More than just a restoration of “normalcy” is required on college campuses in the wake of the recent global economic crisis. Just as universities seek to expand knowledge and innovation on the academic side of the enterprise, it also is imperative that they seek comparable innovation in their own academic structures, practices, and operations. To achieve the ambitious objectives for educational attainment set by the Obama administration, we must first build a higher-education infrastructure commensurate to the task. Colleges and universities need a new set of assumptions that encourage institutions to innovate and differentiate and become useful to their local communities, while at the same time seeking solutions to global challenges.

WHAT IS MOST STRIKING ABOUT THE EFFORTS OF our colleges and universities to recover from the repercussions of the global financial crisis is the extent to which many are determined to frame the moment as an opportunity. Much of the discourse surrounding the response of academic institutions to the recession, however, has been couched in the context of using this “opportunity” either to emerge as more efficient or to restore “normalcy.” I would maintain that efforts directed toward the restoration of normalcy in the academic sector are inherently misguided because, long before the economy proved that our sense of mastery over the course of events was not fully justified, American higher education had been marked not by advancement or even equilibrium but rather ossification, if not outright decline.

Institutional efforts in the wake of the downturn should be focused not on retrenchment or reassessment but rather directed toward embracing change and complexity. I am suggesting that universities and colleges, confronted by the entirely new environment in which colleges must operate, should seek to establish institutional cultures of innovation.

In my usage of the term, “ossification” refers to the lack of innovation in the organization and practices of our institutions. The condition is generally exacerbated by disinvestment—the diminishing decline in investment, particularly from the public sector, in the infrastructure of higher education. But we must not attribute lack of innovation primarily to insufficient resources, whether from dwindling endowments or reduced investment from state legislatures habitually strapped for funds. Those of us in the academy are ourselves responsible for tolerating and perpetuating “design flaws” in our colleges and universities. And unless we come to appreciate the extent and severity of these design
flaws, as well as the shortcomings in our overall model of higher education, our best efforts to turn crisis into opportunity will prove insufficient.

In a nation boasting more than 5,000 institutions of higher education, it is difficult to offer assessments that are broadly applicable, so in the following I largely confine my focus to our nation’s research universities, and especially to our public universities, which are particularly vulnerable given their funding structures. I contend that these complex institutions, which should be understood as comprehensive knowledge enterprises committed to discovery, creativity, and innovation, are the critical catalysts for American adaptability and economic robustness. While each institution endeavors to stimulate the creation, synthesis, storage, and transfer of knowledge on a massive scale, “perpetual innovation”—in ideas, products, and processes—must be their chief product. What is less often recognized is the imperative for universities to seek comparable degrees of innovation in their own academic structures, practices, and operations.

Consistent with these objectives, and with the approval and strong support of the Arizona Board of Regents, as president of Arizona State University I have guided the task of pioneering the foundational model for what we term the “New American University”—an egalitarian institution committed to academic excellence, inclusiveness for a broad demographic, and maximum societal impact. As a case study in institutional innovation, I’ll summarize below selected aspects of the reconceptualization of ASU that we initiated in 2002, but first a clear understanding of the backdrop for our efforts is crucial.

Lack of Infrastructure and the Challenge of Access

Perhaps the chief consequence of the confluence of ossification and disinvestment is lack of access to higher education. The momentum of increased access to higher education by a wider range of students that marked much of the 20th century has faltered in the past several decades, with the result that more and more students who would most benefit from access to this most obvious avenue of upward mobility choose not to pursue, or are not aware of the option to pursue, a high-quality, four-year university education.

In order for our nation to achieve the ambitious objectives for educational attainment set by the Obama administration—the president envisions an America in which all children graduate from high school and most go on to college—we must first build a higher-education infrastructure commensurate to the task. Unfortunately, our colleges and universities, both public and private, lack the capacity to offer access to the number of qualified applicants seeking admission. More and more Americans of all ages, socioeconomic backgrounds, levels of academic preparation, and differing types of intelligence and creativity are seeking to enroll in our colleges and universities, overwhelming a set of institutions built to accommodate the needs of our country in the mid-20th century.

The issue of access is far more urgent than most realize, even those on the national stage charged with advancing higher-education policy. While nations worldwide are investing strategically to educate broader segments of their populations for the new global knowledge economy, America has allowed its university system, despite its historical preeminence, to lose its adaptive capacities and stop growing. Unable to accommodate projected enrollment demands with their current infrastructure, our leading institutions have become increasingly “exclusive”—that is, they have chosen to define their excellence through admissions practices based on exclusion. American higher education has thus become thoroughly bifurcated: The small cadre of elite institutions that focuses on academic excellence and discovery contrasts with the majority of less-selective schools that offer access, yet more standardized instruction.

And while our leading universities, both public and private, consistently dominate global rankings, our success in establishing excellence in a relative handful of elite institutions does little to ensure our continued national competitiveness, especially when one considers the disproportionately few students fortunate enough to attend our top schools.

The direct correlation between educational attainment and standard-of-living and quality-of-life indicators has been widely documented—corresponding to the correlation between a highly educated populace and national economic competitiveness. Thus for the first time in our national history, we risk broad decline as a consequence of the insufficient evolution of our institutions and the disinvestment that characterizes our policies toward higher education.

Additional Challenges in the Decade Ahead

While the primary challenge confronting American higher education is expanding its capacity, during the next 10 to 15 years public universities and colleges also will have to negotiate substantial reduction or outright elimination of state support. With costs for competing priorities such as prisons and healthcare skyrocketing, state legislatures increasingly frame higher education as a private good and exercise the option to reduce investment. According to our university economists, the percentage of personal wealth per $1,000 allocated to higher education within the vast majority of states is in decline.

While this does not mean that states are no longer willing to invest in higher education, it does suggest that they are going to be largely unwilling to finance it according to standard historical models, such as headcounts. Until new models are in place, institutions will likely continue to experience reductions in funding. In this context, competition from for-profit institutions will certainly increase. If traditional institutions cannot build capacity to meet demand
and the private sector builds platforms that do not require tax incentives or state contributions, the model will shift in short order.

Such disinvestment is by no means the only challenge confronting institutions. Our universities and colleges must prepare to embrace technological innovation in instruction to a greater degree than they have in the past. With the advent of ubiquitous information technologies, traditional institutions no longer enjoy their historic monopoly on higher learning. During the next 10 to 15 years, developers of new technologies will be leveraging all of their resources and talent to create new learning tools and information-acquisition platforms that make current efforts look like Tinkertoys™. These tools lower the costs of productivity and demonstrate the potential to enhance learning processes and make complex subjects comprehensible. When conceived and executed properly, distance learning provides an important complement, or for some an alternative, to the traditional undergraduate experience. But its potential may lead us to assume mistakenly that sufficient alternative capacity for higher education, secured by market forces, is already in place. This in turn suggests that mere access to some or any form of higher education is sufficient. It is not.

Colleges and universities must also prepare to negotiate international competition. As a frontline global power, China, for example, intends to compete by making massive investments in education and research. China well understands the relationship between higher education and the global knowledge economy, as demonstrated last fall by a China Daily editorial, “Chinese Ivy League” (October 21, 2009). While the newspaper takes the position that the Chinese government’s planning for development of a consortium of world-class institutions to rival the Ivy League places undue emphasis on international status, at the cost of concerns for providing access to higher education for the people (a contention with which I concur), the inherent competitive intent epitomizes the ambitions of knowledge enterprises worldwide. It is almost certain that the universities that have been created by emerging economies between 1990 and 2010 will alter the competitive position of the bulk of the world’s economies.

Even more disruptive to rank-and-file institutions in the long term is the coming emergence of what I refer to as “mega-universities”—a class of large American research universities with an expansive global presence and research expenditures that total more than $750 million per year. Following the lead of such institutions as Johns Hopkins, the University of Washington, and UCLA, these universities are generating ambitious portfolios of intellectual property and engaging business, industry, and governments around the world. With their resources, these institutions will affect the competitive posture of all other colleges and universities, especially in terms of such factors as salary structures for faculty recruitment.

The establishment of full-scale operations abroad demonstrates this emerging trend—one need only think of Cornell, for example, setting up a medical school in Qatar and the University of Chicago a business school in Singapore. How many such global institutions will emerge cannot be foreseen, but I perceive the potential for as many as 30 or 40. The emergence of global institutions is only the most recent stage in the millennium-long trajectory of continuous institutional evolution that characterizes the history of the university.

Implicit throughout this discussion is the imperative for universities, beginning with their governing boards and presidents, to adapt to the accelerating velocity of change. While clock time in academia is often measured in quarters or semesters, dramatic shifts in policy and culture and technology now occur at warp speed. Universities generally err on the side of being too deliberative, which means that they often miss out on opportunities. Academe might well learn from the private sector the imperative for adaptability, rigor, and quick but intelligent decision-making. Public institutions must reject the status of being no more than agencies of the state and move toward an enterprise model, which is to say, toward a mindset that is energetic, responsive, and adaptive.

**Institutional Evolution: An Experiment in Real Time**

The reconceptualization of Arizona State University as the model for the New American University represents an effort by the university’s administration, supported by the board of regents, to accelerate a process of institutional evolution that might otherwise have taken more than a quarter-century, compressing it into a single decade (2002–2012). The task has been particularly challenging because ASU is the youngest of the roughly 100 major research institutions in the United States, and, with an enrollment approaching 70,000 undergraduate, graduate, and professional students, it is the largest American university governed by a single administration. The unprecedented transformation of the regional demographic profile in one of the fastest-growing states in the nation has determined the profile of our student body and thus shaped our “design process,” informing our decisions to match academic excellence with broad access, promote diversity, and strive to meet the special needs of underserved populations.

While in some measure the initiation of our efforts was inspired by the call some years ago for a “new university” issued by Frank Rhodes, president emeritus of Cornell University, the implementation of the New American University model we are advancing has, in practice, been shaped through exhaustive trial and error, a number of course corrections, and our best efforts at the application of common sense. Initial planning began with conceptualization from the University Design Team, made up of the provost and a number of vice presidents, deans, department chairs, and senior faculty members whose dedication, creativity, and
thoughtfulness advanced the process. Ongoing strategic planning continues with participation from all sectors of the university, as well as input from policymakers and the public.

A re-examination of academic operations and organization produced a model of differentiation. Rather than simply trying to expand our existing operations or model an expansion after the organization of leading research universities, we chose to create a distinctive institutional profile by building on existing strengths to produce a federation of unique colleges, schools, interdisciplinary research centers, and departments—with a deliberate and complementary clustering of programs on each of our four campuses. With “school-centrism,” schools compete for status not with other schools within the university but with peer entities globally. More than 20 new transdisciplinary schools, including such entities as the School of Human Evolution and Social Change and the School of Earth and Space Exploration, complement large-scale initiatives such as the Global Institute of Sustainability (GIOS) and the Biodesign Institute, a large-scale, multidisciplinary research center dedicated to innovation in healthcare, energy and the environment, and national security. In the process, we have eliminated a number of traditional academic departments, including biology, sociology, anthropology, and geology.

Integrating Access and Excellence

At ASU, we reject the notion that excellence and access cannot be integrated within a single institution, and rather than adopting an elitist model, we have sought to redefine the notion of egalitarian admissions standards by offering access to as many students as are qualified to attend. Our cornerstone initiative here is the President Barack Obama Scholars Program, which ensures that in-state freshmen from families with annual incomes below $60,000 are able to graduate with baccalaureate degrees debt free. During fall semester 2009, the program included more than 1,700 freshmen. The initiative epitomizes our pledge to Arizona that no qualified student will face a financial barrier to attend ASU, and it underscores the success of the longstanding efforts that have led to record levels of diversity in our student body.

