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Statement on Board Responsibility for Institutional Governance

Foreword

The enormous diversity among American colleges and universities is reflected in their disparate governance structures and functions. Although the culture and process of governance varies widely among institutions, the presence of lay citizen governing boards distinguishes American higher education from most of the rest of the world, where universities ultimately are dependencies of the state. America's public and private institutions also depend on government, but they historically have been accorded autonomy in carrying out their educational functions through the medium of independent governing boards, working collaboratively with presidents, senior administrators and faculty leaders. These boards usually are appointed by governors (and less frequently elected), in the case of public institutions, and are generally self-perpetuating (selected by current board members), in the case of private institutions.

The "AGB Statement on Board Responsibility for Institutional Governance" encourages all governing boards and presidents to examine the clarity, coherence, and appropriateness of their institutions' governance structures, policies, and practices, and recommends a number of principles of good practice related to institutional governance. Moreover, it reflects a governing board perspective, taking into consideration the many changes that have occurred in American higher education during the four decades since the American Association of University Professors promulgated its "Statement on Government of Colleges and Universities" (1966), a document that AGB commended to its members.

AGB's original Statement on Institutional Governance was inspired by the work of the Commission on the Academic Presidency, whose report and recommendations AGB published in 1996. After gathering insights from college and university chief executives, trustees, administrators, and faculty from across higher education and considering hundreds of public comments in response to a draft of the statement, the AGB Board of Directors approved it in November 1998. Much has happened in the succeeding decade to suggest the need for a revision of the original statement.

In 2006, AGB's Task Force on the State of the Presidency in American Higher Education completed a year-long study of the contemporary presidency that recognized a series of new demands on and expectations of academic presidents. As a result, the task force urged presidents and governing boards to embrace "integral leadership" in which the president "exerts a presence that is purposeful and consultative, deliberative yet decisive, and capable of course corrections as new challenges emerge." In addition, the group

recommended that presidents focus more on the larger higher education community in order to “sustain the public trust and serve the nation’s needs.” Finally, signaling the need for a new collaborative spirit in governance, the task force called on presidents and governing boards to partner in leadership, with the support and involvement of the faculty: “Leadership of this sort links the president, the faculty, and the board together in a well-functioning partnership purposefully devoted to a well-defined, broadly affirmed institutional vision.”

Shortly thereafter, AGB’s Board of Directors offered further guidance to boards and presidents in their “Statement on Board Accountability” (2007). They challenged boards to remember that they are accountable for institutional mission and heritage, for the transcendent values of American higher education (self-regulation and autonomy, academic freedom and due process, shared governance, transparency, and educational quality and fiscal integrity), to the public interest and public trust, and to the legitimate interests of various constituencies.

Like the original statement, this revision is not intended to be prescriptive. Rather, it is intended to serve as a template and resource for discussion of good governance policies, principles, and practices. Influenced by the current environment for higher education and its governance and informed by the association’s work in the last decade, it also strives to be true to the academic traditions of board responsibility and accountability, shared governance, and faculty professionalism while still confronting the rapidly changing and oftentimes threatening political, social and economic environment in which higher education works to serve the nation and students.

Changing Environment and Perspectives

American higher education is increasingly important today to individuals, the country, and the world. For higher education and those responsible for governance, continuous and accelerating change—social, political, economic and technological—presents many challenges, including:

- **Students:** College-going students are older and more racially and ethnically diverse; nearly 40 percent are over 25 and 32 percent are racial and ethnic minorities (2008 Digest of Education Statistics, US DOE). More than ever before, students attend part-time, start their education in a two-year institution, enroll in more than one institution before completing a degree, and take more than four years to complete an undergraduate degree.
- **Faculty:** The proportion of full-time tenured and tenure-track faculty has declined to about one-third, nationally, and the number of full-time non-tenure track, part-time, and contingent faculty has increased, especially in two-year colleges. In most institutions, only full-time tenured or tenure-track faculty participate in faculty senates and other governance bodies. There is a widespread perception that faculty members, especially in research universities, are more loyal to their academic disciplines than to the welfare of their own institutions, eschewing, therefore, a commitment to institutional citizenship. In addition, participation in institutional governance is not always recognized or rewarded on par with other faculty work.
- **Insufficient Resources:** Persistent national and global financial difficulties have intensified the already challenging economic circumstances of all segments of American higher education. State appropriations for higher education have not kept

pace with the funding needs of institutions and systems. The long-term economic outlook is challenging for all and desperate for some.

