

October 28, 2015

South Carolina House of Representatives
Ad Hoc Committee on Higher Education Governance
Post Office Box 11867
Columbia, SC 29211

To Whom It May Concern:

Since 1921, the Association of Governing Boards of Universities and Colleges (AGB) has advocated on behalf of our country's unique system of citizen boards and oversight; it is a model of accountability that in many ways defines our values and ensures a vibrant higher education system.

In fact, AGB is the premier organization centered on governance in higher education. Governing boards must focus now more than ever on promoting central missions while running their institutions as effectively as possible. We provide leadership and counsel to member boards, chief executives, organizational staff, policy makers, and other key industry leaders to help them navigate the changing education landscape. Our membership includes 1,300 boards representing 1,900 colleges, universities, and institutionally related foundations. We serve all categories of colleges and universities: individual campuses and statewide systems; independent and public institutions; all degree types and classifications. And, we serve over 40K individuals including trustees and regents, Presidents, chancellors, and CEOs, Senior-level administrators and Board professional staff members. In addition to the South Carolina Commission on Higher Education, public South Carolina members include Clemson University, Coastal Carolina University, the College of Charleston, the Citadel, Medical University of South Carolina, University of South Carolina, and Winthrop University.

AGB strives to continuously advance the practice of governance by designing and instilling best practices and advocating nationally on issues that affect higher education. We share vital information and knowledge with members, as well as provide customized consulting services, statewide board education programs and resources on trends and best practices through books, reports, articles, and videos.

Just shy of two months ago I came to AGB after spending the last nine years with the University of North Carolina system. First, on a campus as a member of the Chancellor's cabinet, and then at our system office in the President's office. Those experiences provide me with a unique view of the intricacies of the relationship

between the campuses and a state's higher education entity. Like South Carolina, North Carolina has a diverse array of campuses, including two flagships, research I institutions, five historically black colleges, regional institutions and two high schools. The structure there is different, but at its core, there are strong, engaged boards and executive leadership positions that attract some of the best and brightest in higher education.

I know you've been gathering lots of information about reorganization, but I hope, we can take a step back today and review the foundation of your current structure- its board and executive leadership as well as the importance of having those individuals focused on a public agenda for South Carolina that will utilize your institutions of higher education to meet the needs of the state.

AGB in South Carolina

South Carolina is a familiar partner to AGB. We've had engagements in 2003, 2006 and then this summer in August 2015 where we assisted with a board performance assessment. Here's what we've gleaned from those interactions.

There is a tradition of strong, independent institutional governance in South Carolina, exemplified by the "life" trustees at Clemson and the strong links between the General Assembly and appointees on all major boards. The Assembly plays a strong role in all areas of higher education policy, including the appointment of trustees. South Carolina has a diverse set of public and private colleges and universities growing in regional and national acclaim, but with fewer and fewer external incentives to engage on issues for the public good or to share in leading a statewide strategic agenda. A culture of separate sectors and institutions persists without a framework, agenda, or incentives for collaboration.

In addition, the South Carolina Commission on Higher Education has been unable to resolve long-standing concerns about the overall efficiency of the state's higher education system.

There is a continuum from "passive" to "active" on which all higher education boards are perceived to be. The characteristics of passive boards are: (1) has little influence on policy, (2) reacts to information, and (3) little public attention is paid to what the board does. The characteristics of active boards are: (1) influences policy, (2) requests information and builds partnerships & coalitions, and (3) receives considerable public attention and is respected by the Governor, state legislature, all institutions of higher education, and the general public.

Based on an examination of the formal statutory authority of twenty-six (26) state higher education coordinating agencies and commissions, including, but not limited to, the authority for statewide planning, budgeting, and review and approval of academic programs, South Carolina's authority in context with other coordinating boards and commissions is pretty high (note spectrum handout). However, in August, when our AGB consultants asked where the Commission members felt the

CHE is on this continuum, several comments were made that they needed to become far more active in several aspects, including the carrying out of statutory authority, building partnerships with the institutions, their presidents and their board chairs, and having a public relations staff person to help better inform the general public on the important functions of the Commission. So, the statutory authority is there, but CHE is either not using it or doesn't feel empowered to do so.

