



Seminar on

**Governing bodies of higher education institutions:
Roles and responsibilities**

Responsibilities of Governing Bodies in the United States of America

by

Paul E. Lingenfelter

The fifty United States exercise substantial freedom to do what they wish in matters concerning higher education; as a result, policy and practice in the U.S. are diverse. It will be useful to describe the diversity among the states before venturing general observations about higher education governance in the United States.

Institutional characteristics, governance mechanisms, and policies

The states differ substantially in the number and size of different types of institutions within state boundaries. In three states, including California, our largest, more than half of the higher education student head count is enrolled in a two year public community college. In sixteen states, students in community college account for 20% or fewer of head count enrollments. Nationally 36% of students attend a community college.

Another significant difference among the states is the enrollment mix between public and private, or independent institutions. Nationally 25% of students attend an independent institution. But in seven states and the District of Columbia, independent institutions account for more than 40% of student enrollment. This group includes two of the six largest states, New York and Pennsylvania. Students in independent institutions account for more than 50% of enrollment in Massachusetts, Rhode Island, and the District of Columbia.

While institutional structure is far from a controlling factor in how the states approach governance issues, it seems to have a subtle, but significant effect. States with a large private sector tend to give less emphasis to statewide planning and policy. States with a large community college sector approach planning and governance differently from states where 2-year institutions are comparatively of modest size.

Although one state, Michigan, has no statewide entity (other than the Governor and the legislature) to shape and implement higher education policy, every other state has a statewide coordinating or governing board. Exactly half of the states have a statewide governing board for most or all public institutions; five of these states *also* have a state coordinating board for a functions (such as student assistance or granting operating authority) which span both public and private institutions. The remaining states have a statewide *coordinating* board, a “buffer body” between higher education and the state.¹

Statewide coordinating boards do planning and budgeting for higher education and frequently have responsibilities for authorizing any new programs or reviewing existing academic programs. They generally have no or a very limited role in personnel and institutional operations. In coordinating board states these functions are performed by individual institutional governing boards. Coordinating boards may operate state financial aid and grant programs, and in a few cases their chief executive, as well as their members, are appointed by the Governor. As a practical matter, U.S. coordinating boards vary considerably in influence and power.

Statewide governing boards are responsible for personnel decisions, institutional operations, and corporate governance. Like coordinating boards they plan and budget for higher education, subject, of course, to the ultimate decisions of government. Statewide governing boards are rarely, but occasionally strongly influenced by the Governor, the state’s elected chief executive. They vary considerably in the allocation of powers between the Board’s CEO and institutional CEOs in the statewide system. Some state governing boards have a very strong chief executive with operating responsibilities, while others use the board’s chief executive and staff more like a secretariat, deferring to campus leaders for advice and leadership for most policy and operational decisions.

Coordinating and Governing Boards most commonly are appointed by Governors, normally to staggered terms of office to assure a degree of board independence from the Executive Branch. In several states, however, Governing Boards are elected directly by the people. In a few states the appointment of board members is shared by several entities, the Governor, the legislature, and sometime alumni. Some states require that state board members represent different regions of the state, and occasionally the law requires board appointments to include at least minority representation from both the major political parties.

Students sometimes serve as institutional and statewide Board members, but they often serve without vote and usually hold just a single seat.

Unsurprisingly, perhaps given the diversity above, the states vary considerably in the higher education policy decisions they make. Tuition and required fees, for example, at state research universities average \$6, 172, but they vary from about \$3,000 in Florida to \$11,500 in Pennsylvania. Tuition and fees for community colleges averages about \$2,800, but community college fees range from about \$800 in California to \$5,600 in New Hampshire.

¹ The U.S. coordinating boards are roughly akin to the Higher Education Funding Council for England, although many of them are not as powerful as the Higher Education Funding Council for England.

In the United States on average, student tuition and fees account for about 37% of instructional expense, but this percentage varies from 13% in New Mexico to 77% in Vermont. Federal student assistance grants and loans help finance this amount for many students.

The average state provides about \$500 per full-time-equivalent student in financial aid grants. Some states, however, provide virtually nothing, and two states provide grants that average \$1,500 per student, although individual awards usually are much larger. Increasingly states have been developing student grant programs based on academic achievement rather than financial need, although need based awards still predominate.

Finally, the states differ on the level of total expenditure per student in higher education. The national average for public institutions is about \$9,200, and most states fall between \$8,000 and \$11,000 per student in spending. But the lowest level of spending is below \$7,000, and the highest exceeds \$14,000 per student.

The respective roles of the states and the Federal government

The federal government and the states share the responsibility for financing higher education (roughly \$70 billion each), although their roles are quite different.

The federal government spends roughly \$40 billion per year for student aid grants, tuition tax credits, and loan subsidies and about \$27 billion per year for sponsored research in colleges and universities. The states provide about \$6 billion for student grants and \$65 billion for direct institutional subsidies, which principally support instruction, with smaller allocations for research and public service. The states bear nearly all the expense of constructing and renovating physical facilities.