While the freshman class has increased in size by 42 percent since 2002, for example, enrollment of students of color has increased by 100 percent, and the number of students enrolled from families below the poverty line has risen by roughly 500 percent. We consider our success in offering access regardless of financial need to be one of the most significant achievements in the history of the institution.

While America was far less populous a century ago and the world arguably less complex, national ambitions for societal progress apparently flourished then because, during the final decades of the 19th century, our country witnessed an unprecedented spurt in the establishment of four-year colleges. The forces motivating their establishment were national as opposed to global and in many instances even regional and municipal, determined by the aspirations of citizens who wanted a local college to educate broader segments of the populace. Whether we consider small-town citizens who organized to convert a normal school into a state college, or tycoons and industrialists such as Johns Hopkins and Leland Stanford whose bequests established world-class institutions, we may well regard such forward-looking ambitions as remarkable, given the current apparent lack of comparable motivation.

In our own century, education has become the most critical adaptive function in the competitive, global knowledge economy. Our national discussion concerning higher education thus must not be limited to arbitrary goals for the production of more college graduates. Mere access to higher education is in itself inadequate and will not produce the outcomes we desire unless we educate greater numbers of individuals successfully and also educate at higher levels of attainment. Thus concomitant with building access, we must also unleash evolutionary change in our institutions. What is required is a new model for our colleges and universities, a new set of assumptions that encourages institutions to innovate and differentiate and become useful to their local communities, while at the same time seeking solutions to global challenges. What will be required are institutional models that offer access to excellence to a broad demographic range of students. This, then, is a call for our colleges and universities to recover some of our nation’s core egalitarian values to advance a system of higher education that will meet our needs in the future. It is imperative that we get started immediately.

AUTHOR: Michael M. Crow is president of Arizona State University.
Board Budget Decisions: Protecting and Building Your Institution’s Assets

BY DENNIS JONES

TAKEAWAYS

1. The strategic plan represents an institution’s top priorities. Yet colleges commonly set aside financial resources to pursue them only after investing in maintaining the status quo.

2. When building a budget, boards should focus on putting institutional assets at the center of the process and aligning fiscal decisions with their college’s mission and long-term goals, while investing in strategic priorities through an intentional set of decisions.

3. Such a method of allocating resources helps guarantee the long-term capacity and health of the institution and puts boards at the beginning of the process rather than the end.

IF EVER THERE WERE A TIME FOR COLLEGE AND university leaders to think creatively about allocating their resources, it is now. The pressure to enroll and graduate more students is relentless. Faced with limited employment prospects, and understanding that a decent job requires skill levels beyond those learned in high school, more and more students are knocking at the college door.

And many state policy makers and the Obama administration are calling for millions of additional students to complete college as the key to their state’s and our nation’s economic competitiveness.

Meanwhile, economic circumstances have created fiscal stringencies—if not crises—for all kinds of institutions. Other recessions have been characterized by quick rebounds; people could employ short-term fixes—hiring freezes, across-the-board cuts, and the like—and wait out the storm that passed very quickly. Every indication suggests that, after this recession, there will be no return to the “old normal” for many years, if ever.

The situation demands that colleges and universities be much more focused on goals and make much more strategic use of their available resources. The budget, or “resource allocation”—the most powerful tool in the policy toolkit—must be used wisely to implement the college or university’s strategic plan. Unfortunately, however, the approaches that institutions usually take to resource allocation are short-term and tactical, not long-term and strategic. They reinforce the status quo rather than leverage change. And they run the risk of eroding, not preserving and enhancing, institutions’ key assets.

Strategic decisions about resource allocation must be made at the very highest levels of colleges and universities. Only board members and top administrators have the responsibility to protect and build the asset structure of their institutions. Department chairs will gladly occupy a building on campus, for instance, but the last thing they would do is request money in their unit’s budget to repair the roof.
or replace the electrical system. And rightly so. These are institution-level decisions, and only institutional-level leaders can make them.

**Putting Assets at the Center of the Process**

The typical budget process at most institutions starts with the prior year's allocation, makes adjustments for cost increases, and allows individual campus units to request additions to their assets—another faculty member, more equipment, and so on. In years of budget cuts, managers at all levels are given a target reduction to be accommodated, usually applied across the institution, and told to make it work.

But that tactic creates an environment in which open positions go unfilled, travel and other operating expenses are cut, and buildings and other facilities aren't maintained. Such decisions are those of expediency, not strategy. The unfilled position may be key to fulfilling the strategic plan. Similarly, reductions in travel and other operating expenses may jeopardize the professional development needed to further the institution's desired academic transformation.

The budget cuts that are easiest to make are seldom the ones that should be made. And when carried out over a multiyear period, they leave the institution shaped by accident, not design, and unable to fulfill its mission or pursue its goals.

A far better approach is strategic finance, a method of budgeting that aligns fiscal decisions—about revenues, the core assets of the institution or system, and about the use of those assets—with the institution's mission and long-term goals. Strategic finance takes a multiyear perspective, not the "next year" or "one-year-at-a-time" perspective so common in most budget processes. Institutional leaders establish the overarching parameters of expenditure on each of the key assets and then build a budget within that framework—a much more top-down approach than the norm.

Perhaps most important, strategic finance puts creation and maintenance of institutional assets at the center of the budget process. Rather than immediately allocating funds to the various units, top administrators and boards determine the expenditures necessary to appropriately shape and maintain the asset structure of the institution.

Institutional leaders should ask questions like: How much should be "taken off the top" to pay for facilities maintenance and replacement of equipment? How should staffing patterns be changed to strengthen the institution's capacity to pursue its goals? Should the institution shift to more full-time faculty members and fewer managers? Should those faculty members be more concentrated in some disciplines and less in others?

That method of budgeting makes shaping the asset structure an intentional set of decisions, rather than the consequence, usually unintentional, of prior choices that make investments in things like building maintenance and equipment replacement an afterthought, paid for with whatever is left over. In business terms, that approach forces attention to the institutional balance sheet, not just to the operating statement. It helps prevent the overwhelming tendency to balance the budget by depreciating the institution's assets.

**Determining Your Institution's Key Assets**

What exactly are your institution's key assets? You should define them broadly. Most of the following are obvious, but one or two normally get overlooked in the budgeting process:

**Personnel.** Faculty and staff members are seldom labeled as "assets" when allocating resources. But they represent the key components in the productive capacity of their institutions. Because those assets cannot be changed quickly at most colleges and universities—faculty contracts, tenure, and other such factors must be considered—it is doubly important that your institution take a long-term view of its desired overall staffing pattern. How big does the full-time faculty have to be? Which disciplines should be strengthened, and which would still have productive capacity with fewer faculty lines? Is the institution managerially top-heavy, or is it so lean that key functions are not being performed? Reducing staff through the expediency of not filling open positions is unlikely to result in staffing aligned with needs. Nor is adding staff members without a clear understanding of how they will help your institution pursue its strategic plan.

One of the reasons to consider personnel as an asset is because it reinforces the importance of being concerned about human "depreciation." All assets can lose productive capacity over time unless specific efforts are made to counteract the decline that normally occurs. Human assets are no exception. Employees must acquire new knowledge and skills as the world changes around them. Many will need formal professional-development opportunities if they are to make their maximum contribution to your institution. Too many big investments in software systems, for example, are at least partially wasted because of a lack of training for primary users. Such problems could be avoided with conscious attention to a professional-development item in the budget.

**Curricula.** This asset almost always gets ignored in the process of building the budget. But like other assets, curricula depreciate over time unless a conscious effort is made to keep them current. Individual professors can generally be relied upon to keep their courses up to date, but your institution should review the overall academic program on a periodic basis. Money must be set aside each year to pay faculty members to thoroughly examine the curricula, work with their colleagues to identify areas of unnecessary course overlap, and suggest ways in which the pieces can be made into a more coherent whole. Your institution should develop and support a plan that allows each program to be evaluated and enhanced at least every seven to 10 years.
Students. Given the size of scholarship expenditures and tuition discounts that many colleges offer students, it behooves institutions to be much more intentional about their investments in creating a student body. You should ask two questions: First, are funds being invested in ways that yield a student body with the desired characteristics—not just in terms of size, but diversity, programmatic interests, and other features? Second, are students being retained and completing a program of study? If the answer to either or both of these questions is no, your institution’s strategy for investing in its student body should be reexamed.

Facilities. While facilities are an obvious asset, their maintenance is often neglected when building a budget. A responsibility of institutional leadership is to halt, if not reverse, the accumulation of deferred maintenance on the institution’s physical plant. To do that requires that about 2 percent of the replacement value of the plant be devoted to renewal of facilities every year. Such funding should be allocated “off the top” in the initial stages of budgeting.

Equipment. A clear plan for creating the technological infrastructure for your campus and for updating it on a regular basis is a necessary aspect of the budget process. Once approved, this budgetary amount should also be allocated in the beginning.

Information resources. In the old days, a key budget item was for the acquisition of books. But today, many other means of accessing information must be considered as well. One basic question to ask is whether the library should buy an asset, such as a book, or pay an annual fee for access to the information.

Financial assets. You should determine whether or not operating resources should be set aside to build endowment or other financial assets of the institution. This decision is separate from the one concerning operating reserves or contingency funds. If your institution has a policy of explicitly putting some of its operating revenues in the equivalent of a savings account, the size of that intended transfer should be factored in at the beginning of building the budget.

Intangible assets. There are times when such assets need attention, particularly if your institution is seeking to rebrand itself or thinks its image has been sullied and must be restored. In the overall scheme of things, intangible assets may not be a big budget item, but the question about whether and how much to invest in creating and polishing a positive image should be asked in the normal course of events.

Investing Resources in Strategic Goals
Once your board and top administrators have identified your institution’s key assets, you should create a separate budget category for strategic investments. The strategic plan represents a statement of the institution’s top priorities. Yet colleges and universities commonly set aside funds to pursue those priorities only after investing in maintaining the status quo. If your strategic plan really does reflect institutional priorities, then the dollars to pursue them should be among the first allocated, not the last. The strategic plan will never get accomplished if money can’t be put behind it.

Most institutions devote less than 2 percent of the operating budget to this item, but it can have far reaching effects if used effectively. Some suggestions:

• Don’t invest the money in anything requiring a recurring expense. If additional staff are needed to carry out the strategic plan, those decisions should be reflected in decisions about personnel or curricula assets.
• Solicit good ideas broadly. Open up the competition for resources to everyone; good ideas about strategic initiatives and changes aren’t the protected domain of any one group.
• Make the financial tie to the strategic plan inescapable. This is not a slush fund for those who didn’t get what they wanted through other avenues; it is a fund to be used with great intentionality. Don’t let it go away even in the toughest of times. If need be, force reductions elsewhere to keep this pool intact.

Your institution should also create a management-reserve or contingency-fund item. Like the strategic-initiatives pool, it cannot be viewed as a slush fund. One way to enforce a level of discipline in the use of the funds is to insist that money spent in any year be replenished as the top priority in creating the budget for the subsequent year.

