



Assessment of the System's Structure, Function, and Potential

Louisiana State University System

Ingram Center for Public Trusteeship and Governance
Association of Governing Boards of Universities and Colleges
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Final Report

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Introduction and methodology

Several questions have arisen regarding the future structure, leadership, and function of the LSU System subsequent to the departure of the LSU System president in April 2012, and the soon to follow resignation of the LSU chancellor to take another position elsewhere. Would combining the positions of chancellor and president into one position make sense? Would consolidating some currently separate system institutions into the flagship, while possibly cutting others free, make for a more focused, and highly visible institution? Could the system be restructured in other ways or should it remain largely intact, but with a new focus and new leader? Numerous individuals have found such questions worthy of investigation, if not pursuit and support. Quite naturally, the LSU Board of Supervisors thought it essential to seek answers to these questions prior to launching the search(es).¹

So it was that in June of 2012, the Ingram Center for Public Trusteeship and Governance of the Association of Governing Boards of Universities and Colleges accepted a request from the Board of Supervisors of the Louisiana State University system to review the structure, function, and potential of its system. AGB had conducted such an assessment in 2006 as the board had begun a search for its next president; AGB quite naturally was invited to revisit system realities and opportunities this year.

AGB identified a team of three consultants to conduct the review: Richard Novak, Director of the Ingram Center; Thomas Meredith, three-time system head and frequent AGB consultant and writer; and William A. Weary, president of Fieldstone Consulting, former AGB staff member, AGB writer, and consultant, and, with Richard Novak, author of the 2006 system review.

Working with William Silvia, former executive vice president of the LSU system and president and CEO of the Pennington Medical Foundation, who provided logistical support for the engagement, the team interviewed some 75 individuals, including:

- All but one member of the Board of Supervisors.

¹ Throughout this report, "LSU" is used to apply to "LSU and A & M," the flagship, and not to "the system" or "the LSU system," which are so noted. Since "the brand" is LSU and since "A & M" rarely is used, the latter is not referenced in this report.

- Leadership of the system office.
- All chancellors.
- Councils of faculty and staff, with a separate interview with the chair of the faculty council (also president of the LSU faculty senate).
- Heads of institutional foundations.
- Presidents of student government associations.
- Leadership of the LSU Shreveport alumni association.
- Director of the LSU Lab School.
- The commissioner of higher education.
- Leadership of the “flagship coalition.”

Reviews were conducted of the structure and performance criteria of other systems around the country for comparisons, and the many statistics and reports on the system’s web site were analyzed. Some additional research was compiled as well.

The following report, to be submitted to the Board of Supervisors in August 2012, will serve as the basis for an AGB workshop.

The report falls into five sections:

1. Institutional membership and leadership.
2. System work and function.
3. Board of Supervisors.
4. Opportunities.
5. Appendices.
 - Comparisons and Evidence from Other University Systems (Appendix A)
 - Roles and Responsibilities of Public Higher Education Systems (Appendix B)
 - Comparative Salaries of Public University System Executives (Appendix C)
 - LSU System Milestone Events, 2003-2012 (Appendix D)
 - List of Individuals Interviewed (Appendix E)

1. *Institutional membership and leadership*

Observers long have noted the wide variety of institutions that make up the LSU system. From one point of view, this range allows wide access, progression from two-year through four-year and graduate and professional programs, rural and urban schools, large and small and mid-sized institutions, the rich care and research opportunities of a state-wide and complex healthcare system, and the added bonus of two centers focused on combined research and service. Moreover, LSU's land grant status puts the system in every one of the state's 64 parishes, and its health network serves all residents. As the first-established of the state's four systems of higher education, it is the state's flagship system, and, as such, has attracted both admiration and envy, even as failure at times to reach its potential has created concerns.

