To: Board of Trustees

From: Francisco C. Rodriguez

Date: December 3, 2014

Subject: December 10, 2014 Board Leadership and Planning Session

I look forward to seeing you at the board leadership and planning session on Wednesday, December 10 at the Van de Kamp Innovation Center from 1:00 to 4:30 p.m.

For your convenience, an agenda has been provided, in addition to preparation materials under each tab, as follows:

Tab A: Review of Progress on 2014/15 Board Goals and Board Ad-Hoc Committees
1. Follow-Up Items: Board Leadership and Planning Session, August 23, 2014
2. LACCD Board Goals, 2014/15

Tab B: Board’s Role in 2016 Accreditation
1. Accreditation and Governing Board Roles and Responsibilities, Summer 2012
2. Guide to Accreditation for Governing Boards, April 2013

Tab C: Federal Lobbyist Firm: Holland & Knight
1. Framing Questions

Please let me or my office know if you need any assistance or additional information. Thank you and I look forward to an enjoyable and productive session.
Board Leadership and Planning Session
Wednesday, December 10, 2014
Van de Kamp Innovation Center
2930 Fletcher Drive (at San Fernando)
Los Angeles, CA 90065
1:00 p.m. – 4:30 p.m.

PROPOSED AGENDA

12:15 p.m. Lunch
1:00 p.m. Review of Board Communication and Meeting Protocols
1:30 p.m. Review of Progress on 2014/15 Board Goals and Board Ad-Hoc Committees (Tab A)
2:30 p.m. Board’s Role in 2016 Accreditation (Tab B)
3:15 p.m. Federal Lobbyist Firm: Holland & Knight (Tab C)
4:00 p.m. CLOSED SESSION
Chancellor’s Evaluation
4:30 p.m. Adjourn
Directions and Parking Instructions to Van de Kamp Location

LACC OFFICE LOCATION

Los Angeles City College at
LACCD Van de Kamp Innovation Center
2930 Fletcher Drive
2nd Floor
Los Angeles, CA 90065

PARKING

Parking is free and adjacent to the Environmental Science and Technology High School (it has the LACCD Van de Kamp Innovation Center sign on it building)

DRIVING DIRECTIONS

Driving directions and map are included below.

From the 2 Freeway South
Exit at San Fernando Road
Turn right onto San Fernando Road
Immediately get into the left turn lane and make the left onto Fletcher Drive (stop light at Fletcher)
Turn left into first the driveway on the left (Denny’s and El Pollo Loco are the signposts)
Once at the rear of the building and park, there will be signs posted directing to Room 110 on the first floor of the Environment Science and Technology High School.

From the 2 Freeway North
Exit at San Fernando Road
Turn left on to San Fernando Road
Stay in left lane and make the first left onto Fletcher Drive (stop light at Fletcher)
Turn left into the first driveway on the left (Denny’s and El Pollo Loco are the signposts)
Once at the rear of the building and park, there will be signs posted directing to Room 110 on the first floor of the Environment Science and Technology High School.
Follow-Up Items: Board Leadership and Planning Session
August 23, 2014

Board Communication and Meeting Protocols
- Board President Svonkin
  - agreed that when items are pulled from the agenda, the authors will be contacted before any action is taken
  - asked the board to look at the December 17, 2014, board meeting date and to potentially cancel that date and identify an alternate date for next leadership and planning session, in lieu of this regular meeting
  - will explore alternative board meeting times with the Chancellor
- Chancellor Rodriguez was asked to explore the following areas:
  - Including a section on his regular communications with the board concerning areas where a “heads-up” may be warranted (i.e. district hot topics)
  - Adding a section to the District website that includes a link to college programs and events
  - Creating an email address specifically for trustees or communication system that distinguishes the critical board materials from informational items
  - Identifying which action items need “super majority” approval and to prioritize them before December, if possible
- Maintain ‘Committee of the Whole’ structure for now at second meeting of month and continue to focus on “big picture” topics
- Board members suggested that we be sent a separate email reminder when board docs are ready.

Review of Goals for Standing and Ad-Hoc Board Committees
- Each board committee chair was asked to write up and send goals for the year to Board President and Chancellor
- Chancellor was asked to coordinate the next 4-6 months of committee meetings and potential topics

Establishing districtwide protocols for board recognition/participation
- Please forward any comments on the distributed draft Board Rule to the Chancellor
- Chancellor was asked to review document again with goal of simplifying document and emphasizing higher profile community events germane to trustees; and to review the Civic Center Act Board Rule and compare it against proposed new board rule/guidelines.
- If there is an opportunity to speak, trustees should be prepared to split time.
Potential Trustee Replacement Plan
No action will be taken in December for a provisional appointment to fill the potentially vacant trustee position. This item will be reviewed again as March 2015 approaches, with the general consensus that an appointment of the incumbent may be made in March to fill the vacant position through June 2015.

Facilities Program Completion
Chancellor was asked to forward list of what wasn’t or won’t be funded” through this current bond program.

Establishing Board Goals for 2014/15
- General consensus to support themes/direction of board goals as presented and recognition that the number of goals may be too many for a single year.
- Chancellor will receive goals from board committee chairs and blend document into one that can be reviewed and approved at the September 17 or October 8 board meeting.

Chancellor’s Forum: Looking Ahead to 2014/15
Because this discussion was truncated, the Chancellor commends the reading of the attachments under Tab D and will send his thoughts on the first 3 months on the job in writing on a separate communication to the board.
Board Goals for 2014/15
Board Leadership and Planning Session
Saturday, August 23, 2014

LACCD STRATEGIC PLAN GOALS
  Goal 1: Access and Preparation for Success
  Goal 2: Teaching and Learning for Success
  Goal 3: Organizational Effectiveness
  Goal 4: Resources and Collaboration

PROSPECTIVE THEMES FOR 2014/15
  1. Improving Student Success
  2. Securing Short and Long-term Financial Strength of District
  3. Increasing Visibility and Credibility of District

Goal 1: Improving Student Success
  • Set benchmarks for student success, emphasis on remediation/basic skills
  • Complete and submit plan for coordination of regional adult education
  • Secure removal of ACCJC sanction for LA Valley College
  • Prepare for a successful 2014 Districtwide Accreditation Visit
  • Execute last major phase of bond program with distinction

Goal 2: Securing Short and Long-term Financial Strength of District
  • Engagement with Statewide and Federal Advocacy
    o Advocate and secure funding for growth, COLA, and deferred maintenance at state level
    o Bolster grants applications at state and federal level
  • Leveraging Size, Strength, and Diversity of LACCD
    o Review Master Purchasing Agreements and procurement for maximum efficiency
    o Explore feasibility and cost-effectiveness of centralized bookstore services
    o Explore feasibility and cost-effectiveness of centralized food services
• Revenue Enhancement
  o Strengthen central Foundation function and coordinate districtwide efforts for fundraising and philanthropy
  o Explore options for public-private partnerships by examining LACCD real property

Goal 3: Increasing Visibility and Credibility of District
• Engage in exemplary Board-level leadership of LACCD
  o Establish and follow meeting and committee protocols
  o Focus on board-level fiduciary responsibilities and policy
  o Conduct regular leadership and planning retreats
  o Demonstrate civility and respect for fellow board members

• Advance Legislative Agenda (local, state, federal)
  o Conduct working session on shaping legislative agenda
  o Secure federal lobbyist contract(s)
  o Secure state lobbyist contract(s)
  o Visit with local, state, and federal representatives

• Develop Outreach, Public Relations/Communications and External Affairs Plan
  o Strengthen and coordinate PIO functions and communications
  o Engage in branding/visual identity exercise for LACCD
  o Develop strategic, collateral materials for LACCD
  o Improve aesthetics and functionality of district/college websites

• Ensure success for Chancellor’s First Year of Service
  o Make appropriate introductions, connections and referrals
  o Support for engagement activities at local, state and national levels
  o Establish and follow communications protocols
Institutional effectiveness and educational quality start with the administrators, staff and especially faculty, but depends upon the quality of the governing board. Excellent institutional performance requires well-defined roles and high performance from an institution's governing board. In recent years, many external events have created challenge for colleges: funding reductions, changing public policy, turnover due to retirements, changing student populations and needs, and the accountability movement are among them. These are challenging times, and it is the job of a governing board to assure that an institution finds the way to adjust to the external and internal pressures without compromising educational quality and financial integrity. Strong and effective governing boards are critically important to institutional success and survival.

However, the ACCJC's analyses show that governing board dysfunctions are increasing among member institutions, and that governing board difficulties provide opportunities for other organizational deficiencies to emerge or to go unaddressed, negatively impacting an institution's adherence to good practices and likelihood of maintaining educational quality or even fiscal viability.

The Commission regularly examines trends in institutional performance with regard to the Accreditation Standards. Each summer, the ACCJC publishes "Top Deficiencies Causing Sanctions," which describes trends at the institutions the ACCJC has sanctioned over the last few years. This year's report shows that between 2009 and 2012, the percentage of institutions on sanction that had deficiencies in governing board performance rose from 46% to 71%. The data also show that institutions with governing board difficulties always have additional challenges, most often in financial management and stability, and in institutional assessment, planning and effectiveness. In fact, no institution that has been sanctioned for board issues identified by an accreditation team has only governing board problems.

The ACCJC presents below some things that governing boards can do to help prevent or remediate governing board deficiencies (and related institutional deficiencies) most commonly seen by the ACCJC evaluation teams:

**GET EARLY TRAINING, AND REGULAR RE-TRAINING, FOR EVERY BOARD MEMBER.** The initial training should have sufficient breadth to provide a solid foundation in the fundamental roles and responsibilities of governing board members. Standard IV.B.1 states, "The governing board is responsible for establishing policies to assure the quality, integrity, and effectiveness of the student learning programs and services, and the financial stability of the institution."

See the data chart on page 11
All new board members should receive an early training to help them understand policy governance and the elements of good policy, the meaning and content of financial reports and budgets, and the metrics used to assess institutional effectiveness. All board members should receive at least annual training that will allow the board members to fully understand budgets, audit reports, associated financial terminology, and reports that indicate educational effectiveness on topics such as student achievement data, student learning outcomes data, and other forms of ongoing institutional assessment. Training at venues where other institutions’ governing board members are present allows a board member to gain access to expert advice, as well as perspective on alternative ways of understanding important topics or alternative governing board solutions to policy issues. Board members should be required to participate in a regular program for development, and individual board members should expect this important responsibility to build their own capacity to be good board members. (Standard IV.B.1.f.)

**GET CLEAR ON THE POLICY ROLE OF GOVERNING BOARD MEMBERS.** The board exercises its control over the institution’s quality and integrity by adopting policies to guide the actions of institutional members. These policies should be regularly evaluated and updated to remain useful. But governing board members are not practicing education experts; they are largely lay members of the public. If governing boards stick to their policy role and avoid becoming involved in college operations, they will be able to exercise the appropriate oversight of those operations by expecting, and reviewing, key reports and data analyses on institutional performance. Board members should not apply their own knowledge or skill to addressing operational issues. If there is a weakness or vacuum in the performances of key administrative staff, governing board members should assure that the vacuum is addressed with improved or new staff. Remember, the Board hires and evaluates the CEO, and delegates all operations and responsibility for implementing policy and institutional operations to that CEO. (Standard IV.B.1.j.)

