

# Consequential Governance

## 2024 Regents Education Program Oklahoma State Regents for Higher Education

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# About AGB

## Mission

- AGB advances higher education as a public good by preparing college, university, and foundation governing boards to fulfill their fiduciary duties and exemplify the highest ideals of trusteeship.

We help our members:

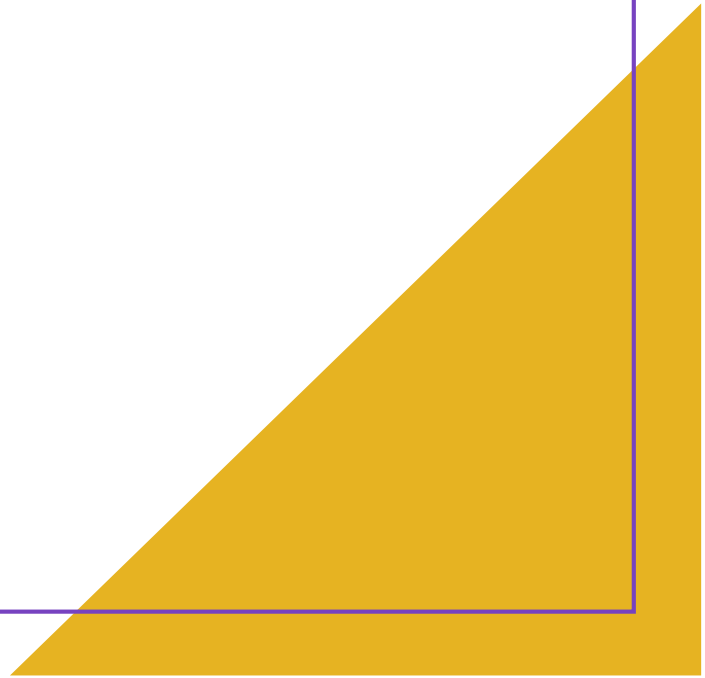
- understand governance
- work collaboratively to oversee the institution
- lead through strategic challenges and opportunities

Membership: 2,000 higher education institutions, systems, and foundations; 40,000 individuals

# 10:15 Agenda

## Board Roles and Responsibilities

- Fiduciary
- Governing
  - Mission, Future
  - Partnership, Communication



# Being a Fiduciary

# The Situation

Susan Miller is president of the alumni association and a voting member of the governing board.

The alumni association threatens to oust her as president unless she votes “no” on a proposal to demolish a beloved but needy old building.

What should Regent Miller do?

# Fiduciary Duties

The **duty of care** requires a board member to reasonably exercise their responsibilities **in the best interests of the institution.**

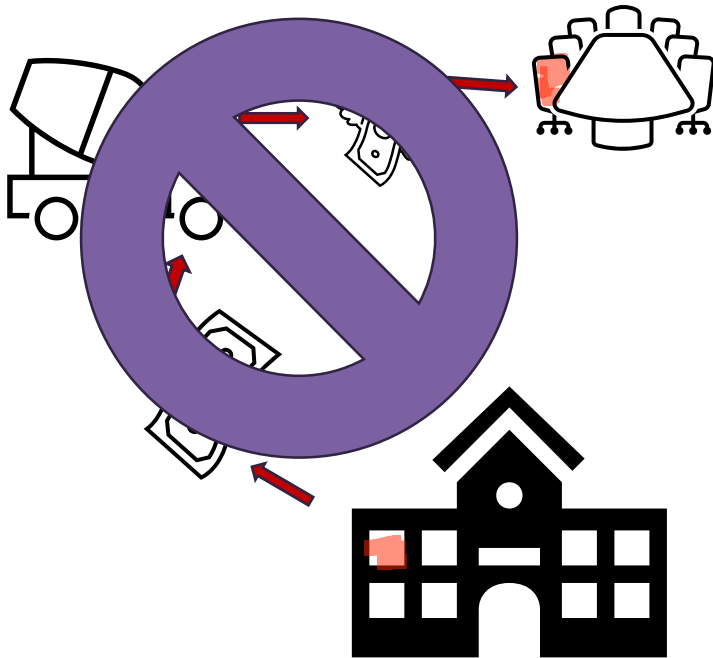
The **duty of loyalty** requires that board members **consider only the good of their institutions** in performing their duties, not their own interests or those of other individuals or organizations.

