

## Governing Boards of Universities

by Heather Williams  
Policy Analyst, Center for  
Higher Education

### Key Points

- Governing boards of regents and university trustees play an active role in ensuring the financial and academic health of public institutions of higher education.
- Texas has led the nation in policies increasing university transparency and accountability.

### Introduction

In 2008 the Texas Public Policy Foundation and Governor Rick Perry hosted a Higher Education Summit, which was attended by regents from many of the state's institutions of public education. The summit was designed to address many of the challenges facing higher education today, such as escalating costs and questions about higher education quality, along with the role of regents in addressing the issues universities faced.

Since the Higher Education Summit, Texas has taken a prominent role in higher education reform and has led the conversations taking place around the country and within institutions of higher education. A major part of those conversations have been focused on the high cost of higher education. Costs in higher education have increased faster than the rate of inflation and health care costs. According to the National Center for Public Policy and Higher Education costs have risen about 439 percent over the last 20 years while median family income rose 147 percent.<sup>1</sup> Because of the increase, many students have taken loans for tuition and, in turn, graduate with thousands of dollars in student loan debt. In fact, nationally, student loan debt has surpassed credit card debt.<sup>2</sup>

Additionally, students are taking longer to matriculate. Currently, the national six-year graduation rate is only 57 percent. According to *Forbes Magazine*, a record 1 in 10 students who graduated from four-year colleges and universities owed \$40,000 more in loans and more than two thirds (67%) of students earning degrees at four year colleges and universities owed an average of \$23,000.

Higher Education quality is also an area of concern. Business leaders frequently complain that students are unable to meet the needs of the workforce. As Naomi Riley, author of *The Faculty Lounges and Other Reasons You Won't Get the College Education You Paid For*, comments in an editorial from the *Washington Post*, "There are gaping holes in higher education. Executives at U.S. companies routinely complain about lack of reading, writing and math skills in the recent graduates they hire." She goes on to note that perhaps, business leaders will "tire of using higher education as a credentialing system. Maybe it will be easier to recruit if they don't have to be concerned about the overwhelming student debt of their new employees."<sup>3</sup> Another voice from within the academy, Derek Bok, former President of Harvard, has written extensively about students making fewer gains in important areas such as writing, critical thinking, and quantitative skills while at college.

Examining how to change this trend, how best to deliver a high quality postsecondary education, and see that students graduate with the necessary skills for a global economy is crucial for both the state and national economies.

These are just some of the issues facing higher education. An immediate question that comes to mind is who is best positioned to address the challenges of universities to ensure the academic and financial health of an institution? Who is best to address the challenges in tight budget climates and better improve upon the quality of education that students receive?

900 Congress Avenue  
Suite 400  
Austin, TX 78701  
(512) 472-2700 Phone  
(512) 472-2728 Fax  
[www.TexasPolicy.com](http://www.TexasPolicy.com)

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For public universities and colleges, state legislatures appropriate funds. However, it is the board of regents—in Texas appointed by the Governor—who have governance over administration of the institutions. The focus of this paper will be on the boards of regents of Texas' universities. It will assess the responsibilities of the regents, their role in the governance of the universities, and what part they can play in improving the state of higher education in Texas.

### The Role of Regents

Two organizations provide information, research, and recommendations geared toward helping newly appointed and current regents and university trustees to effectively fulfill their duty, the American Council for Trustees and Alumni (ACTA)\* and the Association of Governing Boards of Universities and Colleges (AGB).†

In *The Basics of Responsible Trusteeship*, ACTA states:

“As a trustee, you have the legal and fiduciary obligation to ensure the academic and financial health of your institution—while serving the best interests of the state. ... Your job (as a trustee or regent) is not simply to raise funds and support the administration; your job is not to represent a single constituency or a single point of view. Your job is to be an independent arbiter of the overall welfare of your institution, to examine each issue of concern, and to develop your own conclusions.”

AGB continues the theme of regent involvement in their publication *How Boards Oversee Education Quality*:

“for colleges and universities to fully respond to the demands of the public and needs of students, they must continue to address the question of what difference a college education makes, and boards must be partners in this. Boards must be part of the conversation of student learning but cannot do this alone. Institutional administrators should encourage their involvement and provide appropriate orientation and education ... They must hold the administration accountable for following up to address identified needs. While respecting the responsibility of faculty and academic administrators, boards can and should be the lever that institutions need to improve their assessment of student learning and to act on findings in a way that improves educational quality and delivers on the promise of higher education.”