**PAY SERIOUS ATTENTION TO EXTERNAL FINANCIAL AND ACCREDITATION REPORTS.** Boards should be vigilant in expecting that external audit reports be completed on time every year, that the institutional staff respond fully and quickly to any audit findings and explain what they have done to the Board, and that the institution changes auditing firms every few years. Boards should be especially concerned if external audit findings go unaddressed for multiple years — this could be a signal to difficulties with the financial management system of the institution or worse. Boards should also read carefully and understand Accreditation Standards, ACCJC action letters and evaluation team reports. These documents frame the basic requirements for quality institutional practices. Boards should expect the institutional CEO to ensure that there is a full report to the board on any Commission action on the institution, and that the institution is timely in its resolution of any deficiencies identified by the ACCJC. Boards should be aware that the ACCJC, responding to federal regulations, announced in 2007 that there is a two-year time limit for institutions to resolve deficiencies or face possible loss of accreditation. Since the governing board’s role is to assure educational quality and fiscal integrity, governing boards are among those held accountable when institutions fail to address financial and accreditation concerns. (Standard I.B.1.c.)

**ADOPT AND ENFORCE STRONG POLICIES ON ETHICS AND CONFLICT OF INTEREST.** “The governing board has a code of ethics that includes a clearly defined policy for dealing with behavior that violated that code.” (Standard IV.B.1.h.) The policy should have clear statements about conflict or potential conflict of interest that recuse board members from decisions where they have a conflict of interest. Most importantly, an ethics code is not useful if it is only voluntary. The board policy should define how governing board members who violate the code will be addressed. A suggested sequence is: new trustee training and mentoring, prompt feedback when violations occur, individual coaching, board warning, board censorship, legal action. Ethics violations by board members can threaten the integrity of an institution’s financial or educational processes and quality, and often also disrupt productive board functioning, leading to the inability of a governing board to perform its important and appropriate functions.

**REMEMBER AN INSTITUTIONAL GOVERNING BOARD IS NOT A CITY COUNCIL.** Many of the ACCJC-accredited institutions have elected governing board members. The political process provides a good deal of information to a board candidate on what the electorate desires and hopes for. However, once placed on a governing board, the board member must operate with the following bottom line: “The governing board is an independent policy-making body that reflects the public interest in board activities and interests. Once the board reaches a decision, it acts as a whole.” (Standard IV.B.1.a.)
Independence means the board member operates in the best interest of the overall institution, not in response to constituencies or special pleaders if those interests are not aligned with the basic mission, direction and resources of the institution, with the full board’s direction, and with the institution’s priorities that come from assessment and planning activities. City Councils often act to dole out “rewards” to their electorate; a college governing board member’s job is to focus on achieving educational effectiveness within the bounds of the institution’s mission and available resources. Finally, remember, no single board member has authority; the board as a body has authority. No trustee should be roaming a campus, giving direction to or attempting to influence college employees or governance committees. Trustees should not use their role on a college governing board to advance their own political careers and pet projects. A college board member should be a careful steward of higher education quality and integrity, and champion of student achievement and student learning.

**Actively Review and Adapt the Institutional Mission Statement**, and then require the institution to focus its efforts and resources on achieving that mission. “The institution’s educational mission is clearly defined, adopted and published by its governing board, and is appropriate to a degree granting institution of higher education and the constituency it seeks to serve. The mission statement defines institutional commitment to student learning.” (Eligibility Requirement 2) The mission statement should be reviewed on a regular basis. (Standard I.A.3.) That review should ensure that the institution examines the effectiveness of the educational learning programs and services the mission statement promises to provide, and wisely uses its resources in achieving that mission. Board policies should require that the institution has a defined process with valid metrics for ongoing assessments of educational effectiveness - an internal quality assurance process that requires data driven program review, analyses, priority setting, planning and implementation. Governing boards should receive annual reports on the institution’s educational effectiveness, goals, and priorities for improvement set through the institution’s planning processes. Governing boards should participate in setting targets and goals for improving educational performance. Finally, governing boards should beware of the tendency for college constituencies to hope their college can be “all things to all people.” It cannot, and in the current fiscal environment, every governing board should be identifying the core educational mission for their institution and avoiding commitments to other activities. Resources stretched too thin result in poor educational quality. The governing board is responsible for ensuring that the financial resources of the institution are used to provide sound educational programs, and these require adequate funding.

**Think Short Range and Long Range in Adopting the Institution’s Fiscal Plans.** Each year, the governing board adopts an institutional annual budget that reflects the ongoing commitments, priorities, and planned new expenditures for the institution. It is important that the board examine the budget proposed by the CEO with careful attention to short-term (current year) and longer-term (multiple out-years) consequences of expenditure plans and projected accelerating costs (e.g., planned salary or benefits costs, collective bargaining agreement costs, loan costs, possible revenue declines). In the area of contract negotiations alone, too often difficult discussions lead to a willingness to delay dealing with potential cost challenges until later, in “future years.” That ‘just kicks the can down the road.’ Certain kinds of borrowing vehicles have been enticing to boards of colleges that wish to spend now and pay later. Governing boards have a responsibility to assure the fiscal integrity, short- and long-term, for the colleges they govern. The region and the country have experienced a significant financial downturn since 2008, and current federal projects suggest “recovery” will not really happen for another 5 or 6 years. In the view of many, higher education is undergoing a significant restructuring that will last. Wise boards ensure resources match programming.

The ACCJC provides regular training on accreditation matters for governing board members every year at the California Community College Trustees annual conference, the Pacific Postsecondary Education Council’s events, and at individual or regional governing board workshops to which it is invited. The ACCJC is developing a new guide for governing board members, and a draft of it is available on the ACCJC’s website at www.accjc.org.
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APPENDICES
  Appendix A: Twelve Common Questions and Answers about Regional Accreditation
  Appendix B: Eligibility Requirements for Accreditation
  Appendix C: Accreditation Standards
Introduction

The *Guide to Accreditation for Governing Boards* is designed for use by college governing board members as an introduction to regional accreditation and the Accrediting Commission for Community and Junior Colleges (ACCJC), Western Association of Schools and Colleges (WASC) and as a guide to their roles and responsibilities in accreditation. Governing boards have leadership responsibilities for the college mission, institutional quality and improvement, institutional integrity, and, ultimately, student success. Accreditation Standards recognize the important role of governing boards in student success, holding them accountable for their leadership role. Governing boards carry out their responsibilities primarily through policy development and delegation of responsibility for institutional operations to the Chief Executive Officer (CEO), holding the CEO accountable for implementing governing board (Board) policies. Defining the policy role of governing boards and distinguishing that role from the delegated role of institutional operations is a fundamental principle that informs Accreditation Standards, and this *Guide* offers guidance to governing boards on that principle. This *Guide* is both supplement and companion to other guides and manuals published by ACCJC, all of which are cited in the last section.

Section one of this *Guide* begins with general information on regional accreditation, including history, purpose, and organizational structure. It describes the goals of accreditation. This section also introduces the purposes and structure of ACCJC.

Section two introduces Eligibility Requirements (ERs), Accreditation Standards and Commission policies, as well as an overview of ACCJC procedures and processes.

Section three focuses on the roles and responsibilities of governing boards in accreditation. This section looks at ACCJC Accreditation Standards and processes through the lens of governing boards and their distinct roles in college governance and leadership. The section emphasizes the leadership role governing boards play in defining college mission and policy, as well as their leadership roles in quality assurance, student success and governance.

Section four provides questions and answers (Q&A) on effective practices for governing boards.

Section five presents a list of ACCJC guides, manuals, and other resources that are important to accreditation, and offers governing board members comprehensive information on all aspects of regional accreditation and ACCJC.

The Appendices include the ACCJC NEWS publication entitled *Twelve Common Questions and Answers about Regional Accreditation* (Appendix A), the complete Eligibility Requirements for Accreditation (Appendix B) and Accreditation Standards (Appendix C).
1 Regional Accreditation and ACCJC

1.1 Regional Accreditation: History, Purpose and Structure

In the United States, accreditation is the primary process for assuring and improving the quality of institutions of higher education. Accreditation of approximately 3,000 colleges and universities is carried out through a process known as "regional accreditation": seven commissions operate in six geographic regions of the country through nongovernmental, nonprofit voluntary associations. The Western Association of Schools and Colleges (WASC) chose to have two higher education accrediting commissions, one for associate degree-granting colleges and one for colleges and universities that award the bachelor's degree or graduate degrees. The Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges (ACCJC/WASC) is one of the seven regional accrediting agencies and one of the two higher education accrediting agencies in the Western Region. The Accrediting Commission for Senior Colleges and Universities (ACSCU) is the other higher education accreditor in the WASC region, and accredits baccalaureate and graduate degree-granting institutions.

Accreditation in the United States is based on a peer review process in which professional educators and persons representing the public interest evaluate an institution using rigorous standards for institutional good practice. These standards are developed with input from the higher education institutions affiliated with that commission. While each regional accrediting commission develops its own standards and policies, the ideas and content are broadly shared across the national higher education community, and lead to general acceptance of institutional credits and degrees across the country. Colleges are evaluated within the context of their institutional mission, and accreditation standards are written to be broadly applicable to a variety of institutional missions. Following a review by a team of peers, accrediting commissions determine the accreditation status of the institution and use a variety of means to ensure follow-up as appropriate. Additional evaluation occurs when an institution seeks accreditor approval for a substantive change.

All regional accrediting agencies are recognized by the U.S. Department of Education (USDE) and undergo a federal recognition review every five years. The USDE also sets regulations for institutional quality; some of these are incorporated in the accreditation standards of all recognized accrediting agencies, while others are enforced on institutions through the federal financial aid process.

Regional accreditation, which can trace its roots to 1885, is the proven method for assuring the public that a higher education institution meets established standards of quality and awards degrees, certificates or credits that students and the public can trust. The granting of accreditation by any regional accrediting commission enables an institution to qualify for federal grants, contracts, and to distribute federal financial aid.

Accreditation is a voluntary system for the regulation of higher education quality. Institutions agree to join an association and to uphold the accrediting association's standards of quality and its policies. Regional accreditors conduct a comprehensive
evaluation of an accredited institution on a regular basis, which varies from six to ten years among regional accrediting associations.

While the standards of each regional accreditor might be organized differently or use different wording, the seven regional accrediting commissions follow very similar processes and have very similar standards of quality. Today's accreditation enterprise is based on decades of experience and refinement, both leading and reflecting the evolution of American higher education. Today's accreditation standards go beyond the historical emphasis on inputs and processes, for example, do students have access to learning resources and are they using them? There is growing emphasis on student outcomes as a measure of quality. Over the past decade, regional accreditation commissions have been leaders in assisting colleges and universities to develop valid and useful ways to understand what and how students are learning and completing courses, programs and degrees, and use that understanding to improve institutional effectiveness.