To pull the pieces together, your institution must estimate its revenues and then add up the costs associated with each of the assets, the strategic-initiative pool, the contingency fund, and the budget items over which the institution has little or no control—at least in the short run—like utilities and property insurance. Almost inevitably the expenditure requirements will exceed the revenues available to support them. At this point, you must consider your alternatives.

Assessing Your Options
The choices made in the budget-balancing process will necessarily be specific to your institution. There are no rules. But you should base any decisions on leaving the institution in the strongest position to fulfill its mission and achieve the goals of its strategic plan.

The three broad options are to:

1. Enhance Revenue. This is always the first choice, but in fact it is probably wise to view revenue enhancement as the strategy of last resort. It is true that a balanced budget can be achieved by reducing expenditures, raising revenues, or some combination of the two. But if this option is to be part of the answer, caution is advised. It’s important that institutions budget only those revenues that can be predicted with considerable certainty. That means either tuition revenues or the use of financial reserves—there is no certainty associated with expecting more gift revenues or better performance of investments. Relying on those sources is an invitation to a mid-year budget realignment. (Read crisis.) It is better to be pleas-
2. Make tradeoffs between maintaining assets and purchasing services. One of the key tradeoffs that your institution can make is to disinvest in assets and contract for services to carry out necessary activities. Colleges and universities employ this option regularly, but they seldom acknowledge the nature of the tradeoffs—such as reducing or changing the asset structure—nor do they investigate the possibilities in a systematic way.

The prime example is the substitution of part-time faculty, a contracted service, for full-time faculty, a part of the asset structure. Major shifts toward part-time faculty have occurred throughout higher education, usually the result of short-term expediency rather than long-term strategy. Seldom have institutions come to their current position as a result of a well-considered decision.

Rather, part-timers are hired to take up slack, fill vacant positions, or reduce benefit obligations. The central questions that arise are: “Has reduction by accretion left the institution without needed personnel assets?” “How much is too much?” “In which disciplines can continued disinvestment be tolerated and in which can it not?”

Other examples abound: outsourcing custodial services, dining-hall operations, bookstores, help desks, back-office operations, and numerous other functions; renting rather than owning and maintaining facilities; contracting for access to online-information resources rather than buying books. Unexamined in almost all institutions is the option of buying some part of the curricula as a purchased service rather than one created and maintained by the institution. Examples are institutions that contract for delivery of developmental education or for the general-education portion of technical curricula.

There are also instances where the trade-offs can go the other way: developing an asset to replace a historically purchased service. The move in some institutions to develop cogeneration plants to replace purchased utility services is an example.

The bottom line is that you must make clear-eyed judgments about the asset structure absolutely required to carry out your institution’s mission and strategic plan, then ask the question of whether or not money can be saved (and image maintained) if your college shifts from paying for assets to purchasing a service.

3. Recognize the freedom you have to shape the asset structure and allocate resources. Your institution has more freedom to find ways to balance the budget than you may realize. There are multiple dimensions to decisions about the size and shape of its asset base. Take, for example, human assets. The expenditure required will be determined by:
- **Price paid.** Will raises be given? If so, how much? Across-the-board or merit only?
- **Teaching loads.** The heavier the teaching load the fewer the number of faculty members required to carry out the instructional function. (The University System of Maryland raised the overall number of credit hours produced by faculty members by 10 percent at each campus. That let them increase enrollments without a commensurate increase in faculty members).
- ** Appropriateness/mix.** If thoughtfully analyzed, it is likely that the work can be unbundled in ways that tenure-track faculty aren’t needed for all activities. Instructors without terminal degrees may be fully qualified for some activities, like teaching developmental-education courses.
- **Quantity.** All of the above serve to determine how many faculty and staff members of each type are needed. The secret is to start with determinations of utilization and appropriateness and then assess the numbers required. And don’t forget: Some investment in professional development should be an explicit budget requirement.

The same concepts apply in some other areas as well. For example, fewer classrooms are needed if those available can be used more heavily.

**Making Intentional Decisions**

You should take an approach to resource allocation that puts the long-term capacity and health of your institution at the center of the process. That will focus your attention on decisions that are too often either backed into (the shift from full-time to part-time faculty) or ignored (the annual investment in renewal or replacement of physical plant). More important, it puts your board and top administrators at the beginning of the process rather than at the end.

Unless an approach to resource allocation is adopted that is much more strategic than those in general use, institutions will very likely continue to deprecate their asset base and weaken their capacity to fulfill their missions. The annual decisions necessary to ward off that fate will not be easy ones, but they’re far easier than those required to rebuild an institution that has slipped into serious disrepair due to shortsighted directions taken over an extended period of time. Applying the concepts that I’ve described will help you deal with the crucial choices inherent in the budget process in ways that can protect and enhance your institution rather than erode its core capacity.
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**OTHER RESOURCES:** Kent John Chabotar, *Strategic Finance: Planning and Budgeting for Boards, Chief Executives, and Finance Officers* (AGB Press 2006) and *Strategic Budgeting* (AGB Press 2008).
HOW BOARDS
OVERSEE EDUCATIONAL
QUALITY: A REPORT ON A
SURVEY ON BOARDS AND
THE ASSESSMENT OF
STUDENT LEARNING
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Acknowledgements

The Association of Governing Boards of Universities and Colleges is grateful to Lumina Foundation for Education for its support of this research initiative. AGB is also grateful to the 340 trustees and chief academic officers who participated in this study. The report was written by Susan Whealler Johnston, executive vice president, and Kyle Long, project and research coordinator. Merrill Schwartz, director of research, and Philip Bakerman, research assistant, helped develop and oversee the survey.

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Over the last decade, assessment of student learning has moved beyond being a topic of discussion solely within the academic community and into the public discourse. Institutions are expected to measure student achievement both to inform and provide accountability to the public, as well as to assure the success of institutional mission.

We regularly hear board members ask how they can learn whether students are receiving the quality education the institution promises. What measures will help them understand student achievement? What information should they have to answer important questions about the academic enterprise? In this era of increased demand for accountability in higher education, the Association of Governing Boards of Universities and Colleges (AGB) was interested in better understanding the role governing boards currently play in monitoring policy making related to educational quality.

With generous support from Lumina Foundation for Education, AGB launched a two-year project—Governance for Student Success—that emphasizes the role of governing boards, working in collaboration with institutional presidents and chancellors, in helping to achieve the nation’s educational needs. Chief among these needs are increasing access, improving graduation rates, and addressing affordability.

Because significant information about the quality of education can be found in assessments of student learning, AGB sought, through a survey of provosts and chairs of academic affairs committees that resulted in this report, to develop a better understanding of how boards receive information on student learning, and what they do with the information they receive. The survey findings are mixed. While the majority of boards receive some information about student-learning outcomes, they are often unsure of how to respond to or interpret that information. Orientation to the information is relatively rare, and frequently, institutional leaders and board members do not share an understanding of the value boards can bring to discussions on student-learning outcomes and educational quality. Often, boards do not make the link between their financial responsibilities and educational quality.

Yet unless boards fully engage in discussions about the assessment of student learning, and understand the implications of that assessment, they will not fully carry out their fiduciary responsibility and add value at the policy level. Boards should not lead such an assessment, just as they should not be overly involved in deciding what to teach or how. But there are ways, highlighted within the report, for boards and administrators to work together more effectively on these central issues that ultimately determine institutional effectiveness. For example, in board and committee meetings, time should be devoted to consider what the institution is doing to assess and improve student learning. The board should set high expectations for receiving relevant and
useful information on student-learning outcomes, as well as actions taken to address any findings that should be improved. Board members should ask questions and expect candid responses about academic quality. For their part, administrators should include an introduction to the oversight of educational quality in board orientation and provide regular education and ongoing reports to the board on findings of assessment.

We believe that these and the other specific recommendations made in the report will stimulate the appropriate conversations between the board and administration on this primary purpose of our colleges and universities. As the report states, “For colleges and universities to respond fully to the demands of the public and the needs of students, they must continue to address the question of what difference a college education makes, and boards must be their partners in this.”

I’d like to take this opportunity to thank AGB staff members, including Executive Vice President Susan Whealler Johnston and Project and Research Coordinator Kyle Long, who wrote the report; Merrill Schwartz, director of research, and Philip Bakerman, research assistant, who conducted the research; and Julie Bourbon, who edited the report. I also extend my gratitude to Lumina Foundation for Education for its support of this important work.

We look forward to your comments. For more information, please contact me at rickl@agb.org or 202/296-8400.

Richard D. Legon
President, Association of Governing Boards of Universities and Colleges
August 2010
INTRODUCTION

How do we know that students are achieving the academic goals that institutions claim? Or, to put it more baldly: How do we know that students receive the quality education they pay for? As public concern about the cost of a college education has grown, so too have the demands for greater accountability for quality. For the last 10 or so years, this focus on assessment of student learning has extended beyond the academic community and into the larger public, with policy makers, parents, corporate leaders, and others raising questions about educational quality. Data from the Organisation for Economic Co-operation and Development (OECD), showing a decline in educational attainment, and from the National Assessment of Adult Literacy, showing a decline in the ability of college graduates to read newspapers and other prose, have sparked demands for greater transparency in institutional reporting of student learning outcomes, as well as demonstrable improvements.

Assessment of student learning has long been a major activity of the academic community. For the past 35 years, conferences, workshops, scholarly research and publications, and institutional projects have examined the how’s and why’s of assessing what undergraduates have learned, the connections between student learning and institutional goals, and the use of assessment to improve teaching and learning. Changes in the requirements for regional accreditation have served to make this work universal among American colleges and universities.

In 2006, the U.S. Department of Education produced “A Test of Leadership: Charting the Future of U.S. Higher Education,” the report of the commission appointed by then-Secretary of Education Margaret Spellings and commonly called “The Spellings Report.” The report, controversial in its making and bold in its recommendations, probed a range of topics, including educational quality and accountability. Among its recommendations, the report urged institutions to measure student achievement, “which is inextricably connected to institutional success” (p. 4), not only to improve teaching and learning but also to inform and provide accountability to the public.
To address the accountability demand, higher education groups have developed electronic tools for sharing information with the public about educational quality, most notably U-CAN (University and College Accountability Network), by the National Association of Independent Colleges and Universities (NAICU), and the Voluntary System of Accountability, by the Association of Public and Land-grant Universities (APLU) and the Association of State Colleges and Universities (AASCU). Others, such as the American Association of Colleges and Universities (AAC&U) and the Council of Independent Colleges (CIC), have provided guidance to campus leaders and faculty for enhancing assessment of undergraduate student learning as well as tools for benchmarking student learning and comparing outcomes.

Institutions have responded aggressively to these demands for greater transparency and accountability. Student-learning assessment has become a priority for many, often with new offices and positions to organize and guide the effort. Many organizations and institutions offer faculty training on best practices in assessment, and committees have formulated plans and strategies for implementing those practices. Institutions have gathered and shared data both within and among themselves. And yet despite all this, questions remain: What do we really know about student learning at our institutions? Based on what we do know, how is student learning being improved? Despite all the planning and data gathering at the institutional level and the calls for reform at the national level, studies reveal uneven results. While much has been done to advance assessment, much remains to be accomplished to ensure that student learning is appropriately assessed and that outcomes of such work are used for improving educational quality.

