

Consequential Boards

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Charitable Trust



Big Issues Facing Higher Education

- 1. Affordability, Retention and Completion**
- 2. Business Model**
- 3. Enrollment**
4. Fundraising
5. Educational Delivery
6. Academic Workforce
7. Technology
8. Globalization
9. Institutional Risk
10. Public Policy Issues—HEA, CASA, College Ratings, Tax Reform, External Influences

Top 10 Campus Legal Issues for Boards

1. Sexual Violence
2. Risky Student Behavior
3. Cybersecurity
4. Online Learning
5. Affirmative Action In Admissions and Financial Aid
6. Workplace Issues
7. Statutory and Regulatory Compliance Issues
8. Federal Cost Accounting and Effort Reporting
9. Construction and Deferred Maintenance
10. Transparency, Ethical Conduct, and Behavior

Higher Education's Value Proposition: Concerns and Challenges

"In the past 30 years, demand for higher education has escalated as changes in the economy have made some type of Postsecondary credential requisite for economic mobility and individual advancement".

*- Consequential Boards:
Adding Value Where it Matters Most*

Higher Education's Value

Proposition:

Concerns and Challenges

- Personal Benefit versus Societal benefit
- Preparing students for 21st Century workforce (public doubt)
- Financial impact of higher education
- Public support – worth the investment
- Student preparation, remediation, and retention
- Purpose of a Higher Education

Higher Education's Value Proposition: Concerns and Challenges

- Enrollment in higher education since 2000 increased over 1/3
- Less than 1/3 of the growth of the population on Medicare/Medicaid
- Postsecondary Attainment has remained stagnant because too many students fail to complete
- Students who don't complete most often accumulate substantial debt (more so than those who complete to a certificate or a degree)
- Public concern over international attainment (proportion of population with some type of credential or higher education degree) ranking

Trustees as Fiduciaries*

- Fiduciary – One who holds some asset(s) in trust for another and is charged to act beneficially on behalf of the other in managing that asset.
- The Asset – The college/university you govern, including mission & identity, property, human resources & educational product.
- For Whom – Founders and sponsors, students and families, donors, alumni, (public)

* AGB (web), Fiduciary Duties

Fiduciary Duties*

- Duty of Care

- Act in good faith for best interests of institution
- Act reasonably, competently and prudently

- Duty of Loyalty

- Put interest(s) of institution above all else
- Do not act from self interest; no self-dealing
- Conflict of loyalty

- Duty of Obedience

- Obligation to advance mission
- Duty to act ethically and consistent with mission

- Serve a Public Purpose

*AGB (web), Fiduciary Duties

Fiduciary Questions

- How is our board educated on these principles [duty, loyalty, obedience]?
- Do we understand how our fiduciary duties relate to our particular responsibilities in overseeing the college?
- Do we understand the ways in which we could be exposed to personal liability for breaching our fiduciary duties?

Consequential Governance

1. Focus on accountability and fiduciary principles
2. Board structure should facilitate a focus on things that matter
3. Strategy over reports—future over past
4. Board lead in advocacy for higher education—value proposition
5. Board-presidential leadership and institutional governance
6. Defend board independence

Consequential Boards Must:

- Add value and lead a restoration of public trust in higher education.
- Add value to leadership and decision making through their role as institutional fiduciaries.
- Address sustainability through financial solvency, providing high-quality education at lower cost.
- Improve shared governance and board-president relations.