- **Higher Education's Highly Competitive Marketplace:** While American higher education's prominence and stature in the world remain high, other nations' investment in postsecondary education has challenged that standing. Intense competition for students, faculty, and resources from both within and outside the enterprise is a diversion from higher education's attention to the educational mission. Colleges and universities are challenged to demonstrate and defend their value and to reassert the public purposes they serve.
- **Accountability and Scrutiny:** The public demands greater accountability—particularly regarding student learning outcomes and escalating tuition and fees—and elected officials at both state and national levels have intensified their scrutiny of higher education.
- **Effectiveness of Institutional Governance:** Higher expectations for effectiveness and a growing need to be responsive to changes outside of higher education have increased the importance of good communication among the president, administration, governing board, and faculty. Many presidents, governing boards, and faculty members believe that institutional governance is so cumbersome that timely and effective decision making is imperiled; factionalism, distrust and miscommunication, and lack of engagement among the parties can impede the decision-making process.
- **Focus on Jobs and the Economy:** Higher education officials are increasingly sensitive at the undergraduate level to changing student interests, continuing pressure for career preparation, shifting demands of the job market, and the desire of governments to have higher education serve as the economic engine of states and regions.
- **Pace of Change:** Scholars, institutes, and a variety of commissions continue to anticipate a major transformation of higher education as a result of a revolution in information technology, the reorientation of the focus of education from teaching to learning, and increased competition from corporate, for-profit and online enterprises in the higher education market. Evidence of such change is abundant, but transformation hardly describes the nature of the change that is occurring. Indeed, many observers and critics of higher education see the changes as inadequate and too slow to meet current societal and market needs and economic realities.

Higher education and its governance structures need to work well to ensure the success of colleges and universities and their responsiveness to a changing environment. In this context, AGB's Board of Directors examined, revised and approved this statement on board responsibility for institutional governance.

Richard D. Legon
President

Association of Governing Boards of Universities and Colleges

AGB Statement on Board Responsibility for Institutional Governance

This statement was approved on January 22, 2010, by the Board of Directors of the Association of Governing Boards of Universities and Colleges. The following principles are intended to guide boards in the governance of colleges, universities, and systems, inform them of their roles and responsibilities, and clarify their relationships with presidents, administration, faculty, and others involved in the governance process.

Principles

1. The ultimate responsibility for governance of the institution (or system) rests in its governing board. Boards are accountable for the mission and heritage of their institutions and the transcendent values that guide and shape higher education; they are equally accountable to the public and to their institutions' legitimate constituents. The governing board should retain ultimate responsibility and full authority to determine the mission of the institution (within the constraints of state policies and with regard for the state's higher education needs in the case of public institutions or multi-campus systems), in consultation with and on the advice of the president, who should consult with the faculty and other constituents. The board is also responsible for the strategic direction of the institution or system through its insistence on and participation in comprehensive, integrated institutional planning. As with many other issues, the board should collaborate with the president, senior leadership team, and faculty leaders to arrive at an understanding concerning strategic direction, then to ensure that the institution has or can raise the resources necessary to sustain the mission, compete in the educational marketplace, and accomplish these strategic goals.

While they cannot delegate their ultimate fiduciary responsibility for the academic quality and fiscal integrity of the institution, boards depend upon the president for institutional leadership, vision, and strategic planning, and they delegate to the president abundant authority to manage the operations of the institution. The board partners with the president and senior leadership to achieve the mission, sustain core operations, and attain the strategic priorities of the institution. A board must clearly convey the responsibilities it expects the president to fulfill and hold the president accountable, but it also must establish conditions that generate success for the president.

2. The board should establish effective ways to govern while respecting the culture of decision making in the academy. Colleges and universities have many of the characteristics of business enterprises, and their boards are accountable for ensuring that their institutions are managed in accordance with commonly accepted business standards. At the same time, colleges and universities differ from businesses in many respects. They do not operate with a profit motive, and the "bottom line" of a college or university has more to do with human development and the creation and sharing of knowledge—as measured in student learning outcomes, persistence to graduation, degrees conferred, quality of campus life, and the level of excellence attained by faculty in teaching and scholarly pursuits—than with simply balancing the budget, as important as that annual goal is. Moreover, by virtue of their special mission and purpose in a pluralistic society, colleges and universities have a tradition of both academic freedom and constituent participation—commonly called "shared governance"—that is strikingly different from that of business and more akin to that of other peer-review professions, such as law and medicine. The meaningful involvement of faculty and other campus constituencies in deliberations contributes to effective institutional governance.

