

The Urgency of Now
HBCUs at a Crossroads





About 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, nearly 2,000 institutions, and over 35,000 board members, 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.

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Introduction

Historically black colleges and universities (HBCUs) hold an iconic position within American higher education. Established well before the passage of the Civil Rights Act of 1964—the majority in the post-Civil War South—HBCUs emerged during the period in American history when segregation was legally sanctioned, discrimination was pervasive, and the admission of blacks to white higher education institutions was uncommon. HBCUs can be credited with enabling African Americans to achieve the upward mobility that had long been denied them, engendering the black American middle class—the physicians, lawyers, scientists, engineers, educators, business leaders, and others who achieved success within and alongside predominantly white professions. HBCUs can also be credited with producing many of the leaders of the American civil rights movement, which sought to end the economic, political, and cultural oppression of African Americans.

But HBCUs are at an inflection point. Many now struggle financially and are finding it difficult to perform well in terms of student enrollment, retention, and completion. Although they remain bastions of opportunity for many low-income, first-generation, black college students, their futures are unsettled. As they grapple not only with the same challenges that all higher education institutions are confronting today—declining enrollments, rising tuition, student loan debt, and public skepticism about the value proposition of higher education, among others—they are also struggling against long-standing patterns of underfunding

and small endowments and new competition from other sectors of higher education that are seeking to diversify their student bodies. While many selective, prominent, and well-endowed HBCUs remain strong, others are more vulnerable and those with limited reserves face an uncertain future. This is not to suggest that only HBCUs are facing uncertain times. Higher education institutions of all types are confronting sustainability issues from liberal arts colleges to research universities.

But given the pressures that HBCUs are encountering, their future will depend on strong governance, strategic leadership, and robust financial health. The Association of Governing Boards of Universities and Colleges (AGB) remains committed to strengthening HBCUs. To this end, and with generous support from the Kresge Foundation, AGB launched its Initiative for Strengthening HBCU Governance and Leadership in 2015 to assist HBCUs in addressing myriad challenges and creating positive, intentional change in their leadership and governance.

The essence of the project was to strengthen the sustainability of HBCUs by:

- Enhancing governance practices, capacity, and structures;
- Advancing effective working relationships between presidents and boards;
- Developing the capacity of presidents' cabinets to support the work of the board and president more effectively;

- Facilitating engagement among HBCU leaders on governance and other issues; and
- Rethinking the business model for long-term sustainability and success.

The project unfolded in three phases. In the first two phases AGB invited all HBCUs to apply for selected consulting services and leadership institutes, including diagnostic financial or governance reviews, board assessment and board development services, and leadership development programs for board chairs and presidents. In the third phase, which is the focus of this report, AGB invited 15 institutions to submit letters of interest for in-depth governance or financial model consultation services and three were ultimately chosen. The institutions selected expressed a strong commitment and leadership support for engaging in this work, had stable leadership and finances, and were considered by AGB to be more able to commit the time and effort required to collaborate with the consulting team in order to benefit from in-depth reviews.

The overall initiative offered a series of institutes and consulting services, which included diagnostic reviews that examined institutional governance, leadership, and business models and made recommendations for strengthening them. Additional components of this work were gatherings of HBCU leaders held in conjunction with AGB's 2018 and 2019 National Conference on Trusteeship. The underlying theme of these sessions was "the urgency of now," and particular attention was focused on the need for a new business model, encouraging innovation, embracing fiduciary duties, fostering shared governance, and establishing a commitment to building a board with the skill sets essential to accomplishing institutional goals. They also identified top strategic issues, which include educational quality, financial stability, freedom of speech, innovation, presidential leadership, and relevance. As a final component of phase three a meeting of the project consultants and AGB staff was convened at AGB's office in September 2019 during which the project work was discussed as were issues of concern to HBCUs. Following this initiative, a session for HBCUs at the 2020 National Conference on Trusteeship will focus on why the governing board should be an indispensable partner for campus leadership, demanding and demonstrating elevated competency, judgment, and care for the institution and those that it serves.