The **duty of obedience** requires board members to **ensure that their institutions operate according to stated purposes and according to the law.**

# Fiduciary: Best Interest of the Institution

**Conflict of Interest:**

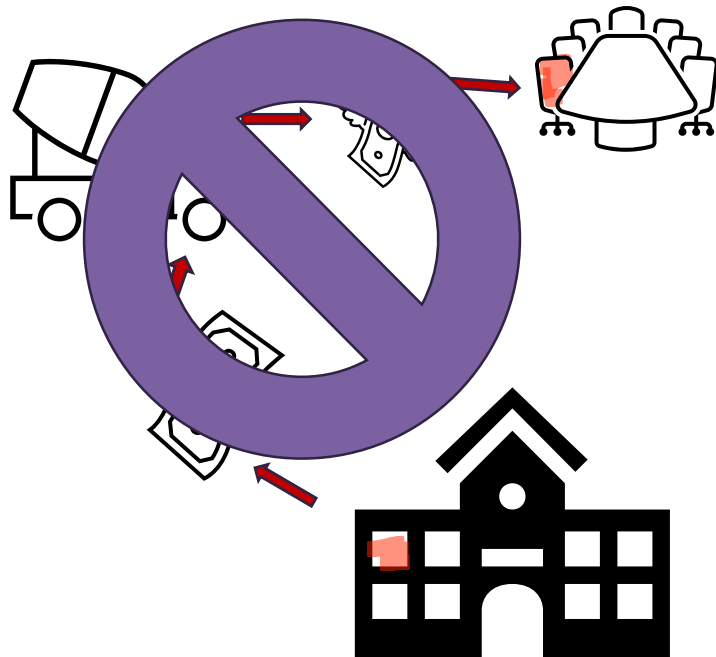
Pursue Regent Self-Interest



# Fiduciary: Best Interest of the Institution

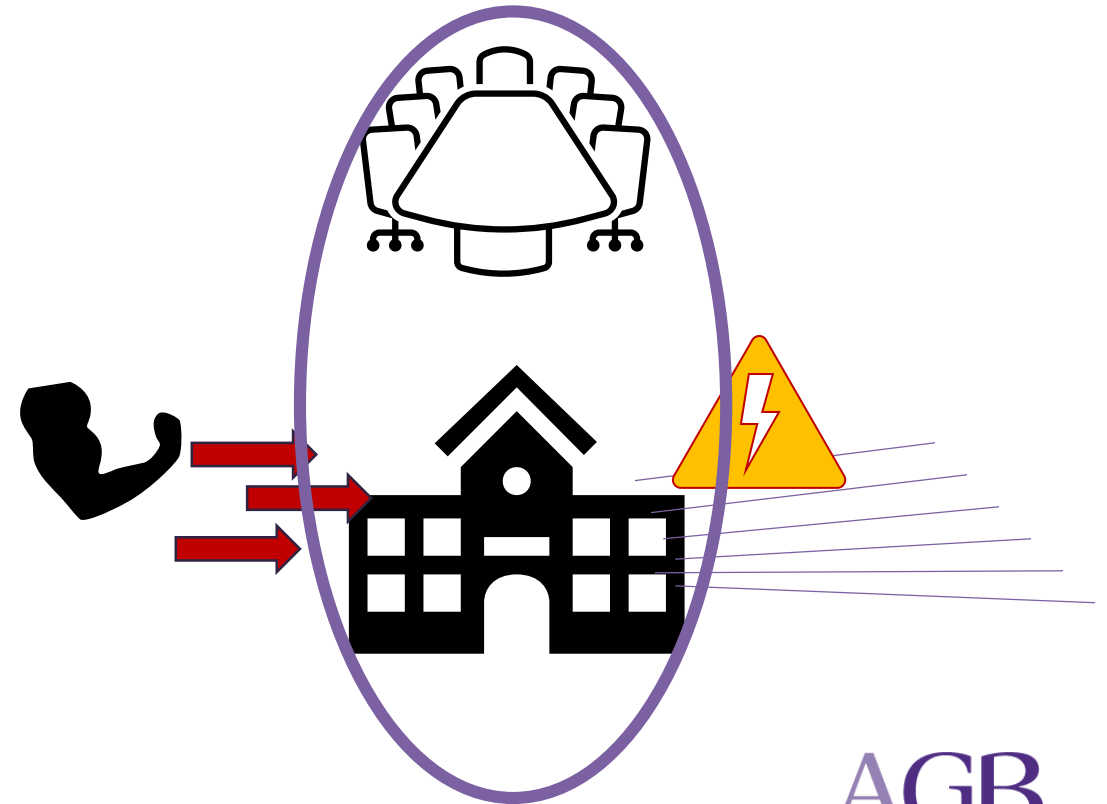
## Conflict of Interest:

Pursue Regent Self-Interest



## Undue Influence:

Allow Interference with College Best Interest





# Fiduciary: C of I? Undue Influence?

- A Regent's vote on the budget is intended to please the governor.
- A board denies tenure because a major donor opposes her research.
- A board complies with the legislature's decision to close an academic program.
- A board accepts the governor's choice to be the new president, disregarding the search committee's recommendation.
- A board hires a new president – former member of Congress, impressive networks and manner with no experience in higher education or in organizational leadership.

