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### Title

Restructuring Public Higher Education Governance to Succeed in a Highly Competitive Environment

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## Restructuring Public Higher Education Governance to Succeed in a Highly Competitive Environment

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### ABSTRACT

Given diminished governmental support, competition from private counterparts, and public demands for access to services, public universities need to respond in an effective manner to take advantage of opportunities and meet the challenges of today's highly competitive environment. A critical factor in meeting these challenges is the manner in which these institutions are governed. Today's governance structures must enhance institutions' ability to generate resources from multiple sources - tuition and fees, gifts from donors, governmental support, and partnerships with the private sector. To achieve this, authority must be vested at a level where institutions can respond to challenges and opportunities in a timely and nimble fashion. The history of governance of public higher education is characterized by a wide range of models--a single governing board responsible for a single institution, a board overseeing a university with branch campuses, university systems with a single governing board for multiple universities. Changes in governance have occurred in response to difficult economic times, like the Great Depression, or the need to meet increased student demand including the surge in enrollment in the 1960s. The challenges facing today's public universities involve not only finances but also the need to use technology to respond to student demand for instructional services and to partner with both government and the private sector. This paper proposes a governance structure for public higher education systems that reinforces the strengths of traditional models while creating opportunities to streamline governance responsibilities in order to strengthen decision making

**Keywords:** Higher Education Systems, Public Universities, Higher Education Finance, University Governance, and Higher Education Restructuring

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In an environment of diminished governmental support, leading public universities need to have the management capability to respond in an effective manner to increasing societal demands for its educational and research services. A critical factor in meeting these challenges is the manner in which these institutions are governed. The following discusses the historical evolution of various forms of public university governance that included the development of statewide governing boards, a number of case studies and recent reforms in states such as Virginia and Oregon and outlines a series of needed reforms. Large public flagship universities, in particular, need governance structures that have sufficient autonomy and flexibility to seek new or enhanced revenue sources and to efficiently manage their campuses. They need more freedom to determine enrollment and tuition policies than system-wide governance allows; some believe that individual governing boards, modeled on the boards of private colleges and universities, may provide more leverage for philanthropy.

### A. A Brief History of Governance in Public Higher Education

Early forms of governance at public higher education institutions in the United States mirrored the structure in place at private universities. The composition of public boards reflected the political structures of individual states and the need to reflect certain aspects of the institution's mission such as agriculture. This structure at private institutions emphasized highly independent institutional governing boards that operated with a substantial degree of autonomy. This structure was mirrored in states such as Michigan, Minnesota and California which granted their public universities constitutional autonomy.<sup>1</sup>

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Changes in the structures of public higher education governance began to emerge in the 1930's, primarily in response to the economic conditions associated with the Great Depression. Many state legislators believed that combining individual institutions into university systems could lead to greater efficiencies and reduced costs. By 1933, 12 states had developed consolidated single governing boards for all their public institutions of higher education; by 1941 some 16 states had a single governing board – sometimes called a “super-board.” Three states also established systemwide coordinating boards, which were viewed as providing the benefit of oversight of public higher education without the fiduciary and governance responsibilities of governing boards<sup>1</sup>.

The next major evolution in systemwide governance of public higher education institutions occurred in the 1960s. In response to growing enrollments at public colleges and universities and an increased demand for higher education, some states saw the advantage of expanding access by increasing the number of campuses. During this period some flagship universities opened branch campuses, particularly in urban areas where demand was the most intense. Minnesota, Illinois, Missouri, Kansas, Texas, and Massachusetts established branch campuses of their flagships in urban centers. Another significant development during this period was the 1960 California Master Plan, which reinforced the roles and responsibilities of the University of California, The California State University and community colleges. After the Master Plan, a number of new campuses at both the University of California and the California State University were established.

In the early 1970s, North Carolina and Wisconsin consolidated all of their public universities under a single governing board. Subsequently each campus in the North Carolina System obtained its own campus board, to which the system delegated certain responsibilities. Consolidation of discrete university systems also occurred in the 1980s with the combination in Maryland of the Board of Trustees of State Universities and Colleges with the University of Maryland campuses to create the University of Maryland System. The impetus for this change was the governor's desire to bring the 13 public colleges and universities under the governance of a single board, while limiting the power of the statewide coordinating board and eliminating single campus boards.

