

A black and white photograph of classical architectural columns and steps, serving as a background for the top half of the cover. A solid red vertical bar is on the left side.

# Governance

for a **NEW ERA**

A Blueprint for Higher Education Trustees

Benno C. Schmidt, Chairman

PROJECT ON GOVERNANCE FOR A NEW ERA

August 2014

“Higher education has never been so important to the health and well-being and the future of our state as it is right now. ... If we are going to make the kind of improvement we need ... [trustees] are going to have to press for it, and measure it, and demand results.”

- Governor Mitch Daniels, 2010

# Governance for a NEW ERA

## A Blueprint for Higher Education Trustees

Almost every day brings a succession of news stories, editorials, and reports critical of higher education. American colleges and universities that were regularly called “the envy of the world” now draw withering admonitions from the White House and numerous others for their high costs and declining quality. President Obama has declared that he will institute a federal rating system for higher education with significant financial consequences.

A recent survey by GfK shows that a majority of Americans believe taxpayers and families are not getting value for their investment. They see tenure as a system that adds to cost and compromises quality. They fear that political correctness and intolerance are undermining the free exchange of ideas. And headlines underscore ever-more-frequent concerns about collegiate athletic scandals, binge drinking, and criminal behavior.

Multiple studies suggest that, despite massive expenditure, many of America’s college graduates are not leaving school prepared for career and community. Substantial numbers of recent college graduates lack a fundamental understanding of their history and heritage; many suffer from vast gaps in their skills and knowledge and are ill-equipped to compete in the fast-moving global economy. Meanwhile, completion rates at both two-year and four-year colleges are often shockingly low. Tuition continues to rise far above inflation, outstripping

even increases in medical costs. Student debt has risen along with it, topping one trillion dollars.

While there is no single cause for this range of problems, one of the critical sources is the failure of higher education governance. That is why the undersigned have come together—as long-time friends and supporters of American higher education—to call for governance for a new era and to set a path for new and vigorous engagement by academic leadership and boards of trustees.

Ineffective higher ed governance is not a new phenomenon. Thoughtful observers like federal judge and former Yale trustee José Cabranes and Hoover Institution scholar Martin Anderson have for many years pointed at a general failure of boards to do their job.

But these times present new challenges. Every day, new entrants to the higher education marketplace compete for student enrollments. Legislatures cut back on state support, and families retrench. Emerging content delivery models make bricks and mortar seem a thing of the past. Most experts agree: the future of higher education as an element of America’s global leadership, along with the very existence of many institutions, is in jeopardy.

Rather than being a defining strength of higher education, lay governance now threatens to be a

liability. There is no doubt that leadership of higher education is out of balance. Trustees should take a more active role in reviewing and benchmarking the work of faculty and administrators and monitoring outcomes. Too many have seen their role narrowly defined as boosters, cheerleaders, and donors. They should ask the questions that need to be asked and exercise due diligence. They must not be intermittent or passive fiduciaries of a billion dollar industry critical to the preparation of America's next leaders.

New realities require new strategies. Shared

governance—which demands an inclusive decision-making process—cannot and must not be an excuse for board inaction at a time when America's pre-eminent role in higher education is threatened. Those

who hold on to the old strategy of passive governance can never be effective agents of change. The partnership of informed, engaged governing boards and dynamic academic leadership has never been more urgently needed. Effective board leadership involves not only listening, but also includes acting after due deliberation, even when not everyone agrees. This does not mean that trustees unilaterally impose their will over the institution. Rather, trustees need to listen carefully to faculty concerns and become knowledgeable so that they can make highly informed decisions. When their decisions depart from faculty wishes, they must be able to articulate why that is appropriate.

While faculty are often focused on their disciplines, and administrators on the growth and prestige of their institutions, trustees—working with presidents—are charged with bringing the big picture to the table and making decisions in the best interests of students

and the public. As former Harvard president Derek Bok has made clear, “trustees are supposed to act as a mediating agent between the interests of the institution and the needs of the surrounding society.” Trustees, who come from a variety of professions and present a variety of viewpoints, can provide a broad perspective on preparation for citizenship, career, and lifelong learning that a tenured professor, properly focused on his own department and an expert in his own discipline, cannot so easily offer.

That is why trustees must have the last word when

it comes to guarding the central values of American higher education—academic excellence and academic freedom. The preservation of academic freedom, freedom of expression, and

the integrity of scholarship and teaching rightly falls under their purview. While the occasions should be rare, they must be prepared to intervene when internal constituencies are unable or unwilling to institute urgently needed reforms.

To do this effectively, trustees need to work with the CEO and have access to independent information and experts to help them gain a full national perspective. Too often, they are in the dark when it comes to crucial issues such as academic quality and integrity. They often lack information on student learning, the academic culture of the campus, and the intellectual value-added of college. Boards should expect that campus administrators will provide concise, thoughtful, and analytical information for which they will be held accountable.

