



# Governance in the Spotlight: Lessons from the University of Virginia Crisis

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ON JUNE 10, THE NEWS BROKE THAT TERESA A. SULLIVAN, THE president of the University of Virginia, had been asked by the chair (“rector”) of the university’s board to resign her post after only 22 months, with the alternative being her dismissal. After several weeks of tumult—including protests by students, faculty members, alumni, donors, and others—the board reinstated her. The event claimed headlines on front pages across the country, reflecting the prominence of UVA, the central role of process and fairness, and the public’s concern—even skepticism these days—about the role and value of higher education.

I normally don’t criticize AGB member boards, but the failure of the UVA board in applying their authority requires us to think about the broad implications of this singular event. To avoid public comment would be to abrogate AGB’s responsibility for its mission of strengthening the concept and practice of independent citizen boards, which link colleges and universities to their larger communities.

I am certain that what occurred in Charlottesville will have long-term consequences for how we do governance and how the public and policy makers accept the model of independent boards going forward. The UVA board’s reinstatement of President Sullivan has resolved the immediate situation, but the crisis has raised major systemic issues concerning not only that university but higher education in general. It has been a story about board governance, presidential and board standards of communication, and faculty and alumni influence. Perhaps most significant, it has been about the very nature and future of some of the nation’s most important institutions, our public research universities—what they are, how they meet the demands of public expectation, and how they can continue to operate in a period of austerity and heightened expectations.

It is interesting to note that members of all four-year public-institution boards in Virginia are called “visitors.” Thomas Jefferson, the founder of UVA, imposed a healthy

reminder on citizen stewards as to their essential but limited role. That is not to minimize a board’s ultimate authority, but rather to suggest that an institution’s academic programs must be the province of academics. While the times have established new and expanded obligations for governing boards, an appropriate governance process coupled with respect for a shared-governance process should remain a fundamental tenet on every campus.

AGB encourages boards to be accountable for a more engaged level of policy and oversight in its policy statements and other materials. Articles in this issue of *Trusteeship*, for instance, suggest ways for boards to help improve educational quality and cost effectiveness at their institutions. But, equally important, boards must have respect for the history and culture of their colleges or universities. They should have a healthy understanding that top-down corporate governance doesn’t work in the often frustratingly slow pace of a higher education institution, even in times like these that seem to mandate prompt responses. For their part, presidents, especially those who are new to an institution, must be able to cultivate trust and negotiate progress while demonstrating bold and responsive change. But 22 months allows a president virtually no time to accomplish such goals.

That doesn’t relieve a board from its duty to ask hard questions, share its concerns candidly, and, if necessary,

make a change in leadership. But such candor was undetectable at UVA. We learned there had been widespread agreement that an aggressive agenda of change was desired by the board and understood by the president. But beyond that, the how and when of change seemed to lack mutual expectation, and the candor needed to move toward mutual objectives was apparently missing.

Shared governance is a team sport; boards have final authority, but the field on which they make decisions has many other players. The UVA board, including some strong corporate leaders who care passionately about the institution, lost sight of that larger playing field, allowing governance to misfire and putting the university's reputation at risk.

In the end, a governing board must be careful to protect the reputation of the institution for which it holds fiduciary authority. Even the most difficult policy and leadership choices require a clear understanding of implications and strategy. Failures in governance go way beyond the institution that suffers such a failure. In this era of transparency and accountability, they can attract the attention of people who are harshly critical of our voluntary system of governance.

So, what can we learn from UVA?

"The Leadership Imperative," a 2006 AGB report, states that "A president's ability to foster integral leadership—to engage the faculty in pursuing a shared academic vision and to secure and sustain the public trust and confidence in higher education—inescapably depends upon the board's support and effective oversight." Perhaps we need to remind ourselves of that report's deeper intent.

The presidency of today's college, university, or system is a 24/7 job. Many other people refer to their own significant professional roles in similar terms, but how many are truly required to be on call every hour of every day? Even medical doctors get some time to recoup from the pressures of healing the sick. We argue a lot about appropriate compensation for presidents, but the job is nonstop and unforgiving. Those who lead our colleges and universities see it as a special calling; the compensation is significant, but it doesn't define the role.

Board members bring their own passion and commitment to their voluntary responsibilities. In the end, the collaborative

process so essential to decision making in our complex institutions can be the difference between advancement and stagnation. It can gain support—enthusiastic or grudging—or bring an institution to a standstill. It can facilitate progress and student success, or it can delay the achievement of mutual priorities.