As a result of economic conditions in the 1990s and 2000s funding for public higher education began to decline. Universities that were considered state supported now became state related and in some cases merely state located. Many public universities began to propose a reduction in state control as a way of increasing their ability to compete for other sources of support. In Virginia, the University of Virginia, Virginia Tech, and the College of William and Mary led an effort to obtain greater autonomy in administering their own operations. The efforts led to the Higher Education Restructuring Act of 2006.

## **B. Alternative Approaches to the Governance of Public Higher Education**

As noted, the initial approach to governance in public higher education tended to mirror the structures in place at their private university counterparts. As a result of external economic changes and the need to provide increased access, several additional governance models emerged by the 1950s, with the most common forms of governance including:

- Universities with their own governing boards;
- Governing Boards for Universities with branch or multiple campuses;
- Public University Systems with multiple universities but a single consolidated governing board;
- State wide Governing and Coordinating Boards

At public Universities with their own governing boards, the board is responsible for all operational and fiduciary functions. For example, The Board of Visitors (BOV) is the governing authority of Virginia Tech, and is composed of 14 members, 13 appointed by the Governor of Virginia, and subject to confirmation by the state Senate. The fourteenth member is the president of Agriculture and Consumer Services, who serves ex-officio. The term of office for each member is four years. Some of the board's responsibilities include appointment of the president of the university; establishment of fees, tuition and other charges paid by students; and the review of university policies relating to student life.

Universities with multiple or branch campuses traditionally have a single governing board that is responsible for all campuses. The University of Washington original campus was located in Seattle. In the 1990s two additional campuses were established in Tacoma and Bothell, Washington. The Board of Regents of the University of Washington is today vested by state law with all the powers and authority to govern and set policy for the University of Washington. These include the power to determine the University's mission and strategic direction, oversee financial resources and other assets, select and evaluate the University President, and establish institutional policies and procedures.

A public university system traditionally has a single governing board that oversees the activities of all campuses within the system. The University of California is a ten-campus public system of higher education that is governed by a 26-member Board

of Regents, as established in Article IX, section 9 of the California State Constitution. The regents of the University of California have full powers of organization and government subject only to such legislative control as may be necessary to insure the security of its funds and compliance with the terms of the endowments of the university.

A coordinating board provides oversight of higher education within a given state but does not have governing authority over colleges and universities operating within the state. A number of these coordinating boards were created in the mid 1960s. The Texas Higher Education Coordinating Board, for example, was created in 1965. The Texas Higher Education Coordinating Board represents the highest authority in the state in matters of public higher education and is charged with the duty to take an active part in promoting education throughout the state by:

- Providing a statewide perspective to ensure the efficient and effective use of higher education resources and to eliminate unnecessary duplication;
- Developing and evaluating progress toward a long-range master plan for higher education and providing analysis and recommendations to link state spending;
- Collecting and making accessible data on higher education in the state and aggregating and analyzing that data to support policy recommendations;
- Making recommendations to improve the efficiency and effectiveness of transitions, including between high school and postsecondary education, between institutions of higher education for transfer purposes, and between postsecondary education and the workforce; and
- Administering programs and trustee funds for financial aid and other grants as necessary to achieve the state's long-range goals and as directed by the Legislature.<sup>2</sup>

According to a 2010 study by the Connecticut Legislative Program Review & Investigation Committee stated that

The basic strength of a governing board is that its statutory authority can be powerful, allowing it to effectively address directly any number of management and policy issues. The downside is that [it] can evolve into a bureaucratic organization, mired in hands on management and slow to respond to institution and public needs. A Coordinating board's major duty is to ensure higher education is responsive to statewide priorities, but lacking statutory authority it relies on the voluntary cooperation the higher education institutions. If consensus building is stalled, the coordinating board is ineffective.<sup>3</sup>