Both trustees—and those who appoint them—must reject the belief that university trusteeships are

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sinecures or seats of honor. Trustees need to bring a renewed and vigorous commitment to learning about, and understanding, the academic enterprise. They must, going forward, require for themselves professional development, continuing education, and accountability. Just as trustees must insist on real and concrete institutional accountability, the public must demand the same of governing boards.

Our comments about the oversight responsibilities of trustees are not intended to diminish the responsibilities or powers of top institutional or academic leaders. The role of the chief executive officer is naturally crucial to the successful advancement of higher education institutions. And trustees must be able to rely on the president or chancellor in the development of policy and the operation of the institution. It is essential that chief executive officers be perceived as having trustees' trust and confidence and that the flow of information be facilitated by the administration. Except in rare situations of crisis or in the selection of top administrators, trustees, who have final fiduciary authority, act through campus leaders who have day-to-day responsibilities for institutional management.

The signers of this document have come together to craft a bold new approach to governance—governance for a new era—recognizing that it is urgently needed if American higher education is to maintain the diversity and excellence that have for so long made it the envy of the world. We are a bipartisan group of diverse and independent leaders beholden to no organization in our participation in this governance project. Each of us might express these values in different ways, and we recognize and expect each institution to modify and adapt these principles to its own mission and culture. But the values we outline are ones that we all share and ones that we believe all trustees and all leaders in higher education must aggressively pursue, today and long into the future.

We outline the path forward in what can be a blueprint for thoughtful and engaged stewardship for the next quarter century.

**Benno Schmidt**  
**Chairman, Project on Governance for a New Era**

Benno Schmidt  
 Frank T. Brogan Michael Crow J. J. Valletta C. I. M. Merrill  
 Hank Brown D. H. Rosen Robert R. Taylor David A. Young  
 Joe Maloney John Engle Donald Kagan Velma Montoya  
 Jonathan R. Cole Matthew Goldstein Phyllis Kutsch  
 Peter Hains Clara M. Woods M. F. M.

## Governance for a New Era

Benno Schmidt  
Board Chair, The City University of New York

Frank T. Brogan  
Chancellor, Pennsylvania State System of Higher Education  
Former Lieutenant Governor, Florida

Hank Brown  
President Emeritus, University of Colorado  
Former U.S. Senator, Colorado

José A. Cabranes  
Former Trustee of Yale University, Columbia University,  
and Colgate University

Jonathan R. Cole  
John Mitchell Mason Professor of the University  
and Provost and Dean of the Faculties, Emeritus  
Columbia University

Dean C. Colson  
Trustee and Former Board Chair  
State University System of Florida Board of Governors

Michael M. Crow  
President, Arizona State University

Richard DeMillo  
Director, Center for 21st Century Universities,  
Georgia Institute of Technology

John Engler  
President, Business Roundtable  
Former Governor, Michigan

Matthew Goldstein  
Chancellor Emeritus, The City University of New York

Peter Hans  
Immediate Past Chair  
University of North Carolina Board of Governors

John Hillen  
Trustee, Hampden-Sydney College

Robert David Johnson  
Professor of History, Brooklyn College and  
The City University of New York Graduate Center

Donald Kagan  
Sterling Professor Emeritus of Classics & History  
Yale University

Phyllis Krutsch  
University of Wisconsin System  
Board of Regents Emerita

Clara M. Lovett  
President Emerita, Northern Arizona University

C. Thomas McMillen  
University of Maryland System Regent  
Former U.S. Representative, Maryland

Carl B. Menges  
Former Trustee, Hamilton College

Velma Montoya  
University of California Regent Emerita

Ben Novak  
Former Trustee, Pennsylvania State University

Arthur J. Rothkopf  
President Emeritus, Lafayette College

Stephen F. Smith  
Trustee Emeritus, Dartmouth College

## THE PATH FORWARD: Governance for a New Era

Lay governance has long been one of the great strengths of American higher education. A powerful, informed, and engaged board is essential for effective governance, and boards must embrace their fiduciary responsibility. Their task is far larger than simply selecting the campus president or chancellor and then stepping aside.

### I.

#### Articulating the Mission

*Boards everywhere, working with their presidents, must ask and answer: Why do we exist? What is our purpose? And how can we best serve the nation, the state, and our students, both in the short and long-term?*

One of the central responsibilities of a board of trustees is to determine the purpose of the college or university, as this purpose undergirds every decision the board makes: its strategic plan, its allocation of resources, and performance goals for its president. The institution's mission should make the board's priorities clear and unambiguous.

