Overview of Governance Systems
The structures of higher-education systems in the United States reflect the individuality of each of the 50 states. Each state has its own history and culture in higher education, its own political structure and leadership, and its own geography and demographics—all of which influence higher-education governance. Over time, each state has forged its own path toward the common goals of public higher education: teaching, research, and public service. Further, each state is unique in how it chooses to combine or divide authority for the two principal responsibilities of higher-education boards—the governance of individual public institutions and the statewide coordination of higher-education policy and planning. States have adopted three basic structures for central higher-education boards to address those responsibilities: consolidated governing-board systems, coordinating-board systems, and planning-agency systems. (See the table in this chapter titled "Powers of Central Higher-Education Boards to Set Higher-Education Policy.")

Consolidated Governing-Board Systems
In 24 states, governance of all public higher education is centralized into either one or two governing boards. Usually, there is either one statewide board whose primary duty is to govern all public postsecondary institutions in the state, or there are two multicampus boards that divide the governance of the state's public institutions between them. For example, Georgia's Board of Regents governs all four-year and two-year institutions, while the University of North Carolina Board of Governors oversees all 16 public universities in the state but does not oversee the state's 59 community colleges.

Coordinating-Board Systems
Coordinating-board systems are comprised of two major types: regulatory and advisory.

Type 1: Regulatory Coordinating-Board Systems
Twenty-one states have regulatory boards with the authority to approve and eliminate academic programs at public institutions and to exercise some degree of regulatory power over university budgets. Some regulatory boards present consolidated budgets, some may reject proposed budgets from individual campuses, and some review and submit individual campus budgets to the governor and the legislature. In Alabama, for example, the Alabama Commission on Higher Education receives individual budget requests directly from each public postsecondary institution, creates a consolidated budget request based upon the information it receives and presents this consolidated budget to the legislature.

Type 2: Advisory Coordinating-Board Systems
Three states have advisory coordinating boards that have no real power, though their recommendations may be influential. They have the authority to review university budgets, existing academic programs and proposals to create new academic programs, but their role is limited to providing advice to the state legislature, governor or other higher-education boards.

Planning-Agency Systems
In two states, Michigan and Delaware, there is no statewide board charged with higher-education coordination or governance. Instead, a planning agency facilitates communication among institutions and education sectors and performs a voluntary planning function. Governance is the responsibility of institutional boards on each campus or of multicampus boards. For example, in Michigan, the State Board of Education has limited power to coordinate higher-education functions, but most responsibilities for governance are handled by campus-level boards for Michigan's 15 public universities, 29 two-year public institutions and 66 private institutions.

Emerging Trends
Policy-makers should be aware of four key trends that affect how states will govern their higher education in the future. First, state legislatures are beginning a second wave of changes to public university and community-college governance. Second, at least 11
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States have implemented new accountability measures for public colleges and universities, and governors and legislatures are linking additional money for higher education to important state goals. Third, since 1996, most state legislatures have been appropriating funds to colleges and universities at a rate significantly ahead of inflation, but the demographics of a fourth trend – an enrollment boom over the next decade – threaten to dilute this gain.

**Trend Number 1:**
**Changes in Higher-Education Governance**

Between 1950 and 1970, 47 states established either coordinating or governing boards for public higher education. Now, a second wave of changes in higher-education governance has begun, with changes in 12 states. In 1999, Kansas centralized its system and created a new Board of Regents to coordinate both public and private higher education and to govern all six public universities, 19 community colleges, five technical colleges, six technical schools and a municipal university. Louisiana voters amended their constitution in 1998 to create a new 17-member board to oversee a system of 50 community colleges and trade schools. By contrast, Illinois decentralized and abolished its Board of Governors and Board of Regents in 1995 and gave seven universities their own governing boards. In 2000, West Virginia abolished its State College System Board of Directors and the University System Board of Trustees, giving each institution its own governing board, but the legislature also created a new Higher Education Policy Commission. Eight other states have made changes over the last decade – Florida, Kentucky, Maryland, Massachusetts, Nebraska, New Jersey, South Carolina and Texas – and Colorado, Hawaii and Tennessee are also contemplating changes to their governance systems.

**Trend Number 2:**
**More Accountability Demanded of Higher Education**

There is a new drive toward accountability in higher education. Governors have started demanding more accountability from public colleges and universities, and state legislators are linking additional money in higher education to “important state goals,” says Earl S. Mackey, vice chancellor for external relations of the Ohio Board of Regents. “As requests for new funds are made, legislators are raising important questions about outcomes, including the impact on the economy, competitiveness, workforce skills and individual students,” Mackey says. “Over time, it is likely these questions will come to dominate the debate on higher-education budgets.”

