

**Western Washington University
Board of Trustees Working Session**

Friday, September 8, 2017

Location: Washington Athletic Club, 1325 Sixth Avenue, Seattle, Washington
Time: Breakfast Available at 8:00 am

1. CALL TO ORDER

8:30 am

2. WELCOME AND OPENING REMARKS

8:30 – 8:40 am

3. STRATEGIC PLANNING DISCUSSION WITH TRUSTEES AND UNIVERSITY LEADERSHIP

8:40 – 12:00pm

NOON – Lunch Available

4. STRATEGIC PLANNING DISCUSSION WITH TRUSTEES AND UNIVERSITY LEADERSHIP, cont.

12:30 – 2:00 pm

Break (15 minutes)

5. BOARD GOVERNANCE

2:15 – 4:30 pm

- A. Board Assessment
- B. Board Committee Structure

Saturday, September 9, 2017

Location: Washington Athletic Club, 1325 Sixth Avenue, Seattle, Washington
Time: Breakfast Available at 8:00 am

6. EXECUTIVE SESSION WILL BE HELD TO DISCUSS PERSONNEL ISSUES AS AUTHORIZED IN RCW

42.30.110(1)(g)

8:00 – 11:00 am

7. CLOSING REFLECTIONS

11:00 – 12:00 pm

8. ADJOURNMENT

12:00 pm

1. Call To Order

2. Welcome and Opening Remarks

3. Strategic Planning Discussion with Trustees and University Leadership

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: Sabah Randhawa, President

DATE: September 8, 2017

SUBJECT: **Strategic Planning Discussion**

PURPOSE: Discussion Item

Purpose of Submittal:

President Randhawa and his leadership team look forward to the Board's engagement in Western's strategic planning process.

Supporting Information:

- **Strategic Planning Process – Summary**
- **Strategic Plan: Towards an Aspirational Vision**
- **Mission Statement and Strategic Plan – Draft**
- **The Board's Role in Strategic Planning**

Strategic Planning Process: Summary

Prepared by the Strategic Planning Committee Co-Chairs: Brian Burton and Pacqui Paredes Mendez

The WWU University Planning and Resources Council (UPRC), at its October 19th meeting, voted unanimously to create an ad hoc committee charged with writing a new strategic plan for WWU. The committee was to be composed of five faculty, one professional staff, one classified staff, two students, two members of the executive administration, one community member who is a WWU alumnus, and one member of the WWU Board of Trustees. In addition, Brent Carbajal (Provost) and John Bower (UPRC chair) were chosen to be “advisory members” of the committee.

UPRC also voted to build this committee through nominations from the following bodies:

- Faculty – WWU Faculty Senate and UFWW
- Professional Staff – Professional Staff Organization
- Classified Staff – Washington Federation of State Employees, Public School Employees
- Students – Associated Students
- Community Member/Alumnus – President Randhawa
- WWU Board of Trustees – President Randhawa

All nominees were confirmed by UPRC at its November 30th meeting. The committee is constituted as follows:

- Eric Alexander – Professional Staff Organization
- Megan Spiegel – Public School Employees of Washington
- Sabrina Chou – Associated Students of WWU
- Lauren Vásquez – Associated Students of WWU
- Vicki Hsueh – Faculty Senate
- Nabil Kamel – Faculty Senate
- Paqui Paredes – Faculty Senate (Co-chair)
- David Leaf – Faculty Senate
- Kristin Mahoney – United Faculty of Western Washington
- Brian Burton – Administration (Co-chair)
- Kathy Kitto – Administration
- Tony George – Community/Alumni

In its first meeting on Friday January 13th, the committee was charged by President Randhawa with developing a transparent and inclusive process that will culminate in the drafting of a new strategic plan for Western Washington University that will set priorities and will inform decisions regarding resource allocation from AY 2017-18 through AY 2023-24. President Randhawa also charged the committee with the development of a list of aspirational peer institutions.

The committee's first task was to hear from people both inside and outside the University community. We took two approaches to getting feedback. First, we conducted nearly 30 focus group sessions and open forums on and off campus. Second, we conducted two surveys, one of students, staff, and faculty, and one of alumni. We received more than 1,000 usable responses to the first survey (about 500 from students, 200 from faculty, and more than 150 from staff, and more than 100 from people who have multiple roles at Western), and about 500 usable responses to the alumni survey.

Once the survey and focus group results were in, by early spring, we worked to identify common themes from the surveys and focus groups. From the themes, we worked on goals that would push us in areas in need of improvement, as well as in areas Western was seen as already strong. The next step we took was to set objectives related to each goal. At that point, near the end of spring quarter and after weekly meetings throughout the quarter, we sent the goals and objectives to campus for feedback. We received feedback directly through e-mail, through the anonymous Qualtrics survey link, and at various meetings, including that of UPRC. Through the process of receiving that feedback, it became clear to us that further conversation was needed, not just about the goals and objectives, but also about the mission, vision and values of the university, since these are framing elements that help elucidate the goals and objectives. We also realized that having the metrics in the document would help flesh out the goals into more tangible elements.

With all of this in mind, the committee worked during the summer on revising the University's mission and vision statements, as well as adding framing narratives to the goals and objectives. At some point in early Fall, we will be sharing a revised and expanded document with the campus community, one that will include mission, vision, values and metrics. We will again hold focus groups on and off campus to gather final input on the document and its contents. Once that feedback is received, we plan to revise the document and submit it to President Randhawa, from whom it will come to the Board for final approval.

**STRATEGIC PLAN:
TOWARDS AN ASPIRATIONAL VISION
Prepared by the University Leadership Team**

External Drivers

Changing student demographics
Greater competition for students
Current, projected workforce needs & job markets
Stagnant graduation rates, growing achievement gaps
Globalization & role of technology
Increasing global demand for education
Current political/social environment

Institutional Mission and Values

Strategic Goals and Objectives

- G1. Transformative Education
 - A: Liberal arts and science core
 - B: General education/graduation requirements
 - Etc.
- G2. Richness/Plurality of Place
- G3. Caring Community
- G4. Justice and Equity

Internal Environment

State and federal funding trends
Need to increase faculty, support staff
Need to upgrade, expand infrastructure
Growth in demand in STEM, health disciplines
Perceived threat to the Liberal Arts
Need to increase diversity, inclusivity

Vision Framework

Western...higher education
leader in student
preparation & success

Western's opportunity for
distinction guided by

- Inclusive Excellence
- Global Diversity
- Washington Impact

SIGNATURE GOALS AND OBJECTIVES

Please see the attached document.

SIGNATURE THEMES

Western's opportunities for institutional distinction will be guided by three signature themes: **Inclusive Excellence, Global Diversity, and Washington Impact**. The themes are designed to provide Western with a competitive edge, a stronger institutional identity and increased opportunity to have a positive impact in Washington State, nationally and internationally.

Inclusive Excellence

Higher education has never been more important to the economic and social development of our communities and our global society. It is now a precondition for upward mobility. Workers with a bachelor's degree or higher have accounted for 73% (8.4 million) of the 11.6 million jobs gained in the recovery after the recession.

Yet, higher education is faced with pressures and challenges that we must address, intentionally and effectively. Only 53 percent of students who enrolled in 2009 in four-year college degree programs graduated in 2015. Between 1970 and 2010, bachelor's degree attainment rates for students from families with income in the top quartile nearly doubled from 40% to about 78%. In contrast, degree attainment for students from the bottom family income quartile has remained essentially constant at about 9%. We are going to see increasingly more students attending our universities from the bottom family income quartiles, which also are more ethnically and racially diverse.

Education is the most powerful social and economic equalizer. Our most important challenge then is to advance inclusive excellence, that is, increase the number of graduates and student success, while eliminating achievement gaps for students from diverse and under-represented socio-economic backgrounds.

Western has a great platform to advance access and completion, and we have an opportunity to be an exemplar in this area. Western's six-year graduation rate 70 percent is one of the best in the region. The faculty is committed to high quality of education and to the preparation of our graduates so they can be successful in a continuously changing work and social environment.

Global Diversity

We also need to make sure that Western more closely reflects the global diversity in which we live and which we seek to advance. Washington's, and our nation's, future population growth is projected to come from groups that historically have been less likely to participate in and complete postsecondary education. Diversity and inclusiveness means reaching and including more of the underrepresented students and first generation students in the state of Washington in our academic programs.

Globally, the demand for post-secondary education is going to increase significantly as the world population approaches 10 billion by 2050. Technology will continue to be a significant driver in bringing the world closer, increasing awareness and knowledge across cultures and countries. Global diversity also means that we cultivate global citizenship in our graduates so they have the perspectives to make well informed judgements, the curiosity to learn about others' values and cultures, and the wisdom to challenge their own mental models. Student learning must encompass the basic tenets of human thought, critical and creative thinking, quantitative and information literacy, and an understanding of major political, social and intellectual trends.

Excellence and diversity go hand in hand. Our community will be richer and stronger if members of our community—students, faculty, staff, administrators—are drawn from the widest possible range of socioeconomic and multicultural groups. We strive to expand and deepen our work to build a diverse, inclusive and equitable community and culture: in terms of access and success, curriculum, learning, shared experiences, embedded values and beliefs, and engagement opportunities for reflections to create enduring change.

At Western we strive to create an environment where teaching and learning are the most important activities, where we foster lifelong learning, and where there is respectful discourse in a safe environment. Western is a place where we take pride in our traditions and where we have hope for the future and a commitment to progress and positive change.

Washington Impact

The presence of an educated workforce is essential for producing positive social impact in all sectors of the economy. The Georgetown Center on Education and the Workforce identifies Washington State as one of the top five states in the country for job openings requiring college credentials. It is estimated that in the next decade 67 percent of the jobs in Washington will require some form of post-secondary education. In order to keep up with population growth and workforce demands, about 360,000 more adults will need to complete high school and about 500,000 will need some form of college degree. Additionally, there are about 700,000 adults in Washington who have earned some college credit but haven't completed a degree; nationally this number is 35-40 million.

To meet this challenge, the 2013 Washington Student Achievement Council defined broad educational goals in its Roadmap document: By 2023 all adults in Washington, ages 25-44, will have a high school diploma or equivalent and at least 70 percent of Washington adults, ages 25-44, will have a postsecondary credential. Currently, these numbers are 90% and 51%, respectively.

To contribute to the future workforce needs in Washington and the region, Western will expand access to its programs, increase persistence and graduation rates, and partner to offer programs and credentials to place-bound and non-traditional students.

At the same time, we must prepare our students so they can be successful in a continuously changing work and social environment. Technology and automation have been driving employment trends. Today's graduates will change careers multiple times and many will have jobs that do not even exist today. Western's focus on developing the whole person and its strong core liberal arts education provides our graduates with a competitive advantage to be effective citizens of the nation and the world and to effectively navigate the workplace.

Making progress on critical issues (environmental sustainability, climate, human health, access to safe food and clean water and air, economic vitality, cultural diversity, quality of life) in Washington and beyond require nurturing a faculty culture of innovation that cuts across disciplines and integrates knowledge and exploration in its undergraduate and graduate programs. Western is well positioned to increase its contributions to the state of Washington and to be a catalyst in regional economic and social development.

Mapping Themes and Goals/Objectives

GOALS	THEMES		
	Inclusive Excellence	Global Diversity	Washington Impact
Goal 1: Transformative Education			
Strengthen liberal arts & science core	X	X	X
Review/update general education and major graduation requirements		X	X
Expand access to undergraduate & graduate fields of study	X	X	X
Increase affordability	X		X
Access to high-impact educational experiences	X		X
Support innovation	X	X	X
Increase scholarship to address societal problems		X	X
Support student engagement in faculty research, creative activity	X		X
Enable/incent work across disciplines	X		X
Align curricular revisions, budgeting, capital planning to respond to changes			X
Provide IT and academic infrastructure	X	X	X
Expand programs in under-served areas outside Bellingham	X		X
Goal 2: Richness/Plurality of Place			
Support experiences that develop understanding of the region, communities	X	X	X
Honor, respect rich cultures		X	X
Expand engagement with communities		X	X
Weave sustainability, equity in curriculum, practices	X	X	X
Provide international experiences	X	X	X
Goal 3: Caring Community			
Enhance shared governance & transparency	X		
Implement strategic enrollment plan	X	X	X
Ensure support services serve all students and help ensure their success	X	X	
Improve working conditions for faculty, staff, students	X		
Provide competitive compensation & ensure well-being of faculty, staff, students	X		
Expand networks with alumni, partners		X	X
Goal 4: Justice and Equity			
Foster welcoming environment	X	X	X
Recruit retain diverse faculty, staff, students		X	X
Expand, deliver curricula that engage issues of equity, power, privilege	X	X	X
Expand professional development opportunities for staff, faculty	X		
Recognize/support community partnerships to advance equity and justice	X		X
Demonstrate full commitment to preventing sexual and other types of violence	X	X	X

Mission Statement and Strategic Plan - DRAFT

Prepared by the Strategic Planning Committee

Mission

WWU provides the finest public comprehensive education through rigorous student-centered focus on the liberal arts and sciences, affordable tuition, commitment to fairness and equity, deep engagement in community and global life, and focus on the skills and capacities to explore widely and deeply, think critically, reason empirically, communicate clearly, and connect ideas creatively.

Vision

Western Washington University prepares and inspires individuals to achieve their aspirations and address the world's most challenging questions.

Values

Academic Quality
Intellectual Inquiry
Student Success
Career Preparation
Liberal Arts and Sciences
Civil and Open Discourse
Student Engagement
Equity and Justice
Stewardship
Community Engagement
Place
Caring

Goals and Objectives

Western provides a transformational education founded on the liberal arts and sciences and based on innovative scholarship, research, and creative activity to foster the development of engaged members of 21st-century global society

Western's educational experience is grounded in an active teaching and learning environment with a liberal arts and sciences foundation and robust co-curricular, internship, research, creative, and service learning opportunities. Western prepares students to be successful and engaged members of society, providing the tools to work across disciplines to identify and creatively solve key societal problems, both local and global. Western supports the growth and sustained flourishing of programs, departments, and centers that do this work.

- A. Strengthen the delivery of the liberal arts and sciences core to ensure student access to the broad exploration of knowledge of our undergraduate education
- B. Review and update general education, major graduation requirements, and graduate programs to ensure they foster the knowledge, skills, and habits of mind required of a fast-changing world in the 21st century.
- C. Expand student access to and increase student success in rigorous baccalaureate and graduate major fields of study
- D. Increase affordability of both undergraduate and graduate education at all Western's locations
- E. Ensure that all students have access to high-impact educational experiences inside and outside the classroom
- F. Support innovation in curricula, scholarship, research, and creative activity
- G. Conduct scholarship, research, and creative activity that furthers efforts to answer important questions and solve societal problems.
- H. Support undergraduate and graduate student engagement with faculty in scholarship, research, and creative activity.
- I. Provide tools and experiences by which students, staff, and faculty can work across disciplines to identify and creatively solve key global, environmental, and societal challenges
- J. Align curricular revision, budgeting, capital planning and development to allow for agility in programs and course offerings to respond to changes in student interests, state needs, and knowledge production
- K. Provide technological and other academic infrastructure to support curricular innovation, research, scholarship, and creative activity, civic engagement and social justice
- L. Enhance and augment affordable programs in areas underserved by four-year higher education outside Bellingham

Western acknowledges and honors the richness and plurality of place, promotes knowledge and engagement grounded in an understanding of the region and its communities, and sets them in a global context

At Western, we engage place in all of its complexity. Place calls us to recognize debts and obligations to indigenous nations, to the environment and sustainability, and to diverse and rich cultures within and across borders. Place inspires us to study with rigor and precision the complexity, vibrancy, and beauty of land and sea in the Pacific Northwest. Place moves us to think and act thoughtfully and creatively about where we are and how we connect with the wider world. Place beckons us to look at the past with care and to envision the future with curiosity, innovation, and creativity.

- A. Support curricular and extra-curricular experiences that help develop an understanding of the region and its communities in all their natural and cultural richness and complexity
- B. Honor and respect the diverse and rich cultures, traditions, and knowledge of the Native nations in the region
- C. Expand Western's engagement with local, state, national, and international communities
- D. Weave ecological sustainability and social and economic equity into and through our practices and curriculum
- E. Provide experiences by which students can learn about communities and the environment in other regions in the world

Western is a caring community where all members are supported, where everyone has a voice and the ability to be heard, and where the definition of community is broad and inclusive

Western's greatest strength is the outstanding students, faculty, and staff who make up its community. Western supports an inclusive governance structure and provides a learning and working environment in which all can thrive.

- A. Improve shared governance structures and transparency to ensure that students, staff, and faculty all feel included and empowered in the university's decisions and direction
- B. Develop and implement a strategic enrollment and recruiting plan addressing resident, non-resident domestic, graduate, and international students
- C. Ensure that student support offices effectively serve all students and graduates and help ensure their academic and personal success at Western
- D. Improve working conditions for students, staff, and faculty to make WWU a model in fair labor practice
- E. Provide competitive compensation for, and support the development and wellbeing of, students, staff, and faculty
- F. Expand networks between alumni, student, staff, and faculty

Western is committed to justice and equity

Western sees equity, justice, inclusion, and diversity as fundamental principles calling for authentic engagement. Western acknowledges that institutions of higher education have traditionally failed to meet the needs of people of all races, ethnicities, creeds, socioeconomic classes, gender identities, sexual orientations, and disability statuses. WWU is committed to transforming policies, structures, and practices to ensure meaningful inclusion.

- A. Foster a campus climate, including the physical environment, that welcomes and affirms the diversity of individuals, groups, and cultures, promoting positive relations across difference
- B. Implement model practices for the recruitment and retention of a diverse student body, a diverse staff, and diverse faculty
- C. Strengthen, develop, and deliver curricula and other programming that engage issues of access, equity, power, and privilege across disciplines
- D. Expand professional development opportunities for all staff and faculty that provide for additional leadership capacity in the effort toward equity and justice
- E. Recognize Western's indebtedness to Native nations, and expand and support respectful collaborative relationships with community partners and underrepresented groups to advance equity and justice
- F. Demonstrate full commitment to preventing sexual and other types of violence, ensuring the safety of all campus members



The Board's Role in Strategic Planning

Western Washington University

September 8, 2017

Dr. Cathy A. Trower

Successful Strategic Planning

2

Nonprofits in General

1. A clear and comprehensive grasp of external opportunities and challenges
2. A realistic and comprehensive assessment of the organization's strengths and limitations
3. An inclusive approach
4. An empowered planning committee
5. Involvement of senior leadership
6. Sharing of responsibility by board and staff members
7. Learning from best practices
8. Clear priorities and an implementation plan
9. Patience
10. A commitment to change

tcc group – Briefing paper: “Ten Keys to Successful Strategic Planning for Nonprofit and Foundation Leaders.”

For Boards

1. Model a strong partnership with staff
2. Develop initial aims and scope
3. Call for strong, inclusive process design and effective facilitation
4. Clarify specific roles and expectations for board members
5. Make the commitment
6. Participate, exercise patience, be passionate
7. Learn, learn, learn
8. Expect the unexpected
9. Be visionary, make the tough choices, and allocate resources to the plan
10. Govern strategically

Stern, G.J. (2013). “Shaping the Future: The Board Member’s Role in Nonprofit Strategic Planning.”

STAGE I. Strategic Thinking / Sense-Making

Make sense of relevant trends, the organization, the environment, and the competition.

Senior Staff Role

- Initiate strategic thinking process.
- Actively participate with the board in discussions.
 - Present issues.
 - Inform and educate board.
 - Discuss context with board.
 - Make underlying assumptions explicit.
- Summarize output and implications.

Board Role

- Actively participate with the staff in discussions.
 - Bring outside perspective and insight.
 - Tap collective wisdom.
 - Test consistency of senior staff's thinking.
 - Pose thoughtful questions.
 - Collaborate with senior staff.

Adapted* from Nadler, D.A., Behan, B.A., and Nadler, M.B. (2006).
Building Better Boards: A Blueprint for Effective Governance. San Francisco: Jossey-Bass, p. 135.

* What you see here differs somewhat from Nadler et al based on my own thinking and experience.

STAGE II. Strategy Development and Decision-Making

Develop substance for the plan and make fundamental choices about strategic initiatives; place strategic bets.

Senior Staff Role

- Develop proposals for critical decisions on direction and major resource allocations.
- Review with board.
- Make critical decisions.

Board Role

- Offer input for senior staff's consideration.
- Conduct ultimate review and approve major decisions.

Adapted* from Nadler, D.A., Behan, B.A., and Nadler, M.B. (2006).
Building Better Boards: A Blueprint for Effective Governance. San Francisco: Jossey-Bass, p. 135.

* What you see here differs somewhat from Nadler et al based on my own thinking and experience.

STAGE III. Strategic Planning

Translate critical decisions into priorities, objectives, and resource allocations to execute strategy.

Senior Staff Role

- Develop and own the plans.
- Explore & explain options.
- Ensure plan supports objectives and strategy, and is consistent with mission.
- Present plans to board for review.

Board Role

- Critically review strategic plan.
- Ensure trustees understand plan including:
 - Resource allocations
 - Intended outcomes
 - Possible unintended consequences and risks
 - Timelines
 - Benchmarks
- Approve the plan.

