



March 11, 2013

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**PRESIDENT**  
Ralph A. Wolff

MRC Greenwood  
President  
University of Hawaii System  
2444 Dole Street  
Honolulu, Hawaii 96822

Dear President Greenwood:

At its meeting February 20-22, 2013, the Commission considered the report of the Special Visit team that reviewed the University of Hawaii System Office September 17-19, 2012. The Commission also appreciated the response and update to the team report provided in your letter of November 23, 2012. This Special Visit was called for by Commission action in 2009 primarily to assess University governance, especially the effectiveness of the new appointment process for University Regents. As reflected in the team report, controversy surrounding a failed concert and personnel actions regarding the Manoa campus athletic director led to the expansion of the scope of the visit.

The Special Visit team found many areas of progress that warrant commendation. The selection process for Regents has worked well and the Regents, at least until recent controversies arose, appeared to be working effectively with the University administration around a clear set of goals and priorities. In the area of finances, the University System has addressed a 25% reduction in State support through staged tuition increases and effective fiscal management. At the same time, initiatives across the System have led to increases in retention and degrees awarded, and the University has simultaneously improved enrollment and graduation numbers for Native Hawaiian students. Significant increases have occurred in externally funded University research, another University priority, supporting an improved research infrastructure and creating an enriched environment within which faculty and students can engage in research. The team found these clear examples of progress were a reflection of steadfast attention to achieving results in each of the areas identified as System priorities.

Notwithstanding significant progress since 2009, the events surrounding the failed Stevie Wonder concert and irregularities in a personnel matter regarding the Manoa campus athletic director revealed the fragility of the autonomy of the University and its freedom from inappropriate external interference, as well as the need for greater clarity in the roles and responsibilities of the Board of Regents, System, and campus administration in the management of the University's affairs. The stability and focus of the University's leadership over the past several years appears to have been undermined, and significant tensions are present that now raise questions regarding the compliance of the University's governance systems with Commission Standards. The following are key areas of Commission concern:

**External Interference.** Criterion for Review 1.6 states “Even when supported by or affiliated with political, corporate, or religious organizations, the institution has education as its primary purpose and operates as an academic institution with appropriate autonomy.” The accompanying Guideline to this Standard states that “the institution has no history of interference in substantive decisions or educational functions by political, religious, corporate, or other external bodies outside the institution’s own governance arrangements.” Over the years, the Commission has repeatedly been concerned about external political interference with the affairs of the University. The Commission understands that the University, as a state-supported institution, needs to be accountable for the proper use of funds allocated, and that the Board of Regents is accountable to set goals and priorities in alignment with the needs of the State. The University, however, is an academic institution and needs to be accorded an appropriate level of freedom from external management of its affairs, especially with respect to individual personnel decisions. The Commission is deeply concerned about press accounts of the attempts of individuals within the government to demand specific personnel actions. Such efforts violate CFR 1.6 and its accompanying Guideline. They undermine the autonomy of the University and the role of the Board of Regents and University administration to govern the University. It appears that the University has resisted this pressure, but at a major cost to the whole University System. In addition, legislation has recently been introduced that could interfere with the University’s ability to manage its own affairs. It will be essential for the Governor, legislature, and the University to work together to protect and preserve the autonomy of the University and its freedom from external interference.

**Policy Gaps.** The Board of Regent’s studies of the failed Stevie Wonder concert identified a number of areas in which policies were either not followed or where policies were needed. To date, the Commission has not been given any information regarding the steps taken by either the System or Manoa administration to address these policy gaps, despite the importance placed by the Special Visit team on learning the outcome of the Regent’s Advisory Task Group on Operational and Financial Improvements. The Commission expects to receive a report with a clear plan addressing these policy areas; this is necessary to demonstrate that both lapses in implementing existing policies and the creation of new policies have been addressed and reviewed by the Board of Regents. In addition, the Commission expects that where there is a lack of clarity regarding the System’s and the Manoa campus’s spheres of authority in handling such transactions, clear guidelines will be established.