1.2 Accrediting Commission for Community and Junior Colleges (ACCJC)

The purposes of the ACCJC are to evaluate educational quality and institutional effectiveness and integrity and to promote institutional improvement. The ACCJC accreditation process assures the public that member accredited institutions meet the Eligibility Requirements (ERs -- standards to establish basic institutional quality), Accreditation Standards and Commission policies, and that the credentials earned at the institutions are of value to the students who earned them; of value to employers and trade or profession related licensing entities; and of value to other colleges and universities.

The ACCJC accredits public, private non-profit, and private for-profit associate degree granting institutions in California, Hawai'i, the Territories of Guam and American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated State of Micronesia, and the Republic of the Marshall Islands.

The ACCJC has two bodies. The 19 Commissioners make decisions on the accredited status of institutions and set policies and Accreditation Standards. Commissioners represent the interests of the public and the Commission's member institutions. Commissioners are elected for three-year terms and generally serve two terms. The Commission is led by a Chair who serves for two years. If elected to an officer position, a Commissioner may serve an additional term. The work of the Commissioners is part-time and voluntary.

The ACCJC also has staff that manage and support the accreditation activities mandated by federal regulations, ERs, Accreditation Standards and Commission policies. The President of the ACCJC is an employee of the Commission, who is responsible for administrative and support staff who serve the Commission and its institutional members. The President and the Chair of the Commission are the spokespersons for the Commission to institutions and the public.
2 Eligibility Requirements (ERs), Accreditation Standards and Commission Policies and Processes

2.1 ERs, Accreditation Standards and Commission Policies

The Accreditation Standards form the core of the accreditation process. The Eligibility Requirements (ERs), Accreditation Standards and Commission policies are developed, adopted, evaluated and revised by the Commission, with input from member institutions and outside experts in higher education. They are informed by effective practices derived from years of experience of member colleges, as well as sound educational research and practices across the nation. The Standards and Commission policies are also informed by federal regulations. All member institutions must maintain compliance with all the ERs, Accreditation Standards and Commission policies at all times.

The four Accreditation Standards for ACCJC are:

1. Standard I: Mission and Institutional Effectiveness
   - focus on mission and purposes of each institution and institutional effectiveness achieving the mission
   - focus on data-driven assessment and continuous quality improvement and student learning outcomes (SLOs)

2. Standard II: Student Learning Programs and Services
   - focus on instruction, student support, learning services and SLOs

3. Standard III: Resources
   - focus on capacity of human, physical, technological and financial resources to support achievement of mission and maintain institutional integrity

4. Standard IV: Leadership and Governance
   - focus on decision making and capacity of leadership to support and achieve mission and student success, including governance structure and roles of CEO and governing board, including leadership roles and responsibilities in multi-college districts or systems

In addition to the Standards, ACCJC member institutions must comply with the ERs and Commission policies. As a prerequisite to eligibility for accreditation, institutions must meet all ERs which are largely derived from the Standards. The ACCJC has defined 21 ERs listed in Section 5 of this Guide. Required by the USDE of all regional accreditors, Eligibility Requirements (ERs) not only are prerequisite to achieving accreditation, their compliance must be maintained by accredited institutions at all times. Ongoing compliance with ERs is validated periodically, usually as part of every institutional external evaluation process (six year cycles). Institutions that have achieved accreditation must include in the Institutional Self Evaluation Report information demonstrating continued compliance with the ERs.
Commission policies, which can be found in the Accreditation Reference Handbook, represent additional ACCJC requirements and procedures related to the Standards, federal regulation, Commission actions and Commission operations. The Commission reviews and if necessary, adds, deletes, or revises its policies regularly in response to federal regulation, judicial action, or other Commission actions or findings. It is important to note that member institutions are held accountable for compliance with all Commission policies. Of particular note is the “Policy and Procedures for the Evaluation of Institutions in Multi-College/Multi-Unit Districts or Systems,” which is relevant to many member institutions.

Discussion of the Standards specifically related to the roles and responsibilities of governing boards is found in Section 3.

2.2 Accreditation Processes

2.2.1 Obtaining Initial Accreditation

Accreditation processes begin with initial accreditation. An institution wishing to seek accreditation for the first time must undergo an eligibility review to establish compliance with the Commission’s Eligibility Requirements. If the institution meets the ERs, it will be declared eligible to prepare an Institutional Self Evaluation Report for application for Candidacy status. If the institution meets Accreditation Standards it will be granted Candidacy status for at least two years and for no more than four years. During that time, the institution will prepare a second Institutional Self Evaluation Report in application for Initial Accreditation. When Initial Accreditation is granted the institution receives a reaffirmation visit by an External Evaluation Team in ongoing six year cycles and is subject to monitoring and reporting requirements. Once accredited an institution is eligible for federal student financial aid and well as federal grants and contracts.

2.2.2 Educational Quality and Institutional Effectiveness Review

ACCJC member institutions undergo an Educational Quality and Institutional Effectiveness Review every six years to determine whether they meet the ERs, Accreditation Standards and Commission policies. In addition, the review process validates that institutions are engaged in sustainable efforts to improve educational quality and institutional effectiveness. The review process has four steps: self evaluation, external evaluation, Commission review and accreditation action, and institutional continuous quality improvement.

For accredited institutions, the review begins when the institution conducts a self evaluation using the ERs, Accreditation Standards and Commission policies. The outcome of the institutional self evaluation process is the Self Evaluation Report of Educational Quality and Institutional Effectiveness (Institutional Self Evaluation Report), which is submitted to the ACCJC. The report should include the institution’s plans to address any weaknesses found through the self evaluation process, called improvement plans.

The Commission appoints a team of trained external peer reviewers which includes members of governing boards. All members of an External Evaluation Team are

Eligibility Requirements, Accreditation Standards, and Commission Policies and Processes

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selected on the basis of their professional expertise in higher education and areas of specialization.

The team examines the Institutional Self Evaluation Report, visits the institution to examine educational quality, and writes an External Evaluation Report of Educational Quality and Institutional Effectiveness (External Evaluation Report) that determines the institution's compliance with the ERs, Accreditation Standards and Commission policies. The External Team Report makes recommendations for improvement and commends excellent practice when appropriate. The team makes a confidential recommendation to the Commission on the action it should take on the institution's accredited status based on the verification of assertions made in the Self Evaluation Report.

The External Evaluation Team submits its External Evaluation Report to the Commission after the institution has had an opportunity to correct any errors of fact it finds in the draft Report. The Commission evaluates the Institutional Self Evaluation Report, the External Evaluation Report and the institution's historical performance in accreditation reviews, and makes a decision on the accredited status of the institution. The Commission may also give the institution additional recommendations and direction for improvement. The Commission may impose a sanction and define deadlines for the institution to resolve any noted deficiencies. (See the “Policy on Commission Actions on Institutions” in the Accreditation Reference Handbook.)

The Commission communicates its decisions on the status of accreditation via an action letter to the institution and public announcements from the Commission within 30 days following the Commission's January or June meetings. Member institutions are required to share the External Evaluation Report, the Institutional Self Evaluation Report and the Commission action letter with the college community and the public by posting these documents on the institution's website.

The final and ongoing step in the educational quality and institutional effectiveness review process is continuous quality improvement. The Commission expects the institution to resolve any deficiencies cited by the recommendations in the External Evaluation Report, and to do so in a timely manner. The Commission's standards also require institutions to implement processes for Internal Quality Assurance by practicing ongoing, evidence-based assessments of institutional effectiveness, and making improvements to quality as needed.

2.2.3 Other Reports and Evaluation Visits

The ACCJC requires institutions to submit a Midterm Report in the third year after the external evaluation visit to report on the progress made on improvement plans the college developed in conducting its Institutional Self Evaluation Report.

Institutions are required to remain in compliance with ERs, Accreditation Standards and Commission policies at all times. If an institution is out of compliance with any of the above, the Commission may require a Follow-Up Report and/or another external evaluation visit, at intervals determined by the Commission. The

Eligibility Requirements, Accreditation Standards, and Commission Policies and Processes
Commission may impose a sanction and deadlines for the institution to resolve noted deficiencies.

Federal regulations require institutions to submit applications and receive approvals for substantive changes if they wish to make changes to mission, scope of programs, nature of student constituency, location (or geographical area served), control of the institution, content of courses or programs (when changes are significant departure from current status), credit awarded for program or course completion or any other change the Commission deems substantive. A Substantive Change Proposal is submitted in accordance with the Commission’s “Policy on Substantive Change.” (See Substantive Change Manual.)
3 Roles and Responsibilities of Governing Boards in Accreditation

3.1 Governing Boards and ACCJC Standards

As noted in the first section of this Guide the purpose of regional accreditation is to assure and improve the quality of higher education to support student success. Governing boards have a primary leadership role and responsibility for guiding institutions to achieve the mission of student success, and governing boards fulfill this responsibility through institutional policies and by delegating responsibility for implementation of policies and pursuit of mission. Governing boards hold the CEO accountable for policy implementation and for fulfillment of the college mission. And, by extension, governing boards set policies that hold all constituencies of the institution accountable for performance relating to implementation of policies and pursuit of mission. While the governance role of the Board is centered on policy and delegation to the CEO and other institutional leaders and constituencies, the Board has responsibilities beyond governance - responsibilities for the mission and, ultimately, for the success of students.

The four Accreditation Standards describe the educational and institutional practices, organizational structures, resources, and institutional decision-making processes that are necessary conditions for a high quality institution and for student success. Standards I and IV describe some of the specific roles of governing boards in assuring that the institution produces high quality educational services and works to achieve and improve student success. However, the Board's responsibility for institutional effectiveness is exercised through its policy making role and the delegation of policy implementation to college staff through the CEO. The governing board is responsible for adopting policy language that directs the institutional employees to good practice, and for examining how well the institution is meeting its goals for educational effectiveness and for student achievement and learning.

The governing board is also responsible for the fiscal integrity of the institution, and the Board exercises its responsibility in fiscal matters through policy and by its review of the annual external audit and approval of the institution's annual spending plans. The governing board is responsible for developing the expertise needed to make sound budgetary decisions that support educational quality, including an understanding of an institution's current and projected revenues and expenditures, and the institution's long term obligations created through contractual agreements, borrowing or plans for institutional expansion.

Thus, the governing board should set policies that hold all leaders and constituencies accountable for performance. For example, such accountability would include faculty for work on data driven program review, faculty and others responsible for SLOs and assessment, the chief financial officer for sound fiscal management, and the Board itself for avoiding fiscal or policy commitments that could jeopardize institutional effectiveness, integrity or stability. The governing board is expected to engage in professional development activities to improve its capacity for high performance in the conduct of its own work.
Accreditation Standard IV.B defines expectations for the roles and responsibilities of governing boards, emphasizing responsibility for “establishing policies to assure the quality, integrity, and effectiveness of the student learning programs and services and the financial stability of the institution.” The primary role of the governing board is policy leadership, and the primary responsibility of the Board is to create the policy environment that supports educational effectiveness. The governing board assures itself of strong institutional performance through its review of reports demonstrating how well the institution is achieving its mission. The Board holds the CEO and, as appropriate, other leaders and constituencies responsible for organizing and implementing the processes that accomplish mission. That accountability is manifested through Board policies that request information and data on institutional performance. Through policies, the Board should ask the institution to establish key metrics, or measures, by which the institution can assess and demonstrate - to the Board and to the public - achievement of its mission.

