

The AGB 2017 Trustee Index

Trustees and Higher Education's
Value Proposition



Acknowledgements

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Dear AGB Members and Friends,

In early 2017, the Association of Governing Boards of Universities and Colleges launched a national initiative to enlist you and your 50,000 colleagues serving on institutional boards in a campaign to restore public trust in higher education. We're calling it the Guardians Initiative.

In conceiving this effort, the AGB Board of Directors believed that the increasing public skepticism of the value of higher education and the pressing need to critically examine its business model could be addressed by rallying governing board members to greater participation in the national conversation. To be honest, yours are voices that have been mostly silent during a period of disruption in our industry.

However, we also realized that there is a lack of information about what governing board members believe about higher education, as well as their perceptions of what might need to change.

And so we created the AGB Trustee Index.

In your hands, you will find a straightforward story. The 1,401 respondents from a diverse group of private and public institutions are clearly aware of the challenges facing the sector, including the general public's declining perception. These respondents believe that higher education needs to change its business model, that institutions are willing but perhaps not able to make change and that Trustees need to lead innovation in their fiduciary roles as institutional leaders.

The report reveals a number of other interesting findings: the centrality of the liberal arts, the lack of trustee involvement in influencing public policy and more.

This Index is the first in a series of three annual surveys we will conduct to assess trustee perspectives on the state of higher education, and to see if we can be successful in moving the needle of change — in our institutions and in society at large. We believe these rich data will be an important component of our larger Guardians Initiative.

Our aspirations for the Guardians Initiative are straightforward, and they are ambitious. We aim to rally the dedicated men and women who have voluntarily chosen to lead our institutions to serve as vocal advocates for a sector that is a critical engine of economic, cultural and social advancement — not merely for their individual institutions, but on behalf of the entirety of American higher education.

The Guardians Initiative will be an important effort in moving the needle to reclaim public trust. We have launched a two-pronged campaign to educate governing board members about higher education and to provide them with practical tools to use as they assume the mantle of advocacy. I look forward to your engagement with the Guardians Initiative and your comments on the enclosed report.

Richard D. Legon

President

Association of Governing Boards of Universities and Colleges

Overview

In an effort to engage and mobilize higher education board members in the national conversation around the value and mission of higher education, AGB asked Gallup to survey board members from its member institutions. The goal was to understand their perceptions of higher education in the U.S., the future of the enterprise and their role in ensuring that the business model of the sector is sustainable.

Board members appear to be attuned to the general public's current sentiments about higher education, particularly as it pertains to the price and mission of colleges and universities, and this alignment may be a good impetus for change in the sector. Fifty-seven percent of board members agree or strongly agree that public perceptions of higher education have declined over the last 10 years. This decline in trust may be attributed to the rising costs associated with obtaining a college degree — in the past 30 years, tuition at colleges and universities has risen by 7% a year, outpacing inflation (3% per year).¹ Furthermore, board members and the public alike also recognize that not everyone needs a college degree to have a great life.

Board members also recognize the need to change the current business model of higher education institutions — everything from the price of institutions to their ability to meet their mission. Over one-third (34%) of board members say higher education institutions' business models need to change drastically, and an additional 58% of board members say these business models need to change moderately. Although they recognize the need for business models to change, board members acknowledge that institutions may not be willing or able to do so. They cite internal barriers such as a lack of support from faculty and institutional lack of willingness as the biggest barriers for change.

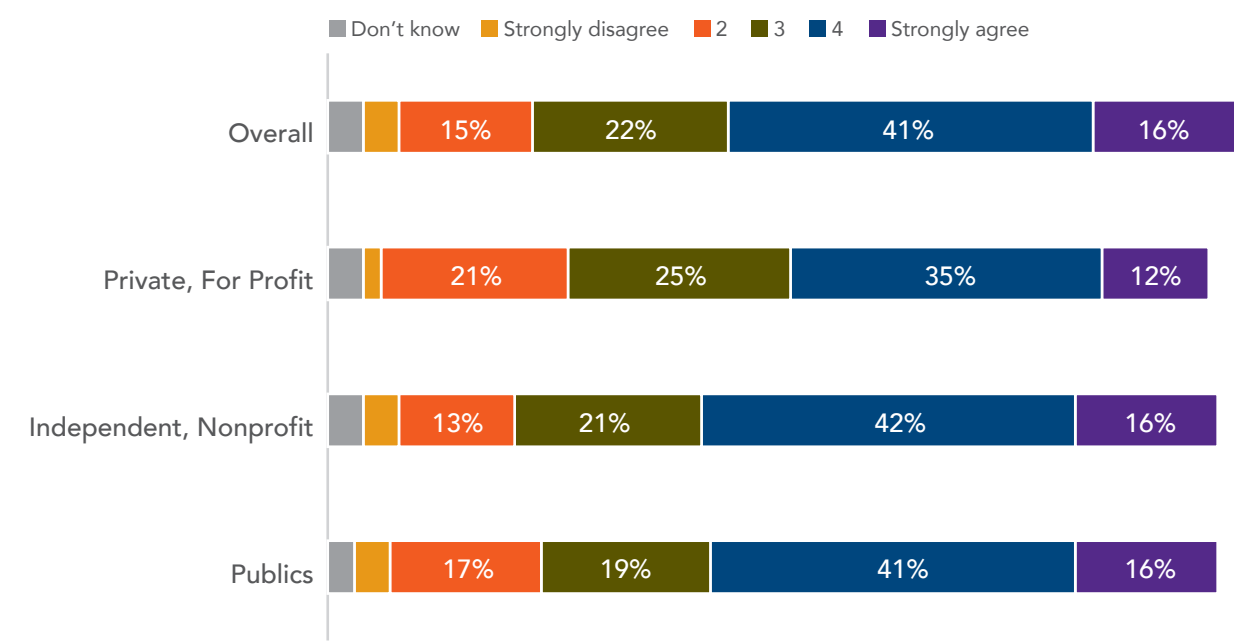
Results from this survey indicate that governing board members could be playing a bigger role in advancing higher education in the U.S. Approximately one in five board members have engaged with a member of Congress to talk about a policy issue (16% have done so in the past 12 months) or about a specific higher education policy issue (23%). About two in five board members have connected their institution with a business they work for or partner with. Board members are significant players in higher education, and while they are aware of the challenges facing the sector, they are also a prominent part of the solution needed to address higher education's needs and the public's demands.

¹ Feldman, D. (2012). NASFAA | Myths and Realities about Rising College Tuition. Retrieved from http://www.nasfaa.org/news-item/4565/Myths_and_Realities_about_Rising_College_Tuition

Examining the Perceptions and Roles of Higher Education Institutions

According to a 2017 New America study, only a quarter of Americans agree or strongly agree that the current higher education system is fine as it is — and 41% strongly disagree.² Board members are aware of these perceptions: Over half (57%) of board members agree or strongly agree that general public perception of higher education in the U.S. has declined in the last 10 years.