Of course, not all HBCUs are alike. Research institutions, for example, which typically boast urban locations; strong governance and leadership; large, stable enrollment numbers; healthy endowments; a secure accreditation status; high student retention and completion rates; solid accreditation; and sound finances face much brighter futures than do those liberal arts institutions that are situated in rural areas and struggle with any combination of challenges such as weak governance and leadership; enrollments composed largely of low-income, first-generation, underprepared students; low student retention and completion rates; a precarious accreditation status; and a bleak financial position. Nevertheless, the initiative identified concerns common to HBCUs and devised solutions to assist these institutions in addressing these concerns and bolstering institutional strengths. Specific findings and recommendations varied somewhat,

but the process, which can be replicated by individual institutions, focused on board development and accountability, the relationship between the president and the board, the skill sets of the president and board members, understanding effective governance practices, and effecting a sustainable business model.

The consultants employed an array of strategies, including introductory meetings to establish working relationships and develop work plans; extensive document review; multiple phone conversations; structured interviews with board members, administrators, and faculty leaders; virtual and in-person observations of board committee meetings; attendance at board meetings; and thorough reviews of board policies. Discussions were also held to review the role of trustees and administrators and to determine how best to strengthen trustee orientation programs.

Rethinking the Business Model

The sustainability of HBCUs essentially rests on three factors: a new business model, cogent leadership, and sound governance. Historically, HBCUs have relied more heavily on federal, state, and local funding than their non-HBCU counterparts—54 percent of overall revenue versus 38 percent, according to the 2019 issue brief *Public and Private Investments and Divestments in Historically Black Colleges and Universities* published by the American Council on Education. The brief also concluded that both public and private HBCUs experienced the steepest declines in federal funding per full-time equivalent student between 2003 and 2015, private HBCUs seeing a 42 percent reduction—the most substantial of all sectors. And within both public and private sectors HBCU endowments lag behind those of non-HBCUs by at least 70 percent. It is also the case that one of the most serious threats facing HBCUs is "free" community college. Many HBCUs serve the same student populations as community colleges. Combine these fiscal challenges with those posed by performance-based funding in some states, and the financial health of many HBCUs is significantly threatened. Steady revenue streams are vital now to ensure long-term success.

HBCUs must also develop business models that enable them to compete for philanthropic support. HBCUs have historically struggled with underfunding, in part because they have attempted to maintain low tuition and fees and have provided students with substantial institutional aid packages. While these practices reduced the financial burden on students, they left the institutions with thin financial margins in which to operate. Additionally, some HBCUs have not developed the capacity to court donors with deep pockets or to establish legacy endowments—both reliable and significant revenue streams for most four-year colleges and universities.

It is essential for HBCUs to undertake capital campaigns on a regular basis to provide funding for such specific projects as new construction or renovations. But as a starting point, institutions must assess their capacity for undertaking such a campaign. Are institutional

development staff able to tackle such an endeavor or should external consultants be engaged? And will the campaign be supported by enthusiastic leadership? The president and board must be visible champions of the effort from inception to conclusion.

HBCUs also need to invest time, energy, and effort in building the academic infrastructure that will strengthen the business model by expanding educational offerings and creating innovative choices for a range of students—adults and less traditional learners as well as those students matriculating from high school. This will enable HBCUs to compete with majority institutions as well as with two-year colleges and online universities. For example, new curricula could be developed that include evening and weekend adult completion programs, as well as digital learning programs that offer certificates, degrees, and degree completion programs in an online environment or accelerated degree completion programs as well as one-year master's degree programs. A move in this direction may prompt an examination of the institutions' curricula offerings and faculty composition. As new programs are added some programs may no longer be needed, and perhaps some full-time or tenured faculty could also be eliminated or reduced in numbers.

Marketing efforts should also play a role in the rethinking of the business model. As competition for students becomes increasingly targeted, HBCUs must answer these questions: What would drive a particular segment or segments of students to enroll in our institution? What does our institution offer that is unique or exceptionally appealing? What strategies/media will we employ to attract the students we need to financially sustain our institution?

And, too, every effort must be put forth to foster a strong quality of student life so that students graduate with highly positive feelings about their experience and place a priority on donating as alumni on an annual basis.

Financial transparency is an essential component of revamping the business model. Those charged with budget oversight must be forthcoming about how the financial operations of the institution are run. This involves establishing a transparent institution-wide view of all costs and whether they are aligned with the institution's strategic goals. The institution must have the ability to analyze finances, create reports, and develop budgetary forecasts—and it must also have adequate digital tools available to perform scrupulous fiscal oversight.

