

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

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July 27, 2010

TO: Thomas W. O'Laughlin, Jr., Acting CEO, Academy on Capitalism and Limited Government Foundation

FROM: Joyce Tolliver, Chair, Executive Committee, Academic Senate, University of Illinois, Urbana-Champaign *Joyce Tolliver*

The Academy on Capitalism and Limited Government Foundation has never fully complied with University policies and practices, and this has been a longstanding concern of faculty governance groups, going back to 2007, when the existence of this enterprise was first announced. Without ascribing blame or attributing motives, we express our deep dissatisfaction with the status quo, and want to clarify the policies and practices that we believe are essential for this enterprise to be brought in line with appropriate procedures. In this letter we rely on two guiding documents: the report of the Chancellor's Advisory Committee on the ACLGF (October 29, 2007); and the "Ikenberry Guidelines" recently proposed by outgoing Interim President Stan Ikenberry (June 30, 2010).

Both documents express fundamental principles of university policy; no entity that does not subscribe to them can properly be considered a "partner" of the University of Illinois. We hope that the organizers of the Academy Foundation agree, and will explicitly endorse what we regard as necessary corollaries of those principles.

The Chancellor's Advisory Committee on the ACLGF (http://www.senate.illinois.edu/aclgf_report.pdf) concluded that the ACLGF's stated goals and activities violated the principles of *institutional neutrality* and *institutional autonomy*, which are fundamental to the quality and integrity of a public research university.

On the issue of institutional neutrality: as of July 24, 2010, the text on the website published by the Academy Foundation continues to express an overt advocacy agenda (<http://www.academyoncapitalism.org>). Therefore:

1. *The Academy Foundation agenda must be fundamentally transformed to reflect an inquiry-based mission, rather than an advocacy mission, and this inquiry-based mission must be consistently reflected in the Academy Foundation's promotional and fundraising materials, as well as on its website.*

On the issue of institutional autonomy, the Academy Foundation should do nothing that suggests an institutional endorsement or a special relationship of the University of Illinois with its views. Therefore:

2. The Academy Foundation must refrain from scheduling promotional and fundraising events during the U of I Foundation Weekend.

Representatives of the Academy Foundation repeatedly have said that they want to be treated like any other foundation. But no other academically oriented foundation would suggest, as the Academy Foundation does, that only projects expressing views consistent with their own avowed conclusions will be considered for funding; and no other foundation could take advantage of a connection with the U of I Foundation to conduct promotional and fundraising activities on campus in the midst of the most important donor presence of the year. It is precisely in order to bring the activities of the Academy Foundation in line with usual practice that the Chancellor's Advisory Committee and former Interim President Ikenberry issued their recommendations.

Developing a culture and set of practices consistent with the conduct of an inquiry-based foundation was the primary emphasis of the Ikenberry Guidelines for proposals to the Academy on Capitalism and Limited Government Foundation (attached). We fully support these guidelines and we are committed to a process that will implement them. We believe that, implemented fully, they would bring us within reach of a workable and productive relationship between the Academy Foundation and the University. However, for reasons spelled out below, we do not believe that there is a shared sense of what these principles entail. Our purpose here is to clarify what we believe to be necessary in order to implement them effectively.

Because the Academy Foundation has chosen to constitute itself as a "supporting organization," it "must . . . be organized and operated exclusively to support specified supported organizations" [<http://www.irs.gov/charities/article/0,,id=137609,00.html>] – in this case, the University of Illinois. As such, it may only expend funds in response to proposals initiated by University of Illinois faculty that have undergone campus review, as laid out in the Ikenberry Guidelines.

However, we believe that full compliance with the Ikenberry Guidelines requires more than this – and specifically requires the following changes to the current practices of the Academy Foundation:

3. Most importantly, the Academy Foundation can only expend funds, raised under the auspices of a supporting organization, in response to faculty-initiated proposals from the University of Illinois. They cannot, as one Academy Foundation Board member said recently, "go elsewhere" with these monies.

4. The Academy Foundation must establish a public, transparent, and criterion-driven process of soliciting and evaluating applications for funding, open to all faculty and staff on campus. The current web site lists no instructions for submission, no contact person or address for submitting them, and no list of specific criteria by which proposals will be evaluated (beyond "programs which comport with the Academy Mission and expressed donor intent").

5. *The Academy Foundation must acknowledge that the campus has the right to review and approve or deny proposals before they are considered for funding by its organization.*

6. *Representatives of the Academy Foundation's Board of Directors and Advisory Board should not initiate or design proposals for funding, and UI faculty members who are part of these oversight committees should not be eligible for funding from the Academy Foundation, either directly or indirectly.*

7. *Campus events and activities that are partially or wholly funded by the Academy Foundation are University of Illinois events and activities, and should not be advertised as "Academy" conferences, symposia, courses, etc., as they routinely are on the Academy Foundation website. There is no "Academy," as such: there is a Foundation established to fund faculty projects.*

8. *The Academy Foundation website must include an annual list of all projects the Academy Foundation has funded, specifying the recipients and dollar amount of each grant.*

Comments by representatives of the Academy Foundation published in the *News-Gazette* on July 18, 2010 (<http://www.news-gazette.com/news/university-illinois/2010-07-18/academy-capitalism-still-has-strong-ties-ui-campus.html>) demonstrate that there is still no meeting of the minds about these corollary implications of the Ikenberry Guidelines. While the representatives said they accepted the Guidelines, their comments suggested that, in their view, there is nothing new in them and that they will not lead to any substantial change in the Academy Foundation's current practices. Indeed, in several cases they explicitly said that they intend to continue practices that, in our view, violate the letter and the spirit of those Guidelines, as we have tried to clarify them here.

This situation is unacceptable. The Academy Foundation website describes its initiative as a "partnership" with the University of Illinois. Consultation with and accountability to faculty governance must be part of this partnership. Such a relationship has not yet been established. We believe that a more clearly shared understanding of the implications of these Guidelines is essential, and must be achieved before the new round of Academy Foundation projects and proposal submissions begins with the start of the upcoming academic year. This is particularly important, given the recent disclosure that the Academy Foundation is seeking a CEO to assume (unspecified) duties beginning September 1.

Therefore, we respectfully request that, on or before August 27, 2010, the Academy Foundation send to us a formal response, in writing, enumerating their acceptance of the eight conditions listed above, and how they plan to address them.

C: Stanley O. Ikenberry, Past Interim President of the University of Illinois
Robert A. Easter, Interim Chancellor and Provost of the University of Illinois, Urbana-Champaign
Sidney S. Micek, President of the University of Illinois Foundation