In the last 10 years, general public perception of higher education in the U.S. has declined.



Note: Percentages not shown when less than 5%. Due to rounding, percentages may total 100% +/- 1%.

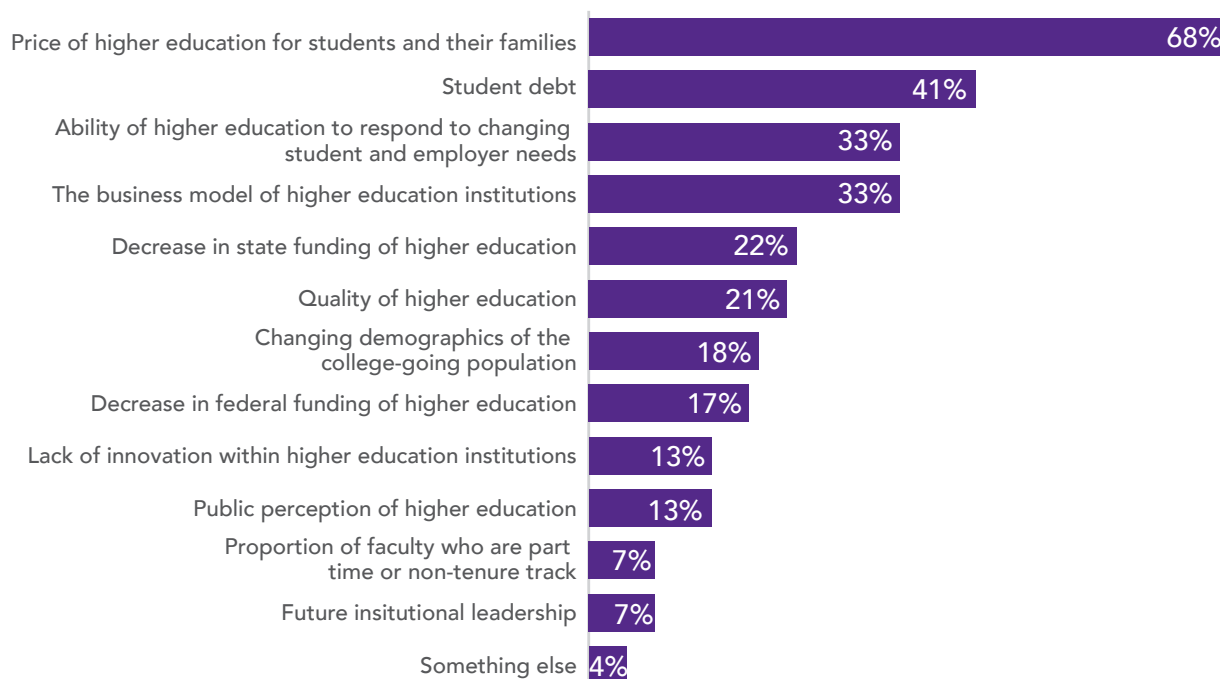
Concerns About the Future of Higher Education

The decline in perception of higher education may stem from the rising price of obtaining a college degree. College Board calculates that the average in-state tuition (not including room and board) for the 2016 to 2017 academic year is \$9,650 (2.4% higher than 2015 to 2016) at four-year public institutions and \$33,480 at private, nonprofit, four-year institutions (3.6% higher than 2015 to 2016).³ Within the last 10 years, the cost of attendance has increased 41% for public institutions and 27% for private, nonprofit institutions after adjusting for inflation.⁴

In fact, a majority of board members identify the affordability of higher education as a top concern. When asked to select their top three concerns about the future of higher education in the U.S., 68% of board members cite the price of higher education for students and their families, 41% cite student debt, 33% cite the ability of higher education to respond to changing student and employer needs, and 33% cite the business models of higher education institutions.

2 New America. (2017). Varying Degrees: New America’s Annual Survey on Higher Education. Retrieved from <https://www.newamerica.org/in-depth/varying-degrees/>
3 https://trends.collegeboard.org/sites/default/files/2016-trends-college-pricing-web_0.pdf
4 <https://trends.collegeboard.org/college-pricing/figures-tables/tuition-fees-room-and-board-over-time>

What are your top three concerns about the future of higher education in the U.S.?



Note: Respondents could choose up to three choices.
Percentages are calculated based on the number of respondents.

Regardless of institution type, the price of higher education for students and their families remains as the top concern for board members — private, for-profit institutions (74%), independent, nonprofit institutions (69%) and public institutions (56%).

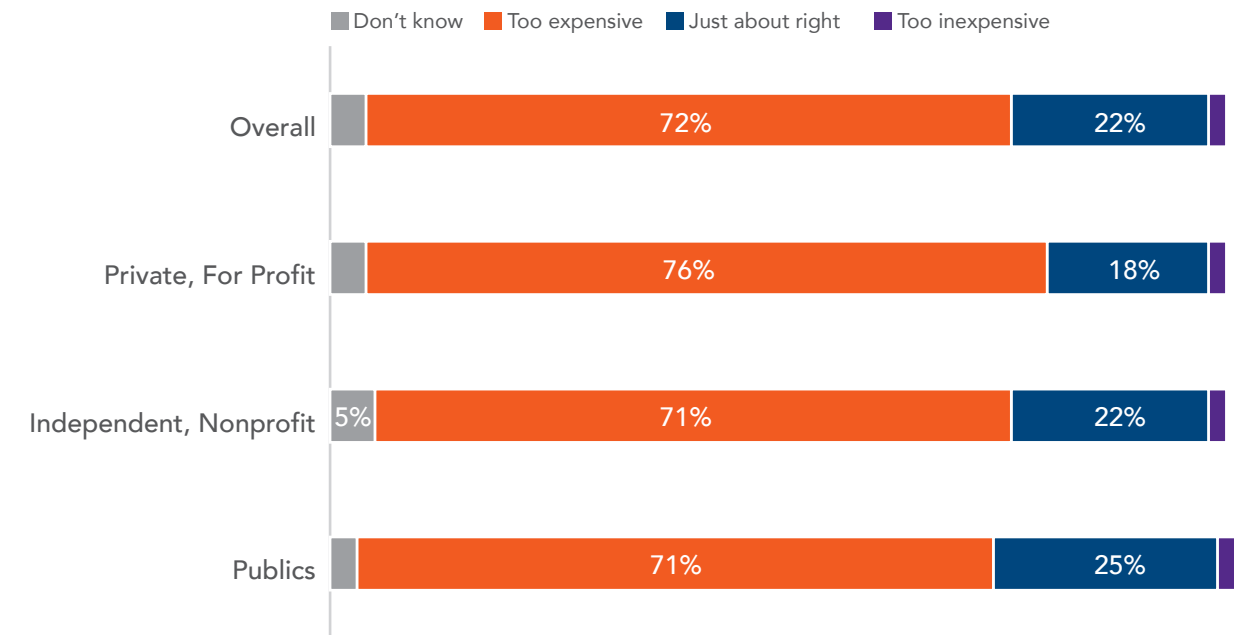
Student debt ranks second among board members from private, for-profit institutions (50%) and independent, nonprofit institutions (39%). At the same time, the secondary concern for board members from public institutions is a decrease in state funding of higher education (52%). Historically, states have been a significant funding source for public universities. However, since the 2008 recession, many states have made substantial cuts to higher education that have impacted public colleges and universities. Recovery is slow as state spending on higher education remains below pre-recession levels in 46 states.⁵