For most, attaining sustainability includes the reality that HBCUs can't rely on African American students alone for tuition revenue. Recent (2017) enrollment data for HBCU institutions includes 24 percent students who are not black, an increase from 15 percent in 1976 (<https://nces.ed.gov/fastfacts/display.asp?id=667>). African American students now have the liberty to seek admission to a wide variety of institutions, which in turn are aggressively seeking to enroll top students. While many HBCUs pioneered the admission of women and students of all races, now there is a need for HBCUs to develop competitive enrollment management plans that not only deliver sustained tuition revenue but also address student attrition and retention and tuition discounting and financial aid. HBCUs may

find new students who embrace their values of diversity, equity, and inclusion. The institutions that emerge from such renewal need not forsake the core values that have long nurtured their student bodies and African American culture. HBCUs have maintained their institutional identities as colleges and universities cultivating a culture of caring that prepares students to contribute to their communities and that provides them with the skills essential to building rewarding careers. It is important that this culture continues to thrive.

Of course, the mission and vision of an institution will ultimately drive discussions of revamping the business model. And how each institution chooses to define itself as an HBCU in the future may not align precisely with how other institutions choose to define themselves. While the origins of historically black colleges and universities were rooted in segregation, HBCUs will endure into the future as institutions providing a challenging, affirming, student-centered education that reflects the identity, values, and experiences of African Americans but that benefits a broad diversity of student constituents.

Strengthening Governance to Strengthen and Sustain Institutions

As HBCUs confront numerous threats to their sustainability, it is more critical than ever for them to understand and practice the principles of good governance. Of the 102 HBCUs in 2017, 51 were public and 51 were private (<https://nces.ed.gov/fastfacts/display.asp?id=667>). Historically, some private HBCU boards were largely composed of members of religious denominations that had founded and continued to provide financial support to the institutions. While these leaders provided strong ties to the church and community, they may not provide the range of skills and experience and access to philanthropic support needed to govern higher education institutions today. Public and private HBCUs still struggle today not only to find the "right" mix of board members—dedicated men and women who bring a variety of skills and a range of professional expertise to the boardroom—but also to understand how effective governance is defined. Those public HBCUs that are part of systems may face the added challenge of proving their relevance to board members unfamiliar with their mission. The changing higher education landscape and the increasingly challenging formulas surrounding enrollment management require all higher education institutions to get governance right, but these challenges are even greater for HBCUs.

Four needs were identified by the AGB Initiative for Strengthening HBCU Governance and Leadership as most challenging to HBCU governance:

- bolstering board leadership,
- bolstering board engagement,
- bolstering board development, and
- bolstering the relationship between the board chair and the president.

And while recommendations varied from institution to institution, there are a number of guidelines that HBCUs can follow to strengthen governance within their individual institutions.

Bolstering Board Leadership—Several factors come into play in establishing and sustaining a high-performing board, including board composition, board size, and board members' understanding of their roles and responsibilities. The first step in establishing strong board leadership is seeking members with a diverse mix of skills and expertise aligned with institutional priorities. The complex challenges confronting governing boards today are numerous and demand well-informed decision making. HBCU board members must collectively bring to their work knowledge of higher education, information technology, fundraising, marketing and branding, academic quality, financial aid, fiscal management, risk management, enrollment management, demographic shifts, and student success. The board must be intentional in seeking new members who represent diversity in ethnic and racial composition and gender, as well as in professional skills and expertise. And it must strive to ensure that all members are well informed about the roles and responsibilities of trusteeship.

The board's governance structure plays a significant role in board effectiveness. Governance structure may vary from institution to institution, but the committee matrix could include the academic excellence committee, the audit and legal committee, the compensation and succession committee, the development and alumni relations committee, the executive committee, the external and governmental affairs committee, the facilities and real estate committee, the finance committee, the governance committee, and the student affairs committee. Boards vary in size and how they compose committees to perform this essential work. Public institution boards have fewer members and fewer committees than private institutions, on average.