During this period of institutional activity and public debate about student-learning outcomes and educational quality, board engagement has been a missing piece. It is often observed that trustees lack professional experience in higher education academic programming and delivery and come to board service more commonly from business and industry, with a focus on fiscal oversight. This lack of preparation and understanding of academic culture may be a reasonable explanation for the lack of trustee involvement in discussions of educational quality, but in a period of increased public demand for accountability from higher education—and its governing boards—that excuse is no longer sufficient.
AGB’s 2007 “Statement on Board Accountability” affirms that “Boards should determine that systematic and rigorous assessments of the quality of all educational programs are conducted periodically, and board members should receive the results of such assessments” (p. 7). Peter Ewell, assessment expert and trustee, states in *Making the Grade: How Boards Can Ensure Academic Quality* (AGB, 2006) that oversight of educational quality “is as much a part of our role as board members as ensuring that the institution has sufficient resources and is spending them wisely” (p. vii). When boards approve candidates for graduation, they are in essence certifying that the students have met the institution’s educational standards. But without conversations about those standards, an understanding of how they are met, and evidence about performance, that certification lacks authenticity and credibility. Additionally, when boards fail to ensure educational quality, they fail to fulfill their larger fiduciary responsibilities of ensuring that the institutional mission is met, the institution’s reputation is protected and enhanced, and its resources are wisely spent. By engaging in discussions of assessment of student learning outcomes and focusing on understanding the lessons of this assessment and their implications, boards deliver on their fiduciary “duty of care” while also ensuring that the important process of assessment is ongoing, accountable, and meaningful to the institution.

Let us be clear. This is not a call for boards to direct academic programming or to interfere in any way with the prerogatives of academic administrations or the responsibilities of faculty for the design and delivery of the curriculum. Nor is it a call for boards to lead the assessment of student learning. In well-functioning institutions and systems, boards delegate such responsibilities to the administration and faculty. But delegation does not absolve the board of its responsibility to be well informed about matters related to educational quality and to ensure that assessment takes place. It is clear that board fiduciary responsibility for an institution’s mission is fundamentally linked to educational quality and success.
THE SURVEY

In November 2009, AGB sent a survey to over 1,300 member chief academic officers (vice presidents and provosts) and chairs of board committees on academic affairs from public and private institutions, asking about board familiarity with and understanding of institutional assessment of student learning. The goal of the survey was to develop a picture of how boards currently understand this assessment and their relationship to it, the kind of information they receive on student learning and the use to which they put it, the degree to which they are engaged in meaningful discussion and decision making related to undergraduate student learning, and what, if anything, limits their involvement in this important topic. This and other work will lead to the development of a formal AGB advisory statement for boards focusing on this area of their fiduciary responsibilities.

The response rate for the survey was 38 percent, with 28 percent of responses from trustees, 58 percent from chief academic officers, and 10 percent from others. More than three-quarters (77 percent) of respondents were from independent institutions, and 23 percent were from public institutions, similar to the distribution of AGB member institutions. Unless otherwise noted, responses from board members and administrators were similar.

FIRST, THE GOOD NEWS.

The majority of respondents (77 percent) said that their institutions have a statement of expectations for what undergraduate students should learn. Such a statement is the baseline requirement for meaningful assessment of learning, providing standards against which performance can be assessed. Three-quarters said they learned about this responsibility through their service on the board’s committee on academic affairs.

About half of the respondents pointed out the link between accreditation and assessment, indicating that board members most commonly learn about their fiduciary responsibility for monitoring student learning when their institutions prepare for re-accreditation. Half of the respondents reported that the board receives information about student learning at least once a year. In terms of data received, over two-thirds of respondents (68.5 percent) reported that the board receives results of standardized exams, such as the Collegiate Learning Assessment (CLA), the National Survey of Student Engagement (NSSE), or graduate school entrance exams.
The results from alumni surveys are also commonly shared with boards. Somewhat less commonly provided to board members are results from more homegrown assessment tools such as employer surveys, discipline-specific assessments, and student portfolios.

**TABLE 1**

**DOES THE BOARD OR ANY OF ITS COMMITTEES RECEIVE THE RESULTS OF ANY OF THE FOLLOWING MEASURES TO MONITOR STUDENT-LEARNING OUTCOMES?**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardized examinations</td>
<td>68.6%</td>
</tr>
<tr>
<td>Alumni surveys</td>
<td>60.6%</td>
</tr>
<tr>
<td>Discipline-based assessments</td>
<td>45.5%</td>
</tr>
<tr>
<td>Institutionally-developed tests</td>
<td>37.4%</td>
</tr>
<tr>
<td>Employer satisfaction surveys</td>
<td>36.0%</td>
</tr>
<tr>
<td>Capstone courses</td>
<td>24.4%</td>
</tr>
<tr>
<td>Student portfolios</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

A very positive sign was that over 60 percent of respondents reported that boards receive both trend and comparative data on such indicators as graduation rates, number of degrees awarded, time to degree, and average GPA. Such data provide useful information about degree attainment and can provide boards with good data for accountability and improvement purposes. However, these are important measures of student success, not of student learning.

**GOOD NEWS, BAD NEWS.**

More than half (53 percent) of respondents reported that the board spends more time discussing the outcomes of student-learning assessment than it did five years ago. By role, the results showed consistency of opinion: 56 percent of board members cited this compared to 51 percent of administrators. Despite this increase, however, 62 percent of all respondents reported that the board does not spend sufficient time on such discussions.

**TABLE 2**

**HOW HAS THE BOARD’S ATTENTION TO STUDENT-LEARNING OUTCOMES CHANGED IN THE LAST FIVE YEARS?**

<table>
<thead>
<tr>
<th>Attention Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More attention now</td>
<td>53.2%</td>
</tr>
<tr>
<td>Less attention now</td>
<td>0.6%</td>
</tr>
<tr>
<td>About the same</td>
<td>31.4%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>14.8%</td>
</tr>
</tbody>
</table>
Table 3
Is sufficient time spent in board meetings on student-learning outcomes?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, sufficient</td>
<td>38.5%</td>
</tr>
<tr>
<td>Too much</td>
<td>0%</td>
</tr>
<tr>
<td>No, not enough</td>
<td>61.5%</td>
</tr>
</tbody>
</table>

Asked how board time is spent in relation to academic issues, 79 percent of respondents said more time is devoted to discussions of finance and budget than to academic matters, while only 4.9 percent said the board spends more time on academic issues.

Table 4
What is the relative balance in terms of time spent during board meetings on academic issues and financial issues, including budget?

<table>
<thead>
<tr>
<th>Balance Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Much more on finance and budget</td>
<td>56.9%</td>
</tr>
<tr>
<td>Slightly more on finance and budget</td>
<td>22.0%</td>
</tr>
<tr>
<td>About even</td>
<td>16.2%</td>
</tr>
<tr>
<td>Slightly more on academic issues</td>
<td>2.8%</td>
</tr>
<tr>
<td>Much more on academic issues</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Now for some concerns.

Board preparation for monitoring student-learning outcomes. Over 20 percent of all respondents said that monitoring student-learning outcomes is not a board responsibility (see Table 6). This response was consistent by role, with 10.4 percent of board members and 12 percent of chief academic officers answering this way. A little more than one-third of respondents reported that board members learn about their responsibilities in this area during board orientation. In contrast, AGB’s 2009 “Survey on Higher Education Governance” found that 85 percent of board members were introduced to the institution’s finances during orientation; additionally, nearly 75 percent of boards receive training in higher education financial literacy.

In this survey on boards and student learning, the majority of board members (72.7 percent) reported that they learn about their fiduciary responsibility for monitoring student-learning outcomes during committee work. If all new board members were appointed to the academic affairs committee of the board, this approach for introducing them to this oversight responsibility would perhaps suffice. However, because this is not typically the case, the result is that board members are systematically unaware of and unprepared for this important fiduciary responsibility.
How Boards Oversee Educational Quality

Table 5
How Board Members Learn About Their Fiduciary Responsibilities for Monitoring Student-Learning Outcomes

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee work</td>
<td>72.7%</td>
</tr>
<tr>
<td>In preparation for (re)accreditation</td>
<td>51.6%</td>
</tr>
<tr>
<td>Faculty presentations to the board</td>
<td>38.5%</td>
</tr>
<tr>
<td>Orientation of new board members</td>
<td>36.6%</td>
</tr>
<tr>
<td>Continuing education of the board</td>
<td>36.3%</td>
</tr>
<tr>
<td>Board retreat</td>
<td>34.8%</td>
</tr>
</tbody>
</table>

Board understanding of assessment. Forty percent of respondents reported that the board does not understand the process of student-learning assessment at their institutions. By role, the responses differ significantly: 29 percent of board members say they do not understand the process while 48 percent of administrators say the board lacks this understanding. Another 10 percent of all respondents said that assessment of student learning is not discussed with the board. “I can’t remember a serious discussion about this in my 12 years on the board,” commented one private-university trustee. Twenty percent said that the process of assessment is still too new at their institutions for the board to be well informed.

Asked about the impediments to the board’s understanding of student-learning outcomes, the majority of respondents cited a lack of time at board meetings, particularly when other priorities require attention and time. The lack of adequate measures of student-learning outcomes also impedes board engagement and understanding, as does the perception that this information is simply not appropriate for the board’s role.

Table 6
What Are the Impediments, if Any, to Your Board’s Understanding of Student-Learning Outcomes at Your Institution?

<table>
<thead>
<tr>
<th>Impediment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other priorities/crises require board attention</td>
<td>63.8%</td>
</tr>
<tr>
<td>Not enough time at board meetings</td>
<td>44.9%</td>
</tr>
<tr>
<td>Inadequate measures of student learning outcomes</td>
<td>29.8%</td>
</tr>
<tr>
<td>This is not appropriate to the board’s role</td>
<td>21.5%</td>
</tr>
<tr>
<td>No impediments</td>
<td>15.5%</td>
</tr>
<tr>
<td>Lack of interest among board members</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

Without a clear understanding of how assessment works at their institutions and without the necessary time to gain that understanding, boards will not be able to oversee it effectively, fulfill their fiduciary responsibility, or be as fully accountable as the times demand. And, they will be less well prepared to consider policy decisions that require a clear understanding of the strategic relationship between education issues and fiscal oversight.
Information received. While college rankings provided by *U.S. News and World Report* and Peterson’s do not offer information on student-learning outcomes, all survey respondents said board members are as likely to receive rankings data (61.3 percent) as they are alumni surveys (60.6 percent) or even grade point average data (58.1 percent). When looked at by role, the picture changes somewhat, with board members saying they receive more on college rankings, and administrators saying board members receive more on alumni surveys.

**TABLE 7**

**OF THE FOLLOWING INFORMATION, WHAT DOES THE BOARD RECEIVE?**

<table>
<thead>
<tr>
<th>Information</th>
<th>All</th>
<th>Trustees</th>
<th>Administrators</th>
</tr>
</thead>
<tbody>
<tr>
<td>College rankings data</td>
<td>61.3%</td>
<td>72.2%</td>
<td>54.5%</td>
</tr>
<tr>
<td>Alumni surveys</td>
<td>60.6%</td>
<td>54%</td>
<td>63.1%</td>
</tr>
<tr>
<td>Grade point averages</td>
<td>58.1%</td>
<td>57.8%</td>
<td>57.4%</td>
</tr>
</tbody>
</table>

Further, more than three-quarters of all respondents consider rankings somewhat important (60.8 percent) or very important (15.9 percent) to the board’s monitoring of educational quality. Because rankings data are easily accessible and offer comparisons, boards may find them convenient substitutes for indicators of the quality of learning, and indeed this is often the way they are treated. However, retention and graduation rates and student/faculty ratios are as close as rankings come to descriptors of learning. Boards need much better assessment information.