On the other hand, trying to explain the presence in one system of a two-year program, a nationally respected flagship, regional four-year programs, a hospital system, health centers, law, research, and agricultural centers is difficult. Were the LSU system the state's only system, its diversity might be more easily explained, since it encompasses the full range of higher education found in any state. But where, in the context of the three other systems – a comprehensive universities system, a community and technical college system, and the nation's only HBCU system -- does the LSU system fit in? What gives it meaning and justification for existence -- other than the system's chronological position as first? The loss of the University of New Orleans from the system also removed its four-year, comprehensive university footprint in the southeast. Moreover, in the face of severe statewide budget cuts, the true potential of each LSU system member institution easily can be seen as threatened: The strongest can be seen as subsidizing those in greatest need, or the smaller and/or non-tuition-funded making sacrifices for the strongest. In view of the above, and perhaps not surprisingly, the "flagship coalition" has argued for the consolidation of the Baton Rouge campuses, along with the health science centers and health care services division, and perhaps breaking free the others (LSU Alexandria, LSU Eunice, and LSU Shreveport): The result would be a flagship structure easily recognizable around the country. Indeed, it could be argued that full flagship stature and function suffer for absence of these currently separate and autonomous units from LSU:

- National rankings are lower.
- Attractiveness to professors and key administrators is diminished, hindering hiring and increasing the risk of departures.
- Duplicated services rob the system of precious resources.
- Inter-institutional collaboration becomes more difficult.

In the interviews conducted in June and July of 2012, some said they were not necessarily opposed to consolidation of their or other units into the flagship and could live with such a structure. Some argued that the costs of consolidation would be high – both in dollars and political opposition. But few strongly supported the consolidation, much less recommended jettisoning LSU-A, LSU-E, or LSU-S. Indeed the ties of those three institutions to LSU not only were widely seen as beneficial to them, but also important in supporting their local and regional economies and in retaining the system’s statewide “footprint.” Such consolidation also might well encourage, said many, the northwest region of the state, one already a hub of economic activity for three states and far from southern Louisiana, to create its own consolidated and rival flagship, a merger of LSU Shreveport, Louisiana Technical University, and the Health Sciences Center in Shreveport.

These issues have been made yet more complex by several other considerations.

1. *A change in policy and preference in the statewide coordinating board for higher education.* The Board of Regents not only has removed its moratorium on new courses and programs, but also has indicated an attraction to programs that provide regional “service” as opposed to pressing to prevent and reduce duplication. More attention is being paid to workforce development.
2. *The economic down-turn and severe cuts in state appropriations to higher education, combined with uneven capacity among its institutions and four-year versus two-year programs.* Following Katrina and Rita, LSU system enrollments fell by a quarter and have yet fully to recover; as of November 2010, almost a half million square feet of buildings total were vacant;² system appropriations have been cut by hundreds of millions of dollars, with more to come; state appropriations to the system office have been cut by three-quarters; salaries have been frozen for years and professors are being wooed elsewhere; and, now, hundreds of millions of dollars in federal Medicaid funding may be lost, with devastating consequences of their own for the system. Not surprisingly, faculty and administrators alike have begun to think in terms of and to identify “profitable” program niches around the state, and to do so in almost Darwinian fashion. They also are seeking out collaborative arrangements with other institutions, both within and outside of their own system, nearby and elsewhere in the state. Silos have begun to break down, and a new and innovative landscape has begun to emerge, one not dictated from on high, but rather built up on the basis of existing strengths, interests, and opportunities. This reworking of statewide programs already is occurring, and in the presence of disparate, separate institutions, ones long accustomed to going their own ways, in different parts of the state. The process still is in its infancy and requires careful attention and support to flourish fully, but it has begun, with obviously beneficial consequences. And it raises the question of whether radical restructuring of

² “Doing More with Less,” Joint Legislative Committee on the Budget Data Request, November 19, 2010, p. 6.

system membership is worth the projected and associated political and fiscal costs.

3. *The IT capacity of the flagship.* This capacity already is so far in excess of current LSU demands as to allow expanded service to other institutions in the system, at little cost to itself. Some outsourcing to the flagship already occurs in human resources and benefits, accounting, facilities management, and management of institutional foundation assets. More outsourcing readily can be conceived, and in ways that benefit all; the burdens on the system office might well be lightened, and at savings in cost.
4. *The recurrent and once again very present question of whether one person should lead both system and flagship, expanded or not.* Should Alexandria, Eunice, and Shreveport be broken off and the other units consolidated into LSU, the question would, of course, be moot, since the system and its office no longer would be necessary. Given current structure, though, serious questions arose over the ability of one person to fill both roles, as president of a system and as chancellor of its flagship. Moreover, regular concerns were expressed about inherent conflicts of interest in such a combination and the importance of the system office as a balance to and defense against the perceived pressures of individual system institutions. Already, with a separate system president, the flagship is seen as overpowering the other system institutions. And, from the perspective of a search, the skills required in the leadership of one might well not match those necessary for the other, and a relatively non-traditional president, while appropriate as a system head, might prove anathema to a university, and a candidate for the latter, regardless of background, might be inappropriate to the requirements of the former.
5. The real issue, said many, is not so much one of structure, but of service and role.