Setting standards of excellence and measuring performance tied to the mission of the institution connect the governing board with all four Accreditation Standards. For example, the Board is responsible for the mission of the institution, and the Standards require regular review of the institutional mission (Standard I.A). The Board is not concerned just with the review of the wording of the mission; it should be concerned with the institution’s achievement of the mission. That assessment requires data on the outcomes achieved by the students defined in the mission. Similarly, the mission broadly defines the scope of programs and services offered by the institution, and the Standards require institutions to conduct regular program reviews of all programs and services to assess their effectiveness (Standard II. A). The governing board should have a policy on program review and require regular institutional reports on assessment results and on decisions for improvement based on program review and integrated planning.

By focusing on the what - mission, quality, outcomes, and improvement - and not the how - operations and means to outcomes - effective governing boards demonstrate their policy- and mission-directed leadership role and responsibility for institutional effectiveness and student success. The ACCJC promotes the use of common measures of institutional effectiveness, including course completion, persistence, completion of certificates and degrees, transfer and job placement, and mastery of learning outcomes. In addition, the Commission promotes setting goals, or targets, for student performance, based on institutional benchmarking. (Improvement is measured against the benchmark and goals.) Focusing on the what, governing boards should expect information and data that allow them to assess institutional effectiveness and achievement of mission. Thus, governing boards have roles and responsibilities related to the four Standards realized through policy and monitoring of policy implementation, holding the CEO and, through the CEO, other college leaders and constituencies accountable for institutional quality, improvement, integrity, stability, and student success.

3.2 Governing Boards and ACCJC Processes

Standard IV. B stipulates that “the governing board is informed about and involved in the accreditation process.” Governing boards should receive training about the
accreditation process and ERs, Accreditation Standards and Commission policies. In addition, the Board has an appropriate role to play in the educational quality and institutional effectiveness review process and in the development of the Institutional Self Evaluation Report. Not only should the Board receive regular reports on the progress of the review process and development of the Report, the Board should give direct input on those areas of the Standards affecting the Board directly, e.g., Standard IV. B.

The governing board should be informed of institutional reports submitted to the Commission and of communication from the Commission to institutions, including recommendations given to their institutions. With knowledge of the Accreditation Standards, governing boards should act to demonstrate commitment to supporting and improving student outcomes through planning and resource allocation, as reflected in the Standards. In the end, Board action should indicate a commitment to implementing institutional improvement that has been planned as part of the institutional self evaluation and accreditation processes. Those improvement plans should take their place among important institutional priorities that the Board ensures are addressed and adequately resourced.

In multi-college/multi-unit districts or systems, the governing board has responsibility for institutional mission(s) and for policy, just as the governing board has in a single-college district/system. In a multi-college/multi-unit district or system, the CEO of the district or system is directly responsible to the governing board, while CEO’s of the colleges/units within the district or system usually are responsible to the district/system CEO. In addition, the district/system has clearly defined roles of authority and responsibility between the colleges/units and district/system, and the district/system acts as liaison between the colleges/units and the governing board. In a multi-college/multi-unit district or system, the governing board should maintain and review policies that clearly articulate the delineation and distribution of responsibilities and authorities between the district/system and the colleges/units.

It is important to note that the Commission evaluates based on the Eligibility Requirements, Accreditation Standards and Commission polices regardless of organizational structure. All governing boards are required to meet Accreditation Standards, and to support the quality of the institutions they govern; all institutions are evaluated on the basis of their governing board’s compliance with Accreditation Standards.

3.3 Governing Boards and Effective Leadership and Governance

The Standards delineate the roles and responsibilities of governing boards and the following principles summarize the expectations defined by the Commission for effective Board leadership and governance:

- **Governing Boards Act as a Unit** - The Board is a corporate body. It governs as a unit with one voice. This principle means that individual Board members have authority only when they are acting as a Board. They have no power as individuals to act on their own or to direct college employees or operations.
• **Governing Boards Represent the Common Good** - The Board exists to represent the public or, in the case of private institutions, its owners. The Board is responsible for balancing and integrating a wide variety of interests and needs into policies that benefit the common good and the future of its constituencies.

• **Governing Boards Set Policy Direction** - The Board establishes policies that give direction and guidance to the CEO and staff of the institution. A major Board responsibility is to define and uphold an institutional vision and mission that clearly reflect student and community expectations, as well as a realistic assessment of institutional resources necessary to accomplish the mission and related goals.

• **Governing Boards Employ, Evaluate and Support the CEO** - The successful Board fosters a good relationship between the Board and the CEO.

• **Governing Boards Set Policy Standards for Institutional and Board Operations** - The successful Board adopts policies that set standards for quality, ethics, and prudence in institutional operations and in the operation of the Board itself. Once institutional policy standards are established, the Board delegates authority to the CEO, allowing the CEO and college staff the flexibility they need to exercise professional judgment.

• **Governing Boards use Resources to Achieve Mission** - The successful Board assures that the institution’s mission is periodically evaluated and adequately funded. The successful Board also assures that its policies and resource allocations are linked and align with the educational priorities defined through the institutional mission and plans.

• **Governing Boards have Responsibility for Financial Integrity** - The successful Board regularly monitors financial performance and policy. The Board should require institutional leadership to maintain adequate reserves and to quickly address any issues discovered through external audits and reviews.

• **Governing Boards Monitor Performance** - The successful Board holds institutions accountable for student success and institutional effectiveness. The Board adopts the institution’s direction and broad goals as policy and then monitors the progress achieving those goals. Board policy should set expectations for the use of sound student outcome data in program and institutional reviews and planning. For example, if the Board adopts a policy goal that the institution will train workers for a particular industry, the Board should receive regular reports on progress toward that goal.

• **Governing Boards Create a Positive Climate** - The successful Board sets the tone for the entire institution. Through the behavior of Board members and the Board’s policies, the successful Board establishes a climate in which learning is valued, including learning by Board members, assessment and evaluation are embraced, and student success is the most important goal. Effective Boards are ethical and act with integrity, which also promotes a positive climate. The Board must have a code of ethics and a policy for dealing with behavior that violates its code.
4 Q&A on Effective Governing Board Practices

4.1 Questions and Answers on Issues of Specific Interest to Governing Boards

As noted in earlier sections of this Guide, governing boards have roles and responsibilities that relate to all aspects of accreditation, and yet the Accreditation Standards specify both the scope and limits of those roles and responsibilities. Board members often pose questions to the Commission about appropriate roles and responsibilities, and the following question and answer section of this Guide features answers to some of the commonly asked questions.

1. What is the appropriate scope of policy responsibilities for governing boards?
   The governing board has responsibility for institutional outcomes and for limits on the means by which staff pursues outcomes. In addition, the governing board uses policy to define its relationship with the CEO and to define its own governance processes. The Board’s most important policy role is to create a mission for the institution that defines the constituencies served, the programs and services offered to them, and the desired outcomes for them. Thus, the governing board uses policy to define the ends, or outcomes, for the institution. However, the Board also sets limits through policy on the means by which the institution operates. The limits are manifested through policies on principles of prudence and ethics that form a boundary of staff practices, activities, circumstances and methods. The Board also sets policies about how it relates to staff, which link the Board to the CEO. The CEO is the Board’s link to staff, and the Board-CEO relationship is defined through policies on the CEO’s role, delegation and accountability. Finally, the Board uses policy to define its own operations - its structure, its meeting protocols and the standards by which it operates, reflecting the Board’s responsibilities for providing vision and ethical leadership.

2. How does a governing board act on its policies?
   The governing board holds itself, CEO and, as applicable and appropriate, other institutional leaders and constituencies accountable for Board policies. Recognizing that the Board is responsible for the ‘what’ of ends and outcomes and not the ‘how’ of means and operations, the Board asks for regular institutional reports and data on the status of achieving the institution’s outcomes. In addition, the Board evaluates and revises its policies on a scheduled basis. By acting on its policies in this manner, the Board fulfills its leadership responsibilities.

3. How does a governing board demonstrate integrity in its operations?
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4. How does the governing board monitor institutional mission, goals, and plans?
   The governing board is responsible for the institutional mission, and, as required by the Standards, the institution must review its mission on a regular basis. It is important to note that review of the institutional mission is not simply a matter of reviewing and revising the mission statement. Regular review of the institutional mission involves monitoring of institutional outcomes to determine whether or not the institution is fulfilling its mission. Such monitoring includes regular reporting to the Board on outcomes relating to institutional goals, including measures of student success, and to implementation and evaluation of institutional plans. Again, the Board is responsible for the ‘what’ of institutional performance, not the ‘how’ of operations. Through regular monitoring of the status and outcomes relating to mission, goals, and plans, the Board appropriately fulfills its primary responsibility for the institutional mission and student success.

5. Are roles and responsibilities of the governing board different in multi-college/multi-unit districts or systems?
   ACCJC Standard IV.B.3 and ACCJC “Policy and Procedures for the Evaluation of Institutions in Multi-College/Multi-Unit Districts or Systems” define accreditation requirements and expectations for multi-college/multi-unit districts or systems. In such districts or systems, the governing board has responsibility for institutional mission(s) and for policy, just as the governing board has in a single college district/system. In a multi-college/multi-unit district or system, the CEO of the district or system is directly responsible to the governing board, while CEO’s of the colleges/units within the district or system usually are responsible to the district/system CEO. In addition, the district/system has clearly defined roles of authority and responsibility between the colleges/units and district/system, and the district/system acts as liaison between the colleges/units and the governing board. In a multi-college/multi-unit district or system, the governing board should maintain and review policies that clearly articulate the delineation and distribution of responsibilities and authorities between the district/system and the colleges/units. It is important to note that the Commission evaluates based on the Eligibility Requirements, Accreditation Standards and Commission policies regardless of organizational structure.
6. What is a ‘conflict of interest’ policy for a governing board?
   The governing board should have a policy on ‘conflict of interest’ that ensures the Board’s personal and professional interests are disclosed and that those interests do not conflict or interfere with the impartiality of governing board members or outweigh the greater duty to secure and ensure the academic quality and fiscal integrity of the institution. The policy should reflect the Board members’ commitment to resist temptation and outside pressure to use their position to benefit themselves or any other individual or agency apart from the interests of the institution.

7. How does the governing board execute its responsibilities for fiscal integrity of the institution?
   ACCJC Standard III.D defines expectations for maintaining the fiscal integrity of institutions, including adequacy and use of resources and the policies and processes employed to manage those resources with commitment to mission and integrity. The governing board adopts policy on institutional budgeting and it adopts institutional budgets that are balanced and focused on student success, reflecting institutional goals and priorities. The Board receives and reviews regular financial performance reports, and it validates fiscal accountability through review of annual financial audits.

8. How does the governing board build a sense of teamwork?
   Governing boards are corporate boards - individual Board members do not have individual authority for governance or policy. As a corporate entity, the governing board is most effective when its members work together. Critical to Board members becoming an effective team is maintaining a climate of trust and respect. The institutional CEO is also a part of the team, and the effective Board team adheres to its role so that the CEO and staff can perform their roles.

9. How does the governing board grow from good to great?
   A good Board assures that the institution’s core mission is periodically re-evaluated and is adequately funded. A good Board protects its core mission by not creating unfunded liabilities for the institution. A great Board assures that its policies and budget allocations are linked and correspond to the educational priorities in the institutional mission and plans.

