

**Consequential Board Governance:
Fundamental Duties and
Responsibilities**

OSRHE and State College and
University Trustees

Challenging Times for Higher Ed

At risk are higher ed's:

- Credibility
- Affordability
- Accessibility
- Sustainability
- Quality
- Relevance
- Role

Realities to Recognize:

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- New student populations
- New educational delivery methods
- Declining enrollment
- Increased competition for students
- Institutional financial stability
- Skepticism about the value/need for higher education
- Rising accountability expectations from the public
- Mission alignment with society's needs

Board Leadership

Never Has the Need for
Effect Board Leadership
Been Greater!!!

Oklahoma Regents and Trustees

Eight Characteristics of Highly Performing Boards

Characteristics of High Performing Boards

1. Boards understand the difference between governance and management
 - Presidents recommend and boards act on recommendations
 - Presidents manage operations and boards set policies
 - Boards set presidents' expectations and hold them accountable for results
 - Boards work through their presidents
 - Boards probe and presidents respond
 - Noses in; fingers out

Characteristics of High Performing Boards

2. Boards focus on long-term fiscal stability and academic quality and relevance.
 - Constantly monitor and prepare for changing fiscal circumstances
 - Oversee a meaningful strategic plan process and ensure budget allocations align with institutional priorities
 - Periodically review existing degree programs for quality and relevance to institutional mission and state needs
 - Ensure development of new programs to meet workforce demands

Characteristics of High Performing Boards

3. Boards improve governance through:
 - Adhering to established processes
 - Attention to board/president relationship, which
 - Requires direct and constructive dialogue
 - Annual and systematic performance review
 - Commitment to a defined process of shared governance
4. Boards improve capacity and functionality through:
 - Selection of chair
 - Committee composition
 - Attention to the selection of new members
 - Orientation and continuing education

Characteristics of High Performing Boards

5. Boards make meetings meaningful

- Ensure time spent on items reflect their relative importance
- Develop consent agendas for routine matters
- Include forums on emerging issues
- Use performance dashboards to expedite transparency and accountability
- Encourage full and inclusive discussion
- Promote spirited inquiry, respect constructive dissent and act as a unified whole

Characteristics of High Performing Boards

6. Boards add value to the institution by gaining and ensuring public trust through adherence to *fiduciary* responsibilities
 - Outspoken advocates for the value of the institution and its mission
 - Highly creditable source of institution integrity

(MORE ON ADVOCACY AND FIDUCIARY DUTIES IN A MOMENT)

Characteristics of High Performing Boards

7. Boards set goals annually aimed at improving their performance and impact
 - Monitor progress
 - Celebrate successes
8. Boards conduct periodic evaluation of their performance

Boards at Their Best

- Maintain institutions' fidelity to their missions
- Focus on the main things vs “majoring in minors”
- Think independently; govern collectively
- Accept joint ownership of problems and decisions
- Operate transparently and champion accountability
- Model behaviors and values trustees want institution to emulate
- Are a source of strategic and comparative advantage
- Prepare diligently and participate collegially
- Abstain from individual initiatives and directives
- Pose the right questions; don't impose the wrong solutions

Boards at Their Best

High performing boards think and work in three modes

- Oversight
 - Set and refine missions
 - Generate and allocate resources
 - Ensure integrity and compliance
 - Monitor performance
- Foresight
 - Insist on and review SWOT analyses
 - Probe and approve plans and strategies
 - Ensure resource allocations are aligned with priorities

Boards at Their Best

- Insight
 - Raise problems and issues
 - Identify opportunities
 - Ensure different perspectives are heard

Richard Chait,
Harvard University

OSRHE and State College and University Trustees

Boards as Fiduciaries

Governing Board Members as Fiduciaries

What is a Fiduciary?

A fiduciary is a person who holds a legal and ethical obligation of trust in overseeing the assets of another person or entity.

College Trustees as Fiduciaries

The Assets

1. The college governed, including its mission and identity, physical property, human resources, educational product, endowment, and reputation.

For Whom

1. The institution, its students and their families (current and future), faculty, donors, alumni.
2. The state (and county) and their citizens

The Three Basic Fiduciary Duties

1. Duty of Care
2. Duty of Loyalty
3. Duty of Obedience

The Three Basic Fiduciary Duties

Duty of Care

- Act in good faith and with care in the best interests of the institution
- Act with the degree of diligence and skill ordinarily prudent persons would exercise in like positions

Obligations of Duty Include

- Ensuring institution's short and long-term fiscal well-being
- Protecting its academic reputation
- Faithfully attending board meetings and making informed decisions
- Holding in strict confidence all personnel and other sensitive matters brought before the Board

The Three Basic Fiduciary Duties

Duty of Loyalty

- Always act in what is deemed to be the best interest of the institution
- Never act out of personal interests
- Avoid undue external influence on board actions

Obligations of Duty

- Establishing and periodically reviewing policies on conflict of interest
- Establishing processes for recusal when board members have conflicts of interest

The Three Basic Fiduciary Duties

Duty of Obedience

- Ensure the institution acts consistently with its mission
- Ensure the institution acts in accordance with federal and state laws and board policies

Obligations of Duty Include

- Conduct periodic review of institutional mission and make adjustments to it when necessary
- Create and maintain policies and practices that ensure ongoing compliance with federal, state and county laws and reporting requirements

THE **PRESIDENT** AND THE
INSTITUTION CAN ONLY BE
AS GOOD AS THE **BOARD**