# Fiduciary: C of I? Undue Influence?

- C of I + UI - A Regent's vote on the budget is intended to please the governor.
- UI - A board denies tenure because a major donor opposes her research.
- UI - A board complies with the legislature's decision to close an academic program.
- C of I + UI - A board accepts the governor's choice to be the new president, disregarding the search committee's recommendation.
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# Fiduciary or Non-Fiduciary Act? It Depends

- Test: How would the Regent vote if she had no conflict or influence?
- Does the vote create a problematic appearance of impropriety, conflict, or undue influence?
- When should a Regent abstain?
- What are the likely consequences of voting with (or against) the influence? Loss of funds, reputation, retaliation, and the like?
- Under what conditions can it be best to swallow hard and vote against your objective conviction?

# Governing: Mission and Future

# The Situation

A board member who is a hospital administrator suggests that the university should strongly consider developing a new undergraduate program in nursing. He asks the provost to conduct a feasibility study and report its findings back to the board in six months.

Any problem here? How could the Regent's expertise be helpful without raising concerns?

# Fundamental Board Responsibilities

WHAT

- 1. The institution is fulfilling a stated **mission** that is aligned with public purposes.
  - Assure academic quality, successful student outcomes.
  - Protect institutional autonomy and academic freedom.
- 2. The institution has sufficient resources and is on track to continue having sufficient resources into the **future**.
  - Assure fiscal integrity, asset protection.
  - Assure appropriate faculty and shared governance.

HOW

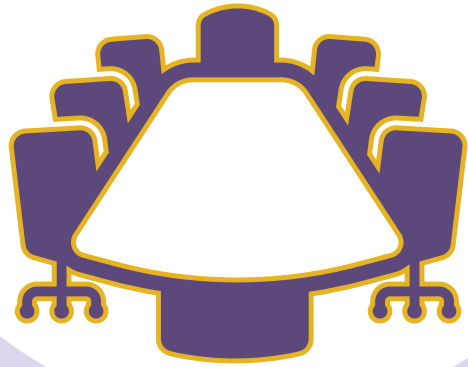
- 3. Select, support, assess, compensate the **CEO**.
  - Charge the CEO to lead strategic planning. Approve and monitor revisions to and performance on the intended outcomes.
- 4. Demonstrate exemplary **governance**.

What's the ship?  
Who runs the ship?  
What's the helicopter?  
Where's the heli-pad?  
How does the helicopter help?  
    What is the ship's mission?  
    What could threaten or secure its future?

Where does the buck stop?  
Who maintains the helicopter?



What IS "exemplary governance?"



How many organizations is your board responsible for?





# Board-President Partnership is KEY

- Regents and the president have the same legal duty – to act as **fiduciaries**, putting the best interests of the college above all else.
- The board GOVERNS the university and MANAGES the board. The president LEADS and MANAGES the university.
- The university's success depends on the **collective wisdom** of the president and the board, which in turn depends on mutual transparency, respect, and communication.

# Helicopter Roles

- Govern the institution, partnering with the president
  - Fiduciary responsibility
  - Fulfilling the fundamental purpose, mission
  - Ensuring the future
- Manage the helicopter
  - Board and Regent self-assessment
  - Annual Board goals
  - Perpetual governance development

# The Situation

Life is good at Sample College. The president is trusted, well-liked, and hard-working. Nevertheless, some members of the Finance Committee are beginning to worry about possible erosion in long-term financial sustainability.

- What, if anything, should those regents do about their concern?
- Who would be responsible if the college gets an alarmingly low bond rating?

# AGB Principles of Trusteeship



## Understand Governance

1, 2, 3

## Lead by Example

4, 5, 6

## Think Strategically

7, 8, 9

- Fiduciary
- Team
- Individual

# Principles of Trusteeship

Understand  
Governance

1. Embrace the full scope of your responsibilities as a board member.
2. Respect the difference between the board's role and the administration's role.
3. Be an ambassador for your institution and higher education.

Lead  
By  
Example

4. Conduct yourself with impeccable integrity.
5. Think independently and act collectively.
6. Champion justice, equity, and inclusion.

Think  
Strategically

7. Learn about your institution's mission, constituents, culture, and context.
8. Focus on what matters most to long-term sustainability.
9. Ask insightful questions and listen with an open mind.

# The Situation

A reporter called Regent Jones about her dissenting vote on a Board decision to approve funding for a major renovation. Regent Jones should:

1. Explain her dissenting vote
2. State that she supports the Board's decision and is confident that the renovation will be worthwhile
3. Bring Regent Taylor, who also dissented, into the conversation
4. Decline to comment

# The Situation

Regent Sam Wheeler and Dean Joe Allen are long-time good friends. Dean Allen reveals privately that he fears a negative decision from his field's accreditor is imminent. Wheeler, shocked, asks, "Why haven't we heard about this at the board's Academic Affairs Committee?"

What are the issues here?

