

# OP-ED

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### ***An Expanded Role for Regional Accrediting Bodies: Strengthening Campus Governance***

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#### **Introduction**

The closures of colleges in recent years and the heightened attention to the possibility of campus mergers should spark greater attention by college presidents and boards of trustees. They should pay attention to these “canaries” in the higher education “coal mine” and determine their own institutional state of vulnerability.

Unfortunately, many college leaders seem to think that they can fundraise their way to greater net revenue or cut their expenses sufficiently to balance their budgets. Neither approach is likely to be successful.

Yes, audit firms and banks holding campus debt have the opportunity to advise boards about the risks they face. However, regional accrediting bodies are actually in a better position to advise boards on best practices and measures of institutional vulnerability and vitality. It is true that these organizations usually receive critical data too late to notify a board about potential problems. Nevertheless, the accrediting organization can do more in these times to train both trustees and visiting team members in how to assess the data and help a campus fulfill the various standards that each regional accrediting organization has for governance.



#### **The Metrics and Measures**

An inventory of metrics and measures can be useful to trustees and campus leaders, including faculty leaders. It can provide a guide to the “canaries,” i.e., trends in the local, state or national environment that can indicate trouble ahead. Each indicator can be the subject of questions about assumptions, trends over time and comparisons to other institutions. The number and complexity of these indicators suggest why trustee orientation and training are fundamental to effective governance. While it is true that not everything of value can be measured, the fulfillment of some values must be assessed. The following is a sampling of important indicators by category.

First, the board is charged with protecting and advancing the state-approved Charter that specifies the institutional mission. The board fulfills this responsibility by obeying the duties of care, loyalty and obedience. There are numerous metrics and measures to monitor, but the most critical is this: the alignment of mission, goals, strategies, resource allocations, rewards and results, including a consideration of assumptions and alternative courses of action.

Second, the campus mission is fulfilled through academic programming and quality controls. An essential consideration is the relationship of faculty recruitment, promotion and tenure recommendations to mission and goals.

Third, enrollment is everyone's job if everyone is to have a job. The board needs to understand, and the accrediting organization can help boards analyze, the admissions "funnel." This shows admission statistics by academic unit and level, including inquiries from prospective students, applications, completed applications, offers of admission, yield and deposits and matriculants, with year-to-year comparisons (and peer comparisons when possible) on a regular schedule. Monitoring the distribution of financial aid and the tuition discount rate is also critical.

Fourth, the board, and especially the finance committee, should include members who are knowledgeable about finance, especially higher education financial issues. An audit committee should always be a separate committee. Some institutions also will have an investment committee. Topics to monitor must include at least the following: (1) financial ratios over time and in comparison to a reference group of institutions, including revenue diversity; (2) expense and financial ratios, separating out instruction, research and public service, academic support, student services, institutional administrative support and auxiliary operations; (3) debt ratios, including debt service burden and average age of plan in years; (4) liquidity ratios, especially in relation to operations and debt; and (5) FTE (full-time equivalent) student ratios as related to revenues and expenses by category as well as net tuition levels.

Fifth, the goal of a college or university is to educate students to the point of graduation and beyond. The fact of low graduation rates suggests that mission, goals and results are not aligned and that resources may not be deployed to maximum effect. To monitor student success, it is necessary to review data related to retention and graduation rates over time and by ethnic/national background as well as by average student debt and default rates.

Sixth, the board of trustees sets the direction and the administration executes the plans necessary to achieve goals. The audit committee should monitor the following measures, among others, including external audit results; risk management indicators such as financial, legal, reputational, regulatory and technological, etc.; IT staffing, equipment and cyber-security protocols; and Title IX as well as other legal issues.

Seventh, institutions must maintain and enhance relations with their various constituencies, including students and parents, state and federal agencies, elected officials, community and neighborhood groups, as well as all on campus, in order to achieve specific goals. Among the many metrics and measures to monitor, boards should include annual alumni giving, capital funds donated and restricted and unrestricted funds donated, all measured annually, over time, and against goals and peers, with follow-up questions about "why."

## Conclusion

Metrics and measures can be useful to trustees and campus leaders, including faculty leaders. The role of a board, as the late and esteemed scholar of higher education David Riesman said, is to preserve the university (or college) of the future from the actions of the present. This advice applies to all three parties to shared governance – the board, the faculty and the administration.

Board members must be educated for their role, presidents must be encouraged to serve as Chief Mission Officer as well as Chief Executive Officer and faculty involvement in governance must follow a commitment to the institutional mission above all interests. An inventory provides a set of tools for improving governance. The regional accrediting organization is in a perfect position to help train trustees in the importance and uses of these metrics and measures for assessing institutional vulnerability and vitality and meeting the standards for excellence in governance, leadership and administration.

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