



THE TEXAS A&M UNIVERSITY SYSTEM

Michael D. McKinney, MD
Chancellor

June 29, 2007

Dr. Eddie J. Davis
Interim President
Texas A&M University
1001 Rudder Tower, 10th Floor
College Station, Texas 77843-1246

Dear Dr. Davis:

Now that the Legislative Session is behind us and I am more than halfway through my first year as Chancellor, I am seeking your input on my annual evaluation of your performance. I see this process as a collaborative opportunity to review past achievements, evaluate the challenges that you face, set new goals and objectives, and develop new ideas on how we can continue progress toward excellence in education, research and service for the state of Texas.

Review for accuracy the attached "Presidential Evaluation Measures" form for your institution. Fill in any shaded areas for which we did not have data available. In addition, please answer the following questions:

1. What are your major accomplishments for the past year? (Attach supporting data as deemed appropriate.)
2. What goals and projects were not addressed, are incomplete, or have suboptimal results?
3. What barriers do you regularly encounter that prevent you from achieving your institutional goals?
4. As a manager, how would you rate yourself in the way you have nurtured and developed your administration and staff? Please include examples and identify any strengths or weaknesses.

Please send your responses to Janet Smalley at janetsmalley@tamu.edu by Friday, July 20th. After I have reviewed them, we will schedule a face to face meeting to discuss. It is my intent that in the future, the compacts that are being developed in the Strategic Planning process will be used for evaluations.

Sincerely,

Michael D. McKinney, M.D.

slp
Attachment

200

- + - Good relations to Alumni
 - Great fundraiser
 - Protects of Traditions
 - Good relations to Legislature - Very successful session
 - Annual Study program advocated
 - Serious about budget responsibility (Leagues must pay for new programs [eg. Keeneland])
 - Led to model fees here for next year
- * - Great mgmt of expectations + kept traditions at minimum
- f - Take new look @ Governance Council etc 2020
 - Ed Davis is well liked but he doesn't make that one of his goals

? Select Agent Problem - Both of us intended but now our responsibility both be accountable + to fix -

- - Interim Status has made him slow to make needed personnel Dec [Purged weaknesses - Research Admin]
- Defers to personnel - H+ of Neg acting like a system
- Minimal effective security for minutes (esp. H+) -
Inherent Reputation, culture, etc [Spends lots of \$ (25M)]

H - Has done good job in tough interim position following popular President



TEXAS A&M UNIVERSITY

1246 TAMU
College Station, Texas 77843-1246
(979) 845-2217 FAX (979) 845-5027
E-Mail: PRESIDENT@TAMU.EDU

July 12, 2007

Office of the President
Eddie J. Davis

MEMORANDUM

TO: Dr. Michael D. McKinney
Chancellor, The Texas A&M University System

SUBJECT: Progress Report

It has been just over six months since the beginning of my service as Interim President. As you know, I set out a number of objectives for the interim period and it seems an appropriate time to report on progress against those key priorities following six months on the task. This will also serve to respond to your June 29, 2007 memorandum requesting information as to my performance. One of my prime commitments was to maintain the progress initiated by the four key institutional priorities identified by my predecessor.

Faculty Reinvestment

The Faculty Reinvestment Program targeted to add 449 faculty over four years has continued on pace. We should be up to 382 additional faculty hires through the program by September 1, 2007, leaving a modest balance to complete. One of the key issues that I faced early on was concern regarding the adequacy of startup and operational funding, and funds to support retention for the faculty that had been recruited. You will note, through our planned budget priorities, that we have substantially addressed the retention issue along with a sizeable allocation to the academic colleges for startup and operations funding in the FY 2008 period. While the Legislature did not appropriate specific additional funding for the last tranche of faculty reinvestment, through careful budgeting and cost savings in other areas, we will be able to essentially stay on track with the faculty reinvestment program until its completion

Diversity

The recruitment of a more diverse student body has continued unabated. Significant resources continue to be devoted to this effort. We have made substantial progress in our Hispanic numbers, as well as Asian Americans for the Fall 2008. We expect the enrollment of African American freshman to be about the same as last Fall or slightly down. We are analyzing the acceptance rates of the African American students in particular. One of the things we are finding is the *intensity* of the recruiting by in-

77

5
276 At
Encl.