A lack of clarity of institutional purpose—or a failure of governing boards to ensure that institutions adhere to their stated purpose—is a major contributor to the rapidly rising cost of higher education over the past several decades. Competition among colleges and universities has caused many—regardless of the mission or community they are intended to serve—

to adopt a “bigger and better” model of growth, as opposed to a focus on quality and prioritization. Institutions of all sizes and specialties strive to add academic programs (and non-academic amenities) in hopes of attracting larger enrollment bases. Yet few institutions have the resources to sustain this strategy and level of growth. As a result, the whole enterprise suffers—programs that were previously an institution's strengths are stretched thin, while students are forced to absorb the higher costs through their tuition dollars.

The economic environment has changed dramatically in the past ten years as colleges and universities sustain greater fiscal pressures than ever before. Meanwhile, mounting regulations and administrative creep daily influence costs at our institutions. Many federal and state governments, faced with already-stretched budgets and looming long-term obligations, are unlikely to make public funding for higher education the priority it once was. Smaller, private colleges are already on the defensive, coping with declining enrollments, families frustrated by spiraling tuition costs, and degrees whose earning power has generally shown little or no increase. Every day a

host of entrepreneurs, backed by billions of dollars, vigorously compete to wrest student enrollments away from traditional institutions of higher education. The buildings that campuses actively seek to fund and erect may become liabilities in a world of cyber connections. The number of schools that have seen their bond ratings drop or that have been suddenly forced to eliminate programs and faculty lines is vivid testimony to the growing pressure and peril that higher education faces.

The role and mission of a university are not static. There are limits to what institutions can and should do. And trustees must regularly assess the cost/value proposition of academic and nonacademic programs in setting their goals. It is critical that institutions—through their governing boards—define their mission and establish the unique role they have. Such goals might emphasize teaching and learning; a focus on STEM preparation; service to an immigrant community; or research performance and faculty reputation. And while different elements of an institution may have unique qualities—operating a university’s medical center is vastly different from governing a college of liberal arts—trustees are responsible for reconciling these elements with the institution’s mission. Doing so is vital to managing resources prudently: families and taxpayers can no longer sustain the serious cost of mission creep. Trustees must realize that times—and institutions—must change.

Articulating the mission requires that trustees thoughtfully consider who it is they represent. The board of a public institution is the duly constituted representative of the people and has a primary duty to the public. Its responsibility is to ensure high quality, affordable education. Even trustees of private institutions have a fiduciary duty to the public, not only as recipients of significant amounts of federal

financial aid, but also for their institutions’ role in educating the next generation of citizens.

It is particularly important for trustees to understand and, as appropriate, define the level at which their institution engages in research and the significance of research for the institution. Trustees must be aware of how research is funded, who receives funding and why, and the problems of competition for research funds. Trustees must be engaged in the dialogue and policymaking that ensures that the faculty, including research faculty, contribute to the overall teaching mission of the institution.

Trustees must be willing to withstand pressure to grow athletic programs that are a net drain on resources, and they should ensure that salary contracts for coaches reward academic performance first and athletic success second. It is critical for trustees actively to oversee their intercollegiate athletics programs, rather than allow outside organizations such as the NCAA and athletic conferences to dictate governance prerogatives. Trustees cannot and should not expect participants in this multibillion-dollar industry to police themselves.

In summary, trustees are responsible for mission, institutional priorities, and for what graduates of the institution must know and be able to do. They must regularly review the institution’s long-range goals and its academic strategy. They must set goals in writing with clear benchmarks against which all senior managers are held accountable. Board meetings should be structured so that major goals—with appropriate benchmarks and performance measures—are carefully examined, ideally at least once per year. Although trustees do not implement plans and visions, they must define the institution’s goals and empower their academic leadership to achieve those goals.

## II.

### Protecting Academic Freedom and Intellectual Diversity

Academic freedom is the single most important value informing the academic enterprise, and governance for a new era requires trustees to protect it. Since the 1915 Declaration of Principles by the American Association of University Professors, academic freedom has been a two-way street: the freedom of the teacher to teach and the freedom of the student to learn. Trustees and administrators have, for the most part, done a good job of protecting the academic freedom of faculty. But they have often failed to guard the academic freedom of students. It is a sad truth that in some instances, faculty, while being jealous of their own academic freedom, have diminished the academic freedom of students.

Recent surveys, as well as events, indeed suggest there is an erosion in understanding and appreciation of academic freedom. Professional organizations such as the American Association of University Professors (AAUP) and the American Federation of Teachers (AFT) are embracing an expansive definition of academic freedom that emphasizes rights, job security, and collective bargaining but which de-emphasizes faculty accountability and responsibility.

Governance for a new era requires trustees to have the final authority and responsibility to protect academic freedom. They must articulate academic freedom as a campus value of paramount importance. They should declare in their policies that students and faculty have the right to academic freedom. They should make certain that the meaning of academic freedom and its central value to a functioning university are described and outlined in college

catalogs, strategic planning documents, and in student orientations.