Perhaps the most striking attribute of American higher education—sometimes explicit, sometimes implicit—is that faculty are accorded significant responsibility for and control of curriculum and pedagogy. This delegation of authority has historically resulted in continuous innovation and the concomitant effect that American college

curricula and pedagogy define the leading edge of knowledge, its production, and its transmission. Board members are responsible for being well informed about and for monitoring the quality of educational programs and pedagogy. Defining the respective roles of boards, administrators, and faculty in regard to academic programs and preserving and protecting academic freedom are essential board responsibilities.

In concert with presidents, senior administrators, and faculty leaders, boards should make a conscious effort to minimize the ambiguous or overlapping areas in which more than one governance participant or campus constituency has authority. Governance documents should state who has the authority for specific decisions—that is, to which persons or bodies authority has been delegated and whether that which has been delegated is subject to board review. Boards should recognize that academic tradition, especially the status accorded faculty because of their central role in teaching and generating new knowledge, creates the need for deliberation and participation of faculty and other key constituents in decision making. The board, however, should reserve the right to review, challenge, and occasionally override decisions or proposals it judges to be inconsistent with mission, educational quality, or fiscal integrity. For example, the delegation of authority to the administration and faculty for adding, reducing, or discontinuing academic programs is made with the understanding that the board retains the ultimate responsibility for approving such actions.

The respective roles of the administration, faculty, and governing board in faculty promotions and tenure illustrate the principle of collaboration, a principle best achieved when responsibilities and expectations are clearly articulated. For example, although in most institutions the board will exercise its ultimate responsibility by approving individual tenure and promotion decisions, it might choose to delegate other kinds of actions to the president and senior leadership team, which might, in turn, delegate some authority for specific decisions to an appropriate faculty body.

Boards and presidents should plan reasonable time for consultative and decision-making processes and establish deadlines for their conclusion with the clear understanding that failure to act in accordance with these deadlines will mean that the next highest level in the governance process will have to proceed with decision making. Even in the context of academic governance, with its sometimes lengthy processes, a single individual or group should not be allowed to impede decisions through inaction.

Clarity does not preclude overlapping areas of responsibility, but each group should understand whether its purview, as well as that of others in the governance process, is determinative, consultative or informational. Moreover, the board and the president or chancellor should ensure the systematic, periodic review of all institutional policies, including those affecting institutional governance. “Communication,” “consultation,” and “decision making” should be defined and differentiated in board and institutional policies. For example, governing boards should communicate their investment and endowment spending policies, but they may choose not to invite consultation on these matters. Student financial-aid policies and broad financial-planning assumptions call for both communication and meaningful consultation with campus constituents.

3. The board should approve a budget and establish guidelines for resource allocation using a process that reflects strategic priorities. Budgets are usually

developed by the administration, with input from and communication with interested constituents. The board should not, however, delegate the final determination of the overall resources available for strategic investment directed to achieving mission, sustaining core operations, and assuring attainment of priorities. Once the board makes these overarching decisions, it should delegate resource-allocation decisions to the president who may, in turn, delegate them to others.

In those instances in which the board believes resources will need to be reallocated in ways that will lead to reducing or eliminating some programs, faculty, or staff, the board should charge the president and senior leadership team to create a process for decision making that includes consultation, clear and explicit criteria, and communication with constituent groups. The board should recognize that effective institutional action is more likely when all parties have some joint responsibility for and have collaborated on the process and criteria. For example, if the board decides the institution is in such financial jeopardy that faculty and staff reductions and reallocations are necessary, it first should consult, through the president, with constituent groups, then share appropriate information and describe the analysis that led it to such a determination.

4. Boards should ensure open communication with campus constituencies.

Faculty, staff, and students have a vital stake in the institution and should be given opportunities to be heard on various issues and participate in the governance process. Historically, higher education governance has included three principal internal participants: governing boards, senior administrators, and the full-time tenured and tenure-track faculty. In fact, other campus constituents exist, and in increasing numbers. For example, the nonacademic staff substantially outnumbers the faculty, but this group rarely has a formal voice in governance. The same is true of the non-tenure-eligible, part-time, and adjunct or contingent faculty. These latter groups now predominate in community colleges and are an ever-larger component of the faculty in four-year colleges and universities, particularly in the public sector.

