



2023 ANNUAL CONFERENCE



AGB CONSULTING

Brian Kirwan
AGB Senior Consultant

October 11, 2023

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:

6

- 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 to society's needs

Board Leadership

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

Oklahoma Regents and Trustees

Seven Characteristics of Highly Performing Boards

Characteristics of High Performing Boards

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

Characteristics of High Performing Boards

2. High-performing boards focus on long-term fiscal stability, academic quality and relevance.
 - Constantly monitor and prepare for changing fiscal circumstances
 - Ensure the development of 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 the development of new programs to meet workforce demands

Characteristics of High Performing Boards

3. High-performing 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

Characteristics of High Performing Boards

4. High-performing 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. High-performing boards make meetings meaningful
 - Ensure time spent on items reflects their relative importance
 - Develop consent agendas for routine matters
 - Include fora 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. High-performing 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 FIDUCIARY DUTIES IN A MOMENT)

Characteristics of High Performing Boards

7. High performing-boards set goals annually aimed at improving their performance and impact

- Monitor progress
- Conduct periodic evaluations of their performance
- Celebrate successes

Boards at Their Best

- Maintain institutions' fidelity to their missions
- Think independently; govern collectively
- Accept joint ownership of problems and decisions
- Operate transparently and champion accountability
- Model behaviors and values trustees want the 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 strategic 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**

Consequential Boards

Decision Making by the Board

Accreditation

Board decision-making is tied to accreditation:

What is accreditation?

Who is the Oklahoma institutions' accreditor?

Why does it matter?

How does it work?

Shared Governance

Board decision-making requires:

Shared Governance

HLC Standard: “Shared governance at the institution engages its internal constituencies—including its governing board, administration, faculty, staff and students—through planning, policies and procedures.”

Shared Governance: What it is and What it is not

What it is:

- A board commitment to making final decisions based on advice and recommendations from the campus community coming to the board through the president

What it is not:

- A reduction in the Board's ultimate authority

Shared Governance: How Does It Work?

- Campuses have representative bodies: campus senates, staff councils, student government associations, etc.
- Degree programs, personnel policies, budget plans, etc., come to the board from the president after consideration by relevant campus representative bodies
- Boards are free to initiate consideration of matters by asking for shared governance review and recommendations

The Big 5 Decision-Making Responsibilities of the Board

1. Appoint and evaluate the president
2. Sustain the mission of the institution through prudent fiscal management
3. Ensure the relevance and academic quality of the curriculum
4. Oversee the development of viable strategic and financial plans
5. Adhere to fiduciary responsibilities

Appointing the President

The appointment process:

- Managed by the board
- Involves community input

Sample process

- Board-appointed committee with campus representatives
- Listening sessions
- Search consultant?
- Position description and pool development
- Interview with finalists
- Closed or open search?

Evaluating the President

The evaluation process:

- Done annually at or just before the beginning of the fiscal year

A sample process:

- In addition to the expectations of the office, the president and board establish 6 or so measurable goals tied to the campus' strategic priorities (improved retention rates, fundraising, new program development, etc.)
- Board members meet with the president during the year to review progress on goals
- Board members meet at year's end for frank evaluation

BREAK

Prudent Fiscal Management

HLC Standard: “The institution has a well-developed process in place for budgeting and for monitoring its finances”

- Board oversees fiscal planning and approves budgets
- Board ensures institution has competent experts in place for fiscal planning and execution
- Board scrutinizes revenue and enrollment projections
- Board approves budget that balances
- Don't get caught like WVa!!!

Strategic Planning

HLC Standard: The planning process encompasses the institution as a whole and considers the perspectives of internal and external constituent groups.

- Board ensures effective strategic planning process occurs
- Plan should include
 - Updated mission and vision statements
 - SWOT analysis
 - Environmental scan (enrollment projections, workforce needs, etc.)
 - Clear statement of priorities and initiatives to achieve goals
- Board approves plan and ensures it's tied to the budget

Relevance and Academic Quality of the Curriculum

HLC Standard: The institution maintains a practice of regular program reviews and acts upon the findings.

- Board ensures a process for periodic (roughly every 5 years) evaluation of degree programs
- Board reviews reports documenting enrollment in the program and its relevance (e.g., job placements, employer surveys)
- Board requires corrective action if needed based on reports

Consequential Boards

Risk Management

Risk Management

Risk Management:

- What is it?
- How does it work in higher education?
- What's the Board's Role?

Every institution needs a risk management plan!

Risk Management

Risk management plan development:

- Board and president identify major risks to the institution's viability and reputation
- President develops plans to mitigate risk
- Board reviews, modifies and approves the plans

Risk Management

Risk management exercise:

- Identify risks your institution could face
- Describe plans that might mitigate risk