

# Trustee Membership 101: Orientation for New Trustees



MASSACHUSETTS  
Department of  
Higher Education

# Welcome/ Session Outcomes

- **Introduce trustees to certain\* core, applicable state laws and policies**
  - Fraud awareness and prevention: how to detect and report fraud, waste and abuse of public resources
  - MA Ethics law: be aware of and minimize risks of conflicts of interest
- **Help create greater understanding of trustee roles and expectations**
  - Review fiduciary principles and basic principles of non-profit board governance
  - Review State Public Higher Education Governance System
- **Provide context and apply principles (case studies)**

# Public Higher Education Governance: Trustee Fundamentals



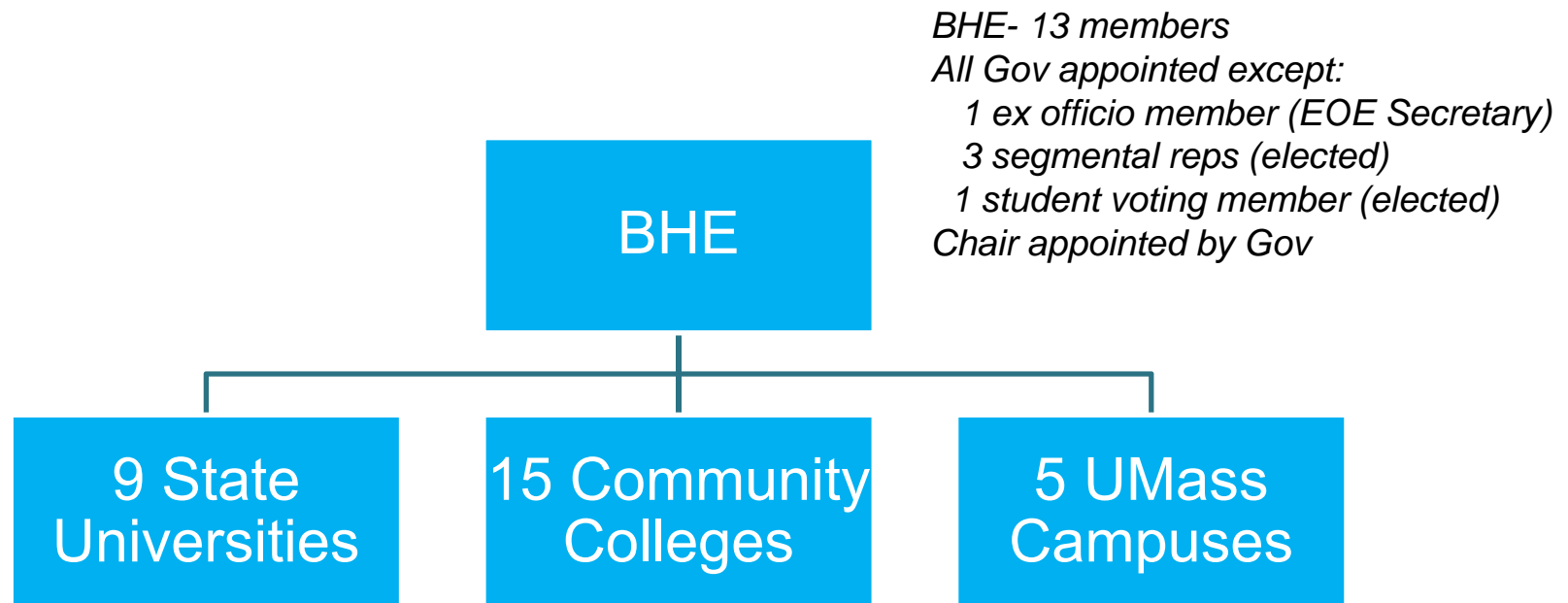
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# Session Outcomes

- Greater Understanding of the Framework of Public Higher Education Governance In MA
  - What is the role of the university and college boards?
  - What is the role of the Board of Higher Education?
- The Role of Trustees
  - Fundamental Responsibilities
  - Trustees as Fiduciaries

# Overview- Governance Structure

The BHE is a statewide coordinating board with some governing authority over all three segments.



# Guiding Principle of the MA Public Higher Education System

“It is hereby declared to be the policy of the commonwealth to provide, foster and support institutions of public higher education that are of the highest quality, responsive to the academic, technical and economic needs of the commonwealth and its citizens, and accountable to its citizens through lay boards, in the form of the board of higher education and the boards of trustees of each of the system’s institutions.”

