

# **GOVERNANCE IS TO ENSURE COLLEGES AND UNIVERSITIES SERVE THE PUBLIC INTEREST**

- Larry Isaak

## **OVERVIEW**

North Dakota governance of Higher Education, based on the Principles of Constitutional Autonomy, is defined as a "moderate-limited" level of control. Higher Education is:

- Subject to judicial review;
- Subject to legislative policy and appropriations power; and
- Empowered with a significant degree of independent control over many higher education functions.

North Dakota utilizes a consolidated governing board model similar to that employed by 22 other states.

- The state has one board overseeing all 11 institutions; and
- The board has broad authority over finances, personnel, property, and programs.

## MISSION

Constitution - Key concepts:

- Unified system;
- State Board of Higher Education has full authority over institutions; and
- State Board of Higher Education has the authority to organize or reorganize the work of each institution.

Major studies / Initiatives - Sample findings

- Policy makers are frustrated with no clear agenda and no clear spokesperson;
- The governor and the Legislature call for a focused policy agenda;
- The need for a cohesive system is paramount;
- North Dakota needs a "true state system;" and
- The system should feature diverse institutions working in concert to serve the public agenda.

### Issues:

1. The State Board of Higher Education should define the core values of the system and lead the efforts to support them.
  - Student centered - Access, retention, and completion.
  - Excellence - Board expectations and definition.
  - Efficient - Affordability and values.
2. Collaboration should be an operational imperative.
  - Program delivery.
  - Administrative functions.
  - Specific workforce development initiatives.
3. Mission creep leads to duplication.
  - Affordability and quality are negatively affected.
  - The board is responsible for reversing instances of duplication.

### Committee discussion and comments:

- *The missions and success of institutions should not be defined by the media.*
- *Should institutions focus on increasing enrollment rather than the success of students?*
- *Increase communication to improve collaboration.*
- *Commitment is needed from the SBHE and institution presidents to understand and follow the mission and policies of the NDUS.*
- *If the Board has the ultimate responsibility according to the Constitution, then they need to accept that role and define the activities of those employed by them.*

- *Student success needs to be the focus but that also includes the inclusion of students in important research done by our research universities.*
- *The current mission statement is too wordy, make it concise.*
- *The mission of the system must be student focused and promote efficiency.*
- *Most schools have a constitutional mission which must be adhered to but most have also expanded that mission in to areas of need or want. The Chancellor and Board must evaluate each instance of "mission creep" to insure that changes are needed and cost effective. Would collaboration with another institution be more appropriate?*
- *The research universities and two-year schools each seem to have specific missions based on their constitutional authority or regional need. Can the same be said for the other four schools?*
- *"Full Authority" of the institutions is too broad. The constitution provides for SBHE authority "within legislative policy and appropriations" but that creates a conflict and a problem with lots of gray area. "Full authority" can be interpreted to be authority to build buildings, change missions, open new campuses, close campuses not in the constitution, commit to contracts that could cause conflict with the legislature if we don't rubber stamp and appropriate the money, and all kinds of other problems. Is there a better way to define what the authority and mission or job of the board, the institutions, and the legislature are? A more clear delineation of the authority and duties of each is probably needed.*

## MONEY

### Legislative appropriations:

- Funding formula;
- Operational appropriations amount; and
- Capital improvements amount.

### Board:

- Tuition and required fees;
- Budget requests to Legislature;
- Capital Improvements priorities; and
- Constitutional authority - State Board of Higher Education has authority over the appropriations provided by the legislature, but cannot divert money specifically marked for a specific institution.

### Campus:

- Auxiliary operations;
- Contracts for services, including research; and
- Grants, including research.

### Issues:

1. Affordability is a key challenge that must be resolved.
2. Expenditures can meet audit standards; that does not mean they are essential.
  - How does the system ensure the best use of revenues?
3. Systemwide facility master planning is essential.
  - Deferred maintenance.
  - Emergence of online learning opportunities.
  - Low space utilization rates.
  - Decommissioning of facilities.

