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March 27, 2020

Dear Members of the Hardin-Simmons University Board of Trustees:

We read with the concern I know you share that Hardin-Simmons University (HSU) is at present making some of the most crucial decisions in its 129-year history. Highly informed and highly engaged trustees are essential for Hardin-Simmons to move forward in what appears in the media to be a most perilous financial and reputational crisis.

The difficult choices before HSU’s board are emblematic of what the American Council of Trustees and Alumni (ACTA) has long recognized as necessary to address the unprecedented challenges facing colleges and universities today. In the enclosed report [\*Governance for a New Era\*](#), 22 national higher education leaders articulate the need as such:

Too many [trustees] have seen their role narrowly defined as boosters, cheerleaders, and donors. They should ask the questions that need to be asked and exercise due diligence. They must not be intermittent or passive fiduciaries of a billion dollar industry critical to the preparation of America’s next leaders.

Decisions regarding school restructuring, program prioritization and termination, tenure, and faculty management have lasting effects on the school community and its reputation. While delegating management and implementation to the administration, an institution’s governing board still has the ultimate legal authority behind these choices and responsibility for them. Since trustees are also fiduciaries of the institution, no board member should feel diffident about seeking and analyzing detailed information on finances, endowments, academic quality, and campus culture.

In that spirit, allow me to raise three specific concerns to which I believe it is in the interest of HSU diligently to attend. As you know, regional accreditation is a requirement for institutions that wish to access Title IV federal aid and subsidized student loan programs. While ACTA strongly believes that matters of institutional governance are beyond accreditors’ proper role with respect to determining a university’s eligibility for Title IV funds, the fact remains that trustees must be vigilant to prevent even the appearance of operating outside of accreditor standards.

PROMOTING ACADEMIC FREEDOM AND EXCELLENCE

Campus perception seems to be that the processes developed to assess, revise, prioritize, and, in some cases, close academic programs (including HSU's general education program) did not appropriately encourage faculty participation. It would be wise for the board to address this perception by communicating clearly with the community at large and describing in detail the board's deliberative process for academic program review.

Many American universities have recently reviewed, or are in the process of reviewing, their program portfolios. But as president emeritus of the University of Northern Colorado Robert C. Dickeson observed in ACTA's trustee guide, [\*Setting Academic Priorities\*](#) (enclosed), doing so effectively requires the utmost transparency in the criteria for evaluation.

For example, with a budget deficit of \$5 million, Bemidji State University had to make tough choices, but maintained a high level of transparency in explaining the budget to the campus community by hosting open forums with full discussion opportunities. Faculty were intensely involved in the process through both committee work and the Faculty Senate. It was a values-centered process—making recommendations and decisions based on programmatic distinctiveness, sustainability, and innovation. Similarly, the University of Hartford's "Foundations for the Future" initiative relied on clearly articulated criteria for judging academic and administrative programs in order to merge departments, saving \$2.5 million without the termination of regular faculty.

Best practices require engaging faculty at every step so that they understand the need for the program prioritization. Working closely with faculty also raises the level of confidence and buy-in for the resulting recommendations. We encourage board members to ensure that the recent assessment and prioritization of academic programs, and ongoing revisions to HSU's general education program, not only adhere to accreditor standards but also reflect best practices.

Hardly anything, moreover, is more vital to a university's success than faculty morale. Professors lead academic programs, oversee the curriculum, have full control over students' experience in the classroom, and engage students in mentorship activities outside of class. Maintaining high levels of faculty morale in times of financial pressure is difficult. When institutions of higher learning face daunting challenges, especially budget challenges, university leaders must work to strengthen shared governance. This requires a high level of transparency about the problems facing the institution, persistent communication with stakeholders, and the diligent adherence to established policies and procedures.

Where decisions are not well-explained, or appear to diverge from existing policies, it is not just norms of shared governance and faculty morale that deteriorate. There are also implications for academic freedom because faculty who lack confidence in an administration rarely feel free to engage openly in discussions about the university's future, even as it concerns their role as the guardians of academic standards and quality. Academic freedom and an engaged professoriate are the lifeblood of a university. As such, we strongly encourage HSU's leaders—senior administrators and board members—to attend assiduously to cultivating norms of shared governance and raising faculty morale.