Working with and through administrative leadership, they need to intercede when students—the most vulnerable constituency on a campus—are unfairly treated because of their political, religious, or social beliefs and practices.

Governing boards should monitor academic freedom and intellectual diversity through campus self-studies, as the University of Colorado has recently done. They should put in place, as has the City University of New York, student grievance policies which allow for students to speak out without fear of reprisal when they believe that the institution is failing to protect the students' freedom to learn.

#### Maintaining Institutional Neutrality

At the same time, trustees should adopt policies that maintain institutional neutrality and distance from political fashion and pressure. They should take note of and endorse the principles of the report issued by the Kalven Committee of the University of Chicago, outlining the university's proper role in political and social action: "To perform its mission in the society, a university must sustain an extraordinary environment of freedom of inquiry and maintain an independence from political fashions, passions and pressures." The "instrument of dissent and criticism is the individual faculty member or the individual student. The university is the home and sponsor of critics; it is not itself the critic. It is ... a community of scholars." The Kalven Committee observed that the "neutrality of the university ... arises out of a respect for free inquiry and the obligation to cherish a diversity of viewpoints."<sup>1</sup>

<sup>1</sup> <http://www-news.uchicago.edu/releases/07/pdf/kalverpt.pdf>

## Resisting Disinvitations

The recent spate of cancellations of controversial speakers sends the wrong message about the centrality of academic freedom and the free exchange of ideas on our college campuses. Trustees must not allow their institutions to compromise academic freedom by yielding to pressure to withdraw invitations. Working with administration and faculty, they should develop policies and procedures governing the invitation and accommodation of controversial speakers. They should define the boundaries of appropriate and responsible dissent. And they should establish clear sanctions for disruption of scheduled campus events. The C. Vann Woodward Statement, issued at Yale University in 1974, offers a roadmap for such a policy: “to reaffirm a commitment to the principle of freedom of expression and its superior importance to other laudable principles and values, to the duty of all members of the University community to defend the right to speak and refrain from disruptive interference, and to the sanctions that should be imposed upon those who offend.”<sup>2</sup>

## Ensuring Disciplinary Diversity and the Integrity of the Hiring Process

The public is increasingly concerned that students are failing to receive exposure to a range of disciplines and a range of viewpoints. Historically, there is evidence that self-interest and personal ideologies can drive departmental directions rather than the interest of the students and preparation of citizens. And studies show that there are fields—such as military history, constitutional history, and diplomatic history—that are fast disappearing from college curricula. The absence of such coursework makes it virtually impossible for public universities to fulfill

their obligation to train future public school teachers for topics they will be required by their school districts to teach.

Trustees must be appropriately engaged in this most important piece of academic quality and accountability. Former University of Colorado president Hank Brown and others have written candidly of the risks universities take if they do not ensure a fair and dispassionate tenure process, warning that universities’ independence, and academic freedom itself, are at stake. To ensure academic integrity, trustees must have confidence that the process of tenure and post-tenure review is objective and politically neutral.

To inform themselves, trustees should annually ask for a report from the president or provost outlining disciplinary diversity. This report can include a list of new hires and tenure and promotion decisions in each department (and their disciplines and fields). Does the history department, for example, have expertise and offer coursework on the Founders, the American Revolution, and the Constitution? It is trustees’ duty, in rare but urgent circumstances, to demand action if they believe a department places limitations on the representation of disciplinary fields and academic viewpoints its research and teaching should otherwise encompass. The president and provost must be prepared to explain how they will ensure intellectual and pedagogical diversity going forward.

Trustees should also request annually a presentation on the process for tenure and tenure review, and trustees should regularly review and approve that process. They should understand how faculty performance is assessed and how improvements are made, when necessary. They should also ensure that

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<sup>2</sup> [http://www.yale.edu/terc/collectiblesandpublications/specialdocuments/Freedom\\_Expression/freedom1975.pdf](http://www.yale.edu/terc/collectiblesandpublications/specialdocuments/Freedom_Expression/freedom1975.pdf)

the academic leadership has in place appropriate policies addressing research misconduct and conflict of interest, requiring an update each year on any cases heard under such policies.

### III.

## Setting the Educational Strategy

Trustees must also be the primary guardians of educational quality and excellence. Faculty should always have the first word when it comes to the curriculum, and their expertise must have a central role in shaping policies on academic quality. But academic excellence is an issue that transcends academic departments and their particular interests, and faculty cannot be the last and determining voice regarding academic value, academic quality, and academic strategy. Colleges and universities are, first and foremost, educational institutions, and for trustees to abdicate their responsibility to oversee the educational programs would be as unreasonable and infeasible as directing an automobile company without ever spending time on a factory floor.