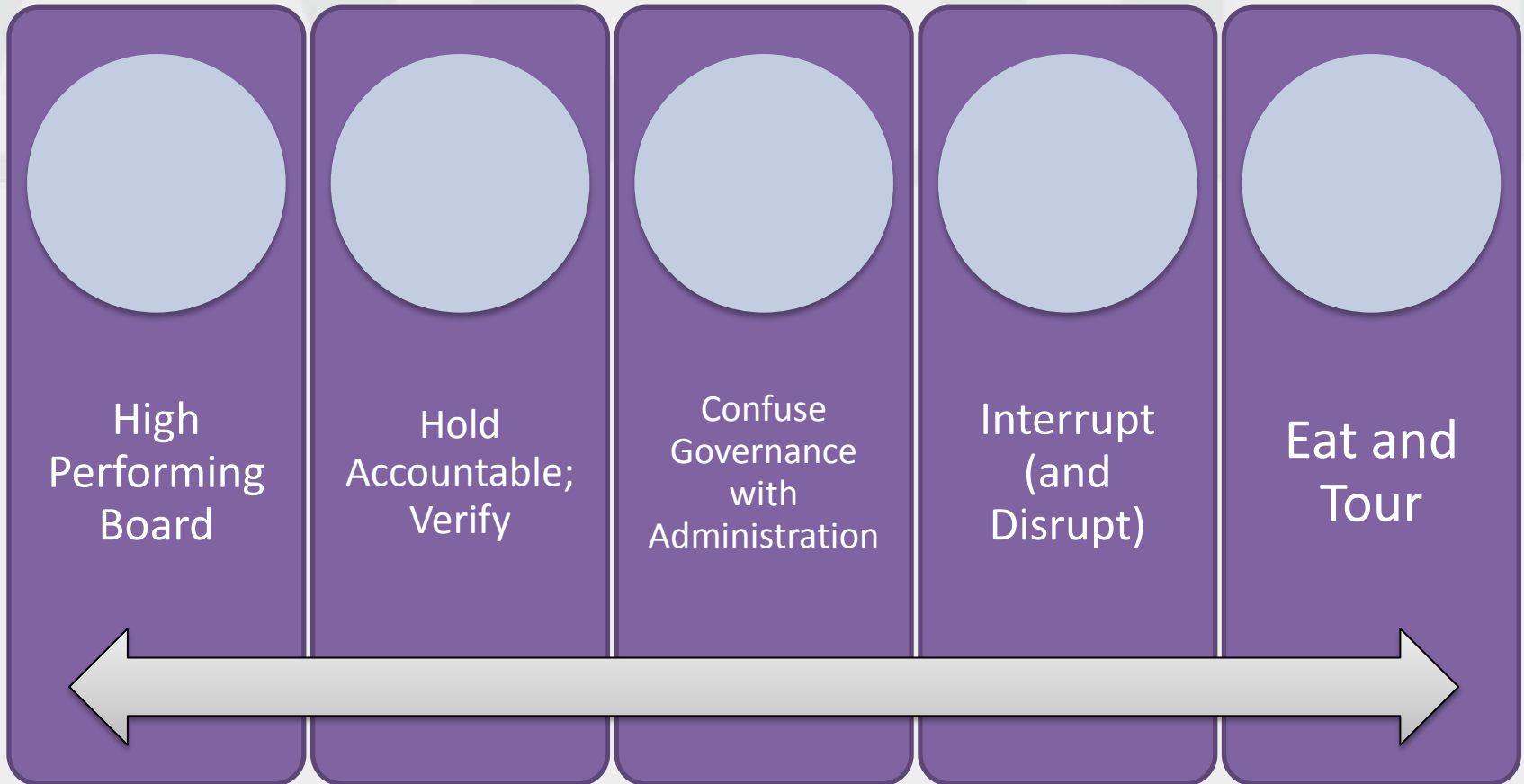
Consequential Boards Must:

- Strengthen board effectiveness through purposeful member recruitment, orientation, board composition, and removal of members for cause.
- Focus board time (and structure) on issues of greatest consequence to the institution, reducing time spent on reviewing routine reports.
- Enforce board accountability, acting as exemplars of the behavior and performance expected of their constituencies.

Board Culture: How Board Members Work Together

- What are the expected norms of board behavior?
- Do board members affirmatively commit to specific board member expectations?
- Is there respect for input from all board members?
- Do board members respect agreed upon areas of priority for board oversight?
- Do the few dominate the majority of the board's time (in committee/full board meetings)?
- Does the board police board member behavior and model the same behaviors and performance expected from others in the institution?
- What other cultural elements define (should define) how the board achieves consequential governance?

Continuum of Board Effectiveness



Oversight of Completion and Attainment

- There is no more important challenge for American higher education today than increasing the number of students who enroll in and complete their postsecondary education with a high-quality degree or certificate.
- Achieving institutional mission—educating and graduating students—requires board accountability, leadership, and advocacy.

Why It Matters

In 2011, the United States had the highest college dropout rate in the industrialized world. In the past 20 years, over 30 million students enrolled in college in the U.S. but left without receiving a degree or a credential; one-third of them left after one semester.

Why It Matters

- A lack of graduating students creates gaps in the workforce.
- It limits the pool of talent available to fill the growing proportion of jobs requiring some form of postsecondary education.
- For students who do persist to graduation, it can be a long process with significant opportunity costs, for both the individual and the economy.