2. *System work and function*

Current system responsibilities encompass -- for both institutions and system office:

1. Development of the budget, submission of it to the Board of Regents, and lobbying, adjustment, and ongoing management of it.
2. Review of new course and program proposals from member institutions on their way to Board of Supervisors and Board of Regents.
3. Facilities approvals.

4. Legal compliance and review of projects.
5. Public relations and communications.
6. Enrollment management to comply with Board of Regents' regulations.
7. Coordination of the three health care components.
8. Generation, collection, and use of data.

Significant forward movement has occurred in these areas in recent years.

1. As noted before, innovative, inter-institutional program development has begun. Collaboration is under way.
2. Data collection finally is taking place, depth and breadth have increased, and regular reports have been issued and made available on the web site. Use of data as a basis for decision-making is well under way within the system office.
3. A strong public relations and communications effort has been put in place, and efforts even are expanding to the proactive and planned – beyond the fighting of fires.
4. A new position in enrollment management has been created and, with the intent of better service to students and heightened enrollment, presses toward adoption of national best practice throughout system institutions.
5. The need for well-monitored enrollment management has been underlined by Board of Regents' requirements for increased retention and completion rates, is captured in the system's strategic plan, and, when goals are met, allows institutional tuition increases of up to 10% per year (GRAD).
6. Board of Regents' new entrance requirements, widely resisted when first initiated, have lifted significantly the quality of both the students and the programs in which they enroll.
7. Heightened attention has been given to issues of legal compliance, with unfortunate discovery early on of costly errors. Generation of long-absent system-wide policies and procedures also has begun.
8. Especially given the severe dysfunction within healthcare six years ago, the creation within the system office of two positions overseeing the two healthcare centers and the state hospitals marks one of the great accomplishments of recent years: The three now are coordinated and overseen in systematic, smooth-running, productive and helpful fashion, even given the

separation of state hospitals from the HSC in New Orleans some years ago. Also, the new electronic records system not only covers the entire state and provides patients with higher quality care, it also offers a treasure trove of data for research. The realignment of services in Baton Rouge, in an innovative partnership with Our Lady of the Lakes Hospital, constitutes another great success. Moreover, through exceptional efforts on the part of the system, funding, governance arrangements, and construction plans have emerged for a new \$1.1 billion hospital to replace the old New Orleans Charity Hospital: Without the system's efforts, this center, already all but paid for and without bonding, would not have occurred. Overall, healthcare delivery in Louisiana is markedly superior today to that of six years back.

9. For that matter, system institutions themselves, seen by many as a cut above others in the state, all can point to significant enhancements of quality and performance in recent years.
10. Even though aggressive work with the Legislature has not generated as many allies as the system would like and background worries of efficiency and unified control and direction continue, the LSU system's name, statewide presence, and prominence, combined with hard work in cultivation, have produced a Legislature not automatically opposed to the system and one open to conversation. All see the benefits of improved performance.
11. Finally, there is broad consensus with respect to the ideal work of this system, and, some argued, no matter what structure might be adopted:
 - i. Balancing of the needs and opportunities of individual institutions, while, at the same time, giving them the autonomy required to meet their own potential and the educational needs of the state and their regions.
 - ii. Treatment of member institutions as "clients" whose needs must be met and interaction with which should be convenient and even pleasurable.
 - iii. Assistance to and support of member institutions, as judged by them.
 - iv. Facilitation of the good work now occurring within member institutions, particularly with respect to reaching out in new and innovative ways that better serve the state and its residents and lift revenues. Great inter-institutional collaboration and breaking down of "silos."
 - v. Ever higher program quality.
 - vi. Enforcement of system-wide accountability to agreed-upon policies and procedures. "Fairness."