Furthermore, a 2014 Gallup-Lumina Foundation Poll revealed only 21% of U.S. adults believe postsecondary education is affordable for anyone in the U.S. who needs it.⁶ Consistent with U.S. adults' perceptions of affordability, nearly three in four (72%) board members believe the price of obtaining a college degree is too expensive compared with the value of having a college degree.

⁵ Mitchell, M., Leachman, M., & Masterson, K. (2016). Funding Down, Tuition Up. Retrieved from <http://www.cbpp.org/research/state-budget-and-tax/funding-down-tuition-up>

⁶ Busted, B., & Kafka, S. (2015). Most Americans Say Higher Education Not Affordable. Retrieved from <http://www.gallup.com/poll/182441/americans-say-higher-education-not-affordable.aspx>

Compared to the relative value of having a college degree, is the price of obtaining a college degree too expensive, too inexpensive or just about right?



Note: Percentages not shown when less than 5%.

One possible way to mitigate the declining perceptions of higher education is to educate the general public about how institutions are contributing to their local communities in various ways.

For example, many colleges and universities have directly influenced the economic well-being of their local communities through a variety of targeted initiatives, ranging from “providing jobs and developing real estate to conducting the basic research that catalyzes and supports local industries.”⁷ Others have contributed to their surrounding communities by creating civic partnerships and helping to revitalize local neighborhoods.⁸ Many institutions also produce graduates who go on to enrich the civic and economic lives of their communities through volunteer work, leadership and philanthropic contributions.⁹

7 Porter, M. (2007). Colleges and universities and economic development: A strategic perspective. Forum for the Future of Higher Education. Retrieved from <https://net.educause.edu/ir/library/pdf/ff0710s.pdf>

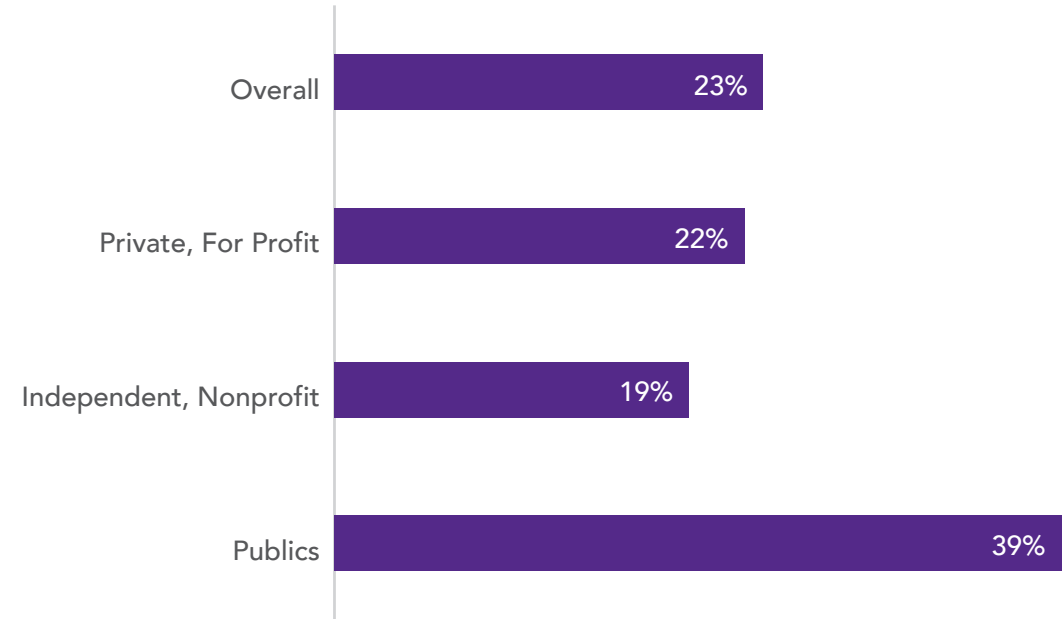
8 Bourbon, J. (2015). Partners in progress: college, community, and the board’s contribution. Retrieved from <https://www.agb.org/trusteeship/2015/januaryfebruary/partners-in-progress-college-community-and-the-boards-contribution>

9 Association of Public and Land-Grant Universities (n.d.). How do college graduates benefit society at large? Retrieved from <http://www.aplu.org/projects-and-initiatives/college-costs-tuition-and-financial-aid/publicvalues/societal-benefits.html>

Another influential factor in changing public perceptions might involve greater federal and state advocacy by institutional leaders.

Overall, only 23% of board members have personally contacted a member of Congress about a policy issue concerning higher education. Board members from public institutions (39%) are much more likely than those from private or independent institutions to say they have personally contacted a member of Congress about a policy issue concerning higher education.

In the last 12 months, have you personally contacted a member of Congress about a policy issue concerning higher education? (% Yes)



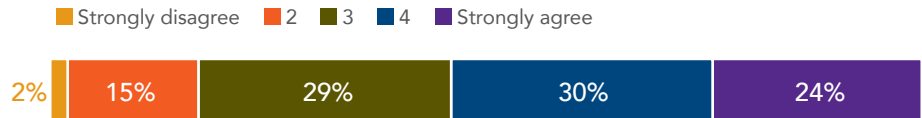
Role of Higher Education Institutions in the 21st Century

There are mixed opinions among board members about whether a college degree is essential to having a great life or succeeding in today's world. One in five board members (20%) agree or strongly agree that a college degree is needed to have a great life, another 27% appear to be neutral on the topic, and 53% disagree or strongly disagree. Like the majority who disagree that a college degree is needed for a great life, an almost equal percentage (54%) agree or strongly agree there are many ways to succeed in today's world without a college degree, while 16% disagree or strongly disagree and 29% are neutral.

Everyone needs a college degree in order to have a great life.