The future of our research institutions is also part of this story. We as a nation cannot expect to have vital research institutions in the future if we don't recognize the essential need for financial support. The public will have to determine the value and priority of an investment in innovation and research. Meanwhile, not everything is affordable under current conditions, and institutions are making difficult choices to facilitate business models that are somehow sustainable. Such hard choices are the purview of institutional leaders; boards must have a say in setting priorities among priorities. But research institutions can't meet their missions without adequate public and private investment.

Here are some specific governance lessons that policy makers and institutional leaders might consider:

### Lessons for Boards and Presidents

- Boards hold ultimate decision-making authority over institutional and system policies. However, they must, in demonstrating their accountability, respect the values of shared governance—and understand that their decisions will typically impact faculty members, students, and many other constituents. Boards must take into account the impact on the entire institutional community and be prepared to inform that community of the rationale for their actions, especially those related to leadership decisions.
- Boards and presidents should communicate regularly, not just during those periods that lead up to a formal meeting. Chairs and presidents should have regular conversations, developing a candid working relationship that ensures that the board's agendas are focused on strategic priorities and that expectations are clear. Neither the president nor the board should surprise the other with new goals or priorities that aren't fully considered.
- Presidents have the right to expect regular board assessments of their performance,

allowing for a candid discussion of priorities and a review of performance metrics. Boards might consider an informal annual assessment and a more comprehensive assessment every few years.

- A board certainly has the right to make a leadership change, if necessary. But process counts. Boards have authority as a group, not as individual members. A board's actions should be informed by the collective wisdom and diversity of opinions of all of its members. Effective board chairs facilitate, rather than dictate, board action.
- Boards should offer new members a comprehensive orientation that focuses on their institution's strategic priorities, finances, challenges, and risks, as well as board accountability and governance processes. Orientation to important state and national issues confronting higher education should be included.
- Boards should be sure that their leaders have leadership skills, the ability to develop consensus among colleagues, and demonstrated expertise in institutional culture and priorities. A prerequisite for board leadership should be a minimum period of board service—perhaps three years before a board member can become chair or vice-chair.

### Lessons for Policy Makers

- When making appointments for board vacancies at public institutions, governors should select the very best individuals—those who can help advance the institution and its contributions to the state's future. They should minimize the tendency to make a person's political background, affiliation, or support a primary consideration.
- Likewise, policy makers should value merit over political affiliations when reappointing board members. They should make a reappointment based on a member's record of effectiveness, regardless of who appointed them initially.
- In making selections to public boards, appointing authorities should be sure that the makeup of those boards reflects a range of expertise—business leaders, professionals, civic leaders, and people with experience in higher education.
- Policy makers should consider allowing public boards to include members who are

selected through a self-perpetuating process as in independent higher education, in addition to those selected through a political process.

- They should require board members to participate in a statewide orientation program and to commit to at least one day of governance-development programming each year.
- They should be certain that terms of board members are long enough to provide sufficient time to develop a high level of expertise in their responsibilities and a respect for the culture of the institution they serve. Six years should be a minimum.
- Policy makers should exercise their prerogative to have a voice with the board on important issues, but always respect its independence. They should be clear that they expect new board members to use their best independent judgment when making policy decisions about the institution and to avoid being influenced by external interest groups.

The governance failures at UVA attracted national attention and raised a number of questions, not the least of which was whether the historic governance model of our colleges and universities merited support. But while we have witnessed a number of failures in college and university boardrooms (and across the nonprofit sector) over recent years—many in high-profile institutions (and organizations)—our system must be retained. Our institutions of higher learning serve the public interest, and independent boards are the best model to ensure the public's interest in those institutions. What happened at UVA was not reflective of the norm of governance; it was an anomaly, but it demonstrated the fragility of our model. To ensure its greatness, that model needs constant attention and refreshing.

In AGB's 2007 "Statement on Board Accountability," we noted the inherent values that boards have the responsibility to protect: self-regulation and autonomy, academic freedom and due process, shared governance, educational quality, transparency, and fiscal integrity. In a tough fiscal environment, boards can't afford to lose sight of those values.

The governance crisis at UVA is a healthy reminder of the work that goes into being a successful board and board member. Let's all learn from it and commit to getting governance right. ■