- vii. Reduction of costs.
- viii. Careful listening to member institutions and their leaders, creation of broader perspectives, and identification of opportunities to seize.
- ix. Greater transparency.
- x. A higher profile, stronger advocacy, better levels of understanding, greater clarity in branding.
- xi. Independence from undue political interference.

Much work remains to be done, and is necessary no matter the system's institutional membership, final responsibilities, or leadership.

1. Although the collection of data has now begun, the generation of a true and complete data warehouse -- one allowing analysis, research, and policy recommendations, and based on fact -- has yet to be contemplated, much less implemented. Even with respect to data now being collected, the loss of the IR officer through budget cuts has thrust all data responsibilities onto the shoulders of others otherwise occupied.
2. Efforts at implementation of best practice in enrollment management have yet to take hold, for whatever reason, and threaten the possibilities of future individual institutional tuition increases and the lessening of the tuition revenue of increased enrollments. Since the system's institutions operate at uneven capacity, that full potential must be realized. Should it not be, the system can count on others making appropriate cuts for it.
3. Increased attention to policy, procedure, and compliance, in the long presence of a laissez-faire environment, has provoked the normal protests of loss of freedom, innovation, and creativity, and the growth of bureaucracy for bureaucracy's sake -- even as many also desire greater leadership in establishing templates and processes for all of the system's entities. Frustration with the system office as it goes about its necessary work can come across as hostility, and such feelings are significant in determining attitudes to the system and willingness to work with and within it. In a difficult environment, the system has not always been its own best ally.
4. Funding allocations have yet to be regularized in ways that make sense -- even after inappropriate statewide formulas have been applied and tinkered with. The sense among some member institutions is of dictates issued from on high, without appropriate institutional input or understanding of their roles within the system. Transparency and process are missing. Considerable ill will prevails.

5. The rich opportunities of bringing together the chancellors, the chief financial officers, the chief academic officers, the chief enrollment management officers and others have been ignored. They do not and have not formally met for years, if, in some cases, ever. Even in years long past when some such groups met, discussion was not focused on system benefit, advantage, or strategy. Institutions have, in the absence of the ad hoc interaction now appearing throughout the system, gone their separate ways, and have not always even projected good will toward fellow members.
6. The value of the system as a convener or facilitator of campus personnel to address common problems or undertake projects on behalf of system institutions has not been realized. Interestingly, the faculty and staff advisors from each institution do meet on a regular basis, around scheduled board of supervisor meetings, as do the chancellors, on their own.
7. Not surprisingly, major opportunities for the system to make a positive difference have lain fallow, sometimes even for others to seize, as, for the benefit of northwest Louisiana, in the proposed merger of LSU-S and Louisiana Tech.
8. Institutional programs too often remain disconnected from each other, duplicate each other, and show lack of engagement with current pedagogy, especially in the realm of technology. No evidence emerged of lead faculty or departments making use of distance education to teach courses across the system.
9. Campuses remain within their own silos, with varied accounting systems, human resource policies, and software. The tradition, within the system, is of campuses going their own way, with little check, control, or direction. The word “confederation” frequently is used to describe them.
10. The very presence of an experienced and strong former president, in the face of decades of arms-length system management and inadequate staffing, underlined -- in the opposition he aroused -- the challenges of creating a system larger than the flagship and distinct from it.

Several other factors enter into assessment of the system’s current function.

1. It should come as no surprise, though it is a cause for sadness, that even those close to and inside the system office, when asked about one or another aspects of the system, responded in terms of LSU (the flagship), and without any recognition of having done so. It is not even clear that this basic distinction exists in many minds, much less that it spurs questions about future opportunities, threats and needs. One well might understand the origins and

life of the “flagship coalition” by the system’s near invisibility, or, even, existence.