Adapted* from Nadler, D.A., Behan, B.A., and Nadler, M.B. (2006).
Building Better Boards: A Blueprint for Effective Governance. San Francisco: Jossey-Bass, p. 135.

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STAGE IV. Strategic Execution

Undertake initiatives consistent with the strategic plan; adjust over time to account for environmental changes and outcomes.

Senior Staff Role

- Ensure resources and leadership for effective execution are in place.
- Monitor progress of execution.
- Adjust execution or plan in response to circumstances and outcomes.

Board Role

- Review progress on key initiatives vis-à-vis explicit milestones & benchmarks.
- Discuss pace and adjustments required in response to circumstances and outcomes.

Adapted* from Nadler, D.A., Behan, B.A., and Nadler, M.B. (2006).
Building Better Boards: A Blueprint for Effective Governance. San Francisco: Jossey-Bass, p. 135.

* What you see here differs somewhat from Nadler et al based on my own thinking and experience.

Management does strategic plan with cursory review by the board [rote approval]

Two Extremes

Board leads strategic plan
[infringes on CEO's legitimate responsibility]

VALUE-ADDED ENGAGEMENT

- Board participates in the strategic thinking and decision-making process, adding value without over-reaching.
- The CEO and senior team lead and develop the strategic plan with board member's input.
- Board members have ultimate responsibility for approving the strategy and the metrics to be used to assess its progress.

Nadler et al (2006), p. 136

Let's take this further into higher ed...

Shinn (2017)
*Strategic
Thinking &
Planning in
Higher
Education*
AGB.

- Too many university strategic plans represent “either a defense of an unsustainable status quo or a quest to model the institution after revered peers it cannot afford to emulate” (p. 5).
- Strategic thinking is a mode of reflection that blends appreciation for the institution’s past with a focus on its future through deep mining of relevant information with creative visioning [along with] respect for the particular while imagining the whole (p. 5).
- Have to have the capacity to end some existing legacy programs to provide necessary resources for important innovations (p. 14).
- The Board has a “fiduciary” responsibility for strategic planning (p. 17).

What is strategic thinking?

Strategic thinking is purposeful but not regimented, disciplined yet expansive, and rooted in a university's mission even as it develops a compelling and sustainable vision for an uncertain future (Shinn, p. 24).

Strategic thinking is “seeing” ...

- Ahead and behind: A good vision of the future is rooted in an understanding of the past.
- Above and below: Holistic, big-picture thinking is supported by inductive and informed “deep digging.”
- Beside and beyond: “Lateral” or unconventional thinking should assist an institution in seeing beyond “constructing” a new future. Seeing it through – it is only strategic “if it gets done” (Mintzberg, from Shinn, p. 25).

Figure Out What Will Work Well for Western

- Most models you'll read about (including Nadler et al) are a bit formulaic.
- Many university strategic plans are simply unfunded wish-lists and not terribly strategic.
- In academe, process matters a lot (and many would say as much as anything else), so do not underestimate its importance.
- Discuss what makes the most sense with this President, this Board, this culture, at this place in time. Keep in mind:
 - Today is about sense-making (generative, strategic level) – not operations and tactics, so resist the urge. 😊

5. Board Governance

- a. Board Assessment
- b. Board Committee Structure

6. EXECUTIVE SESSION

Executive Session will be held to discuss personnel issues as authorized in RCW 42.30.110(1)(g).

7. Closing Reflections

8. Adjournment

9. Pre-Meeting Reading Materials



(<https://www.insidehighered.com>)



Essay on how to do strategic planning

Submitted by Patrick Sanaghan and Mary Hinton on July 3, 2013 - 3:00am

Just about every higher education institution periodically engages in strategic planning. Some of this planning is part of the fabric and culture of a college, but many campuses engage in planning only when required by accrediting agencies or mandated by statewide system offices, or after a crisis. Regardless of the motivating factor, challenges with the planning process result in too many campuses failing to achieve their original planning goals even when a great deal of time and effort are invested

We wanted to find out what made strategic planning work on campuses and initiated a series of discussions with presidents, faculty and senior administrators of institutions that believe in strategic planning and embrace it as a cultural practice.

We also spoke to a handful of campus leaders and faculty who were unsure about the importance of strategic planning. While these presidents conduct planning in order to comply with a variety of mandates, they question the value of the process and indicate that plans are rarely utilized once developed. These postures of resistance to planning are as valuable as hearing from those who truly believe in its value. In fact, both perspectives are needed.

The following advice might provide some helpful information to administrators and faculty as they think about crafting their institution's strategic planning process and connecting it to the life of the campus.

1. Visible and committed senior leadership is essential. The president needs to be seen as visibly and meaningfully supporting, but not exclusively controlling, the planning process. If campus stakeholders believe the president is engaged in the planning process, they tend to participate more. If they don't witness this engagement, they will question the credibility of the process and meaningful participation will be minimal. In fact, if the president is resistant to planning or in any way intimates that the plan will not be utilized once developed, campus stakeholders will pick up on this and will have limited or no investment.

On many campuses today, there are senior-level administrators whose titles include planning or planner. While these individuals are responsible for carrying out the planning process, in no way should they be the sole drivers of the plan. Rather, these administrators should be ensuring that the information needed to develop the plan is readily available. They should also ensure that all of the planning processes are transparent and that there is widespread engagement in the process. While many presidents may be tempted to divest

themselves of the planning process and allow the "planners" to take the lead, this is a mistake. A president must be the leader of the planning process and use the designated "planner" as a key resource.

2. Authentic faculty involvement and engagement will make or break a strategic planning process. Without the meaningful engagement of faculty in the strategic planning process, the resulting plan will not get carried out. Top-down, administrative planning simply won't work any more. There was a time when senior leadership, along with the board, created a strategic plan and "sold" it to the campus with limited results. Those days are gone. In fact, faculty should play a key role – often in concert with the president and any "official" planners on campus -- in designing the process.

Presidents also need to organize a planning task force of highly credible leaders throughout the campus and make sure a majority of the task force consists of faculty. On many campuses this task force will emerge from – or morph into – a standing committee that is responsible for monitoring the implementation and assessment of the strategic plan.

Campuses should seriously consider the benefits (and challenges) of having such a standing committee. On the plus side, it does ensure that a wide swath of the campus has ongoing engagement with the strategic plan. It also increases the likelihood that the plan will be subject to rigorous assessment if a group is formally charged with carrying it out. A potential negative consequence, though, is that the campus community may view this standing committee as *the* group responsible for the plan when, in fact, the plan is owned by the entire campus community. If such a committee is in place, one of their explicit directives must be to engage all campus stakeholders in the planning process.

Again, faculty should play a leading role in this process. The president and senior leaders need to talk openly with the faculty about the strategic planning process and its importance to the institution. Most importantly, they need to listen to the hopes and concerns of campus stakeholders, especially faculty. If they listen well, they will have access to vital information many senior leaders never hear.

3. The board of trustees needs to have a balanced role in the strategic planning process. Having faculty and other campus community stakeholders lead the strategic planning process may be difficult for some trustees to hear as they often take seriously their charge of setting the trajectory and strategic priorities of the institution. This is a trend presidents across higher education are reporting. Of course, trustees need to play a prominent and informed role in the planning process. However, while they are responsible for ensuring the plan is carried out and strategic goals accomplished, the day-to-day execution of the plan happens on the campus.

In fact, regional accreditors discourage top-down planning and instead emphasize collaborative, participatory planning processes. The board is responsible for ensuring that an intelligent, disciplined and inclusive planning process takes place for their institution. Trustees need to charge the president and senior leadership with conducting this kind of process and hold them accountable.

4. It is important to avoid "listening to yourself too much." Attention to the external environment is an ongoing necessity and practice. Faculty and administrators need to pay attention to what is going on regionally, nationally and internationally. They need to be well versed about program enrollment trends, student demographics, parent expectations, broad

financial trends and issues, employment demand, technological innovations and new teaching strategies. Just think about how much change we have experienced over the past five years.

The next five years promise to be equally complex, fast-paced and challenging. Campus stakeholders throughout the campus, not just the senior level, need to understand the big picture and changing context of higher education on an ongoing basis. This type of engagement can only happen if the president and senior leaders create opportunities for people to convene and discuss the events, trends and issues facing their institution. This is not a one-shot thing. There should be multiple opportunities throughout the year for these important and strategic discussions. These internal SWOT (strengths, weaknesses, opportunities, threats) analyses are a vital component of the planning process and remain equally critical once the plan is implemented in order to ensure assessment of the plan is realistic and ongoing.

5. You need to make extraordinary efforts to communicate with stakeholders throughout the planning process. Too often there is some kind of an official kickoff to a strategic planning process and then things just seem to fade away until the plan is launched, when another big event may be held. This is poor process. Instead, the strategic plan needs to be a part of the fabric of the community, from the time it is being developed until the time it is concluded. While many campuses believe periodic e-mail updates about the plan are sufficient, it is important to use a variety of communication vehicles that include both high-touch (e.g., town hall meetings or "chews and chats" where stakeholders congregate over a breakfast or light lunch to discuss institutional issues and receive updates about the planning process) and high-tech.

High tech has its place (e.g., electronic newsletters and updates) but don't make technology your primary vehicle for communication. It may be efficient and convenient but we have found that face-to-face interactions keep the planning process alive. This is especially important during the planning process when you are trying to gather campuswide input into the plan priorities. Rich dialogue can help unveil hidden aspirations that are easily ignored or passed over when using electronic communication tools. Utilizing a variety of communication tools enables participants to choose their most comfortable level of engagement and increases the likelihood you will hear from a variety of perspectives.

6. Trust is the most important factor in a planning process. This was *the* pervasive theme in all of our conversations. It kept coming up over and over again. Trust is one of the most enduring and fragile elements in institutional life. With a great deal of trust you can accomplish many things, even if there are scarce resources. Without a fair amount of institutional trust, every detail becomes a debate; conversations quickly become contentious and things move at a glacial pace. Without trust, a "perfect" plan will be sure to fail. Campus leaders need to know how to build and nurture institutional trust if they are going to carry out their strategic plan. They can build campus trust by creating an inclusive, transparent and participative planning process.

7. Planning is not a linear process. There is a myth that lives large in higher education that there is a perfect process. This myth is driven by the belief that facts, data and quantitative information are all you need to create a strategic plan. Although good information and clear thinking are essential to effective planning, people's hopes and aspirations, fears and doubts all play an important role. People, not perfect data, develop and execute plans. Great care should be taken to avoid the "plan to plan" syndrome where

there is way too much research, planning, analysis and synthesis in an attempt to do planning perfectly. In these instances there is a lot of thinking but little doing. The plan never really lifts off the ground. Perfection should never be the goal for either the planning process or the plan. Rather, campuswide engagement, a shared vision, and ongoing feedback about achieving goals is the priority.

The linear approach is an attempt to control the future, which simply cannot be done. Intelligently responding to and influencing the future, however, is possible. We need to build agility and resiliency into our strategic planning process given the changing and complex environment we live in. Recognizing this early on in the planning process will ensure work is done rather than merely thought about.

8. Visionaries are a dime a dozen. Those leaders who can actually execute important things are as rare as blue diamonds.

It is not difficult for really smart people to create beautiful pictures of the future. But beautiful ideas won't matter unless things are actually accomplished. Senior leadership needs to be committed to paying attention to the process, rewarding and recognizing accomplishments, and resourcing the strategic plan. Implementation is the hard part of strategic planning but essential to its success. If the campus culture lacks rigor and discipline, and is unwilling to hold stakeholders accountable for shared aspirations, implementation will falter.

9. Campus stakeholders need a way to keep score. People need to see and feel that they are making progress toward the goals outlined in their plan. This can only happen if processes and protocols are established that keep people informed and updated. At a minimum, senior leadership needs to commit to a series of yearly "report outs" to the campus community about progress toward institutional goals. This holds stakeholders accountable for implementation and communicates to everyone that the strategic plan is an institutional priority.

It is essential that leadership reports shortcomings as well as successes, especially in dynamic times. It helps build transparency, credibility and faith in the planning process, especially in low-trust environments. If a campus has been less than successful in accomplishing their stated goals, senior leadership can communicate why certain things did not occur and share what they will do moving forward. These report outs also further the premise that the campus "owns" the strategic plan, not the president, a planner, or a committee.

10. The danger of doing too much. When it comes to carrying out the strategic plan there is often an attempt to do way too much in the first year. People want to see progress toward the plan goals and often try and move on all fronts. This well-intentioned effort soon becomes exhausting rather than creating momentum and energy. Pace and manage the implementation process in chewable chunks. Ongoing communication about achieving goals, no matter how small, is key to keeping the momentum of the plan alive.

Taken together, the above ten points suggest that the most important elements of planning are around connectedness. Connecting colleagues across the campus in the development of a shared vision and shared plan. Connecting in multiple modes – face-to-face and electronically – to gather robust feedback and support. Connecting our individual institutions to the broader higher education landscape. Connecting the planning process and the subsequent plan to the daily operations of the institution. Connecting realistic goals with

shared aspirations. And, finally, connecting what we do with what is measured and valued on our campus.

These connections are led and facilitated by the president and extend up to trustees and down to faculty, staff and students. The plan becomes a reflection of the valuable – and valued – connections needed to thrive.

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The Power of Strategic Thinking

BY CAROL CHRIST
MARCH/APRIL 2012



TAKEAWAYS

A strategic-thinking process should assess trends, make judgments about their implications for the institution, and be a reflection on the available options. Unlike traditional strategic planning, it is not about what a college will do in the next year or two. It is about the future landscape of higher education and the institution's place within it.

Successful strategic thinking requires full buy-in from the board, faculty, and administration. The board and faculty, in particular, stand to gain increased understanding about each other's values and responsibilities, leading to improved collaboration.

Boards and campuses that think systematically about the long-term issues affecting higher education in general will better avoid risks and take greater advantage of opportunities in a rapidly changing world.

A Dartmouth University professor puts the tasks that all organizations must perform into three boxes: (1) a box containing those things an institution does to make its core business as excellent as possible, (2) a box of 'selective forgetting' for eliminating activities no longer productive or useful, and (3) a box of innovation for selective experimentation with projects that anticipate the future. Most organizations know how to succeed at the first task, says Vijay Govindarajan, who teaches at the university's Tuck School of Business and writes on business strategy, but they do not spend sufficient time and intellectual focus on the second and the third. Although Govindarajan makes this argument about businesses, it readily applies to colleges and universities; and the boards that govern them.

Indeed, one could argue that the institutional conservatism of colleges and universities and the different ways in which market incentives work in higher education motivate institutions to devote most of their resources and energy to the first box; doing even better what we already do. Certainly that is the goal of our strategic plan at Smith College, like the plans of many colleges and universities. Furthermore, the alumni support so vital to reputation and fundraising often depends on a certain cultivated nostalgia, the opposite of 'selective forgetting.' Projects that represent a radical change in an institution's business model, even when undertaken as pilot endeavors, are relatively rare at colleges and universities.

Govindarajan's image of the boxes has provided a useful way to conceptualize a new initiative that Smith has embarked on, what we call the Futures Initiative. Through that initiative, we have been able to focus our thought and discussion on the second and third boxes. Over the next two decades, we asked ourselves, what assumptions might Smith need to 'forget,' and what new directions might it pursue?

The lessons we learned about strategic thinking through the process can be helpful to board members at other independent institutions, as well as those at public colleges and universities.

THE GENESIS OF THE FUTURES PROJECT

At Smith, as at many institutions, trustees and faculty members experienced the financial crisis of 2008 in very different ways. On the one hand, the crisis motivated a number of board members to question whether Smith's business model was sufficiently robust for the college to retain its leadership position in the liberal arts sector over the long term. Primarily a baccalaureate institution, Smith offers residential, face-to-face liberal arts education to about 2,600 women, most of whom spend four continuous years at the college. Although more socioeconomically diverse than most of our peers (22 percent of our students receive Pell grants), and despite a generous endowment, Smith is financially dependent upon recruiting a significant proportion of students whose families are able and willing to pay the full annual comprehensive fee of approximately \$55,000. With increasing urgency, board members were asking questions about the future of residential liberal arts colleges in a world in which students are more mobile, earn credits from multiple institutions, and pursue higher education through more-varied pathways and timelines, and in which information technology is dramatically changing access to knowledge.

Faculty members, on the other hand, felt a sense of loss from the significant cuts that the college had had to make in its operating budget in response to the crisis. They had worked responsibly and constructively to identify savings amounting to about 10 percent of the budget, including eliminating 18 faculty positions that would not be replaced when their incumbents retired. They wanted to be appreciated for

the hard work they had done and the careful choices they had made, and they wanted the assurance that trustees shared their deep commitment to the core mission of the college. They felt the crisis was a difficult ordeal that they had successfully weathered; trustees, in contrast, felt it was a harbinger of profound changes to come. The relationship between the board and the faculty began to show signs of wear, as each began to caricature the views of the other: Faculty members were ostriches with their heads in the sand, unwilling to contemplate change; trustees were corporate types with no understanding of higher education.

To address the growing dissonance between the views of the board and the campus community, we created the Futures Initiative. The goal of the initiative was to think broadly; beyond the present moment, beyond Smith; about trends in higher education, to determine which might have an impact upon Smith, and to identify steps that Smith might take in response. Our goal was to look as far as 20 years out.

It was important to establish with the Smith community that the Futures Initiative was not a budget-cutting exercise, nor would it displace or replace our strategic plan, the Smith Design for Learning, approved in 2007. The initiative was not a strategic-planning process; it was a *strategic-thinking* process: an assessment of trends, a judgment about their implications for Smith, and a reflection on the options before us. It was emphatically not about what the college was going to do the next year, or even the year after, but about the future landscape of higher education and Smith's place within it. It was a process designed to develop a shared view of the future that would inform our longterm thinking about the college.

KEY STEPS IN MOVING FORWARD

As we began to plan and organize the initiative, we determined that it should fit into an academic year, and that we would use the cycle of board meetings, in October, January, March, and May, to structure our discussions. We appointed a campus steering group, approximately the size of the board of trustees, consisting of 16 faculty members, largely drawn from elected committees; two students; and 14 members of the administration, representing major areas of responsibility. I asked a small group of board members to advise me in the planning of the initiative, including in it trustees who strongly felt the urgency of change and those with academic experience who would understand faculty culture.

We decided to invite outside speakers, whose talks would be open to the entire Smith community, to establish a broad context for our discussions. Eugene M. Tobin, from the Andrew W. Mellon Foundation, spoke about liberal arts colleges in the context of higher education, and a panel of speakers on information technology discussed its transformative impact on higher education. We also assigned outside readings on current and projected trends in higher education.

For the first step of the initiative, in the fall, the board and the campus steering group met separately, engaging in the same exercise. We asked all participants to write a paragraph describing their vision of Smith in 2030 and to bring their paragraphs to the first meeting of each group. We began the meeting in plenary session, during which we identified trends both within and outside of higher education that we believed would have an impact on Smith. We then broke into small groups. Participants read their paragraphs to each other and then reached consensus on the elements of the paragraphs that they felt would characterize Smith in the future. (We subsequently posted all paragraphs online, without identifying their authors.) We then reassembled, and all the groups reported their composite visions.

To our surprise, the visions of Smith in 2030 from the board of trustees and those from the campus steering group covered much common ground. This discovery encouraged both groups in their sense of shared enterprise.

We used the results of the two sessions; the identification of trends, the individual paragraphs, and the subsequent small group discussions; to construct four provocative scenarios, not specifically about Smith, but about higher education in 2030. Each scenario addressed a set of related features in order to focus discussion on a particular set of trends. For example:

- ' College Unbundled' envisioned postsecondary education as essentially discontinuous, in which students take courses from multiple providers and extend their educations over a much longer period of years as they continue to seek new professional competencies and accreditation.
- ' A New Financial Landscape' envisioned an economy in which all traditional sources of funding in higher education are dramatically curtailed (including funding for financial aid), and students and their families are less able to meet tuition costs.
- ' World College' envisioned significantly different demographics in the U.S. college-age population and a dramatically reshaped international landscape in which American colleges and universities experience far more competition from institutions abroad.
- ' Virtual College' envisioned higher education moving online, with Internet delivery of courses and materials coming to dominate face- and place-based instruction.

The January meeting of the board of trustees is traditionally a retreat. We held the retreat on campus, bringing the board together with the campus steering group. We devoted the first day to the four scenarios. We divided into eight groups, each of which included trustees, faculty, and administrators. Each of the groups was asked to discuss one scenario, with the task of determining which elements of it seemed most and least likely, and which would have the greatest impact upon Smith.

We used the responses of the groups to the four scenarios to create a single integrated scenario, to which we devoted the next day's discussion. We again broke into groups (mixing the membership, so that the composition of the groups on the two days was completely different). We asked each group to consider the following questions about the integrated scenario:

- What are its implications for Smith as an educational provider, and specifically for our commitments to excellence, access, and diversity?
- What indicators does Smith need to monitor to position itself for leadership in this imagined future?
- What decisions (e.g., about programs, facilities, investments, disinvestments) would this scenario lead us to make?
- Where do we see Smith on the innovation curve (e.g., early adopter, fast follower, etc.)?