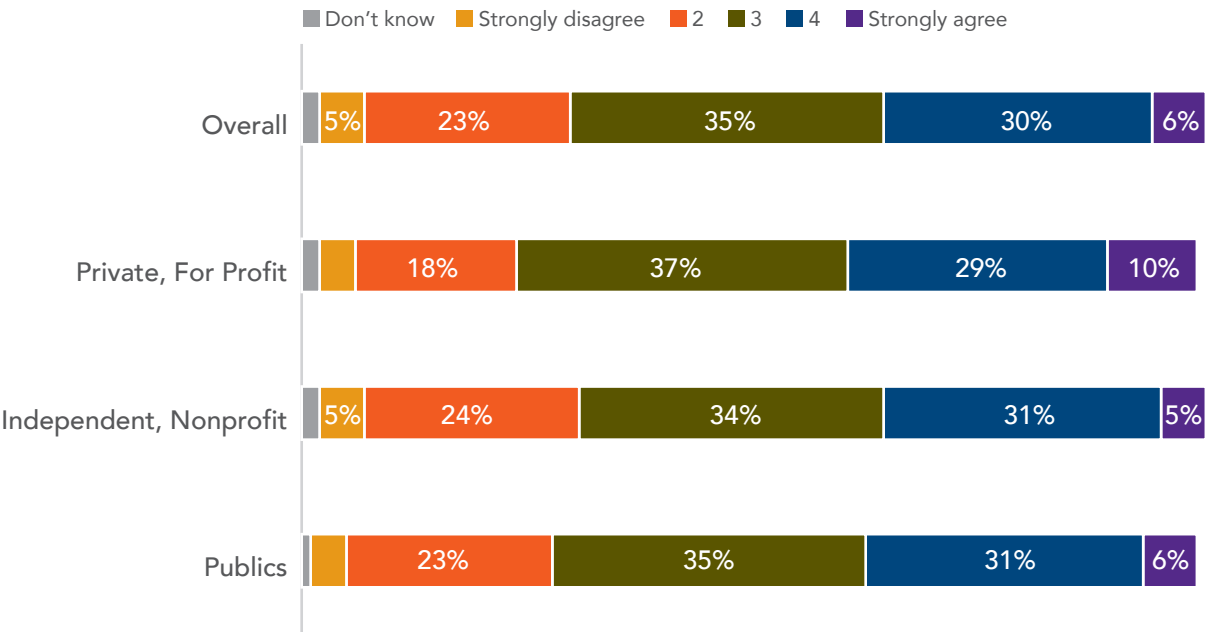


There are many ways to succeed in today’s world without a college degree.



Though a college degree may not be necessary to have a great life, students who do decide to attend college express numerous motivations that reflect the importance of higher education in achieving one’s life goals and competing in a global economy. In particular, 85% of students say that getting a better job is a very important reason for them to go to college.¹⁰ However, there seems to be a disconnect between what business leaders need and what higher education institutions think they are producing. Results from the 2014 Gallup-Lumina Foundation Poll showed that only a third of business leaders (33%) agree or strongly agree that higher education institutions in this country are graduating students with the skills and competencies that their business needs.¹¹ Perceptions of board members align fairly well with those of business leaders in this regard — only 36% of board members agree or strongly agree that colleges and universities in the U.S. have a strong understanding of what employers look for in job candidates.

Colleges and universities in the U.S. have a strong understanding of what employers look for in job candidates.



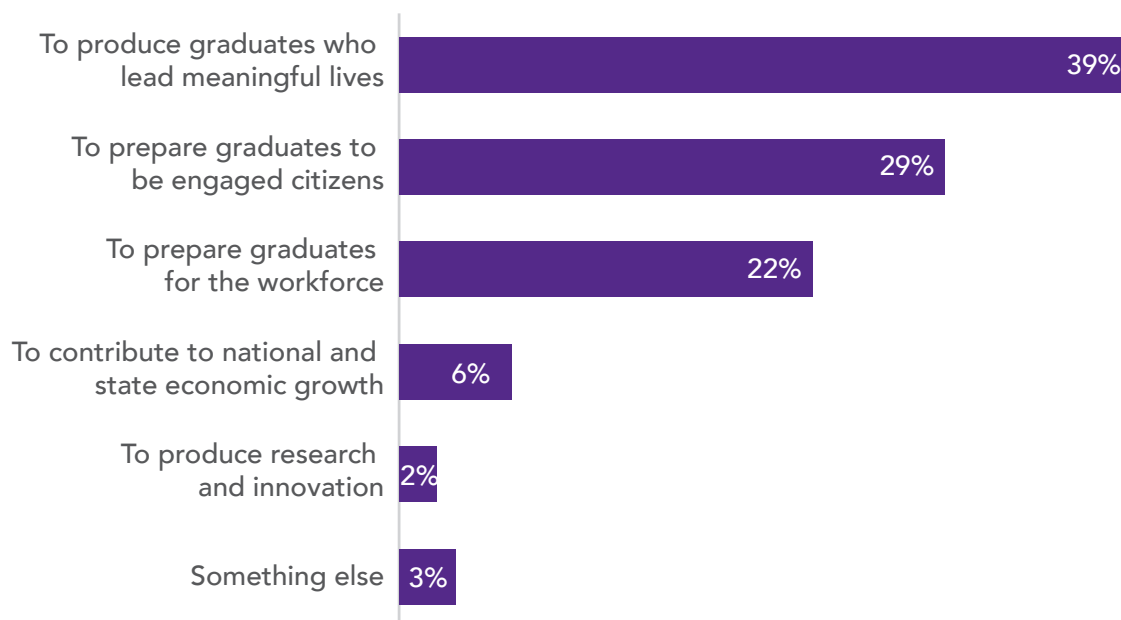
Note: Percentages not shown when less than 5%.

When Gallup asked board members about the most important role of higher education institutions in the 21st century, preparing graduates for the workforce was the third most frequently cited role (22%) behind preparing graduates to be engaged citizens (29%) and producing graduates who lead meaningful lives (39%).

10 Eagan, K. et al. (2017). The American Freshman: National Norms Fall 2016. Los Angeles: Cooperative Institutional Research Program, Higher Education Research Institute. Retrieved from <https://www.heri.ucla.edu/monographs/TheAmericanFreshman2016.pdf>

11 Lumina. (2013). What America Needs to Know About Higher Education Redesign. Retrieved from <https://www.luminafoundation.org/files/resources/2013-gallup-lumina-foundation-report.pdf>

