CONSEQUENTIAL BOARD GOVERNANCE in Public Higher Education Systems

Association of Governing Boards of Universities and Colleges
ABOUI AGB

Since 1921, the Association of Governing Boards of Universities and Colleges (AGB) has had one mission: to strengthen and protect this country’s unique form of institutional governance through its research, services, and advocacy. Serving more than 1,300 member boards, 1,900 institutions, and 38,000 individuals, AGB is the only national organization providing university and college presidents, board chairs, trustees, and board professionals of both public and private institutions and systems and institutionally related foundations with resources that enhance their effectiveness.
FOREWORD

In November 2014, AGB’s National Commission on College and University Board Governance issued its report, *Consequential Boards: Adding Value Where it Matters Most*. The Commission, chaired by former Tennessee Governor Philip Bredesen, noted that a majority of postsecondary students in the United States attend a college or university that is part of a public system structure. As a result, and given the complexities of a governing body that bears responsibility for a structure of multiple institutions, the Commission urged further exploration of these boards—their structure, engagement, and oversight.

In August 2015, AGB assembled a Task Force on System Board Governance to further study the question of how to ensure effective board governance across the nation’s approximately 55 public higher education systems. Kevin Reilly, president emeritus of the University of Wisconsin System, chaired the task force, which, in collaboration with the leadership and board of the National Association of System Heads (NASH) and its chair, Nancy Zimpher, chancellor of the State University of New York, produced a set of specific recommendations, included herein and geared toward system governing boards, system chief executives, and policy leaders. Each of these groups shares responsibility for ensuring that governance of public higher education systems works well.

AGB is grateful to Kevin Reilly and the members of the task force (listed in the back of this document), whose input, experience, and wisdom resulted in a clear set of important and applicable recommendations.
American higher education is under immense public pressure. As a central component of the sector, public higher education systems enroll more than half of all postsecondary students in the United States—upwards of 10 million students each year. These systems are essential drivers of state and national economies and of our democracy. The vastness of their reach also means they hold enormous responsibility. Governing boards, state officials, and system chief executives (“system heads”) are each responsible for upholding public trust and advancing the performance of the system; it is difficult to overstate the importance of that work. High-performing public systems alone will not achieve society’s hopes for American higher education, but the sector cannot make necessary strides without them. Getting governance right in these complex settings is imperative.

The majority of American public post-secondary institutions are part of public college and university systems, or as some prefer to call them, public multi-campus systems. Most of these systems were created by state governments in the 1950s, 60s, and 70s in order to achieve economies of scope and scale and to focus the strengths of distinct campuses toward a shared public agenda. Today, systems are on the front lines of efforts to raise college completion rates nationwide, especially given systems’ robust public access missions and the increased frequency with which students transfer, or “swirl,” among multiple campuses.

The differences among systems are significant, if not self-evident. Many systems are the result of mergers of pre-existing institutions or small systems that were mandated by the legislature. These systems are commonly called “consolidated” systems. “Segmental” systems govern institutions that have similar missions and purposes, most commonly regional comprehensive universities or former teacher-training institutions. Community college systems are segmental in that they oversee only traditional two-year colleges. Other systems evolved from a single institution, usually the state’s flagship university. Systems also differ in the types and number of institutions they oversee, as well as in the size of student enrollments. The Task Force on System Board Governance encouraged AGB to focus attention on the several similarities and commonalities among systems—a system being defined as multiple, separately accredited institutions overseen by a single governing board. Nevertheless, it is important to recognize that systems are by no means created equal in state laws and constitutions.

