

OBJECTIVES

Review the alignment of board accountability with System priorities and challenges;

Consider strategies to strengthen board effectiveness and oversight; and

Consider a couple of specific areas of board responsibility.

CHALLENGES CONFRONTING HIGHER EDUCATION AND GOVERNANCE

- Public skepticism
- Spotlight on governance
 - SEC
- Fiscal Challenges
 - State funding
 - Higher Education's business model
- Access & Success
- Regulations & Compliance
- Student Aid/Student Debt
- Post recession issues
 - Employment
 - Economic Confidence
- Productivity & Efficiency
 - Formerly: Productivity ▲ / Cost ▲
 - Today: Quality ▲ / Cost ▼
- Competition
 - Other Institutions
 - New Providers
 - New Delivery Models
- US College Degree Attainment:
(Currently ranked 12th globally)
- Demographic Change

“POWERING MARYLAND FORWARD”

STRATEGIC GOALS:

- Access, Affordability, and Attainment;
- Ensuring Maryland’s Competitiveness in the Innovation Economy;
- Transforming the Academic Model;
- Identifying New and More effective Ways to Build Resources; and
- Achieving and Sustaining National Eminences

AN EFFECTIVE SYSTEM BOARD

- Serves as a Model of Governance Excellence by holding the “System” in Trust;
- Advocates for all institutions in the System, while avoiding special advocacy for individual institutions and regions;
 - Focuses primary attention on system-wide policies/priorities
 - Focuses on major and long-term issues confronting the system
 - Oversees Development of a plan that outlines the strategic goals of the System [like “Powering Maryland Forward”]

AN EFFECTIVE SYSTEM BOARD

continued...

- Relates system priorities to the state's public agenda, and holds CEO accountable for meeting strategic goals;
- Ensures that System priorities drive the board and committee agendas;
- Understands the mission of all System institutions—their strengths, programs, challenges, and successes;
 - Establishes clear expectations that align board priorities with campus CEO assessments;
 - Is appropriately aware (engaged) in assuring academic quality and success across the system;

AN EFFECTIVE SYSTEM BOARD

continued...

- Sets expectations of performance and commitment for all board members;
 - Ensures comprehensive (and ongoing) orientation of board members;
 - Is devoid of special interests or personal agendas;
 - Insists that the board adheres to the highest ethical and moral standards;
 - Stays informed about development and issues in higher education—those facing system institutions, and those beyond MD;
 - Employs individual talents, expertise, and knowledge of individual board members while avoiding conflict of interest;

AN EFFECTIVE SYSTEM BOARD

continued...

- Protects and supports the CEO;
 - Focus on mutual objectives of the board and the administration;
- Recognizes the obligation of public accountability but avoids politicization within the board or among board members;
 - Understands policy and decision-making roles of the board over management intrusion;
 - Speaks with one voice when decisions are made;
- Recognizes advancement/fund-raising as a priority; and
- Regularly assesses individual and board performance.

HIGH PERFORMING BOARDS

- Trust and candor;
- Focus on dynamic and strategic issues
 - Thought Partners
 - Willingness to make tough decisions
- Welcome to multiple perspectives
 - Climate of openness and positive social dynamic
 - Maintenance of confidentiality
 - Respect for institutional governance model
- A sense of reward for service (an enjoyable experience)
- Mission Achievement
 - Governance with a goal of student success
- Monitoring of progress (and support for strong CEO/presidential leadership)

DIFFERENCES BETWEEN LOW/HIGH PERFORMING BOARDS

Low Performance High Performance

- Over/Under-Engaged
 - Few New Members
(independent institutions)
 - CEO “Owns” Agenda
 - Avoids difficult discussions
 - Meetings dominated by reports
 - Never evaluates CEO
 - Confuses philanthropy with good governance
 - Never evaluates board performance
 - Focuses on oversight
 - Limited monitoring of board performance by board
- Engaged and informed
 - Forward/critical thinking
 - Opportunity for meaningful deliberation (and appropriately skeptical)
 - Creative and inquiring
 - Applies risk assessment
 - Collaborative partnership with CEO
 - Focuses on strategy

WHAT YOU TOLD ME...

- When asked to describe the biggest issues facing Maryland and its citizens...
 1. Finances and Fiscal Matters
 2. Education and Jobs
- Three most important challenges facing the University System of Maryland over the next several years...
 1. Funding
 2. Graduation Rates
 3. Enrollment and emphasis in STEM fields

WHAT YOU TOLD ME...

- 92% agree that the future for the USMD will be very different from what it is today
- 83% agree that the USMD will have fewer public dollars in the years ahead
- 91% agree that the Board is able to think and act strategically, focusing on future opportunities, supporting innovative campus and System management decisions, and investing in areas of strategic importance despite budget reductions

WHAT YOU TOLD ME...

