



A Closer Look: State Governance Models

Summer 2006

Introduction:

Governor Sanford advocates for the reorganization of higher education governance, asking the General Assembly to replace the current regulatory coordinating board with a consolidated governing board. Those with a vested interest in higher education should be informed of the significant changes this could require for the institutions as well as for the State.

Each state has a mechanism through which its system of higher education receives state money, proposes programs, and reports to the legislature. These systems range along a continuum from decentralized planning agencies where institutions receive money directly from the state government, to coordinating boards that may have varying regulatory authority, to consolidated governing boards where a single board manages multiple institutions at both the two- and four-year levels. Researchers and institutional administrators have stated the continuum as one of institutional autonomy versus state authority, with some arguing that only through strong individual lay boards can institutions be insulated from political intrusion and inappropriate budgetary fluctuations.

This *Closer Look* report, presented by the Alliance, offers more detailed information on different governance models and how some states have fared under them. It is very important to note that few states have changed their management systems since they were first created, and modifications to systems are often not captured in official legislation but in the daily workings of the organization. This paper is meant as an overview of the different types of systems, the states that utilize them, and briefly how their institutions have fared in the state budget picture.

System Structures:

Governance systems of higher education gained substantial national attention in the mid 1950's as burgeoning enrollments and expanded degree offerings caused states to question not only the level of appropriations but institutional missions, and how to best oversee this newly expanding enterprise. By the end of the decade, almost all states had a set governance structure in place that has not changed since then. These structures fall within three categories: planning agencies; coordinating boards; and consolidated governing boards.

To those unfamiliar with the myriad duties that may (or may not) fall under state governing responsibilities, much of the work is completed without headlines or legislative mandates.

However, the question arises in discussions in South Carolina as to the role of the state's governance structure in managing the performance of individual institutions and in furthering higher education's contributions to economic development.

Higher education researchers agree that while no single structure is best under all circumstances, governance is important. Leadership cannot survive in an environment that inhibits institutional collaboration and statewide synergy.

The key issue in governance is not whether colleges and universities are accountable, nor is it whether they can in some mystical fashion be autonomous. Rather the issue is where the line should be drawn between the campus and the state; and, most especially, how can we separate out trivial interference with essential confrontation.¹

Even the best system structure cannot compensate for badly designed systems or a mismatched policy environment. Collaboration between the institutions and their legislatures is imperative for any state wishing to progress and utilize their public institutions as economic development engines.

Higher education research points to three primary system types, noting that each state modifies the general categories to suit its specific needs:

Planning Agencies – Only Michigan and Delaware have planning agencies. These agencies have no organizational authority beyond voluntary planning. Michigan is unique in that the institutions have constitutional status and their governance contained therein, which would require a full constitutional amendment to alter.

Coordinating Boards – This category, currently used in South Carolina, has the most variation within the three categories. This structure utilizes a single government agency for some or all of the nine basic functions of oversight (planning, policy leadership, policy analysis, mission definition, academic program review, budgetary processes, student financial assistance, accountability systems and institutional authorization). One of the strengths of such boards is their ability to relate to many segments (institutional categories) of higher education. Another interesting strength noted in the literature is that their position between state government and the institutions allows them to identify with state government needs while removing them from campus politics.

As of 2006, 25 states have some form of coordinating board to manage higher education. Of these, 22 have regulatory authority (including South Carolina, Illinois, Texas, and New York), while the remainder (including California) have only advisory authority. Florida's recent structure change is included in the former category (they changed from a consolidated governing board to a coordinating board with regulatory authority). Community colleges may operate under the statewide board or may have an independent

¹ Boyer, Ernest L. (1982). Control of the Campus: Essay on Governance. *AGB Reports* 24(6): pp. 4-10.

state agency. States with coordinating boards are more likely to include private institutions in their planning and reporting processes. Beyond this, however, there are differences. Coordinating boards may oversee subsystems of similar institutions or multi-campus systems of heterogeneous institutions. There is no single rule for either their scope or their membership.