The governing boards of public college and university systems have responsibilities similar to—but also, in many ways, significantly different from—those of governing boards of single institutions. Foremost, a system board must balance the demands of several institutions’ interests while presenting a unified voice to policymakers, the media, and the public. It should also represent the collective interests of all citizens of the state or community, and the interests of all system institutions equitably. Working with and through the system head, the board must lead and monitor multiple institutions while simultaneously advancing the system as a whole with its plans and agendas for improvement or sustained excellence.¹

Public college and university system boards and their individual members are subject to some of the same barriers to effective governance that boards of single campuses encounter, such as unclear or conflicting expectations, inadequate orientation to responsibilities, and a lack of opportunities for continuing education and improvement. System boards also face impediments unique to system governance. A hurdle for systems and system governance to overcome is the fact that they are commonly misunderstood by and off the radar of the general public. Systems are not an organizational concept that resonates with average citizens, or even with most students and faculty. Systems have no campus, students, or alumni; they conduct no research and have no athletic teams.

¹ See “The Leadership Dynamic in Public College and University Systems,” (2009), a joint paper of the Association of Governing Boards of Universities and Colleges (AGB), National Association of System Heads (NASH), and American Association of State Colleges and Universities (AASCU).
GOVERNANCE FOR CHANGE

Through the impediments and misunderstandings—and despite occasionally successful political efforts to restructure or eliminate them—multi-campus systems have remained a viable and desirable means by which to oversee public higher education for generations. They now number some 55 that oversee mostly four-year public institutions, and some 30 that oversee two-year institutions. Systems exist in various forms in all but a handful of states. They enjoy support because they provide a coherent entity for public colleges and universities to efficiently address public needs while minimizing, if not eliminating, unhealthy and costly competition among member institutions. Systems can create conditions that allow institutions of different sizes and missions to thrive and succeed. They have been successful, by and large, at doing what they were created to do.

But to be more successful and viable for the foreseeable future, a growing number of scholars and practitioners, as well as the AGB Task Force, see the necessity for significant change in the focus and direction of systems—a belief that systems must evolve and adapt to new realities and new demands. A 2013 publication by the State University of New York, “Higher Education Systems 3.0: Harnessing Systemness, Delivering Performance,” explores several aspects of this change in focus and direction—primarily the promotion and coordination of more efficient and productive institutions that benefit states, communities, and the nation.

The consensus is that many public multi-campus systems must be more effective than they currently are to meet the challenges and demands of today and the future. In order to do so, multi-campus systems must be unified, cohesive, integrated, intentional, modern, and entrepreneurial. To lead necessary change, many system governing boards must exhibit new behaviors and skill sets, perform at higher levels, and be more engaged on a wide array of issues. Many system governing boards need greater authority—or to use the authority that they currently possess—to craft the necessary policies, allocate scarce resources, provide incentives, ensure accountability, and reward behaviors that are essential if colleges and universities are to better serve their states, communities, and the nation.
The greatest challenge facing multi-campus systems differs little from that facing public higher education generally: the delivery of quality education despite uncertain or declining resources and state disinvestment (a challenge that, for many, is compounded by declining enrollments). Similar to individual campuses, systems function in an environment of heightened public concern over price, debt, and employment opportunities for college graduates. In earlier decades, policymakers commonly provided sufficient resources and investments to systems as a matter of course. Today, system leaders must find ways to lead effectively in a climate of greater criticism, skepticism, and at times even hostility than ever before, but unlike their single-campus peers, they must do so on behalf of not one but multiple campuses. Regardless of the environment, it is imperative for college and university systems to realize their full potential for change and impact.

Colleges and universities are being called upon to address numerous challenges facing the nation. As identified by the National Commission on College and University Board Governance and others, they include:

- Changing demographics, large educational achievement gaps between differing economic and ethnic groups, and inefficient student transfer (“swirl”);
- Decline in certificate and degree-attainment rates among the general population compared to other developed countries; and
- Concerns among the American public about whether the nation has the ingenuity, entrepreneurship, and innovative skills necessary to drive a modern economy or address critical social and environmental problems.

Many educators and policymakers believe that systems can play a significant role in addressing these challenges because of their ability to pool capacity and leverage change across multiple institutions. Take, for example, the college participation and completion gap for low-income students, a key area in which systems must perform better. It is critically important that system leaders are successful in seeing gains in participation and in degree and certificate completion for these students; nationally, increased degree attainment creates a more educated citizenry and bolsters the economy.