It is AGB's view that faculty, staff, and students ordinarily should not serve as voting members of their own institution's governing board because such involvement runs counter to the principle of independence of judgment required of board members. Particularly in the case of faculty or staff members, board membership can place them in conflict with their employment status. Even when constituent groups are represented on the board, the board should be mindful that the presence of one or more students, faculty, or staff as members of the board or its committees or institutional task forces neither constitutes nor substitutes for communication and consultation with these constituent groups.

The involvement of these diverse internal constituent groups will vary according to the issue or topic under consideration and the culture of the institution—for instance, full-time faculty will have a primary role in decisions concerning academic programs and faculty personnel matters—but the board is responsible for establishing the rules by which these voices are heard and their perspectives considered. Moreover, boards should strive to ensure opportunities for participation in governance, while recognizing that the subject matter in question will determine which constituent groups have predominant or secondary interests and voice.

Although the board is an independent policy-making body, it routinely relies upon the president as its major window on the institution; the board should expect candor, frequent communication, and sufficient information from the administration and its leaders. In turn, the board should support the president, while maintaining a healthy degree of independence, and ensure that the voices of other campus constituents are heard.

In institutions with faculty or staff collective bargaining agreements, it is important to ensure strong institutional governance and to clarify its relationship to the agreement. For example, academic senates and unions coexist effectively in many settings, but their effectiveness is contingent on the clarity of the respective responsibilities of the senate, other traditional academic governance structures, and the bargaining unit. The board should consider a formal policy regarding the role of union officials in institutional governance and articulate any limitations on their participation.

5. The governing board should manifest a commitment to accountability and transparency and should exemplify the behavior it expects of other participants in the governance process. From time to time, boards should examine their membership, structure, policies, and performance. Boards and their individual members should engage in periodic evaluations of their effectiveness and commitment to the institution or public system that they serve. In the spirit of transparency and accountability, the board should be prepared to set forth the reasons for its decisions.

Just as administrators and boards should respect the need for individual faculty members to exercise both academic freedom and responsible professionalism in their instruction, research, and scholarly activities, boards should exercise restraint in matters of administration. And just as responsible faculty participation in governance places good institutional citizenship ahead of disciplinary, departmental, or personal interest, so should individual board members avoid even the perception of any personal agendas or special interests. Board members and governing boards should not be seen as advocates for their appointing authorities or for certain segments among their constituents or the electorate; regardless of how they were selected or elected as board members, their commitment should clearly be to the welfare of the institution or system as a whole. Board members as well as faculty members and staff should strive to collaborate with, and avoid undermining, their presidents and senior leadership teams.

6. Governing boards have the ultimate responsibility to appoint and assess the performance of the president. Indeed, the selection, assessment, and support of the president are the most important exercises of strategic responsibility by the board. The process for selecting a new president should provide for participation of constituents, particularly faculty; however, the decision on appointment should be made by the board. Boards should assess the president's performance on an annual basis for progress toward attainment of goals and objectives, as well as for compensation review purposes, and more comprehensively every several years in consultation with other constituent groups. In assessing the president's performance, boards should bear in mind that board and presidential effectiveness are interdependent.

7. System governing boards should clarify the authority and responsibilities of the system head, campus heads, and any institutional quasi-governing or advisory boards. Most public colleges and universities are part of multi-campus systems that accord the system board the legal authority and responsibility for governing a set of institutions or campuses. The system board should ensure that governance documents address the relationships and respective responsibilities among system and institutional boards and administrators, including, for example, boards and administrative officers of the professional schools of law, medicine, health sciences, and business, and of intercollegiate athletics. Governing boards of multi-campus systems should lean strongly in the direction of maximum possible autonomy for individual campuses or schools, operating within the framework of an overall system-wide plan and public agenda.

8. Boards of both public and independent colleges and universities should play an important role in relating their institutions to the communities they serve. The preceding principles primarily address the internal governance of institutions or multi-campus systems. Governance should also be informed by and relate to external stakeholders. Governing boards can facilitate appropriate and reciprocal influence between the institution and external parties in many ways.