The executive committee and governance committee in particular play important roles in board effectiveness. As the only committee vested with the possibility of almost complete fiduciary authority, the executive committee has the greatest potential to affect the overall performance of the board. An effective executive committee can further good governance, institutional well-being, and board member engagement by striking the appropriate balance between efficient use of board officers (and other leaders) and the full board's authority. The governance committee of private institutions—also referred to as the committee on trustees, the committee on trusteeship, or the committee on directors—identifies, vets, and selects trustees who bring the necessary experience, skills, and character to the board. For both public and independent boards, it also typically orients new members, provides for ongoing board education, organizes the selection of board officers, and assesses board performance. The governance committee is critical to the strength of the board as a whole, and by extension the effectiveness of the board.

The board chair plays a prominent role in bolstering board leadership by working closely with the president and other board members to support the university or college in continuously realizing its mission and vision. To succeed, all board chairs need a passionate commitment to their institutions, deep knowledge of their schools, a solid

understanding of good governance, and the ability to lead in the development of a sustainable business model focused on the long-term survival of the institution. They must build a mutually supportive relationship with the president, and in close collaboration with the president develop a shared vision for the institution; cultivate board relationships; build board effectiveness and consensus; and serve as an advocate for the institution on campus, within the surrounding community, and within the higher education and HBCU communities.

A full-time board professional is also key to effective board leadership. Board professionals are members of the institution's staff—not members of the board—who serve as the primary liaisons, planners, advisers, and staffers of governing boards and therefore play unique and critical roles in higher education. Working closely with board members and institution administrators, the board professional oversees the planning and execution of board business, which takes place primarily through meetings of the board and its committees. *Professionalizing* this role can provide the board with expertise in a range of critical areas from emerging higher education issues, to compliance, to governance best practices. At some institutions the board professional functions as the chief of staff to the president while serving as secretary to the board. This arrangement has proven to be effective in ensuring that the president's and the board's priorities are aligned and moving forward in a coordinated manner.

Bolstering Board Engagement—Board meetings are the heart and soul of board engagement, and while there is no universal set of rules for how board meetings should be structured, there are some key components that can be incorporated so that board members have ample opportunity to participate. These components include: standing committee meetings; ad hoc committee meetings; a formal business meeting; plenary sessions; an executive session or executive sessions; events connecting board members with students, faculty, and staff; and social events. "Engagement" implies listening as well as participating in discussions so that board members gain deeper understanding of the issues at hand, can ask thoughtful questions, and advance conversations to help the board reach sound decisions.

Board engagement is fostered by creating a culture of inclusion, cultivating a healthy relationship with the president, selecting an effective board chair, establishing a strong governance committee, delegating appropriate decision-making authority to committees, and sharing a commitment to shared governance. In the current climate of constant challenges within the HBCU environment, boards must also place a premium on strategic governance, which entails creating direct lines of communication between the board and the president concerning institutional priorities, opportunities, and directions.

A good working relationship between the board chair and president can help focus the work of the board on key strategic priorities, and ensure the board has the information it needs for effective oversight and meaningful foresight. This includes determining a game plan for the work of the full board, delegation and coordination of committee work, and cultivation of board leadership. Presidential transitions—whether anticipated or unexpected—can affect the work of the board as the focus shifts to the search for a new president and process

of onboarding. Board chair transitions similarly require planning. In our experience with several institutions, these changes slowed progress on strategic work, as pressing tasks took precedence. The current stresses of the job may lead to shorter presidential tenure and more stress in this key relationship. Every board member bears the responsibility for the success of the institution and president and it takes a board committed to working together on a shared agenda. Creating a positive board culture and clear mutual expectations facilitates the work of the board, especially during transitions.

A fully engaged board consistently uses its time productively and takes an active role in determining what is included on the meeting agendas. And an engaged board—in collaboration with the president—understands the distinction between governing and managing.

Bolstering Board Development—Simply stated, board development is the process of building an effective board by educating board members about higher education and their governance role in their institution. Board development begins with a clear explanation of expectations and involves an orientation program that prepares new members for the work ahead by providing them with knowledge of the board, the institution, and the key challenges that the institution is facing; an overview of higher education issues; insights into HBCU issues; the academic, student life, financial, and advancement structures and functions; and enrollment management and tuition revenue trends and forecasts. Board meetings are also important elements of board development, and high-performing boards engage in philosophical and directional discussions as well discussions on routine matters. Boards should also engage in annual or biennial retreats that focus on the challenges and opportunities facing the institution and how best to position it as a relevant and competitive force within the HBCU community and within the higher education community at large.