About five percent of the Ohio system’s budget is used to reward institutions for keeping tuition low, obtaining outside support for economically important research, and producing skilled graduates in a timely manner. Additionally, State Policy Reports notes that Ohio State University has launched a new program that offers financial incentives to academic departments to improve their positions in rankings compiled by U.S. News & World Report and the National Research Council. The goal is to push 20 of Ohio State’s programs into the national top 20 and 10 programs to the top 10 by 2010.

At least 10 other states have implemented new accountability measures for higher education. Some states – such as Kansas, New Jersey and New Mexico – began linking only a small share of their higher-education appropriations to performance. By contrast, Colorado’s Commission on Higher Education will base at least 75 percent of its annual recommendations for new money on colleges’ performance, based on such factors as graduation rates, class sizes and faculty productivity. South Carolina’s Commission on Higher Education is in the process of implementing a system to distribute 100 percent of its money based on 37 performance indicators in nine areas, including instructional quality, quality of faculty, administrative efficiency, graduates’ achievements and institutional cooperation and collaboration. Arkansas, California, Hawaii, Louisiana and Virginia have also implemented new accountability measures.

The drive toward accountability also was highlighted in a 1998 poll of governors conducted for the Education Commission of the States in Denver, Colorado. Almost all of the 35 governors responding said they believed universities should be more accountable for meeting local, state and regional needs and that it is important for states to link spending on universities to the institutions’ performance. The governors also want to put more emphasis on faculty productivity, to give students incentives to pursue particular careers, and to reorganize the sectors of education into a seamless system covering kindergarten through college.

**Trend Number 3:**
**Higher-Education Budgets Are a Higher Priority Now, But Are Highly Subject to Economic Swings**

The good news for public higher education is that only elementary and secondary education were given a higher priority when governors were asked where more state money should go. And recent figures compiled by the National Conference of State Legislatures
in Denver show that public elementary and secondary education was the only sector that outpaced higher education in the growth of its state support in fiscal year 2000. Higher education’s slice of state budget pies – its share of aggregate general-fund appropriations – dropped from 13.7 percent in fiscal year 1986 to 12.3 percent in fiscal 1996. However, in subsequent years, most legislatures appropriated funds to public colleges and universities at a rate significantly ahead of inflation. In fiscal 2000, nine states included double-digit percentage increases for higher education in their budgets – Florida, Maine, Maryland, Mississippi, Montana, Nebraska, South Carolina, Texas and Virginia. Still, one area where state boards are trying to secure additional funding is for increasing faculty salaries, and this issue is often hard to sell. Legislators contend that “it is awfully hard to go home to districts, where farms are foreclosing every day, and argue that professors who make $35,000, $45,000, $50,000 a year are not being paid enough,” says Laura J. Glatt, vice chancellor for administrative affairs in the Kansas University System.

Optimism among state higher-education officials is tempered by recent declines in state revenues and by predictions of the late Harold A. Hovey, who served as that 39 states will have deficits by 2006 if current economic assumptions hold. Hovey estimated when times are good (as in the late 1990s) and lower-than-average appropriations when times are bad (as in the late 1980s and early 1990s). Consequently, if predictions of state deficits come to pass, the outlook for higher education is not very good, said Hovey.

In January 2002, The Center for the Study of Education Policy at Illinois State University issued a report that shows the effect of the economic downturn on higher-education budgets. Five states adopted budgets for the 2001-2002 fiscal year that reduced higher-education spending. Eighteen states withheld a portion of the amounts they had planned to spend on higher education in this fiscal year. By contrast, 15 states increased spending on higher education by seven percent or more. Overall, the study found that appropriations for higher education in 2001-2002 rose an average of 4.6 percent among the 50 states.

Over the last few years, university administrators have been reacting to these budget trends with at least two types of measures. First, they are increasing tuition. According to the College Board’s annual survey of tuition and financial aid, public colleges increased tuition for 2001-2002 by an average of 7.7 percent, with three states imposing double-digit tuition increases. Second, since personnel costs are a significant portion of their budgets, university administrators are cutting overall costs by decreasing the proportion of full-time positions on their faculties. The National Center for Education Statistics reports that 40 percent of all higher-education institutions took steps to reduce the number of full-time positions on their faculties from 1993 to 1998.

Trend Number 4: Expected Enrollment Boom

Complicating state budgets for higher education is the projected boom in student enrollment over the next decade. The U.S. Department of Education says full-time college enrollment has risen 11 percent nationwide since 1990 and will increase another 19 percent by 2010. The “baby boom echo” will create a demand for more classroom buildings, dormitories and faculty. The states with the largest percentage increases in high school graduates are Nevada, Arizona, Florida and North Carolina.