4.2 Twelve Common Questions and Answers about Regional Accreditation

   Although this Guide covers many aspects of regional accreditation, the ACCJC has developed a publication entitled Twelve Common Questions and Answers about Regional Accreditation to provide basic information about regional accreditation purposes, principles, and practices. This information first appeared in the Special Edition February 2011 ACCJC Newsletter and is also available on the ACCJC website on the Newsletter page at: www.accjc.org/newsletter. (See Appendix A.)
5 ACCJC Resources on the Website

5.1 ACCJC Website

The ACCJC maintains a website at: www.accjc.org. The website contains all important reference documents and resources listed below. It also provides a calendar of upcoming accreditation related training events and copies of presentations made at some prior events. Board members are encouraged to explore the website as the best source of up to date reference documents.

Accreditation Basics is an online course available on the ACCJC website through the "Accreditation Basics" link in the “New on the Website” section of the home page. The 90-minute course focuses on the purposes of accreditation, the process used to accredit institutions, and the particular Standards used by the ACCJC to measure the educational quality and institutional effectiveness of member institutions. First-time External Evaluation Team members are required to complete the Accreditation Basics course. However, it is also a useful resource for individuals involved in accreditation at their institutions wishing to learn more about the process, and those wanting to increase their understanding of the basic principles of accreditation. The online course can be paused at any time and resumed to fit the scheduling needs of users. Quizzes assess the user’s progress at regular intervals throughout the course, and an end-of-course exam must be completed at 90% mastery to be considered successful in the course. A certificate will be issued to all who qualify.

This Guide frequently cites the ACCJC Eligibility Requirements, Accreditation Standards and Commission policies, which form the foundation of regional accreditation. (See Appendix B and C.)

ACCJC also publishes a number of manuals, guides and other resources, all of which are available online through the ACCJC website at: www.accjc.org. Current ACCJC publications are listed below.

5.2 Eligibility Requirements (ERs) and Accreditation Standards

The ERs and Accreditation Standards are found on the ACCJC website on the Eligibility Requirements & Standards page at: www.accjc.org/eligibility-requirements-standards. The ERs, Accreditation Standards and all Commission policies can also be found in a single publication, the Accreditation Reference Handbook, which is found on the ACCJC website on the Publications & Policies page at: www.accjc.org/publications-policies.

The ACCJC publishes several manuals that are used by institutions preparing the Self Evaluation Report of Educational Quality and Institutional Effectiveness (Institutional Self Evaluation Report) and by the peer evaluation teams that visit an institution. The manuals listed below can be found on the ACCJC website on the Publications & Policies page at: www.accjc.org/publications-policies.
5.3 Guides and Manuals

- Accreditation Reference Handbook
- Eligibility, Candidacy, and Initial Accreditation Manual
- Guide to Evaluating Distance Education and Correspondence Education
- Guide to Evaluating Institutions
- Guide to Preparing Institutional Reports to the Commission
- Manual for Follow-Up and Special Visits
- Manual for Institutional Self Evaluation
- Substantive Change Manual
- Team Evaluator Manual

5.4 Other Resources

The ACCJC has published some supplementary materials used in institutional evaluations that are also found on the Publications & Policies page on the ACCJC website including:

- Institutional Financial Review and Resources
  - Required Evidentiary Documents for Financial Review
  - Explanatory Matrix of Auditor’s Opinions
  - Sample Schedule of Financial Trends Analysis
- Rubric for Evaluating Institutional Effectiveness

5.5 ACCJC Newsletter

The ACCJC also publishes a newsletter, ACCJC NEWS, which provides important current information about institutional quality issues. All issues of ACCJC NEWS can be found on the ACCJC website on Newsletter page at: www.accjc.org/newsletter. Please see the cover article from ACCJC NEWS Summer 2012 for important information regarding accreditation and governing board roles and responsibilities.
Consequential Boards
Adding Value Where It Matters Most

Report of the National Commission on
College and University Board Governance
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Consequential Boards
Adding Value Where It Matters Most

Report of the National Commission on
College and University Board Governance

AGB
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Executive Summary

The value of American higher education faces multiple risks, and changes in governance are needed to address them. At risk are accessibility and degree attainment for current and future students, institutional fiscal sustainability, educational quality, economic development and social equity, service to communities, and knowledge creation.

Leadership for change is more important than ever, and the choices ahead are more urgent and complex than those in the past. In this demanding environment, the structure of governance itself should not be an additional risk factor for the sector. Yet, too often it is. Board-president relationships are strained, the traditions of shared governance are fragile at best, and boards themselves too often fail to add value to institutional decision making. Governance processes are cumbersome and inwardly focused, roles and responsibilities among multiple actors are contested, and information for decision making is poor. Signs of pressure on governance are everywhere: polarized boards, rapid presidential turnover, faculty votes of no-confidence, and heightened scrutiny from accreditors, to name just a few. Dysfunctional governance contributes to the erosion of public trust in the ability of institutions to make choices that contribute to the public well-being.

Higher education cannot expect to return to the traditions that worked happily 50 years ago, when mostly honorific boards concentrated on selecting prominent leaders and on fundraising, and in which state and federal governments did not ask many questions about performance. In the future, higher education must be reconfigured to recognize new student populations, altered educational delivery methods, basic changes in financing, and rising expectations from the public. Boards must be at the forefront of those changes, because their fiduciary role requires them to focus on strategic long-term issues and the intersection of internal and public interests. Presidents and faculty will not be able to lead such changes on their own.

Boards are not the source of all of the governance challenges in higher education, but they can play a critical role in improving decision making within the sector. We offer seven recommendations aimed at boards in support of the distinct role only they can play in improving institutional value through more effective governance.
1. Boards must improve value in their institutions and lead a restoration of public trust in higher education itself.

2. Boards must add value to institutional leadership and decision making by focusing on their essential role as institutional fiduciaries.

3. Boards must act to ensure the long-term sustainability of their institutions by addressing changed finances and the imperative to deliver a high-quality education at a lower cost.

4. Boards must improve shared governance within their institutions through attention to board-president relationships and a reinvigoration of faculty shared governance. Boards additionally must attend to leadership development in their institutions, both for presidents and faculty.

5. Boards must improve their own capacity and functionality through increased attention to the qualifications and recruitment of members, board orientation, committee composition, and removal of members for cause.

6. Boards must focus their time on issues of greatest consequence to the institution by reducing time spent reviewing routine reports and redirecting attention to cross-cutting and strategic issues not addressed elsewhere.

7. Boards must hold themselves accountable for their own performance by modeling the same behaviors and performance they expect from others in their institutions.

Leadership for change is more important than ever, and the choices ahead are more urgent and complex than those in the past. In this demanding environment, the structure of governance itself should not be an additional risk factor for the sector.
Introduction

In September of 2013, the Board of Directors of the Association of Governing Boards of Universities and Colleges (AGB) constituted a special commission on the future of higher education governance. The commission comprises 26 individuals with extensive experience in governance from within higher education as well as from the corporate, nonprofit, and public-policy spheres. The commission’s charge was to review the capacity of higher education governance to meet the challenges confronting the sector in the 21st century and to develop recommendations aimed at improving the effectiveness of college and university governing boards.

The commission, chaired by former Tennessee Governor Philip Bredesen (D), conducted its work over the past year through four plenary sessions, augmented by public forums in San Diego, at the American Council on Education’s national conference; in Nashville, at Belmont University; and in Orlando, as part of AGB’s annual National Conference on Trusteeship. We sought advice from experts, both inside and outside of higher education, about how governance should evolve to support institutional change and effectiveness. We also reviewed the literature about higher education governance and institutional performance, including that on trends in finance, outcomes, and public attitudes.

The observations and recommendations in this report synthesize the thinking of all members of the commission. They reflect the judgment of a diverse group of experts about what works in higher education governance, as well as where the challenges lie and what might be done about them. Through the recommendations, we offer specific and actionable steps that are relevant across all types of public and independent settings—from two-year community colleges to private research universities.

We understand that generalizations about governance can be facile. Institutions with different missions and histories can approach governance quite differently. Partly due to differences in member selection and appointment, board cultures vary fundamentally between public and independent institutions, as well as between four-year institutions and community colleges. While we recognize those differences, we believe that many of the dynamics that influence governance are common to the full breadth of U.S. colleges and universities, which serve an increasingly diverse student body.

A foundational premise of our work is that changes occurring in American society, in the global economy, and in the demands placed on higher education call for a substantial recasting of governance to maintain the value of higher education for future generations. While some colleges and universities are ahead of others in tackling such changes, they can all benefit from taking a hard look at their governance practices and policies.
BOARDS AND INSTITUTIONAL VALUE

The unique system of board governance in public and independent colleges and universities in the United States is believed to be a major reason for America’s strong showing in international rankings of educational quality (16 of the top 20 institutions in the Academic Ranking of World Universities, also known as the Shanghai Rankings, are from the United States). Even now, when America’s international position in postsecondary attainment has slipped, many countries that aspire to improve their colleges and universities are importing our nation’s system of governance by building boards and moving away from state regulation of institutional policy.

Although we recognize the importance of those distinctive aspects of American higher education governance, we are not complacent about the durability of this system. Much of the stature of the American system is based on the reputations of a relative handful of highly ranked U.S. universities, not on the overall performance of the sector. Empirical research about the relationship between boards and institutional performance is thin, particularly if the measure of performance is student success or the value added of the education that students receive.

More importantly, the social, economic, and political conditions that allowed our system of higher education governance to evolve as it has continue to shift, without commensurate changes in governance. Generous public subsidies, life-long careers for faculty and staff members, and a reasonable balance among academic programs, students, and labor-market needs are rapidly becoming things of the past. Yet, despite the pace of change affecting so much of higher education, most institutions approach governance in much the same way they did 50 or even 100 years ago. In order to meet the challenges of a new era and public expectations for higher education, boards must lead governance improvements to address institutional sustainability and effectiveness.

MAINTAINING INSTITUTIONAL VALUE: AN IMPERATIVE FOR CHANGE

Today’s environment for American higher education is one of challenge and change for all institutions, public and independent. The time of comfortable annual growth in enrollments and revenues is over for most institutions. Competition has increased, and federal and state governments require more by way of performance and accountability. Even the most financially secure colleges and universities face daily challenges to reconcile views among different constituencies about resource allocation, priorities, and rewards. Institutions that thrive in this environment will do so by being clear about their values and by aligning resources (revenues, people, programs), processes (planning, budgeting, program review, educational delivery), results (degrees and credentials, learning, research, economic development, social mobility, jobs), and investors (students, the public, philanthropists, employers). Meeting this standard will require constant attention to ensure that institutions are providing a quality product or service at a price that investors are willing to pay.
The social, economic, and political conditions that allowed our system of higher education governance to evolve as it has continue to shift, without commensurate changes in governance.

Threats to the continued value of higher education vary depending on the sector and type of institution. Overall, three areas are most problematic for the majority of colleges and universities:

- Risks to fiscal sustainability;
- Eroding public trust in institutional leadership to address quality and affordability issues; and
- Concern about higher education’s social and economic role.