AGB’s National Commission on College and University Board Governance recommended that “Boards must improve value in their institutions and lead a restoration of public trust in higher education itself.” This admonishment should resonate most especially with public college and university system governing boards because these institutions predominate in the American higher education system.

The successes or shortcomings of public college and university systems reverberate through all of higher education and society. If there is a need to improve value and restore public trust in higher education’s quality and affordability or its ability to fulfill its social and economic purposes, then public systems have a responsibility to make a significant contribution. Multi-campus systems were created for several reasons, but above all, to ensure a positive future for their respective states and to improve the quality of life for their citizens. For American higher education to thrive and for the nation to prosper, systems—and therefore system governance—must become far more effective. By their sheer size and reach, individually and collectively, systems are too big to fail.

For public college and university systems to be more unified, cohesive, intentional, modern, and entrepreneurial, they will need leadership from their governing boards.

High-performing boards are fully engaged on the issues of consequence, non-partisan, and free from ideology; act in cooperation with, yet distinct from, government and appointing authorities; and are focused on the challenges facing their states, communities, and the nation.
A WAY FORWARD

System chief executives, state elected officials, and governing boards themselves share responsibility for developing the high-performing boards that public higher education systems need. The recommendations and best practices within this document are tailored in recognition of the unique and important contributions of each group to that endeavor. Overarching aims for all parties should include improving governing board focus, capacity, and independence.

Focus. The main business of the system board is to uphold the integrity of the enterprise. That is, it must oversee strategies of scope and scale that effectively leverage the entire system to meet the needs of diverse citizens. Some of the board’s most essential work includes balancing educational quality assurance with increased degree-completion rates.

Capacity. In order to perform well, boards require highly cultivated human capital and thoughtful approaches to their work. Board-member appointing authorities must spend time learning and thinking about their boards’ needs. Officials who appoint board members often have extraordinarily large candidate pools to choose from, so there should be every opportunity to appoint the most capable, engaged, and committed members who will approach the task with the appropriate gravity and enthusiasm; there is no excuse for appointing members who are disruptive or will not take their positions seriously. Board education, meeting constructs, and the level of discussion should reflect the system’s highest aspirations. How the board is deployed outside of meetings should demonstrate the board and system head’s collective sense of the board as a highly capable asset.

Independence. In order to operate at a level of excellence, a system board must act as a single, independent body. It must listen attentively but remain free from external influences and political intrusion. It must recognize that its responsibility is to the broad public, not to any one elected official or small group of them. While the board should certainly support its system head, it should also, in private, be her or his most constructive critic, with the abiding goal of helping that person be as successful as possible in the position. Maintaining an independent stance is a continuous challenge for even the most capable and focused boards, and state leaders and system heads must do all they can to support boards’ fundamental independence. Boards must also acknowledge the reality that policymakers are often more willing to extend greater discretion to boards whose systems and institutions show progress in meeting the particular challenges of their state and region.

IN CLOSING

Public higher education systems hold immense promise as engines of state and national prosperity. As the following recommendations suggest, much can and must be done to ensure public system governing boards are prepared to lead well in the face of a skeptical and demanding public. The challenges facing higher education are matched only by the tools at our disposal to meet them.
Fiduciary responsibilities of the system

1. Ensure the system’s pursuit of a strategic or public agenda derived from the system’s essential public purpose. The agenda, whether developed by the system governing board or a properly charged state coordinating board, should include a set of specific deliverables for the social, educational, and economic future of the state and its communities. To help carry out this duty, boards should have broad knowledge about campus-level programs, research capacities, faculty strengths, and strategic issues.

2. Make it the board’s business to understand the scope and limits of the governing board’s authority and responsibilities. Boards must ask whether their bylaws and policies accurately reflect the authority that the board legally possesses, and whether they are using that authority effectively. In all but a few states, system governing boards are codified in state law as independent fiduciary bodies. Where they are not, boards should nonetheless uphold the highest fiduciary ethics of care, loyalty, and obedience on behalf of the institution and the public.