Both organizations are similar in their call for regents to hold administration of universities accountable for the needs of the university and to deliver on the mission of the institutions. Where they differ is on the question of whether to act as independent agents or whether to partner with the university

\* American Council of Trustees and Alumni (ACTA) is an independent, non-profit organization committed to academic freedom, excellence, and accountability at America's colleges and universities. Launched in 1995, we are the only organization that works with alumni, donors, trustees, and education leaders across the United States to support liberal arts education, uphold high academic standards, safeguard the free exchange of ideas on campus, and ensure that the next generation receives a philosophically rich, high-quality college education at an affordable price.

† The Association of Governing Boards of Universities and Colleges (AGB) is the only national association that serves the interests and needs of academic governing boards, boards institutionally related foundations, and campus CEOs and other senior-level campus administrators on issues related to higher education governance and leadership. Its mission is to strengthen and protect this country's unique form of institutional governance through research, services, and advocacy. AGB is committed to citizen trusteeship of American higher education.

administration and faculty to accomplish the mission of the institutions they represent.

As a governing board it is important for regents to have access to information to inform their recommendations for the school. This might include data on system, school, and department budgets, faculty salaries, research grants, teaching load, and how many students are attending the classes. This information will help regents complete their fiduciary and legal duties as appointed trustees by assessing and analyzing institutional efficiency. From there, they may develop recommendations to improve academic quality and reduce costs. Ultimately, it is the oversight from the regents that allows public institutions of higher education to adapt and improve ensuring a quality education for the students who attend the universities.

## Examples of Changes from within Texas Public Universities

Three universities in Texas have gotten the most public attention for instituting reforms driven by the Boards of Regents at the universities. Those institutions are the University of Texas System, the Texas A&M University System, and the Texas State University System.

### *The University of Texas System*

The University of Texas Board of Regents Rules and Regulations states:

“Authority of the Board. The Legislature, which is given the duty and authority to provide for the maintenance, support, and direction of The University of Texas by Article VII, Section 10 of the Texas Constitution, has delegated the power and authority to administer The University of Texas System to the Board of Regents. Texas cases construing these statutes have held that the Board has wide discretion in exercising its power and authority and that the rules adopted by the Board have the same force as statutes.”

The comprehensive mission statement of the university goes into more detail about the vision and fundamentals of the university, but the statement that follows summarizes the basic mission of the school:

“The mission of the University of Texas System is to provide high-quality educational opportunities for the enhancement of the human resources of Texas, the nation, and the world through intellectual and personal growth.”

The Board’s rules make it clear that the regents have the primary responsibility for implementing this vision.

To this end, the University of Texas Board of Regents requested data to assess faculty productivity. The information was released by the university in early May 2011, and released updated data again at the end of June 2011.

Independent analysis of the data, from the Center for College Affordability and Productivity, suggested there were efficiencies that could be improved at the system’s Austin campus. And in improving efficiencies certain cost savings would occur. The data showed that there was a group of very productive faculty, who taught an adequate number of students, and who were successful in bringing in grants for research that they conducted. “20 percent of UT Austin faculty is teaching 57 percent of student credit hours. They also generate 10 percent of the campus’ research funding. . . . Conversely, the least productive 20 percent of faculty teach only 2 percent of all student credit hours and generate a disproportionately smaller percentage of external research funding than do other faculty segments.” Additionally, the data showed non-tenured track faculty teach a majority of undergraduate enrollments and 31 percent of graduate enrollments, and the most active researchers teach nearly the average of all faculty.

The University of Texas at Austin has a four-year graduation rate of just 53 percent. Students complain they often are unable to get into classes needed to fulfill course requirements which, in turn, extends the time they spend in school—and increases the cost of their education. If more professors are in the classroom more classes should, therefore, be available to students. The counter argument from the faculty and university is that by requiring more classroom time, the university would face the threat of losing its Tier One status of a research university. The CCAP analysis found that increasing teaching loads of the faculty less active than the most active researchers would trivially impact outside research support.<sup>5</sup> The study was an important one as it provided information that suggested that the university could move toward making college more affordable

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by modestly increasing faculty emphasis on teaching.<sup>6</sup> With access to these kinds of data, the University of Texas Board of Regents was able to make recommendations for policy changes within the system campuses to focus on student learning and student outcomes—with emphasis on student outcomes and increasing the four-year graduation rate.

In February 2011, the University of Texas Board of Regents appointed two task forces that focused on researching online and blended learning on university campuses, and efficiency and excellence at the system schools. After months of research from the task forces, the board members presented their findings to the Chancellor and in turn the Chancellor outlined a plan based on recommendations from the board.