2. Moving beyond confusion over the system’s very identity and into its function, would the separate institutions operate very differently in the absence of the system and its office? What value exactly does the system add?
3. Strong negative feelings toward the system office from within the member institutions can make collaboration difficult. Why bring up a subject if a fight will ensue? Would an end-run prove easier and more effective? End runs to the Legislature and members of the Board of Supervisors, for instance, appear to be acceptable common practice. What incentives could and should be implemented to further collaboration?
4. System office allocations to academic affairs have fallen 40% (\$800,000) since 2007-08. Per FTE student expenditures for academic affairs of the system office come to \$29, among the very least in the nation. Total per FTE student expenditures, not surprisingly, also rank at the bottom. Even in the AGB report of 2006, expenditures here were described as well below levels required for sound function. The inclusion of health affairs and medical affairs no doubt is partially responsible for the widely held perception that the system office has grown by leaps and bounds in recent years: Health affairs added nine staff members in 2008-09 (now at six). So, too, would be the transfer – for reasons of appropriate accountability -- to system office of institutional auditors, who brought 21 staff members in 2008-09 (now at 13). At first glance, numbers of staff rose from 47 in 2007-08 to 77 in 2008-09 and even now stand at 55, an increase of eight over the 2007-08 original, and the institutional auditors still are paid out of institutional budgets. The LSU system office hardly is excessive in cost.
5. As noted in the report of 2006, when the system office was more fully staffed than today, it already lacked the institutional capacity to provide the very services required of an effective system. Since then, the cuts in staff have made service yet more difficult, proactive seizing of opportunities more problematic and planning yet more secondary to crisis management. The still nascent and uneven data collection only adds to the challenges. For instance, the position of executive vice president, which once coordinated all responsibilities normally falling under a chief financial officer, was eliminated, and the underlying departments go their separate ways, without cross consultation, against all sound management. The IR director also is gone, and the list goes on.
6. Morale within the system office following the president’s dismissal has been rocky: While recognizing the complexity of the situation and the reasons for the dismissal, staff supported the president’s desires to strengthen the system,

realize its potential, and treat all member institutions equitably. Cuts in staffing have only added to the mood.

7. The reversal of percentages of institutional revenues from tuition and state appropriations in recent years, with its resulting higher tuitions, has created considerable uneasiness among students.
8. Efforts at academic coordination among the member institutions only now are beginning, and certainly are not facilitated or advanced by the system.
9. Widespread concerns that politics may be intervening in decisions appropriately the system's can promote anger, learned incompetence, and, perhaps, departures. To candidates for the presidency, this will be an issue.
10. The function of the LSU system is complicated by a statewide Board of Regents strongly believed to be working hard to assert its authority and expand its responsibilities through a well-conceived master plan. Uncertainty prevails, along with suspicion.
11. No one foresees any economic up-thrust for years to come. Since, in the Louisiana constitution, only higher education, healthcare, and state agencies are unprotected against cuts, since higher education suffers from uneven capacity among institutions and especially four-year versus two-year programs, and since many programs are redundant, radical restructuring can be foreseen, from within or without. Yet, so far, internal recognition of this locomotive bearing down on the system remains far below that found elsewhere in the nation, where "adjustments," "reallocations," and "business as usual" are known to belong to an era now closed.
12. The system's strategic plan focuses upon access, retention, and completion, in understandably statistical fashion and as required by the Board of Regents; nothing approaching a comprehensive vision is in place, and one, particularly, fully aligned with statewide needs and priorities. Indeed, in conversations in and around the system, no sense of direction, destination, or progress emerges. Even in the face of good new work within the system, an eternal present, tinged with worry and even depression, surrounds it. A strong system plan, linked to the Board of Regents' and tied to specified statewide needs, is essential, as is the linkage of the plans of member institutions to it. It must be noted that no tradition of strategic planning exists within the system.
13. Lack of stability within the office of the president and the LSU chancellor over the last decade has exacerbated all of these issues. More than one person interviewed spoke of the need for stable, clear leadership over the years to come. This also has carried over into the Legislature, where the perception reigns that the left hand does not always know what the right hand is doing

and that the system is “dysfunctional.” Shifting board membership adds to these concerns as well.

14. Although a strong master plan for Louisiana higher education was prepared in 2011 and updated this year, those interviewed could not identify a clear vision for statewide higher education or a place for it within Louisiana’s priorities. Increased anxiety and worry stem from such uncertainty.
15. In the absence of clear system identity – in the contexts of frequent conflation of LSU with the system, the presence of three other state systems, and a compelling but not widely known Regents’ master plan – advocacy for the system and its institutions, by president and Board of Supervisors, is hard.
16. Although much good progress has been made, no one can underestimate the impact of Hurricanes Katrina and Rita on the system’s and the state’s lives. The disruption, the crisis orientation, the destruction of much good work already in place all have yet to be overcome.
17. Finally, and only in recent weeks, the projected loss of federal Medicaid funding has threatened the system not only with massive issues of cutting perhaps 50% of its health allocations, but also with addressing the governance issues sure to attend those challenges.

