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Best Practices of High-Performing Public-Institution Boards

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State Council of Higher
Education for Virginia

Board Accountability

Boards are accountable:

- To and for the mission and heritage of their organization;
- To the legitimate and relevant interests that various constituencies represent;
- To the public interest and the public trust; and
- To and for the transcendent values that guide and shape American higher education:
 - self-regulation and autonomy
 - academic freedom
 - shared governance

Implementing Board Accountability

- Presidential Selection and Assessment
- Oversee Fiscal Integrity
- Ensure Educational Quality and Success
- Monitor Board Performance

Current Challenges Confronting Higher Education *

1. Business Model
2. Affordability
3. Educational Delivery
4. Attainment, Retention and Completion
5. Academic Workforce
6. Technology
7. Globalization
8. Institutional Risk
9. Public Policy Issues—HEA, CASA, College Ratings,
Tax Reform, External Influences

Consequential Governance

1. Focus on accountability and fiduciary principles
2. Board structure should facilitate a focus on things that matter
3. Strategy over reports—future over past
4. Board lead in advocacy for higher education—value proposition
5. Board-presidential leadership and institutional governance
6. Defend board independence

Trustees as Fiduciaries*

1. Fiduciary – One who holds some asset(s) in trust for another and is charged to act beneficially on behalf of the other in managing that asset.
2. The Asset – The college/university you govern, including mission & identity, property, human resources & educational product.
3. For Whom – Founders and sponsors, students and families, donors, alumni, (public)

Fiduciary Duties*

1. Duty of Care

- Act in good faith for best interests of institution
- Act reasonably, competently and prudently

2. Duty of Loyalty

- Put interest(s) of institution above all else
- Do not act from self interest; no self-dealing
- Conflict of loyalty

3. Duty of Obedience

- Obligation to advance mission
- Duty to act ethically and consistent with mission

4. Serve a Public Purpose

*AGB (web), *Fiduciary Duties*

Getting Governance Right: 10 Habits of Highly Effective Boards

1. Create a Culture of Inclusion
2. Uphold Basic Fiduciary Principles
3. Cultivate a Healthy Relationship with the President
4. Select an Effective Board Chair
5. Establish a Strong Governance Committee
6. Delegate Appropriate Decision-Making Authority to Committees
7. Consider Strategic Risk Factors
8. Provide Appropriate Oversight of Academic Quality
9. Develop a Renewed Commitment to Shared Governance
10. Focus on Accountability

Essential Responsibilities of Boards

1. Boards have ultimate fiduciary responsibility for their institutions.
2. Boards are responsible for the recruitment, compensation, and performance review of the President of the institution.
3. The board broadly defines the educational mission of the institution, determines generally the academic programs the institution shall offer to students, and is ultimately accountable for the quality of the learning experience.

Essential Responsibilities of Boards

4. Public and nonprofit boards are overseers of the public trust they hold, and need to be accountable for meeting the public trust in ways appropriate to the mission of their institution.
5. Boards are responsible for ensuring the independence of the institution and for safeguarding academic freedom.
6. Boards define the terms of shared governance within their institutions, through respect for traditions of shared governance including delegation of recommendations for academic policy to faculty.

Essential Responsibilities of Boards

7. Boards make decisions about finance, including the approval of the budget, establishment of guidelines for the allocation of resources, and strategic financial planning as an element of their role in strategic planning.
8. Boards are responsible for reaching out to multiple constituencies, internal and external, to maintain a respectful and open flow of communication between relevant stakeholder groups.

Essential Responsibilities of Boards

9. Boards need to understand the legal and regulatory environment within which their institution operates, and ensure compliance with fiscal, academic, licensing and other standards.
10. Conduct the board's business in an exemplary fashion and with appropriate transparency, adhering to the highest ethical standards and complying with applicable open-meeting and public-records laws; ensure the currency of board governance policies and practices; and periodically assess the performance of the board, its committees, and its members.

Institutional Governance

1. The ultimate responsibility for governance rests in the governing board.
2. The board should respect the culture of decision making in the academy.
3. A board approved budget should allocate resources based on strategic priorities.
4. Boards should ensure open communication with campus constituencies.
5. The board should be committed to accountability and transparency and exemplify the behavior it expects of others in the governance process.
6. The board should play a role in relating the institution to the communities it serves.

Ethics and Conflict of Interest

- Consider going beyond state ethics laws
- Statement on ethical expectations for board members
- Disclosure and recusal
- Compelling Benefit

High Performing Boards

- Change adept
- Thought partners
- Engaged and informed
- Forward/critical thinking
- Opportunity for meaningful deliberation (and appropriately skeptical)
- Creative and inquiring
- Apply risk assessment
- Collaborative partner with CEO
- Focus on strategy

Q&A

Thank You

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