**Risks to Fiscal Sustainability**

The majority of both public and independent institutions face long-term risks to sustainability that cannot be addressed in one or two budget cycles but require a strategic realignment carried out over many years. More and more colleges and universities face a widening gap between revenues and expenditures. Fixed costs are high and increasing, and meeting those alone consumes funding for investments in new programs and in the educational innovation so essential to change. Many institutions face growing imbalances between their academic program offerings and areas of current student demand. High-cost, low-demand programs are becoming financially unviable, and some humanities and graduate education programs are particularly vulnerable.
In the public sector, general-fund revenues from state and local government have stabilized somewhat since the recession of 2008 and are expected to increase overall by around 2 percent to 3 percent per year in the future. That is still half the rate of average increases before the recession. Even without accounting for enrollment growth, those increases will be consumed by rising costs for employee benefits, which are growing an average of 6 percent to 7 percent annually. Pressures on funding are even more acute in much of the independent sector, where revenues from endowments cover only 20 percent of average spending per student and where net tuition revenues have increased less than 1 percent each year.

Institutions in both sectors have taken on more debt to pay for investments in new programs and facilities, which further drives up long-term costs. In 2013, financial analysts at Moody’s Investors Service issued their first-ever negative outlook for the entire nonprofit (public and independent) higher education sector. University business officers share the concern. A 2014 survey conducted by Inside Higher Ed found fully 60 percent of them believe their institution’s long-range (10 years) financial model is not sustainable. Virtually all institutions will be forced to overhaul their business models, with a new focus on value and long-term sustainability rather than the traditional focus on consensus-based decision making. This will inevitably advantage some constituencies more than others.

Rising Prices and Eroding Public Trust

Public alarm about rising tuition has brought higher education and how it operates under increased scrutiny by the news media and the public at large. Opinion surveys show that the public recognizes the importance of postsecondary education and believes that it has become an economic necessity, both for the individual and society. But a majority also believes that tuition increases have hurt affordability without increasing educational quality. The public is concerned that institutions value their own status quo more than they care about keeping prices down. They believe that institutions increase tuition in order to spend more money on institutional amenities that do not translate into increased educational quality, and they are critical of spending on non-academic amenities. Public trust in the values and priorities of institutional decision makers, so essential for university self-governance, has eroded.

The consequences of eroding public trust are evident in growing federal and state regulation of colleges and universities and in the expanded news-media interest in higher education’s overall performance and accountability. Debate about the economic payoff of higher education has become a staple in news-media coverage. As tuition rises, so does student debt, to the point that accumulated student loan debt in the United States is now greater than credit card debt. This is unmanageable not only at the undergraduate level, but also at the graduate level, especially in professional fields such as law and medicine. Economists have voiced worries that student loan obligations will create a new long-term drag on economic growth.
In the last year alone, as the commission has conducted its work, news-media interest in higher education costs and performance has skyrocketed, with the Wall Street Journal, the New York Times, and The Economist, to name just a few, printing series on higher education finance. A first-ever documentary film about higher education value, Ivory Tower, made the rounds at film festivals in early 2014. Its theme is the increasing costs and decreasing benefits of higher education.

To be sure, perceptions about costs and cost drivers are often based on incomplete information. Price increases do not translate into spending increases. Since 2000, overall educational and related institutional spending per student at public four-year institutions has increased about one-half percent per year at most institutions and has declined more than one percent annually at public community colleges. At public institutions, tuition revenues are used to make up for lowered state appropriations, not for increased spending and investments. Moreover, net prices have not risen nearly as substantially as "sticker" prices, as institutions have put more money into tuition discounting and other forms of financial aid. Institutions enrolling the majority of students (public community colleges and regional colleges and universities) have largely missed out on the amenities arms race. They have very few options for rapid changes in costs or programs, despite heroic efforts to maintain their mission of access and service to society.
Yet while the wage premium for a college education is as high as it has ever been, that premium (the increase in earnings attributable to having an advanced degree) has remained basically flat for the last 20 years, even as college prices have climbed. Better information about costs, prices, and outcomes would improve the conversation, but the issue is not one just of language or data. The core problem is a real and growing accountability gap affecting higher education. The views of institutional value held by people within the academy do not align with the views held by many consumers of higher education.

**Eroding Capacity to Meet Social and Economic Needs for Higher Education**

In the past 30 years, demand for higher education has escalated as changes in the economy have made some type of postsecondary credential requisite for economic mobility and individual advancement. Enrollments in public and nonprofit higher education have increased by over one-third just since the year 2000—more than six times the rate of growth in K-12 education, but less than one-third of the growth in the population on Medicare/Medicaid. Despite these increases, the rate of postsecondary attainment—referring to that proportion of the population with some type of a postsecondary credential or degree—has remained largely stagnant because too many students fail to complete a credential or degree. Higher education itself has become more economically and racially stratified, a trend that begins in K-12 and worsens in postsecondary education. More than 80 percent of low-income students (the majority of whom are Hispanic or African American) attend open-access public institutions, where resources to invest in student success are less than half those found in more-selective institutions. The United States, long an international leader in higher education, has slipped to 12th among developed countries in levels of postsecondary attainment among young adults.

Rising income inequality in the United States has become a major topic of public-policy concern, and the role of higher education in either solving or contributing to the problem of income inequality is a focal point. Leaders at both the state and federal levels have joined with influential foundations to call for growth in the number of people with high-value postsecondary credentials, both to ensure future economic competitiveness and to grow the middle class. Accomplishing those ends will require a new focus on student transitions from K-12 through college acceptance, graduation, and into the labor market, with particular attention paid to educational success for low-income students and underrepresented ethnic minorities. In most states, such students now make up a majority of young people, and higher education represents a transformational opportunity for them to lead better lives. With many students now attending more than one institution en route to a certificate or degree, colleges and universities must look at student success holistically, from pre-K through college graduation. This reality alone is forcing a change in approaches to course sequencing, articulation agreements, credit policies, and degree progression. Traditionally the purview of faculty, these areas are increasingly influenced by public-policy makers and others outside of the academy.
CHALLENGES FOR GOVERNANCE

Institutional governance is not the primary source of the difficulties facing higher education, but at most colleges and universities, governance structures are ill-aligned to deal with current and future challenges. Instead, the system of governance is focused excessively inward on power relationships and processes.

President-Board Relationships

Change in higher education requires leadership that is willing to take risks, build teams, and create the consensus needed to improve performance over many years. While many people contribute to this process, presidents play the single most important role. And that is why a key threat to improving institutional value comes from the instability in leadership caused by presidential turnover. This turnover is due partly to the aging of the population and partly to growing tensions between boards and presidents over their respective roles and responsibilities. Excessive presidential turnover is corrosive to strategic and sustained change. Transitions are particularly prevalent among the chief executives of large public systems, whose institutions collectively enroll the majority of our nation’s students. The most recent American Council on Education survey of college presidents indicates that almost one-third expect to leave their jobs within the next five years. Fully half of community college presidents expect to do so. Further research shows shrinking
numbers of senior academic leaders and other faculty members interested in pursuing a college presidency, as many do not have the appetite for the level of personal risk and exposure that comes with the job.

These realities suggest both an opportunity and a risk to the sector, as it searches for the next generation of leaders able to steer their institutions through the complex challenges ahead. To do so, many boards and presidents will need to redefine their working relationships to clarify mutual expectations, improve candor, and empower each other to play the leadership roles necessary to improve effectiveness.

**The Changed Business Model**

The financing of higher education has changed irretrievably, from a primary focus on increasing revenue to cover costs to instead finding ways to manage costs to maintain quality. This adjustment will force institutions and their boards to pay much more attention to where the money comes from, where it goes, and what it pays for in terms of performance and quality. Doing so will require a shift away from a historic focus on year-to-year fund balances and revenues to measures of costs and benchmarks of performance.

Improving board focus on finances is not by itself a controversial topic. Recent surveys by AGB show that boards and presidents alike agree that board involvement regarding new business models is both welcome and necessary. Nonetheless, many boards and presidents will remain hamstrung in shaping this conversation because of weaknesses in information and data systems and the absence of well-developed metrics for evaluating both funding and performance. Boards need information about revenues and expenditures that allow them to address issues of productivity and the value added by their educational programs. Institutions need better information about the flow of students from K-12 schools to college and on through to the labor market. Better fiscal decision making also requires more information about how personnel are used. Board discussions should include comparisons with peer institutions, patterns of spending over time, and major spending goals or standards broken down by area.

The problem is not that administrators refuse to share this information with their boards; they simply do not have it. Despite years of debate and several national efforts about college cost measures, higher education has yet to reach agreement about ways to measure costs. The current accounting system for higher education is opaque, and the sector does not have agreed-upon protocols for defining cost centers—including distinguishing between costs and revenues, parsing unit costs by level of instruction and discipline, and assigning general overhead costs.
Policies and Processes for Shared Governance

Shared governance, historically a perceived strength of higher education, has in the view of many people become an institutional liability—a "shared frustration" or "shared pain" as we have heard it described—to be worked around rather than engaged. Shared governance extends beyond simply the narrowest conception of faculty involvement in academic policy to the broader tradition in our country of decision making based on a dialogue among boards, public policy makers, presidents, faculty members, and others.

Sharing responsibility for making decisions has many valuable aspects. We would want to invent such an approach even if we had not inherited it. It is good practice to delegate authority for decision making to people who know the most about the work to be done and are responsible for carrying it out. Many facets of faculty shared governance work quite well, particularly at the departmental level.

Even so, the premises behind shared governance have become disconnected from its practice at many institutions. Respect for a delineation of roles among boards, presidents, and faculty members has broken down, in what some observers have called a "role drift." Some boards have moved more into institutional management and academic policy, even as others are disengaged. Faculty members increasingly want to exercise veto rights over fiscal decisions. Legislators and governors, in turn, want...
to get involved in articulation agreements, transfer practices, and policies for awarding academic credit—all areas traditionally the purview of faculty. Faculty and staff members at all institutions have become more vulnerable than in previous generations to economic cycles and shifting institutional priorities. Long-standing views about the role of faculty, and the ideal of a community of scholars as central to an institution’s identity and quality, are in flux. Yet, AGB research shows that the majority of boards have yet to discuss the changing composition of their faculty or to plan for the faculty of the future.

At most institutions, the right to participate in faculty shared governance is confined to those on the tenure track, who now make up less than 25 percent of the American faculty. Shared governance also remains inaccessible to growing numbers of academic and co-curricular support professionals, whose contributions to the academic mission (for example, student and financial aid advising, career counseling, technology support) are crucial for student success. If the faculty voice continues to come only from relatively small, homogenous groups, then we should expect tensions to escalate further in the coming years.

CHALLENGES FOR BOARDS

We turn last to the structure and performance of boards themselves. Almost daily, we hear reports about questionable board behavior: boards that overstep their authority and get into institutional management; board members who act as faculty representatives, or captives of the alumni association; boards that are unduly swayed by single donors; boards that look the other way when it comes to trustees with conflicts; boards that fail to meet their formal fiduciary responsibilities. The list goes on. Although the majority of boards are not visibly dysfunctional, the high profile of the few that are contributes to an atmosphere of incivility and mistrust within the academy. Such perceptions feed the growing public distrust in the ability of higher education leadership to address its own problems.