3. *The Board of Supervisors*

It was customary in interviews to hear repeatedly that, as of this month, all of the current members of the board have been appointed by the current Governor. Dissension that often arose in the past – both positive and counterproductive – is not projected, for years to come. Expectations for greater comfort in open discussion are expressed, and many individuals have remarked on the high quality of this Governor’s appointments. Others speak to what they perceive as a board overly deferential to the Governor and lacking in dissenting voices.

Most positively, members of the board expressed interest in greater engagement with the life of the system and a more proactive role in it. Meetings – committee and board -- are seen as rubber stamps, tedious, and mercifully short. Such awareness and desire for change – well evidenced in the commission of this study – is a spur to future growth and a magnet for candidates for the presidency. This year’s “Work Group on System Organization and Collaboration” – created in the face of the threatened merger of LSU-S and Louisiana Tech -- stands as a model of engagement toward which this board is moving.

The fact remains that this board has not, on the whole, done the governing work characteristic of an effective and engaged board. It rather seems primarily to adopt what the administration presents to its committees, several days in advance of committee and board meetings; and its work largely is “transactional,” not strategic, and too often focused on the demands of individual campuses, rather than on the direction and possibilities of the system as a whole. The board, even with a growing range of members’ professional commitments, also is open to charges of homogeneity – male and white. Moreover, basic procedures are not in place, in key areas such as:

1. Goal setting and assessment policies and procedures for the president, the board, and the members of the board.
2. Orientation of new members.
3. Effective charging and use of committees (of which there are a large number).
4. Careful engagement with the budget, all \$3.5 billion of it.
5. Advocacy with the Legislature.
6. Reliance upon statistics and comparative evidence in the making of decisions.
7. Assessing institutional risks – and opportunities.
8. Planning.

Some even question the value-added of the Board of Supervisors. Others point to national media reports as evidence of inappropriate political interference in the system’s affairs. The independence and strategic leadership of the board will be of concern to candidates for this presidency.

Two other considerations enter into matters of governance. First, the system lacks advisory boards for its individual institutions. Such boards or councils allow for appropriate engagement of community members dedicated to their institutions’ welfare, bring important professional perspectives (especially important in fields such as healthcare), assist with fundraising, and generate strategic energies. Affiliated foundations can perform some of these activities. From this perspective, the emergence of the “flagship coalition” can be understood as a natural “self-organization” toward this model, now formally missing within the system. Second, this board increasingly not only must compete with three other system boards, but also with the Board of Regents. As was noted on a number of occasions, the Board of Regents’ authority with respect to programs, budget, and institutions not only has yet to reach its constitutionally prescribed limits, but also, given current fiscal pressures, must move further in that direction.

4. *Opportunities*

Given the familiar context today of systems nationwide – including severe financial pressures not expected to let up, regulatory demands from well-meaning agencies, and anxious legislators, agencies, and politicians – the LSU system offers a very special opportunity to its next president: Discovering and facilitating coherent interdisciplinary, inter-institutional, financially significant, attractive, and productive programs. That is, the creation of a genuine system, one in reality and in image greater than any of its parts, or all of its parts assembled, one that works in tandem with an active and knowledgeable board, all in the context of an inspired strategic plan. Good consensus exists that this system, at this time, while wishing for greater consistency, also has no desire to become harshly centralized, prescriptive, and uniform. On the other extreme, there is agreement that the system no longer should be a loose and passive confederation or holding company, or one subject to undue pressures, internal or external. A wise new president, building upon board consensus, soon will know how to adjust staffing and function for an appropriately strengthened system role; the combined determination of both president and Supervisors can usher in a new era, one that makes the most of the opportunities presented by the system's and the state's recent histories and financial crises, the exciting and growing quality of its member institutions, and a growing statewide openness to change in higher education.

This opportunity pertains whether or not the president also is chancellor of LSU and however member institutions are defined.