### **C. Four Examples of Governance Structures in Public Higher Education**

The following provides brief examples of a variety of public university governance structures. The governance structures in place have evolved over time. The state of Florida in particular has seen several changes in structures from a centralized Board of Regents to individual governing boards and then back again to a central Board of Governors. The most recent changes occurred in the state of Oregon that has transitioned from a university system to institutions with individual governing boards. Both North Carolina and New York have a combination of both system wide governing boards and local boards. These examples are indicative that there is no single model of governance. Rather changes in governance structures are predicated on both political priorities at the state level and the need for institutions to be responsive to changing economic conditions and the demand for their services

#### *North Carolina:*

The Board of Governors of the University of North Carolina (UNC) was created by legislative action of the 1971 General Assembly on July 1, 1972. Its broad purpose was to plan and develop a well-planned and coordinated higher education system, to improve the quality of higher education, to extend its benefits to all citizens and to encourage an economical use of state resources. It also governs 16 public senior institutions in the state. The Board of Governors is responsible for program approval; preparation of a single, unified budget request for all 16 public senior institutions; setting enrollment levels and other matters not delegated to institutional boards of trustees. It maintains close liaisons with the governing boards for the public schools and the community colleges. The chief executive officer of the university, the president, is elected by and serves at the pleasure of the Board. The Board does not serve as a cabinet department but gives advice and recommendations concerning higher education to the governor, the General Assembly, the advisory budget commission and the institutional boards of trustees.

The Board is composed of 32 members, 16 of whom are elected by the legislature every two years. All 32 members, serving four-year terms, are deemed members-at-large, charged with the responsibility of serving the best interests of the entire state. Special members of the Board include former governors, past board chairs and the president of the UNC Association of Student Governments. These ex-officio members, who serve by virtue of the office he or she holds/held, may not vote. At-large members may serve only three successive terms.

Under the statute creating the Board of Governors, a 13-member board of trustees was created for each of the 16 public senior institutions. The Board of Governors elects 8 members, the governor appoints 4 members and the student body president serves as an ex-officio voting member by virtue of the elected office he or she holds. Trustees serve 4-year terms and are responsible for promoting the sound development of the campus and advising the Board of Governors and the chancellor. The Board of Governors has delegated many responsibilities to the trustees. The trustees recommend names of chancellors to the president who recommends a candidate to the Board of Governors.

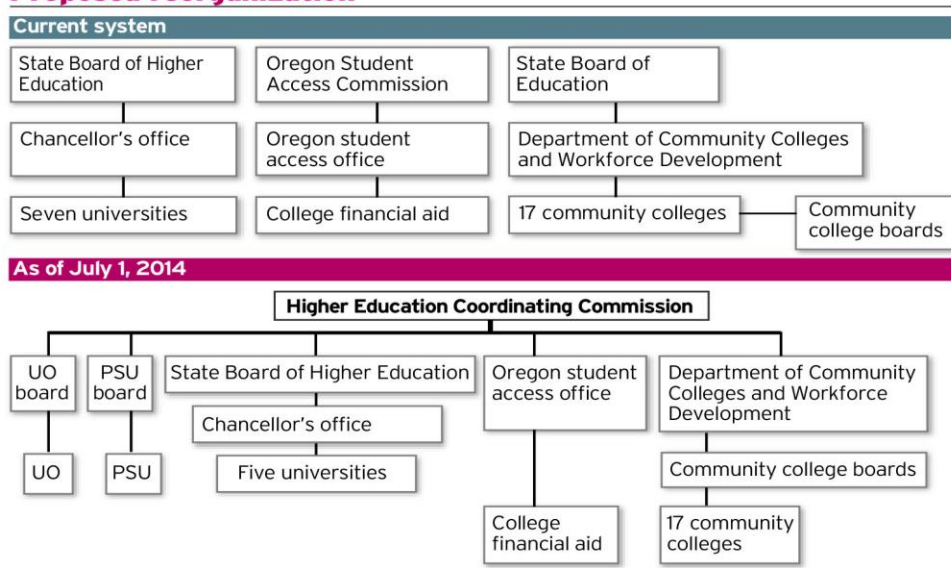
*Florida:*

Effective July 1, 2001, each of the 11 state universities had a governor-appointed 12-member board of trustees. In addition, the student body president served as a voting member of each board. In 2003, the Florida Board of Governors was created to centralize the administration of the State University System of Florida. Previously, Florida's State University System was governed by the Florida Board of Regents (1965–2001) and the Florida Board of Control (1905–1965). The State University System of Florida is now a system of twelve public universities in the state of Florida. It has a central governing board, The Board of Governors, and institutional boards on each of its twelve campuses.

