

# Leadership in Governance: The View from AGB's Current and Former Board Chairs

## TAKEAWAYS

- 1 A less-than-accommodating financial environment has made it ever more crucial that institutions develop long-term plans to advance the excellence of their academic programs.
- 2 A strong orientation program, including the president, provost, chief financial officer, and vice presidents, as well as a mentoring system, will help trustees be more effective for their full terms.
- 3 Institutions are asking more of boards today. From traditional finance responsibilities to audit and investment responsibilities, including misconduct and wrongdoing, trustees are dealing with different substantive issues than they have in the past.

THE CHALLENGES with which college and university boards must grapple promise to become only more complex in the coming years, placing ever-greater demands on the leaders of those boards. **AGB President Richard D. Legon** spoke with two AGB leaders who were formerly board chairs at very different higher-education institutions—a small liberal arts college and a large public university—for their insights on a variety of issues related to the governance of higher education.

**AGB's chair, James M. Weaver**, just finished his term as the board chair of Gettysburg College, and **Cynthia A. Baldwin, AGB's former chair**, was previously the chair of the board of the Pennsylvania State University.

**Legon:** *What is the challenge facing higher education that worried you the most in your leadership role as chair of your institution's board?*

**Baldwin:** A key issue for most boards is the price of higher education and student access to college. Tuition at Penn State has been rising steadily no matter what we do. As a large public university, a key reason is that the state's financial contribution continues to shrink and is now in the single digits as a percentage of the total budget. So even

with bigger financial-aid packages, and although we try hard to keep the tuition increase as low as possible, it simply is more expensive for students to attend. However, the board is always working with the administration to find ways to be more cost-effective.

We've also spent a lot of time at Penn State on board governance, making sure that our policies and programs are transparent. I chaired our first task force on trusteeship to focus on who should be serving on the board and how we can ensure that people are committed to board service and

understand what it's all about. Since then, the task force has continued to look at ways to ensure that the board remains strong.

**Weaver:** At Gettysburg, affordability has been and will continue to be an important issue, especially since a much larger portion of our revenues come from tuition than is the case with many of our more highly endowed competitors. During the financial crisis of 2008 and 2009, we recognized the hardships that families and students were enduring and modified our financial-aid program for incoming classes. We also reached out to current students to make sure they could continue at the college.

**Legon:** *When you look ahead to the next three to five years, what are the most important issues that you think boards will confront?*

**Weaver:** Financial issues will continue to dominate the landscape. At Gettysburg, the challenge will be how to develop a long-term plan to advance the excellence of the overall educational program in a less-than-accommodating financial environment. Raising money will continue to be crucial.

**Baldwin:** The landscape of education is changing. We're looking at a more competitive environment. How will we all work together—community colleges, for-profit institutions, not-for-profit institutions, and so on? The student body will be more diverse—for example, Hispanic and African-American populations in America are growing—and probably less affluent. In addition, students who come to college from urban and rural areas that have problems providing basic education may not be as college-ready as the students we are seeing now. Meanwhile, many state governments are investing more in basic education than higher education, which means public institutions will have to rely more on private philanthropy. Therefore, we may have to look for more creative business models.

**Legon:** *As the issues become more complex, is board engagement changing? Should it change? And, if so, how?*

**Weaver:** We're moving into an era where we will probably need to have more board specialization. In other words, we should focus more on getting people with the right background and experience on our board, rather than just those who have supported the college and made gifts.

**Baldwin:** At Penn State, we're spending more time educating our board. We not only orient new trustees but we also educate board members about important issues every time we meet. We continually ask ourselves, "What's the role of the board in this? And how do we support the administration?"

For example, in the past, student alcohol abuse is a subject with which the administration alone would have dealt. But today the board has to be aware of it and the impact on student health and safety, as well as on education itself. How do we support the president at the policy level when he or she has to make difficult decisions about the issue?