Appendices

Appendix A

Comparisons and Evidence from Other University Systems

The LSU System in a structural context of other public university systems

There are 62 public college and university systems in the United States that oversee four-year colleges and universities; many of these systems also oversee two-year institutions. Ten states have a single governing system complete with a central administrative office that oversees all public colleges and universities – all two-year and four-year institutions. These states are Alaska, Hawaii, Idaho, Kansas, Montana, Nevada, North Dakota, Rhode Island, South Dakota, and Utah.

Another nine states have two governing systems for all public institutions, one that oversees the four-year colleges and universities exclusively, and the other, the two-year colleges. These states are Florida, Iowa, Maine, Mississippi, New Hampshire, North Carolina, Oregon, Wisconsin, and Georgia (which oversees the community colleges but not the technical college system).

The four-year colleges and universities of another 10 states are free-standing, in that most, if not all, have their own independent governing board. These states are Delaware, Kentucky, Michigan, New Jersey, New Mexico, Ohio, Virginia, Washington, West Virginia, and Wyoming.

The remaining 21 states (and their 43 systems) have some combination of systems and free-standing public institutions, or a combination of systems. Included in the former are Alabama, Arkansas, Colorado, Illinois, Indiana, Maryland, Missouri, and South Carolina. In these states, the systems often grew around the states' flagship universities. Those states with a combination of system structures include New York, with the State University of New York and the City University of New York; California, with three systems, the California Community College System, the California State University System of comprehensive master's level institutions, and the ten research universities of the University of California System; Florida, with the 11-member State University System of Florida, and the 28-member recently created Florida College System, comprised of the state's community colleges, several which offer four-year degrees in select academic areas; and Minnesota with the University of Minnesota System and the Minnesota State Colleges and Universities System of four-year comprehensive master's level institutions, community colleges, and technical colleges; and Louisiana, with four college and university systems. The LSU system well fits within this varied and complex landscape.

How does the LSU system compare to other systems in other areas? The LSU system is larger than the average size system in terms of the number of institutions overseen; systems range in size from 2 to 64 institutions and average just over seven institutions. Of the 62 systems, 54 of them oversee institutions of differing missions (as does LSU), that is, often a flagship institution and regional institutions together. (Systems comprised of institutions with similar missions, like the University of Louisiana system, total eight.) But only the LSU System governs just one two-year institution (two, of course, before LSU-Alexandria offered four-year degrees). The LSU system is also larger than the “typical” flagship dominated system, which average less than four separately accredited senior universities, and include the following:

- University of Alabama System
- Auburn University System
- University of Alaska System
- University of Arkansas System
- University of Colorado System
- Colorado State University System
- University of Hawaii System
- University of Illinois System
- Southern Illinois University System
- Indiana University System
- Purdue University System
- Southern University System
- University of Massachusetts System
- University of Michigan
- University of Minnesota System
- University of Missouri System
- University of Nebraska System
- Rutgers University
- Oklahoma A&M Colleges (includes the OSU system)
- Pennsylvania State University
- University of Pittsburgh System
- University of South Carolina System
- University of Tennessee System
- Texas A&M System
- Texas Tech System
- University of Houston System
- University of North Texas System
- University of Texas System

Most of the above systems contain medical schools and health centers, some embedded in the flagship, others free-standing like LSU Health Sciences Center New Orleans and LSU Health Sciences Center Shreveport. The unique and distinguishing characteristic of the LSU System, of course, is its oversight of the Health Care Services Division. Still, one must conclude that the LSU System largely corresponds to norms found around the country. Other than for oversight of the state’s charity hospitals, no one would find it atypical.

Key Functions and Areas of Responsibility of University System Offices

In April 2012, the National Association of System Heads and the National Center of Higher Education Management Systems released the results of a survey and analysis of the central offices of 27 university systems, “A Survey of Multi-campus Public System Offices.” The results looked at the functions of central offices and the expenditures on those functions.