*Oregon:*

There have been several waves of changes in higher governance structures in Oregon. The move to the current structure was partially driven by the fact that only 40 percent of Oregonians earn a college credential and Governor John Kitzhaber's commitment to see this figure double by 2025. The architects of the current restructuring initiative also believed that a single board could be a stronger proponent for the interests of students and that such a structure could result in lower costs.

**Proposed reorganization**



Source: Ben Cannon, Gov. John Kitzhaber's chief education adviser

DAN AGUAYO/THE OREGONIAN

In order to effect these changes legislation was proposed to create independent boards for each of the state's public universities. Boards were first established for the University of Oregon, Portland State University and Oregon State University. Boards for the other five universities are currently being established. The major changes in Oregon's new higher education governance structure are outlined above:

*The State University of New York (SUNY):*

Another example of a higher education governance structure that encompasses all components of public higher education is the State University of New York (SUNY). SUNY was established in 1948 when New York became the 48th state, of the then 48 states, to create a state university system. SUNY initially represented a consolidation of 29 unaffiliated institutions, including 11 teachers colleges. All of these colleges, with their unique histories and backgrounds, united for a common goal: to serve New York State. Since 1948, SUNY has grown to include 64 individual colleges and universities that were either formerly independent institutions or directly founded by the State University of New York.



All 64 campuses of SUNY function under the overall authority and responsibility of the SUNY Board of Trustees, subject to the general guidelines of the Board of Regents of the State of New York. The Board of Trustees is SUNY's governing body, consisting of 17 members, 15 of whom are appointed by the governor, by and with consent of the New York State Senate. In addition, the president of the Student Assembly serves as a voting member and the president of the University Faculty Senate serves on the board as a nonvoting member.

The SUNY Board of Trustees delegates administration of the university to the Chancellor and his/her staff, known as the system administration, which implements university-wide academic, fiscal, personnel and facilities policies. The SUNY system administration serves as liaison between the campuses and such state offices as the Division of the Budget, the Governor's Office of Employee Relations, the Department of Civil Service, and the Office of the State Comptroller.

Each campus president serves as the chief administrative officer with overall responsibility, authority and accountability for the campus. Each campus devises its own structures, programs and procedures within the general goals and policies of SUNY and within its specific mission. And each state-operated campus in the SUNY system also has its own College Council, which consists of 10 members, nine appointed by the governor and one elected by and from the students on the campus. The governor designates one member as chair. Council members appointed by the governor serve for a term of seven years. Councils also invite a representative of the faculty and a representative of the alumni to attend regular meetings of the council.

Some of the specific responsibilities of College Councils are as follows:

- Recommend to the state university trustee candidates for appointment by the state university trustees as head of such institution;
- Review all major plans of the head of such institution for its more effective operation and make such recommendations with respect thereto as it deems appropriate;
- Make regulations governing the care, custody and management of lands, grounds, buildings and equipment;
- Review the proposed budget requests for such institution prepared by the head thereof and recommend to the state university trustees a budget for such institution;
- Make an annual report to the state university trustees on or before September first of each year and report to them from time to time on any matter it believes requires their attention.

#### D. Strengths and Weaknesses of Public Higher Education Governance Structures

Over the years there has been a growing debate over the effectiveness of public higher education governance structures, particularly about the relative merits of campus governing boards, university system governing boards, and statewide coordinating boards. A 1952 report by the Council of State Governments asserted that state-level planning was necessary to counteract institutional boards' self-interested actions. This argument has gained strength in periods of economic stress such as

the Great Depression and more recently the Great Recession when there is an increased focus on reducing costs or in periods of increased student demand when such forms of governance are viewed as improving the effectiveness and efficiencies of campus operations.<sup>4</sup>

In a December 2010 report by the Legislative Program Review and Investigations Committee to the Connecticut General Assembly, strengths and weaknesses of governing boards were identified. The strengths included their ability to engage in statewide strategic planning and their ability to respond to state priorities. Weaknesses included their ability to respond to market forces.<sup>5</sup>

In “Modernizing Governance at the University of California” former UC Berkeley Chancellor Birgeneau and other campus leaders proposed that the UC Regents devolve certain responsibilities to campus governing boards. The premise was that campus boards would have responsibility for basic campus financial and operations functions while the Regents would retain authority for overall system-wide policy and fiduciary responsibilities. Such a hybrid governance model would preserve the constitutional autonomy of the Regents while empowering local action and innovation.