Leadership

Formal authority differs among coordinating agencies. Many have significant authority by statute or state constitution, while a few have only a tangential advisory role to governors and legislatures. Yet no matter the extent of formal authority in law, the agency's "power" depends most on:

- Board and executive leadership;
- A reputation for objectivity, fairness, and timeliness of analysis and advice to legislative and executive branches;
- Capacity to gain the trust and respect (but not always agreement) of both political and institutional leaders; and
- Institutional or university-system leaders who support effective and voluntary coordination to address state and regional policy issues that can only be dealt with through such coordination.

Board Selection and Engagement

Statutorily created citizen coordinating boards and commissions wield considerable authority; a few have governing board-related powers. Even in those states in which the board and the state agency they oversee are officially advisory, the board is often made up of prominent citizens whose leadership and guidance on state policy is sought often. Examining how board authority and leadership are exercised is critical to the success of any board.

Much is at stake for asserting state higher-education policy and in creating and advancing public agendas for higher education. Public colleges and universities and states need highly effective, high-performing governing and state coordinating boards to help ensure that our nation achieves its educational goals.

Your state's colleges and universities look to you for leadership, support, and guidance, and they seek the engagement of individuals on their governing boards with a commitment to and interest in higher education. AGB has worked over many years to develop a set of criteria for state leaders such as yourself to consider in making these most essential decisions. Our work with the National Governor's Association (NGA) and the National Conference of State Legislatures (NCSL) has focused on criteria-based selection of board members.

We know that the challenges associated with academic quality, access, student success, degree attainment, and affordability are clearly priorities for you. As higher education is facing calls to change, your board appointments represent an important

signal about state education priorities and your commitment to developing independent, accountable governing boards.

The impact of the appointments you make to the boards of your state's higher education institutions will be part of your legacy of service; each appointee can make a substantial contribution to that legacy. We encourage you to give the materials provided some consideration in the appointment process.

Based on your prior hearings, we know Representative Clery especially has had some questions about the backgrounds necessary to serve on higher education boards. Among employed board members, 33 percent are in business, 20 percent in professional service, 17 percent in education, seven percent in other occupations, and four percent are in elected office or serving in a government position/appointment. Altogether, retired citizens make up 19 percent of coordinating boards. Of retired trustees, more had careers in education (9 percent) and business (6 percent). Others who have retired (as a percentage of all board members) include two percent in professional services and one percent in both elected office or government position/appointment, and retired from another occupation not listed. Similar to today's coordinating boards, over half of trustees of public governing boards (50.7 percent) were employed in business, 25 percent in professional service, 13.2 percent in education, and 11.1 percent in other occupations. As a percentage of all board members, 38.1 percent of retired trustees had careers in education, 37.2 percent in business, 15 percent in professional services, and 9.7 percent in other occupations.

In addition to board selection, two other items require attention—the selection of the board chairman and board committees. A strong, focused, engaged board leader is crucial to your board's success. Ask the question, is the most qualified person chair. 75% of commissions and agencies select their own board chairs, 25% the governor selects. Committee work lays the groundwork for long-term planning and implementation. Often this work is a proactive approach to addressing future priorities and identifying issues that will impact the future of the institution. The majority of coordinating boards have five committees that address compensation, personnel matters, real estate, legal and legislative affairs. Some ad hoc committees include strategic planning, board development, student affairs, and PK-20 affairs.

Executive Leadership

The policy influence of many state coordinating boards and commissions is also hurt by high turnover of executive leadership. More than three quarters of state coordinating agencies have had at least one change at the top in the past few years. These jobs are getting harder and harder to fill.

All of that leads to the inability of those agencies to gain the trust and respect of the governor, legislators, and other state officials, as well as college and university leaders. Such trust and respect is needed if an agency is to be viewed as objective

and fair in its decisions, and transparent and responsive to requests for data, advice, and policy interpretations.

Here are some crucial questions to ask about staff. Do they have the correct amount of authority to do the things they need to do? Is there continuity of leadership? Is there buy-in from institutional presidents and board chairs?

Despite a rocky search process, over 230 people applied for the presidency of the UNC system. The caliber of applicant included former university presidents, former federal officials, military-affiliated individuals and people from the corporate arena. It is unlikely that the search for the new executive director of the SCCHE will attract a similar group. The Executive Director role is not seen as one that can effect change or is empowered to do so. In its best iteration, this position would be non-political, continue to be chosen by the Commission and paid at least comparable to what institutions are paying for similar positions at two or three of the largest institutions. This position should be seen as the state's leader in public higher education. This person and their staff must have the ability and authority to implement change, to nudge campuses when necessary and most importantly the power to convene the leaders and staff of those campuses as well as other stakeholders to address issues of importance to higher education in South Carolina. This person must also have the budget to hire staff with the skillset to do the work necessary to move the state forward—data analysis, policy development, finances, and outreach.