American higher education is uniquely premised on lay governance because of the critical mediating role between the institution and the greater society that lay trustees must play. While faculty have disciplinary expertise, it is lay trustees—with considerable life and community experience—who can bring the big picture to bear in determining what graduates will need for informed citizenship, effectiveness in the workforce, and lifelong learning. Trustees must outline broadly what requirements will be necessary to achieve that mission. Do trustees want every graduate to acquire an accurate and fluent command of written English and a college-level ability in mathematics and science? Do they want

graduates to gain proficiency in a foreign language? To be familiar with American history and Western Civilization? If so, they should make those guidelines clear, and they should empower their president and provost to ensure that these outcomes are factored into the faculty's development of a curriculum for the institution. Trustees do not create course content, but they help establish the expectation for outcomes.

## Ensuring a Coherent and Rigorous General Education Program

A generation ago, most colleges and universities insisted on a coherent and rigorous curriculum that provided a broad, general education in addition to the specialization of the major. Faculty and administrators defined what is most important for students to know and be able to do.

Today, nearly every college acknowledges in its mission statement the importance of a solid general education. Unfortunately, few actually structure their general education curricula to turn those aspirations into reality. They only appear to provide a core curriculum by requiring courses in areas outside the major—the so-called distribution requirements.

But distributional requirements bear little resemblance to a true core curriculum. Students are typically asked to take one to three courses in each of five or six distribution areas: physical and biological sciences, humanities, social sciences, writing skills, math skills, and multicultural studies. It is not uncommon to have dozens—even hundreds—of courses to choose from within each distribution requirement. Sometimes these courses will be exotic and narrowly focused, including topics such as zombie movies or similar elements of popular entertainment. It is not surprising that most students, if asked about general education, see it as little more than 30-plus credit hours—and never on Friday—

that they need to accumulate in order to declare a major.

Governance for a new era demands that trustees, working with their president and provost, reexamine their general education programs with an eye to ensuring that general education promotes preparation for a major and skills and knowledge for life after graduation. Trustees are also well positioned to push back against the excessive and costly proliferation of classes that satisfy general education requirements. They can instead ensure that general education will provide rigorous, clear, and seamless pathways to completion and articulation to upper level coursework.

### **Insisting on Program Review**

The proliferation of courses is a major cost driver in higher education and it is often evidence of mission creep. Yet many trustees—and states—have little reliable data on how many degree programs have been closed or opened. In the interest of transparency and accountability, institutions must keep track of such data. Trustees should ask their president to provide the board a review, at least annually, of the programs added, the programs subtracted, and the criteria for determining academic program viability. In the state of Florida, board policy provides that trustees review proposed additions of degree programs. That review includes ensuring that the program is consistent with the university and state System mission, does not unnecessarily duplicate existing programs within the System, and that the institution has sufficient resources to accommodate the program. Florida's policy also provides for identifying and evaluating candidates for program termination. Trustees everywhere should demand similar review. And data from the National Science Foundation on the income of graduates in particular majors can provide important insights for prioritizing academic programs.

## **IV.**

### **Demanding Transparency in Performance and Results**

Having defined their institutional mission and goals, it is incumbent on trustees to demand data and metrics which will show to what extent the institution—and academic leadership—are meeting those goals. They must use historical budget and human resources data to monitor “mission creep” in programs and services. They must demand affordability as essential to access and opportunity. They must review campus policies on alcohol and substance abuse to monitor their effectiveness. And they must ensure that there is no information asymmetry between the institution and its governing board, making certain that they have access to the same information on which administrators base their decisions.

### **Making Decisions Based on Data**

As fiduciaries, trustees must make their decisions based on data. Massive “data dumps” of opaque charts and “death by powerpoint,” i.e., show-and-tell presentations from faculty and administration, are not the answer; instead, trustees need to insist on a dashboard of key, carefully defined measures, including: graduation rates by demographic including students who transfer; tuition rates; administrative versus instructional spending; building utilization (both classrooms and laboratories) by time and day of the week; low enrollment majors; general education courses and enrollments; and athletic spending (including student fees and institutional spending). To the extent possible, this data should be made available to parents and families so that they can assess the educational effectiveness of the institutions they are considering or supporting.

Data that allow boards to compare their metrics against those of other institutions, such as those available from the National Center for Higher Education Management Systems (NCHEMS), are highly important. Yet institutions differ substantially, and those differences should be acknowledged when making institutional comparisons. Boards must also be vigilant in ensuring that the peers their institution chooses for comparison are, in fact, valid peers. Often faculty and administrators choose aspirational, rather than actual peers, which are then used to justify inappropriate expenditures and a call for further resources. Trustees must also resist relying on outside ratings systems that focus on reputation and resources instead of educational values, academic excellence, and cost effectiveness. Adopting sound metrics is crucial for addressing the cost/value proposition of an institution. For example, trends in administrative spending, building utilization, and time-to-degree can all be indicators for policy changes needed to mitigate rising costs.