In August of 2011, the University of Texas Board of Regents was presented with a plan from the system Chancellor outlining a list of recommendations, addressing some of the issues that ail the university, and could have a transformative effect on the University of Texas. The recommendations before the board did not include a plan to improve upon faculty productivity or requiring increased classroom time, but did include improvements in academic advising, a focus of increasing four-year graduation rates, and an expansion of online and blended learning that should help to reduce some costs, assist students in completing their degrees, and increasing accessibility to the University of Texas to those who wish to attend. Recommendations that focused on efficiency and utilization of the institution's resources demonstrated respect for both students and taxpayers, helping to reduce the cost of higher education to both.

The plan is a first step, and will require the implementation by the system campuses. It will be important for the regents to follow up on the reforms with the goal of improving student learning and helping students succeed after graduation with gainful employment. If the action plan put before the board is carried through and successful, it may prove to be a plan other universities look to as an example.

The fact that questions were asked by Board members and were answered by the University of Texas system was very helpful in addressing many of the issues mentioned above: affordability, accessibility, and accountability of the university. Although not all the issues were addressed, implemented, or by any means solved, at this point, the adoption of a plan that allows for university accountability and transparency is a step to improving major issues at the university. It could prove to be a tipping point for other universities and states to look to Texas. Once transparency of public universities is achieved and information is made available to the public, it will be difficult to go back as the public will have an expectation of what information will be available to assess the condition of universities.

### *Texas A&M University System*

The mission of Texas A&M system seeks to provide a high quality undergraduate and graduate programs and is:

“dedicated to the discovery, development, communication, and application of knowledge in a wide range of academic and professional fields. Its mission of providing the highest quality undergraduate and graduate programs is inseparable from its mission of developing new understandings through research and creativity. It prepares students to assume roles in leadership, responsibility, and service to society. Texas A&M assumes as its historic trust the maintenance of freedom of inquiry and an intellectual environment nurturing the human mind and spirit. It welcomes and seeks to serve persons of all racial, ethnic, and geographic groups, women and men alike, as it addresses the needs of an increasingly diverse population and a global economy. In the 21st century, Texas A&M University seeks to assume a place of preeminence among public universities while respecting its history and traditions.”

The A&M System Board of Regents responsibilities are to:

- Oversee the administration and set policy direction for the System's 11 universities, seven state agencies, and health science center.
- Ensure a quality undergraduate and graduate education experience for all students.
- Promote academic research and technology to benefit the state of Texas and the nation.
- Disseminate programs of the A&M System across the state through outreach and public service efforts.
- Support the state legislative and higher education leadership to position Texas at the forefront of higher education nationally.

Texas A&M was the first Texas university to enact some of the recommendations from the May 2008 education summit. The Texas A&M system instituted an award for teaching excellence to “measure teaching efficiency and effectiveness and publicly recognize extraordinary teachers.”<sup>7</sup> However, the program was not popular with the faculty at Texas A&M, and has since been discontinued.

In September 2010, Texas A&M released a 265 page spreadsheet that weighed annual salaries against students taught and tuition generated.<sup>8</sup> As *The Wall Street Journal* reported, the release of the data caused an immediate uproar from the faculty who complained that the data was incomplete, error filled and as a result misleading, simplistic and crass. “But the move (at A&M) comes amid a national drive, backed by some on both the left and the right, to assess more rigorously what, exactly, public universities are doing with their students—and their tax dollars.”<sup>9</sup>

The American Association of University Professors criticized the release of the Texas A&M data in being “more specific and oriented towards the balancing of revenues and costs that seem very specific and potentially very dangerous. . . . It tends to reduce the whole process of education to how many people you can cram into a classroom and how much tuition you can charge them, or how much research funding can you bring in

from the outside regardless of whether or not it fits into the mission of the institution.”<sup>10</sup>

*The Wall Street Journal* article, “Putting a Price on Professors,” which reported on the Texas A&M data, noted that increasingly, legislators and governors across the nation are requesting data proving that money is being well spent in higher education. “States spend about 11 percent of their general fund budgets subsidizing higher education. That totaled more than \$78 billion in fiscal year 2008 according to the National Association of State Budget Officers.”<sup>11</sup> These demands are based on diminishing educational statistics. As previously noted, just over half of the incoming freshmen will graduate within six years and according to the U.S. Department of Education “just 31 percent (of incoming freshman) could pass the most recent national prose literacy test, which is down 40 percent from a decade earlier.”<sup>12</sup>

Although the considerations of the faculty are important to reflect upon when making policy recommendations and requiring implementation of policy in universities, it is necessary to recognize that Regents are responsible for helping to uphold the mission of the institution and to fulfill their roles in oversight of the university. Otherwise, institutions run the risk of stagnating, and focusing on the needs of the faculty above that of the education for the students.

