

A photograph of three business professionals in a meeting. On the left, a woman with short blonde hair, wearing a tan blazer, is looking towards the center. In the middle, a man with glasses and a beard, wearing a dark blue shirt, is looking towards the right. On the right, a woman with dark curly hair, wearing a light blue shirt, is smiling and gesturing with her hands. The background is a bright, modern office with large windows.

AGB|Consulting

Arkansas Department of  
Higher Education

2019 Trustees  
Conference

# Fiduciary Duties of Higher Education Governing Boards

# What Does Fiduciary Mean and What Are a Fiduciary's Responsibilities?

- Fiduciary: (1) Involving a confidence or trust; (2) Held or holding in trust for another---The Meriam Webster Dictionary, 1997
- Fiduciary: "A person or organization that acts on behalf of another person or persons to manage assets. Essentially, the fiduciary owes to that other entity the duties of good faith and trust."  
Investopedia, January 2019

# Fiduciary of What?

The college or university and its assets: name, reputation, programs, faculty, staff, students, facilities, knowledge, culture, and purpose.

Today and Tomorrow

# Fiduciary for Whom?

- If public: the state, Arkansans, students, faculty, staff, community, employers, nation, knowledge.
- If private or independent: the founders, tradition, students, faculty, staff, community, nation, knowledge.

# Fiduciary Duties of Board Members

1. Care: You must come prepared, engage actively and constructively- you gotta work at it
2. Loyalty: You must be above reproach: Put the college or university first, do not seek to gain from it, declare conflicts or dualities of interest; recusal
3. Obedience: Your college or university must be above reproach and you must ensure it is meeting its mission and doing so

You are the guardians of the institution and of its mission and purpose.

- Why does the college or university exist? What is its purpose?
- What is its mission?
- Is it on course to advance or fulfill that mission?
- Who is it supposed to serve and who does it serve? (Students, community, employers, state, nation, advancement of knowledge, region, particular populations)

Your partner and your agent is the president.

- S/he is your agent, your employee, your connection to the institution
- Do not undermine her or him



# 10 Board Responsibilities (AGB 2019)

## 1. Establish and Promote Mission

- Align with State Goals (if public)
- Provide resources to meet most important purposes (be mindful of limitations faced by state and students)
- Keep mission current
- Make sure it aligns with the purpose of the institution

## 2. Select and Support President

## 3. Assess President's Performance

# 10 Board Responsibilities (cont.)

## 4. Charge president to lead strategic planning process

- Board participation and broad participation
- Board approval

## 5. Ensure financial integrity

- Preserve and protect assets
- Fundraising and philanthropy (especially if private)
- Audits and audit committee
- Risk assessment

## 6. Ensure educational quality

- The right instructional programs at the highest possible level of quality within resources
- Research and Service
- Shared Governance and Faculty Engagement

# 10 Board Responsibilities (cont.)

## 7. Safeguard autonomy and academic freedom

- Your institution may be a creature of the state but it is not an instrument to advance a political agenda
- Academic Freedom and its Limits: Faculty Personnel Policies and Procedures

## 8. Keep policies current

## 9. Engage regularly with major constituencies

## 10. Conduct business in exemplary fashion—be above reproach and assess your own performance and that of the

# What Should You Know (or Ask)?

## 1. Financial Health

- Audits
- Budgets
- Annual Financial Statements
- Reserves
- Trends (Revenue and Expense)
- Revenue and Expense Drivers
- Facilities Condition
- Technology
- Philanthropy

# What Should You Know (or Ask)?

2. Your Institution's purpose, mission, and distinctiveness/comparative advantage

3. Your Institution's Students

- Who are they?
- From whence do they come?
- Are they succeeding?
- Who else serves them? (Who is our competitor?)

# What Should You Know (or Ask)?

## 4. What are our programs?

- Do they meet student need?
- Do they meet state and employer needs?
- Are they up to date?
- Who else offers similar programs?
- Partnerships or competition

## 5. For public institutions:

- Are we meeting state goals?
- Are we meeting workforce needs?
- Are we serving all students?

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