In a March 2014 article in *Inside Higher Education* Robert Berdahl, Steven Sample and Raquel M. Rall questioned the utility of university systems in advancing public higher education. The authors state that:

. . . it's not clear that good state systems any longer lead to good university governance. Indeed, it may be that university systems are inimical to the health of public flagship universities and to the states and regions they serve. As institutions have grown larger and more complex, it is more difficult for a single system board to oversee and govern them. And systems emerged to manage growth in the 20th century; the current agenda and public interests are quite different, rendering them less effective if not obsolete.<sup>6</sup>

While state support was increasing, the systems continued to thrive under the notion that a rising tide floats all boats. With declining state support, flagship campuses grew concerned that systems might not only lead to diminished quality of instructional programs but also impair their ability to compete for diminishing federal research support as well as private support to offset the loss of state dollars. According to Berdahl *et al*:

In contrast to system boards, institutional boards can be advocates for their universities, resembling more closely the functions of the boards of private universities. They are more familiar with the campus; they are in a position to more effectively evaluate the campus leadership as well as to understand the pressures and challenges under which it operates. As advocates of the university, they can be more involved in raising money from private sources.

One common measure of performance in the area of research is the National Science Foundation's (NSF) ranking of Institutions by their level of research expenditures. The following exhibit highlights governance structures at 10 major AAU research universities and their respective rankings:

## **F. Challenges Facing Public Higher Education**

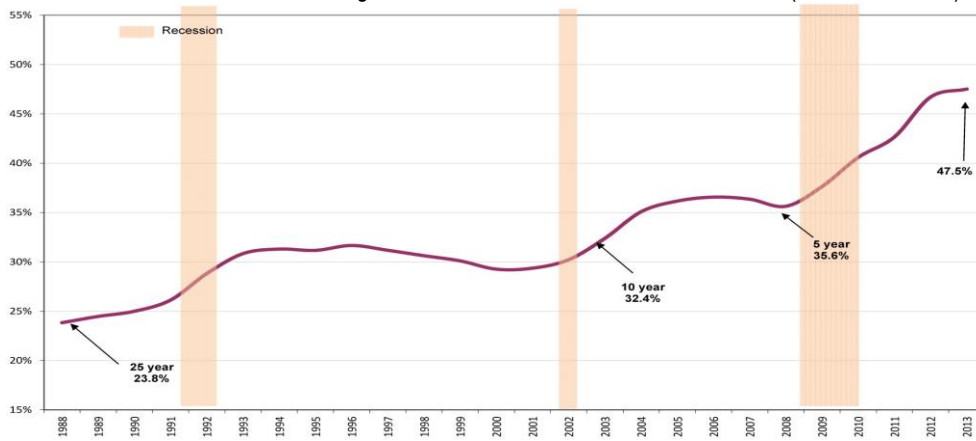
Public higher currently faces a number of major challenges. Among the most serious are:

1. Significant reductions in the level of state support;
2. Demand for increased access to programs and services;
3. Continued state control over administrative and financial operations;
4. Competition from private and for profit institutions