- 100% agree that the Board has a great sense that it is serving the public's needs—great balance of leadership and advocacy (from both the Chancellor and Board)
- 83% agree that the Board does a reasonably good job of addressing current and major public concerns or criticisms (i.e. tuition, costs, etc.)
- 100% agree that the System has effective and productive relationships with key government state leaders and organizations—including the Governor and Legislature
 - 46% of board members would like to see a more formalized process for communicating with the Governor, i.e. needed competencies for the Board when vacancies occur
- 92% agree that System budgets consistently relate to System and institutional plans as well as to state fiscal realities

continued...

- The Board overwhelmingly supports the Chancellor when difficult decisions must be made. The Board also praised him (several times) as an effective leader
- 92% of board members report agreement about how their responsibilities are different with regard to “managing” and “governing”

AREAS OF CONTINUING INTEREST

- Academic planning and policy: Over half of all board members (58%) would like to learn more about accreditation

Open-ended comments:

- The need to support and advance development functions
- Board oversight of intercollegiate athletics (newly approved policy)
- Ensuring that board and committee meetings are strategic—at the policy/macro-level
- Broadened awareness related to campus initiatives
- Recognizing and addressing challenges facing systems' HBCUs

GOVERNANCE RISK FACTORS

- Failure to establish mutual objectives/priorities (no plan=no strategy)
- Confusing management and policy
- Limited awareness of fiduciary responsibilities (trust, obedience, loyalty)
- Top-down decision making by board (limited understanding or respect for shared governance)
- Failure to inquire at the right time (limited engagement)
- Culture of acquiescence (friendly critic)
- Executive Committee (or other small group of board members) supplanting full board engagement/responsibility
- Failure to establish formal assessment process of the CEO (& the board/trustees)
- Inappropriate interference by external interest(s)
- Advancing personal agendas over institutional priorities
 - Failure to speak with one voice
- Failure to monitor board/trustee performance
- Ethical behavior/conflict of interest issues
- Poor orientation (and ongoing education) of board members

OVERSIGHT OF INTERCOLLEGIATE ATHLETICS

SOME ISSUES:

1. Financial Model of Athletics Programs;
2. High Profile Conference Realignment;
3. Student-Athlete Welfare/Academic Success;
4. Risk
5. Public Policy Issues

BOARD RESPONSIBILITY FOR ATHLETICS

- Delegate responsibility for administration of athletics to Chancellor;
- Actively (and publicly) support CEO's leadership and hold him accountable for results;
- Recognize the ultimate authority of the board as a fiduciary in setting policies and overseeing athletics, (while balancing oversight with management):
 - Finances
 - Alignment with academic mission
 - Compliance (annual certification?)
 - Integrity
 - Compensation Policies
 - Risk Assessment
- Board should increase its span of knowledge about athletics— standards of behavior, business of intercollegiate athletics, and compliance/regulatory requirements

BOARD RESPONSIBILITY FOR ATHLETICS

continued...

- **Board of Regents' Policy on Intercollegiate Athletics (accountability)**
- *Highlights:*
 - Financial transparency
 - Education goals
 - Student-athlete welfare
 - Compliance
 - Reporting requirements

THE BOARD'S ROLE IN FUND-RAISING

1. Call for planning
2. Establish the fund-raising program's legitimacy
3. Ensure an adequate budget
4. Identify prospects
5. Cultivate prospects
6. Solicit gifts
7. Thank donors
8. Stewardship
9. Evaluate the fund-raising leadership of the chief executive

RESPONSIBILITIES OF THE DEVELOPMENT COMMITTEE

1. Create within the board an awareness of the importance of private giving.
2. Set goals for trustee giving and actively engage in trustee solicitation.
3. Set fund-raising goals and assess progress.
4. Participate in the development process.
5. Examine trends and analyze implications for the future.
6. Establish fund-raising policies.
7. Evaluate staff and budget.

BOARD RESPONSIBILITY FOR THE OVERSIGHT OF EDUCATIONAL QUALITY

- The governing board should commit to developing its capacity for ensuring educational quality.
- Ensure that policies and practices are in place and effectively implemented to promote educational quality.
- Charge the president and chief academic officer with ensuring that student learning is assessed, data about outcomes are gathered, results are shared with the board and all involved constituents, and deficiencies and improvements are tracked

BOARD RESPONSIBILITY FOR THE OVERSIGHT OF EDUCATIONAL QUALITY

continued....

- Responsible for approving and monitoring the financial resources committed to support a high-quality educational experience.
- Develop an understanding of the institution's academic programs—undergraduate, graduate, and professional programs.
- Ensure that the institution's programs and resources are focused on the total educational experience, not just traditional classroom activity.
- Develop a working knowledge of accreditation—what it is, what process it employs, and what role the board plays in that process.

SOME REFLECTIONS ON BOARD OVERSIGHT

- Boards can't pick and choose their responsibilities;
- Trustees are fiduciaries—they have no option;
- Delegation is the beginning, not the end of board oversight;
- Clear board policies and delegation both charge and enable senior administrators; and
- Boards must be “partners” in change.