The groups then reported out, and we compiled the responses.

From the work we did at the retreat, four areas emerged as particularly crucial to the strength of the college's position in the next two decades:

- our financial and enrollment model;
- global engagement;
- new pathways and timelines for earning an undergraduate degree; and

- expanding our educational mission and footprint beyond residential undergraduate education. (See box below.)

For our spring meeting, we constructed a scenario in each of these areas from our integrated scenario, once more divided into groups devoted to each of these areas, and asked the groups to develop a draft guiding principle and possible planning directions and considerations in the area that they were assigned.

We used the work we did at the spring meeting to draft a final document, four pages in length (and available on our Web site at www.smith.edu/president/futures.php). In each of the areas that we identified as crucial to the college, we described anticipated trends, a guiding principle for our actions, planning directions, and next steps. Next steps have included focusing the board's attention in 2011-12 on strategic directions in enrollment planning and policy, a study of the optimum size of the college, and working groups on a number of topics: international partnerships, new educational timelines and pathways, and expanding our educational footprint. Those groups reported to the board in March.

THE BOARD AND THE FUTURE

The Futures Initiative was even more successful than we had hoped. Notwithstanding the value of the scenario planning, which is already shaping our thinking about institutional positioning in a rapidly changing higher education landscape, its most important benefit was the change in the relationship between the board and the faculty.

The board came away from the process more respectful of the perspectives, values, and thoughtfulness of the faculty. The faculty came away from the process with a sense of the urgency of larger contextual issues in higher education that will have an impact upon Smith, and, even more important, a willingness to experiment; in my favorite image, to throw spaghetti at the wall and see what sticks.

A number of features of the process helped produce such results. The span of time was important; it allowed an iterative rhythm that let participants' perspectives develop. We wanted to create a shared view of the future, a project that takes time, thought, and dialogue. At the same time, it was also important to have a set end point and a product: not a tome, but a short summary of our work in the form of a focused brief. It was crucial for both groups that we set the horizon far enough in the future to release participants' sense of intellectual adventure and play.

We needed to work constantly to broaden the context (readings and speakers were important in that regard) and to cultivate curiosity and speculation, so that participants could loosen their grip on the immediate. It was also vital to maximize the number of contacts each participant had with others. We balanced the breakout groups carefully, continually shifting the membership. We used meals in the same way, assigning seating to maximize the number of individuals from the other group that the board and the Campus Steering Group would get to know. We used social time to extend and deepen relationships.

Flexibility was also vital. We didn't have a fixed blueprint when we began, and we found it was important to shift plans as the initiative started developing its own momentum. About midway through the process, for example, we determined that we preferred to proceed without the external facilitator whom we had been using in order to foster greater ownership through direct dialogue. As people made suggestions; two trustees at one point made a spontaneous presentation of an innovation matrix that they had developed; we adopted them.

The board chair's support for the initiative, her grasp of its strategic and community-building goals, her understanding of the perspectives of both the trustees and the people on the campus, and her wise advice,

both strategic and tactical, at every step of the process, were essential to its success. She was a sounding board for me, and her repeated expression of support for the initiative built its credibility with the trustees and faculty members.

The initiative also created subtle changes within the board itself. The Smith board of trustees is fairly large—35 members—and it operates, like most boards, through committees and plenary sessions. As in any group that size, some voices tend to dominate, whereas other board members speak less often. By doing so much work in small groups, in which combinations of trustees kept changing and were enriched by campus participants, the board got to know itself better, and a fuller range of voices participated in discussion. The board had a far more open conversation with the campus about how much change the future would and should bring to the college.

LESSONS LEARNED

The final test of the success of the initiative, however, lies in the future—in whether the project has begun to build a culture of strategic thinking and a willingness to experiment with pilot projects that are, in some sense, bets about the future. There is already some evidence that this is the case; several experiments with summer programs for high-school girls and an online course for alumnae on financial independence, adapted from our successful undergraduate program, are already in development. We will know more when the working groups involved in followup projects report at the spring board meeting.

Whatever its concrete results, the project has taught us a number of important lessons. Smith, like many colleges and universities, can tend to live in a bubble. We all cultivate a kind of exceptionalism; we believe that our own institution, whatever it is, offers a uniquely enriching experience to its students. Many faculty and staff members, who, for the most part, spend their careers at Smith, know surprisingly little about other colleges and universities, particularly those outside their academic sector, and the primary expertise of most board members is not higher education.

It is therefore salutary for both boards and campuses to take time to think systematically about trends affecting higher education institutions. We currently live in a period of greater change in higher education than any since the immediate post-World War II years. In such a context, colleges and universities will be well served by developing a culture of strategic thinking—asking, with a sense of curiosity and adventure, how we can best avoid the risks and take advantage of the opportunities in our rapidly changing world.

SMITH COLLEGE'S FUTURES INITIATIVE

EXPANDING OUR EDUCATIONAL FOOTPRINT

Anticipated Trends

At the same time that traditional four-year undergraduate education may become increasingly discontinuous, pre- and post-baccalaureate education will gain in market share. Many students and their families will seek “early college” experiences, and the demands of a highly competitive workplace will put a premium on graduate and professional degrees and certification. As we live longer and change careers more frequently, professional reinvention will become progressively more important. Moreover, in an environment in which growth in traditional sources of revenue is more constrained, many institutions will seek to further diversify their financial resources. College campuses will be active year-round with an increasingly varied range of programs.

Guiding Principle

As higher education expands over the course of a student's life and career, beginning earlier and extending later, Smith will seek to leverage its academic assets to offer programs that enhance its reputation and revenue structure. In this balance, Smith will make sure that mission, excellence, and reputation guide the selection of revenue opportunities.

Planning Directions

- Explore the changes necessary for year-round campus operation, assessing needs, priorities, and policies for facilities, space, and staffing
- Explore opportunities for five-year B.A./M.A. degrees
- Develop a set of principles governing the selection of partners for B.A./M.A. programs and other academic collaborations
- Explore opportunities for professional master's degree programs, taking full advantage of the School for Social Work and its distinctive calendar, and assessing uses of distance learning that are in keeping with Smith's mission and values
- Build a reputation for prebaccalaureate summer programs and an array of offerings, targeting both domestic and international students

Next Steps

- Appoint a staff group, including representatives from the School for Social Work, to identify facilities, staffing needs, space allocation priorities, and policies for year-round operation
- Appoint a task force, composed of faculty, staff, and trustees, to recommend principles for partnerships, alliances, and exchanges. Consider the place of the Five College Consortium in Smith's array of partnerships.
- Appoint a task force, composed of faculty and staff, to identify areas for new programs and degrees at the post-baccalaureate level. Participants in the Futures Initiative have suggested exploring such areas as American studies (converting our current diploma program to a master's degree), museum studies, a relaunch program for science alumnae (and others) who are not currently working in the science or technology fields, gerontology, a management degree in social justice, and a degree in environmental studies and policy.

—Excerpt from *The Futures Initiative Summary Document*

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Introduction

American higher education must redefine the work of its presidents if it is to meet today's challenges and those fast approaching on the horizon. The effectiveness—and, in a growing number of cases, the very survival—of a college or university requires leaders who make a clear-eyed appraisal of their institution's competitive position in the market for higher education services, bring an entrepreneurial spirit to their work, and possess the talent to advance the enterprise in the face of often conflicting demands. In fact, what's needed is a new model of leadership: enterprise leadership.

Twentieth-century leadership approaches will no longer suffice. Skepticism over the value of a college degree, higher expectations for performance from institutions at all levels, student unrest, intense competition for students and resources, and political divisions are among the most prominent challenges. In addition, a new wave of technological change will most likely alter higher education as we know it. Artificial intelligence, virtual reality, big data, and cognitive mapping are more than buzz words. They will define the future of higher education and society just as the Internet does now.

Such realities combine to require that presidents of colleges and universities possess talents and skills that are different from those required in the past. But presidents can't operate alone. Boards also must change to meet the demands of the twenty-first century: they must rethink and redesign governance in ways that enable them to work as allies of the president in meeting whatever challenges face the institution. At all types of colleges and universities, the governing body must participate in leading the enterprise by collaborating with the president in developing major strategies, standing firm with the executive in the face of criticism and opposition, and committing time and resources to the work of sustaining and advancing the institution. Indeed, the success of the enterprise leader rests on a foundation of trust and confidence between the president and the institution's governing board.

The success of the enterprise leader rests on a foundation of trust and confidence between the president and the institution's governing board.

Trustees who wish merely to oversee the president, as well as those who behave as if they themselves were the chief executive, must develop a new mindset. As recommended in *Consequential Boards: Adding Value Where It Matters Most*, the report of AGB's National Commission on College and University Board Governance, boards must "add value to institutional leadership and decision making by focusing on their essential role as institutional fiduciaries." That will be a dramatic shift for those who underestimate the need for most institutions to alter their culture and performance.

Reorganizing the board's work requires recruiting new members with experience in the fields and delivery modes at which the college or university expects to excel. Board education and self-evaluation must focus on the realities of bringing change to notoriously change-averse institutions, as well as on the attitudes of a new generation of students energized by social media. The role and scope of committees need to be redesigned to support strategic directions rather than the standard functional areas.

Most important, in selecting a chair to meet the new demands, the board must find a respected individual who can lead it in adjusting its work, as well as take the time to support, advise, and challenge the president—enabling that person to grow and flourish in the job. (And if the president is not up to the task, the chair should lead in taking the appropriate next steps to find the right leader.)

In short, whether board members are labeled trustees, regents, curators, or directors, the working relationship between those ultimately responsible as fiduciaries and the chief executive is the cornerstone of effective enterprise leadership. The institution's ability to thrive now and into the future will require a highly collaborative working relationship between the board, particularly its chair, and the chief executive acting as enterprise leader.

Enterprise Leadership Today

Enterprise leadership is the vigorous exercise of authority in guiding an institution through a comprehensive adaptive process that positions it to prosper in a competitive, fast-changing environment. Effective enterprise leaders of colleges and universities engage the academic community in the change process. They work actively with their governing boards as trusted partners in developing strategies to strengthen their institutions' financial bases; academic quality and effectiveness; and reputation for value, to students and society as a whole.

This definition suggests (at least) five attributes of the enterprise leader and enterprise leadership. First, the modern presidency is a 24/7 job demanding hard work over a sustained period of time. Presidents require periodic respite from this intensity for their mental and physical health—and to support a return to what is often a relentless pace. Second, change

leadership is more than change management.

It requires a sophisticated understanding of the emotional brew that accompanies serious change and innovation. These skills include applying the appropriate change strategy to match the situation; exerting pressure without alienating or exhausting the team; possessing the emotional intelligence to cope with opposition; and displaying calm courage in the face of conflicts and even

Enterprise leadership is the vigorous exercise of authority in guiding an institution through a comprehensive adaptive process that positions it to prosper in a competitive, fast-changing environment.

personal attacks. Third, enterprise leaders appreciate clearly the challenges facing their institutions. They also have the imagination to envision ways to advance their institutions in this volatile environment. Fourth, enterprise leadership mandates the strengthening of the enterprise through time. The critical measures are financial stability; academic quality and effectiveness; and the institution's reputation for worthwhile teaching, research, and service. Finally, the sine qua non that underpins all the rest is personal integrity in all decisions and in relationships with the governing board and the academic community.

Enterprise leadership encompasses a respect for the core values of the academy. Academic freedom in the pursuit of truth is foremost among them. The modern president also needs to publicly champion the liberal arts, especially with audiences that disparage them. In addition, the president needs to be empathetic in understanding why faculty members often resist change, as well as courageous in communicating the often uncomfortable realities facing the institution.

The enterprise leader must give top priority to strengthening the value proposition—the promise that a particular college education is worth the time and resources invested in achieving the degree.

It is always best to work strenuously to make shared governance function well. But the enterprise leader must be willing to make tough calls when the conventions of shared governance prohibit consensus on vital new directions. And the board needs to support its executive in the face of inevitable conflict and criticism.

The enterprise leader recognizes that a college or university is not a business. But this executive also knows full well that unless the business side is successful, academic quality and even the existence of the institution will be at risk. It is no secret that the historic value proposition of higher education has eroded. The *substantive value* of a college degree may remain positive. Yet for students, families, policymakers, and the public at large, the narrative of high cost, long times to graduation, poorly educated graduates, and a dearth of postgraduate employment opportunities have combined to diminish higher education's *perceived value*. The enterprise leader must give top priority to strengthening the value proposition—the promise that a particular college education is worth the time and resources invested in achieving the degree.

Finally, exercising enterprise leadership demands the focused efforts of a highly functioning team. The president's effectiveness depends on finding and developing talent in key aspects of the institutional enterprise: finance, academics, student recruitment and retention, resource development, and often government and public relations. An active program of talent development from within the institution, including faculty members with the aptitude for enterprise leadership, is often a better option than hiring a stranger from outside it.

The features of enterprise leaders have always been the virtues of exceptional presidents. Today, however, *all* presidents need to possess such traits to a substantial degree.

Features of Enterprise Leaders

Enterprise leaders are realistic in appraising the challenges their institution faces, pragmatic in selecting strategies to advance it in light of its strengths and the potential in the market, and transparent in their frank communications—especially with the board of trustees and the academic community. The following summary of crucial success factors grows out of many conversations with change leaders as well as direct observation of effective executives in action.

Enterprise leaders possess:

1. ***A clear-eyed recognition of the real challenges confronting institutions and anyone who attempts to change them.*** Enterprise leaders recognize the flaws in many current business models, the need to make difficult adjustments in order to respond to increased competition, and the omnipresence of social media that fans the flames of discord and the inevitable opposition to change. Unquestioning fidelity to traditional patterns of education, organization, and governance won't work in today's environment.
2. ***The ability to develop and articulate a practical and compelling vision that positions the institution for the future.*** That vision needs to be strategic in taking into account market realities and current or potential institutional strengths. It combines a data-driven appraisal of today's realities with the ability to scan the horizon, especially with respect to competition and technological change. And while quantitatively grounding it is crucial, personalizing the vision with narratives that build support for the change journey and celebrate its accomplishments is equally important.
3. ***The emotional intelligence to advance the enterprise in close collaboration with the governing body.*** The engaged board is now a fact of presidential life. Presidents must work in concert with trustees, including those with egos to match their accomplishments, and secure their support. Successful enterprise leaders view their board members, or at least the leaders among them, as sources of advice and allies in change leadership.
4. ***The capacity to transform a legacy-oriented academic culture to one focused on today's realities and the potential of the future.*** Change leadership is an art requiring experience, persistence, and courage. The president and the board

Unquestioning fidelity to traditional patterns of education, organization, and governance won't work in today's environment.

must appreciate that change includes risk and that not all innovations will work as planned or bring immediate benefits. Unfortunately, the length of service for presidents is declining. And waiting out a change leader is a common response to vigorous leadership, especially if the executive doesn't stay in office long enough to institutionalize a new way of doing business. Yet a minimum of seven years is usually required to convince enough members of the academic community that a new order is here to stay, and most enduring change requires a decade or more of sustained leadership. The board needs to provide the appropriate inducements to encourage an able president to stay as long as the change program requires.

The president and the board must appreciate that change includes risk and that not all innovations will work as planned or bring immediate benefits.

5. ***Respect for academic values and shared governance, plus the strength to make unpopular decisions when shared governance fails to yield consensus.*** Historically, working with faculty members often meant accommodating their preferences to preserve peace in the valley or forestall a no-confidence vote. And presidents must always support the faculty when it comes to upholding the institution's core academic values. But now is a time when administrative leaders must often offer their faculty colleagues uncomfortable choices rather than easy answers. In response to reducing programs and staff or changing time-honored practices such as teaching loads, the president will face strident opposition from faculty

PERSPECTIVES

"When hot issues go viral in days, it doesn't leave much time for the president or the board to reflect on the appropriate response. It pays to anticipate these things."

UNIVERSITY PRESIDENT

"I have staff members combing the websites to try to stay ahead of rising concerns. And because of the reputational risk involved, we keep our audit committee of the board apprised monthly."

UNIVERSITY PRESIDENT

"I was uncomfortable at first using Twitter and Facebook. But now I see it helps me to communicate with students quicker and more effectively than with speeches and newsletters."

UNIVERSITY PRESIDENT

"The younger members of our board have helped the veterans see the upsides of social media for marketing the institution and in the work of the board, too."

COLLEGE PRESIDENT

members, especially those in the humanities and social sciences. Moreover, today's competitive environment frequently demands quick response times, not the leisurely schedules of traditional shared governance. In such cases, the practice of shared governance needs to be recalibrated to clearly define the boundaries of authority. Courage, a thick skin, and equanimity are important traits in this often-contested environment.

6. *The skills to build a high-functioning administrative team in the key operational areas of the enterprise.* Fortunate is the new president who inherits a uniformly capable team. More likely, however, some members will remain and others leave, since culture change often requires a change of senior leadership, as well. The enterprise leader must be able to identify, recruit, and nurture a group of strong administrators. Team members must be especially skilled in areas where the executive is not and bring different strengths to the administrative team. Qualities required of all team members are an understanding of the dynamics of change in the academy, a commitment to the new agenda, and loyalty to its leader. They must also have the backbone to share bad news early and critique ideas that will not serve the institution well. Boards should support the president in providing the compensation and other benefits necessary to retain a high-functioning team.
7. *Personal qualities such as integrity, high energy, resilience, a positive demeanor, and the ability to sustain one's personal mental health in a fraught milieu.* Most candidates for president possess the intellectual ability to do the job. What is

No amount of creativity or communications skills will make up for moral or ethical failures—especially in this era when such lapses are apt to be well publicized.

sometimes missing, and predictably results in failure, are the personal qualities that enable those leaders to sustain themselves as human beings in the face of a challenging 24/7 workload. A well-tuned moral and ethical compass, for example, is the foundation for successful leadership. No amount of creativity or communications skills will make up for moral or ethical failures—especially in this era when

such lapses are apt to be well publicized. At regular intervals, presidents need to take time to refresh and renew their commitment to the work and to reframe their strategies. The board should regard coaching and periodic respites as essential supports for effective leadership, not as perquisites or icing on the cake.

In sum, the enterprise model combines several virtues, including tough-minded realism, sophisticated interpersonal skills, and courage. That said, effective enterprise leaders come from a variety of backgrounds and have a range of personalities. Academics such as provosts and deans—some with enviable publication records and some without—can become successful leaders of change in the organizations that nurtured them. So-called nontraditional candidates—business leaders, politicians, members of the military—have effectively applied their training and experience to their new roles, while adjusting to the special character of academic culture, and become exceptional presidents, as well.

Most Important Presidential Attributes*

- ✓ Innovation
- ✓ Vision
- ✓ Future Orientation
- ✓ Change Leadership
- ✓ Resource Development

**In 2015 and 2016, AGB surveyed board chairs of member institutions. Of the 56 who responded, 85 percent (48) were from independent institutions, 9 percent (5) from public institutions, and the remainder from private, for-profit institutions. The purpose of the survey was to “better understand the role of the board, and especially the chair, in enabling presidents (or chancellors or commissioners) to succeed in leading change in institutions often very averse to change.” Key findings are summarized in tables throughout the report.*

PERSPECTIVES

“Who are ‘the faculty’ anyway? The tenured professors? Those in line for tenure? The adjuncts? The graduate assistants? The union?”

TRUSTEE

“Sometimes the no-confidence vote is deserved.... We need to be prepared to act appropriately if the president is just not up to the challenge.”

TRUSTEE

“No-confidence votes erupt whenever we get mired down during negotiations with the faculty union.”

UNIVERSITY PRESIDENT

“Truly exceptional presidents and boards take pains to enable their faculty to acknowledge the realities of the changing market for higher education and to accept the need for painful change.... This ability should be part of the repertoire of the president.”

BOARD CHAIR

“Pragmatism in the face of faculty ‘righteous indignation’ is the right response, if we want to save our college.”

COLLEGE PRESIDENT

A Changed Landscape

The current environment for presidents is more dynamic, challenging, and threatening—yet full of potential—than at any time over the past fifty years or more. Perennial challenges—scarcity of resources, partisan conflict, student activism—have intensified. New challenges—the influence of social media, the advent of more disruptive technologies—contribute to the drama. While most presidents certainly recognize those forces, effective ways to address them can be elusive. Increasingly, trustees, especially executives from business and healthcare, recognize that today’s dynamic conditions demand fresh approaches to leadership and governance. Alums on the board, however, are often less willing to accept the need for change. Such differences on the board can reflect just a few of the contrasting perspectives among constituents that institutional leaders must take into account when dealing with the following trends.

AN ERODING VALUE PROPOSITION

It has long been an article of faith that a college degree amounts to a ticket to prosperity and the good life in the richest country on earth. Indeed, the value of higher education received recognition from the US Congress in the Morrill Act of 1862 and became a reality for hundreds of thousands of Americans beginning with the GI Bill following World War II. Even as the manufacturing sector began its rapid decline in the 1970s and 1980s, the sons and daughters of steelworkers, auto assemblers, and employees in basic industries could still believe that a college degree would lead to jobs and incomes that were no longer available to their parents.