3. Demonstrate commitment to improved board performance. System governing boards should implement confidential board member and board chair assessments, which constitute fulfillment of regional accrediting standards. Additionally, board members should be asked annually to review and sign a statement of board member expectations.

Shared governance

4. Ensure that system-wide organizations of faculty, staff, and students are used effectively. These organizations may have prescribed or limited policymaking authority, but board bylaws should treat these standing advisory committees as vehicles for adequate communication channels among the system governing board, the system head, the faculty, staff, and students to help move the system in needed directions.

Leadership

5. Hire system leaders who will lead inclusively and employ tools of influence and incentive. People of many backgrounds other than higher education—for example, business, military, public office—may prove capable of effective and lasting leadership of public systems.

6. Protect the governing board’s integrity and that of the system head as nonpartisan authorities separate from the state’s political infrastructure. Boards should conduct elections, searches, and hiring processes in demonstrably nonpartisan ways, and clarify expectations for the board chair and system head to conduct their work in a nonpartisan manner. Boards should focus on the long-term success of the system, not partisan expediency.

Containing costs while adding value

7. Unless justified by documented need (for example, population growth, workforce development, success with related programs, etc.), approach changes to an institution’s academic mission with caution. Identifying problems of academic redundancy within the system and making hard decisions about the scope of each institution’s contributions to the public good require deliberative attention by the governing board.

8. Work with the system head to increase the number of credentials the system awards by a specific number, by a specific date. This goal should align with national and state needs.

Advocacy

9. When appropriate, be a willing advocate for the system, particularly for the resources necessary to achieve the system’s long-term strategic or public agenda. Many board members have useful contacts with members of the legislature, local government, and the governor’s office. These are too often underutilized. Advocacy efforts must be coordinated by the system head and board leadership on behalf of all system institutions.

10. Work with state leaders to ensure the governing board holds the authority necessary to do its job. The work of the board includes: setting tuition policy; developing, allocating, and administering annual operating budgets; carrying over surpluses into succeeding fiscal years; managing capital financing and debt; entering into public-private partnerships; approving group purchasing and services; hiring, evaluating, and terminating system and campus chief executives; and censuring or removing board members for cause. Boards without such authority face disadvantages in ensuring the fiscal stability of their systems and in raising the performance of their systems.
RECOMMENDATIONS FOR SYSTEM HEADS

Fiduciary responsibilities for the system
1. Develop a plan to get maximum value added from the system’s governing body. Begin with a meaningful orientation to board responsibilities, and continue with robust board education on topics of strategic importance to the system and its campuses. The system head should encourage the board to ask questions and debate issues to the fullest extent, respectfully challenging the system head to provide the highest level of executive leadership possible. Importantly, the system head should ensure the governing board is central to the crafting of a strategic or public agenda.

Leveraging campus heads
2. Work with the system governing board to recruit, hire, charge, and develop talented campus heads. A campus head must not only be adept at serving as chief executive of a single institution, she or he also needs to assert leadership within the system on system issues and on her or his institution’s responsibility for pursuit of the system’s strategic agenda.

3. Oversee the work of campus heads and ensure they interact with the governing board as a part of the system’s administrative team. System heads have central responsibility for developing administrative talent and ensuring the system builds leadership from within. They should also ensure this talent contributes to board effectiveness by establishing meaningful roles for campus heads and system senior staff vis-à-vis the board.

Advocacy
4. Proclaim the value of the system as an irreplaceable asset to the state, and develop and execute a sound system advocacy strategy. Be fully open with elected leaders regarding what the state should expect of the system and its institutions, and welcome elected leaders who expect more of the system. Seek alliances with them to move the system forward.

5. Be an advocate, with appointing authorities, for the governing board that is needed in order to fulfill the expectations of the state and its citizens. Make recommendations to appointing authorities that focus on board appointees with complementary skillsets, board structures (for example, board size, length of service, board meeting regulations), and board authority (for example, tuition authority, budget authority, authority to censure or remove board members for cause). Reiterate that board member expectations should be communicated to prospective board members early in the vetting process.