### Committee discussion and comments:

- *The Legislative Assembly and State Board of Higher Education may need to be more involved in campus building projects that are financed through institution foundations or private donations. More oversight and review may be needed for buildings constructed on state land for use by private entities.*
- *The Legislative Assembly needs to clearly define what buildings and facilities need to be decommissioned by an institution when a new building project or renovation is approved for an institution.*
- *Future building maintenance costs should be included in project costs.*

- *Funding from tuition increases should be considered when approving funding allocations through the higher education funding formula.*
- *Campus overhead and administrative costs should be monitored.*
- *The funding formula should provide more funding to institutions that have students that successfully completed remedial education credits.*
- *Additional funding may be needed for institutions that are on the edge of the oil patch but don't receive adequate energy impact funding.*
- *Does the SBHE fully support funding requests made to the Legislative Assembly?*
- *Does each school have a master plan? How many years into the future to the plans detail?*
- *Should there be a base amount of funding provided to each campus to assist in planning purposes?*
- *Should appropriations to institution continue to be made in a block grant format?*
- *The new funding formula needs to be given a chance to succeed before making changes to the components.*
- *What is the SBHE definition of "Affordable?"*
- *If the Bank of North Dakota holds many student loans, can the SBHE negotiate better loan interest rates?*
- *Tuition in North Dakota is very comparable to regional and national averages. The Legislative Assembly must realize that a large percentage increase in tuition may not equate into a large dollar amount increase.*
- *The Legislative Assembly should not micromanage student fees that are implemented as a result of a student vote or student demand.*
- *Increased use of virtual books and open educational resources can improve student affordability.*
- *The SBHE and Legislative Assembly need to be cognizant that campus student housing costs will vary by campus due to local housing markets.*
- *Additional reviews should be conducted of facilities that can be repurposed or demolished.*
- *All aspects of student financing (tuition, fees, grants, scholarships, etc.) need to be considered when discussing student affordability.*
- *Additional consideration should be given to public/private partnerships.*
- *There should be a continuation of the differentiation between the types of institutions. The two-year schools, the four year schools and the research universities have different costs related to staffing and infrastructure. The programs and the cost of those programs are integral parts of the actual costs. Conversely, the teaching load at each of the three divisions changes with the research institutions requiring less while the two year more. Loads range from 18-20 credits per semester to none for someone doing extensive research.*

- *As the methods of delivery change so do the building needs. Deferred maintenance of outdated facilities must be considered in light of whether to demolish and replace or whether it is needed at all.*
- *What is the Governor's/OMB's role in SBHE budget requests? Do they even have a role in this governance model? They play a huge role in getting between the board and the legislature in the process of setting the budget. Maybe that is needed when we only meet for 80 days every 2 years, but OMB seems to rework the whole request before we in the legislature even see the budget request.*
- *When it comes to legislative appropriations, we supposedly have control over the capital improvements which we've historically done, but the institutions seem to have figured out a way around both the legislature and the board by having outside entities do this for them (i.e. major donors and foundations, especially when done off campus off state property).*
- *When the legislature sets the funding formula (which is legislature's role), it should include tuition and fees. Is this a conflict in this governance model? When each institution "waives" tuition or set tuition for all at resident rates, or when they set fees, is the board even aware of what they are doing? Does the board get involved in this or is the institution or president dictating to the board after the fact? My guess is that most of the time the institutions have been doing this on their own.*
- *Have deferred maintenance dollars (or a small weight) bolted on to the funding formula. Example \$4/completed credit. That will allow campuses to make better decisions, plan for both immediate and near term projects.*
- *Review options to have the full student body vote on any fees that exceed 5 percent for a year of \$5 million in total spending for buildings etc.*
- *Why do we push remedial students toward two-year campuses when our own data has shown they have performed better at the four-year campuses?*
- *Fund formula as originally designed and outlined in the century code and not just say that increased performance (student credit hours earned) is their increase.*
- *Look at having more campuses adopt differential tuition which includes program fees and then when the proposed budget is made have a spread sheet with proposed increase (example a 3 + 3 the same as other state employees and show that if the state injects "x" amount of dollars they this is the ("y") tuition amount needed to get to the desired salary and related adjustments.*
- *Does anyone look at the on-line building project reports or is that just a waste of taxpayer dollars for mandated bureaucracy.*

## MANAGE

### Constitution:

- State Board of Higher Education has full authority to establish policies and procedures that guide the operations of the system and the individual institutions.