At the UNC system offices, staff in these critical areas were recruited from in-state and out-of-state campuses, the state legislature, Congress and the corporate sector. They have Phds, JDs, MBAs and years of experience in higher education. The policy team addresses state and federal issues and there is a DC office. This is by no means a one-size fits all model, however, it is a model that has allowed that office to be a leader in data analysis, shared services innovations, fundraising, and policy success with consistent enrollment funding, and decreased regulation despite administrative cuts. Though the General Assembly may not always agree with the system, its staff is universally held in high regard and heavily recruited by those in higher education and corporate America.

External Issues

External realities can also impede effective statewide coordination. Changes in gubernatorial and legislative leaders, in some states a result of term limits, can create a loss of "memory" for the rationale and functions of coordinating agencies. Lobbying of legislative delegations by individual institutions and systems can undercut an agency's policy recommendations, particularly those pertaining to the budget or new programs. Many agencies are understaffed due to budget cuts, so over time an accumulation of legislative mandates saps needed staff time away from the more important responsibilities for strategic planning and policy leadership. Finally, increasing polarization in the policy process, particularly along partisan lines, makes gaining consensus on goals and priorities a daunting challenge.

For the future, states must explore how to strengthen existing entities or, if necessary, create alternative structures to ensure statewide policy leadership. This is true for states having either a coordinating or governing entity. For many states, the best option is to pursue practical strategies that would enable the existing statewide coordinating or governing agency to work better and avoid potentially costly and controversial governance restructuring. We recommend the following:

- Focus on developing and gaining broad commitment to long-term goals for the state;
- Link finance and accountability to state goals;
- Use data to inform policy development and public accountability;
- Emphasize mission differentiation;
- Insist on quality, objectivity, and fairness in analysis and consultative processes;
- Exhibit consistency and integrity in values, focus, policy development, and communications;
- Focus on core policy functions like planning, resource allocation, evaluation, and accountability;
- Demonstrate willingness to take stands on matters of principle;
- Are nonpartisan in their processes and decision making with both the legislative and executive branches; and
- Make decisions fairly among all higher-education sectors and providers.

During the August, 2015 engagement, a work plan was recommended that focused on hiring an Executive Director, reviewing CHE's statutory authority, developing a long-range strategic plan, laying the groundwork for the bond bill, and reinvigorating the President's Council. The decisions made during the implementation of this work, and the support CHE receives from you in doing this work will be crucial to the future of higher education in this state. Focus on strengthening the governance and leadership of CHE and pointing strategic planning efforts towards a public agenda that would engage the institutions in the needed improvement of the lives of the people of South Carolina.

Strategic public agenda

When I joined the system office three years ago the Board of Governors and the staff were in the last stages of completing "[Our Time, Our Future: the UNC Compact with North Carolina](#)," which serves as the University's strategic directions for 2013-18. The UNC system strategic plan addresses the three agendas important to the success of a statewide education board: the institution-first agenda (gathering new resources and enhancing academic prestige "A great university makes a great state"), the administrative agenda (compliance with the state statutes and regulations with an eye towards efficiencies and entrepreneurship), and the public agenda (the focus being the broader social benefits of higher education, "A university exists to serve the people"). I'd assert that any effort to improve higher education in this state, reference and expound upon these three agendas.

The public agenda should align the capacity of South Carolina colleges and universities, especially for:

1) Preparation for higher education and alignment of higher education with P-12 (preschool through high school) reform. 2) Adult education. 3) Workforce needs at certificate and associate degree levels related to the changing economy. 4) Degree production in critical fields (baccalaureate and graduate/professional). 5) Competitive research and development related to the changing economy.

To be successful, the public agenda must be long-term, transcending terms of office, political divisions, and institutional loyalties. It must engage all South Carolina colleges and universities – public and private, and two-year and four-year institutions. It must build on current statewide efforts for education reform and on current higher education initiatives directed at the future of the state. It should encourage a collaborative approach to addressing problems to avoid divisive battles about turf and politics. Lastly, it should have easily understood benchmarks to gauge progress.

Engaging the state's political, civic, and business leaders in creating a broad, cross-sector, public agenda can ensure that the focus is on the future educational attainment of the state's population and the competitiveness of the state's economy—and not only on advocacy for higher education.

Thank you for the opportunity to share this vital information.

Sincerely,

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