Board chairs boost board development by acquainting themselves with the interests and passions of individual board members to best match them with committee assignments and link them to campus administration and faculty members involved in such key areas as finance, academic affairs, student affairs, enrollment, and fundraising. Board development is also stimulated by working with the president on advancing the institution's strategic plan. A strategic plan puts forth concrete steps toward achieving the goals and aspirations articulated in the institution's vision, and as the board works toward setting strategic goals, determining actions to achieve these goals, and allocating resources to execute those actions, it will make significant strides in achieving board effectiveness.

Conducting a board assessment with an objective outside expert as part of a governance review provided boards with a clearer understanding of changes they wanted to pursue, agreement on priorities, and a plan for doing so. Board development goals included restructuring board committees, creating a governance committee, revamping orientation of new board members, and introducing plenary session discussions at board meetings.

Bolstering the Relationship between the Board Chair and the President—The relationship between the board chair and the board president is perhaps the most important partnership in higher education because these two individuals must lead the board in defining its responsibilities, in setting the institution's strategic direction, and in ensuring that the board functions on a policy level. A strong, mutually respectful relationship between the board chair and the president instills institutional confidence. Without question the most important determinant of a good relationship between the two is a common understanding of and agreement about their respective roles.

What should the board expect of a president? That he or she will provide needed data on matters of importance in a timely manner and in forms that are easily comprehensible; will respect the board's fiduciary and other responsibilities to hold the institution accountable on behalf of students, faculty, administrators, and the public; will serve as an academic leader, an adept politician, and effective fundraiser; and will make good use of the board's time, especially in committee and board meetings. What should the president expect of the board chair and the board as a whole? That they will be open and forthright; that they will think and act on behalf of the best interest of the institution; that they and the board will support the president when difficult or unpopular decisions are made; that they will maintain confidentiality; and that they will set an example in private philanthropy by giving to the best of their individual ability.

Among the most fundamental—and consequential—functions of the board and the board chair is the presidential search. The search process may vary among institutions, but among the most common components are the appointment and chartering of a search committee, interviews with search consultants prior to choosing one, widespread agreement on the “presidential profile” that sets forth the characteristics and experience being sought in the new president, persuasive presentation of the leadership opportunity, solicitation of a candidate pool, selection of candidates in conducting first-round interviews, selection of final candidates for on-campus interviews, and the search committee report to the full board for making an offer to the preferred candidate.

The most important element of any presidential search is the requirement that the candidate selected for the position possess a vision for the institution that is shared not only by the board but by the faculty as well. The best presidential candidate will base his or her vision on a thorough understanding of the institution's history and current challenges within the context of the larger landscape of HBCUs and higher education.

The board chair and the president each play a distinctive role in the governance of an institution, and they must also work well as a team, committing their time, skills, and talents to serve the institution and the students enrolled there and to move the institution forward in achieving its mission and vision. HBCUs must remain mindful of the importance of the board chair-president relationship in forging and maintaining a best practices approach to governance.

Lessons Learned

The work undertaken for phase three of AGB's Initiative for Strengthening HBCU Governance and Leadership focused on diagnostic reviews. Two of these reviews were governance reviews; the third was a review aimed at putting forth recommendations to support revenue growth and diversification for the university. These reviews involved engagements lasting more than one year with three institutions: Research University A, State University, and Research University B. For privacy the names and other identifying information about the institutions have been masked. The following case studies include the primary observations of consultants and lessons learned from these reviews, which can be adopted or adapted by other HBCUs.

Research University A in Major Metropolitan Area (Governance Review)

One of the nation's foremost higher education research institutions, Research University A sought "a competitive edge as we work to position ourselves to be more relevant and competitive in the 21st century." At the time the review was initiated, the trustees of Research University A were engaged in a presidential search. While the review was comprehensive, the recommendations that emerged concentrated on 10 areas to be given priority.