North Carolina was on the leading edge of addressing the enrollment boom in 2000, when voters approved a $3.1 billion higher-education bond package, the largest such package ever passed in the nation. By early 2002, at least eight other states were examining or had already launched efforts to pass bond packages for higher education.

Observations About Governance Systems

The most important factors influencing the structure of each state’s higher-education system are those that are unique to that state: its political and higher-education culture, constitution, history, population demographics, geography and pattern of economic development, among other factors.

Michigan, North Dakota and North Carolina have unique provisions concerning higher education embedded in their state constitutions. Michigan’s constitution contains provisions that guard institutional autonomy and thus is one of only two states with a planning-agency structure, electing to keep governing duties in the hands of each individual campus. North Dakota’s constitution spells out the name, location and mission of eight higher-education institutions that the state must maintain and even includes the location of a school of forestry. North Carolina’s constitution mandates, “The General Assembly shall provide that the benefits of the University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense,” which explains why the average tuition for
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North Carolina residents is consistently among the lowest in the nation.

Forty-three boards have master-planning duties in setting long-term goals for higher education – 20 consolidated governing boards, 20 regulatory coordinating boards, two advisory coordinating boards and one planning agency. Centralized master planning for higher-education systems appears to be a primary reason states create higher-education boards or agencies.

Members of 43 central higher-education boards are appointed by state governors, either with or without approval of the state senate. Alternatively, in five states, the governor or another public official appoints a portion of the board, with the state legislature electing the remaining board members. Only in North Carolina and New York is the entire membership of the central, state-level board elected by the legislature. Two other states – Nevada and Michigan – are unusual in that they have chosen election by the public for the members of their central higher-education boards.

Thirty-five states have a central board responsible for coordinating statewide higher-education policy and planning for all public postsecondary institutions, and another eight states have a central board with limited planning and administrative duties for all public postsecondary colleges and universities. Only seven states have no central board or agency charged with planning or coordinating higher-education policy and planning for both the two-year and four-year public colleges and universities.

Alabama has the largest number of historically black colleges and universities, with 13, while North Carolina has the largest number of such public four-year institutions, with five.

The percentage of minorities enrolled in four-year public institutions is larger than the percentage of minorities in the population as a whole in only 14 states – California, Florida, Iowa, Kentucky, Maine, Maryland, Minnesota, New York, Oklahoma, Oregon, Tennessee, Vermont, Washington and West Virginia.

Why States Change Their Governance Systems

Aims C. McGuinness, Jr. of the National Council for Higher Education Management Systems identifies eight recurrent concerns that may lead to reconsideration or restructuring of a state’s higher-education governance system: 1) actual or perceived duplication of high-cost graduate and professional programs; 2) conflict between the aspirations of institutions, often under separate governing boards, in the same geographic area; 3) legislative reaction to lobbying by individual campuses; 4) frustrations with barriers to student transfer; 5) proposals to close, merge or change the missions of particular colleges or universities; 6) inadequate coordination among institutions offering one- and two-year vocational, technical, occupational and transfer programs; 7) concerns about an existing state board’s effectiveness; and 8) a proposal for a “superboard” to bring all of public higher education under one roof.

When concerns such as these are raised and changes are considered, it is natural that the decision-makers look to other states to find examples of systems and structures that are working well. States initially may be tempted simply to copy higher-education models that have worked successfully for another state. McGuinness cautions against this practice, saying:

States often begin reorganization debates with either of two misconceptions – each of which has an element of truth. One is that the state’s needs will be better met if state policy deliberately fosters the autonomy and performance of individual colleges and universities; in other words, the less state involvement the better. Alternatively, others will argue that the sum of institutional needs is not the same as the state’s needs. They will argue that institutional needs can only be understood in the context of a public agenda framed in terms of the state’s long-range education, social and economic priorities. If each college and university is able to pursue its mission without regard to this broader framework, the result will be unnecessary program duplication. Important statewide concerns such as minority access and achievement or student transfer and articulation between and among institutions will not be addressed. The danger is that debates will be shaped by the assumption that one but not the other of these two perspectives must rule: either institutional autonomy is an absolute good and state involvement must be kept at a minimum, or state priorities must rule and institutional autonomy must be constrained by those priorities.10

Conclusion

Governors and state legislatures have renewed their interest in how higher education is governed and especially in what is expected of public universities. State elected officials are increasingly looking to public universities for help on issues such as job training, teacher preparation and research on key state public-policy issues, while still wanting universities to perform well.
in educating and instructing undergraduates. State officials seem willing to put more money into higher education, but they are demanding increased accountability, just as they did in the drive for public-school reform. However, rising enrollment is going to put pressure on state-university budgets and in 2002, an economic downturn is causing state revenues to decline, putting further pressure on state budgets.

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Notes


References


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