But for millennials and generation Z, and their parents, that faith has been shaken by rising college costs, high student debt, and limited job prospects. Elite colleges and universities continue to attract the most able and affluent students, but many mid-range private and regional public institutions are scrambling to fill their classes. The enterprise president must play an active role in restructuring the array of programs and services the institution offers and in rebranding it to attract students in

The enterprise president must play an active role in restructuring the array of programs and services the institution offers and in rebranding it to attract students in the face of growing questions about the value of the degree.

the face of growing questions about the value of the degree.

For the sector as a whole, “the silos are blurring,” in the words of one experienced president. Less than two decades ago, for-profit schools served about 1 percent of the student population. Now, proprietary colleges enroll about 12 percent of college students. If their performance and reputations improve, the proprietary market share is likely to grow. The perceived value of a traditional baccalaureate degree also faces stiff competition from other alternatives, including industry-sponsored certificates; more sophisticated military education; micro-credentials; and community colleges offering less expensive, career-

focused baccalaureate degrees. Advanced education remains a necessity, but residential four-or-more-year degrees costing many thousands of dollars are not guaranteed to survive.

FLAWED AND FAILING BUSINESS MODELS

At many colleges and universities, a gap is growing between net income and the resources needed to sustain the inherited academic structure and processes. Absent strong leadership and significant change in the way they do business, such institutions will become hollowed-out shells of their former selves or be forced to merge or close their doors.

Declining state support for public colleges and universities; falloffs in high school graduation rates in major areas of the country; diminished job opportunities for a range of graduates, from English majors to lawyers; increasing student debt; and the rising costs of attendance all combine to threaten the historic business models of many institutions.

Presidents and boards who believe that their legacy brand is so strong that they are immune from the current, all-too-real threats are in for a rude awakening. The legacy business model only works for the most elite, well-financed institutions, estimated to be less than 5 percent of all colleges and universities. Better positioned are “portfolio” business models that combine traditional programs that still hold some appeal with innovations, including online and career-focused academic programs. And some

Most Serious Challenges Facing Presidents

- ✓ Enrollment/Recruitment
- ✓ Declining Revenues
- ✓ Change Leadership
- ✓ Relationships with the Board

PERSPECTIVES

“The belief that our state needs a public liberal arts college exists primarily at the college itself.”

COLLEGE PRESIDENT

“My son has a good degree from a first-rate school, but he still lives in the spare bedroom.”

PARENT OF A RECENT GRADUATE

“Parents especially see the degree as a commodity. They weigh the value-price equation at each school and force them to compete to offer the best deal.”

HIGHER EDUCATION MARKETING CONSULTANT

“Regional publics and less-distinctive, rural private colleges face an uncertain future.”

HIGHER EDUCATION DEBT-RATING SERVICE

“The liberal arts are still attractive, but it is getting more important to link them to internships, job placements, and other stepping stones to good careers.”

COLLEGE PROVOST

entrepreneurial nonprofit institutions have adopted the proprietary model of online education and adjunct professors to offer mass education that is more convenient for students and costs less in money and time.

To meet the challenges and convert them into opportunities, the modern president needs to be an innovator, entrepreneur, and deal maker who can envision fresh ways of reaching key markets while maintaining the academic qualities that make the institution worth sustaining. Doom-and-gloom visions of higher education as a declining industry will become self-fulfilling for those who refuse to seek out opportunities in this dynamic environment.

A RESURGENCE OF STUDENT ACTIVISM

Few institutions are exempt from the public demonstrations, occupations, sit-ins and sit-outs of millennial and post-millennial generations of students adept at exploiting social media to galvanize action to support their concerns. Veteran presidents who themselves witnessed and often participated in the campus demonstrations of the 1960s expect the current unrest to match or exceed that turbulent era. Typically, student causes are just: they include systemic racism, rape and sexual harassment, income inequality, hostility to the LBGTQIA community, the exploitation of athletes, and a host of others.

Given the perhaps intractable social problems that fuel student fervor, presidents should expect eruptions to continue, grow stronger, and possibly spread beyond

traditional four-year institutions to community colleges and career-focused ones. Board discussions of the underlying causes motivating student action and how to transform them into opportunities for civil discourse are best conducted well in advance of any sudden campus demonstration. Crisis planning for such potential disruptions should also be a major priority for boards, as well as for presidents and their cabinets. One

With most public university boards appointed by governors and confirmed by Republican legislators, presidents can find themselves caught in the middle between liberal academics and conservative policymakers.

president told his board that “it is too late to start planning for emergencies once students take over my office or invade the boardroom.”

STATE AND NATIONAL PARTISAN DIVIDES

The perverse deadlock in the US Congress, the vituperative 2016 national election, and the bifurcation of national news media along partisan or near-partisan lines illustrate profound schisms in American society. The fact that many higher education institutions are accurately regarded as leaning toward the Democratic Party and committed to a progressive social agenda, while the majority of states have conservative Republican governors and GOP control of at least one house in the legislature, makes for uneasy relationships.

With most public university boards appointed by governors and confirmed by Republican legislators, presidents can find themselves caught in the middle between liberal academics and conservative policymakers. In such circumstances, presidents must

be politically adroit and, especially at public colleges and universities, adept at making the case for continued support to taxpayers and other audiences. The national political divide also splits many campuses; various board members, administrators, professors, and students can hold strongly differing views on issues as vital as whether or not state legislatures should enact legislation that allows guns on campuses.

Presidents and board members at independent colleges and universities also report that federal and state regulations, long a fact of life for institutional leaders in the public sector, now represent a major concern for them, too. More rigid accreditation standards, the prospect of Title IX investigations, and questions concerning university foundations and their resources are all relatively new challenges for independent institutions. Proposals to provide free community college tuition—and New York State’s recent announcement that even four-year public colleges and universities would be tuition free for some families—amount to an existential threat to many small, independent, liberal arts colleges.

Proposals to provide free tuition amount to an existential threat to many small, independent, liberal arts colleges.

FRAYING CAMPUS SHARED GOVERNANCE

A community of scholars is a fiction at the vast majority of institutions. By one estimate, only about a third of faculty positions are on a track leading to tenure, and graduate assistants or adjunct instructors now teach most college students. In short, the faculty is divided. A relatively small number of fortunate professors enjoy lifelong tenured appointments, but they hire fewer and fewer young colleagues to join their ranks.

PERSPECTIVES

“Suddenly, I’ve become ‘the Man’ in the eyes of kids who weren’t born when I marched with Martin Luther King Jr.”

COLLEGE PRESIDENT

“It’s too late to plan for emergencies when students take over the president’s office.”

UNIVERSITY PRESIDENT

“I don’t feel safe on campus without a gun.”

STUDENT

“The reality that academics vote for Democrats will continue to alienate red-state legislators.”

UNIVERSITY LOBBYIST

“If you want to influence politicians, you’ve got to help fund their campaigns.”

UNIVERSITY PRESIDENT AND FORMER POLITICAL ADVISER

“A Title IX investigation will seriously damage our ability to attract students.”

COLLEGE PRESIDENT

Meanwhile, many others are nomads with doctorates who must seek a livable wage by teaching multiple courses at different academic venues. Pay differentials between professors in the high-demand disciplines and those in the humanities are another source of rancor. In the face of such growing inequalities, the unionization of graduate assistants and adjuncts is a trend that will most likely continue.

Higher education executives and their boards should make good-faith efforts to share governance but be prepared to make the tough calls when shared governance doesn't work.

Opposition to change often becomes personal. No-confidence votes in the president and sometimes even the board seem to be on the rise. The fragmentation makes it especially difficult to secure broad-based support for the changes that presidents are asked to lead. The conventions of shared decision making in academe have always been slow, decentralized, and prone to multiple choke points where change

can be stymied. Today, the staid traditions of shared governance often run directly counter to the nimble and rapid responses required in the current competitive environment.

In this environment, higher education executives and their boards should make good-faith efforts to share governance but be prepared to make the tough calls when shared governance doesn't work. And when a faculty senate threatens or expresses its displeasure with a vote of no confidence, a board that supports the agenda and style of its president needs to step forward and demonstrate that support.

THE UBIQUITY AND POWER OF SOCIAL MEDIA

The rise in the numbers of users of social media and its power to influence opinion is nothing short of astonishing. The top fifteen websites—Facebook, Twitter, LinkedIn, Tumblr, and the like—host more than a hundred million users. One survey reports that 84 percent of Americans under the age of nineteen have a Facebook account.

The young dominate in social media use. According to one survey, 86 percent of people aged eighteen to twenty-nine years use Facebook, while only 35 percent of those over age sixty-five do. Another survey suggests that social networking sites absorb about a fifth of users' time, thanks largely to the proliferation of smartphones. In the United States, about three-quarters of those surveyed reported they got their news from online sources as opposed to traditional news outlets like newspapers.

Three features of social media are especially relevant for the work lives of presidents: its ubiquity among college-age people equipped with smartphones, the capacity of messages including videos to go viral with astounding rapidity, and the lack of truth testing of the validity of those messages. One major university president tells of how a false story of a fraternity rape went viral in days, leading to both student and trustee demands for quick action. An investigation confirmed the falsity of the story, but only six months after it broke.

It behooves presidents and trustees alike, especially those more at home with conventional news sources, to become versed in the growth and potential of social media for disruption as well as for educational uses. Wise are the presidents who use social media to present themselves to their many publics. Systematic monitoring of social media

sites will to an extent enable presidents to note the early warning signs that an issue may go viral. As disruptive as the advent of print in the fifteenth century and the spread of electronic communication in the 1960s, social media will profoundly change the working lives of presidents for the foreseeable future.

THE NEXT TECHNOLOGICAL REVOLUTION

Access to the Internet has exploded through the advent of laptops, tablets, smartphones, and other mobile devices as ubiquitous as a wristwatch. These innovations have spurred change—sometimes positive, sometimes violent—with unpredictable outcomes that range from disruptions at American universities to national uprisings like the Arab Spring.

In all likelihood, higher education is in for further shocks, as artificial intelligence, virtual reality devices, cognitive mapping, and the analysis of big data separately and in combination work to transform how students learn and how and by whom education is provided. The tools of virtual reality, for example, are already beginning to transform medical education, engineering, and art—disciplines once thought to be available only in situ. The inflection point for colleges and universities from this next wave of technological innovation has not been reached yet, but surely it is approaching fast. Presidents and boards who dismissed online delivery now see their students and potential enrollees migrating to competing providers offering more convenient learning options. Those who remain blind to the next wave will suffer similar consequences. For instance, institutions that employ big data to improve marketing and diagnose student learning needs will enjoy a competitive and educational advantage over those that continue to pursue business as usual.

The inflection point for colleges and universities from this next wave of technological innovation has not been reached yet, but surely it is approaching fast.

PERSPECTIVES

“Most presidents don’t know what they don’t know when it comes to the next wave of technological innovation.”

UNIVERSITY PRESIDENT

“Today, our competition may be the community college five miles down the road. Tomorrow it may be the outfit in India that offers an engineering degree through a virtual laboratory.”

FORMER UNIVERSITY EXECUTIVE

“Not just our success as a university, but our state’s ability to compete for high-tech employers, will depend on our capacity to stay at the cutting edge of technological innovation.”

UNIVERSITY PRESIDENT

For Presidents: Sudden Crises, Long-Term Uncertainty, and Immense Opportunity

These forces of change can coalesce to make a president's life one full of periodic yet continuing calamities erupting on a landscape of long-term uncertainty. For example, partisan divides along the issues of the day, coupled with calls to arms issued through social media, can turn out group protests literally overnight. Proprietary institutions using modern communications technology and liberated from the overhead expenses of a traditional campus offer stiff competition to colleges and universities with conventional business models. The number of pressures and demands facing presidents, combined with the fact that they reinforce one another, makes for a marvelously challenging environment.

An unanticipated student demonstration at the gates of the campus, a call from a board member infuriated by a faculty comment in the newspaper, a donor threatening to withdraw a gift over the firing of a coach, and rumors of no-confidence votes on the agenda of the faculty senate can all occur in the space of just a week. It is also not uncommon for a president to be simultaneously wrestling with longer-term perils, such as drooping student demographics, too-long-deferred maintenance that demands the investment of millions of dollars, the possibility of a downgrade in the institution's bond rating, and competition from a nearby community college offering baccalaureate degrees. In addition, athletics programs—for all their value to student athletes and importance in building commitment among alums and fans—are often a huge and costly distraction from the academic enterprise.

Despite the adversity (and, in some cases, because of it), most presidents, not only at faith-based institutions but also throughout higher education, see their work and travails as part and parcel of a higher calling. To be sure, ambition plays a part in the allure of the

job, as does the respect and prestige that still adheres to the presidential office. In addition, the material rewards can be significant, as can the “executive gene” that drives many women and men to positions of power and influence. But whatever the extrinsic rewards, the call of the office persists. It may be to preserve an institution

one treasures, to seek the next level of excellence on the academic side, to enable more first-generation students to experience higher education and achieve their life goals, or simply to “make a difference for the better” in the course of one's life.

Wedge Issues Separating Boards and Presidents

- ✓ Slow Pace of Change
- ✓ Program Reductions
- ✓ Lack of Clarity on Board/President Responsibilities
- ✓ Financial Strategy

Most presidents see their work and travails as part and parcel of a higher calling.

For Boards: Ambiguity, Impatience, and a Fresh Opportunity to Make a Difference

Elan among presidents and commitment from smart, future-oriented board members will be vital to converting disruptions into opportunities as the pace of change accelerates. For example, some experts estimate that half of the current jobs in America will be replaced by automation in the next twenty years. Imagining the potential impact of this change, and its threats and opportunities for higher education, would make for an important board-president discussion.

The conventional model of one professor per classroom has already yielded to online and hybrid courses and curricula standardized for thousands of students. The techniques of process engineering may allow further expansion of services to students without commensurate increases in the teaching ranks. Exploring the positives in this disruptive scenario would be well worth serious discussion among administrators, faculty members, and trustees.

Given the rate of technological change, these and more potential threats to conventional thinking—and, more important, the opportunities for capturing their advantages—are not far off. Iterative discussions around such topics should be high on the president-board agenda. Yet many board members report that their board is a house divided. Some trustees, especially veterans of the competitive corporate world, are impatient for change and frustrated by its slow pace in the academy. For others, nostalgia for what they recall as a better time leads them to oppose change. And, in some cases, the political divide in the statehouse, let alone the nation, penetrates the boardroom in a manner not witnessed since the culture wars of the 1990s.

Presidents themselves hold different views on the usefulness of their boards, with some embracing board members as trusted partners in advancing the institution and others seeing them as, at best, just another constituency to be managed. A fresh commitment to

PERSPECTIVES

“They know the new president must fix a broken business model, but they condone job descriptions as if nothing has changed since the 1980s.”

EXPERT ON BOARD GOVERNANCE

“My board both supports and challenges me. The university is better for it.”

UNIVERSITY PRESIDENT

“Clear expectations and agreement on performance metrics should be spelled out in the first appointment letter of a new president.”

COLLEGE PRESIDENT

“For those of us in the public sector, discussions of disruptive change in the sunshine can be difficult...but we need to have them if we are doing our jobs.”

BOARD CHAIR

integral leadership that combines elements of trust, support, collaboration, and challenge is the sine qua non for successful board-presidential relations.

In public university and college systems, the widespread trend toward centrally administered functions, usually termed “shared services,” adds a new dimension to collaboration between statewide boards and campus presidents. Achieving the economies of scale that systems can deliver often requires increased system dominance in finance, legal affairs, human resources, government relations, information processing, purchasing, contracting, and other administrative functions. The transfer of authority for those functions is unsettling to many campus presidents who correctly view the change as reducing their authority.

The emerging model for president-system relationships is one where presidents serve as system officers with responsibility for statewide priorities and, simultaneously, as shrewd enterprise leaders for their own college or university. In such instances, statewide boards must recognize that vigorous campus leadership requires as much freedom to maneuver as possible within the statewide framework.

Change in the Boardroom

Following through on a serious change agenda can inevitably create stress among board members, as well as between trustees and their president. Ignored, such tensions will eventually derail the presidency and defer the changes essential to sustaining the enterprise.

Three bad habits too often occur among trustees when confronted with the need for unsettling change. Alums on the board may resist change that jeopardizes their memories of an idealized undergraduate experience. Business executives on the board may believe that corporate strategies can be applied without modification to the business of higher education. Conflict-avoiders on the board, whatever their professional background, may oscillate back and forth when confronted with pushback to the change agenda.

Board Behaviors That Support Presidential Leadership

- ✓ Regular Communications
- ✓ Full Transparency
- ✓ Partnering with the President on a Change Agenda
- ✓ Clarity of Expectations
- ✓ Demonstrating in Public Support for the President

Board Behaviors That Hamper Presidential Leadership

- ✓ Micromanagement
- ✓ Undercutting the President with the Faculty
- ✓ Impatience with the Pace of Change

For example, several board members have marveled at the stark contrast between the rosy picture presented in the advertisement for a new president and the desperate plight of the institution. One of these board members went on to say, “The board acts as if nothing has changed since the 1980s.” He attributed this denial to the many alums on the board, one of whom said, “We need a president who will recruit students just like us.”

A strong, respected board chair is the essential remedy for such bad habits. The chair should be a staunch champion of the president when opponents choose personal attack as a strategy for combating change. It is also the chair’s job to remind board members to keep their eyes on the prize of changing the institution in order to sustain it and to rein in those who favor overly simple solutions. Developing mutual expectations for change, including expected results and a timetable for obtaining them, will enable presidents to assert strong leadership in the knowledge that the board “has the president’s back.”

Commitment to a timetable for change also helps lessen the odds that individual board members will allow their impatience to cloud their judgment regarding its pace.

Developing mutual expectations for change, including expected results and a timetable for obtaining them, will enable presidents to assert strong leadership in the knowledge that the board “has the president’s back.”

PERSPECTIVES

“[The new president] came in planning to shore up a liberal arts college. Instead she had to fire most of the senior staff, deal with a Title IX scandal, perform damage control following an off-campus student riot, and cut the budget by \$5 million.”

TRUSTEE

“Would-be presidents should take a hard look at the realities of the job before throwing their resume in the ring.”

FORMER UNIVERSITY SYSTEM HEAD

“My parents never finished high school. They were part of the Greatest Generation who saw us through World War II and built this country. This presidency is my opportunity to play my part in helping others realize the American Dream.”

UNIVERSITY PRESIDENT

“Forward-looking institutions should consider focusing on their core strengths in education and research, then outsource everything else.”

TRUSTEE

“The era of the solo leader is over. Now, successful change leaders must orchestrate the contributions of networks and partnerships as well as the senior executive team.”

ORGANIZATIONAL EXPERT AND TRUSTEE

Recommendations for Presidents and Boards

An axiom of governance holds that a strong board coupled with a weak president can do little but elect its own officers, while a strong president tied to a weak board can accomplish some good things but never reach full potential. Unfortunately, this imbalance is also a recipe for instability when dramatic change is required or a crisis erupts. A lack of board engagement and weak support for the president typically results in his or her premature departure and the lost opportunity for institutional progress and success.

However, a strong president and a strong board working together can seize opportunity in the face of adversity. Most colleges and universities today grapple with the kind of issues that demand individual board members and their presidents not only to perform at the highest level, but also to work more closely together than ever to sustain and advance their institutions.

To underscore the importance of shared leadership, the following recommendations are directed to both presidents and governing bodies.

1. ***Reexamine and, if necessary, change both the president's and the board's fundamental assumptions about their working relationship.*** Presidents who regard the board as just another constituency to be managed, placated, or endured need to reimagine their trustees as potential allies in moving the enterprise forward. This transformation requires patience and persistence on the part of the executive and an active board chair who appreciates the importance of integral leadership. The new relationship should be articulated in a document that defines the commitments and practice of such leadership, including the locus of authority for both parties.
2. ***Acquire a shared understanding of the dynamic business of higher education today and its prospects for the future.*** Starting with the erosion of higher education's value

Responsibilities of Chair to President

- ✓ Frequent Communications
- ✓ Giving Advice
- ✓ Clarifying Mutual Expectations
- ✓ Serving as a Sounding Board

A strong president and a strong board working together can seize opportunity in the face of adversity.

proposition with many important publics, this learning process should include gaining a familiarity with (1) the demographics of the student market, (2) the evolving attitudes of recent high school graduates and older students alike, (3) the impact of social media for marketing, communications, and managing risk, and (4) the implications of the next wave of technological change. The president can play an educator's role in this learning process, although

in all likelihood she or he will benefit from it, as well. Board members who have experienced the effects of disruptive change in their professions will be able to offer lessons.

3. ***Focus on the true competitive position of the institution.*** A brutally honest, data-based assessment of (1) where the institution stands in relationship to its historic markets and the competition; (2) trends in net income, discount rates, and costs; and (3) prospects for the future should be the point of departure for this work. The process of accumulating, interpreting, and discussing the data may well help individual board members overcome doubt with regard to change. The president and the chair are probably best suited to guide this discovery process, but they must do so with the right touch—one that enables board members, especially alums who hold a legacy vision of their undergraduate experience, to accept current realities.

In most cases, the transition from boards as overseers to partners in enterprise leadership won't happen without restructuring the way they work.

