



Top Strategic Issues for Boards

2026-2027

AGB

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A photograph of a library interior. In the foreground, a wooden desk is visible, with a desk lamp on the left side. The lamp has a white shade and is illuminated, casting a warm glow. In the background, there are several rows of dark wood bookshelves filled with books. The lighting is soft and warm, creating a quiet and studious atmosphere.

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Executive Summary

American higher education enters 2026 and 2027 in a tenuous position. Apart from long-standing challenges and issues, it faces more sharp cuts to federal support for research and fines to campuses that the U.S. Department of Education (ED) contends tolerated anti-Semitism and were breaking the law with diversity, equity, and inclusion (DEI) programs. The White House has already impeded issuance of visas for international students, imposed a \$100,000 fee on applications for H-1B visas which universities use to hire medical researchers and other faculty members, raised taxes on private endowments, and capped how much students can borrow for graduate and professional schools. Meanwhile, for their part, some states have begun and others continue to prescribe what can and cannot be taught at public colleges and universities, ignoring the tradition of independent governance of higher education.

As for those long-standing difficulties, the competition for students is certain to grow fiercer with fewer traditional-age applicants (18 to 24 years old) and continued public disgruntlement with the cost, value, and utility of a degree in a job market upended by advances in artificial intelligence (AI). Additionally, the major credit rating agencies issued dour financial forecasts for the sector.

In this environment, *Top Strategic Issues for Boards 2026–2027* helps trustees and presidents map the strategy for their institutions. It shows how colleges, universities, and their related foundations are grappling with the uncertainty surrounding these issues and what they should do to not only safeguard their institution's future but also reassert how vital a role higher education plays in the health of the country's economy and its democratic values.

For this biennial edition, college and university trustees, presidents, foundation leaders, board professionals, AGB's professional staff, and other experts identified the following five strategic themes of paramount concern for governing boards in the next two years.

Reaffirming Boards' Roles and Responsibilities

The duties of the members of governing boards of colleges and universities and their foundations include shaping the mission of the institution, protecting its fiscal integrity, selecting the president, overseeing and participating in strategic planning, ensuring the quality of education, protecting academic freedom, preserving the independence of citizen-trustee governing boards, and safeguarding institutional autonomy. Their ability to carry out their fiduciary duties is challenged in states where elected officials and their appointees are intruding, often by restricting what can be taught and how institutions can attract and support more underrepresented students. Unwarranted interference might also come from individual trustees, donors, faculty members, elected or appointed officials, and other stakeholders.

Amid these concerns about internal and external interference, boards have an obligation to ensure the integrity of the degrees and programs their institutions offer, to protect free speech, and to support the



president and their team in times of crisis. Shared governance and faculty tenure have important roles in the academic missions of institutions, so boards should hesitate to see them hemmed in or denigrated by external influences. Board independence and institutional autonomy are fundamental to effective higher education governance.

Developing and Supporting Higher Education Leaders

Choosing a president/chancellor is often the most consequential decision a governing board makes. Keeping that president and supporting them should be a priority, especially given the graying of these top administrators and their shortening terms. Some strong candidates, especially those serving as provost or in some other high-profile role on the leadership team, might become leery of stepping forward, given the many thorny issues they must resolve as well as the controversies in some states over who should lead public flagships, faculty votes of no confidence, and frayed relationships with governing boards. At the same time, an important duty and responsibility for boards is to look out and care for the mental health of those who hold these pressure-filled posts. The presidency can be a lonely job, which is why having a fully supportive and involved board chair is so vital.

In turn, those who run higher education institutions bear a responsibility to create and sustain a culture of care for faculty and staff members, students, and even board members who are dealing with pressures and criticisms of their own. A board also needs to work closely with the president to identify talented individuals on the faculty and staff to join the team of senior administrators and further strengthen the leadership bench. Succession of board members is also a concern, particularly the chairs, vice chairs, and leaders of key committees.

In short, boards must help ensure the best people are in the right positions, recognizing that the most successful institutions are those that attract and retain the most appropriate and top-notch leadership talent.