### *Texas State University System*

Texas State University System's mission statement is as follows:

The Texas State University System's mission is to “provide a high quality education that is affordable and accessible in order to enrich the lives of all potential students and enable them to become productive and contributing members of society.”

The Texas State University System does not list the specific roles and responsibilities but it is governed by a nine member Board of Regents appointed by the governor. In addition, a non-voting student regent is appointed annually to the board. Although the system does not have a list of explicit roles and responsibilities, the members meet on a quarterly basis, and since the beginning of 2011, have had three Special Called Meetings.

An additional example of higher education reforms in Texas comes from the Texas State University System. Their chancellor laid out his plan for reforms from the university, including “increasing graduation rates, requiring merit evaluation systems for faculty and staff, increasing collaboration across the system, and commercializing technologies developed by the system.”<sup>13</sup>

Changes at the Texas State University System have been conducted out of the glare of the spotlight, while the changes at the state’s two flagship universities have been debated in the Legislature, in the media, and elsewhere. The Texas State Chancellor, Brian McCall, made an interesting observation to the *Texas Tribune*, “We’ve stayed out of the line of fire because we are doing our mission. We’re teaching at 25 percent higher rate than other systems. [Yet Texas State] professors are paid at the 75th percentile of their peers, as are a lot of our administrators and system office staff.” Texas State has seen an increase in degrees awarded—an 81 percent increase in the last 10 years—and the average appropriation is the lowest in the state.<sup>14</sup>

The Texas State University System has been another example where reforms have been made because of strong leadership within the universities. Recommendations for policy changes have not been handed down legislatively, but have come from the governing body of the institution, who seek to fulfill the mission of the Texas State University System.

As was the case with A&M and the University of Texas, it was the faculty that voiced opposition to the reforms as being beyond the scope of the regents. Yet is it “micromanagement” to ensure that the university’s mission of educating students is fulfilled?

Oversight and transparency provide incentives for producing a quality education at a cost that ensures that the money provided to the university in the form of taxes, endowments, and tuition is being efficiently used. An engaged board is a responsible board. ★

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## Endnotes

<sup>1</sup> Tamar Lewin, “College May Become Unaffordable for Most in U.S.,” *New York Times* (3 Dec. 2008).

<sup>2</sup> Howard Dvorkin, “Student Loan Debt Surpasses Credit Card Debt – What to Do?” *Fox Business* (21 Sept. 2010).

<sup>3</sup> Naomi Schaefer Riley “What is a college education really worth?” *Washington Post* (3 June 2011).

<sup>4</sup> Richard Vedder, Christopher Matgouranis, and Jonathan Robe, *Faculty Productivity and Costs at the University of Texas Austin Center for College Affordability and Productivity* (May 2011).

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> Texas Public Policy Foundation Higher Education Summit (21 May 2008).

<sup>8</sup> Stephanie Simon and Stephanie Banchemo, “Putting a Price on Professors: A Battle in Texas over whether academic value can be measured in dollars and cents,” *The Wall Street Journal* (22 Oct. 2010).

<sup>9</sup> *Ibid.*

<sup>10</sup> Katherine Mangan, “Texas A&M’s Bottom Line Ratings of Professors Find That Most Are Cost-Effective,” *Chronicle of Higher Education* (15 Sept. 2010).

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> Reeve Hamilton, “Texas State’s Uphill Battle for Attention,” *The Texas Tribune* (30 Aug. 2011).

<sup>14</sup> *Ibid.*



### **About the Author**

**Heather Williams** is the higher education policy analyst at the Texas Public Policy Foundation. She joined the Foundation's Center for Higher Education Policy in January of 2011.

Heather's tenure in public affairs began as an intern with C-SPAN in Washington, D.C. After her time in Washington, she worked for several political campaigns.

She recently moved to Texas from California where she completed her Master's work in Public Policy, researching issues in K-12 and higher education.

### **About the Texas Public Policy Foundation**

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute.

The Foundation's mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach.

Funded by thousands of individuals, foundations, and corporations, the Foundation does not accept government funds or contributions to influence the outcomes of its research.

The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