The federal government plays the most significant role in funding research and setting research priorities, although as a practical matter, most funding, and the most prestigious research grants are awarded through a peer-review process. The federal government also plays a prominent role in collecting data and providing information about higher education. This federal data system has become quite large and cumbersome; an effort to simplify and improve it by collecting data on individual students, who move frequently among institutions, has become controversial.

Institutions achieve eligibility for federal student financial assistance when they are accredited by a regional or national voluntary accreditation association recognized by the federal Department of Education. Eligibility for federal student aid is a condition of survival for all but the wealthiest, most highly regarded private institutions. (Virtually every public and every private institution of any consequence is accredited and eligible for federal student assistance.) Accordingly, the federal government and the accrediting associations have the greatest leverage over private, non-profit and private for-profit institutions of higher education.

The states, however, are the “owner-operators” of public institutions, which enroll about 75% of the students in the United States. State policy and state appointed or elected governing boards determine priorities and set the conditions for governing and managing public institutions.

Universal Challenges and Tensions

Despite the diversity and complexity of the U.S. system, every state must deal with common challenges and the inherent tensions which have always existed in the relationships between the academy and the state. Every state must assure fiduciary responsibility for institutional assets and ethical operations; recruit and retain top academic leaders; assure and enhance quality; protect academic freedom; and employ higher education resources to address public needs.

The key issues requiring fresh approaches are:

- tertiary education has become a necessity, not just an option;
- institutional “autonomy and public purpose” continue to be in tension;
- the price and cost of higher education seems to be rising inexorably; and
- the need for accountability mechanisms which can help achieve better outcomes without degrading essential diversity and freedom in higher education.

Tertiary education a necessity, not just an option. A significantly higher level of achievement in tertiary education has become a necessity in developed countries:

1. Information technology and other business innovations have dramatically expanded global economic activity and international competition. Capital is increasingly mobile around the world, and previously weaker economies are growing rapidly. By 2050 the economies of Brazil, Russia, India, and China together are expected to exceed the aggregate size of the G-6: the U.S., U.K. France, Germany, Japan, and Italy;
2. Workers in the United States and Western Europe are currently the world’s most expensive. For them to be worth their cost, they must be the best educated workers in the world;
3. In the United States and most European countries the population is aging and health care costs are rising;
4. Immigrants and minorities are the fastest growing segment of our population and workforce; they traditionally have been the most poorly educated; *Therefore:*
5. Increasing participation and success in tertiary education has become a social and economic imperative.

OECD data on educational attainment indicate that younger workers (25-34) in most member countries (except the U.S. and Germany) have been educated to a higher level than older workers (45-54). While the U.S. still benefits from the educational attainment of its older workers, seven other countries have higher educational attainment for workers in the 25-34 age group. Increasing educational attainment significantly, without compromising quality, is a national imperative in the United States.

Institutional Autonomy vs. Public Purpose. The imperative for achieving public purposes in tertiary education is not fundamentally at odds with traditions and aspirations for full institutional autonomy, but these core values are persistently and more forcefully in tension. While it is tested periodically, perhaps frequently, in practice, a working consensus seems to balance these issues in the United States. Its two premises are:

1. Freedom of thought, speech, and expression is a fundamental right for all people; academic freedom, based on this fundamental right, gets special recognition and emphasis because intellectual freedom is essential for the pursuit and transmission of knowledge.
2. Colleges and universities must be *free* in order to fulfill their social purpose, but they are not and cannot be *autonomous*. They are obligated to serve public goals, and to be competent stewards of the public trust. The public legitimately can make demands on institutions and place reasonable bounds on the activities supported with public funds.

This construction and distinction between freedom and autonomy provides virtually unlimited intellectual freedom for individual faculty, while simultaneously holding institutions accountable for their fiduciary duties to serve the public. When a conflict is perceived between institutional freedom and the public interest, generally the principle of academic freedom receives precedence. On matters

of academic substance, government almost always defers to academic leaders. This is not to say government abstains from occasionally nettlesome regulations on small matters and a few large ones.

On matters of program structure and level the individual states generally have set limits, which have been stretched or revised over time to accommodate changing needs. The most conspicuous are requirements that institutions may not offer an academic program in a new field without the approval of a state coordinating or governing board, and that institutions can offer only approved levels of instruction.

Achieving productivity gains. The new imperative for virtually universal tertiary education and the tradition deference to institutional autonomy are clashing on the question of higher education costs. The price of higher education to the student in the United States has risen dramatically in the past twenty years. The principal causes are: the gradual erosion of direct public subsidies, the increased economic value of higher education, constantly changing technology, and competition for highly qualified students. These price increases (along with steady enrollment growth) place larger financial demands on federal student aid programs and on students and families who do not qualify for financial assistance.

Although price increases have been dramatic in every sector of higher education, trends for costs (actual expenditures per student in higher education) are mixed. On the whole unit costs in public higher education have grown more rapidly than consumer inflation, but not more rapidly than GDP per capita. The national average, however, conceals a great deal of variation among states, sectors, and institutions.