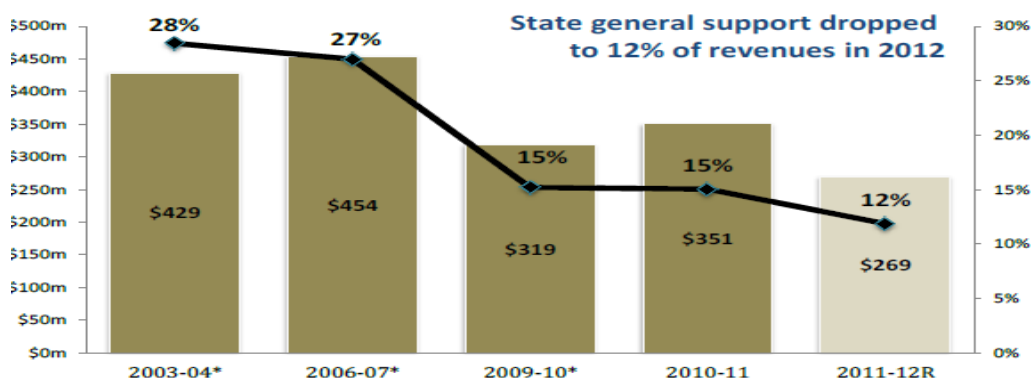
### *Reductions in State Support:*

During the last two decades public universities have seen a dramatic decline in state support and increases in tuition and other sources of support. The following graphs show trends in state support and increases in tuition and fees, nationally and at the University of California, Berkeley.

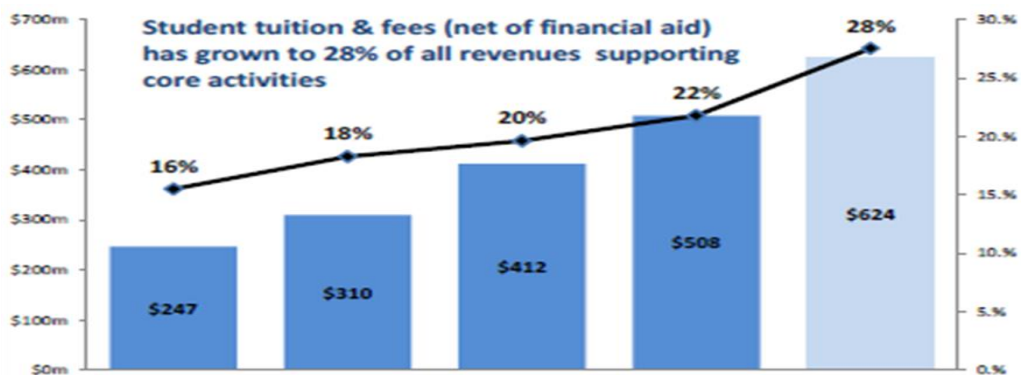
Net Tuition as a Percent of Public Higher Education Total Educational Revenues (Source: SHEEO)



State Support at University of California, Berkeley



Tuition and Fees at the University of California, Berkeley





Given declining state support, public research universities need to be more competitive in maximizing other sources of support such as philanthropy and grant and contract funding and in increasing revenue from other non-traditional sources such as public private partnerships. The chart below highlights annual private support generated by several of the nation's leading research universities in 2011. Private universities are in red and public universities are in blue.

- 1. Stanford University (\$709.42 million)
- 2. Harvard University (\$639.15 million)
- 3. Yale University (\$580.33 million)
- 4. Massachusetts Institute of Technology (\$534.34 million)
- 5. Columbia University (\$495.56 million)
- 6. Johns Hopkins University (\$485.41 million)
- 7. University of Pennsylvania (\$437.72 million)
- 8. University of California—Los Angeles (\$415.03 million)
- 9. University of California—San Francisco (\$409.45 million)
- 10. University of Southern California (\$402.41 million)
- 11. University of Texas at Austin (\$354.34 million)
- 12. Duke University (\$349.66 million)
- 13. New York University (\$337.85 million)
- 14. University of Washington (\$334.49 million)
- 15. University of Wisconsin—Madison (\$315.77 million)
- 16. Cornell University (\$315.53 million)
- 17. Indiana University (\$295.90 million)
- 18. University of California—Berkeley (\$283.35 million)
- 19. University of North Carolina at Chapel Hill (\$274.95 million)
- 20. University of Minnesota (\$272.57 million)

#### *Demand for Access to Academic Programs:*

At a time in which state support for public higher education was declining in California, the enrollment demand for the programs offered by public institutions was increasing. Unable to respond to this demand without reducing quality, public institutions faced increased competition from private and for-profit institutions who were more than willing to meet this enrollment demand. As a consequence the proportion of high school graduates progressing to UC or CSU fell from 22% to 18% in the five-year period from FY 2007-2012.<sup>7</sup>

Since decisions related to tuition increases were made at the university system rather than the campus level, the ability to calibrate tuition with student demand on a campus basis was not an option. While both UC and CSU sought to minimize the increases in resident undergraduate tuition to offset the reductions in state support, both systems increased the number of nonresident students, who were charged considerably more than resident students, as a way offsetting reductions in state support.