Improving Student Access and Success

Notwithstanding the public's doubts about the value of a college education, study after study affirms that graduates earn far more over their working lifetimes than those with only a high school education, among other less tangible benefits. Rapid advances in AI cloud the job market for graduates and the mountain of student loan debt owed by millions of Americans scares some away from the path to college.

Regardless of prestige or ranking, colleges and universities are under heavy pressure from the federal government to dismantle DEI programs, including scholarships earmarked for certain groups by race, gender, or ethnicity. At the same time, institutional leaders feel a moral obligation grounded in institutional mission

and values to expand opportunity in an increasingly diverse nation.

Practically speaking, it is also necessary to keep up enrollments. Persistence is a constant problem for higher education. Far too many students start but never finish college with their degree in hand. Still, improving access, persistence, and success to completion remain important, unfinished business, yet places where boards and presidents, working together, can move the needle.

Ensuring Institutional Vitality

Duty of care is a prime fiduciary concern for boards in today's murky economic climate. This duty includes overseeing the financial health of the institution, but this responsibility is affected by factors not directly under the board's control, including the health of the job market and whether families regard particular colleges as affordable (a decision some make without taking into account the availability of financial aid and tuition discounts).

The three major credit ratings agencies agreed that the financial outlook is clouded for colleges and universities in 2026. Fears remain that college closures could accelerate, particularly for small private institutions. Some regional public colleges and universities face consolidation as flagship institutions take a larger share of public university enrollments. International student enrollments seem poised to drop in the face of the White House's moves to remove welcome signs and screen out people with so-called anti-American sentiments. International students are a mainstay not only of research universities but also some regional ones and community colleges. And because these international students typically pay full tuition as undergraduates, they are the lifeblood for institutions that are heavily discounting tuition for American students.

Boards and presidents do not know if there will be another attempt to reduce federal financial support for research or eliminate certain student aid, such as programs to identify and help students from disadvantaged backgrounds. Also uncertain is how well ED programs dispersed to other federal agencies will function or if understaffed offices will get out in a timely fashion the aid on which most colleges count.

New caps on how much American students can borrow at subsidized rates for graduate and professional degrees could also imperil some programs. Minority-serving institutions could lose federal help. Some colleges and universities preemptively cut operating budgets and laid off faculty and staff in 2025 in anticipation of hardships ahead. College

endowments have enjoyed several years of robust growth, but the equity markets will determine if that run of good returns continues. The federal government is rewriting the rules for college accreditation and might use that as a lever under penalty of losing eligibility for federal student aid. Violent incidents on campus remain a concern. Plus, new technologies like AI are transforming almost every aspect of higher education. In the face of all this uncertainty, boards will have to move to a proactive rather than reactive mindset and develop structures and habits that enable them to respond effectively to unexpected trends and events.

Big-time college football and basketball programs, with enormous budgets, multimillion-dollar coaches' salaries, and star athletes' jumping schools for seven-figure endorsement money, also pose a test for boards. Even small and medium-sized institutions are feeling the financial pressure to compete in this arena. Given the fluid environment, board members need to understand their athletics budget and fundraising priorities, evaluate how they align with their strategic mission, and protect the welfare of student athletes. For some boards, a dedicated athletics committee might be appropriate at this moment.

Renewing Higher Education's Purpose

These next two years will test the ability of every college president, board chair, and board member to lead their institutions and foundations. The loss of public confidence hangs over the higher education enterprise. Some problems are due to the charged political climate in which colleges now operate, but others are systemic and to a degree of institutions' own making—such as overbuilding, creating large bureaucracies, and failing to hold down tuition. To carry out their missions effectively, colleges and universities must keep their houses in order.

Yet amid these difficulties, and notwithstanding the public's doubts about the value of a college education, study after study affirms that graduates earn far more over their working lifetimes than those with only a high school education. Moreover, colleges and universities are still the economic backbones of their communities and a bulwark of America's democratic values. Standing up for higher education—and helping the public understand how important it is to the country and to our democracy—is the job of every trustee. Boards must recognize that helping restore public confidence in higher education is an essential part of their responsibilities.