In Maryland, for example, higher education was reorganized in 1988 when the General Assembly felt that the state's institutions were too unorganized with regard to both mission and accountability. The configuration that resulted from the legislation included a merged University of Maryland System (now University System of Maryland) that consisted of five former University campuses and six former state college campuses. It also included a separate St. Mary's College (the public liberal arts college) with its own Board of Trustees, a separate Morgan State University (an HBCU) with its own governing board, a system of 17 community colleges, each with its own governing board, and a large private sector, all presided over by a revamped state coordinating board, re-invented in a much stronger role than the previous State Board of Higher Education.² Problems still exist however, with individual institutions lobbying the legislature with specific regional needs. There are also arguments over the status of the University of Maryland College Park as the state's flagship institution, where it is eligible for additional funding.

In South Carolina, the Commission on Higher Education has regulatory oversight for one system (USC, which while evolving, still recognizes one senior institution with branch campuses), one academic health center, one land-grant university, seven comprehensive universities, each with its own board, and 16 technical colleges that report to a single board. The individualization has served the state well in certain aspects, with access to post-secondary education within reasonable driving distance across the state. The Commission has substantial regulatory authority through various legislative mandates, including specific accountability measures, funding parameters, approving tuition, and setting construction priorities. It is the competing power of the General Assembly, with individual institutions lobbying their specific agendas, that adds to the governance challenges in the state.

Consolidated Governing Boards – Twenty-three states have consolidated governing boards that have legal management and control responsibilities for all public four-year institutions. Nine of these states (such as South Dakota and Utah) also place community and technical colleges under the same board. Georgia's Board of Regents, for example, has full authority over 34 four-year and two-year institutions. The other 14 states have separate statewide boards for community colleges. A consolidated governing board's duties may include all or some of the following:

² Berdahl, Robert O. (1996). The quasi-privatization of a public honors college: A case study of St. Mary's College of Maryland. Paper presented at the national conference for the Association of the Study of Higher Education.

1. Directs a single entity that encompasses all institutions within the system,
2. Carries out coordinating responsibilities (such as program approval or mission changes) in addition to its responsibilities for governing institutions under its jurisdiction,
3. Has authority both to develop and to implement policy,
4. Advocates needs of the institutions to the legislature and governor,
5. Appoints, sets compensation for, and evaluates chief executives (Presidents or Chancellors),
6. Sets faculty personnel policies and usually approves tenure, and
7. Has authority to allocate and reallocate resources between and among the institutions within its jurisdiction.³

There are difficulties with the governing board system as well. In the instances where individual institutional boards remain, those individual boards may be reduced to serving more as private institution boards do, as fund raisers and advocates for their specific school without any real authority. A state system of multiple board layers can create additional bureaucracy and makes it more difficult to implement change at the institution level. Statewide governing boards are often removed from the concerns of individual campuses, and it could be easy to assume that they become political advocates for a specific governor's policies. However, higher education research considers governing boards more closely aligned with institutions rather than state politics.

States and Their Systems:

As stated previously, most states have not changed their type of state governance since its inception. When pursuing a possible change in governance, the question arises as to which system is more successful, but what is defined as "success" in one state may not be the same for another, given varying population needs and demands placed on institutions. In addition, success of a governance type cannot be easily ascertained because of the unique political structure of each state, including but not limited to 1) level of Governor's authority; 2) level of Legislative authority; 3) method utilized for appropriate money to higher education; 4) role of private higher education in state politics; and, 5) type and size of public institutions. Careful reading of legislative mandates and annual reports cannot fully disclose the working relationships that contribute to successful processes.