Dr. Michael D. McKinney
July 12, 2007
Page 2

state and out-of-state institutions has increased significantly, while the pool of qualified applicants has remained roughly the same. We will redouble our efforts in this regard and focus on increasing the numbers in the next academic year. The recruitment of a more diverse faculty has continued to show progress. In addition, I have recently initiated the formation of a Council for Climate and Diversity which will focus its efforts on advising the Vice President for Diversity, Provost and me as to specific implementation steps we can take to make the campus a more welcoming environment and continue to enhance our diversity efforts.

Undergraduate/Graduate Programs

When I took office there was substantial concern with regard to the implementation of the University Studies curriculum. I am pleased to report that we have a University Studies concentration developed and approved in every college except one (and that one is currently under study). This will provide a substantial variety of programs available to students enrolling in the University Studies curriculum for the Fall of 2007. This is a significant step toward responding to the persistent issue of students in good academic standing being limited in access to programs of choice. We are also modestly growing the undergraduate enrollment, which as you know has been a positive both in terms of response to demand and to the increase in weighted semester credit hours for the funding formula. With the appointment of Interim Executive Vice President and Provost, Jerry Strawser, who chaired the Undergraduate Program Study Group, we will begin this Fall to carefully assess and implement several of the other priority initiatives to enhance the undergraduate experience.

Space

As you are aware, we have made substantial progress in planning for space to accommodate the new faculty. We are challenged by increased costs in construction but we are adapting to the inevitable changes and cost escalation. We are creating priorities for fund-raising that we hope will help identify private capital to complete some shelled-in spaces in the near term. As you also know, we received funding for tuition revenue bonds for the construction of the Emerging Technology and Economic Development Buildings. The planning for those buildings are underway which will also substantially enhance the response to the space crunch at Texas A&M.

80th Legislative Session

As you know, there were a number of priorities for the session, almost all of which were met or exceeded. First of all, we wanted to achieve the restoration of the ten percent reduction in special item funding proposed by the Legislative Budget Board. This was actually achieved with the introduction of the base bill. As noted above, we also received funding for the debt service for the ETED buildings through the tuition revenue bond process. We had hoped for increased formula funding, essentially fueled by the increase in semester credit hours. Our formula funding increased at a level substantially in excess of the average of the other institutions across the state. We will continue to concentrate on growing the average student workload which will produce not only more weighted semester credit hours but also lead to a shorter time to graduation.

Dr. Michael D. McKinney
July 12, 2007
Page 3

One of the more important achievements of the session was in retention of the \$40 million dollars in faculty reinvestment previously included in a special item for Texas A&M University. Not only was this retained and enhanced but it also created a modified funding mechanism to advantage Texas A&M in the appropriations cycle. The "Competitive Knowledge Fund" sponsored by Representative Lois Kolkhorst and supported by the House and Senate in the final approval of the appropriations bill provides for funding on the basis of growth in funded research as opposed to student enrollment growth. This provides a subtle but important modification to the formula funding system which will advantage Texas A&M as well as other research institutions in the State, most notably The University of Texas. I consider this a legislative coup that provides the basis for a long term modification and enhancement to the funding for high quality research universities in the State of Texas. It will ultimately lead to significant technological advances and provide economic contributions to the State as well.

Although we did not receive direct funding to support the diversity recruiting effort, there was substantial increase in State funding for low income and students with financial need. This will enhance our opportunity to recruit and retain socioeconomically underprivileged students in the State of Texas.

Another very important outcome of the session was a change in the funding mechanism for the Galveston campus. This is an achievement which is shared with Dr. Bowen Loftin, the campus head at Galveston, who was successful in working with his local delegation to achieve this change which has been needed for many years.

In summary, as you know the overall outcome of the session was extremely positive for Texas A&M. The final inclusion of the Governor's incentive funding will provide us a significant opportunity to compete for an additional \$10-12 million over the biennium. As a result of our legislative focus and careful budgeting, we will also be able to achieve another key priority- holding tuition costs to a minimum.