The Congress has debated, but not enacted, penalties for institutions where student fees grow substantially faster than inflation, a large national foundation has launched a program to learn how to restrain escalating costs, and a number of strategies for improving cost-effectiveness in higher education are being proposed and implemented in various places. These initiatives express the value of higher education to individuals and society and the perceived urgency of achieving higher educational attainment despite limited resources. The states also have experimented with various budgetary schemes to achieve better results and create more competition for resources. None of these interventions and experiments have been clearly effective.

It remains to be seen whether, how, and how extensively higher education in the United States will be able to reduce the rate of cost and price increases. Educators, managers, and policy leaders continue to struggle and experiment with the productivity question with no resolution in sight.

Accountability. Recently the word “accountability,” while poorly defined and carelessly tossed about, has been ubiquitous in public discourse about education in the United States. The nation is pre-occupied with the need to improve educational outcomes. The name of our recent elementary and secondary education reform bill, “No Child Left Behind,” speaks directly to the national mood and establishes a universal goal. In elementary and secondary education “accountability” has come to mean establishing standards of achievement for each grade, assessing student progress through standardized tests, and intervening in schools where students fail to make adequate annual progress.

Although some fail to see the difference, such a straightforward, standardized approach to accountability is ill-suited to the diversity and complexity of higher education. Nevertheless, in higher education we are now questioning the effectiveness of governing boards, peer review, and accrediting bodies, our well-established mechanisms to provide accountability for professional competence and quality assurance.

In October of 2005, Margaret Spellings, the U.S. Secretary of Education, created a Commission on the Future of Higher Education (“Spellings Commission”) to launch a “national dialogue” on higher education policy. The Secretary’s Commission recently completed work on its report, and Secretary Spellings will officially receive the report and outline the government’s response in September.

In March 2005, another group, the National Commission on Accountability in Higher Education (“Accountability Commission”) organized by the State Higher Education Executive Officers, released its own report on the national agenda for higher education and its recommendations for action.

While created under different auspices, in most respects these two commission reports are similar in their findings and general recommendations for action. Both clearly recognize the growing urgency for improving successful participation in higher education, and both make similar recommendations concerning the interventions required to improve the performance of higher education. For example, both recommend:

- the development of a national data system to monitor student progress through postsecondary education and improve information on net price;
- institutions define learning goals more systematically and assess student progress more explicitly and transparently;
- states (and the nation) assess the knowledge and skills of educated adults more systematically by using existing surveys and assessments;
- more attention to removing barriers to student success, including inadequate preparation and inadequate financial assistance;
- more vigorous efforts to improve cost-effectiveness and productivity; and
- more transparent disclosure of the results of institutional accrediting reviews.

The Spellings Commission report gave more direct attention to federal student assistance programs and the need for federal data systems which can provide greater transparency about higher education for students and parents.

The report of the Accountability Commission, *Accountability for Better Results: A National Imperative for Higher Education*, went into more depth in its critique of current accountability practices and recommendations for improvement.

The Accountability Commission report argues that better results require common purpose and collaborative action to achieve shared goals. Its report emphasizes a division of labor (with explicit, distinctive roles for federal and state governments, institutional trustees, administrators, and faculty), the importance of clear, focused goals for improvement, and the importance of good data to monitor and improve results. In essence, the Accountability Commission argues that effective accountability will be a tool for goal-setting, self-discipline, and collaborative action, rather an external imposition of standards, with external rewards and sanctions. At the same time it charges states to collaborate with institutions and civic leaders to set performance goals and work together to achieve them.

The report of the Spellings Commission on the Future of Higher Education can be found at: <http://www.ed.gov/about/bdscomm/list/hiedfuture/reports/0809-draft.pdf>

The report of the National Commission on Accountability in Higher Education can be found at: <http://www.sheeo.org/account/accountability.pdf>

Conclusion

In response to growing competition and demand for well-educated workers and professionals in the world economy, the United States is re-evaluating its policies and approaches to higher education. While evolutionary rather than revolutionary change is most likely, change is clearly in the offing.

Elected government officials and their appointees increasingly are becoming directly and actively engaged in shaping educational policy. Their active interest and involvement in higher education policy is a positive development; vitally necessary financial and policy support is unlikely to materialize without it.

Yet advancing knowledge and disseminating knowledge and practical skill much more extensively throughout the population will require more than the support of current political leaders. It will not be possible to achieve these goals and sustain progress without a broadly based social consensus spanning political parties and terms of office. A strong commitment to these emerging social priorities within higher education is equally necessary. We have lost some ground, and the United States must rebuild and nurture mechanisms for building the consensus around higher education policy.

Given evidence of higher education's commitment to address public priorities, elected leaders, on the whole, seem inclined to respect the tradition of granting flexibility and relative autonomy to the academic community. This augers well for success, for without the creativity and initiative of the academic community, more widespread achievement in higher education will most certainly be unattainable.

Those traditions of educational governance which authentically serve higher education's core public purposes can be and must be sustained during this period of change.