

AN ANATOMY OF
GOOD BOARD GOVERNANCE
IN HIGHER EDUCATION



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FOREWORD

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OVER THE YEARS, many have advocated on behalf of essential attributes of board governance in higher education. As a leading proponent of appropriate board engagement in the challenges confronting the academy, the Association of Governing Boards of Universities and Colleges (AGB) has always emphasized the responsibilities that pertain to governing boards as fiduciary bodies. Today, as public skepticism about the value of higher education is growing and the internal stresses facing our colleges and universities are becoming more complex—and when both developments are often the subject of high-profile media coverage—boards need clear guidance on the expectations of board governance. This new AGB publication provides just such clarity.

An Anatomy of Good Board Governance in Higher Education focuses on three key essentials for all governing board structures: ensuring that boards have the best people serving on them, that boards address the right issues, and that board members engage in the right manner to add value.

The implicit message of this short volume is that to neglect these essentials is to run the risk of a governance failure that can have serious implications for institutional priorities, success, and, perhaps most importantly, reputation. In today's higher education environment, governance failure is not an option.

Despite differences in the appointment processes of public governing and system boards and those of their private counterparts, the same high expectations should apply to all boards. Just as private institutions must recruit individuals of exceptional merit and commitment, state leaders who hold the authority to appoint members to the governing bodies of their state's public institutions must identify outstanding men and women to serve on public governing boards. AGB calls upon state governors and legislators to focus on merit over political credentials in making these critical appointments. Our nation's public colleges and universities educate nearly 80 percent of today's students, and politics must not be allowed to interfere with the fiduciary responsibilities of their governing boards.

Moreover, AGB urges institutional chief executives to examine their own expectations of the governing boards with which they work and to ensure that they are aligned with the expectations of good board governance described in this

publication. Collaboration, trust, and transparency must define the relationship between a governing board and institutional leadership, especially when it comes to difficult issues. A breakdown in any of these areas creates uncertainty and heightens the risk that opportunities to address critical issues with clarity and effectiveness will be missed.

It is time to raise expectations for all higher education fiduciary bodies. To that end, I hope the counsel provided in *An Anatomy of Good Board Governance in Higher Education* will help the governing boards of colleges, universities, and systems raise the bar for their own performance.

—RICHARD D. LEGON

President, Association of Governing Boards of Universities and Colleges

PREFACE

THE AMERICAN SYSTEM OF HIGHER EDUCATION is made up of a remarkable variety of institutions—public and independent; large and small; two-year and four-year; residential and online; research universities, comprehensive universities, liberal arts colleges, and community colleges; religiously affiliated institutions, women’s colleges, tribal colleges, and historically black colleges and universities; graduate and specialized colleges; freestanding institutions and multicampus systems. It is, therefore, unsurprising that higher education governance is also varied. The structure of governance differs between independent institutions and public institutions, for example, and there are also differences among institutional types and even from state to state.

Notwithstanding this variety, the members of all institutional governing boards are fiduciaries. As such, they are duty-bound to make careful, good-faith decisions in the best interest of the

institution,* consistent with its public or charitable mission, and independent of undue influence from any party or from financial interests. Good governance flows from the collective action of a board whose individual members act in fidelity to these fiduciary duties. Good governance does not just happen, however. It is an achievement that must be nurtured and sustained.

A board that provides good governance in a given moment may then be at risk of equating good governance with the preservation of the status quo—a potentially consequential mistake.

Whether or not it leads to a headline-grabbing crisis or scandal, poor board governance in higher education typically results from the unchecked development of subtle dysfunction. For example, a tendency toward social conformity may take root among the members of a governing board, promoting self-censorship and suppressing debate. A pervading hubris may lead to closed-mindedness or overconfidence. The board may be in the grips of cognitive bias, fostering groupthink or false consensus. Or the board may suffer from negative group dynamics, resulting in distrust among members or a noxious board culture. Along with being potentially disastrous for the individual institutions where they play out, the worst-case scenarios that do garner headlines can serve unhelpfully to relativize board

**As it is used throughout this publication, the term “institution” refers to the college, university, or system the board governs.*