to annual audit by District for District funds, with other audits for other funding sources.
- Personnel rules suitable for a university to be established, with appropriate protections for all employees and the right to bargain collectively retained.
- Authority to issue bonds.
- Transparent and accountable budget and spending process.
- Board of Trustees that is broadly based and independent, with the range of experiences needed to assist UDC in carrying out its educational mission, and whose members have demonstrated a willingness to devote substantial effort to the job of being a Trustee. (Note: Most states, such as Virginia, have commissions that screen university board appointments.)