Despite this, slightly more than half of respondents reported that the information the board receives is either satisfactory (43.1 percent) or very satisfactory (11.1 percent) in meeting its needs to monitor student learning. Only 18 percent said they found the information either unsatisfactory or very unsatisfactory. The board chair at a private institution noted that “We get spotty anecdotal information, but we don’t see comprehensive data.” The academic affairs committee chair of a private institution remarked, “I have a perception that there must be other valid measures of student-learning outcomes beyond what we currently use, but I don’t know what they might be.”

Fourteen percent of respondents reported that the full board receives no information about student-learning outcomes. By role, the responses varied significantly, with 22 percent of trustees saying the board receives no outcomes information compared to 11 percent of administrators. The difference may be a comment on how well the board members understand the information or the use to which they put it. A trustee of a private university observed that assessment information “was never shared because we never asked,” and 12 percent of respondents reported that monitoring student-learning outcomes is not considered a board responsibility.
When asked about the kinds of information board members would find valuable in monitoring student-learning outcomes, respondents suggested the following:

- An annual refresher on outcomes assessment—the rationale and methodologies.
- Information about what other boards and academic affairs committees receive and how they use it.
- An easily monitored dashboard of strategic indicators of student success.
- Longitudinal and comparative information on student-learning outcomes.
- Enough information to understand the significance of the data they receive.

**Board use of information on student-learning outcomes.** Less than one-quarter of respondents reported that the board uses information about student learning to inform budget decisions. By role, the responses varied considerably, with 31 percent of board members answering in the affirmative, compared to only 19 percent of administrators. These answers are disheartening and raise concerns about the disconnect between resource allocation and student learning, especially given the financial constraints faced by many colleges and universities. In his preface to a recent report on the connections between assessment and institutional resources, Peter Ewell emphasizes this finding: “Simply investing more money does not appear to produce more or better outcomes. Improved student learning will occur only if such investments are directed and intentional” (“Connecting the Dots between Learning and Resources,” Jane Wellman, 2010, p. 3). Further, the report indicates that institutions that outperformed peers in student engagement and retention did not spend more per student but they did spend differently, putting proportionately more money into academic and student support than their peers did (p. 11). Clearly, appropriate connections between fiscal and educational decision making can have positive effects on both “bottom lines.” Asked for examples of actions boards have taken after receiving assessment information, one board member reported “a significant reallocation of funds to support internships and study abroad as a result of our NSSE discussions.”

“Because rankings data are easily accessible and offer comparisons, boards may find them convenient substitutes for indicators of the quality of learning, and indeed this is often the way they are treated. However, retention and graduation rates and student/faculty ratios are as close as rankings come to descriptors of learning.”
Also worth noting among the survey results is that trustees are more likely than administrators to report that the board’s monitoring of student-learning outcomes has contributed to improvements in student learning (26.9 percent compared to 14.8 percent). A chief academic officer at a private institution remarked of his governing board, “Individuals have offered important insights, but for many, this is a subtle and difficult element in their overall responsibilities.” The hard work of assessment has value when it leads to an improvement in student learning and achievement and when it supports accountability. Boards have a stake in both and should be expected to engage in the process appropriately. A provost reported, “The board discusses student-learning outcomes regularly and as a result we are currently stepping up our focus on students’ ability to find employment and graduate study through employer and student surveys. We are using this information to analyze the effectiveness of our curricula to prepare students for their professions and lives.” A board member at a private institution reported that the academic affairs committee and the full board “reviewed student improvement in writing after three years of college training and compared our results with those of peer institutions. The basic curriculum was revised as a result, including more intensive writing early in the student’s experience.” An administrator said, “Since our board has established a range of accountability policies and practices that are centered on student-learning outcomes, it is much easier to engage faculty and administrators in meaningful and productive discussions.”

Other positive changes reported were a culture of assessment across the campus, course revisions, and greater attention to the assessment process overall by faculty and staff. These final comments point to what may be the greatest value of board engagement in assessment of student learning—heightened attention to the board’s fiduciary responsibility for educational quality, including greater understanding of student-learning assessment results, clearer institutional focus on accountability, and greater responsiveness to needed changes surfaced by assessment.
The results of this survey describe a governance environment in which the majority of boards receive some information about student-learning outcomes but are unsure of how to interpret or respond to it. The majority of board members, who frequently come to their service from business and industry, receive orientation to higher education finances, but orientation to educational assessment and quality is relatively rare. Too often, college rankings are used as a proxy for educational quality for the board. While boards are devoting more time to considerations of educational quality, most agree it is still not enough time. Board members and chief academic officers are not always on the same page as to the value boards can bring to the institutional effort to assess student learning, and few boards make a link between financial decisions and educational quality. As has long been the case for institutions, boards also find their engagement in assessment of student learning is situational, often driven by reaccreditation. And sometimes boards do not receive useful information from assessment because institutions still have not established reliable processes to assess student learning.

For colleges and universities to respond fully to the demands of the public and the needs of students, they must continue to address the question of what difference a college education makes, and boards must be their partners in this. Boards must be a part of the conversation about student learning, but they cannot do this alone. Institutional administrators should encourage their involvement and provide appropriate orientation and education. They must receive appropriate information on what the institution expects and what it finds in the process of assessment. And, they must hold the administration accountable for following up to address identified needs. While respecting the responsibility of faculty and academic administrators, boards can and should be the lever that institutions need to improve their assessment of student learning and to act on findings in a way that improves educational quality and delivers on the promise of higher education.
Suggestions for board members

1. Develop your understanding of your fiduciary responsibility for educational quality.
   Recognize that education has two bottom lines: one for finances and one for educational quality.
   Also, understand that discussions of both can be linked in meaningful ways.
2. Devote time in board meetings to educational opportunities and discussions of what the institution is doing to assess and improve student learning.
3. Expect to receive useful, high level information on student-learning outcomes, including actions taken to improve learning outcomes based on the findings, as well as the results of those actions.
   Look for comparisons over time and to other institutions. Devote time to discussion in board meetings.
4. Use information from the assessment of student learning to inform appropriate financial decisions.
5. Recognize that faculty and academic administrators shape the approaches to assessing the outcomes of student learning, but the board is responsible for ensuring that assessment takes place and that results lead to action for improvement.

Suggestions for administrators

1. Include an introduction to the oversight of educational quality in board orientation.
   Make sure it is included in the list of board responsibilities that is discussed with new board members.
2. Provide regular education to all board members on the institution’s assessment process, key results, and actions.
3. Provide high-level reports to the board on findings of assessment, including a set of dashboard indicators, and engage board members in discussions of implications.
4. Be certain that meeting agendas of academic committees and the full board allow strategic and comprehensive discussions of assessment—the rationales, the processes, the findings, the implications, and any follow-up actions.
5. Include the board in the accreditation process in appropriate ways.
RESOURCES


These resources can be found at: http://agb.org/resources-boards-and-educational-quality.
Faculty, Governing Boards, and Institutional Governance
Merrill Schwartz  
Director of Research  
Association of Governing Boards of Universities and Colleges

Richard Skinner  
former Senior Vice President for Programs and Research  
Association of Governing Boards of Universities and Colleges

Zeddie Bowen  
former Provost  
University of Richmond

This paper was also published by TIAA-CREF Institute in December 2009 in the Advancing Higher Education series.
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</table>
Research reveals that college and university presidents, chief academic officers, and board chairs view faculty-board engagement and relations as generally healthy and constructive. Just as important, presidents and chief academic officers express understanding of the causes for less-productive interaction, even if solutions remain elusive. One challenge is the increasing number of part-time, contingent, and non-tenure track faculty who lack either the time or the opportunity for meaningful participation in institutional governance. The vitality and viability of institutional governance are threatened when faculty-board relations suffer; as demands for greater accountability continue, especially with respect to educational quality, boards will benefit from efforts to obtain faculty insight.

Barriers to successful board-faculty interaction include insufficient time, lack of mutual understanding and respect, governance policies and practices that are unclear or out-of-date, the complexities of higher education, and a general lack of interest. Recommendations to address these barriers include: better orientation and continuing education of trustees and faculty; opportunities for faculty and trustee service on key committees and work groups; frequent communication, especially by the president; greater transparency in decision-making and clarity about respective responsibilities of faculty, administrators, and the governing board; current and accessible governance polices; and presidential leadership in facilitating shared institutional governance.

Many good practices seem practical and generally applicable to a wide variety of colleges and universities, such as adding trustees to the board who have experience working in higher education and including faculty presentations at board meetings. Any attempts to enhance faculty-board interaction will have to be tailored to the particular history and culture of the institution and will rely to a great extent on the leadership of the president.
How boards, presidents, and faculty contribute to and engage one another in institutional governance speaks to the health of a particular college or university as well as to the broader principles of autonomy, self-regulation, and accountability of higher education. The findings presented here from the Project on Faculty and Institutional Governance offer insights about governance policies and practices and the state of faculty-board relationships as viewed primarily by board chairs, presidents, and chief academic officers. The project was undertaken by the Association of Governing Boards of Universities and Colleges (AGB) with generous support from the TIAA-CREF Institute. Findings suggest that governance works well at most institutions and that these relationships are relatively healthy. At the same time, there is room for concern as well as improvement on some points. Governance of colleges and universities depends upon the appropriate participation of faculty, administrators, and governing boards; this is not easily achieved and some institutions fall short.

A convergence of economic and societal forces has increased pressure on higher education institutions and heightened the tension in relationships among boards, faculty, and presidents. Concern about access, affordability, and achievement as well as the competitiveness of the American labor force has increased expectations for colleges and universities to do more with less, and this during an economic crisis. These forces and pressures present challenges to institutions because they more often than not entail changes—sometimes significant changes and often changes to well-established practices and policies, such as the terms of faculty employment and shared governance.

Just as intense are the calls for increased accountability from colleges and universities. Higher education institutions are challenged, for example, to explain rising prices and to justify their independence, self-regulation through voluntary accreditation, and tenure for the professoriate. Many such calls are legitimate and important precisely because they address fundamental higher education principles, such as institutional autonomy and citizen trusteeship.

Greater public scrutiny of higher education policies and practices is likely to persist, and governing boards, presidents, and faculty need to respond thoughtfully and effectively. They also need to address together the circumstances that prompt scrutiny, examine how they conduct themselves, and act where change is warranted.

In this context, this study of board-faculty relations is a well-timed examination of the relationship between boards and faculty and the role of presidents in facilitating this relationship. Surveys and focus group comments from board chairs, presidents, and chief academic officers provide insight into the current state of affairs.

Research Design

This project examined those institutional policies and practices involving faculty and the board in particular, but also the president, collaborating on matters of strategic importance. Specific objectives were to:

- identify factors that promote or deter successful collaboration as well as patterns of problems that detract from productive engagement;
- examine activities that constitute “good practice”;
- offer recommendations for improving institutional governance and leadership; and
- produce knowledge that can be shared with institutions.
For the purposes of this study, the focus was on governance at the institutional level where faculty and the board are most likely to interact directly, and on such areas as institutional priorities, strategic planning, and budgeting. Research included a review of the literature as well as focus groups, interviews, meetings, and surveys involving trustees, presidents, chief academic officers, higher education researchers, and faculty. Two lead questions were: How might faculty, boards, and chief executives develop a collaborative strategic relationship (which AGB has referred to as “integral leadership”)? Is it possible, worthwhile, and politically feasible to advance such a message? In addition, the project considered updates to the 10-year old AGB Statement on Institutional Governance which informs the perspectives of the nearly 1,300 AGB member-boards.