4. ***Restructure the board's processes to enable it to concentrate on top strategic priorities.*** In most cases, the transition from boards as overseers to partners in enterprise leadership won't happen without restructuring the way they work. Some boards are simply too large and lack the right mix of talent and experience to serve as effective partners with the president in leading change. Smaller boards with the time and interest in collaborating with an energetic president should be the norm. Also, a sharp focus on strategy and strategic directions needs to guide the shift from committees based on historic functional areas to those centered on the institution's top goals, such as educational effectiveness and strategic innovation. In addition, the board chair and the president need to make a yearlong board agenda a priority and not delegate it to

PERSPECTIVES

"America has without design settled on an arrangement that includes all colleges and universities in its ethos of capitalist competition."

GEORGE KELLER, TRANSFORMING A COLLEGE

"The strategies of 2007 won't work in a post-recession world."

TRUSTEE

"Developing a sustainable business model goes far beyond finding new sources of revenue. It requires a total rethinking of the relationships between the campus and the market."

COLLEGE PRESIDENT AND FORMER CORPORATE EXECUTIVE

"Our faculty must understand our business model, and our CFO must understand the academic model."

COLLEGE PRESIDENT

vice presidents, as is often the case. And when it comes to identifying and recruiting new members, the criteria should be oriented to the future needs and services the institution intends to offer. At public institutions where a governor nominates new members, the president and the chair should encourage that governor or his or her staff to appoint trustees with experience relevant to the institution's strategy.

5. ***Schedule upstream discussions of major opportunities, challenges, and strategies well before the time for action arrives.*** Orchestrating leadership as "conversation" is primarily the chair's responsibility. However, the president and the chair should collaborate in identifying the topics that require in-depth board dialogue on current or prospective activities or trends. The president needs to enable staff members to shift from a reporting style that, in effect, stifles conversation and questions to one that invites dialogue around implications and options. At public institutions, where open-meeting laws prevail and private, generative discussion is prohibited, the chair and the president alike must enable the board to engage in serious conversations in the open sessions.
6. ***Infuse the search process with candor.*** Boards need to play the decisive role in structuring the presidential search process, identifying a small group of finalists, and selecting the president. It is important to engage a wide range of institutional constituents early in the search process. On-campus discussion early in the search

The high degree of shared leadership suggested in this paper requires mutual trust and collaboration between the president and the board, coupled with respect for the boundaries that divide their respective responsibilities.

schedule and an advisory committee that includes the key constituents will be enlightening to the board and help ensure eventual support for the person who is ultimately selected. A search firm can be useful in identifying potential candidates, provided it takes the time and deploys the talent to really understand the kind of leader whom the board is seeking. Final candidates and boards alike need to insist

on full disclosure of the institution's competitive and financial position, the board's expectations for leadership, and the nature of the working relationship with the board.

7. ***Practice the "discipline of governance" by combining persistent board involvement with restraint in not crossing the lines between strategy, policy, and management.*** The high degree of shared leadership suggested in this paper requires mutual trust and collaboration between the president and the board, coupled with respect for the boundaries that divide their respective responsibilities. The chair and the president should clarify those limits and check often to ensure they are honored. They should determine when items for discussion are occasions for advice from the board or times when a board decision and vote is necessary, and when they are simply an administration or board matter. Management of the board itself often falls into that latter category: correcting errant trustees and disciplining the occasional rogue is one instance where the chair must act without apparent coordination with the president.

Conclusion

COLLEGE AND UNIVERSITY PRESIDENTS: AMERICA'S INDISPENSABLE LEADERS

The work of the contemporary American college or university president is much more challenging than at any time in the modern era. The impact and ramifications of the powerful forces roiling higher education and the broader society combine to make the work more difficult, stressful, and important. The life of the contemporary president is punctuated by sharp crises and underlying uncertainty surrounding the future of the institution he or she leads. These same challenges confront the boards of trustees charged as fiduciaries with overseeing the colleges and universities that they govern, and they exacerbate tensions in the boardroom among the trustees themselves and between them and their chief executive.

This paper focuses on the responsibilities of the contemporary presidency with an emphasis on leadership of the institution in the midst of these disruptive forces. It makes the case for a fresh style of leadership—enterprise leadership—that the times require. It also offers recommendations aimed at strengthening the relationship between the president and the board as they work together to sustain and advance their institutional enterprise.

Indeed, the future calls for an entire new generation of enterprise leaders. On average, current presidents are approaching their mid-sixties. There will be a major turnover in the next few years.

One experienced former president advised that boards should begin presidential searches by asking, who would want this job? The era of presidents who could expect to preside over an adequately funded and fundamentally stable enterprise is gone. Now, active enterprise leaders are the order of the day. The fate and certainly the effectiveness of many a college or university hinge on the courage and creativity of its president.

If the role of the contemporary president has become more challenging, it is also more important not only to the institution, but also to our society at large. A strong higher education system is essential to maintaining the economic vitality of the country. Higher education collectively provides upward pathways for the growing population of adult learners without degrees, immigrants, and others; addresses income inequality and the social instability it engenders; and advances social justice writ large—to name just some of its most vital purposes. To be sure, many people contribute to this important work—boards of trustees, donors, and faculty and staff members, among others. But at the heart of this enterprise are the indispensable men and women who serve as America's college and university presidents.

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10. Resource Material



TOP PUBLIC POLICY ISSUES FOR HIGHER EDUCATION

2017-2018

The Value Proposition of Higher Education
Federal and State Budgetary Pressures
A New Landscape in Federal Education Policy
Accountability and Deregulation
Research and Research Funding
Accreditation Under Scrutiny
Legal and Labor Issues
Tax Issues and Tax Reform
Campus Climate

Top Public Policy Issues for Higher Education in 2017 and 2018

The legislative policies that guide and regulate colleges and universities evolve over time. That evolution is often relatively gradual, but sometimes changes in policy are pursued with greater urgency and, perhaps, have the potential for a deeper impact. The Obama administration was quite active in its attempt to drive and shape higher education policy. It effected dramatic changes in the administration of federal financial aid, for example, and assertively championed programs designed to help students gain access to college and complete their degrees.

The election of President Donald J. Trump, in tandem with the Republican Party retaining control of Congress, signals that the federal government will now likely focus on different priorities and goals for higher education. Moreover, we expect that the new administration will employ its own style in bringing higher education policy to fruition. At the same time, the political tenor in Washington continues to worsen, and one wonders whether compromise, let alone agreement, is possible.

The exact scope and focus of the president's higher education priorities had not yet come into full focus at the time of this paper's release in the first quarter of 2017; still, some general directions for how policy might evolve during the Trump administration can be discerned. In that regard, this paper offers guidance for what we believe will be some of the most pressing public policy issues in higher education over the next two years, at both the federal and state levels. The paper's introduction provides some context for the changing policy landscape. Subsequent sections frame particular issues and areas, offering our analysis of how they might affect colleges and universities. Questions following each section are designed to help spark board discussion.

The new directions we are likely to see in higher education legislation may bring about substantial policy changes. These changes will require colleges and universities to adapt, perhaps in significant ways. These dynamics are part of the natural ebb and flow of our democratic society and are reflected as well in the ongoing evolution of our sector. But because the making of higher education policy in the days ahead will be different—perhaps markedly so—it has never been more of an imperative for board members to understand the key specifics of the policy landscape and their potential impact on the institutions they serve. We cannot overstate the importance of boards being engaged in these issues and willing to fulfill their responsibility for advocacy when called upon to do so.

The issues are not ranked in order of importance, yet it is intentional that the value proposition of higher education is first. Public opinion polling and focus groups report skepticism and a declining confidence in our colleges and universities. We cannot make significant progress in supporting and improving higher education if our citizens regard its future and value to society with deep uncertainty, if not distrust.

My deep appreciation goes to the panel of experts who helped frame this edition of *Top Public Policy Issues for Higher Education*, which we first began publishing in 1994. The panelists gathered in AGB's offices in December 2016, and their perspectives were invaluable in shaping the content of this paper:

- **David Baime**, senior vice president for government relations and policy analysis, American Association of Community Colleges
- **Sarah Flanagan**, vice president for government relations and policy development, National Association of Independent Colleges and Universities
- **Darryl Greer**, senior fellow, higher education strategic information and governance, William J. Hughes Center for Public Policy, Stockton University
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Richard Novak, AGB senior fellow and formerly AGB's senior vice president for programs and research, led development of the paper, which was written by independent writer and editor Stephen G. Pelletier, former vice president for communications at the Council of Independent Colleges. They were assisted by Emily M. Dickens, formerly AGB's vice president for public policy and executive director of the Center for Public Trusteeship and Governance; Cristin Toutsis Grigos, deputy executive director of AGB's Center for Public Trusteeship and Governance; Morgan Alexander, program and policy associate at AGB; Dan Leunig, public policy assistant at AGB; and Melissa DeCosmo, AGB's manager of publications.



Richard D. Legon
President, AGB

Introduction

When Donald J. Trump was elected president of the United States in November 2016, the landscape for federal public policy in higher education changed significantly—albeit in ways that have yet to become clear. The effects of that election, including the fact that Republicans retained control of both houses of Congress, is the thematic thread woven throughout this paper.

Concomitant with the electoral situation are some significant strategic challenges facing colleges and universities that have direct impacts on policy. In particular, many institutions are facing tremendous pressure to enroll enough students, a function of broad demographic shifts in the U.S. population. At the same time, most institutions are also facing unprecedented financial challenges, particularly the continued erosion of state appropriations for higher education that began after the recession of 2008. We cannot consider the public policy challenges that colleges and universities must manage over the next two years without first briefly contextualizing those changes in the demographic and financial landscapes.

Demographic Challenges

While colleges and universities in a few states where the population is growing face the perhaps enviable problem of having too many students, institutions in many other states face the opposite problem: trying to recruit and retain students from a shrinking pool of high school graduates. A 2016 report by the Western Interstate Commission for Higher Education (WICHE), *Knocking at the College Door: Projections of High School Graduates, 9th Edition*, projected a 10-year declining trend in high school graduates following the record graduating class of 2013. Modest growth in graduate numbers is projected for 2024 to 2026, the report found, but between 2027 and 2032, the average size of graduating classes is expected to be smaller than those in 2013.

The report also found that numbers of high school graduates from private religious and nonsectarian schools are projected to decline at an even greater rate than the overall population. Colleges and universities in the Midwest and the Northeast, where declines in graduates will be acute, will be particularly hard hit. By contrast, some Western states will see numbers of graduates rise a bit, and the South will see consistent growth until 2025. The WICHE report further projected declines in the number of white public high school graduates and “robust growth” in the number of graduates of color. Some experts fear that the middle class, the heart of enrollments for many colleges and universities, is evaporating to such an extent that the loss could have significant implications for the essential student markets on which many institutions have come to rely.

The implications of these trends are obvious and far-reaching. Many colleges and universities face unprecedented competition to recruit and retain students, who come from appreciably different backgrounds than their counterparts of 30, 20, or even 10 years ago. Tomorrow’s students may well need different kinds of support to help them succeed academically. As many colleges recruit more first-generation students, they are finding that these students often need basic information about how to apply for college, secure financial aid, and navigate a successful path to college completion. More low-income students are coming to college as well, necessitating new approaches to financial aid. Additionally, more colleges and universities will broaden the geographic scope of their recruitment efforts, including state universities that will look for more out-of-state enrollees who can pay full tuition. Similarly, more institutions will beef up their international student recruiting.

Many higher education experts believe that legislators at both the federal and state levels do not have a good, nuanced sense of the extent of these changes. One specific concern is that policy, particularly regarding financial aid, may not be keeping pace with these shifts and therefore is not serving today’s students as well as it could. Accordingly, colleges and universities must educate lawmakers about the impact of changing demographics on their institutions. Additionally, voter antipathy in the last election suggests that higher education must do more to understand the interests and needs of members of the middle and working classes who feel forgotten and left behind. Postsecondary institutions should be doing their utmost to better serve this population.

Fiscal Challenges

Of course, colleges and universities also are facing significant fiscal pressures. Traditional revenue streams are contracting at the same time that expenses are rising, sometimes precipitously. As a consequence, most institutions have had to cut budgets, trim operating expenses and staff, and in many cases, cut back programmatic offerings. Even the wealthiest institutions have had to tighten their belts. While state universities are continually wrestling with reduced appropriations from their legislatures, experts suggest that many private colleges and universities also face potentially dire economic realities. In general, the shrinking and fiscally weaker middle class threatens the viability of many institutions on a local and regional level. The long-term implications on donations to colleges and universities have yet to come into focus, but they could be significant.

At best, the financial picture for colleges and universities is mixed. Moody's put this in perspective in a December 2016 report on the outlook for higher education. The report, "Higher Education – US: 2017 Outlook – Stable with Clouds Forming on Horizon," projected that nonprofit, four-year public and private colleges and universities overall could expect revenue growth of 3 percent or better in 2017. The report indicated that demand for higher education was "sound," at least in the near term, but Moody's analyst Erin V. Ortiz noted that "the continued focus on affordability and accountability will continue limiting net tuition growth to inflationary increases." Furthermore, Ortiz said, "expense pressures will increase as key revenue streams likely soften, resulting in potentially weaker FY 2018 cash flows." Other areas of concern in the next 12 to 18 months include uncertainty around federal higher education policy, such as funding of key programs; questions about rising university pension liabilities; increasing labor costs; and the potential for lower returns on endowments. Yet another factor: uncertainty around immigration policy could discourage international students from enrolling in colleges and universities in the United States.

New Contexts, New Issues

Many of the policy issues that colleges and universities face have an "evergreen" quality. Year in and year out, they must grapple with financial aid, the assessment of institutional quality and student outcomes, and, more generally, the regulation of higher education. All of these issues—and many more, of course—are on the table today. And while on their surface many of them seem familiar, the reality is that the election of Donald Trump, coupled with significant shifts in the landscape for student demographics and overall contraction of institutional revenues, creates new contexts, with new implications for policy.

Understanding these new contexts, and navigating a significantly changed landscape for public policy, will be a challenge of paramount importance for higher education in 2017 and 2018. With this background, we believe the issues that follow warrant particularly close attention from college and university boards and presidents in the months ahead. Monetary issues, including funding for financial aid and research, will be the focus of top-priority policy discussions in the days ahead. At the federal level, we see greater desire for holding institutions more accountable for student outcomes—both learning and employability—and we expect greater scrutiny of institutional quality. At the same time, we also see more appetite for deregulating certain aspects of higher education. Expected tax reform is likely to affect colleges and universities. At both the federal and state levels, we think some legislators will likely seek to leverage their control over policy to advance particular cultural and political interests; for example, decisions about university research funding may have to weather attacks on the fundamental value of research as a whole and the validity of certain areas of investigation. Much remains to be seen.

Policy Issues

The Value Proposition of Higher Education

Issue at a Glance

Public confidence in higher education continues to deteriorate. Increasingly, opinion polls, news articles, and discussions among policymakers reflect growing skepticism about the fundamental value of higher education. Such skepticism may be reflected in the erosion of public financial support for colleges and universities.

- Higher education needs to be more assertive and explicit in defining and explaining the considerable value of colleges and universities, not just in educating citizens and future leaders, but also in key areas such as research and global economic competitiveness.
- Leaders of colleges and universities, including members of governing boards, must be vocal advocates for the value proposition of higher education.

For some years now, we have seen a gradual erosion in public confidence in higher education. Opinion polls regularly suggest that parents and students have become more skeptical about the fundamental value of a college degree. News articles and opinion pieces regularly question higher education's cost and return on investment, but many journalists lack a nuanced view of higher education, and their stories reflect a poorly informed understanding of the academy. Employers complain that college is not investing graduates with the professional skills that are required in today's workplace. This complaint also has a vital global element, as job creation at home and the nation's competitiveness abroad are more strategically linked than ever in the economic environment of the 21st century.

Two dimensions of this general skepticism warrant closer attention:

- First, the public is less willing to accept at face value the long-held premise that college—and in particular, a liberal-arts education—prepares students well to take their place as productive citizens and successful employees in the workplace.
- Second, parents and students are more predisposed to think of college first as a means to an economic end—in the form of a credential that will help the college graduate secure a good job—rather than as a proving ground for the future leaders of our democracy.

Very much attuned to public opinion, legislators at both the federal and state levels also have voiced concerns about the fundamental value of higher education and how colleges spend the public money that they receive. Policymakers, including governors and other elected officials, have become more vocal in questioning the value of the public investment in colleges and universities and the return on that investment in terms of student learning and—increasingly—graduate success in the workplace.

The societal divisions brought to the fore by the 2016 presidential election reveal another dimension on this topic. As was widely reported after the election, analysts saw the Trump victory as a reflection of deep frustration and anger with Washington and Wall Street, with many Americans feeling they have been let down by both—and by higher education, as well. Some experts on higher education suspect that many Americans count colleges and universities among the institutions that have let them down. There is a perception among some, for example, that universities are elite institutions that don't really care about the middle or working class and are not sufficiently concerned with Americans who have been left behind economically.

Sea Change in the States

Experts have suggested that the erosion in state financial support for higher education since the Great Recession of 2008 reflects a sea change in the traditional relationship between states and their public institutions of higher education. Economists have observed that one result has been that states have shifted more of the burden for paying for college from public coffers to students. In many quarters, higher education is no longer perceived as a public good worthy of public support, but rather as a private good, with more responsibility for funding reverting to individuals who wish to pursue a college degree.

In short, the fundamental value proposition of higher education has come into question. The impact of this phenomenon on colleges and universities is profound. The public, whose support for higher education is critical, may continue to view colleges and universities with more cynicism. Employers may no longer see colleges as a strong pipeline of future employees. Opportunities for colleges to serve their regions—as partners in economic development and business innovation, for example—may wane. Overall, universities are in danger of seeing their stature as pillars of civic society greatly diminished.

Policy Implications

This questioning of the value proposition of higher education has significant policy implications. Unless legislators at the state level can be persuaded that higher education should remain a funding priority for their state, appropriations for colleges and universities may continue their general decline. At both the state and federal levels, there may be less money available for student financial aid. The future for research funding may

remain cloudy. The end result is that college may become less affordable. Just as the numbers of first-generation and minority college students are growing, college may ultimately become less accessible.

All of this strongly suggests that colleges and universities and their leaders, including members of governing boards, need to do more to reassert the fundamental value of higher education, including reclaiming the narrative that colleges and universities provide great value to society and its citizens. More concerted efforts also are needed to reach out to “forgotten Americans”—perhaps specifically to the white working class—to make them feel welcome in and well-served by the academy.

Vocal and assertive advocacy on these critical positions is imperative if higher education is to fulfill its fundamental role in upholding the values of our democracy and delivering on the many responsibilities that entails for students and citizens. Higher education must articulate a strong message that the success of our democracy depends on an educated citizenry. Again, we must demonstrate specifically how a college education helps citizens contribute, both economically and socially, to the fabric of society. A strong case for how university research informs much of the innovation that drives our economy, keeps our country safe, and adds value to the daily lives of every citizen is needed. Individual colleges and universities need to reaffirm the value that they add to life in their local and state communities. College and university leaders need to do more to help the public understand the diversity within higher education and the multiple channels colleges and universities provide to enable students from a wide variety of backgrounds to pursue higher learning.

The message is clear: Colleges and universities and their leaders—including board members—must redouble their efforts to define, defend, and extol the value proposition of higher education.

Questions for Boards

- To what extent does your institution's board discuss public perceptions about the value of higher education? Should it devote more attention to such discussions?
- What kind of narrative or messaging is needed to help stem the tide of public skepticism about higher education?
- What are the appropriate roles for board members and university leaders in advocating the value proposition of higher education?

Federal and State Budgetary Pressures

Issue at a Glance

Going forward, funding for higher education at both the federal and state levels is likely to be constrained.

- *Congress and the administration are likely to contain or reduce non-defense related discretionary spending, the source of most funding for higher education.*
- *While higher education funding in most states has been inching upward in the last few years, overall funding levels since the Great Recession of 2008 have significantly declined.*
- *Competing priorities for funding at the state level will continue to squeeze higher education's portion of available funds.*

The Federal Picture

According to data from the National Center for Education Statistics, public postsecondary institutions in the United States received a total of \$51.3 billion in revenue from federal grants, contracts, and appropriations in 2013-14, or 14.5 percent of their total revenue. Private, nonprofit, postsecondary institutions received \$23.7 billion, or 10.3 percent of revenue. The federal government distributes some \$130 billion in student aid each year through the Direct Loan, Pell Grant, and Work-Study programs. With the national debt now topping \$19 trillion and a party known for fiscal conservatism in control of the White House and Congress, many lawmakers will be looking high and low for cost savings in the federal budget. It also seems likely that a significant reallocation of funds will be in the offing, coupled with changes in student-aid funding priorities. While higher education may continue to remain a national priority under the Trump administration as it was under President Obama, it seems unlikely that colleges and universities can expect more federal money in the days ahead.

