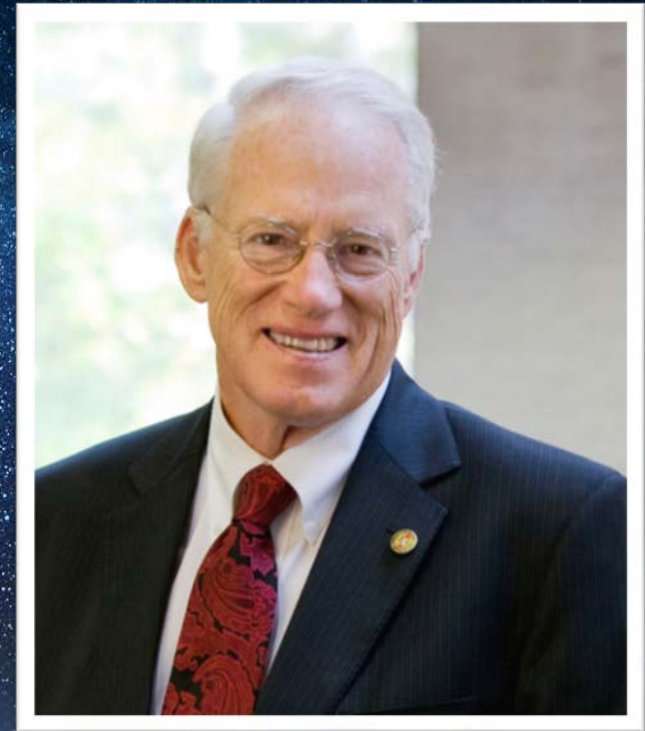


Governance in Higher Education: New Board Member Training, Part 1

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Consequential Boards and 21st Century Governance

Prepared for the Conference on
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THE **PRESIDENT** AND THE
INSTITUTION ARE ONLY AS
GOOD AS THE **BOARD**

Challenging Times for Higher Ed

At risk are...

- Accessibility, affordability, and degree attainment
- Institutional fiscal sustainability
- Educational quality
- Economic development and social equity
- Service to communities
- Knowledge creation

Realities to Recognize

- New student populations
- New educational delivery methods
- Basic changes in financing
- Rising expectations from the public
- Changing mission
- Greater accountability

Kentucky Postsecondary Trusteeship

Eight Characteristics of Highly Performing Boards

High Performing Boards

1. Understand the **difference between governance and management**

- **Set - and ensure** presidents faithfully implement - institutional policies
- Thoroughly **review and approve** institutional mission, major goals and plans; and hold president accountable for progress toward their achievement
- **Raise issues of interest**; get responses through the president
- **Recognize** that the president is both CEO and the board's chief administrative officer

High Performing Boards

2. Boards **focus on long-term fiscal stability** and **academic quality**

- Constantly monitor and prepare for changing fiscal circumstances
- Ensure meaningful degrees at affordable costs
- Periodically review existing degree programs for quality and relevance to institutional mission
- Ensure development of new programs to meet workforce needs

High Performing Boards

3. Improve governance through:

- Adhering to established processes
- Attention to board/president relationship
 - Requires direct and constructive dialogue
 - Annual and systematic performance review
- Commitment to shared governance

4. Improve capacity and functionality through:

- Attention to qualifications and recruitment of members
- Orientation and continuing education
- Committee composition

High Performing Boards

5. Make meetings meaningful

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

High Performing Boards

6. Add value to the institution by gaining and ensuring public trust and by **adherence to *fiduciary* responsibilities**

- Advocates for the value of the institution and its mission
- Highly creditable source of institution integrity

(MORE ON FIDUCIARY DUTIES IN A MOMENT)

High Performing Boards

7. **Set goals annually** aimed at improving performance and impact
 - **Monitor progress**
 - **Celebrate successes**

8. **Conduct periodic evaluations** of performance

Boards at Their Best

- **Maintain fidelity** to institutions' 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

Boards at Their Best

continued...

- 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

Think and work in 3 modes:

1. Oversight
2. Foresight
3. Insight

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

Three Modes

Insight

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

Richard Chait, Harvard University

Boards as Fiduciaries

Who is a Fiduciary?

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

Trustees as Fiduciaries

The Assets

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

For Whom

- The institution, its students and their families (current and future), faculty, donors, alumni.
- The state and country and citizens

Three Fiduciary Duties

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

Fiduciary Duties

Duty of Care

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

Obligations

- 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

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

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

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

- 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

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Additional questions?

Thank You

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