1. In selecting a new president, the board should share its vision of and expectations for the position during the interview process.
2. Given the universal expectations that trustees and others have relative to the president's role in fundraising, the board should work collaboratively with the president to determine the most effective administrative structure for ensuring the smooth and effective functioning of the university.
3. Traditionally, nonprofit boards—including college and university boards—play a dual role in fundraising: contributing personally and getting others to give. In recruiting new board members Research University A's giving expectations should be shared with prospective members. While the level of board member contributions will vary, it is essential that 100 percent of members and senior administrators give annually.
4. Although capital campaigns are fairly routine throughout higher education, it appears that Research University A has not conducted a campaign during the past decade. It is important for Research University A's Office of Institutional Advancement to develop a fundraising plan and identify the human, fiscal, and technology resources required to execute it. The projected amount of money to be raised should reflect the return on investment metrics defined by the Council for Advancement and Support of Education and the Fund Raising School, which is part of the Lilly Family School of Philanthropy at Indiana University.
5. While the Executive Committee is respected for its hard work, there is a perception among board members that the talents and skills of all board members are not fully utilized. In recruiting new board members, candidates should be vetted against a matrix of existing and needed board expertise, and when new board members come aboard their committee assignments should reflect both.
6. Research University A is the only research university within the Major Metropolitan Area University Consortium, yet it does not appear that the institution has fully leveraged this designation in branding, student recruitment, the procurement of research and contracts, and in forging relationships with corporate and governmental entities within the Major Metropolitan Area. The board and administration should determine what it means to be a research university and develop a graduate education and research plan at the earliest possible opportunity.
7. The higher education landscape has changed dramatically within the last decade and will continue to change at a very rapid pace. The board should hold an annual or biennial retreat to focus on the challenges and opportunities facing the institution and how best to position it as a relevant and competitive force within higher education in the Major Metropolitan Area. The first retreat should be devoted to a review of a board self-assessment and the creation of an action plan based on that assessment.
8. Job placement and graduate and professional acceptance rates should be included in the metrics routinely tracked by the trustees.
9. To ensure that board members are not only knowledgeable about their fiduciary duties but are also prepared to discharge them at an optimal level of effectiveness, the board should develop and implement a board development plan consisting of periodic attendance at AGB or other governance conferences, participation in webinars, etc.
10. Given what appears to be continuing tension between the faculty and the board, the board should consider how to get optimal faculty input on issues impacting the institution. There appears to be some confusion within the faculty governance ranks regarding the distinction between faculty input and the faculty right to vote as board members.

One of the Contributors to Success:

Shortly after the new president of Research University A was installed a retreat was held and the theme for the retreat was Communicating for Success. The retreat provided an opportunity for a very open and honest dialogue among members of the board and between the president and the board. During the working lunch the board was divided into two groups to answer this question: What excites you about serving on the Research University Board of Trustees? A lively and informative discussion ensued.

State University (Governance Review)

State University sought “an opportunity to conduct a deep dive into protocols and best practices that affect policy development, institutional forecasting, and political and social constructs that impact campus culture and will provide clarity regarding the role of board members and campus leadership.”

As a starting point for the review the trustees of State University completed the AGB Board Assessment Survey and discussed the survey results. The cabinet then joined the board to discuss the roles of trustees and administrators, and the board formalized plans for several significant changes in board operations. In reviewing the survey results, trustees identified the following as high-priority actions for further attention:

- Serve as ambassadors for the university;
- Become more aware of constituent views;
- Access financial trend data;
- Develop further oversight of educational quality;
- Develop further understanding of the university’s return on investment to the community and state;
- Improve committee work;
- Provide individual trustee feedback and assessment;
- Provide systematic board development opportunities;
- Further engage alumni; and
- Further engage trustees.

The consultants made the following recommendations:

1. Follow up with these action plans developed at the trustees/ cabinet meeting:
 - a. Launch the Governance Committee;
 - b. Develop new bylaws;
 - c. Change committees to the Student Success Committee, the Institutional Sustainability Committee, and the Governance Committee;
 - d. Develop data for more informed discussion and decision making;
 - e. Use a consent agenda if permitted by law; and
 - f. Adopt the AGB online governance orientation program. Develop a local new trustee orientation program that combines key materials and better grounding in the university’s strengths and challenges as well as the university’s board governance policies.
2. Develop clear, governance-level charters for each committee, starting with the Governance Committee
 - a. Decide on a template for committee charters.
 - b. Draft charters for the three committees for discussion at a future meeting.
3. Consider both the charters and the dashboard to be works in progress.
4. The Governance Committee should start to work on board policies, including a policy on how to handle trustees’

interactions with people within the university other than the president.

5. Treat every meeting as a co-learning opportunity; ask for/ give each other feedback, suggest alternative approaches, and hold each other accountable.