The president's fiscal year 2018 budget was not available when this paper was prepared, but the administration and the Republican Congress seem committed to holding non-defense-related discretionary spending in check, if not reducing it. At the macro level, the combination of promised tax cuts, increased defense spending, and potentially expensive new programs could sap discretionary spending and result in reductions in funding for higher education. Moreover, if the Trump administration and Secretary of Education Betsy DeVos advance major programs based on her interest in school choice,

fully funding such initiatives without offsetting them elsewhere in the budget—whether through direct grants to families, through the states, or through the tax code—could have an enormous impact. A figure of \$20 billion has been mentioned. (It should be noted that if such legislation were effected through the tax code, it would not create the same funding pressures on other programs as direct grants would.)

Specifics will be unveiled in future budget proposals, but money for student financial aid will be even at best and may well contract. Similarly, federal support for research also could be constrained. Any reduction in federal support would put additional pressure on already tight institutional budgets, tuition rates, and endowment spending at individual colleges and universities. Of course, reductions in student aid would have the deepest effect on institutions that are particularly tuition-driven.

More Support for Nontraditional Education

The administration may further divide the financial-aid pie by making more aid available to students in nontraditional education programs, including competency-based skills development in the private sector, the so-called learning-to-employment space, and even non-accredited academic programs. Through an experimental program called Educational Quality through Innovative Partnerships (EQUIP), the Obama Education Department experimented with ways to make federal financial aid accessible to students—particularly low-income students—in nontraditional higher education programs, but it remains to be seen whether the new administration might continue, expand, or terminate such experiments. But with more higher education providers working outside traditional university frameworks, and with more students pursuing credentials other than the traditional college degree, it seems likely that this set of issues will be on the table in the coming days.

There has been some talk in Washington about the possibility of once again privatizing the federal student-aid system—essentially reversing the Obama administration's move to organize all new loans under the federal Direct Loan program in 2010, cutting banks out of the equation. Full privatization seems unlikely: It would be tough legislation to pass and an expensive change if achieved. At one point, candidate Trump opined that the government should not make a profit on student loans, a position shared by Congressional Democrats like Sen. Elizabeth Warren (D-Mass.), but bringing more private-sector lending back into federal student aid would have a negative impact on federal revenue.

The administration may seek ways for private-sector entities to participate in federal student lending alongside the government—perhaps, as one presidential adviser told *Inside Higher Ed* last year, with “local banks lending to local students.” While campaigning, Trump expressed interest at least once in reducing interest rates for federal student loans, but as of early 2017, no specific proposals had been made. Another change might be support for loans that judge an applicant’s creditworthiness based on his or her chosen major and likely earnings post-graduation, distinctions the federal government cannot use in determining loan eligibility. If direct lending does end up being privatized, two deleterious effects could be seen: a rise in students’ cost of borrowing and the curtailing of savings now earmarked for Pell Grants.

Revising Student-Loan Repayment

The administration may raise the possibility of revising the federal income-based student-loan repayment program. On the campaign trail, Trump proposed a plan for students to repay 12.5 percent of their income for 15 years (versus the current 10 percent over 20 years). These plans traditionally benefit those who borrow the most money, most often graduate students, and are expensive to taxpayers. While such an idea has broad bipartisan support at least in theory, the details of such a proposal would be scrutinized very closely to assess their overall impact on revenue. The concern over student debt burden was exacerbated by recent reports about older adults—as many as 114,000—who have seen the federal government garnish their Social Security income to pay their federal loans. Some older borrowers suffer this fate because they co-signed loans for younger relatives, according to a Government Accountability Office (GAO) report issued in December 2016.

As discussed elsewhere in this paper, there will be continued pressure on colleges and universities to be more clearly accountable for how they spend and manage the federal student-aid dollars they receive. Similarly, the president and Congress will continue to use their control of federal student aid as a lever to insist that colleges keep tuition down and control or curtail their expenses. While campaigning, Trump said colleges and universities could save money by eliminating what he called the “tremendous bloat” in their administrative operations.

One potential silver lining in federal funding for colleges and universities could be a major new national infrastructure program. Depending on how it was structured and funded, such an initiative might present opportunities for joint ventures between universities and the private sector and could serve as an alternative revenue source for some campus capital projects. President Trump’s idea of making the country’s infrastructure “second to none,” putting millions of people to work in the process, is similar to President Obama’s when first elected, as

he worked with congressional Democrats to pass the American Recovery and Reinvestment Act of 2009. However, Trump might find garnering support from his own party difficult, especially if his as-yet unknown plan contains massive amounts of new spending and not just tax credits for privately financed projects.

Funding in the States

State funding for higher education remains a decidedly mixed picture. While some states are gradually returning appropriations to levels before the 2008 recession, overall, much ground has been lost since then.

State budgets are squeezed at many points, with needs in health care, Medicaid, pensions, and corrections competing more robustly for dollars that at one time may have gone to higher education. As higher education has lost some of its luster, some of its political capital in state houses has diminished. How deep this goes is not clear, but a case can be made that there is a general decline in political will within the states to support higher education. A confounding factor is that the economic climate has made legislators reluctant to raise taxes to broaden the funding pool to support higher education.

The good news is that appropriations overall are inching upward. The annual *Grapevine* report, a survey conducted each year by the Center for the Study of Education Policy at Illinois State University and the State Higher Education Executive Officers, showed that state support for higher education rose 3.4 percent in fiscal year 2016, with 39 states increasing their funding for higher education and 10 reporting declines. (Appropriations for Illinois were still being determined at the time the report was completed.) While still not at pre-recession levels, appropriations have increased for four consecutive years.

But long-term, the picture is more sobering. In a 2016 report, “Funding Down, Tuition Up,” the Center on Budget and Policy Priorities (CBPP), found that:

- After adjusting for inflation, total funding for public two- and four-year colleges is nearly \$10 billion below what it was prior to the 2008 recession.
- Forty-six states spent less per student in the 2015-16 academic year than they did before the recession (the exceptions were Montana, North Dakota, Wisconsin, and Wyoming). In nine states, per-student funding since the recession is down by more than 30 percent, and in two (Arizona and Illinois), it is down by more than half.
- Erosion in public funding has driven tuition higher, resulted in programmatic and staff cuts at many institutions, and contributed to making colleges less affordable and accessible. Tuition at public four-year public universities has risen by 33 percent since the 2007-08 academic year.

Ironically, these tuition increases, which are a backstop to the declines in appropriations, are a target for criticism by the very policymakers responsible for the reductions in public spending.

Even as appropriations regain some momentum, experts caution that higher education's recovery in appropriations levels is tenuous, as states find it more palatable to cut education funding over that of other programs. Why? Because institutions have another source of funding—tuition—on which to rely. Meanwhile on the horizon, potentially troubling clouds are looming. Halfway into fiscal year 2017, at least 20 states made mid-year budget cuts that would affect higher education spending significantly. In several states where tax revenues have not met expectations, there is concern that another recession could be looming. Moreover, there is also concern that repeal of the Affordable Care Act will lead to increased Medicaid costs that may hurt higher education's appropriations. An overall reluctance to raise state-level taxes, plus impending federal tax cuts, spell difficult times ahead for funding higher education at all levels of government.

Free College

Despite tight budgets, some states have taken steps to make college free. Prior to the 2016 election, it was expected that discussions of free college would be a focus of the new Congress. Post-election, however, interest in the subject at the federal level has all but disappeared. At the same time, several states—including Tennessee, Oregon, and Minnesota—continued promising initiatives to reduce or eliminate tuition at community colleges. And early in 2017, New York Governor Andrew Cuomo proposed a plan to make public college tuition-free for families earning \$125,000 or less, while Rhode Island Governor Gina M. Raimondo proposed two years of tuition-free college, either the first two years at Rhode Island Community College or the junior and senior years at the state's four-year institutions.

Whether other states will warm to the notion of free college remains to be seen, but the leadership of some states around this issue suggests a willingness to chart new higher education policy directions at the state level separate from where the federal government seems to be heading. It will be interesting to see if this ambition on the part of the states extends to other policy areas. In some respects, the 32 states that have adopted "performance-based" criteria as part of the appropriations process have taken the lead in driving new policy intended to prod institutions to improve student outcomes. This clearly demonstrates how states can assert authority over colleges and universities regardless of federal action or inaction.

Questions for Boards

- As your institution reviews budget line items that rely at least in part on federal or state financial support, including student financial aid, have you planned for flat or decreased levels of support?
- Looking over the next one to two years, how might your institution's budget be affected by cuts in federal support for higher education? How might it be affected by cuts in state funding? What appropriate steps does your institution need to take to ameliorate such cutbacks?
- Are board members at your institution actively engaged in helping legislators at both the federal and state levels understand the importance of public fiscal support for higher education? How well are board members equipped with requisite facts and talking points?

A New Landscape in Federal Education Policy

Issue at a Glance

While it seems clear that federal higher education policy under the Trump administration will take a different direction from that of its predecessor, the exact nature of any changes are only slowly coming into focus. Several key markers warrant watching:

- *The new secretary of education, Betsy DeVos, may focus her work on K-12 rather than higher education.*
- *Congress may take more of a lead role in shaping higher education policy, perhaps with ideas from a new presidential task force on higher education.*
- *Congressional leaders have expressed an interest in reauthorizing the Higher Education Act, which is long overdue, but when such legislation might move forward is not clear.*

In speeches during his campaign, Trump had relatively little to say about higher education. At one point, his campaign website suggested that he wanted to work with Congress to “ensure universities are making a good faith effort to reduce the cost of college and student debt in exchange for federal tax breaks and tax dollars.” The campaign website also expressed an interest in ensuring that “the opportunity to attend a two- or four-year college, or to pursue a trade or skill set through vocational or technical education, will be easier to access, pay for, and finish.” During the campaign, an aide told *Inside Higher Ed* that Trump was against “free” college—a cornerstone of Hillary Clinton’s platform—and was interested in at least exploring the privatization of the federal Direct Loan Program, “with provisions that would require institutions to share responsibilities for student debt.”

While the president’s positions during the campaign suggest some general policy directions that his administration may take, reading too much into them is purely speculation until specific proposals are brought to the table. One long-time observer of Washington recently noted that the intentions of the new administration around higher education are more amorphous and uncertain than those of any incoming administration in recent history.

A Different Department of Education

The choice of Betsy DeVos to head the Department of Education may be telling in that her focus has been on K-12 education, particularly school vouchers and school choice. The appointment may signal that education policy in the new

administration will focus on K-12 rather than higher education, but that remains only speculation. Experts say that political appointees under DeVos, particularly the yet-unnamed under secretary, may also shed light on the direction the administration has in mind for higher education policy. (We have seen speculation that DeVos may not appoint an under secretary—a slot that in recent history has overseen federal student aid, postsecondary education, and career and technical education—in part as a nod to those who would prefer to see the Education Department closed altogether. The move would consolidate power under DeVos, her chief of staff, and the deputy secretary.) It is likely that the business experience of many Trump advisees will impact higher education policy, but much less clear is how that influence will manifest itself. For example, it is possible that the administration will look more favorably on career education, workforce preparation, and for-profit institutions.

More broadly, it remains to be seen whether the new administration will greatly reduce the role and influence of the Education Department on the whole. In a campaign speech in 2015, Trump said he was in favor of paring back the size and scope of the department. Regardless of the extent to which he follows through on that interest, Washington insiders predict that the administration will not be as active in higher education policy overall as were the Obama or George W. Bush White Houses. Trump seems unlikely to use the Education Department as a bully pulpit to the extent that the Obama administration did, or to be as aggressive in leveraging policy enforcement through regulation and departmental guidance.

Presidential Task Force

Jerry Falwell, president of Liberty University, is expected to lead a presidential task force on higher education. According to press reports in early 2017, the task force will focus on limiting micromanagement of colleges and universities by accreditors and the Department of Education. Further details were not available when this paper went to press.

One-Party Control and the Likelihood of a More Active Congress

Despite partisan rancor that seems to grow each and every session, the fact that Republicans now control both Congress and the White House means that, at least theoretically, the stage is set for more legislation to be passed, including measures that affect higher education. The Republican majority in Congress may mean that the president will find a friendlier audience for his proposals than did his predecessor, but experts say that will not give carte blanche for all of his ideas to be adopted. Republican congressional leaders with a strong interest in higher education policy will have a decided voice in the process, and major legislation will need some Democratic votes in the Senate to be enacted into law. However, in an era marked with much uncertainty about higher education policy, it seems

fairly certain that Congress and the new president will work together to reverse or stall some of the Obama administration's education policies. (We will discuss specific ramifications in the issues section later in this paper.)

Based on the lack of early activity by the new president's team, it seems quite possible that the Trump administration will defer to Congress to take the lead on postsecondary education policy. Indeed, there is widespread speculation in Washington that the new administration will largely defer to Congress and the states for setting higher education policy. Numerous senators and representatives on both sides of the aisle have recently proposed education legislation and will be prominent players in this debate in 2017 and 2018. Both Sen. Lamar Alexander (R-Tenn.), who chairs the U.S. Senate Committee on Health, Education, Labor & Pensions (HELP), and Rep. Virginia Foxx (R-N.C.), chair of the House Committee on Education and the Workforce, have an avid interest and experience in higher education. Alexander previously served as president of the University of Tennessee and was U.S. Secretary of Education under George H.W. Bush. Foxx is a past president of Mayland Community College in North Carolina. Among other specific policy interests, both have expressed a desire to reduce regulation and make government more efficient.

A notable product of the last Congress was passage of the Every Student Succeeds Act (ESSA), which President Obama signed in 2015. That legislation reauthorized the Elementary and Secondary Education Act of 1965 and supplanted the No Child Left Behind Act, the 2002 reauthorization of the 1965 law. Among many other provisions, ESSA is explicit in reducing federal authority over curriculum, standards, and testing in schools and intentionally curbs the power of the Education Department in favor of state-based and local policymakers. Some experts speculate that a similar effort to assert states' rights will occur whenever federal lawmakers decide to tackle long-overdue legislation to reauthorize the Higher Education Act.

With one-party control, more Republican lawmakers may be inspired to introduce higher education policy proposals. Elsewhere in this paper we discuss congressional proposals for regulatory changes. As another example, Rep. Tom Reed (R-N.Y.), a member of the House Committee on Ways and Means and a vice chair of the Trump transition team, made news in December 2016 when he floated some ideas in "Our Vision for Students" for how Congress might encourage college affordability. Reed wants colleges and universities to spend more of their endowments to lower costs for middle-class families, and would require institutions to be more transparent about both their investments and the benefits they provide presidents and other administrators. Reed's other proposals include requiring colleges to submit "cost-containment plans" to the Department of Education, implementing federal loan forgiveness for teachers who work in STEM fields in low-income areas, and allowing high school students who enroll in

college classes to use federal grants. Sensing that the Trump presidency opens new opportunities, other lawmakers are likely to offer ideas of their own. Conservative think tanks, whose voices may not have been heard during the Obama administration, also are already offering policy suggestions.

Speculation About Higher Education Reauthorization

Congress is overdue to reauthorize the Higher Education Act, which was last reauthorized in 2008. Both Sen. Alexander and Rep. Foxx have said that reauthorization is a priority, but when such legislation will actually move forward is unclear. Whenever it does occur, Congressional deliberations will provide a forum for discussions about such topics as college affordability and student debt, access to college, institutional quality, regulation of higher education, and student learning and employment. An overarching question may be what role the federal government and Education Department should play in higher education. Also on the docket is a rewrite of the Carl D. Perkins Career and Technical Education Act, which focuses on career and technical education. The House passed a version in the last Congress, but the Senate failed to act on it. However, we expect this bill to come up early in the new Congress.

Some discussions may not wait until reauthorization is on the table. One recent trend is that more student aid policy is being enacted outside the Higher Education Act. In 2007, for example, Congress lowered the interest rates on federal student loans through the College Cost Reduction and Access Act. Similarly, the post-9/11 G.I. Bill was legislated through a congressional spending bill.

Questions for Boards

- Has your board adequately discussed what the implications of a changing federal policy landscape might mean for your institution? For example, how might changes in federal regulations affect compliance practices and expenditures at your institution?
- Given that congressional deliberations about reauthorization of the Higher Education Act will provide a forum for topics such as college affordability and student debt, access to college, institutional quality, regulation of higher education, and student learning and employment outcomes, is your institution positioned to show lawmakers and the public how well it succeeds in each of those areas?
- Is your institution positioned to show federal legislators that it spends federal higher education funding responsibly?
- Does the changing landscape for federal higher education policy create new opportunities for your institution to demonstrate its excellence to lawmakers?

Accountability and Deregulation

Issue at a Glance

It may seem paradoxical, but over the next two years, we may see interest at the federal level in both more accountability from colleges and universities and more deregulation of higher education.

- *Across Congress, interest has been building for some time in holding colleges and universities more accountable for the outcomes that their students achieve, including some sharing of financial risk for student loan defaults. Beyond academic achievements, outcomes are increasingly being defined in terms of student success in the workforce after graduation.*
- *The president and congressional Republicans seem to share a growing appetite for reducing the scope, number, and impact of federal regulations, including many of those that pertain to higher education.*
- *In the states, legislators also are looking for ways to hold colleges and universities more accountable for their stewardship of state funding.*
- *Many state legislators share the interest of their federal colleagues in reducing regulation of higher education.*
- *Public higher education governance, a recent flashpoint for contention in some states, also bears watching.*

In terms of macro trends in federal higher education policy, it seems likely that we will see greater pressure on colleges and universities to be more accountable for the federal financial support they receive. At the same time, we appear to be entering an era in which deregulation of federal policy, including for higher education, will be a significant goal of legislators.

Accountability

Well before the presidential election, bipartisan consensus seemed to be forming in Congress in support of the principle that colleges and universities should be held more accountable for the outcomes that their students achieve. Increasingly, experts say, the federal government is looking for better ways to measure how well colleges and universities serve their students, and for better levers that can tie student outcomes more directly to federal financial support. The underlying impetus for this interest in student outcomes links to the ongoing national conversation about student success, albeit with a fundamentally

new dimension. Discussions about student outcomes in recent years have focused largely on assessing what students learn. This dialogue has shifted in part to encompass student employability (how well a college's graduates fare once they enter the workforce), how much debt students incur while pursuing a college education, and how well college prepares them to pay back their student loans.

Risk Sharing on Student Loans

Department of Education data from spring 2016 showed that 3.6 million student-loan borrowers had not made a payment in more than one year, putting them into default. Furthermore, many of these borrowers never graduate: More than 40 percent of first-time, full-time students don't complete a degree within six years. There is a growing interest among federal policymakers in making universities more directly responsible for seeing that their students don't fall prey to that fate.

Numerous proposals are being floated by both Republicans and Democrats on Capitol Hill, as well as others from associations and think tanks, to address this problem. The operative phrase that we're hearing more and more is "risk sharing." Or, to borrow another phrase that is sometimes used, Congress wants colleges to have "more skin in the game"—to have a more direct and measurable financial responsibility for helping students succeed in college, secure a job, and be on sufficiently firm financial footing to be able to repay their federal loans. Some proposals would force universities to collect or repay the education debt of students who default on their loans. The implicit threat is that colleges that fail in helping a certain percentage of their students succeed would risk losing a portion of their federal financial aid. As Andrew Kreighbaum of *Inside Higher Ed* observed, advocates for risk sharing say that kind of policy is necessary "to align the incentives of institutions with students—to push colleges to think more about who would succeed on their campus and to provide better guidance to the students they do admit."

Under an approach put forth by Lumina Foundation, for example, in "Proposing a Federal Risk-Sharing Policy," colleges could be eligible for a bonus payment or, conversely, be required to return some financial-aid provided under Title IV of the Higher Education Act, based on "the relative performance of their students who receive Pell Grants or take out federal student loans compared to the performance of a peer group of similar colleges." Some have suggested that this policy would replace the traditional standard for institutional accountability: the cohort default rate, under which institutions where more than 30 percent of students default on their loans over three consecutive years risk losing access to federal student loan and grant programs.

Some advisors connected to the administration have supported variations of a risk-sharing approach, and there is speculation that this is most likely to come up for legislative action in Congress through the Higher Education Act reauthorization. However, critics fear that such proposals would unfairly single out colleges that educate large numbers of low-income and first-generation students.

Deregulation Ahead?

Another macro theme in Washington these days revolves around a growing appetite among federal policymakers for reducing the scope, number, and impact of federal government regulations. In a campaign speech in 2016, as reported by *Times Higher Education*, Trump said he wanted to cut “the unnecessary costs of compliance with federal regulations so that colleges can pass on the savings to students in the form of lower tuition.” Many Republicans on Capitol Hill share that desire. Such a predisposition could have a significant impact on higher education.

Deregulation of higher education has been on the table for some time, in part in response to a strategy by the Obama administration that can be interpreted as effecting policy through regulation. In 2013, for example, Sen. Lamar Alexander (R-Tenn.), Senate HELP committee ranking member Patty Murray (D-Wash.), and two other senators appointed a task force of university leaders that was charged with reviewing all regulations that institutions of higher learning must comply with, assessing the time and costs associated with compliance, and recommending reforms. Alexander praised the task force’s report, “Recalibrating Regulation of Colleges and Universities,” when it was the focus of a HELP committee hearing in 2015. In an official statement in February 2015, Alexander said the report found that colleges were awash in “a jungle of red tape,” embodying “sloppy, inefficient governing that wastes money, hurts students, discourages productivity, and impedes research.”