Presidents, board chairs, and chief academic officers were interviewed by telephone and in person regarding what was and was not working on their campuses, including:

- factors related to successful collaboration and patterns of problems;
- successful models and best practices;
- involvement of the faculty senate and its leaders; and
- recommendations for improving institutional governance and leadership.

The insights gained from these interviews informed the surveying of presidents, board chairs, and chief academic officers of AGB member institutions to learn how faculty and boards are collaborating on institutional governance.¹

¹ In May 2009, surveys were sent to 2,033 individuals at 2,007 AGB member institutions. Usable surveys were completed by 532 participants at 417 institutions, a response rate of 26%. This included 232 chief executive officers (28% response rate), 182 chief academic officers (32%), 98 board chairs (18%), and 20 system heads (30%). Participating institutions included 337 independent colleges and universities (142 baccalaureate, 108 master’s, 51 specialized, 28 research and 8 associates) and 80 public colleges and universities (31 research, 30 master’s, 9 associates, 8 baccalaureate, and 2 specialized). This was generally representative of higher education, other than two-year colleges.
Faculty Governing Body

Most colleges and universities (90%) have an institution-wide faculty governing body and describe its role as “policy-influencing” (59%); less common is a role that is “advisory” (29%) or “policy-making” (13%). The influence of the faculty governing body is described by most as either “important” (50%) or “very important” (42%). Faculty governing bodies were more often described as “advisory” in public institutions (40%) than in private institutions (26%), and more often described as “very important” in independent institutions (44%) than in public institutions (32%). While many critics have expressed concern regarding faculty senates that lack influence, these presidents, chief academic officers, and board chairs said they are ubiquitous and influential.

Promotion and Tenure

While promotion and tenure recommendations are traditionally the result of a peer review process, governing boards are typically involved in granting promotion and tenure to faculty (68%). A majority of boards (61%) routinely approve the recommendations of the administration, with 23% reviewing the qualifications of candidates as part of this process, while 7% of boards confine their review to resource implications. Boards of public institutions were less apt to review qualifications of candidates (8%) than were boards of independent institutions (26%).

New Faculty and Trustee Orientation

According to presidents and chief academic officers, more than 95% of colleges and universities conduct an orientation for new faculty.² Most orientations (about 70%) include a review of the roles and responsibilities of faculty in institutional governance as well as opportunities for faculty participation. Only about 30% cover the roles and responsibilities of the governing board. About three-quarters of the respondents said the typical faculty member understands the authority of the governing board “fairly well” (45%) or “slightly” (29%), and about one-quarter “well” (23%) or “very well” (3%). Faculty of independent institutions were more likely than their counterparts at public institutions to understand the responsibilities and authority of the board “well” (24% versus 14%) and less often “slightly” (27% versus 38%); the large scale of many public institutions or their governance by system boards may contribute to this lack of faculty familiarity.

Similarly, most new trustees (over 90%) are provided an orientation that almost certainly (88%) includes roles and responsibilities of the governing board. More than half also include the roles and responsibilities of faculty in institutional governance (56%) and the culture of academic decision-making (60%). More than one-third cover promotion and tenure (37%) and academic freedom (39%), though more independent than public institutions do so. The typical trustee’s understanding of the role of faculty in institutional governance is comparable to that of the typical faculty member’s understanding of the role of the governing board: about three-quarters of respondents said “fairly well” (54%) or “slightly” (21%), and about one-quarter “well” (20%) or “very well” (3%).

Not including the president or other employees, the average number of governing board members with experience working in higher education is 3.3. The mean for public boards is 1.3 and independent boards is 3.7; since the average size of independent boards is about three times the size

² Responses of board chairs were excluded due to the large number who responded “don't know.”
of public boards, the proportion of members with experience working in higher education is about the same.

**Selection of Faculty for Service**

Faculty can influence policies and interact with board members through service on institution-wide committees. Respondents reported the ways faculty are selected to serve on their college or university’s most prominent institution-wide committees and councils. Multiple responses were allowed since methods of selection may vary.

Faculty are most commonly elected by the faculty governing body (68% of the time) to serve on prominent institution-wide committees and councils, and appointed by a senior administrator with faculty consultation (54%). Faculty are also nominated (45%) and appointed (46%) by the faculty governing body, and appointed by senior administrators (52%), nominated by senior administrators with faculty consultation (45%) and nominated by senior administrators (40%).

Collective bargaining impacts faculty selection for participation in institutional governance in a minority of institutions, primarily public: 38% of public institutions and 4% of private institutions. Faculty at public institutions are selected for this service by a collective bargaining organization by appointment (15%), nomination (9%), or election (7%).

**Recognition for Faculty Service in Governance**

Respondents reported that most faculty (74%) are “recognized for their service” in institutional governance, less than half (41%) have release time from work load, and a few (15%) receive additional compensation. Faculty in public college or university systems are almost twice as likely to have release time from workload (75%) and to receive additional compensation (35%) for their participation in governance.

**Conditions, Policies, and Practices for Shared Governance**

The climate for interaction among faculty, administrators, and trustees appears generally good. Most respondents agreed (43%) or strongly agreed (54%) that trustees, administrators, and faculty typically demonstrate collegiality, respect, tolerance, and civility towards each other. They were positive, but slightly less so, in reporting that typically discussion and communication among trustees, administrators, and faculty are open, carried out in good faith and in an atmosphere of trust (52% agreed and 39% strongly agreed). More respondents at independent than public colleges and universities strongly agreed in both questions.

Most respondents agreed (54%) or strongly agreed (20%) that policies and practices of shared governance are known, understood, and accepted by trustees, administrators, and the faculty; system heads were more likely to strongly agree (26%). Still, about one-quarter “don’t know” (10%) or “disagreed” (15%); board chairs were more likely to respond “don’t know” (15%).
How trustees, presidents, administrators, and faculty develop their understanding of shared governance is important and may define how they view their own and others’ roles and responsibilities. This study found that most institutions model their policies for shared governance after the AAUP Statement on Government of Colleges and Universities (1966) as described in the survey—that shared governance may be understood as the principle that final institutional authority resides ultimately in the governing board, and that the board entrusts day-to-day administration to the president who then delegates specific decision-making power to the faculty in their areas of expertise, namely “curriculum, subject matter and methods of instruction, research, faculty status, and those aspects of student life which relate to the educational process.”

In response to a question about the extent to which the AAUP concept of shared governance describes their own policies and practices in regard to board and faculty participation in governance, almost all respondents reported that their policies were similar (36%), very similar (56%), or the same (4%) and that their practices were similar (39%), very similar (51%), or the same (3%).

**Faculty Influence and Joint Engagement of Faculty and Trustees**

Most respondents regard the faculty governing body as “important” (35%) or “very important” (58%) in those areas for which it has been delegated authority. Most also report that faculty are engaged “enough” (78%), though 18% reported “not enough” and 5% “too much.”

There are many ways in which faculty and governing board members interact, be they social or more substantive (Table 1). About one-fourth of the respondents include faculty as members of the governing board (27%) or the head of the faculty senate as a member of the governing board (14%). Faculty membership on board committees was reported by more than half of respondents (56%). It was almost twice as common for faculty to serve on committees of boards of independent colleges and universities (61%) as on boards of public institutions (32%).

**Table 1: Most Common Ways that the Governing Board and Faculty Interact**

<table>
<thead>
<tr>
<th>Interaction</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic ceremonies, athletic contests, and other social events</td>
<td>92</td>
</tr>
<tr>
<td>Faculty membership on presidential search committee</td>
<td>88</td>
</tr>
<tr>
<td>Faculty presentations to the board</td>
<td>87</td>
</tr>
<tr>
<td>Meals, receptions, and social events in conjunction with board meetings</td>
<td>86</td>
</tr>
<tr>
<td>Faculty membership on president-established organizations (planning, budget, etc.)</td>
<td>81</td>
</tr>
<tr>
<td>Faculty advice on presidential searches</td>
<td>73</td>
</tr>
<tr>
<td>Faculty and trustee involvement in alumni activities</td>
<td>69</td>
</tr>
<tr>
<td>Faculty and trustee involvement in fund raising</td>
<td>60</td>
</tr>
<tr>
<td>Faculty membership on board committees</td>
<td>56</td>
</tr>
<tr>
<td>Trustee classroom, laboratory, or studio visitation</td>
<td>50</td>
</tr>
</tbody>
</table>

Substantive interaction occurs most often in connection with presidential search committees (88%) or advice on presidential searches (73%), faculty presentations to the board (87%), faculty membership on president-established budget, planning, and other entities (81%), fundraising (60%), faculty membership on governing board committees (56%), and trustee visits to classrooms, labs,
or studios (50%). Social interaction is most common at academic ceremonies, athletic contests, and other social events (92%); meals, receptions, and social events in conjunction with board meetings (86%); and alumni events (69%).

There are some differences by sector. Faculty and trustees are more likely to interact by serving as members of a committee or board of an institutionally related foundation of a public institution (35%) than an independent institution (10%), while interaction related to fund-raising is more common among faculty and trustees of independent institutions (62%) than public institutions (49%), as is involvement in enrollment activities (40% of independent institutions and 23% of public institutions).

Fourteen percent of institutions reported that faculty, administrators, and board members interact through a committee established for the purpose of improving or maintaining communication among the parties. This is more than twice as common at systems (30%), where perhaps distance and size create a greater need.

The most common issues faculty and trustees are engaged in addressing together are curricula, presidential search, budget/finance, student assessment, enrollment management, student diversity and access, and degree requirements (Table 2). Two issues that jointly engage faculty and trustees more often in public systems are student diversity and access and online teaching and learning.

### Table 2: Issues that Faculty and Trustees Address Together

<table>
<thead>
<tr>
<th>Issue</th>
<th>All</th>
<th>Independents</th>
<th>Publics</th>
<th>Public Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curricula</td>
<td>61</td>
<td>61</td>
<td>59</td>
<td>60</td>
</tr>
<tr>
<td>Presidential Search</td>
<td>59</td>
<td>58</td>
<td>63</td>
<td>50</td>
</tr>
<tr>
<td>Budget and/or financial matters</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>40</td>
</tr>
<tr>
<td>Student outcomes assessment</td>
<td>46</td>
<td>46</td>
<td>46</td>
<td>60</td>
</tr>
<tr>
<td>Enrollment management</td>
<td>45</td>
<td>48</td>
<td>33</td>
<td>30</td>
</tr>
<tr>
<td>Student diversity and access</td>
<td>41</td>
<td>41</td>
<td>44</td>
<td>70</td>
</tr>
<tr>
<td>Degree requirements</td>
<td>40</td>
<td>38</td>
<td>47</td>
<td>55</td>
</tr>
<tr>
<td>Presidential assessment</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Student conduct</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Campus safety</td>
<td>29</td>
<td>28</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Organizational Restructuring</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>40</td>
</tr>
<tr>
<td>Public/community needs</td>
<td>27</td>
<td>26</td>
<td>33</td>
<td>40</td>
</tr>
<tr>
<td>Intercollegiate athletics</td>
<td>27</td>
<td>28</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>Online teaching and learning</td>
<td>25</td>
<td>24</td>
<td>33</td>
<td>50</td>
</tr>
</tbody>
</table>
Characterization of Faculty and Board Interactions

About half of the presidents characterized the relationship between their governing board and faculty as good or positive. Another 20% or so were neutral or described it as satisfactory, including answers such as “fine,” “polite,” “professional,” and “cordial but limited.” About 15% described either bad relationships or relationships that are struggling but showing signs of improvement. Many respondents suggested that relationships could be better if there were time for them to be cultivated. Whether describing healthy or poor relationships, 15% of presidents said that contact between the two parties was limited or infrequent.