### Major studies/ Initiatives - Sample findings

- The State Board of Higher Education must elevate its role;
- The State Board of Higher Education must enhance its leadership position.
- A shared vision is needed.
- Planning is a vital function of the State Board of Higher Education.
- Policies that define the roles of personnel are critical for the operations of the system and each institution.
  - Presidents report to the Chancellor.
  - Board hires/fires presidents after Chancellor recommendation.
  - Presidents manage the institutions guided by board policies and Chancellor supervision.
  - Presidents' goals and evaluations process is led by the Chancellor in accordance with State Board of Higher Education policies.
- The State Board of Higher Education establishes expectations, sets specific goals, and holds the chancellor and the presidents responsible for meeting those standards (Tone at the top).

### Issues:

1. Role clarification is essential.
2. The board is responsible for coordinating programs delivered at the institutions including the course delivery mediums.
3. Information regarding constituency needs and satisfaction levels should be sought by the University System.

### Committee discussion and comments:

- *The Chancellor should be responsible for hiring and firing institution presidents.*
- *Should the results of the Higher Education Roundtable be revisited?*
- *What is the role of each entity?*
- *One size does not fit all institutions.*
- *Would improved master plans assist with overall management of the system?*
- *Policies that define the roles of personnel are important.*

- *If the Board has defined management policies and the Chancellor is to see that those policies are carried out on the individual campuses, the presidents will know their boundaries. However, the Board and Chancellor need to be allowed to do their jobs, the Legislature should not be micromanaging.*
- *Additional input regarding the system should be provided by private entities or an entity similar to the Higher Education Roundtable.*
- *Leadership from the SBHE Board, Chancellor and the Legislature can help to define the roles of each level and see that each of the entities does not move into areas that are not their defined responsibility. By design, the presidents have autonomy for their institution but still must continue to seek approval from the Board in major decisions.*
- *A shared vision is needed! I think this is critical but nearly impossible. The vision must be accepted by the legislature, the board, the chancellor, the presidents, the students, and the citizens of the state. This is something that is probably impossible with the wide range of ideas everyone has on the subject. The best we can do is get a general consensus if that is even possible. Even 2 of these stakeholders to agree on a vision is a stretch lately.*
- *As stated under the issues section, role clarification is essential. I feel this has been muddled by the lack of leadership over the years by the board and the over bearing personalities of some presidents over the years. Conflict and not cooperation has been the rule and the practice for far too long. In order to have a unified system we all need a clear definition of our roles and work together to develop a shared vision and then make it happen. We need to remember that the students are the reason we have institutions, and the winners are students and the citizens of the state when it works properly. We need to balance the needs of the employers, the students (potential employees and entrepreneurs), and the taxpayers. The legislature, board and institutions need to make it all happen as it is supposed to happen at a reasonable cost to the students and the taxpayers.*
- *In order to win back more trust the Board of Higher education should develop and follow a policy to monitor ethical violations of board members, inside and outside the organization.*
- *Chancellors and system office personnel in the past have forgot that the student member of the board is one of their bosses. Also some board members in the past have forgotten that the student member is an equal to each of the other voting board members.*
- *Board members need open meeting laws training every year.*
- *Appropriations bills that involve policy should always go to the policy committees.*

## MEASURE

State Board of Higher Education establishes system-wide measurement expectations.

- What is to be measured?
- Who will do the measuring?
- When will it occur?
- How will it be done?

Institution, Chancellor, and president goals and measures can be established in addition to the board's measurement expectations.