One of the Contributors to Success:

Three new committees were established; the Student Success Committee, the Institutional Sustainability Committee, and the Governance Committee. Each committee has a clear and complete charge, to be revisited annually. The role of committee coordinator was established, and the coordinators work with trustees and key staff to plan and prepare for board discussion/action within the committee’s domain.

Additionally, trustees read all staff reports prior to board meetings, and cabinet members are available to lend further insight if needed.

Research University B in Major Metropolitan Area (Revenue Growth and Diversification)

The president of Research University B galvanized the university community to understand that it must explore new revenue sources and reimagine long-functioning systems to support new goals. The academic community has committed to working over the next three to five years to expand educational offerings and create innovative choices for students, broaden its enrollment footprint, generate revenue from new partnership opportunities, and modernize administrative structures.

The scope of the work for the AGB business strategy assessment included the following:

- A diagnostic review of the current state of the university including enrollment management, academic programming, and human and fiscal resources;
- Documentation of an incremental operating model for growth consideration;
- A midterm formal presentation and workshop regarding the macrotrends shaping higher education, leading to an exploration process for enrollment and revenue improvement;
- A review of human resource operations and current budgeting processes presenting white papers to conceptualize new ways for Research University B to operate;
- Development of specific alternatives for revenue growth improvement with key assumptions;
- Financial modeling of incremental improvements seeking to generate \$10 million;
- A comprehensive final report that highlights opportunities for growth, including recruitment and marketing strategies, tuition pricing and financial aid strategies, timelines, risks, and milestones; and
- Formal presentations to the president and others, as determined by the president.

One of the Contributors to Success:

Six building blocks emerged from the assessment and from interviews with administrators, faculty, and staff:

1. Building an adult completion weekend and evening program;
2. Building a digital learning program that offers degrees and degree completion programs in an online environment in conjunction with a third-party vendor;
3. Developing accelerated degree completion programs including one-year professional master's degrees;
4. Refining target markets, increasing diversity of student backgrounds, and increasing transfer and international enrollments through focused enrollment strategies;
5. Creating a hybrid budget model that reflects the current financial picture and incentivizes new enrollment growth, new on-site and online program development, new equipment/technology acquisitions, and new personnel allocations; and
6. Redefining the human resource operations to reflect updated practices and policies that streamline processes and procedures to ensure compliance with university, state, and federal policies and regulations while also meeting the human capital needs of a progressive research university.

Conclusion

The overarching objective of AGB's Initiative for Strengthening HBCU Governance and Leadership was capacity building. HBCUs are at a critical juncture in their history and how they navigate the challenges confronting them today will determine whether they thrive as viable higher education institutions. To some extent HBCUs are undergoing an identity crisis. They were established to educate and graduate black students. But as diversity within higher education—and within the American populace at large—increases, will “black” colleges become vestiges of the past? Will HBCUs remain institutions of distinction that nurture and celebrate African American history and culture and African American students, graduating and launching the careers of a disproportionately large number of America's black

professionals, and serving as anchors of culture and intellectual life in their communities? Will some reinvent themselves in ways that attract ethnically and racially diverse students and that ensure these students persist to graduation? Will others gain strength through affiliations and mergers, or still others close?

The initiative strove to identify the skills, knowledge, and engagement that HBCU boards and institutional leaders need to govern effectively. It examined key governance policies and practices, leadership relationships, board dynamics and behaviors, communications, governance decision-making processes, and business models in an effort to identify barriers to effective governance, build a common understanding of best practices, and recommend changes to improve governance and pinpoint opportunities for financial growth. By looking inward, tackling obstacles, reimagining long-functioning systems to support new goals, and adopting an energized vision for what it means to be an HBCU within the 21st-century higher education environment, HBCUs can chart a path forward to a reinvigorated future.

An important point to bear in mind is that governing boards will play a crucial role in charting this path forward. And it's worth noting that the stronger and more competitive HBCUs share these five characteristics in common:

1. Governing boards and presidents who work well together;
2. Strong and stable presidential leadership;
3. Alignment of institutional values and vision across board, administrative, faculty, and alumni ranks;
4. A strategic focus; and
5. Financial stability.