Comments of chief academic officers were similar in tone to those of presidents. More board chairs (about two-thirds) were positive in their characterization of board-faculty interactions.

Common themes were found among all respondents’ comments describing negative or bad interactions:

- interaction between faculty and trustees is infrequent and contentious when issues arise;
- trustees are viewed by faculty through an adversarial labor vs. management lens;
- faculty are viewed by trustees as privileged, too powerful, and overpaid;
- there’s no structure to develop strong relationships or to interact;
- the faculty body isn’t structured properly and fails to make meaningful recommendations to the board;
- the contact faculty do have with trustees is used to lobby for personal interests or to complain, which turns trustees off;
- there’s not enough time—board members are out of town between board meetings, and agendas leave little time for interaction at meetings;
- there’s confusion about respective roles and lack of knowledge about respective activities; and
- faculty respect the board, but sense that the board doesn’t respect the role of faculty in governance.

Below are representative quotations from presidents, characterizing negative faculty-board interaction:

*The quality of the interactions is not great, because we seldom seek such opportunities for the interaction. There is certainly no hostility; there is just no structured form for strong relationships or interactions.*

*Strained—new governing board members believe faculty have too much power, too many rights and are overpaid.*

*Faculty wish to complain instead of bringing ideas to solve problems.*

Not surprisingly, the characteristics of positive or good interactions between faculty and boards were typically the inverse:

- faculty have frequent, effective, official ways to communicate with the board that limit “back-channel” interference;

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3 This question was open-ended allowing the participant to respond in his or her own words.
• the board invites or initiates faculty interaction;
• relationships are cordial and respectful;
• faculty serve on the board or board committees and there are additional faculty who interact with the board;
• faculty and trustees express mutual respect for each other’s work and dedication;
• there are official channels for communicating board activity to the faculty;
• governance documents are kept up-to-date and their revision educates faculty about governance and the governing board;
• trustees and faculty know their own and respective roles;
• trustees learn about everyday lives of faculty and understand faculty careers by meeting with faculty and spending time on campus; and
• mutual respect and frequent communication make it possible to discuss contentious issues productively and resolve problems.

Below are quotations from presidents characterizing positive faculty-board interactions:

Interaction at appropriate level and frequency. Board is respectful of faculty and vice versa. Board believes our faculty does a very good job. Periodically we create opportunities for board members and faculty members to interact. At most recent board meeting, we held a two-hour session on the “life cycle” of a faculty member, including presentations from three faculty members at different career stages. Last fall we held a similar session on shared governance, with faculty participation.

Our board makes regular outreach efforts to the faculty to include them in their meetings and social events. I regularly report on board actions at faculty meetings. While newer faculty members admittedly don’t know much about the governing board, the more senior members are quite well informed. I would characterize trustee-faculty interaction as good.
Mutual respect and understanding undergird successful communication and decision-making in any relationship. Faculty and trustees generally share a common commitment to the institutions they serve, and while they may not share the same priorities or agree on the means to achieve them, they generally want what is best for their institutions. Disputed turf—priorities and the means to achieve them—encompasses much of the decision-making terrain for institutional governance.

Faculty and trustees bring very different backgrounds, responsibilities, and skill sets to the table. Trustees, as fiduciaries, bear ultimate responsibility for ensuring sound financial decisions as well as sound academic quality, but most trustees have business backgrounds and few have ever worked in higher education. They are dependent upon the administration for leading and managing the institution and for the expert professional judgment of faculty in regard to curricula, degree requirements, and peer review. Trustees are generally more familiar with decision-making processes in a traditional business environment of managerial authority. Frustrated by the pace of decision-making in the academy, they may expect the president to make decisions quickly with other administrators and “get results.” Trustees usually learn about shared governance on the job.

Faculty participation in institutional governance isn’t a privilege; it’s a necessary part of decision-making in colleges and universities. Faculty are accustomed to decision-making by collegial bodies and often take on leadership roles in addition to their work responsibilities, with little recognition for the time involved. They are usually elected or nominated by their peers, senior administrators, or both for service on institution-wide committees. In many ways, like trustees, they volunteer their time for this governance work. Also like trustees, they learn on the job about institutional governance.

Institutional governance is important work, often voluntary, and often unfamiliar to those who participate. What can presidents and chief academic officers, trustees, and faculty do to enhance the participation of faculty in institutional governance and to support productive faculty-board engagement? The research findings suggest several areas for improvement.

Trustee and Faculty Orientation

Participants consistently expressed the importance of faculty and trustees understanding their own and each other’s responsibilities for governance. Faculty and trustees need to get to know one another and understand the work each contributes to the institution. This was seen as a way to combat cynicism of faculty who view trustees as out of touch or unnecessary, to help trustees leave behind corporate perspectives and appreciate the workload of typical faculty, and to build trust and respect. It was important, too, for faculty and trustees to respect the role of the administration and recognize when faculty could expect to make decisions, offer recommendations, or be consulted, and when trustees were treading on responsibilities of the administration. In addition, there should be transparency about the way decisions are made.

Good orientation programs for new trustees and faculty are one way to start building this foundation of understanding. Trustee orientation could be enhanced by including information about promotion and tenure. Although promotion and tenure are governing board responsibilities at most institutions, relatively few include this topic in trustee orientation. Even fewer involve faculty in the orientation of
new trustees. Discussion of promotion and tenure could also be an appropriate topic for continuing education of trustees as part of a board meeting. The level of understanding the typical trustee has of the work and responsibilities of faculty suggests that this would help board members better understand the academy.

Faculty orientation is even less likely to delve into the work and responsibilities of the governing board. Importantly, for faculty who are part-time, untenured, or not tenure-track, opportunities to participate in governance may be limited or non-existent; it’s unclear whether this will change, despite their growing numbers in the academic workforce. If orienting faculty to governance responsibilities doesn’t occur early on, other ways need to be found to communicate to faculty about their own governance responsibilities as well as about the responsibilities of the governing board.

Orientation programs for new faculty may not be the ideal occasion for discussion of their own responsibilities for governance or the responsibilities of the governing board, beyond a cursory overview. Nonetheless, it’s important to start here, and to continue the process. Professional development programs about institutional governance and faculty responsibilities may have greater impact later in the careers of faculty, once technical expertise is established and particularly when tenure is conferred. It is at this stage that faculty may be most committed to the institution and the institution to individual faculty. Programs for recently tenured faculty should inculcate the values and ethics of the profession and the expectations for faculty to be good citizens in their college and university communities, including participation in governance.

It may be best to think about orienting faculty and trustees to governance responsibilities as an ongoing process, not a one-time event. Faculty development and board education programs that build understanding over time may work best.

Typical comments and suggestions for board and faculty orientation included:

Better instruction, orientation, and professional development of the board on what faculty work is like and how institutions of higher education are similar [to] and more importantly how they are different than businesses.

Faculty members often have difficulty looking beyond their view of the institution or their department. They look at the college as an insider. Conversely, board members bring the broader perspective but often lack the knowledge of the institutional culture that must be considered and dealt with whenever change is to be implemented.

**Governance Policies and Practices**

Another important facet of understanding governance is familiarity of trustees, administrators, and faculty with the institution’s policies and practices for institutional governance. While most agreed that there was such understanding, one-quarter did not. This question received fewer favorable responses and signaled a greater concern than the quality of relationships or communication among faculty, administrators, and trustees and may indicate a need for improving the quality and accessibility of information about governance. Increasing knowledge and understanding of policies and practices for institutional governance among faculty, administrators, and trustees is an important, achievable goal.
Chief academic officers specifically mentioned the need for up-to-date faculty handbooks. Revising handbooks regularly, as problems are identified and board policies and faculty resolutions are passed, was one suggestion to avoid the nearly overwhelming task of occasional and massive updating. Those who described it as a living document seemed most satisfied. The process of making changes was considered a valuable educational experience, for trustees and faculty.

In talking about the importance of the faculty handbook, one provost commented:

*Any changes to the Faculty Handbook, which governs all aspects of the structure and conduct of the faculty (and is, in essence, the detailed contract between the institution and the faculty) must be approved by both the faculty as a whole and the board of trustees. This leads to fruitful discussions and give-and-take between these two bodies, with eventual buy-in by both on policies and practices.*

One president also cited the handbook as well as other policies as important for reminding board members when consultation with faculty was required. He found involving board members in the revision of these documents to be an important learning experience.

### Faculty Service on Board Committees and Other Interactions

Faculty service on boards is relatively rare and is not recommended by AGB or the authors, unless it is current practice. Taking away faculty representation on the governing board is not recommended, either. However, including higher education expertise on the board is highly desirable. Corporate boards are often made up of industry experts. The survey found that the average number of members with experience working in higher education was one on public boards and three on independent boards; this includes those reporting faculty representatives (but not the president). An infusion of higher education expertise can be achieved while upholding the principle that the board should represent the long-term interests of the whole institution rather than constituent interests by seeking outside experts. The addition of a former president, faculty member, or CFO from another college or university can be invaluable to the board as well as to the president and faculty, and can avoid the conflict of interest inherent in including as board members faculty from the same institution.

Faculty service on board committees where policies are developed is another matter. It is hard to imagine a well-informed academic affairs, finance, or student affairs committee without the membership of faculty. The value of faculty service on board committees was noted by many respondents, particularly chief academic officers. Roughly 40% of independent boards and two-thirds of public boards do not include faculty as committee members, and this is something they might consider. Membership with “voice but not vote” might work for public boards with restrictions.

Respondents mentioned the value of faculty-trustee interaction in social situations and as part of substantive work. Inviting faculty to make presentations at board meetings, inviting trustees to attend classes and events on campus, and creating task forces that include faculty and trustees all provide opportunities to learn about respective responsibilities and build understanding.

Presentations at board meetings were mentioned in survey responses and focus groups as particularly useful when they helped trustees understand faculty work and student learning; this was valued even more than those presentations highlighting outstanding faculty work. One focus group participant
said, “Don’t limit it to showcasing prize-winning stars, though that is valuable. Have faculty talk about every day, real work.” One president described a discussion at a board meeting led by a faculty member who used his appointment calendar to describe day-by-day, hour-by-hour a typical work week. He said that helped trustees appreciate the work faculty do beyond the hours they teach. Another president described round table discussions about service learning led by faculty as part of the social hour at a board meeting. Rather than their typical informal interaction, faculty and trustees enjoyed refreshments while they talked about substantive issues in small groups. Another president had faculty talk to the board about the ways in which email had changed their work. These and many other examples were offered as means to help trustees understand faculty work in a more complex way, build mutual respect, and enhance understanding.