Tensions about the role of boards have always existed, and not all of them are signs of failure or inadequacy. But today, the conflict between rising expectations and constrained resources exacerbates fundamental disagreements among groups about institutional values and priorities. To address these issues without pulling institutions apart, each college or university has to clarify decision-making roles and responsibilities. This process begins with investments in healthier boards.
Confusion about the Role of the Board

Part of the tension surrounding boards emanates from disagreements or misunderstandings about their roles and responsibilities. Some within higher education would like boards to spend all of their time on fundraising and otherwise act as rubber stamps for the president and faculty. Some governors and legislatures see boards of public institutions as extensions of their own offices. And many board members see their role as comprising narrow accountability or auditing activities, rather than a broader policy focus.

Boards ought to be more engaged than many currently are, but engagement does not constitute board member activism, nor should it mean that boards substitute their judgments for those of the people who do the work of the university. Too many boards behave in ad hoc and divisive fashions. Sometimes individuals choose to act alone, and sometimes factions break away from the corpus of the board, notwithstanding the fact that decision-making authority resides with the board as a whole. This behavior is often symptomatic of frustration with poor use of board members’ time, or the sense that boards are being kept out of strategic decision making. But increasing ad hoc and individual activism, or attempts at “co-governance” (meaning that board members decide to insert themselves into management roles), are problematic to any type of sustained or effective leadership. At the end of the day, much is disrupted, but nothing changes.

Increasing ad hoc and individual activism, or attempts at “co-governance” (meaning that board members decide to insert themselves into management roles), are problematic to any type of sustained or effective leadership. At the end of the day, much is disrupted, but nothing changes.
Empowered boards need not come at the expense of effective institutional leadership. Boards are not another layer of administration. To meet their responsibilities, boards must focus on their distinct fiduciary role: to oversee the assets of the institution that the board holds in trust for the public. Fiduciary oversight extends far beyond a simple review of finances. It encompasses a calibration of institutional effectiveness in delivering both short-term and long-term value, which requires that boards look at the juncture of quality and fiscal sustainability and balance both short- and long-term interests, within and beyond the institution. (See the appendix for an explication of board fiduciary duties.)

Fiduciary principles also demand that boards make decisions independent of any undue influence by interested parties, such as alumni, students, faculty members, or funders (including governors and legislators). They require the board to focus on providing sustained value to consumers (students, research funders, the public at large), protecting the economic and educational value of institutional assets (reputation, faculty and staff, property, endowments), and seeing that the institution meets its obligations to society in the present and future (through collaboration with K–12 schools, meeting equity goals, community service, and economic development). A board that sees its fiduciary obligation in either/or terms—to the institution versus to the public, or to employees versus students—has it wrong.

Too much board time and attention goes to perfunctory review and routine report-outs, at the expense of a strategic focus on cross-cutting issues and other topics that receive inadequate attention.
Board Oversight and Use of Time

Too much board time and attention goes to perfunctory review and routine report-outs, at the expense of a strategic focus on cross-cutting issues and other topics that receive inadequate attention. Most boards spend the majority of their time overseeing institutional operations, typically divided into committees that replicate the administrative reporting areas (academic affairs, finances, facilities, fundraising, and so on). Their agendas are voluminous and time-consuming. The oversight function needs to be adjusted to focus on areas that are of strategic importance, a change that would reduce temptation and opportunity for boards to second-guess or micromanage operational decisions. It would also reduce redundant, time-consuming, and costly layers of reporting that do not add value from the distinct perspective of the board.

One area where we believe most boards need to place greater attention is improved oversight of auxiliary and affiliated organizations. Often initiated outside of the board and president, and frequently governed by separate boards or advisory groups, these types of organizational arrangements are growing in number and complexity across higher education. They are often not subject to traditional institutional oversight and reporting, and they may additionally be exempted from institutional fiscal controls, personnel policies, audits, or other practices designed to ensure appropriate oversight and accountability. At many institutions, they receive no review from the board, nor from the president or others delegated to act on behalf of the institution. Yet, they use the college or university’s name and thus present distinctive reputational and financial risks to the institution that require the attention of a responsible fiduciary body. Some of the biggest failures of higher education governance in the last several years have come from inadequate board attention to foundations organized for intercollegiate athletics—a classic example of an affiliated organization.

The Changing Identity of Public Boards

The issue of the board’s role in public institutions reveals another facet of governance: the difference between public and independent institutions in a changing economic environment with shrinking public subsidies. A number of leaders in higher education argue that declines in state funds mean that boards of public institutions should be reconstituted to behave more like those of nonprofit private institutions, with fewer public appointments and a greater focus on fundraising. We do not share this view. We do, however, agree that the appointment process for public board members can be strengthened so as to increase their knowledge and skills and to meet greater expectations for board performance.
Board Culture

The most-visible board missteps in the last decade, both inside and outside of higher education, emanated from weak and even dysfunctional board cultures. Board culture is central to board effectiveness. It is the accumulation of traditions and habits of work that have developed over time, through both written and unwritten rules, and that guide behavior.

A healthy board culture is an intangible but invaluable institutional asset, worth the same level of attention as building the endowment, or the faculty, or maintaining the physical plant. It cannot be ignored or taken for granted. It requires nourishment and care from every member of the board and, most of all, from the board chair and the president. Strong institutions can survive troubled boards for some time, but even the strongest college or university will eventually be put at risk if the board does not function properly.

Aspects of culture that are most vital to institutional health include: good board-CEO relationships, mutually supportive relationships between the CEO and the board chair, shared awareness of the roles and scope of authority of each party, productive engagement and collective learning, mutual understanding of communication protocols, effective use of board time, focus of board committees on strategic issues, and continuing education and development. Signs of a troubled culture include: cliques within the board, failure to include all board members in meaningful conversations,
lack of participation by board members, board members who patently represent constituencies in decision making, overuse of the executive committee, and dismissive behavior among board members and with key staff and faculty.

RECOMMENDATIONS FOR CHANGE

Debate over the future of higher education and the role that it plays in our society should be expected—indeed, encouraged. However, without changes to higher education governance as we know it, the decision-making process at most institutions will collapse under its own weight. Government regulation of higher education has heightened in part because our system of governance is focused too much on processes and not enough on value and transparency. Without changes, the nation will not get the higher education leadership it needs to build vision and drive advances in the future.

While boards are not the source of the governance challenges facing higher education, changes to boards and their structure can lead to improved leadership across higher education—in setting goals, in using data to evaluate performance, and in making strategic investments in ways that create value. The following recommendations contain specific, actionable steps that boards and presidents can take together to move in a more constructive direction.

1. **Boards must improve value in their institutions and lead a restoration of public trust in higher education itself.**

   Boards need to be prime movers to ensure that institutions deliver service and outcomes worth the investments that students, the public, and other funders make in them. Each board and president must have explicit goals for institutional value, supported by measures that are consistent with the institution's mission and strategic priorities. These will include measures of costs and outcomes, indicators of the institution's effectiveness in contributing to public needs for higher education, and measures of fiscal health, including sustainability and asset management. All public and independent institutions must address their role in meeting social responsibilities for institutions of higher education: increasing degree attainment, getting students into the workforce, creating knowledge, and serving communities.

2. **Boards must add value to institutional leadership and decision making by focusing on their essential role as institutional fiduciaries.**

   Every board must have a policy describing the board's role and scope of responsibility, including its role as the fiduciary of the institution. The policy must be shared and discussed with prospective board members prior to their appointment to the board, as well as with appointing authorities. It should be explicit about expectations for the independence of the board from undue influence by any constituent or economic interest.
group. It should also clarify the responsibilities and limits of individual board members versus the board as a whole. (A sample policy defining the fiduciary role of the board is included in the appendix to this report.)

3. **Boards must act to ensure the long-term sustainability of their institutions by addressing changed finances and the imperative to deliver a high-quality education at a lower cost.**

   More than ever before, board attention must focus on finances, together with educational effectiveness. This work is critical in order to increase access to higher education and degree attainment for future generations of students. Boards must exert leadership to address the changing finances of their institutions, to take pressure off growth in revenues, and to drive down costs without compromising educational quality. Boards must work with institutional leadership to reexamine resource use and academic program costs and to make better use of data for benchmarking performance. Further, boards must develop more sophisticated understandings of educational effectiveness and learning outcomes.

4. **Boards must improve shared governance within their institutions through attention to board-president relationships and a reinvigoration of faculty shared governance. Boards additionally must attend to leadership development in their institutions, both for presidents and faculty.**

   - All boards and presidents should have clear understandings of their respective roles and responsibilities. This mutual understanding should begin with the board’s responsibility for policy and oversight and the president’s responsibility for institutional leadership and daily decision making. The board chair and the president must have a good working understanding of their relationships, expectations for consultation, and processes for resolving differences between them.

   - Every board must ask for a review of the institution’s policies and practices of shared governance with faculty in order to ensure that such policies are appropriate to the realities of the current workforce, reinforce the delegated authority of faculty for academic policy, and ensure that processes for consultation are clear and are routinely followed by all responsible parties. Boards must ensure that their policies for shared governance include means of addressing topics that transect faculty, presidential, and board responsibility (such as program closures).

   - All boards should have committees on institutional leadership development that focus on both faculty development and presidential transition planning. This is a particular priority for public community colleges, where presidential turnover in the next decade is expected to be highest, and where improvements in success for first generation and low-income students are essential for increased postsecondary attainment.
5. **Boards must improve their own capacity and functionality through increased attention to the qualifications and recruitment of members, board orientation, committee composition, and removal of members for cause.**

- Boards must conduct assessments of the skills and attributes needed in new members, to be used in recruitment and/or shared with the relevant appointing authorities. The process should emphasize the expertise, commitment, and independent judgment that candidates can bring to board service.

- New members must receive an orientation with particular attention to board priorities, the fiduciary responsibilities of the board, and expectations for individual members of the board.

- Boards must review their committee structures and, where possible, eliminate or consolidate committees established primarily for the oversight of functional areas (such as academic affairs, finances, and facilities). Traditional configurations must give way to board committees with a cross-functional and future-oriented focus (such as student access and success, institutional value and value added, financial sustainability, and academic effectiveness).

- Boards must have policies for addressing underperforming board members, including policies for the removal of board members for cause or, in the case of public institutions, for submitting recommendations for such removals to the appropriate appointing authorities.

6. **Boards must focus their time on issues of greatest consequence to the institution by reducing time spent reviewing routine reports and redirecting attention to cross-cutting and strategic issues not addressed elsewhere.**

Boards need to spend less time reviewing routine operations in order to spend more time overseeing activities or areas in their unique purview. All boards should work with presidents to reduce nonessential reporting. At the same time, boards should improve their oversight of key areas that are inadequately attended to by existing organizational reviews, such as affiliated organizations and auxiliaries that use the name of the institution. In addition, public system boards need to improve accountability for campus-level indicators of performance for all of the institutions within their systems.