To demonstrate the variety of systems and relative "success," defined by changes in state appropriations, the following chart of select state system information was compiled from the 2005-06 Almanac edition of *The Chronicle of Higher Education* and Grapevine (<http://coe.ilsti.edu/grapevine/50state.htm>):

³McGuinness, Jr., Aims C. (1999). The states and higher education. In P.G. Altbach, R.O. Berdahl, & P.J. Gumpert (Eds.), *American Higher Education in the Twenty-first Century: Social, Political, and Economic Challenges* (pp. 183-215). The Johns Hopkins University Press: Baltimore, MD.

State	System Structure	# Four-Year Public Institutions	FY 2006 Higher Education Appropriations of State Tax Funds for Operating Expenses	5-year Percent Change in Allocations
Alabama	Coordinating Board	18	1.39 billion	27.7%
Arizona	Consolidate Gov. Board	5	974 million	9.1%
California	Coordinating Board	32	9.63 billion	7.9%
Colorado	Coordinating Board	14	595 million	-20.3%
Connecticut	Coordinating Board	7	827 million	17.1%
Delaware	Planning Agency	2	216 million	16.5%
Florida	Coordinating Board	11	3.3 billion	19.3%
Georgia	Consolidated Gov. Board	20	2.1 billion	13%
Illinois	Coordinating Board	12	2.6 billion	-3.8%
Kansas	Consolidated Gov. Board	9	755 million	10.5%
Kentucky	Coordinating Board	8	1.21 billion	20.5%
Maryland	Coordinating Board	14	1.25 billion	6.7%
Michigan	Planning Agency	15	2.0 billion	-9.2%
Minnesota	Consolidated Gov. Board	11	1.37 billion	1.2%
Missouri	Coordinating Board	13	856 million	-10.8%
New Jersey	Coordinating Board	14	2.03 billion	21.7%
New Mexico	Coordinating Board	6	718 million	26.3%
New York	Coordinating Board	47	4.36 billion	25.4%
North Carolina	Consolidated Gov. Board	16	2.9 billion	22%
Oklahoma	Consolidated Gov. Board	14	836 million	5.9%
South Carolina	Coordinating Board	12	767 million	-12.8%
Tennessee	Coordinating Board	10	1.12 billion	7.4%
Texas	Coordinating Board	41	5.2 billion	16.2%
Virginia	Coordinating Board	15	1.59 billion	-2.2%

After reviewing the data in the above chart, it is difficult to determine a correlation between the system structure, the size of the state system, and the appropriation trends. Those appropriations are primarily dependent on legislators and the state's priorities, including movements to decrease or change tax rules.

The excellence of an institution does not appear to be dependent on the state; rather it is a reputation built over decades combined with historical access to significant federal dollars. Those institutions repeatedly recognized by groups such as *U.S. News & World Report* built their research base during the Cold War, when federal research meant university research. Today, even though large universities are called upon to serve as economic engines for their states, there is only increasing competition for limited research funds. The federal government is no longer willing to build complex research facilities, leaving states and their institutions to determine the balance between state investment, institutional goals, and public interest.

Conclusion:

Higher education represents one of the most complex enterprise areas for state government. The institutions face many challenges in the coming years, including state appropriations, tuition levels, workforce training, increasing deferred maintenance levels, and building a more seamless K-16 education culture.

In order to be effective, state systems of higher education must be structured to be compatible with the state's priorities and the environment in which they function. In South Carolina, for example, the variance in educational demands across the state has been well served by individual boards able to focus on specific needs. The regionalism in South Carolina is vital in a state where access to higher education should be a state priority, not just an institutional issue. Issues and confrontations related to funding would not be resolved with a structural change; low state funding and increasing tuitions are a result of systemic state government issues. The policy environment in South Carolina presents challenges in balancing future needs and established priorities.

Human beings often triumph over poor policies and bad structures. This human element can and does sometimes transcend seemingly impossible constraints of policy and structure as personal ability and person relations make a system work better than seems possible.⁴

⁴ Kerr, Clark (1988). A critical age in the university world: Accumulated heritage versus modern imperatives. *European Journal of Education*, 22(2), p. 185.