The thorough but efficient Accountability Report used by the State University System of Florida Board of Governors can form the basis of a dashboard of key indicators that should be adopted by institutions across the country.

Moreover, trustees should not limit their knowledge of their institutions to what is discussed in committee meetings. They should actively develop intermediate levels of discourse at their institution, obtaining real input from teaching faculty—not just the academic senate leadership—and students. When members of the college or university community view trustees as resources who can be given input, they provide insight that can immeasurably aid in the governance of the institution and inform innovation and change.

## Insisting on Evidence of Student Learning

Trustees today get little data about what students know and are able to do. Trustees must make clear to their presidents that they want annually to receive assessments of student learning—both through nationally-normed instruments and other measures. Assessment of academic growth of students by external measures is central to evaluating whether or not the institution—and its leadership—are meeting their goals, and purely internal and self-referential assessments are not sufficient. Portfolios of student work, for example, can contribute useful insights on student learning, but they do not provide an objective, nationally-normed basis for comparison of individual growth or for institutional accountability.

Trustees must also address the basic question of what happens to students after they graduate, especially in a time of rampant grade inflation, when transcripts are viewed with increasing skepticism by the business and professional community. They should annually receive from the chief executive officer a comprehensive report on grading practices, including a review of final grade trends. This data, presented in such a way as to show change over a period of years, gives trustees the ability to examine whether grade inflation occurs and in what academic areas, and to call for remedies if grade inflation is present.

Presidents and provosts need to answer the following questions: Are students attaining the skills and knowledge that employers demand? Are they acquiring college-level writing skills? Are they gaining quantitative skills appropriate for future leaders of a 21<sup>st</sup> century workforce?

*Example: Arizona State University prioritizes student assessment practices by incorporating program-specific reviews that follow a standard system of data*

*collection, result analysis, and improvement metrics. All new programs at ASU are required to develop an assessment plan at their inception and update the plan annually to reflect accurately student learning goals.*

## V.

### **Improving the Presidential Selection Process**

Governance for a new era requires that trustees improve the presidential selection process.

Trustees carry out their responsibilities through the leadership of the president. That is why selecting an effective and innovative president is one of the most critical actions a board will take. But there is growing evidence that the current search process is highly dysfunctional and contributes to the failure of higher education governance.

Today, a great number of universities use expensive executive search firms. It is common for a search firm to receive, in addition to expenses, a percentage (often 1/3) of a new hire's first-year salary. Search firms, moreover, regularly argue that the talent pool for higher education leadership is small, and they often encourage an institution to seek a "sitting president" already employed at another institution. These assumptions can drive executive salaries to very high levels and could create a wedge between the CEO and the academic community. They should be examined more carefully.

It is time for boards everywhere to consider carefully whether search firms really add value to the process. There is a growing case that their use gives rise to a conflicted, expensive, and inefficient process that undermines college communities and diminishes

trust among their constituencies. Whether or not a search firm is utilized, governance for a new era demands that trustees take charge of the selection process, inviting nominations and applications from inside and outside academic circles. The trustees alone are the ones who can and must see that the search is done right. They must lead in developing the vision for what they want and articulate the vision to the community. They should consider a wide range of types of candidates, including those outside the academy. The ranks of business and government are full of skilled, public-spirited executives who believe in higher education and would consider serving as college presidents. The last few years have seen a number of highly successful college administrators who have emerged from these ranks.

The process of selecting a president may be led by a search committee of the trustees, but all trustees should have access to full information on every application—not only the eventual short list—and should have the opportunity to communicate directly with the search committee. Input from higher education constituencies is critical—both before and during the search. But trustees must not delegate away responsibility for guiding the search and selection process. Specifically, this means that they should never allow themselves to be outnumbered on the search committee. Nor should they limit their ability to introduce new candidates or to insist that the committee broaden the scope of its search if the candidate pool is insufficient. When a board convenes to vote on a new chief executive, it should have the opportunity to consider multiple finalists. It is a distressing fact that presidential search firms that trustees might hire are often seriously compromised, since they are typically supported and used by many presidents to place themselves in a new job or conduct searches for managers at their own institutions. These firms often have standing

relationships with the candidates they present for board consideration. This conflict makes it especially critical for trustees to identify independent resources to assist them in the search process.

### **Assessing Presidential Performance Based on Meaningful Metrics**

Trustees also need to design better presidential contracts and conduct more regular evaluations. They must hold presidents and senior administrators accountable for responding to information requests and for addressing the key goals and objectives that the board establishes each year. The Purdue University board of trustees evaluates its president by placing a set percentage of compensation at risk, contingent on meeting specific performance goals in areas such as graduation rates, student learning outcomes, and academic excellence. This approach to executive contracts should be seriously considered for both presidents and other senior administrators. Pay should be contingent on the president's achieving institutional goals, and boards will be well-advised to measure academic growth, the integrity of the tenure process, responsiveness to requests for information, assurance of intellectual diversity, and efficient and productive use of institutional resources.