Public institutions receive a significant percentage of their financial resources through state governments, statewide coordinating bodies (in some cases), and increasingly through foundations affiliated with the institution or system; governing boards are accountable for these funds. The responsibilities of these officials and bodies vary widely among the states, but governing boards should serve as important buffers between the college or university and the political structures, partisan politics, and pressures of state government. Boards should also serve as bridges to state government leaders whose views and perspectives concerning the conduct of public higher education, as it relates to state needs and priorities, should be heard and considered. Together with the president, the board should also serve as a bridge between the institution or system and its affiliated asset management and fund-raising organization. These board responsibilities require a skillful balancing of effective communication and sensitive advocacy in articulating and defending the mission, core programs and operations, and strategic priorities of the institution and in conveying to institutional constituents the concerns of external stakeholders.

The relationships among the institution or system and the various external political and regulatory oversight groups should reflect an understanding by which the institution or system is held accountable for results in relation to agreed-upon objectives. This arrangement preserves the essential autonomy of the institution or system, which differentiates it from other state entities, and makes it clear that it is accountable for results.

Governing boards of independent colleges and universities also play an important role in connecting the institution to the community and representing the broader public interest in higher education. In their deliberations, in addition to advocating for the mission of the institution, board members should advocate for fulfillment of the public purposes of higher education, such as an educated citizenry, prepared workforce, and equal opportunity, to which colleges and universities with widely varying missions contribute. In coordination with the administration, board members should also advocate on behalf of their institution

and higher education in their communication and relationships with political, community, philanthropic and economic leaders, and other constituents.

All boards, public and private, should exercise caution in adopting the policies and procedures promulgated by any outside organizations. With the possible exception of those institutions owned by or closely affiliated with sponsoring organizations that contribute to their finances or otherwise hold title to their property and assets, the board should not feel obligated to adopt the policies and prescriptions of other bodies.

Conclusion

College and university governing board membership is one of the most serious and consequential exercises of voluntary leadership in our society. It calls for balancing and sometimes buffering the often-conflicting claims of multiple internal and external constituents. It requires good judgment in avoiding micromanagement while being sufficiently informed to assess professional performance and institutional effectiveness. It calls for listening and questioning more than pronouncing and demanding. Most of all, it requires a commitment to the institution as a whole rather than to any of its parts. Governing board membership is both challenging and enormously rewarding in the service of the current and future generations of students and, ultimately, the nation's well-being.

Questions to Consider

The following questions should help boards assess whether policies and practices concerning the participation of board members, administrators, faculty, staff, and students in institutional governance are reasonably clear, coherent, and consistent. Answers to these questions will help boards and presidents determine whether to establish a process, to revise policies and procedures or to improve how they are implemented.

1. Do board members, the president, administrators, faculty, staff, and students understand those areas for which the board has ultimate responsibility, in consultation with appropriate constituent groups or bodies?
2. What information does the board receive and monitor to fulfill its fiduciary responsibilities and oversee the quality of academic programs? How rigorous is this oversight?
3. In what areas has the board's authority been delegated and in what documents can this be found? How does the board hold accountable those who have received this delegation of authority?
4. How do board orientation and education support board understanding of the institution's governance structure, procedures, faculty participation in institutional governance, and the tradition of academic freedom? How do faculty orientation and professional development support faculty understanding of the institution's governance structure and procedures and encourage participation in institutional governance?
5. If the board governs a multi-campus system, is the authority of the system head, campus heads, and institution-based advisory or quasi-governing boards reasonably clear and effective? How is this authority communicated to the various parties/constituents?

How does the board monitor the effectiveness of various parties/constituencies in exercising their authority?

6. How does the board stay informed about collective bargaining at its institution or in its system, and how does it assess the effect of collective bargaining on institutional governance?
7. Does the board conduct its affairs in a manner that exemplifies the behavior it expects from other governance participants and campus constituents in the course of institutional decision making? How does the board demonstrate a commitment to the quality of its own performance?
8. Has the board, in concert with the president and in consultation with appropriate constituent groups, assessed the participation of constituents in institutional decision making and their collaboration in policy implementation? Has it clearly distinguished among information gathering, consultation, and decision making in its communication with campus constituents? What initiatives might be undertaken to clarify and strengthen communication, participation, and collaboration in institutional governance?
9. Does the board allow reasonable time for meaningful deliberation and establish clear deadlines for the conclusion of consultative and decision-making processes? What does the board do to ensure timely information and decisions from campus constituents? How effective is this?
10. When were the key institutional policies and procedures governing institutional decision making (for example, board bylaws, administrative policy manuals, and faculty handbooks) last reviewed?

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Statement

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