Tuition

As you know we developed a range of tuition increases early in the session. Our strategy was to relate our potential tuition increases to the expected level of state support. This allowed us to protect the capacity to increase tuition to as high as \$27.40 if appropriations were insufficient. Fortunately, with the appropriations success, we have proposed a tuition increase slightly over \$10.00 per semester credit hour for deregulated tuition. This will equate to slightly over a five percent increase in the required tuition and fees. This is a substantial added value to our students and parents in holding the tuition increases at this nominal level. As you know, we also considered and substantially increased non-resident tuition rates which we believe will make us competitive with other high quality institutions across the country. This will affect a small number of students due to the number of in-state tuition waivers. We also have carefully assessed differential tuition in the College of Business which we intend to implement in the Fall of 2008 and we are working actively with the individual college deans to assess the potential for a differential tuition by discipline.

Dr. Michael D. McKinurey

July 12, 2007

Page 4

Research

Our growth in funded research continues. I am focused on examining the process by which we determine key interdisciplinary research opportunities at the University. In addition, we are looking at ways to refine the process for determining commercialization opportunities and to assess and respond to "targets of opportunity" as it relates to our specific research strengths and directions. While the general atmosphere for research at Texas A&M is positive, the complexity of its organization, structure and management provides much opportunity for improvement. Also, on the negative side of the ledger, we have both been involved in the "select agents" reporting failure in 2006.

Informing the Public and Policy Makers Regarding the Academy

One of the early assessments I made was that it was important to continue to educate the public and public policy makers about the key differences between a Research I institution, like Texas A&M and the other types of regional or special purpose institutions. Also, I thought it was essential to look for opportunities to describe faculty work life and provide illustrations of the components of key areas of the university academic enterprise. I believe the list of opportunities for learning more about the academe presented by Regent Wendy Gramm at the May meeting of the Board of Regents is a useful target list for continuing the dialogue to ensure there is a better understanding of the contributions of faculty in a complex academic environment like Texas A&M.

Also, I am planning to continue the "Together for a Change" initiative begun by Dr. Gates and Dr. Faulkner. Following the legislative session, the stage is set for Dr. Powers and I to advance our discussions regarding the need for a unique and predictable funding formula for Research I universities like Texas A&M University and The University of Texas.

Five Year Financial Plan for the University

One concern identified early in my assignment was the level of financial commitment necessary to continue the four key institutional priorities described above. In order to evaluate our capacity to continue that progress we have started a number of initiatives. First of all, we have established minimum fund balance targets for all of the various fund groups at Texas A&M University. We have also reviewed, including current discussions with the System Internal Auditors, the auxiliary and agency assessment process in order to charge rates that are necessary to fairly share the cost of vital services to the main campus and its occupants. We have hired a CFO and have underway the development of a realistic five year plan for athletic financial stability. We are looking at the appropriate relationship between financial planning, facilities planning, routine and deferred maintenance, utilities and other defined infrastructure. We are looking to promote a statewide process for assessing and funding deferred maintenance and life safety issues.

Marketing and Branding

We continue to implement the "Welcome to Aggieland" marketing and branding program. We have implemented a University-wide brand theme and set of standards which will allow us to communicate in a standardized and consistent manner. We are currently reasserting the academic quality message in the advertising and marketing that is underway. We are looking at the strategy development for reaching markets beyond Texas and the Southwest Region and we are continuing to discuss and seek resource commitments for more joint Texas A&M University/Texas A&M Foundation communications strategy.

Vision 2020 Status

In December 2006, the Vision 2020 Advisory Council provided a report and recommendations to President Gates. There were a number of very positive references as to progress and certain recommendations for revision and change. Mr. Jon Hagler, who has been the Chair of the Vision 2020 Council, has been undergoing treatment for an extended and serious illness. I have been corresponding and communicating with Mr. Hagler regularly. I am hopeful that we can bring the Council back to the University in the Fall or early Spring to respond to the report and continue the modifications they have recommended to ensure successful continued direction toward the achievement of its goals. We will use this process to review progress, assess potential change and create a template for the next comprehensive fund raising campaign.

Governance

There were several pending issues that I inherited with regard to the governance system at Texas A&M. First of all, I am asking that we assess the efficacy and productivity of the various councils. Those with clear missions and weighty agendas are adding value. I want to assure that is the case for all councils engaged. We are also developing a Staff Council, which will provide an opportunity for communication, input and consideration of issues related to the non-faculty staff of Texas A&M University. I am also converting the existing Development Strategy Group, which was initiated to help develop fund raising strategy as well as assess a variety of fund raising projects, to "council" status. Finally, I am implementing a Council on Climate and Diversity, as I mentioned above, which I hope will continue to help us grow the culture for increased participation of diverse students, faculty and staff.