**Legon:** *Do trustees, especially new ones, recognize the need for board orientation and education about the challenges we've been discussing?*

**Baldwin:** It used to be that many board members would say, "Well, I only have so much time for orientation, and I serve on a lot of corporate boards and know this stuff." Now I'm finding that they are saying, "We need to know this."

**Legon:** *What are some new and different ways that you've developed to prepare new trustees to be effective?*

**Weaver:** We shortened the terms for board members at Gettysburg, and as we did that, we realized that it was crucial that we get new trustees up to speed more quickly. We reviewed our orientation program, and it is now a full one-day session. The president, provost, chief financial officer, and various vice presidents are all involved. We also assign board members to work with new trustees for two years and be available to them as much as possible during board meetings. We pay a lot of attention to who is going to mentor whom, and we try to assign both the mentor and new trustee to the same committees.

**Legon:** *Does that system work effectively? Does it help new trustees? Do other board members appreciate it?*

**Weaver:** Yes, definitely. Also, as board chair, I sat down with each prospective trustee and spoke with him or her about the importance of orientation and education, making it very clear what we would expect. These are changing times, and our trustees must be as current as possible about emerging challenges, new opportunities, and best practices.

**Baldwin:** We have a trustee mentorship program at Penn State, too, and we are reevaluating it to see how it can be more effective. We are asking, for example, how long the mentorship should last, and whether we should encourage the new trustee or the experienced board member to keep it going.

**Legon:** *What about assessment of board members who are coming up for reappointment or reelection. How important is that, and how rigorous should it be?*

**Weaver:** We take it quite seriously. When I joined the board 10 years ago, trustees were reappointed rather automatically. But we significantly stepped up the work of the trusteeship

committee; today it's our most important committee. It has become very involved with the evaluation of trustees, who go through a thorough self-assessment process each year.

More than a year before a trustee's potential reappointment, a small subcommittee of the committee on trustees reviews his or her attendance record, financial contributions to the institution, and how well the new trustee has met the obligations established when he or she joined the board. Members of the committee on trustees then meet and discuss all this with that person before the nomination is made.

**Baldwin:** We spent two years reevaluating the processes for each group that elects people to the board of trustees. For example, we've met with our alumni association and with representatives of the governor to talk to them about board service and what it involves. Our task force on trusteeship has continued to work with all supporters to reinforce what we are trying to do, because we need individuals on the board who are dedicated to higher education and board service—not just people who want positions or who are being rewarded for something totally unrelated.

**Legon:** *Are board committees taking on new responsibilities? And are some committees rising to a new level of prominence?*

**Weaver:** The amount of work on the part of individual trustees has grown considerably—especially those who have been assigned to the trusteeship committee, where the demands have increased sharply over the last four or five years. Also, the work of the enrollment committee has expanded because of the financial challenges and the need for more student aid to enhance accessibility and diversity.

**Legon:** *Is the work of committees growing more strategic? Are the agendas different?*

**Baldwin:** We're asking more of trustees in the areas of governance and finance. For instance, most boards now not only have a finance committee but also an audit committee or subcommittee and an investment committee or subcommittee. The audit committee is involved in a variety of issues and not just the traditional ones. Members of that committee are spending more time talking about matters that aren't financial. Colleges and universities now have hotlines through which people can anonymously report what they perceive as misconduct or wrongdoing. Audit committees must review these "whistleblower" issues. The members of the audit committee are dealing with different substantive issues than in the past.

**Legon:** *As board chairs, how do you want your committees to function as we move into this challenging period?*

**Weaver:** Each individual committee should establish goals and objectives for the year that are tied to the institution's

strategic plan. They should then present that work to the trusteeship committee and board chair for review.

**Legon:** *Do most boards have a clear understanding of how the financial climate will affect them over the next five to 10 years?*

**Weaver:** At Gettysburg, the answer is yes, absolutely. Our finance committee did a tremendous job of examining our strategic plan and projecting out over a 10-year period to determine what we could and couldn't do. They then took their work back to the entire board for discussion and some final decisions.