While HSU has made some laudable efforts to articulate to stakeholders the financial exigencies that necessitate its recent restructuring decisions, the information that is publicly available gives an understandable basis for skepticism. The latest data from the National Center for Education Statistics' Integrated Postsecondary Education Data System (IPEDS) suggest a trend of rising administrative spending at HSU. Per the IPEDS Human Resources survey, in 2012–13, HSU employed 48 administrators in the “Management” and “Business & Financial Operations” categories at a cost of \$2,664,670. Salary outlays in those categories grew modestly from 2012–13 to 2016–17, to \$2,884,220 (a total increase of \$219,550 or 8.2% over five years).

According to the 2018–19 Human Resources survey, however, annual salary outlays in those administrative categories increased dramatically in the subsequent two years, by an additional \$861,401 or 29.9%. Over seven years, annual salary outlays in the “Management” and “Business & Financial Operations” categories increased by \$1,080,951 or 40.6%. For context, over the same period, expenditures on faculty salaries increased by 3.5%, from \$8,520,525 to \$8,819,531. While year-to-year fluctuations in reported data may occur for a variety of reasons, they are nonetheless worth investigating. Note that these figures do not take into account the elimination of several dozen faculty lines in the 2020 and 2021 fiscal years, which will almost certainly push salary outlay for faculty well below its 2012–13 level.

Expenditures on building projects in recent years merit the board's scrutiny as well. According to a 2018 finance survey, construction in progress at HSU was valued at \$11,847,370. Figures like these underscore the critical importance that every board member feel reassured that he or she understands fully the financial condition of the university, after a thorough review of all relevant records.

Lastly, donors and alumni are often a university's most important ambassadors. Their gifts make possible academic programs, student scholarships, and student support initiatives that would otherwise not be affordable. They are also essential to shaping a university's public image and for introducing young people in their own communities to the campus and the idea of one day applying for admission.

As I know you are aware, some donors believe that HSU's closure of the Logsdon Seminary, in conjunction with its choice to retain the corpus of funds that constitute its endowment, runs contrary to the terms of donors' gift agreements with HSU. This perception on the part of donors and friends of the University is a matter that calls for close board attention. Proper stewardship of these gifts—and even returning them if the terms of the gift agreements can no longer be met—will reflect on the values of your institution. It is also sacrosanct to the notion of trusteeship, which is why ACTA's Fund for Academic Renewal exists to advise higher education donors on how to safeguard their intent. I urge each board member, if you have not done so already, to review the exact terms of any gift agreements connected with the Logsdon Seminary so as to ensure that HSU will always be viewed by its donor base as the most dependable of partners.

Trustees can also play a crucial role in bringing innovative ideas for consideration. I enclose an ACTA publication entitled [\*Bold Leadership: Real Reform 2.0\*](#) that describes the formation of

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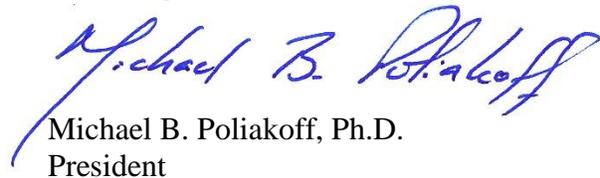
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consortia, which often expand opportunity while reducing costs. The campus community and the public will only be reassured by your energetic involvement.

HSU has a storied history and is renowned for its excellent scholarship and service to the community. At a time when liberal arts colleges across the nation find themselves in fragile circumstances, ACTA hopes that HSU can emerge stronger than before.

ACTA is a resource for trustees everywhere. Our mission is to safeguard the strength and prestige of institutions across the United States. The success of that mission ultimately rests with trustees like you.

Warm regards,

A handwritten signature in blue ink that reads "Michael B. Poliakoff". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Michael B. Poliakoff, Ph.D.  
President

cc: Eric Bruntmyer, Esq., President, Hardin-Simmons University  
Thomas V. Copeland, Jr., Ed.D., President of the Faculty, Hardin-Simmons University  
Dan Malone, Esq., General Counsel, Hardin-Simmons University