Good governance must be a fundamental tenet of each and every higher education institution and the onus is on governing boards—those of HBCUs and non-HBCUs—to ensure that this tenet is fully embraced. As Alvin Schexnider noted in his article “Why Board Governance Matters: A Focus on HBCUs,” which was published in the November/December 2019 issue of *Trusteeship*, “History notwithstanding, HBCUs must change course if they are serious about the future. It is not enough to cite their iconic status and role in producing outstanding professionals in every field of human endeavor. Board governance matters. A college or university can never be better than its board. This may be the single biggest challenge confronting black colleges and universities.”

WHAT WERE THE MOST SIGNIFICANT FINDINGS FROM THE KRESGE INITIATIVE?

Notes AGB Senior Fellow Alvin J. Schexnider, PhD, who served as a consultant on the third phase of the project, “From my vantage point the most significant findings from this initiative were raising the importance of effective board governance, stressing the importance of the board chair-president relationship, and encouraging engagement among HBCU leaders—namely, governing boards and presidents—regarding governance, planning, and sustainability.

Adds AGB Senior Consultant Pamela Hammond, PhD, who also served as a consultant on the third phase, “The Kresge initiative underscored the resiliency, innovativeness, and diversity of HBCUs. But while unveiling these similarities, the initiative revealed definite differences in this group of higher education institutions. HBCUs have a shared need for their existence, but that need does not make HBCUs a monolith. The differences in most is not subtle. Whether it is public or private, land grant, religious-based or secular, geographically diverse or within the same city, HBCUs create a rich, empowering environment for all who attend. The Kresge initiative underscored that fact.

“In a general sense, one of the most important findings is that these institutions would not have been able to do what they did without the support of the grant,” says AGB Senior Consultant James Lyons, Sr., PhD.

“Governance and leadership are inextricably linked and those HBCUs that are among the strongest enjoy the benefit of having presidents and boards who work well together,” says AGB Senior Consultant Charlie Nelms, EdD. “And those HBCUs with a paid board professional appear to function more effectively than those where this role falls to the president or his or her administrative assistant.

“The most significant finding of the Kresge project is that there are HBCUs with high potential for much greater institutional strength if they are able and willing to avail themselves of governance improvement support,” notes AGB Senior Fellow and Senior Consultant Ellen Chaffee, PhD. “The issues I saw were numerous; the will and ability to resolve them were plentiful. They made important progress.

WHY ARE HBCUs STILL IMPORTANT TO HIGHER EDUCATION?

[Schexnider] “HBCUs remain important to higher education because their production of graduates far outweighs their number. Also, HBCUs, when compared to majority schools, enjoy a well-deserved reputation for producing students in STEM fields who earn doctorate degrees. And equally important, the role of HBCUs in expanding the black middle class is unassailable.”

[Hammond] “Historically black colleges and universities share a rich history in their development during a time when African Americans needed places to be educated and could not attend other institutions. HBCUs remain student-centered institutions that provide access to higher education to students whose potential may not have been considered by other institutions, especially first-generation students of color. Additionally, HBCUs educate a larger proportion of African American professionals than other institutions at a cost far less than most.”

[Lyons] “With respect to HBCUs, they are still important to higher education today because they represent the real face of student success. When I use the term ‘student success’ I don’t mean as measured by a four-year or five-year graduation rate. I am referring to their historical commitment to meeting a student where he or she is and moving him or her to the next level of development. Whether these students were unable to get in anywhere else or could have gone to any institution in the country, HBCUs have made the commitment, and still are making the commitment, to student success by sending them off with a degree—the passport to enter the middle class—or sending them to an Ivy League medical school.”

[Nelms] “The United Negro College Fund (UNCF) recently released an excellent report that makes the point far better than I can about why HBCUs are still important to higher education. The report, *Punching above their Weight*, which can be found on the UNCF website (<https://www.uncf.org/pages/hbcus-punching-above-their-weight>), provides an excellent state-by-state analysis.”

[Chaffee] “HBCUs are important to higher education for some of the same reasons that diversity is important to learning, decision making, culture, and humanity. HBCUs, tribal colleges, and other distinctive cultural institutions help preserve and advance those cultures. They enable participants of all ancestries to more deeply understand the human condition. They provide options for prospective students. In response to the racial tragedies that African Americans and Native Americans have experienced and continue to experience, these colleges offer safety, comfort, healing, identity, and pride. They affirm the strength and character of those who came before.”