The Right People in the Right Places

Another important facet of faculty participation was described as having the right people in the right places. This related to faculty governance bodies as well as faculty on the governing board, board committees, and other campus-wide committees. Faculty who were respected leading scholars and who were able to see the needs of the whole institution, broadly represent faculty views, and get beyond personal interests were especially valued. Having broader participation, not just the same few faculty, was also suggested to spread more evenly experience in governance and information throughout the institution:

*Broader participation by more members of the faculty would bring greater understanding to those who may be marginalized (often through their own choices). If more members of the faculty were directly involved in governance issues, there would be fewer occasions when confusion or anger results from misinformation.*

The collective bargaining environment appears to present many additional challenges for governance. Confusion about leadership roles in the faculty governance body and leadership roles in the bargaining unit were especially problematic when the same faculty members served as leaders in both bodies or when leaders moved back and forth between the two. Presidents and provosts emphasized the importance of attracting leading scholars to serve in the faculty governance body and the need to provide clear processes for that body to contribute to decision-making with the administration and board. These were recommended as ways to strengthen and clarify the work of the faculty governance body, which holds true for all types of institutions but especially in a collective bargaining environment.

The President as the Nexus of Communication

The president was mentioned in this research as the person most responsible for determining the quality of interaction between the board and faculty, and the main means for communicating information to the faculty, board, and campus community. In small institutions and large ones, those with a history of conflict, lethargy, or success, whether governance worked well or not was seen to rely in large measure on the president.

Asked one trustee (who was a former college president), “What role is the president willing to play?” He indicated that some presidents are eager to engage faculty and boards while others want to keep them apart. Trustees also expressed concern about undermining the president by creating avenues for
communication between faculty and board members. Presidents appeared particularly interested in clarifying the respective responsibilities of governing boards and faculty, and mentioned this whether it was to bring them together without confusion about overlapping authority, or to cleanly divide the responsibilities of faculty and trustees so they could work well separately. Faculty-board interaction makes many uncomfortable; the president will play a key role in creating agreed-upon means for engagement.

On a cautionary note, one president offered: “Our practice of leaving faculty completely alone to address curriculum and standards is salutary. Leaving the faculty and administration alone to address promotion and tenure is salutary. I am reluctant to risk those benefits in pursuit of greater engagement that trustees do not want and for which faculty are ill prepared.” And another said: “Faculty have areas in which they are very engaged and make decisions (curriculum, admissions, etc.). The board really has a separate set of responsibilities that are heavy in the area of finance—budget, endowment, etc. The governance is shared, but not necessarily integrated.”

Another concern raised was the relationship between the president and the faculty governance body, including whether the president had status as a member of the faculty. In some cases, the president was not “allowed” to address the faculty senate and had a contentious relationship; in another situation, the president was the head of the faculty senate and wanted to develop stronger leadership among the faculty and relinquish that position. In addition to having a workable formal relationship, it mattered greatly whether the president had strong ties to the faculty, included faculty effectively on key decision-making committees and task forces, communicated well, and was known to respect and value the faculty.

Suggestions for making governance work well included frequent and consistent communication by the president. In particular, participants recommended the president use the same language in describing situations to faculty and to trustees, and speak well about one to the other. One chief academic officer said that the president or faculty representatives always addressed the faculty senate after board meetings to report on the board’s activities. Said another chief academic officer, “What causes problems? Talking in two ways to faculty and trustees—blame one when talking to the other—not respectful of faculty and trustees. Common reason for breakdown.” Mutual respect was identified by many as a key factor. In addition, be candid—tell the whole truth about a situation, not selective facts. For example, one president described making a special effort to be transparent during the economic crisis in fall 2008. He included faculty members of board committees in what otherwise would have been a closed executive session of the board. He was concerned about appearances and didn’t want faculty wondering what was really being said about the budget in such difficult times.

What Matters

Higher education is increasingly important to the nation, and support for colleges and universities depends upon the confidence and trust of the public, government, philanthropists, students, and parents. Achieving and maintaining educational quality, affordability, and access will take the full cooperation of trustees, presidents, faculty and administrators. Making institutional governance work may make higher education more responsive as well as more accountable. Boards need to be able to look to faculty for expertise and advice on a wide range of issues, from assessing student learning and educational quality to long-range planning. Boards and presidents can’t govern without the
faculty. As one scholar noted in assessing the current economic crisis and the changing role of faculty, “The role of faculty in [institutional learning] is generally under-appreciated in our management-oriented culture. What needs to be more fully recognized is that faculty expertise cuts across all fields necessary to manage institutions and to meet challenges well, and that faculty cooperation and collaboration is essential for optimal organization efficiency and effectiveness.”

This research offers means by which board-faculty engagement can work well. Presidents identified many ways in which faculty participation in governance was consequential and paid important dividends—in strategic planning, academic program review, curricular changes, policy development, accreditation, budgeting, facilities planning, implementation of program or campus closures, and more. Board chairs added presidential search and assessment to the list. In several instances, dramatic claims were made for the importance of faculty involvement, including the survival of the institution:

Strategic plan discussed, drafted and implemented which resulted in “saving the school” and [accreditation] sanctions were lifted, five year accreditation realized.

The plan developed in 1999-2001 was literally a life saver for the institution, and faculty played a major role.

It is significant when faculty effectively influence board decisions, particularly when unpopular actions are taken. The decision to terminate a program or close a campus was accepted by faculty when they were consulted and able to affect implementation. For example, the date for closure was changed to accommodate currently enrolled students.

Can’t do anything strategic or transformative without the faculty. Need their positive insights and knowledge.

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Recommendations for improving board-faculty interaction were born of frustration and failure as well as a vision of a well-functioning college or university.

Barriers to Effective Governance

- Among the most commonly cited barriers is inadequate time. This is mentioned in regard to trustees, faculty, and administrators. Faculty work load, busy board meeting agendas, distance of trustees from campus, complexity of issues, and urgency of budget decisions are all factors.
- The lack of mutual understanding and respect is another obstacle. Pejorative views, role confusion, minimal interaction, and lack of information perpetuate stereotypes and make it harder to reach agreement on decisions, especially in a difficult economic environment.
- Governance policies and practices that aren’t accessible, up-to-date, or understood create confusion about process and roles and hamper governance.
- Higher education is a complex industry. Naïveté about the culture of the academy, on one hand, and the business of running a multi-million (or billion) dollar college or university, on the other, is evident. There is an enormous amount to learn in order to govern well.
- Interaction is hampered by presidents who can’t or won’t engage boards and faculty. The quality of interaction—communication, understanding, and work accomplished—is dependent upon the president. It takes the interest and support of all parties to make it work, but interaction in governance work can be thwarted by a president who doesn’t see the value or is unable to overcome existing problems.
- In addition to some uncommitted presidents, there is a lack of interest among some trustees and faculty. This means there is neither the will to commit the needed time and energy, nor the best people attracted to serve in governance positions.

Comments about Barriers:

- Faculty and trustees approach the institution with differing perspectives: the faculty tend to look at the present—the students, current programs, their effectiveness. The trustees’ responsibility is to approach the institution with a view toward the long-term—the resources, facilities, programs, personnel, students, and alumni—to ensure that the institution moving forward has the ability to deliver its education in increasingly effective ways and with the resources to ensure long-term well-being. That difference in perspective can lead to conflict. Clearly necessary to educate the faculty to take a longer view, and to educate trustees to understand the faculty lens. More engagement and education will be important. (Board chair)
- Hyper-negative attitudes of most senior faculty toward anything remotely resembling modern corporate governance. (President)
- Board members unable to avoid seeing most issues as labor/management issues; faculty unable to transcend personal or departmental focus. (President)
- Faculty confusion of “shared governance” with “independent authority.” Board impatience with slow pace of academic deliberations, lack of business pragmatism, esoteric scholarly interests. (President)
- There can be breaches between the cultures, where board members expect a sense of urgency and flexibility that may be difficult to achieve in academic channels. But the board that understands
and respects academic culture will not try to force issues that need more time. We have such a board, thank goodness. (President)

- Faculty do not have an institution-wide perspective. Nor are they accountable for the outcomes of decisions related to governance and finances. They lack the ability and experience necessary to run a multi-million dollar business. (President)

**Recommendations for Successful Engagement**

1. Enhance mutual understanding and respect through:
   - Orient new faculty and trustees regarding board, faculty, and administrative responsibilities for shared governance, and expectations about faculty involvement in governance;
   - Continuing education of trustees about faculty work, academic culture, and the academic management of the institution (commensurate with that provided trustees about financial issues);
   - Professional development for faculty regarding faculty responsibilities for governance, particularly when tenure is granted;
   - Recognition of faculty for service on governance bodies, including in promotion and tenure decisions;
   - Opportunities for faculty and trustees to interact in meaningful ways, in formal as well as informal settings;
   - Faculty membership on board committees or participation in committee meetings;
   - Joint trustee and faculty participation in strategic planning, accreditation, and other key work groups;
   - Regular reports by the president or designees about the work of the board to the faculty and the work of the faculty to the board;
   - Experienced educators as members of the board;
   - Participation of leading faculty scholars in the faculty governance body, institutional planning, presidential search, and other important committees.

2. Clarify governance policies and practices by:
   - Establishing comprehensible and accessible policies, procedures, and structures for institutional governance;
   - Reviewing and updating essential governance documents, including the faculty handbook;
   - Ensuring transparent decision-making;
   - Clarifying the decision-making process and the role of faculty, administrators, the president, and board;
   - Acknowledging in the governing board’s policies the expectation that faculty exercise expertise and responsibility in certain areas of institutional operations, such as assessing and attesting to the quality of learning;
   - Asserting the board’s responsibilities, accountability, and authority, along with the limits of faculty prerogative.

3. Enhance presidential leadership
   - Find constructive ways to highlight and explain shared governance in meetings and conversations with faculty and board members.
   - Ensure meaningful participation of faculty in important decisions regarding planning.
budgeting, personnel, and mission; structure such work to include board members, when appropriate.

- Be consistent in communicating the same message to the board and faculty.
- Build in educational opportunities for trustees and faculty as part of their work in governance.

**Questions for Future Research**

Concern was expressed about the increasing proportion of contingent faculty, their role in governance, and the critical mass of full-time tenured faculty needed to make governance work. How are contingent faculty involved in institutional governance? Is a sufficient proportion of faculty contributing to governance? What are the consequences of this continuing shift to a contingent faculty workforce? Will the concept and practice of shared governance need to change as the nature of the faculty workforce changes? These issues are worthy of further research.

Also, to better understand faculty and board engagement in governance, this research could be extended to examine the perspectives of faculty leaders. How do faculty views differ from those of chief academic officers, presidents, and board chairs? What do faculty recommend for improving governance?
The diversity of American higher education is regarded by most as one of its greatest strengths. It demands that any governance solution be nuanced and tailored to fit the culture of a particular institution. Faculty roles and responsibilities vary as do those of trustees. Small elected boards, with frequent meetings, whose trustees live nearby, and which work with a largely contingent faculty typically found in community colleges will require different approaches from those of the large boards that meet three times a year, with trustees from across the country, and a largely full-time faculty of prominent scholars typical of private research universities. Many participants reiterated that varying types of institutions will each confront uniquely different challenges in engaging faculty in institutional governance.

We hope that the solutions offered inspire attempts to engage faculty and boards in new and creative ways in governing colleges and universities. Finally, we acknowledge the often impossible position of presidents in mediating this contested turf. As the late Clark Kerr said, “presidents make a difference.”
References


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The authors wish to acknowledge the assistance provided by Kyle Long, project and research coordinator, AGB, and Emily Miller, graduate student intern, Michigan State University.