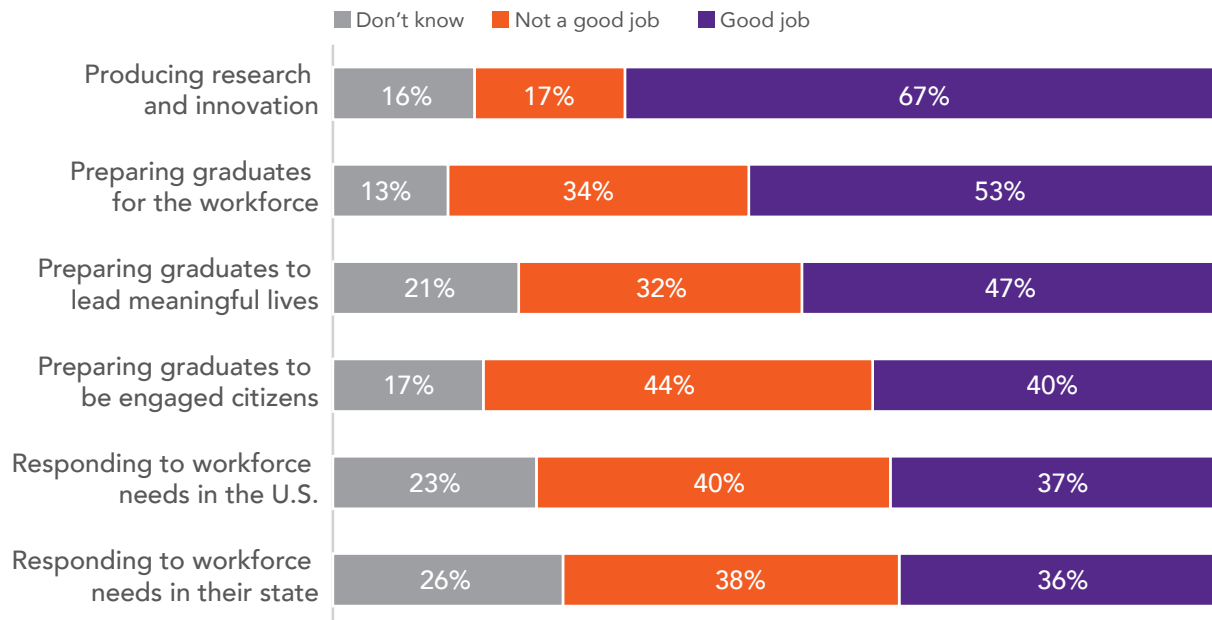
What do you think is the most important role for higher education institutions in the 21st century?



Even though preparing graduates for the workforce was lower on the list of important roles for higher education, 53% of board members do believe that colleges and universities are doing a good job in that area. Far fewer board members credit colleges and universities with responding to workforce needs in the U.S. and in their states — only 37% and 36% of board members, respectively, say they are doing a good job in those areas.

Over two-thirds of board members (67%) say that colleges and universities are doing a good job of producing research and innovation, although only 2% cite this as being higher education's most important role. Board members from doctoral or research institutions (5%) are more likely than board members from master's institutions (1%) and on par with board members from bachelor's institutions (2%) to say producing research and innovation is the most important role.

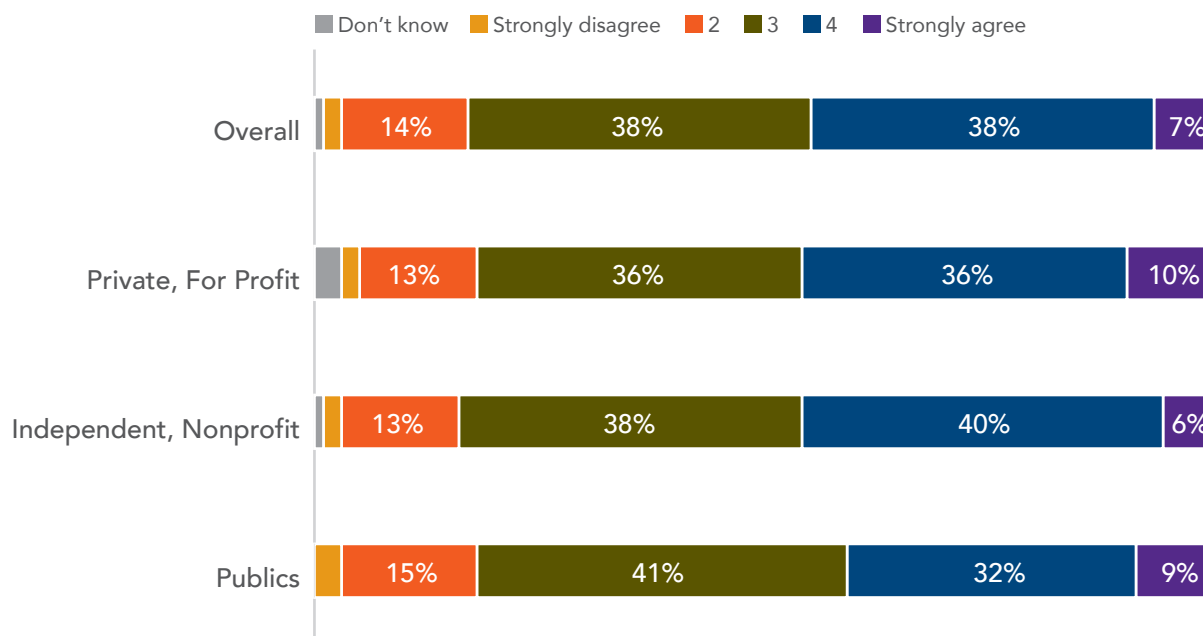
Are colleges and universities in the U.S. doing a good job in the following areas, or not?



Note: Due to rounding, percentages may total 100% +/- 1%.

Less than half of board members are also confident that U.S. graduates have the proper skills needed to be globally competitive. Forty-five percent of board members agree or strongly agree that U.S. college graduates have the skills they need to be competitive in the global economy — with 7% strongly agreeing. Similar percentages of board members from private, for-profit institutions (46%) and independent, nonprofit institutions (46%) agree or strongly agree with that statement, whereas board members from public institutions (41%) are less likely to have moderate or strong agreement.

U.S. college graduates have the skills they need to be competitive in the global economy.