Alexander cited the federal FAFSA (Free Application for Federal Student Aid) form, which he said was ripe for simplifying—an issue he has addressed in several recently introduced bills. He also noted in the same statement that the extensive regulations that must be followed for returning a student’s federal money to the government after withdrawing from college—“200 paragraphs of regulatory text accompanied by 200 pages in the Federal Student Aid handbook”—were “ridiculously complex.” Observing that the Higher Education Act totals nearly 1,000 pages, Alexander also noted that there are more than 1,000 pages in the official Code of Federal Regulations devoted to higher education. He said Congress was as much to blame as the executive branch for letting too many regulations pile up unchecked and that the time was right to “weed the garden.”

Interest in reducing federal regulations, including rules concerning higher education, has only intensified since the 2016 election. Congress and the White House seem destined to work together toward some degree of deregulation. It is too soon to say which higher education-related regulations the administration may seek to reduce in scope or eliminate altogether. And, indeed, the business of deregulating higher education may well take a back seat to more pressing legislative interests of the new president, such as repealing and replacing the Affordable Care Act. Still, a number of possible areas of deregulation of higher education have surfaced as candidates for reform.

• *State authorization of distance education*

In the last month of the Obama administration, there was speculation that President Trump might move to block adoption of the Department of Education’s final rule for authorizing colleges to offer online programs to students in other states. The rule, which was issued in December 2016 but does not take effect until the middle of 2018, was finalized only after considerable controversy and legal wrangling (and considerable confusion for the states seeking reciprocal agreements). House Republicans have identified it as a prime candidate for overturning.

• *Overtime pay*

Late in 2016, it was reported that Rep. Virginia Foxx (R-N.C.), chair of the House Committee on Education and the Workforce, wanted to see repealed a rule from the Obama Labor Department (subsequently blocked by a judge and currently under review by the Trump White House) that makes more salaried workers at colleges eligible for overtime pay.

• *Teacher education*

Both the House and Senate have expressed a desire to overturn federal mandates for institutions receiving funding for teacher-education programs, regulations that were released by the Obama Education Department late in 2016. The rules outline federal standards for evaluating teacher-preparation programs and were the subject of considerable controversy as they were being developed.

• *Gainful employment rules*

Most House Republicans and a significant number of House Democrats have voted in the past to repeal the “gainful employment” rules requiring career-education programs receiving federal student aid to prepare students for “gainful employment in a recognized occupation,” according to the Department of Education. Highly controversial, the gainful employment rules were applied aggressively by the Obama administration in policing misconduct, especially in the for-profit sector. There is considerable speculation around Washington that the Trump administration may be more predisposed to ease the regulation of for-profit colleges and universities—or at least not police them as vigilantly as

did the Education Department under Obama—and changing the gainful employment rule would be one way to do that. Another strategy might be revising or eliminating the so-called “borrower defense” rules that protect student loan recipients from fraudulent and abusive institutions.

The federal Consumer Financial Protection Bureau (CFPB), a target of recent criticism, is likely to continue to be scrutinized. Established after the financial crisis of 2008, the CFPB has sued several for-profit college companies for their student-loan programs. Some Republicans have expressed interest in weakening the CFPB’s authority or even shutting it down altogether.

In the States

• Deregulation and accountability

In the 2016 election, Republicans also expanded their power in the states and now control 57 percent of state house seats, the most they have held for a century. In 32 states, they control both chambers of the legislature. Moreover, 33 states now have Republican governors. Given this Republican supermajority, the same impetus that drives Republican members of Congress to seek deregulation at the federal level may also inspire state legislators to deregulate higher education at the state level.

Colleges and universities, especially in states under Republican control, may see an opportunity to seek relief from state procedural controls that many institutions characterize as bureaucratic intrusion. These controls affect purchasing, personnel, budgeting, and capital projects. But tensions over tuition-setting authority, which rests in the hands of individual institutions, university systems, or state coordinating agencies in the majority of states, may intensify as elected leaders of all political parties continue to express concern, if not anger, over college costs and affordability.

• The independence of public governing boards

Public higher education governance also bears watching. In the previous two years, we witnessed tensions between system governing boards and faculty members in North Carolina and Wisconsin over issues such as changes to tenure policy and the defunding of particular academic programs or centers. Legislators and governors were supportive of the boards in these two states, oftentimes to the consternation of the faculty. Over the next two years, however, the issues and tensions may be different.

In the name of accountability, governors and legislators in Kentucky and Alabama have recently intruded into areas of board authority and independence, and upon the autonomy of the institution or university system. We may see similar actions by elected leaders in additional states in the future.

In Kentucky, a governor’s executive order removing and replacing the members of the governing board of the University of Louisville caught the attention of the Southern Association of Colleges and Schools (SACS), the regional accrediting body, which placed the university on probation for the absence of a policy “whereby board members are not dismissed without cause and are free from undue influence.” The events centered on the board’s internal divisions over the president’s leadership. Although implementation of the governor’s June 2016 executive order was stalled in the courts, in January 2017 the legislature passed a bill similar to the order and the governor quickly signed it into law. The law creates a smaller university board of all new members to be appointed by the governor and confirmed by the Senate. To address SACS’ concerns, the legislature is considering a second bill that would clarify board qualifications and reasons for dismissal. However, new concerns have arisen with the second bill over the vagueness of its provisions for dismissal, which would apply to all nine of the state’s institutional boards. Critics argue that the bill would intrude on governing board independence and goes too far by giving the governor too much discretion on board member removal.

In Alabama, SACS is looking into the possibility of undue influence on the part of the governor, who by law sits on all university boards, including acting as ex officio chair of the board of the newly created Alabama Community College System. Governors serve as ex officio board members on some public boards in 16 states, a practice many see as anachronistic, intrusive, and one that affords the executive branch too much power while compromising the needed policy independence of the board. Whether other states will examine the issue remains to be seen.

Questions for Boards

- How well is your institution positioned to show legislators and the public how its graduates fare in the workplace?
- What would be your institution’s response to legislators who want it to have “more skin in the game” when it comes to sharing responsibility for a student’s ability to repay college loans?
- If Congress curbs some of the regulations that pertain to higher education, how might that lead your institution to modify its strategies or processes?
- If your state is looking to deregulate aspects of higher education, what might be the implications for your institution?
- Are legislators in your state discussing potential actions that would affect state governance of higher education, and what might be the potential impact on your institution?

Research and Research Funding

Issue at a Glance

Despite occasional infusions of significant funding through bipartisan legislation, federal support for research continues to be flat.

- *Going forward, support for research is likely to remain stagnant overall.*
- *Competition for research funding will be intense.*
- *Support for defense-related research, such as cybersecurity, is likely to continue to be strong.*
- *Policymaker skepticism about the topics of university research—such as those related to climate change—may increase.*

The federal government is the major driver for funding research in higher education.

- At one point in the 1960s, the government funded nearly three-quarters (73 percent) of research and development in universities, according to the American Association for the Advancement of Science (AAAS). Today, that percentage is around 60 percent, a figure that is bumped up to some extent by efforts to double funding for the National Institutes of Health (NIH).
- According to AAAS, federal support for higher education increased from some \$8 billion in the mid-20th century to \$30 billion today (adjusted for inflation). But since 2005, federal support has been essentially stagnant.
- One exception to that trend came in late 2016, when Congress passed and President Obama signed the 21st Century Cures Act, which provides \$4.8 billion in new funding for NIH, including \$1.8 billion reserved for the “moonshot” initiative to seek cures for cancer, led by then-Vice President Joe Biden. Earlier, the Bipartisan Budget Act of 2015 provided for \$2 billion in new funding for NIH.

Funding for university research comes primarily from federal discretionary funding, a source that will likely be severely constrained in the next two years, and at least in the near term thereafter. Also at play in this equation are likely changes in traditional congressional approaches to discretionary spending. Previous bipartisan agreements generally treated spending for defense and non-defense discretionary funding proportionately.

But with Republicans now in control of the White House and Congress, there is widespread speculation that such agreements will no longer apply, and that non-defense spending will be ratcheted down as defense spending is increased. Rules that strictly enforce new caps on discretionary spending might create further downward pressure on discretionary spending for higher education, along with every other non-defense budget line.

With those trends as context, the overall prognosis for research funding is mixed. Greater clarity may not come until the fiscal year 2018 federal budget and appropriations process wends its way through Congress, starting with release of the president’s budget. On the one hand, assuming that the president and Congress move to increase defense spending, it is likely that universities might hope to gain additional funding for defense-related research. Funding related to cybersecurity, for example, is expected to increase. And even in the face of heated disagreements between parties, broad bipartisan support for NIH funding could likely continue. It also is possible that the president’s interests in domestic jobs development, innovation, and keeping the United States economically competitive could translate into research funding for universities. Indeed, during his presidential run, the Trump campaign stated that “...the federal government should encourage innovation in the area of space exploration and investment in research and development across the broad landscape of academia. Though there are increasing demands to curtail spending and to balance the federal budget, we must make the commitment to invest in science, engineering, healthcare, and other areas that will make the lives of Americans better, safer, and more prosperous.”

On the other hand, and despite this positive statement from the campaign, we expect potential research funding through non-defense-related discretionary appropriations to be constrained going forward, possibly severely so. Competition for research dollars will be especially fierce in the days ahead.

Social Issues and Research Funding

It also remains to be seen to what extent politics will impact the focus of research funding. While campaigning, Trump expressed skepticism about the safety of childhood vaccinations and the science behind climate change. Some members of Congress share this view of climate change. Similar skepticism applies to research on such topics as gun violence, fossil fuels, and consumer use of tobacco and soda. In general, research in the social and behavioral sciences will likely be subject to continued congressional scrutiny in the coming months. Lawmakers may become more vocal about these topics and more intentional and active in curtailing the use of federal dollars for such research. In separate pronouncements reminiscent of the late Sen. William Proxmire’s “Golden Fleece” awards for

wasteful spending, Sens. Jeff Flake (R-Ariz.) and James Lankford (R-Okla.) each made headlines in 2016 with separate announcements of university research projects they considered wasteful, frivolous, or both. Look for such pronouncements to continue.

Scientists themselves appear ready to enter the political fray on behalf of scientific integrity and research funding, as evidenced by plans for a “March for Science” in Washington in April 2017. The announcement of this event prompted considerable discussion within the scientific community about the extent to which scientists should engage in political protest versus staying neutral or adhering to advocacy in support of science at the grassroots level. Given today’s uncertain political climate, such tensions may continue.

Questions for Boards

- Given changing public priorities for science funding—including more support for defense-related research—how might your institution need to change the way it positions itself to secure federal support for its research?
- As competition for research funding becomes even more fierce, how can your institution remain optimally competitive?
- How might increasing legislator skepticism about certain research topics impact your institution? Is your institution prepared to support scientists whose work might be the focus of a policymaker’s scrutiny?

Accreditation Under Scrutiny

Issue at a Glance

In recent years, the federal government has consolidated its authority over accreditation, exerting greater control over what has historically been a more autonomous process. At the same time, the fundamental purpose for accreditation has shifted—accreditation is now seen as less about measuring institutional quality and more about “protecting students.”

- *Expect more scrutiny from policymakers around the quality, integrity, and outcomes of the accreditation process.*
- *Congressional and White House interest in less regulation of higher education may translate into a desire for limiting what some have termed accreditors’ micromanagement of institutions.*
- *Given that no consensus has emerged about how to reform accreditation, we expect this topic to be the focus of ongoing discussions within the context of overall education policy.*
- *Expect regional accreditors to give heightened attention to college and university governing board structure and performance.*

We expect that issues around the quality of higher education, particularly around the accreditation of colleges and universities, will continue to be a flashpoint for discussion and debate in the months ahead.

Failures in the For-Profit Sector

The quality and effectiveness of accreditation of higher education have been in the headlines for the past several years as questions arose about the quality of for-profit institutions that were found to be defrauding students. Several such institutions closed—leaving many students with substantial debt burdens but no educational credential. One consequence of this debacle was that last year, the Obama administration’s Department of Education terminated its recognition of the Accrediting Council for Independent Colleges and Schools, the largest accrediting agency of for-profit colleges and universities. One prominent critic of the Obama administration, influential House leader Rep. Virginia Foxx (R-N.C.), questioned that decision.

Issues around the accreditation of sometimes-dubious for-profit purveyors of higher education are just one dimension of a significant national debate that has been roiling for some time. Some nonprofit institutions were also affected, including the City College of San Francisco, whose accreditation was in limbo from 2012, when the college was sanctioned by its accreditor for financial and administrative shortcomings, until 2017, when its accreditation was reaffirmed.

The notion that “accreditation is broken” has become something of a mantra at the federal level. Through executive actions, the Obama administration pushed for reforms in accreditation, including more transparency in the overall process and more focus on student outcomes, such as graduates’ starting salaries in the workforce, that are meaningful to the public. Still, reservations persist about the quality, integrity, and outcomes of the accreditation process. Indeed, criticism of the traditional system of voluntary regional accreditation of colleges and universities, long considered the gold standard for assessing institutional quality and identifying areas where universities might improve, has intensified as public concerns about the quality of higher education have become more pronounced.

Common complaints about voluntary accreditation are that it is not rigorous enough; that it creates innate conflicts of interest because institutions assess each other; that it discourages innovation by essentially codifying the status quo; that it relies too much on educational inputs (for example, the number of books in a library) rather than outcomes (such as student learning and career success); that it costs too much; that standards are not consistent from region to region; and that it does not provide information that the public can use to assess the quality of higher education. Another concern is that accreditation has not evolved to keep pace with 21st century modes of postsecondary education, such as competency-based education and skills training leading to badges and credentials.

Accreditation Reform

Such concerns have served to drive a strong interest in the reform of accreditation. In 2016, the Obama administration announced new standards seeking more transparency about the accreditation process, urging that accreditation focus more on student graduation rates and job placement, and suggesting that the federal government should take a larger role in enforcing accreditation standards and methodologies. There is ongoing interest in reforming accreditation in Congress, and while specific targets and strategies for change may differ from those of the Obama administration, further reforms seem likely.

Writing in late 2016 in *Inside Higher Ed*, Judith S. Eaton, president of the Council for Higher Education Accreditation, framed the current landscape by outlining two pivotal changes in accreditation. First, the federal government has consolidated its authority over accreditation, exerting more control over what has historically been a more autonomous process. The second major change, Eaton said, has been a shift in perception about the key purpose of accreditation to what she described as “public accountability.” More than ever before, she said, accreditation is seen as less about measuring institutional quality and more about “protecting students.” In that sense, accreditation is now “a signal that what an institution or program says about itself is reliable, that there are reasonable chances of student success, and that students will benefit economically in some way from the educational experience.”

Eaton described both strengthened federal oversight and expectations of public accountability as entrenched changes that “will remake accreditation for the foreseeable future.” But she warned that such changes come with a price, including a regrettable erosion of the “longstanding practice of accrediting organizations as independent, nongovernmental bodies accustomed to setting their own direction and determining their own accountability.”

Varying Proposals

The Trump administration’s thinking about accreditation and any accompanying policy recommendations have yet to be made public, although they may become clearer once the charge to the presidential task force led by Jerry Falwell of Liberty University becomes known; “limiting micromanagement by accreditors” has been reported to be one focus of the task force. Meanwhile, members of Congress on both sides of the aisle have proposed legislation that would drive potentially significant changes in the accreditation system.

Revamping accreditation fits the current political climate in several ways. It provides a strategy for politicians who are eager to reduce the role of the Education Department and the federal government in higher education and for those who seek less federal intrusion into the affairs of for-profit institutions. Changing accreditation practices also fits the interests of those who support the private sector’s work to develop innovation and alternative models that can help reform higher education. There is little consensus in Congress, though, about how accreditation should be changed, setting the stage for lively future discussions on Capitol Hill, whether under the aegis of Higher Education Act reauthorization or some other legislative vehicle.

Meanwhile, regional accrediting associations are giving greater attention to the structure and performance of governing boards. This attention is driven not only by lapses in board performance, but also by the actions of elected leaders perceived as exerting undue influence over or infringement upon governing board independence. Look for this interest by accrediting agencies to continue, if not intensify, including the possibility of clearer or stricter accrediting standards for governance.

Questions for Boards

- Has your institution's board spent adequate time discussing the purpose, benefits, and potential pitfalls of the accreditation process?
- How has the accreditation process for your institution evolved over the last five years?
- How might changes in the accreditation process at the federal level affect your institution?
- What does your regional accreditor say about governance and the board, and how well does your board measure up to those standards?

Legal and Labor Issues

Issue at a Glance

Higher education policy is sometimes determined through actions in the legal system. Potential court actions in several key areas may affect higher education in the near term and therefore warrant careful monitoring.

- *Lawmakers remain interested in holding institutions more accountable for addressing campus sexual violence, the continued subject of both court cases and actions by federal and state legislators.*
- *The national controversy over immigration policy, which directly affects higher education in several different ways, will continue to dominate future discussion.*
- *Expect affirmative action to continue to be at the center of future court cases.*
- *Labor laws, including those pertaining to unionization, are likely to remain a focus for many colleges and universities.*

To some extent, higher education policy is decided in the courts, and we have seen some significant recent activity in this regard. Moreover, cases now making their way through the legal system and potential future legal actions suggest that colleges and universities may want to pay heightened attention to the potential impact of these issues. Several specific areas warrant particular attention.

Campus Sexual Assault

Campus sexual assault, the subject of growing litigation and increasing public concern, will likely be a focus of the new Congress. The political flashpoint is largely around the Education Department's Office for Civil Rights (OCR), which under the Obama administration was both praised and criticized for aggressive enforcement of Title IX rules concerning how universities address reports of sexual assaults on campuses. As part of its enforcement, the Obama administration moved to lower the threshold for campus disciplinary hearings on sexual assault from "beyond a reasonable doubt" to a standard called "the preponderance of evidence." Proponents say the revised standard has helped put teeth in efforts to combat campus sexual assault, while critics say current practices do not fully provide rights of due-process for students accused of sexual assault.

Congress seems poised to consider changes in government rules in this regard. Further, there is broad speculation that the administration and Congress might erode OCR's capacities, perhaps by reversing some of its rulings or by shrinking its budget. There has also been speculation that the administration might move the OCR to the Justice Department.

Beyond Washington, individual colleges and universities have developed new policies for addressing sexual assault, and legislators in state houses have also been engaged in this pressing issue. In general, state lawmakers seem interested in holding institutions more accountable for addressing sexual assault. Potential policy solutions at the state level include proposals to require campus sexual assaults to be reported to local law enforcement and requirements that institutions be more forthcoming in reporting occurrences of sexual assault more accurately. As noted in AGB's *2016 State Governance Action Report*, 12 states enacted legislation in 2015 to address sexual misconduct on college and university campuses. Eight states enacted legislation in 2016, including "affirmative consent" laws in five states.

The 2015 "Updated AGB Advisory Statement on Sexual Misconduct" frames many of the salient issues and offers guidance for colleges and universities. The issue of campus sexual violence is also discussed extensively in the AGB publication *Top 10 Campus Legal Issues for Boards* (AGB Press, 2015).

Immigration Law

Immigration was a prominent part of the 2016 presidential race and remains a focus of both the Trump administration and the 115th Congress. One particular focus for colleges and universities may be the Deferred Action for Childhood Arrivals (DACA) program. President Obama created DACA by executive order in 2012 to allow undocumented immigrants who entered the country as children to work and study legally on a temporary basis. Those protected under the program, nicknamed "Dreamers," currently total more than 750,000. In November 2016, more than 600 college and university presidents had signed a statement, organized by Pomona College President David W. Oxtoby, calling for the United States to "uphold and continue DACA."

As a candidate, the president said he would end DACA, and although he later walked back somewhat from that position, the topic has been the subject of discussion early in his tenure as president. There are members of Congress who would like to require colleges and universities to collect and report more data about students who are immigrants, including which students are authorized legally to be in this country. In January 2017, a bipartisan group of senators sponsored the Bar Removal of Individuals Who Dream and Grow Our Economy (BRIDGE) Act, which would continue DACA protections for a maximum

of three years. During hearings to confirm his appointment as attorney general, Sen. Jeff Sessions (R-Ala.) would not say whether he supported deporting the Dreamers, suggesting that it was an issue for Congress to address in broader deliberations about immigration policy.

A related issue concerns initiatives at many universities to declare their campuses a "sanctuary" where undocumented students would be protected. Many institutions are engaged in discussions about what it means to be a sanctuary campus, which is proving to be an amorphous term. But in general, whether or not an institution will designate itself a sanctuary raises issues about how much information it might give to government agencies that seek data about undocumented students. More broadly, some institutions fear that the administration and Congress could withhold federal funding for sanctuary campuses, perhaps by restricting research funding or student loans, as some members of Congress have threatened. This set of issues has yet to come into full focus, but institutions should expect to hear more about it in the near term. There is risk of a brewing confrontation between the federal government and many colleges and universities.

Broader changes in U.S. immigration policy—such as "extreme vetting" and bans and delays on citizens from designated countries by the president's recent executive order, parts of which have been temporarily blocked by the courts as of this writing—could have a significant impact on the ability of U.S. institutions to recruit international students and hire scholars from abroad. Changes in federal policy could require colleges and universities to collect and report more data about foreign students. Similarly, changes in immigration policy could affect collaborative research with colleagues abroad and might impinge on the sharing of data between researchers. Because such changes in policy have yet to be defined, it is too soon to know their potential ramifications for foreign students, scholars, and researchers, creating yet another topic area that colleges and universities should be monitoring carefully.