**Legon:** *Financial changes and restructuring can't really happen unless all of the stakeholders, especially faculty members, are on board. How do you ensure that their views are considered?*

**Baldwin:** Many of our key stakeholders, such as faculty and student representatives, are actually in the room when we're discussing what needs to be done. How do we reach those constituents who aren't in the room and get them on the same page? Each of us on the board communicates with alumni, business and agricultural leaders, and other key people about what's going on, why we're taking certain actions, and how those actions might affect them.

**Legon:** *Jim, how does the chair support the president to demonstrate inclusion for all the stakeholders yet still respect the balance between policy and administration?*

**Weaver:** You can't make significant changes without a broad buy-in from all key constituents. We heard criticism at Gettysburg, for instance, that the faculty members didn't know the trustees well enough. I worked hard to try to overcome that, with the president frequently by my side. I met with department chairs, program coordinators, and other faculty members, and I encouraged other trustees also to meet with faculty members, too. The board chair has to be careful that he doesn't overstep his bounds, but with the president's support, he or she can reach out to other constituents and make it clear what the board is trying to accomplish.

**Legon:** *How does a collaborative relationship between the president and chair help the board work more effectively in its policy role?*

**Baldwin:** The smartest presidents know that they have the authority yet also know how to disseminate it so that other people can support them. There's no doubt that the board chair and the president should meet regularly. They have to develop trust and know they can call on each other when necessary. That goes a long way to ensuring that their rela-

tionship remains collaborative and that they both are fulfilling the roles that best fit them without stepping on each other.

**Weaver:** In a way, it has to be a Machiavellian approach. The president and the chair need to use each other when it's in the best interest of the institution to do that. Who's going to be the best at accomplishing this, and who's going to be best at accomplishing that?

**Legon:** *The National Governors Association is emphasizing greater student access and higher completion rates. The administration in Washington, D.C., is encouraging similar results. But because of difficult financial conditions, states are reducing appropriations for public colleges and universities. What's the board's role in advocating for more state investment in higher education?*

**Baldwin:** Our board chair goes with our government-relations staff to Harrisburg and to Washington to get to know legislators and other policy makers, advise them about what the board is thinking and doing, and help educate them about higher education. We also make sure that our alumni are aware of what's happening and their role vis-à-vis the university. They can be quite helpful in contacting their representatives and letting them know why public education needs to be supported.

**Legon:** *Do you find that the key legislators in Harrisburg welcome hearing the lead volunteer on these matters?*

**Baldwin:** I was the first chair of the Penn State board that consistently went to Harrisburg with the university's administrators to talk about what was going on at the university. But I didn't go in and talk about finances. I talked about our students, our programs, about what we were doing for the state. You have to know your state, but it works for us to have those conversations. And I would think it would help more

than hurt in most states.

**Legon:** *Academic quality is a big issue today. Are board members appropriately aware that part of their responsibility as fiduciaries is oversight of learning outcomes?*

**Weaver:** Absolutely. Our committee on academic affairs is working harder than ever with the provost to evaluate learning outcomes.

**Legon:** *Cynthia, reflecting back on the issues and challenges that we've been discussing, how have those related to your work in leading the board of directors of AGB for the past two years?*

**Baldwin:** What is best about AGB is that people who represent many different types of private and public institutions can come together to discuss educational issues. You realize that every institution—small and large, public and private—has some common concerns. You can also discuss issues that may only affect institutions like yours.

**Legon:** *Jim, how do you think the issues that we've discussed will shape your agenda as chair of AGB over the next year or two?*

**Weaver:** Our role as an advocate for higher education at the federal and the state level will remain crucial, as will our efforts to educate individual trustees. If we follow our strategic plan, we will be offering the kind of products and services to higher education that will allow it to adapt and thrive in this challenging era. ■

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**T'SHIP LINKS:** Gerald L. Baliles, "The Leadership Imperative." September/October 2006. NCT Panel, "What Presidents Need from Boards in Uncertain Times." September/October 2009. Roundtable Discussion, "In Search of Integral Leadership." March/April 2007.