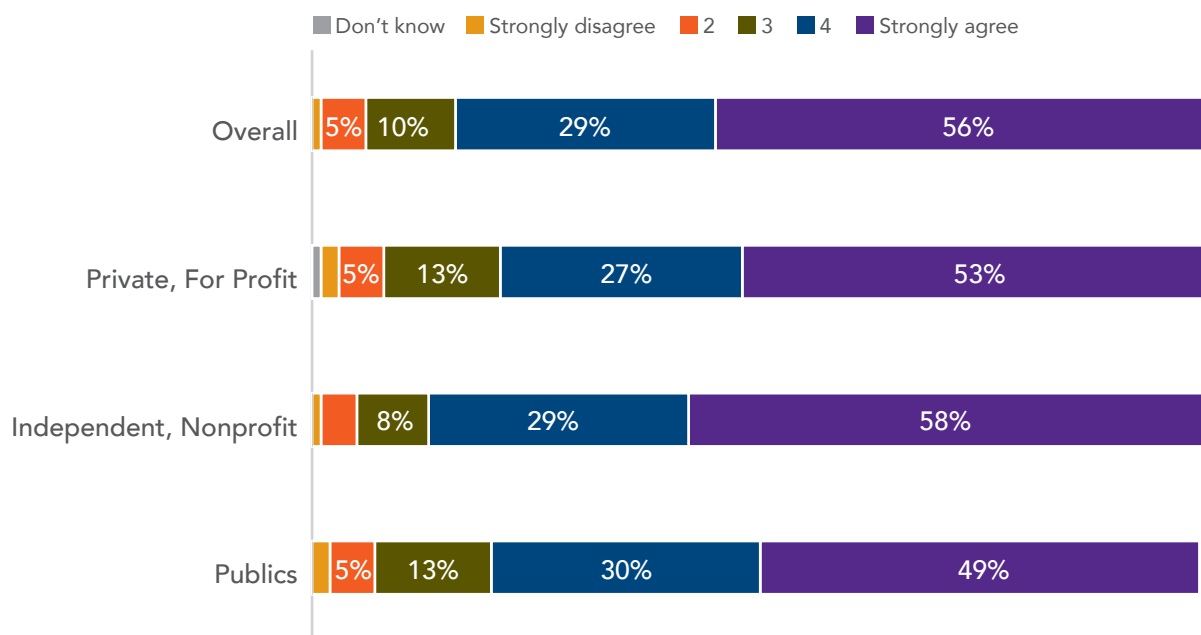


Note: Percentages not shown when less than 5%.

Liberal Arts Education

The vast majority of board members agree that liberal arts education should be included in all undergraduate programs, with over half (56%) strongly agreeing. For the purposes of this study, a “liberal arts education” refers to the approach to learning that emphasizes intellectual and practical skills such as communication, critical thinking, analytical and problem-solving skills, and the ability to work with people from different backgrounds. Regardless of the type of institution a board member serves, there is consensus that a liberal arts education should be included in all undergraduate programs — over half of members from private, for-profit institutions (53%) and independent, nonprofit institutions (58%) strongly agree. Board members from public institutions are the least likely to have strong agreement with this statement (49%).

Liberal arts education should be included in all undergraduate degree programs.



Note: Percentages not shown when less than 5%.

Although board members see the value in a liberal arts education, nearly nine in 10 board members (92%) do not believe that the notion of a liberal arts education is well understood by the general public in the U.S. Agreement is similar among board members of liberal arts institutions (92%) as well as of non-liberal arts institutions (91%).

Furthermore, the majority of board members agree (46%) or strongly agree (21%) that the public's appreciation for liberal arts education is in decline. The decline may be linked to the misconception that a liberal arts education and professional training are tradeoffs.¹² But results from a 2015 AAC&U study report that 91% of employers agree that a “demonstrated capacity to think critically, communicate clearly and solve complex problems is more important than [a student's] undergraduate major.”^{13,14} These skills cut across majors, are applicable for virtually all professions and are highly valued by employers.¹⁵

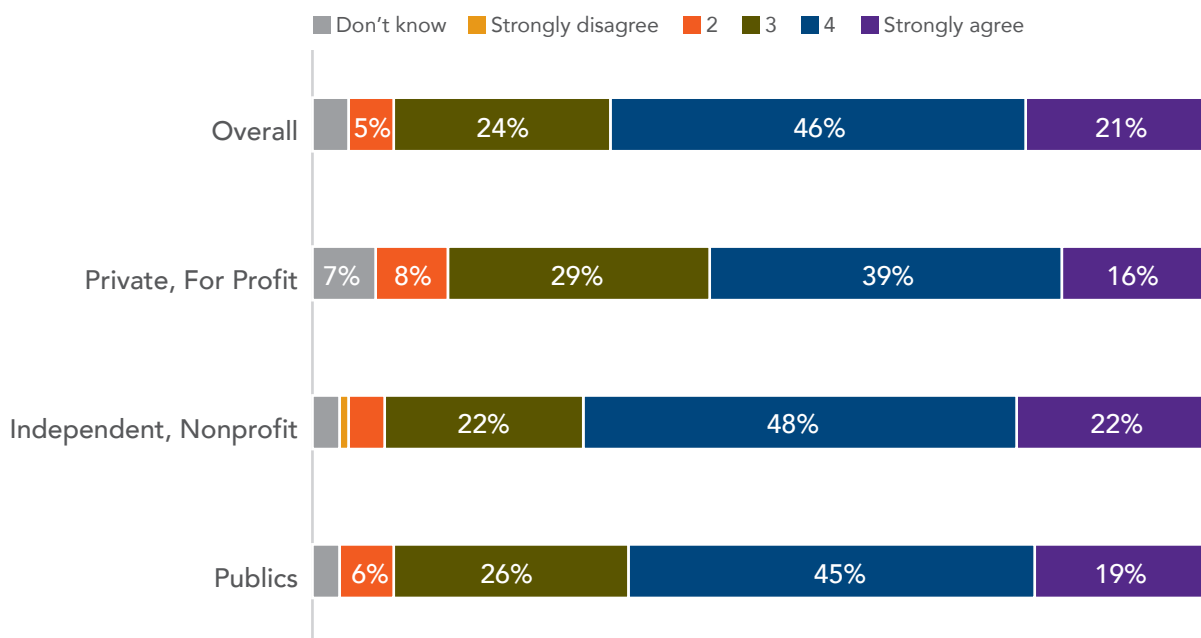
12 Shinn, L. (2014). Liberal Education vs. Professional Education: The False Choice. Retrieved from <https://www.agb.org/trusteeship/2014/1/liberal-education-vs-professional-education-false-choice>

13 Mehrens, P. (2016). Liberal Arts Education. In M. A. Peters (Ed.), *Encyclopedia of Educational Philosophy and Theory* (pp. 1–5). Springer Singapore,

14 Association of American Colleges & Universities. (2015). *Falling Short? College Learning and Career Success*. Retrieved from <http://www.aacu.org/leap/public-opinion-research/2015-survey-falling-short>