## **VI.**

### **Strengthening Trustee Selection and Education**

In a recent poll by GfK, 91% of the American people said it is the board's responsibility to "take the lead in reforming higher education to lower costs and improve quality." Trustees indeed, at their best, can provide a "reality check" on the often self-directed focus of colleges and universities.

It is also true that many inside and outside the campus have their doubts about the competence of governing boards. Missteps by lay boards (which have happened and will continue to happen) gain immense attention. Trustees are frequently criticized for their lack of knowledge, ability, or experience with the academic enterprise. They are criticized for re-living their undergraduate days, calling upon old experiences, and having insufficient expertise to make academic decisions. As former University of Wisconsin regent Phyllis Krutsch has noted: "...college and university trustees—like their counterparts in the corporate world—need to do a better job of connecting the dots between the promise and practice of governance. Getting it right matters."

For this reason, governors and legislatures must enhance the quality of their appointees and insist on regular and independent training. "Higher education has never been so important to the health and well-being and the future of our state as it is right now," said then-Governor Mitch Daniels. "... If we are going to make the kind of improvement we need ... [trustees] are going to have to press for it, and measure it, and demand results."

In at least two-thirds of the states, the governor is primarily responsible for appointing trustees of public institutions. In these states, informed and thoughtful appointment by the governor is essential to ensure leadership and accountability for the state's public higher education system. The governor is elected by the people of the state and has the responsibility to put forth a coherent educational vision. Although public trustees may think that their main job is to advocate and raise money for their institutions, it is incumbent upon the governor to ensure that they understand their fiduciary obligation is to represent the taxpayers. If they are unable to make that commitment, they should not

be appointed. Governors can benefit from a close liaison with existing board chairs to learn of specific board needs to strengthen future appointments. If the governor's appointees fail, the governor bears the responsibility.

Many would argue for specific board seats allotted by constituency or vetting commissions that would reduce gubernatorial responsibility. These efforts are misguided; it is incumbent upon sitting trustees to represent the broader public interest. It is also important that appointing power rest with those who are directly accountable; commissions lack that accountability.

Private boards must examine and, if appropriate, revise their bylaws and processes to ensure that appointments to the governing boards include not only generous donors but also members who bring understanding of the world of colleges and universities. Private boards should insist on effective nominating committees which identify talent, leveraging members' extensive networks with the community at large. The president should not be the appointing authority for trustees who will ultimately oversee his performance.

All boards—private and public—should include trustees with a range of backgrounds appropriate for building board expertise and effective oversight: those with academic experience and understanding of the internal workings of colleges and universities; those with strong financial backgrounds; those providing intellectual and professional diversity, ensuring a rich mixture of ideas, talents, and professions. They should reflect the major specialized intellectual areas of the institution—such as science and medicine. And they should have a breadth of skills and detachment necessary to be conscientious fiduciaries. To be effective, boards must have

members who can be leaders—willing to invest the unpaid time, understand the issues, and raise the tough questions. Donations to the political process or to the institution should not, of course, disqualify an appointment; but trustee generosity should never be a pre-condition of appointment.

Governors and their staffs also need the opportunity to learn about the role and function of public governing boards and how best to find and appoint the members they need to be effective. Governors' associations need to take an active role in promoting well-informed gubernatorial appointments.

### **Obtaining Essential and Ongoing Education**

Being well-informed is a prerequisite to thoughtful policymaking, and effective boards make sure that their members have an in-depth understanding of the role of the board, of higher education issues, and of the particular challenges in their states and on their campuses. New members need a thorough orientation before they take up their duties, and the full board and its committees need regular educational sessions on the topics and issues they will confront. Board meetings should always include strategic and option-oriented background materials that provide members with a wider perspective on education policy for their decision-making. It is this level of board professionalism that will command respect from others inside and outside the university. Effective boards recognize the important difference between information universities generate for public relations and the data-driven objective information they need for decision-making, and they ensure that a firewall is maintained between the two.

To understand the difference between the two, trustees must receive independent guidance. Unfortunately, few boards of trustees are equipped

with the resources they need to seek out and obtain this level of professional development. Often they are almost entirely dependent on the institutions they oversee, relying on presentations and materials provided by the president and outside organizations selected and funded by the president. Governors—and legislators—can address this problem for public boards by supporting initiatives that provide trustees with board staff and resources independent of the president’s control. Similarly, private governing boards need to ensure in their bylaws that they have the resources they need to make independent arrangements for their own professional development and decision-making.