#### *Continued State Control Over Administrative and Financial Operations:*

Many public institutions have chafed under the fact that reduction in state funding brought no corresponding reduction in financial and administrative controls. In Virginia an effort was undertaken to provide campus with more control over these basic operations. Starting in 2004 The University of Virginia, Virginia Tech and the College of William and Mary led an effort to streamline administrative procedures and strengthen university governance structures. As a result they forged a new relationship with the state that was formally adopted in 2006 as the Higher Education Restructuring Act.

The Higher Education Restructuring Act resulted in major changes in the way colleges and universities conducted business in the Commonwealth of Virginia. A brief overview of these major changes is as follows<sup>8</sup>:

- Financial management: Provides a framework for the institution to develop its own financial management policies including setting, holding, and investing its tuition, fees, research funds, auxiliary enterprise funds, and all other public funds.
- Investments: Allows governing boards to adopt written investment guidelines for investing operating funds.
- Human resources: Allows governing boards to adopt a human resources system for its classified employees. The state's retirement system, health insurance, workers' compensation coverage program, and grievance procedures will continue to apply to classified staff and faculty members as these programs currently apply.
- Capital projects: Continues decentralization authority for non-general fund projects and extends current pilot project on general fund projects subject to the adoption of board-approved policies for the review, approval, and implementation of all

capital projects.

- Acquisitions: Extends current authority to all real and personal property with non-general funds without prior approval in accordance with policies adopted by governing boards.

*Competition from Private and For-Profit Higher Education Institutions:*

As noted, during the great recession of the 2000's, both private but more significantly for-profit higher education institution in California experienced enrollment increases, while public universities restricted resident enrollment growth, because of the impact of state budget reductions.

Private research universities also experienced growth in private support. As of 2012, Stanford University had raised a record breaking \$6.2 Billion in five years, and the University of Southern California had set a goal of raising \$6 Billion by 2018.<sup>9</sup> (Source Economist August 11, 2012). With 22,000 people on its payroll, USC in 2012 was the biggest private employer in Los Angeles.

The following table highlights changes between 2008 and 2013 in National Science Foundation rankings between a select number of public and private institutions on the basis of total research and development (R&D) expenditures. During this period some private major research universities made impressive gains both in total R&D expenditures and rankings, while comparable public universities experienced modest growth in total R&D expenditures and declining rankings.

Institution	2013 NSF Rank	R&D Expenditures (\$000)	2008 NSF Rank	R&D Expenditures (\$000)
Harvard University	7	1,012,798	31	505,832
Columbia University	13	889,188	24	548,704
UCLA	10	966,659	4	902,840
UC Berkeley	24	727,002	18	620,374
MIT	12	900,524	14	682,058

Source: National Science Foundation

### **G. A Proposal to Restructure Higher Education Governance at Public University Systems**

Given the challenges confronting today's public universities, the manner in which they operate and how they are governed needs to change. They need to be nimble enough to take advantage of key opportunities to enhance their academic programs and research portfolios. They cannot be burdened by state bureaucratic processes but must be able to implement best practices in administration and finance. Finally, they need to have the flexibility to enter into partnerships with private and public sector entities that maximize their ability to achieve their goals and objectives.

Based on Virginia's experience in passing the Higher Education Restructuring Act, campus governing boards should be granted the flexibility to manage their own finances and exercise control over their administrative operations. In Virginia the state was willing to grant this authority in exchange for a campus commitment to advance the state's higher education agenda including student access and economic development. In the case of university systems, the system governing board must change its focus from one of regulation and control to one focused on advancing the goals of the system by granting increased decision making authority to its campuses.