15 Ibid.

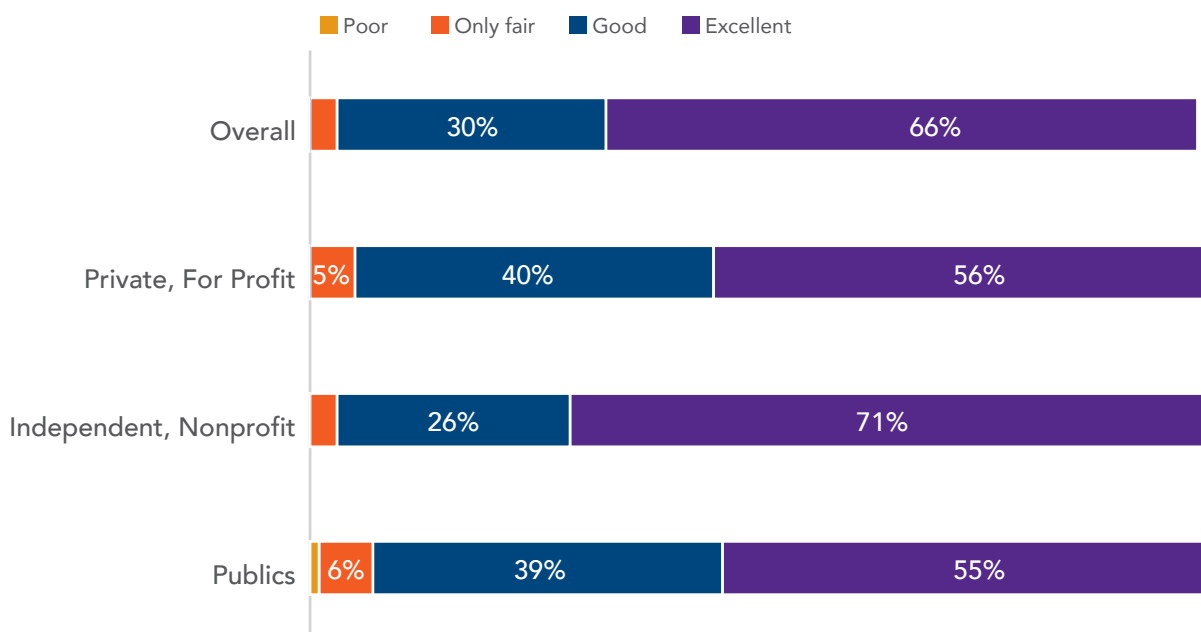
Public perception of a liberal arts education in the U.S. is in decline.



Note: Percentages not shown when less than 5%. Due to rounding, percentages may total 100% +/- 1%.

Although they perceive that the general public lacks an understanding of a liberal arts education, board members are confident in their own understanding of what a liberal arts education means — 30% of members say they have a good understanding, and 66% of members say they personally have an excellent understanding.

Would you say you personally have an excellent, good, only fair or poor understanding of what a liberal arts education means?



Note: Percentages not shown when less than 5%. Due to rounding, percentages may total 100% +/- 1%.

A Drive for Change

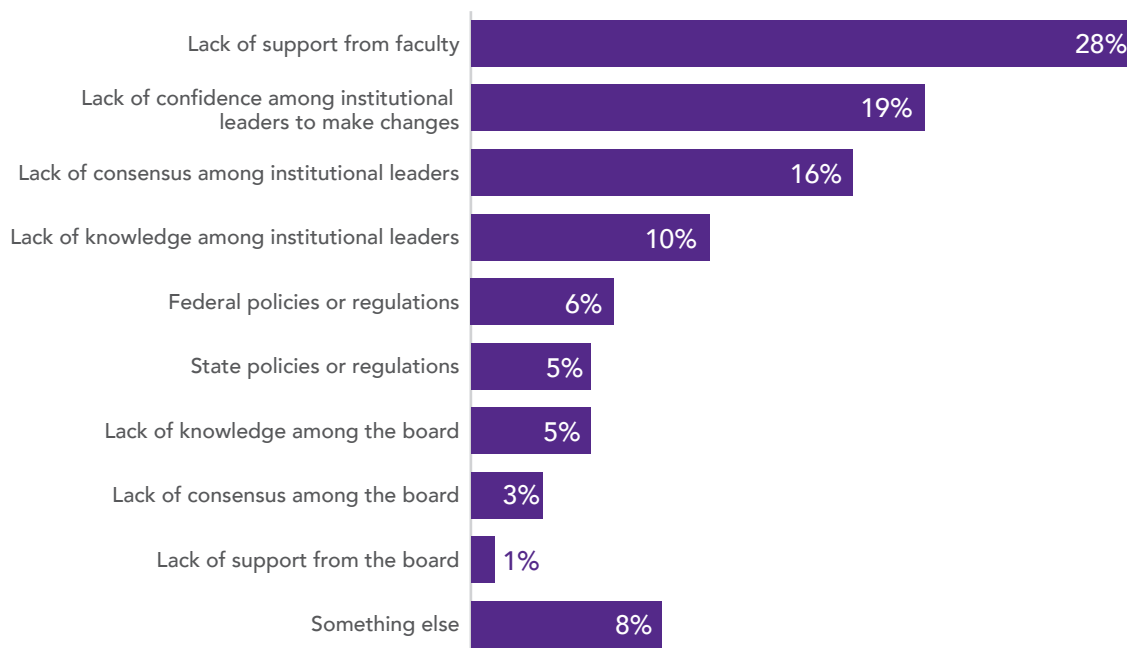
An overwhelming majority of board members (92%) believe that the business models of higher education institutions need some change — 58% say business models need to change moderately, and 34% say they need to change drastically. For the purposes of this study, “business model” refers to the mission, market and revenue structure of colleges and universities. This includes considerations about who their students are, how they provide educational services to these students and how their institutions and programs are funded.

Though board members recognize that higher education’s business model needs to change, there is some skepticism about whether institutions are willing and able to change. Over half of board members (57%) believe colleges and universities are able to change their business model. Yet, only four in 10 board members (38%) believe that colleges and universities are willing to make this change. This gap exists regardless of a board member’s institution type.

Do you believe most colleges are ...		
	Able to change their business model? (% Yes)	Willing to change their business model? (% Yes)
Overall	57%	38%
Private, For Profit	64%	40%
Independent, Nonprofit	55%	39%
Publics	64%	34%