All boards, public and private, need to incorporate into their bylaws a structure and procedure both for new member orientation and ongoing training for all trustees. All board appointments can be conditioned on trustee willingness to engage in training, making it clear that appointments will be reconsidered in the case of members who fail to participate in educational sessions. In the case of public universities, governors can be powerful advocates for intense trustee orientation and ongoing professional development and can facilitate or even host the kind of substantial and ongoing training that makes sure appointees are informed public servants. Over the years, many governors have organized statewide governors’ conferences that stress trustee responsibilities and inform trustees about the challenges facing higher education. Ideally, governors will outline their vision and emphasize that they expect appointees to address the issues of cost, quality, and accountability in higher education. This is a time to think on a bigger scale, not just locally, but statewide and nationally, about the role of the college or university trustee and the need for responsible stewardship to sustain public support of the higher education system.

Training, which should be at least semi-annual and allow for webinars, MOOCs, and other vehicles, should address the following key topics: the history of American higher education; board responsibilities; measuring outcomes; board effectiveness and management; budgets (how to develop them, set priorities, and ensure transparency); curriculum; academic freedom and intellectual diversity; understanding space allocation and building utilization; workforce and economic development; shared governance; selecting a new president; teacher education and the relation of higher education to K-12; and accrediting bodies.

*Examples: In 2010, Missouri Governor Jay Nixon convened a Higher Education Summit and used the opportunity to call for the state universities’ regents and trustees to undertake an exacting review of existing academic programs and to consolidate or eliminate programs not economically viable. The governor also called for governing boards to examine thoroughly ways to deliver more efficiently administrative services. Indiana’s Commission for Higher Education hosts a Trustee Academy whose past themes have included “Defining College Success: Learning Outcomes Matter” and “Challenges and Opportunities: The Fiscal Responsibilities of Trustees.” The State University System of Florida Board of Governors hosts a Trustee Summit & Orientation that gives trustees of the System’s 12 campuses opportunities to hear from national speakers and interact with System board leadership.*

### **Preserving Institutional Autonomy**

Trustees must resist challenges to their rightful authority and responsibility to govern the academic and financial activities of their institution. And this means pushing back publicly against accreditors

that encroach upon the management and governance of the institution. The accreditation process has increasingly imposed immense financial burdens—in time and labor—with little evidence of comparable return. It is time to consider cutting the link between accreditors and federal financial aid so that accreditors may rightly return to their role as peer reviewers. Instead, trustees can make publicly available key data of special interest to the students, parents, and taxpayers: tuition, fees, cost of attendance, net cost, and available financial aid; graduation rates, disaggregated by demographics, with transfer rates as available; retention rates; student loan default rates; student outcomes, including licensure test results (as appropriate); value-added assessments of collegiate skills, if utilized; and job placement rates.

### **Applying Best Practices and Trustee Self-Evaluation**

Boards are rightly interested in the management skills and effectiveness of the president and administrators they hire. Nevertheless, it is also important that boards themselves perform effectively. Federal judge and former Yale trustee José Cabranes has emphasized the need for university boards to “maintain their reputations by creating board cultures and board structures that compel transparency and accountability.”

Boards need to be a workable size: while there is no magic number, an effectively functioning board should generally not exceed 15 members. Too often, larger numbers of trustees mean the whole board ceases to be involved in policy decisions on such crucial matters as academic quality, athletic integrity, and cost-control. The timeframe of appointments can be problematic as well. Trustees and presidents are

often term-limited, while tenured faculty are not. To ensure a balance amongst the parties, it is therefore important that trustees be permitted terms long enough to become experienced and knowledgeable parties. Ideally, trustee terms will be at least six or seven years in length, with the option of two terms to ensure overlap of experience and new viewpoints. Boards should also meet regularly—preferably a minimum of six times a year. Given the financial and academic challenges of higher education, it is imperative that boards engage and engage regularly.

Individual board members must take the opportunity to visit the campus and become familiar with buildings, administration, faculty, students, and campus life. They must make attendance at board meetings and careful advance preparation for meetings a priority. They should hold themselves accountable to the public by making the names and contact information of board members publicly available and easily accessible. They must be scrupulous in avoiding conflict of interest and the appearance of conflict of interest. Boards should include on their agenda a regular executive session which permits appropriate confidential discussions solely among the members of the board, and they should avoid placing the president in a conflict of interest by maintaining the president’s board appointment as an *ex officio* non-voting member.

Board members should be receptive to all, but beholden to none. Their indispensable value to students, institutions, and to the nation rests upon their independent judgment. They must always remember that they are ultimately responsible for ensuring the financial health and academic success of their institutions. ■



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American Council of Trustees and Alumni  
1726 M Street NW, Suite 802  
Washington, DC 20036  
P: 202.467.6787 • F: 202.467.6784  
Email: [info@GoACTA.org](mailto:info@GoACTA.org) • Website: [www.GoACTA.org](http://www.GoACTA.org)