7. **Boards must hold themselves accountable for their own performance by modeling the same behaviors and performance they expect from others in their institutions.**

To do so means setting goals for board performance and benchmarks for measuring board effectiveness, as well as conducting regular board self-assessments. All boards should maintain a standing committee on governance charged with leading ongoing assessment and improvement of board performance.
IN CONCLUSION:
AN EXPANDED PERSPECTIVE

Two themes have informed the work of this commission and the recommendations offered in this report. The first is that major changes have occurred in the societal landscape that higher education inhabits and serves. The public trust in the leadership of higher education that existed four or five decades ago—including a trust in institutional leadership—has fundamentally changed, but the success of higher education is more central than ever to our country's economic and social fabric. As such, colleges and universities will not be left alone to define the terms of their success. Higher education continues to enjoy substantial social and political support, an asset that is at risk of being lost. Re-earning the public trust in institutional leadership is necessary to sustain and build that support for the future.

The second theme is that in a time of substantial challenges, as well as eroding public trust and support, higher education governance is not up to the task. Far too much time and talent, and too many resources, are preoccupied with institutional advantage, the preservation of the status quo, internal disputes over governance roles and authority, and the advancement of political and individual agendas.

Every public and independent institution of higher education in America today faces the imperative to approach governance from an expanded perspective on the value and values of higher education. We call upon boards to move past the predominantly inward focus of higher education leadership, looking beyond the institution itself as a singular gauge of effectiveness. The success of higher education is vital to our country's future. Leadership for improved performance has never been more important.
APPENDIX: FIDUCIARY DUTIES OF BOARDS OF TRUSTEES OF COLLEGES AND UNIVERSITIES

Fiduciary Duties: In General

Under state statutory and common law, officers and trustees of corporations—including public bodies and nonprofit corporations that oversee colleges and universities—are fiduciaries and must act in accordance with the fiduciary duties of care, loyalty and obedience. Taken together, these obligations require trustees to make careful decisions collectively in the best interest of the institution consistent with its public or charitable mission, independent from undue influence from any party or from financial interests. The specifics of what that means and how it is enforced through board policies and procedures may differ somewhat from institution to institution or by state. Good practice suggests that all trustees are informed of the legal meaning of their fiduciary role, accompanied by practical examples of decisions likely to face the board that require explicit attention to the balancing of interests necessary to carry out the fiduciary role. In addition, trustees and officers must understand that while they hold fiduciary duties individually, they act collectively as a board. Absent a particular designation of authority by the board to an individual trustee or officer (such as the authorization of a board chair to enter into an employment agreement with the president on behalf of the institution), no single trustee or officer has authority to bind the institution or determine its course of action, even those who may be appointed by a state governor or through a political process.

Legally, a fiduciary relationship is one of trust or confidence between parties. A fiduciary is someone who has special responsibilities in connection with the administration, investment, monitoring, and distribution of property—in this case, the charitable or public assets of the institution. A college or university trustee has duties to the institution and its beneficiaries under the law that a faculty member, a student, or an administrator does not. The precise meaning and extent of each duty may vary from state to state, depending on statutory language and judicial interpretation. These duties may also be described in and imposed by a college or university’s bylaws, governing board policies, standards of conduct, or code of ethics. In the case of a public institution, state law may describe or apply these standards of conduct differently (for example, under particular rules applicable to regents or public bodies); however, adherence to these principles remains a key governance best practice in both private and public colleges and universities.
The Duty of Care. The duty of care generally requires officers and trustees to carry out their responsibilities in good faith and using a degree of diligence, care, and skill that prudent persons would reasonably exercise under similar circumstances. A board member, therefore, must act in a manner that he or she reasonably believes to be in the best interests of the institution or system. As an example, the proper exercise of the duty of care requires a board member to regularly attend meetings, read the meeting materials prepared for the board in advance of the meeting, ask questions and participate actively in board discussions, and be knowledgeable of the institution’s purposes, operations, and environment.

Determining what is in the best interest of the institution lies within the sound judgment of the board of trustees under the duty of care. It will necessarily involve a balancing of interests and priorities appropriate to the institution’s mission and consistent with its strategic priorities, including explicit attention to the tradeoffs inherent in achieving appropriate balance, such as that between employees’ interests (necessary to maintain quality and to protect the institution’s assets), student interests (to maintain affordability), physical assets (grounds and buildings), fiscal assets (endowments and fund balances), consumer value of the degree (cost of degree production versus future job earnings), and community interests in the institution (jobs, economic development).

Also interwoven in the duty of care is the responsibility of board members to maintain the confidentiality of matters brought before the board, both during and after their board service. This is particularly the case with respect to personnel matters and sensitive business matters. In some cases, board members may be asked to sign an oath of confidentiality or a binding statement that sets forth their duties and responsibilities to the institution. Such instruments may be useful; however, they may also seem heavy-handed to some. Nevertheless, the duties will apply to board members who have been duly elected or appointed and have consented to service, whether or not an oath or statement is agreed to.

The duty of care does not require professional expertise, extensive consideration, or full knowledge of the matter at issue by every board member. Instead, the duty generally requires the board member to be reasonably well informed of the relevant issues. A board member may rely on information, opinions, reports, or statements, including financial statements and other financial data, that are prepared or presented by: (a) one or more officers or employees of the institution whom the board reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, public accountants, or other persons as to matters the board reasonably believes are within the person’s professional or expert competence; or (c) a committee of the governing board of which he or she is not a member if the board member reasonably believes the committee’s review merits confidence. Any reliance on information provided by others must be reasonable under the circumstances,
considering such factors as from what source the information was obtained, whether the information relied upon is a brief summary or an extensive analysis, whether the matter is routine or exceptional, and the time frame in which a decision must be made. Thus, such information should be a tool and a time-saver for an officer or board member in becoming informed, and should not be an excuse for dispensing with or ignoring the information.

The Duty of Loyalty. The duty of loyalty requires officers and board members to act in good faith and in a manner that is reasonably believed to be in the interests of the college or university and its nonprofit or public purposes rather than their own interests or the interests of another person or organization. The fiduciary must not act out of expedience, avarice, or self-interest. The requirement that officers and board members discharge their duties in good faith is a subjective requirement that will vary depending on the facts and circumstances. When at issue, however, courts will generally look to the board member's state of mind to determine whether he or she was motivated by honesty and faithfulness to the institution, or whether self-interest or an interest contrary to the institution's purposes was a motivating factor in the officer or trustee's actions.

Under this requirement, a college or university board member must be loyal to the institution and not use the position of authority to obtain, whether directly or indirectly, a benefit for him or herself or for another organization in which the board member has an interest. Accordingly, the duty of loyalty considers both the financial interests held by a board member and the governance or leadership positions he or she has with other organizations when the conduct of the board member is being evaluated.

Independence by board members is increasingly sought after by regulators and key stakeholders to ensure adherence to the duty of loyalty. In this context, independence means that the board member is not employed by and does not do material business with the college or university. In addition, it means that the board member acts independently of any personal relationship he or she may have with the president or senior leaders of the college or university or with other trustees. It is not required by law that every trustee on the board be independent (for example, some ex officio trustees may not be), but ideally, a majority of the trustees should be independent.

In addition, it is incumbent on board members to retain their independence from external stakeholders in the conduct of their oversight and policy responsibilities. This applies to boards of independent institutions and especially public boards whose members are most often selected to their service through some form of political appointment. Public board members, while respectful of the views of appointing authorities, must not confuse such influence as being determinative of board action. It is essential that board members avoid a conflict of loyalty in meeting their fiduciary responsibilities to act on behalf of the institution(s) they hold in trust.
The most critical implementation of the duty of loyalty comes in a college or university's conflict-of-interest policy. Such a policy, when adhering to state law and best governance practices, requires board members to fully disclose financial interests and dual organizational relationships ("dualities of interest") that may affect their decision making on behalf of the institution. The policy will prohibit trustees from participating in or unduly influencing decisions in which they have a material financial conflict of interest or an adverse duality of interest ("recusal"), and may require the trustee to eliminate the duality of interest. AGB's 2013 "Statement on Conflict of Interest with Guidelines on Compelling Benefit" offers clarifying guidance on best practices for boards to consider in managing conflicts of interest within the board.

**The Duty of Obedience.** A third fiduciary duty, which is arguably an element of the duties of care and loyalty, is the duty of obedience. This is the duty of board members to ensure that the college or university is operating in furtherance of its stated purposes (as set forth in its governing documents) and is operating in compliance with the law. A governing board of a college or university must make reasonable efforts to ensure that the institution is both legally and ethically compliant with the law and applicable internal and external rules (for example, accreditation, environmental, research, or labor rules) and has instituted effective internal controls to achieve compliance and to identify and address problems.

Fiduciary duties are owed by trustees and officers to those who place the board in a position of trust or confidence. Accordingly, trustees and officers act as fiduciaries to students (and those who may pay the tuition for them), faculty, alumni, and donors. Given the desire of institutions to achieve intergenerational equity, these duties also extend to those who will occupy those positions in the future. And fiduciary duties arguably extend to the public and the community at large (for public and independent institutions alike), particularly where the institution has a direct and material impact on the livelihood of its community and the beneficiaries of its research and scholarship.
Translating Fiduciary Duty into Effective Board Conduct

Fiduciary duties will apply by law even if an institution or system does nothing more to implement them, but governance is improved when board members and presidents share a mutual understanding of the standards that define the fiduciary role, including the balancing of interests necessary to carry out the institution's mission and strategic priorities. Effective tools include:

- Meaningful orientation programs for new board members (and a refresher for long-serving board members) that include: an explanation of fiduciary principles and shared governance, and what they mean for the role of the board in relation to the president and faculty; an explanation of related board policies such as conflict of interest and confidentiality; an explanation of relevant portions of the college or university bylaws that pertain to board member conduct; an explanation of the potential for personal liability of board members in the event of a breach of fiduciary duty; and behavioral expectations of board members as to participation and communication with outsiders about board business.

- Development and implementation of an up-to-date conflict-of-interest policy that: makes the disclosure and recusal process clear; identifies standards for materiality and a compelling benefit; explains and addresses both financial interests and dualities of interest and rules of conduct when the interest is adverse; and an effective form for disclosing material financial and dual interests. The governing board or a board committee will establish a process for review of disclosures of interest and forwarding of identified conflicts to the board for appropriate action.

- Appropriate communication between the governing board and college or university legal compliance officers and programs, and orientation for all board members regarding their responsibilities in such programs, including whistleblower policies, investigations of allegations, and complaint resolution.

- The timely securing of the advice of knowledgeable experts who can increase the level of understanding and competence of board members on key issues that may include compensation of the president, strategic planning, construction of new facilities and development of property, marketing and communication, advocacy, legal compliance, fundraising and endowment management, and risk management.

- The commissioning of board committees to regularly evaluate the effectiveness of the board in adhering to its fiduciary responsibilities, such as thorough self-evaluation and review of board member conduct. Such committees may include the executive committee, the governance committee, and the audit committee.
Source Documents


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Framing Questions

What relationships do you currently have at the federal level?
- LA delegation (House/Senate)
- Full House/Senate
- Administration

What experience do you have doing advocacy at the federal level?

Are you a member of any federal policy/advocacy associations?

What are your primary areas of focus/interest on the Board?

What impact would you like the Board to have on the national level?

What are LACCD's biggest opportunities/challenges and strengths/weaknesses?