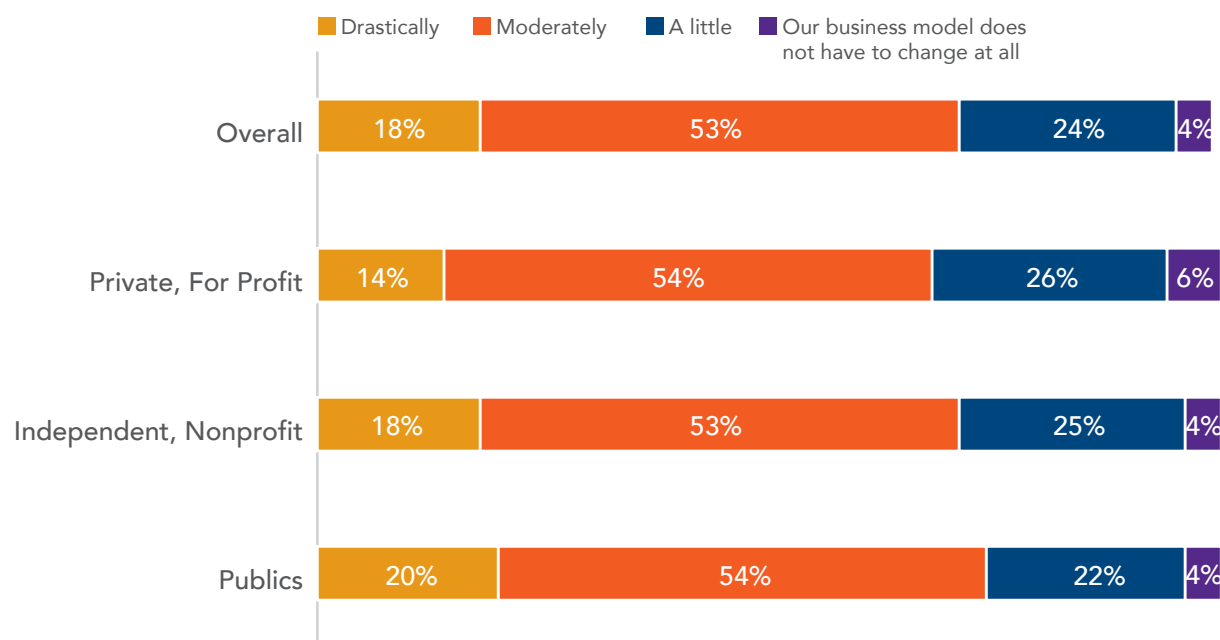
When asked to identify the biggest barrier to changing a higher education institution’s business model, board members are most likely to cite lack of support from faculty (28%), followed by a lack of confidence among institutional leaders to make changes (19%) and a lack of consensus among institutional leaders (16%). Relatively few board members believe the biggest barriers stem from within governing boards. Board members were the least likely to say the biggest barriers are from a lack of support from the board (1%) or a lack of consensus among the board (3%). These results are consistent across institution types.

What is the biggest barrier to changing a higher education institution's business model?



Even though 92% of board members say that the business model of higher education institutions needs moderate or drastic change, they are less inclined to believe there is a need for change for their own institutions. Seventy-one percent of board members think their institution's model needs to change — including 53% who say their model needs to change moderately and 18% who say their business model needs to change drastically.

To what extent do you think your institution needs to change its business model?



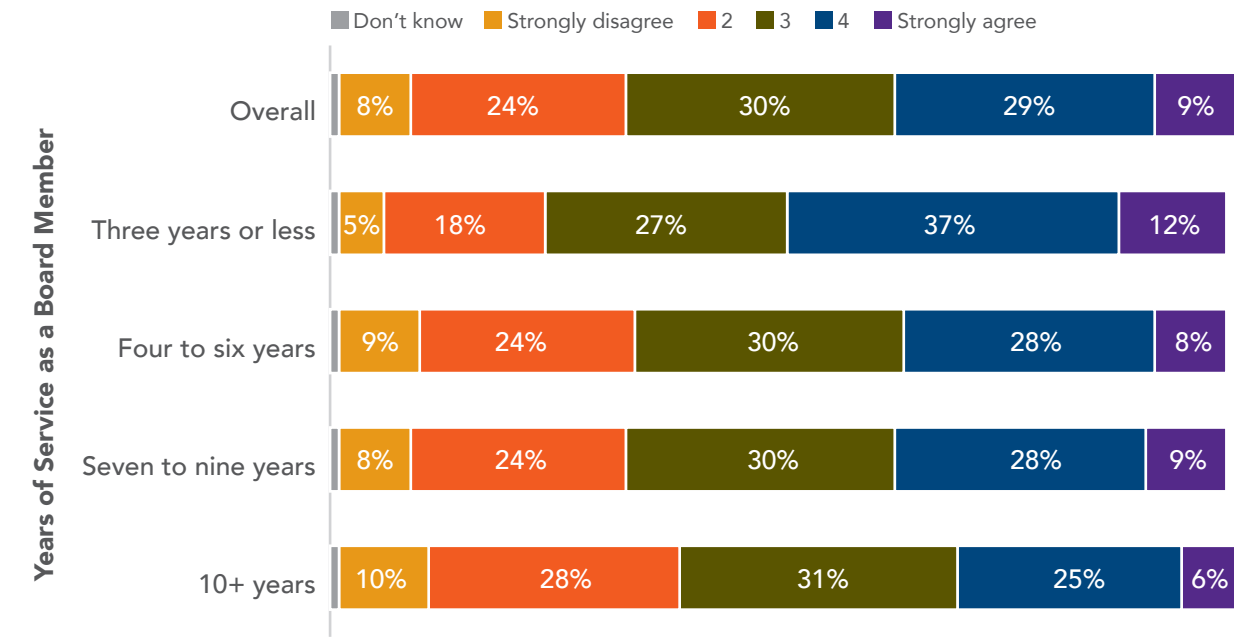
Note: Due to rounding, percentages may total 100% +/- 1%.

Trustee Knowledge and Advocacy

As advocates for change, board members see themselves as knowledgeable about issues facing higher education. Only 8% of board members overall strongly disagree while another 24% disagree that they need more information or resources for understanding key issues in higher education.

Not surprisingly, length of board service affects the need for more information. Almost half (49%) of board members who have served for up to three years agree or strongly agree they need more information or resources for understanding key issues, whereas only 31% of members who have served for over 10 years agree or strongly agree.

I need more information or resources for understanding key issues in higher education.



Note: Percentages not shown when less than 5%.

Conclusion

Board members seem to be well aware of the challenges facing the sector, including the declining public perception of higher education and college costs. They also see the need to make important changes to various aspects of the sector, such as the business model, that might improve the state of higher education. Now is an opportune time for board members to become part of the solution, ensuring that higher education’s concerns are addressed and helping institutions meet the demands of students in the 21st century.

Methodology

Results for the Association of Governing Boards (AGB) Trustee study are based on 10-minute web surveys conducted in English only between March 20-April 18, 2017. AGB provided a stratified random sample of 10,000 trustees and board members who are AGB members to be included in the study. The sample was stratified by institutional sector. In total, 1,401 AGB members completed the survey.

Sector of Institution	Number of Respondents	Percentage of Total
Private, For Profit	168	12%
Independent, Nonprofit	990	71%
Publics	232	17%
Total	1,390	100%

Type of Institution (Carnegie Classification)	Number of Respondents	Percentage of Total
Associate's Institutions	21	2%
Bachelor's Institutions	567	42%
Master's Institutions	461	34%
Doctoral/Research Institutions	191	14%
Special Focus Institutions	107	8%
Tribal	1	0%
Not Classified	11	1%
Total	1,359	100%

About the 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 40,000 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 institutionally related foundations with resources that enhance their effectiveness.

About Gallup

Gallup delivers forward-thinking research, analytics and advice to help leaders solve their most pressing problems. Combining more than 75 years of experience with its global reach, Gallup knows more about the attitudes and behaviors of the world's constituents, employees and customers than any other organization. Gallup consultants help private and public sector organizations boost organic growth through measurement tools, strategic advice and education. Gallup's 2,000 professionals deliver services at client organizations, through the web and in nearly 40 offices around the world.

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