*--- M.G.L. c.15A, §1*

# Overview of BHE & Local Boards

## Role of the Board of Higher Education

Coordination and governance of the public higher education system:

- Define mission of the Commonwealth's system of public higher education and approve institution mission statements.
- Coordinate the state's system of higher education and its institutions
- Establish 5 year plan for the system
- Resolve conflicts of policies between and among institutions.

## Role of Boards of Trustees

Governance and oversight of the institution:

- Define the mission of the institution, subject to BHE approval.
- Establish policies necessary to implement the mission of the institution
- Establish policies necessary for managing the general business of the institution.

# Examples of BHE Statutory Responsibilities

## *Coordination*

- Analyze present and future goals, needs and requirements of public higher education
- Establish goals to achieve well-coordinated, quality system
- Resolve conflicts of policies or operations
- Approve admissions standards and affirmative action plans
- Approve mission statements
- Collect, analyze and maintain data from institutions
- Coordinate activities and engage in advocacy

## *Governance*

- Approve presidential appointments and removals
- Approve and fix presidential compensation
- Define and authorize new functions or programs
- Set tuition rates (the campuses set fees)
- Approve 5-year master plans & develop a 5-year system master plan
- Develop performance measurement system and funding formulas



# Examples of Statutory Duties and Powers of Local Boards

- Develop and submit a 5-year master plan to the BHE
- Prepare maintenance and capital budgets
- Manage and keep in repair all property
- Establish fees
- Appoint, transfer, dismiss, promote and award tenure
- Seek, accept and administer grants, gifts and trusts
- Implement and evaluate affirmative action policies and programs
- Appoint & remove the CEO, subject to BHE approval
- Recommend to the BHE admission standards
- Establish, implement and evaluate student services
- Establish/operate programs in accordance with BHE degree conferring authority
- Develop mission statement subject to BHE approval
- Prepare and submit an annual institutional spending plan

-- *M.G.L. c. 15A, § 21 & 22*

# Statewide Governance- Examples of Interrelated Transactions

BHE	Local SU and CC Boards
<ul style="list-style-type: none"><li>- Sets tuition rates</li></ul>	<ul style="list-style-type: none"><li>– Sets Fees</li></ul>
<ul style="list-style-type: none"><li>- Approves Affirmative Action plans</li></ul>	<ul style="list-style-type: none"><li>– Prepares and Implements Affirmative Action Plans</li></ul>
<ul style="list-style-type: none"><li>- Approves Capital Plans</li></ul>	<ul style="list-style-type: none"><li>– Manage and keep in repair all property</li></ul>
<ul style="list-style-type: none"><li>- Manages Student Complaint process</li></ul>	<ul style="list-style-type: none"><li>– Establish implement and evaluate student services</li></ul>
<ul style="list-style-type: none"><li>- Appoints SU and CC Presidents</li></ul>	<ul style="list-style-type: none"><li>– Recommends Presidential Appointee</li></ul>
<ul style="list-style-type: none"><li>- Approves ,with EOE, 5 year institution plans, and creates 5 year plan for the system</li></ul>	<ul style="list-style-type: none"><li>– Prepares 5 year strategic plan for institution</li></ul>

# Governance Example: Affirmative Action Plans

1. President/Administration prepares the plan
  - Stakeholder input - faculty, staff, students, community
  - Legislative or executive branch requirements (state and federal)
  - NEASC requirements
  - BHE policies (DHE staff input)
2. Segmental coordination?
3. Local Board Approval
4. BHE Review and Approval
5. President/Administration Implementation, Evaluation, and Enforcement

# Overview and Comparison: Legislative Authority of BHE and Local Boards

## Higher Ed Authority Overview

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Massachusetts Board of Higher Education  
University of Massachusetts Board of Trustees  
Community College and State University  
Boards of Trustees

*Includes citations to Massachusetts General Laws  
Prepared by the Massachusetts Department of Higher Education  
Updated January 2013*