Clark Kerr, the first Chancellor of the University of California, Berkeley and the former president of the University of California System, indicated the following dichotomy between a university campus and its parent system:

It was my conviction, both as chancellor and president, that the campus was the basic loyalty unit; that 'university wide' was an essential superstructure in service to the campuses; that we needed 'one university' but one university with a pluralistic system of governance; that the campuses should control item-by-item decision making under general policy guidance unless there was a good reason to the contrary; that the chancellors should be the 'executive heads' of their campuses as the Board of Regents had decided in 1951.<sup>10</sup>

The argument for institutional boards for public institutions has been proposed in a number of forums, from a recent proposal by Gov. Scott Walker of Wisconsin to papers by Birgeneau and Berdahl. The needs for a change in governance structure proposed in this paper is also driven by the Virginia Higher Education Restructuring initiative which emphasized the ability of campus boards to have increased operational and financial authority in order to more effectively respond to challenges and opportunities. If we assume that decisions are best made at a level that is the closest to the where they impact operations and that in order to stay complete institutions must be able to meet challenges and take advantages of opportunities in a expeditious manner then the following structure for public university systems would support this assumption.

The system-wide board would continue to have responsibility for all system-wide policies and for mapping the strategic direction of the university system as a whole. It would also have responsibility for the system-wide budget and for interacting with the governor, the legislature, and the federal government.

Consistent with the role currently exercised by many system-wide boards the board would continue to focus on the major policy issues facing public higher education in its respective state and interact with other higher education segments in the state. Responsibility for certain operating matters, however, could be delegated to individual campus boards.

Major areas impacted by this change would be as follows:

- **Budgets:** The system-wide board would have overall responsibility for the approval and submission of a consolidated budget for all of its member institutions to the Governor. Campus boards would have the responsibility for developing both the non-state and state portions of campus budgets. The system-wide board would have responsibility for making sure that total campus budgets were balanced and realistic.
- **Tuition/Fee Setting:** Tuition and mandatory fees for resident undergraduates would be proposed by campus boards and then considered and set by system-wide board. Campus boards would have authority for all non-resident undergraduate and resident and non-resident graduate fees as well as differential course and program fees.
- **Facilities and Construction Projects:** The system-wide board would continue to have responsibility for reviewing and approving consolidated capital budgets for all of its campuses. Campus boards would have the responsibility for reviewing and approving individual capital projects included in the university's capital budget.
- **Fundraising and Development:** The system-wide board would be kept informed of individual campus fundraising plans and activities. It would be the responsibility of campus presidents, working with their campus boards, to develop appropriate plans and initiatives.
- **Real Estate Transactions:** The system-wide board would be kept informed of all plans to either acquire or dispose of real property. Individual campus boards would have the authority to initiate real estate transactions as long as they were consistent with university system and state policies and procedures.
- **Public/Private Partnerships:** The system-wide board would be kept informed of the plans of all campuses to enter into partnerships with all private and not for profit entities. Individual campus boards would have the authority to initiate public/private partnerships as long as they were consistent with university system and state policies and procedures.

The appointment of campus board members would reside with the governor and/or with the concurrence of the system-wide board. Nominations for prospective candidates for campus boards would come from the respective campuses with input from constituent groups such as students, faculty, staff and alumni. The chair of the campus boards together with the campus chancellor would provide regular reports to the system-wide board.

The proposed governance structure would therefore allow the system-wide board to focus on system-wide policies and initiatives while delegating to campus boards the oversight of campus operations.

### **Conclusion**

The need for changes in the governance of public university systems is not driven solely by any one model. Governance of public universities has evolved over time and has been driven by both national issues such as access and the state of the economy and local issues such as the need a state to advance certain political agendas such as reducing costs or increasing the number college graduates. In order to respond effectively to these challenges institutions must have the ability to operate in an efficient, effective and responsible manner. Changes in governance structures can facilitate this process by vesting financial and operational responsibilities at a level that allows an institution to respond effectively to both challenges and opportunities.

The model proposed in this paper combines the strengths associated with a university system with regard to statewide higher education policy with the increased operational flexibility by delegation of certain operational responsibilities to individual campuses.

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#### ENDNOTES

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