The Association of Governing Boards’ (AGB) National Commission on College and University Board Governance released its report, *Consequential Boards: Adding Value Where it Matters Most* in November 2014. Shortly thereafter, at TIAA-CREF’s Higher Education Leadership Conference, a session was devoted to a discussion of the report, the issues it raised, and the recommendations the commission made to address them.

Panelists included:

- **The Hon. Philip Bredesen**, Former Governor of Tennessee and chair of the AGB commission
- **John Casteen**, President Emeritus of the University of Virginia and commission member
- **Jim Stern**, Board Chair Emeritus at Tufts University and commission member
- **Eileen Wilson-Oyelaran**, President of Kalamazoo College and former chair of AGB’s Council of Presidents
- **Rick Legon**, President of AGB (moderator)

The National Commission on College and University Board Governance’s charge was to “review the capacity of higher education governance to meet the challenges confronting the sector in the 21st century and to develop recommendations aimed at improving the effectiveness of college and university governing boards.” The crucial question the commission wrestled with was: Is the current model of board governance adequate to address the challenges higher education faces?

The commission’s response was clear. It issued a call to action for more effective stewardship, and recommended a recasting of higher education governance. The commission urged boards to move to a higher, more strategic level in order to focus on issues not addressed elsewhere.
Legon opened the session with a brief outline of the challenges facing higher education today, including primarily an unsustainable business model, increased public scrutiny regarding costs and outcomes, new demands flowing from a demographically-shifting student body, and pressure for new forms of delivery of academic programs.

Chairman Bredesen was succinct in his assessment of the board’s role, noting that higher education’s business model is failing and only boards are in a position to do something about it. John Casteen elaborated on Bredesen’s comments, emphasizing boards’ fiduciary responsibilities. He noted the importance of seeing reputation and academic and financial integrity as key institutional assets in the higher education sector, and the critical role that boards should fill in protecting those assets. With regard to institutions’ auxiliary enterprises such as medical centers and athletics foundations, Casteen argued that regardless of organizational structures, there is no such thing as handing over fiduciary responsibility to a third party; rather, that obligation lies with the board — and the board should ensure that the people who work for the auxiliary enterprises are also working for the university.

The panel also discussed the issue of board culture. Jim Stern shared the advice of Dick Chait, another commission member, who once told Stern’s board at Tufts that a university can be no better than the quality of its board. Stern described how that mindset helped set the tone and culture for his board, and helped it to work together for the good of the institution. Similarly, Bredesen noted the importance of board members leaving their own interests at the door and instead focusing on the best interests of the institution. Stern said the most important thing a board can do is select a president — and once it does, it had better support him or her. He believes that in terms of a well-functioning board, there’s no substitute for the right relationship between the board chair and the president. Eileen Wilson-Oyleran talked about the importance of a shared perspective on the part of boards and presidents — and faculty as well. She suggested that better information, widely shared, would help address the disconnects that sometimes arise and make shared governance more problematic.

The commission’s report counsels boards and presidents that accountability and leadership in these demanding times require a collaborative standard of engagement, and that administrators and board members need to focus on mutual support and respect. The commission’s recommendations are aimed at achieving “consequential” governance, with boards engaging at a heightened level on those matters where their fiduciary leadership is most essential and determinative, and presidents facilitating a level of more effective board engagement.

In addition to focusing on boards’ responsibilities and how best to govern, the commission also turned a spotlight on the need for boards to help reclaim the public trust in American higher education. Higher education has lost much public support in recent years as faith has eroded in its ability to offer the opportunity to all to build better lives for themselves. Bredesen spoke eloquently...
about the important role higher education occupies in our country for the public good, in spurring innovation and the growth of our national economy and, likewise, strengthening our national defense. Further, higher education historically has been a sure vehicle for social advancement. Today, though, much of that value is being questioned. Board members, it was agreed, can help restore public trust by thinking broadly and reaffirming in their own minds the public good of higher education — both public and private — and the central place in the “soft” infrastructure of the United States occupied by the institutions they serve. From there, board members can tell the positive stories of American higher education.

Key Take-Aways

• The crucial question the AGB commission wrestled with was: Is the current model of board governance adequate to address the challenges facing higher education today?

• The commission issued a call to action for more effective stewardship, and recommended a recasting of higher education governance. It urged boards to move to a higher, more strategic level and to stay away from day-to-day administrative issues.

• The commission’s recommendations are aimed at achieving “consequential” governance, with boards engaging at a heightened level on those matters where their fiduciary leadership is most essential. Attention to higher education’s broken financial model is crucial.

• An open, candid, supportive and respectful relationship between the board chair and president is fundamental to a well-functioning board. All board members need to leave their own interests at the door and focus on what’s best for the institution they serve.

• Governance itself is too often a risk factor for institutions — one that boards must mitigate against by focusing on their fiduciary responsibilities, contributing at a strategic level, and helping to foster a collaborative board culture built on mutual support and respect.

• Boards have a key role to play in helping to restore public trust in American higher education. That starts with thinking broadly about the purposes of higher education and reaffirming in their own minds its value as a public good.

• Ongoing education and training of board members about the issues they’re addressing is essential to their making informed and wise decisions. Boards should engage in self-assessment and hold themselves accountable.

• Institutional reputation and academic and financial integrity are crucial assets in the higher education sector, where outcomes often are not readily measured. Likewise, as part of their fiduciary responsibilities, boards should focus on protecting those assets.

• The stakes are high, the challenges are real, and they’re immediate. Fixing and strengthening college and university governance is not an option; it needs to happen for higher education to effectively address the onslaught of economic, social and political issues it faces.

Links of Interest

To download the AGB commission’s full report, Consequential Boards: Adding Value Where it Matters Most: http://agb.org/national-commission-college-and-university-board-governance

National Commission on College and University Board Governance

Key Recommendations

1. Boards must improve value in their institutions and lead a restoration of public trust in higher education itself.

2. Boards must add value to institutional leadership and decision making by focusing on their essential role as institutional fiduciaries.

3. Boards must act to ensure the long-term sustainability of their institutions by addressing changed finances and the imperative to deliver a high-quality education at a lower cost.

4. Boards must improve shared governance within their institutions through attention to board-president relationships and a reinvigoration of faculty shared governance. Boards additionally must attend to leadership development in their institutions, both for presidents and faculty.

5. Boards must improve their own capacity and functionality through increased attention to the qualifications and recruitment of members, board orientation, committee composition, and removal of members for cause.

6. Boards must focus their time on issues of greatest consequence to the institution by reducing time spent reviewing routine reports and redirecting attention to cross-cutting and strategic issues not addressed elsewhere.

7. Boards must hold themselves accountable for their own performance by modeling the same behaviors and performance they expect from others in their institutions.

Source: Consequential Boards: Adding Value Where it Matters Most Nov. 2014

On Financial Sustainability

We’re not likely to address the sustainability issue on the backs of being able to dramatically increase revenue... The sustainability issue requires some tough and bold decisions, using metrics to assess cost allocations while meeting the demands of an increasingly skeptical public.

The commission report clearly recognizes that as an essential resource for individual and economic standing, for social equity, and as the centerpiece for knowledge development and civic engagement, we all need to ensure an affordable and high-quality product that meets the public’s needs and expectations, and that the students we admit...can complete their education with a meaningful degree or certification.

And with policymakers increasing their pressure on the sector in an effort to assure accountability to meet those objectives, we have a challenge both in sustainability and in making the case as to our value to this broader society.

Rick Legon
President, AGB