6. Develop system governing board members as valuable assets in the state capital and in public forums. Collaborate with the system governing board on development of a comprehensive system advocacy strategy, and direct the execution of that plan, including the coordination of board member deployment and messaging.
1. **Ensure** system governing boards hold financial control commensurate with high expectations for system leadership.

   - In many cases, greater fiscal authority and flexibility should be vested in the system governing board in areas such as: tuition-setting authority, tuition retention, group purchasing, carrying over budget surpluses, tax-exempt debt issuance, and the ability to enter into public-private partnerships. If enhanced authority and flexibility are granted to governing boards, then clear expectations for accountability in order to demonstrate and document the positive benefits to students and citizens of the state should be attached.

2. **Exercise** great care in shaping governing boards, with the primary goal of enabling effective decision making.

   - Develop a set of clearly written qualifications and criteria for system board member selection. As many states have done, consider creating a non-partisan screening committee to help determine appointments.

   - Promptly appoint and confirm people of stature who are capable of discussing difficult topics in open meetings and maintaining focus amid potential pressure from internal and external stakeholders.

   - Some system governing boards are currently too small to accomplish the necessary work and should consider increasing in size to roughly 12-20 members. A change in the number of system governing board members can only be accomplished by a change in state law. State officials should come together across party lines to ensure system governing boards have the capacity to do the job.

3. **Prepare** system governing board members to provide informed and diligent public service.

   - Appointing authorities should explicitly entrust individuals selected for system governing boards with the responsibility to make decisions that are in the best interests of the system and the citizens of the state. Prospective board members should be fully informed of expectations early in the vetting process, and appointing authorities should ensure the board retains discretion in the selection of board leadership. Elected officials and members of their staffs should not be concurrently eligible for board service.

   - All state officials should reinforce the expectation that individual system governing board members will: represent all of the system’s institutions equally, be accountable to all of the state’s citizens (and not any subset or special interest), and be held accountable by one another for performance and behavior. Legal requirements for regional representation on the board encourage provincialism and should be reconsidered.

   - In states where system governing-board member orientation and ongoing education are not currently a requirement of service, state officials should codify these best practices.
## TASK FORCE MEMBERS

**Kevin P. Reilly**  
Task Force Facilitator; President Emeritus, University of Wisconsin System; AGB Senior Fellow

**Terry Baloun**  
Secretary, South Dakota Board of Regents

**Patrick Callan**  
President, Higher Education Policy Institute; Member, AGB National Commission on College and University Board Governance

**Rufus Glasper**  
Chancellor, Maricopa Community College System

**Russell Gould**  
Chair, Committee on Governance, University of California Board of Regents

**Muriel A. Howard**  
President, American Association of State Colleges and Universities

**Margaret Anderson Kelliher**  
Vice Chair, Minnesota State Colleges and Universities Board of Trustees

**Terrence MacTaggart**  
AGB Senior Fellow; Former Chancellor, University of Maine System; Former Chancellor, Minnesota State Colleges and Universities

**Richard Novak**  
AGB Senior Fellow; Former Senior Vice President for Programs and Research, AGB

**Thomas W. Ross, Sr.**  
Former President, University of North Carolina System

**Timothy P. White**  
Chancellor, The California State University

**Sandra Woodley**  
President, University of Louisiana System

**Nancy L. Zimpher**  
Chancellor, State University of New York; Chair, NASH

## STAFF

**Cristin Toutsi Grigos**  
Director of Policy Analysis and Public Sector Programs, AGB

**Susan Whealler Johnston**  
Chief Operating Officer and Executive Vice President, AGB

**Andrew Lounder**  
Director of Special Projects, AGB

**Rebecca Martin**  
Executive Director, NASH

**Chris Rasmussen**  
Vice President for Programs and Research, AGB

**William E. “Brit” Kirwan**  
Special advisor, AGB-NASH System Board Governance Task Force; AGB Senior Fellow; Chancellor Emeritus of the University System of Maryland