**System – Campus Lines of Authority.** One of the key issues raised over several past System and Manoa reviews has been the need to clarify responsibilities between the System and Manoa campus. Overlapping, confusing or inappropriate lines of authority seem to have contributed to the handling both of the Steve Wonder concert and of the Manoa campus athletic director’s contract. As the Special Visit team observed, the President rather than the Manoa Chancellor represented the campus at the Mountain West Conference and was involved with the Manoa campus athletic director’s contract. Both of the reports commissioned by the Regents on the Stevie Wonder concert also note the need for policies and procedures to clarify the roles of the System and campus offices.

The team's as well as the Board's reports raise concerns regarding the University's governance relationships. CFR 3.8 states that "the institution's organizational structures and decision-making processes are clear and consistent with its purposes, support effective decision making, and place priority on sustaining effective academic programs." The accompanying Guideline states that "the institution establishes clear roles, responsibilities, and lines of authority." The Commission expects the lines and limits of authority between the System and the Manoa campus to be more fully elaborated and clarified, and expects these arrangements to be followed.

**Role of the Board of Regents.** The Commission places primary responsibility on the governing board for the overall performance and effectiveness of the institutions it accredits. According to CFR 3.9, "the institution has an independent governing board or similar authority that, consistent with its legal and fiduciary authority, exercises appropriate oversight over institutional integrity, policies, and ongoing operations, including hiring and evaluating the chief executive officer." In reviewing the situation at the University, the team found that there is a need for the Board of Regents to assess and improve its own effectiveness. It is critical for the Board of Regents to protect the University from inappropriate external political interference while, at the same time, ensuring that internal governance systems and lines of authority are working effectively. As noted above, the Board has commissioned two reviews of the events leading to the failed Stevie Wonder concert but does not appear to have addressed the deeper issues regarding the blurred and overlapping lines of authority within the Board itself, or between the Board, the System and campus administration. Nor does it appear that the Board has assessed its own role in decisions made leading up to these events and thereafter. The Board needs to assess its own role in governance, as called for in the Guideline to CFR 3.9, which states "the governing body regularly engages in self-review and training to enhance its effectiveness." The Commission expects the Board to assess its own role and take further steps to address the matters identified in this letter.

In sum, the Commission found that while the governance of the University worked well for a considerable period of time, it has now entered into a period in which the ability of the University to set clear priorities and work effectively with the legislature and Governor's Office is being challenged. The recent period of stability led to impressive progress on the part of the University around such key issues as degree completion, service to Native Hawaiians, completion of the West Oahu campus, and effective handling of deep budget cuts – all through effective leadership and planning. These gains, however, appear to have been undermined, and possibly seriously eroded, by the revelations, hearings, and reports around an unfortunate set of events. The University needs to take decisive action to restore relationships externally and to clarify roles and responsibilities internally.

The Commission does not accredit the System *per se*; however, the failure of the University to meet Commission Standards affects the entire University, especially the four campuses accredited by the Senior College Commission.

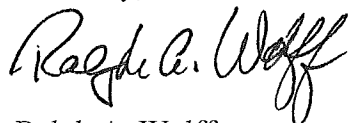
The Commission endorsed the findings and recommendations of the special visit team report and took the following action:

1. Receive the report of the special visit team;
2. Request that a follow up Special Visit in spring 2014 be conducted to determine the progress made in addressing the issues raised in the Special Visit Team Report and this letter; and
3. Request that Commission staff conduct within 120 days of this action a meeting with members of the legislature, Governor's office, and the Board of Regents to discuss the issues raised in this letter.

In accordance with Commission policy, a copy of this letter will be sent to the Chair of the system's governing board in one week. It is the Commission's expectation that the team report and this action letter will be disseminated appropriately to promote further engagement and improvement in the issues identified herein.

Please contact me if you have any questions about this letter of the action of the Commission.

Sincerely,



Ralph A. Wolff  
President

RW/rw

cc: Harold Hewitt, Commission Chair  
Members of the Special Visit team