

# The Impact of State Disinvestment on Board Responsibilities

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If you are a chair or member of a public university board, then you probably have been dealing with reduced appropriations for the last two years and perhaps for many more. In my home state of Iowa, for example, state appropriations have been cut 19 percent since 2008. In real dollars, state support has been rolled back to pre-1981 levels, despite steady growth in enrollment at our institutions.

Many of us have experienced the familiar "balance wheel" approach to financing higher education—significant cuts in hard times, followed by less-generous increases when good times return. Such prolonged state disinvestment from public higher education has important implications for our boards. It is more crucial than ever to work effectively with the governor and state legislators. Here are a few ideas:

- Let elected state officials know that you understand that state budget shortfalls are real. We all recognize that state tax receipts have fallen in response to the global financial crisis, and that rising Medicaid costs pose a growing challenge. In my experience, most elected officials place a high value on providing a quality education for the citizens of their state. But times are hard. The best way to build trust is to demonstrate an appreciation for the challenges they face.

- Communicate, communicate, communicate. State officials juggle multiple demands. Only a few will take the time to really dig into higher education issues. They need our sincere, and objective, assistance—especially newly elected officials, many of whom may be focusing on higher education for the first time.
- Invite a dialogue on the state's policy priorities. If jobs are the number one priority, then we should demonstrate that our institutions are nimble enough to alter course to meet the immediate employment needs of our state. We must also remind state leaders that college graduates make more money than those without degrees, that their unemployment rates are lower, and that the jobs of the future will only require more education.

It is up to us to objectively determine, and then to communicate, what the resource needs of our institutions truly are. And we can't fall back on long-accepted notions, such as looking to peer comparisons or historic precedents—for example, that in 1981 Iowa provided 77 cents of every dollar of general education support but in 2010 just 40 cents.

Knowing how much is enough is particularly difficult today. Resources are scarce everywhere. The matter is further complicated because it often appears in the short-run that higher-education funding can be slashed with no ill effects. Common sense tells us that we can only do more with less for so long—that typically less is done with less—but the strength and resilience of our institutions can be misleading. Just as it takes decades to develop world-class educational institutions, cracks in the foundation of our colleges and universities do not appear overnight.

Boards must strike the difficult balance between controlling expenses and increasing revenues like tuition. We must advocate effectively for our institutions and protect their long-term health and viability, but we must also ask the tough questions. If state appropriations will be harder to come by, then let us use this opportunity to identify new financial sources and to improve cost-effectiveness. We must link funding to the performance of our institutions. Our institutional leaders deserve to know in plain terms what objectives we expect them to accomplish, and the consequences of their actions. We in turn must demonstrate our accountability to the citizens who own our institutions and whose quality of life is so influenced by them.

The best response to continued state disinvestment from public higher education is to provide leadership. We serve a unique, fiduciary role as the governing body of our institutions. We must not accept pat answers from anyone on prescriptions for public higher education or how things have "always been done." We must guide our colleges and universities to a new financial paradigm, one that protects the quality we have worked so hard to build and prepares them for the significant challenges ahead.

About the Author:

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