Measurement results should be useful for decision making as well as providing the basis for public information initiatives.

### Issues:

1. The State Board of Higher Education must determine the priorities for each institution in the University System.
2. The University System must utilize the excellent technology infrastructure already in place.

### Committee discussion and comments:

- *It is necessary to determine what is important to measure in terms of sound data, fiscal responsibility, and improvement on student success.*
- *If performance is measured, what happens when expectations are not met?*
- *The Board needs to set the priorities for the system. Accreditation is important and should be considered, but the North Dakota system priorities have to be specific to our students, faculty and staff.*
- *Additional clarity is needed regarding which priorities should be measured.*
- *Data related to degree completion must be better analyzed. Our system allows transfer from within state institutions and from other schools. Tracking of completion must be tied to the individual and not to the institution to have accurate data. Often, students, while exploring their future, change course and major leading to a lengthening of the college experience. Others work and have families, hence carrying a lighter load. Online courses also change how someone receives a degree. Using four years as the standard for a baccalaureate degree should not be used without better data collection.*
- *The SBHE should set an aspirational goal to have 70 percent of North Dakotans of working age have an associate's degree or higher by 2025 in order to meet workforce needs.*
- *Review having as the best indicator by campuses the number of degrees produced by campus per \$100,000 of tuition and fees as it is the best indicator of cost, completion, time*

*to completion, and a host of other areas that need to be met to do well by this measure. Can be reported by campus and by the three tiers.*

- *Review what is being done with the interim K-12 committee on reports and try and streamline reporting processes to get rid of mandated administrative redundancy and tax dollars wasted on duplication of reporting.*
- *Review what reports are actually being read or used in decision making and look to get rid of those not central to the decision making process.*
- *CFI Ratios (Composite Financial Indicators) the board needs to become more familiar with this tools used by national assessment organizations and when a campus is less than a 1 for more than two years they need to see how they can best address the issue(s).*
- *Tell the NDUS what the Legislature feels are the most important outcome measures so they can focus on those. Right now between what is required by the Legislature and what is required by the NDUS/board there are something like 60 items/areas. With that many, it is nearly impossible to have focused action that will result in the fastest progress.*

## MONITOR

The State Board of Higher Education develops policies and procedures that support system-wide monitoring for the purposes of compliance, early detection of potential problems, effective program performance, and general efficiency.

- Major policy initiatives;
- Fiscal practices; ex. Audits, financial ratios;
- Activities selected for measurement;
- Mission needs; ex. Teacher shortages, Bakken University;
- Student success; and
- Research activities.

### Issues:

1. The system office has designed new dashboards that should be valuable for efficient monitoring of some functions.
2. Monitoring mechanisms in addition to formal dashboards and reports should be developed.
3. Effective monitoring includes the willingness to confront instances of poor performance or noncompliance. The board should develop policies and procedures to address these issues.

### Committee discussion and comments:

- *The success of students who transfer from a two-year institution to another institution may need to be monitored more closely.*
- *Are the functions of the higher education reporting dashboard consistent with the measurement priorities and direction of the SBHE?*
- *Additional reporting may be needed on the success of students that transfer from a two-year to four-year institution.*
- *On low enrollment programs, offering them independently at multiple schools may not be the answer. Having one school take the lead while collaborating with other schools and using various forms of electronic media may provide the best option, eliminating multiple points of administration while still making the program available to ND students.*
- *The Chancellor's office will continue to closely monitor accreditation issues both negative and positive and encourage recommended adjustments as well as promotion of what we do well.*
- *Unless a student graduates or gets a degree or certificate in a certain amount of time, it counts against an institution (i.e. - if a student transfers after a year and a half, for example, the institution seems to be penalized). I think a transfer needs to be looked at as a success, especially when the student was making adequate progress. Tracking all students, even*

*those going out of state, is important to get the whole picture. I think we need to work on this. Tracking students is viewed by many people as a big red flag, but track them by number or something so we can get a good indicator of how the student and institution is doing while insuring their privacy.*