In addition to the assessment of "councils" we have had change in two critical positions. Dr. David Prior accepted the post of Vice Chancellor for Academic Affairs at The University of Texas System and Dr. Bill Perry became President at Eastern Illinois University. After careful consideration and dialogue with campus constituents, Dr. Jerry Strawser was appointed Interim Executive Vice President and Provost and Dr. Luis Cifuentes was named Interim Vice Provost. Hopefully the search process for those positions can get underway coincident with the appointment of the permanent President of Texas A&M.

Dr. Michael D. McKinney
July 12, 2007
Page 6

Development

As you know, the University and Foundation completed the One Spirit One Vision campaign in December 2006 and had a very successful campaign celebration in March 2007. In addition to the \$1.5 billion raised in the campaign, we have set about to evaluate on a quantitative basis the performance of the various college units and to describe the real human impact of the campaign on the campus. We have made substantial progress in assessing the structure, processes and relationships following the campaign and look for ways to improve going forward. We have worked on key priorities for the campaign interregnum including a focused scholarship campaign likely to target \$125 million and a focus on using the building naming opportunities in new construction to facilitate faculty support and continued reinvestment in startup and college funding. Each college has developed a discrete set of priorities for fund-raising during this interim period. The Texas A&M Foundation has also initiated a new Aggie "Azimuth" program which will be targeting new major gift donors. While the legislative session and other priorities have limited my personal time devoted to fund-raising, I have managed to close several million dollars in contributions since December 2006.

Other Issues

There have been many other accomplishments that could be considered as progress, although most do not merit individual attribution. For example, we have had the grand opening and now have occupied the new engineering facility in the Texas A&M University Qatar campus. We have proactively responded to the Virginia Tech tragedy by creating a Task Force for Campus Emergencies and we have elevated our security and communications response to such a campus emergency. I have begun a new group of local Bryan/College Station Brazos County leadership to implement a constant dialogue as to ways the University and local community can interact in a positive way to enhance the atmosphere for the attraction of high quality faculty and staff. We managed a very high profile and potentially negative change in basketball coaches into what I believe will be a long-term positive outcome for Texas A&M. I have proposed to you how the University and The System may collaborate and find ways to create value-added shared services and reduced cost and complexity. We have a constant focus and vigilance on high integrity, a safe workplace and the reduction of risk as a part of our day to day activity.

One other minor, but important task, has been to restore much of the public space in the President's Home to a level appropriate for an institution of our reputation. President's homes can be the "third-rail" for a sitting President. As a result, the house had become dated, tired and in some instances unsafe. In my interim capacity, I have raised the funds and Jo Ann, working with professional help, has prepared the home to be a more appropriate venue for entertaining by the next President.

Obviously there is much to be done and the agenda is never finished. We have had some significant achievements and I have created a number of new challenges to ensure the continued progress toward excellence in everything we do at Texas A&M University. You asked what projects were not addressed or are incomplete. Many of the items cited herein are underway but not complete. On Dr.

Michael D. McKinney

July 12, 2007

Page 7

balance, however, all are moving in a positive direction. The barriers regularly encountered to achieving goals typically form around limitations of time and financial resources. Also, as interim, I have committed not to make major personnel or structural changes. Unfettered, I would have made some decisions that would have been more congruent with my leadership style. Finally, you asked about staff development. I tend to be diplomatic, but straight forward in my personnel dealings. I have met regularly with my direct reports, set goals and evaluated their performance. I have been forthright in my assessment of their talents, style and performance. I have praised them for good work and I have counseled them on areas I see need for improvement. Their responses have been gratifying. As to the broader campus community, I have attempted to be open, honest and I have regularly communicated on issues of general interest and substantial impact. I will rely on others to evaluate my performance as a leader and manager.

Please let me know if you have any questions or would like to discuss any of the items I have cited. Thank you for the opportunity to serve.


Eddie J. Davis

cc: Members, Board of Regents