# Overview and Comparison

## Comparison of Major Authority: General

Board of Trustees of University of Massachusetts	Massachusetts Board of Higher Education	Boards of Trustees of Community Colleges and State Universities
	<p>Analyze present and future goals, needs, and requirements of public higher education and establish goals to achieve a well coordinated quality system of public higher education in the Commonwealth. <i>Ch. 15A, §9(c)</i></p>	
<p>Submit five-year master plan to BHE and Secretary of Education for approval. <i>Ch. 15A, §9(l); Ch. 75 §1A(l)</i></p>	<p>The institutional five-year master plans for public higher education are submitted to the BHE and the Secretary of Education for review and approval.</p>	<p>Submit five-year master plan to BHE and Secretary of Education for approval. <i>Ch. 15A, §9(l) and §22(l)</i></p>
	<p>Prepare a five-year master plan for public higher education, subject to the approval of the Secretary of Education, taking into account the BHE's analysis of present and future goals, needs and requirements of public higher education, and the five-year plans submitted by individual boards of trustees. <i>Ch. 15A, §9(f) and (c)</i></p>	

# Session Outcomes

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# Fundamental Responsibilities of Effective Boards

- Ensure that the institution's **mission** is kept current and is aligned with public purposes
- Ensure the institution's **fiscal integrity**, preserve and protect its assets
- Ensure the **educational quality** of the institution and its academic programs
- Ensure that institutional **policies and processes** are current and properly implemented

“Conduct the board’s business in an exemplary fashion and with appropriate transparency, adhering to the highest ethical standards and complying with applicable open-meeting and public-records laws; ensure the currency of board governance policies and practices; and periodically assess the performance of the board, its committees, and its members.”

--AGB, “Effective Governing Boards”

# Be a “Consequential” Board Member

- **Be present**-- attend and actively participate in board and committee meetings
- **Be engaged** in the board, school, community
- Bring **your knowledge** and expertise to the table and be prepared to share it with other members
- Keep **learning**-- be an active listener and **ask questions**
- **Consider** issues from the viewpoints of all stakeholders (students, faculty, taxpayers, parents, employers, community, government)
- **Understand** the framework in which you are working:
  - Culture of shared governance
  - Open meeting law
  - Ethics law

--AGB, *“Consequential Boards: Adding Value Where it Matters Most”*



# Trustees as Fiduciaries

As a member of a lay board, trustees are viewed as fiduciaries.

- A fiduciary is someone who has special responsibilities in connection with the administration, investment, monitoring, and distribution of property (meaning the charitable or public assets of the institution, as well as intangible assets such as its reputation and role in the community).

- **Fiduciary Duties**

- **Duty of Care**

- Act in good faith for best interests of institution
    - Act reasonably, competently and prudently

- **Duty of Loyalty**

- Put interest(s) of institution above all else
    - Do not act from self interest; no self-dealing
    - Conflict of loyalty

# Examples of Critical Trustee Processes in Massachusetts

## ➤ Strategic Planning

- Every five years, a board must undertake this effort to clarify its vision for the institution, set goals, and identify and assign resources. This process is done in collaboration with the campus community, and plans are approved by the BHE.

## ➤ Presidential Evaluation

- This annual process is one of the most important oversight responsibilities that a board has. In addition to an annual review, it is recommended that a more comprehensive evaluation be done every 3 to 5 years, which should be more inclusive and involve opinions and feedback beyond the immediate campus community.

## ➤ Budget

- This annual process requires a board to allocate funding based on the institutional strategic plan and annual goals. The budget process should take into account state appropriations, grants, and other funding sources, as well as projected student fees based on enrollment.

# How to be an Effective Board Member?

- Be a “Consequential” board member
- Understand the legal framework within which you operate
- Know your statutory and ethical responsibilities
- Uphold fiduciary principles and act in the best interest of your institution
- Promote transparency and accountability.

# Other Laws, Policies & Procedures

## ■ **Federal Laws**

- Title IV
- Clery Act
- FERPA
- Title IX

## ■ **State Laws**

- Ethics/Conflict of Interest
- Open Meeting
- Public Records
- Campaign Finance

## ■ **Accreditation Standards (NEASC)**

## ■ **State Policies & Procedures**

- BHE standards for expenditures of trust funds
- BHE policies on presidential search, selection, appointment, evaluation & removal
- Comptroller, DCAM, etc.

## ■ **Institutional Policies**

- Board By-Laws
- Travel Policies
- Budget Approval Processes
- Institutional Strategic Plan

# More Information Available

- Questions?
  - When in doubt, reach out to your Legal Counsel and ask
  - or**
  - Send an email to the DHE's Trustee Relations Director, Matt Noyes, [Mnoyes@dhe.mass.edu](mailto:Mnoyes@dhe.mass.edu)
- Resources:
  - Trustee Web Corner - [www.mass.edu/trustees](http://www.mass.edu/trustees)
  - Association of American Governing Boards (AGB) – [AGB.org](http://AGB.org)