Affirmative Action

Recent decisions by the Supreme Court notwithstanding, the legal controversy surrounding the use of affirmative action in college and university admissions has yet to be settled definitively. In June 2016, in the case *Fisher v. University of Texas at Austin* (commonly, Fisher II), the U.S. Supreme Court upheld the use of racial preferences in admissions at the University of Texas. That followed the first hearing of the case in 2013—*Fisher v. University of Texas at Austin* (Fisher I)—in which the Court affirmed the principle of racial preference in the interest of diversity, but also said that courts should apply "strict scrutiny" to such programs. That case was remanded to the U.S. Court of Appeals, which upheld UT's approach to affirmative action but failed to apply the "strict scrutiny" that the Supreme Court mandated, after which the Supreme Court decided to

re-review the case. The Court was widely expected to strike down the UT program, but following the death of Justice Antonin Scalia, it instead voted 4-3 to uphold it (Justice Elena Kagan was recused).

Should future cases regarding affirmative action come before the Supreme Court, as can be expected—and if President Trump is successful in appointing more conservatives to the bench—future Court decisions could again put the principles of affirmative action in legal limbo.

Labor Law

Under the Obama administration, recent rulings by the National Labor Relations Board (NLRB) tended to favor the rights of employees to organize and participate in collective bargaining. Given that the make-up of the NLRB is strongly influenced by the incumbent in the White House—and that two seats on the five-member board were vacant as of early 2017 and another member's term was nearing completion—it seems entirely possible that more conservative NLRB rulings, perhaps favoring management, may be forthcoming under the Trump administration.

Significant issues may be in play during 2017 and 2018. In August 2016, the NLRB issued a ruling saying that graduate and undergraduate teaching assistants at Columbia University had a right to unionize. That decision effectively overturned a 2004 NLRB finding that graduate students at Brown University could not be considered “statutory employees” because they were students first and foremost and that therefore their primary relationship with their university was educational and non-economic. Related issues are likely to continue to be a focus of NLRB review—late in 2016, for example, the NLRB office in Hartford, Conn., was reviewing petitions from a union seeking to organize teaching assistants in the Yale Graduate School of Arts & Sciences. An NLRB populated with more Trump appointees could change student-labor regulations developed during the Obama administration.

In 2014, an important NLRB ruling outlined important guidelines for faculty members at faith-based colleges and universities. In a decision concerning Pacific Lutheran University, the NLRB rejected the university's position that its full-time, non-tenure-track faculty members are managerial employees and therefore not eligible for collective bargaining. The ruling was seen as opening a pathway for more faculty members at private colleges and universities to unionize. (In 2016, rulings concerning St. Xavier University and Seattle University found that faculty of theology and religious studies could be excluded from part-time or adjunct faculty unions at private universities.) Again, an NLRB with members more favorably disposed toward management over labor may change the 2014 ruling.

Several courts ruled in 2016 that student athletes are not employees and thus not entitled to compensation. The Supreme Court opted not to take a case on that issue, leaving in place a lower court ruling that the National Collegiate Athletic Association (NCAA) does not have to allow student athletes to be paid, but that it had violated federal antitrust laws. Further complicating this already complicated landscape, the NLRB's general counsel issued a memo late in January 2017 that said that NCAA football players are in fact university employees. This is certainly not the last word on this issue, and universities should carefully monitor future decisions by the NLRB and the courts.

Fair Labor Standards Act (FLSA)

Campus labor could also be affected by ongoing legal wrangling related to the Fair Labor Standards Act (FLSA). The act, which regulates the wages, hours, and working conditions of American workers, usually does not make headlines. But in May 2016, the Department of Labor issued new regulations that significantly raised the salary threshold under which employers, including colleges and universities, are required to compensate employees with overtime pay.

Prior to that decision, the FLSA defined a worker's position as exempt from overtime if it paid \$23,660 per year or more and if the employee performed executive, administrative, or professional duties. The new ruling raised that benchmark to cover employees making up to \$47,476 a year. The implications for higher education are significant: reclassifying thousands of workers, the new law would greatly increase the number of university employees eligible for overtime pay, or require universities to increase wages to bring employees above the new threshold. A temporary court injunction in November 2016 delayed implementation of the new ruling, and both President Trump and congressional leaders have said they want to curtail or reverse it.

Accessibility of Digitized Information

Colleges and universities continue to be investigated under the Americans with Disabilities Act (ADA), which seeks to ensure that individuals with disabilities have access to programs, goods, and services. The departments of Justice and Education both have authority to enforce this law, and since 2003 have filed at least 15 lawsuits against higher education institutions.

One area of investigation concerns access to technology and digitized information. The Department of Justice, for example, recently investigated the University of California, Berkeley over accessibility to online learning content. Other issues have concerned access to online materials for blind and deaf individuals. A related concern has been internet access, which, while not explicitly discussed in the legislation, is covered under the ADA. How such regulations might be enforced differently under the Trump administration remains to be seen.

Questions for Boards

- How well does your institution's board understand the nuances of laws, regulations, and practices concerning the adjudication of cases of campus sexual violence? How well do your institution's policies in that regard serve your students and institution?
- Has your institution's board had adequate discussion about how emerging federal immigration policy might affect your students and institution?
- If federal courts were to strike down support for the principles of affirmative action, how might your institution respond?
- How well-informed is the board about the role and effect of unions on campus? Have there been any recent efforts to form unions, and to what effect?

Tax Issues and Tax Reform

Issue at a Glance

A significant, potentially comprehensive rewrite of the tax code both for individuals and corporations seems likely in the current Congress. Many issues critical to higher education will be at stake.

- *In an environment when everything may be on the table, fundamental benefits to higher education such as tax rules around charitable giving may be changed.*
- *We may see greater political pressure on colleges and universities to spend more of their endowments or face potentially significant tax penalties.*
- *Additional tax preferences for higher education that could be at risk include restrictions on access to tax-exempt financing and limits on or taxation of tuition-remission benefits for college and university employees and their dependents.*

The stars may finally be aligned for the 115th Congress to pass a major tax bill and send it to the president. The all-important reality that Republicans rule the House, Senate, and White House, coupled with continued complaints from taxpayers and policymakers about the complexity and unfairness of the tax code and a campaign promise by President Trump, all point to a significant rewrite of the tax code both for individuals and corporations. This will lead to intense lobbying efforts by high-profile industries such as housing and real estate, health insurance, and oil and gas, but many issues of critical importance to higher education will also be at stake.

Lowering Tax Rates

Generally, the goal in comprehensive tax reform is to lower and reduce the number of tax rates by broadening the tax base, which is achieved by eliminating or curbing tax deductions and tax credits (or even imposing some form of taxation on new activities), resulting in a bill that is revenue neutral. Revenue neutrality offsets each dollar amount needed to achieve lower tax rates by curbing or eliminating an equal dollar amount of tax preferences.

Revenue neutrality was a centerpiece of the successful tax-reform legislation in 1986, in part to win popular support, but also to ensure that annual baseline federal deficits and the cumulative national debt were not increased. But it will be a difficult undertaking to scale back or close many large and popular tax preferences due to the sheer dollar size of the offsets

needed, as well as the special-interest lobbying that will work to protect these preferences. If revenue neutrality is desired, then something on the order of \$70 billion to \$100 billion in curbs or eliminations of tax deductions and credits are needed for each 1 percent reduction in individual income-tax rates.

However, look for a new tax bill that lowers federal tax revenue below current collections (and increases the federal deficit) and is hailed as a tax cut. Although not revenue neutral on a baseline projection, the bill will claim to be revenue neutral eventually and will be championed as possibly even increasing federal revenues in the long run. How so? Republicans are favorably disposed to “dynamic scoring,” a concept that posits that fewer and lower tax rates and a simpler tax system will have positive macroeconomic effects on the American economy. It is believed that a tax cut that injects money into the economy will stimulate economic growth significantly and subsequently increase federal tax revenues well above baseline projections to compensate for any initial reductions in tax collections. The non-partisan staff of the Congressional Joint Tax Committee does macroeconomic analysis of any and all proposed tax bills and will project stimulus and revenue growth.

In summer 2016, the House of Representatives developed a blueprint for tax reform that will be the basis of a Committee on Ways and Means bill. It proposes income tax rates of 12, 25, and 33 percent for individuals, and 20 percent for corporations, according to “A Better Way: Our Vision for a Confident America, Tax Policy Paper.” The Senate likely will rely on the recommendations from 2015 made by several bipartisan working groups convened by Finance Committee Chairman Sen. Orrin Hatch (R-Utah). The president proposed a tax plan early in his campaign that cuts taxes considerably and was projected to increase the baseline federal debt by upwards of \$9.5 trillion over 10 years, according to an analysis by the Tax Policy Center of the Urban Institute & The Brookings Institution. His revised and scaled-back tax plan, issued in fall of 2016, would increase the baseline federal debt by a projected \$6 trillion over the next decade. It proposes three rates that are identical to the House blueprint for individual income taxes and a 15 percent rate for corporations. Major differences among the White House, the House and Senate, and Democrats and Republicans on taxes are most pronounced in a rewrite of corporate and international taxation laws. All parties want to stimulate greater economic growth and competitiveness while incentivizing American businesses to remain in the United States, but they differ considerably on how best to do so. The House blueprint proposes “border adjustability” in the form of a border tax on imports. This is the centerpiece of its corporate tax plan and critical to lowering tax rates. The Senate Finance Committee has explored “corporate integration,”—that is, one tax rate for corporate profits applied to either the corporation or shareholders, but not both—as is current law. President Trump has spoken favorably about border adjustability, but all await his final position.

In addition to the concerns outlined above, there are specific considerations around tax reform related to higher education.

Charitable Giving

The House blueprint expressed support for charitable giving but provides no details on whether current law will be retained or altered. The billions of dollars granted annually in tax deductions, however, may make charitable giving vulnerable to changes. Ideas floated in Congress in recent years have included proposals that would put a ceiling on all tax deductions for upper-income taxpayers to some amount, say \$250,000, that could dramatically reduce incentives for gifts from upper-income individuals and families. There is no evidence that a ceiling is under consideration in the 115th Congress, but the fact that it has been discussed in the past and that “everything may be on the table”—and given that specifics of the president’s tax proposal have yet to be released—is creating concerns in the higher education community.

Tax reform poses the potential for other collateral damage to charitable giving. First, if tax reform is enacted as initially designed in the House blueprint and the president’s proposal, it would significantly increase the size of the standard deduction, resulting in a dramatic reduction in the number of taxpayers who itemize their returns, from about 30 percent of filers today to about 10 percent. Such a drop, coupled with any lowering of the top rates, will decrease the tax savings for taxpayers contemplating charitable gifts. Second, the discussed proposals would eliminate the estate tax—the inheritance tax on those with the very highest of incomes. Eliminating the tax would likely reduce the incentive for these individuals to give to higher education and other charitable organizations.

One of the biggest threats to restrictions on charitable giving concerns gifts to college endowments. Individuals donating to colleges and universities with endowments above \$1 billion would face radically altered tax rules under a proposal, “Our Vision for Students,” being finalized by Rep. Tom Reed (R-N.Y.) for inclusion in a Ways and Means tax bill. Reed’s proposal would only grant full tax deductions, and possibly an enhanced deduction, for gifts that designate no less than 25 percent of the gift to fund scholarship aid to middle- and lower-income students. Gifts exclusively for research, faculty, athletics, the arts, or any other area would not be fully deductible. Reed’s motivations are based on strong opinions that colleges and universities, especially those he perceives to be among the wealthiest institutions, have not done enough to contain costs or to help middle- and lower-income families afford college. His efforts are part of a broader set of additional restrictions on institutions with large endowments detailed in the next section.

College Endowments

For several years running, members of the House and Senate tax committees have criticized colleges and universities with large endowments for a perceived unwillingness to spend more of their endowment earnings on efforts to reduce costs for students. Sen. Charles Grassley (R-Iowa) led such efforts in 2008 when he was chair of the Senate Committee on Finance. In the spring of 2016, the tax committees sent a joint survey on endowments to the nation's largest private colleges and universities. The results have yet to be released.

As noted before, the latest champion of constraining college and university endowments is Rep. Tom Reed. Tied to his interest in changes to the charitable deduction, his proposal calls for all institutions with billion-dollar endowments to spend at least 25 percent of annual endowment investment earnings on institutional scholarships (applicable to all endowment gifts going forward); submit detailed cost-containment plans to the federal government aimed at keeping tuition increases below inflation; and provide salary data on highly compensated employees. Institutions that fail to comply could face severe tax penalties, including possible loss of their tax exemption. On the campaign trail, candidate Trump voiced support for Reed's proposal, potentially giving it more momentum.

Such a proposal would be a major intrusion into the financial decision-making authority of colleges and universities, particularly that of governing and university foundation boards that oversee the management of endowment assets. Reed's proposal also poses a potential threat to endowments with assets less than \$1 billion. Those averaging \$500,000 per student may be included in the proposal, as well. Also, if the tax committees feel compelled to search for additional revenues to pay for lower tax rates, or to impose punitive restrictions similar to those proposed for large endowments, other institutions could be affected.

Additional Tax Issues

A draft tax proposal in 2013 that got considerable attention, but little traction, was devised by Rep. Dave Camp (R-Mich.), then-chair of the Committee on Ways and Means. It is possible that elements of the Camp draft proposal pertaining to higher education could re-emerge in a new bill on the House side. If so, additional tax preferences to higher education could be at risk, including:

- Restrictions on access to tax-exempt financing,
- Exclusions for certain unrelated business income and activities, and
- Limits on or taxation of tuition-remission benefits for college and university employees and their dependents.

The Camp proposal also imposed an excise tax on endowments at institutions with endowment assets of \$1 million or more per student. Whether these changes from the Camp proposal make it into a House bill in the 115th Congress remains to be seen.

On the positive side, higher education officials are hopeful that an opportunity may arise to simplify, expand, and make permanent the American Opportunity Tax Credit, a credit for qualified education expenses paid for an eligible student for the first four years of higher education. Another popular provision, employer-paid tuition for employees (Section 127), used by many private-sector employers, might be a candidate for an expansion.

Questions for Boards

- Is your institution carefully monitoring the evolving landscape of potential tax reform on an ongoing basis, and is that information brought to the attention of board members in a timely fashion?
- Has your institution fully analyzed how it might be affected by potential changes in federal tax policy, including changes in rules concerning charitable giving?
- Has your institution articulated a suitable response to pressure from federal policymakers to be more aggressive in spending funds from your endowment?

Campus Climate

Issue at a Glance

Social issues will almost certainly continue to be the focus of potential conflict on campuses. Expect such debates to attract the attention of lawmakers.

- *We may see more concern among policymakers about the supposed liberal bias of many faculty members and students, as well as concern about keeping campuses open to expression of free speech by all parties.*
- *Expect some lawmakers to be vocal critics of institutional policies and practices—including student action not necessarily under the control of administrators—around a wide range of social issues, from guns on campus to use of bathrooms by transgender students.*
- *Expect social issues on campus to be the focus of more proposed legislation and action at the state level.*

In an era when student demands, hunger strikes, sit-ins, demonstrations, controversy about identity politics, debates about trigger warnings and safe spaces, and other potentially controversial campus activities are more commonplace than at any time since the 1960s, higher education is witnessing a new era of debate around issues of campus culture such as free speech, inclusion, censorship, and academic freedom. Responses to some of these issues may manifest themselves in policy decisions in the days ahead.

Congressional Skepticism

A representative in Congress might scoff at the focus or findings in a faculty member's research. Student demonstrations around free speech—perhaps even a flag burning—might spark public ire. A faculty member may irritate a policymaker with an ill-advised or not well-thought-out opinion on social media. Important stakeholders may take umbrage at an institution that declares its campus a sanctuary for undocumented students. Legislators may move to cut funding for a campus research center they don't like, or pass laws governing who can use a campus bathroom, or approve the carrying of guns on campus.

These issues are exacerbated by the perception among some politicians that a liberal bias exists among faculty members and institutions. These concerns came to the fore again when some college and university presidents spoke out after the presidential election, lamenting the results. In some cases, it was not clear whether the president was speaking for him or herself or for the institution, which in turn raised questions among board members.

There is much speculation that the Trump administration may move toward a narrower interpretation of the gender-equity provisions in Title IX than the Obama White House, which was criticized for defining verbal sexual harassment so broadly that it impinged free speech and due process. A closer look at a related issue provides perspective on how policy can be affected. Recently, several colleges and universities have wrestled with whether fraternities and sororities must accept transgender students. A joint “Dear Colleague” letter from the Civil Rights Division of the Department of Justice and the Department of Education’s Office for Civil Rights issued in May 2016 confirmed that Title IX does not apply to the membership practices of social fraternities and sororities. In reviewing the letter recently, attorney AiVi Nguyen interpreted it this way: A fraternity “can discriminate against a transgender male the same way it does against females” in its membership. But the letter also says “nothing in Title IX prohibits a fraternity from admitting transgender men or a sorority from admitting transgender women if it so chooses”—a change that some fraternities and sororities are adopting. How the administration and the new Congress will address such issues is yet to be seen, but further discussions of this topic in a policy context are likely.

Developments in the States

This is not yet a groundswell, but there has been a decided uptick in the willingness of state legislators to consider leveraging appropriations or approving other legislation for higher education that aligns with their personal beliefs. Whether the focus is guns on campus, sanctuary campuses, controversial course material, student unrest—or any number of other potential flashpoints—campus-culture issues have been coming to the fore with more regularity. A related issue concerns state policies regarding undocumented students—a recent subject of considerable controversy that is likely to remain a topic of discussion and potential legislation. Given the polarization of politics in the United States, it seems likely that such issues will continue to be the focus of attention by legislators in the days ahead.

Indeed, we have seen many of these scenarios come to life in recent years. In 2015, the Wisconsin legislature voted to remove the principles of faculty tenure from state law. In 2017, lawmakers in Iowa and Missouri also introduced legislation that targeted tenure. In 2016, two Wisconsin lawmakers criticized a course, “The Problem of Whiteness,” at the state’s flagship university, encouraging their colleagues to weigh that course in future budget deliberations. In 2014, lawmakers in South Carolina pointedly appropriated funding for a course on the U.S. Constitution specifically as a punitive action in light of their displeasure about a university course that addressed sexual orientation. Late in 2016, Ohio joined eight other states that allow the carrying of concealed weapons on public university campuses. State legislators proposed upwards of 250 anti-LGBT bills in 2016, although more than two-thirds of the 753 bills introduced in total would have improved protections for

the LGBT community, according to a Human Rights Campaign report published in December 2016. Another issue has arisen in statehouses in North Carolina, and more recently in Texas and Virginia, concerning bathroom access for transgender persons, a topic that may continue to require attention from some institutions of higher education.

To provide guidance on how institutions, their governing boards, and their leaders might best respond to the cultural and political tensions roiling the nation's campuses, in 2016 AGB released the "AGB Board of Directors' Statement on Governing Board Accountability for Campus Climate, Inclusion, and Civility." This timely statement provides recommendations for leaders and essential questions to consider to continue the discussion in boardrooms. Anchored in higher education's foundational principles of diversity, inclusion, and freedom of expression, the statement speaks to seven primary responsibilities of chief executives, governing boards, and institutional leadership, including the need for boards to demonstrate trust and confidence in the institution's leaders and the expectation that university presidents demonstrate transparency with boards in working through campus-climate issues.

Questions for Boards

- How have social issues at your institution intersected with policy issues, and has your board fully discussed the implications of such interplay?
- Concerning opinions about social issues and positions on political debates, who speaks for your institution? Have the respective roles of the president and board been clarified?
- Has your institution read and perhaps adopted some of the principles of the "AGB Board of Directors' Statement on Governing Board Accountability for Campus Climate, Inclusion, and Civility"?

About AGB's Mission

In today's environment, knowledgeable, committed, and engaged boards are central to the success of colleges and universities. AGB helps board members and college and university leaders address governance and leadership challenges by providing vital information, fostering effective collaboration, building board capacity, and serving as a trusted advisor. Our programs, publications, meetings, and services offer a range of ways to improve board governance and institutional leadership.

Who Are AGB's Members?

AGB counts the boards of more than 1,300 colleges, universities, and institutionally related foundations among its members. Institutions join AGB to provide resources for exceptional governance to board members and senior staff. The 40,000 individual board members and institutional leaders AGB serves come from colleges and universities of all types (independent and public, four-year and two-year, general and specialized), as well as foundations affiliated with public universities.

How Can You Engage?

AGB membership extends to every individual member of the board and selected members of the institution's administration. By virtue of their institution's membership in AGB, individuals receive access to all of AGB's services, knowledge, and real-time solutions to pressing governance and leadership issues.

AGB members become more engaged in their roles; they gain access to vital information, benefit from the expertise of skilled staff and consultants, and are better able to support their institution's application of key principles and practices of higher education governance. Explore the benefits of AGB membership and further support your institution's mission by visiting agb.org.