The survey found that systems perform functions that fall in three major categories: 1) the policy functions of public leadership and accountability, 2) the operational functions of services, and 3) the operational functions of administration and management. Core activities include:

- strategic planning
- managing board meetings and providing support to the board
- representing the system to state government, federal government, the media and the public
- approving new academic programs and managing academic planning
- developing annual operating budgets
- recruiting, selecting, and evaluating the performance of campus chief executives
- senior executive office operations

Additional policy functions include leadership on P-20 education issues, system and institutional efficiency and effectiveness, leadership on economic development, and accountability for learning outcomes and the spending of resources. Specific activities under services and administration and management include legal services, human resources, labor relations, computing and information technology, data collection and analysis, accounting, and audit, facilities, payroll, and medical centers. Several large systems with large staffs assume many more functions beyond these core functions reported by the 27 systems. The LSU system, working within the context of the state’s other systems and the Board of Regents, is consistent with these findings.

The survey’s findings comport with AGB’s own experience with university system administrations that are listed fully in Appendix B. Beyond the core functions, we observe that effective systems play a major convening and coordinating role, bringing campus leaders together to discuss common problems and common solutions, but not necessarily providing staff and resources to manage the outcome. This is left to working groups or lead campuses. Here, the LSU system still has a yet-to-be-seized opportunity.

System office expenditures vary widely in the 27 reporting systems, from a low of \$1.8 million to a high of \$197.8 million. Expenditures also range from a low of \$28 per full time student to a high of \$3,336 per full time student. This differential in costs generally reflects the different breadths of responsibilities held by different system offices. As noted earlier, the LSU system’s office expenditures are near the bottom in the averages.

Non-Traditional Appointments to System Executive Positions

A review of the most recent appointments for the chief executives of public university systems shows 10 “traditional” selections (that is, academic leaders), eight “non-traditional” selections, and two that could be considered both. The most recent non-traditional appointment is the high profile selection of Indiana Governor Mitch Daniels as president of the Purdue University System. Other recent non-traditional appointments include James Page as chancellor of the University System of Maine (a lumber company executive but also former professor), and Clay Christian as commissioner of higher education for the Montana University System (an agriculture and title insurance executive, and the immediate past chair of the system’s Board of Regents). Seven of the non-traditional candidates are from the political and business communities; one is from the military.

Appointments of academic leaders to system executive positions have recently occurred in the University of Alabama System, the University of North Dakota System, the Minnesota State Colleges and Universities System, the University of Arkansas System, and the Connecticut Board of Regents. It is also interesting to note that two recently hired system executives for the University System of Georgia and the Utah Higher Education System are individuals with experience as state elected officials and as university executives/faculty.

Several other executives from outside higher education have held system executive positions in high profile systems, Erskine Bowles, for example, at the University of North Carolina system and Bobby Jindal, at the University of Louisiana system. Other non-traditional executives still serve, including Bruce Benson at the University of Colorado System. Four of the six university systems of Texas have actively selected non-traditional candidates, usually from the state’s political arena. This has not been the case at the University of Houston and University of Texas Systems, whose regents have chosen established academics for their system executives.

In other words, there are no hard and fast rules, and system heads from any background can do well in their positions – so long as their skills and interests match the particular needs of the systems they lead. While more difficult to find an appropriate match of non-traditional candidate and flagship presidency, success is very much possible, even if such appointments are less common.

The selection of non-traditional, non-academic candidates to be institutional chief executives (college presidents), particularly at flagship institutions, is far less common. High profile selections (and successful presidencies) have included former U.S. Senator David Boren at the University of Oklahoma, Lee Todd at the University of Kentucky, Bill Scoggins at the Colorado School of Mines, and Louis Caldera at the University of New Mexico.

Single Chief Executives of the System and the Flagship Institution

Nine university systems combine the system and flagship executives in a single position. The Auburn University System (with a total of two institutions); the Purdue University System (with a total of five senior institutions in addition to the main campus, three co-administered with Indiana University); the University of South Carolina System (with a total of three senior institutions and four two-year institutions in addition to the main campus); the University of Houston System (with a total of three senior institutions in addition to the main campus); the University of Pittsburgh System (with a total of four senior institutions in addition to the main campus); the Pennsylvania State University (with three senior institutions in addition to the main campus and several other institutions that offer two and four-year degrees); the Oklahoma State University System (a “system within a system” with one four-year institution, two two-year institutions and a health science and vet school in addition to the main campus in Stillwater); and the University of Michigan and Rutgers University, which never refer to themselves as systems, although each has two branch campuses (led by chancellors) in addition to their main campuses in Ann Arbor and New Brunswick, respectively (led by presidents, and to whom the chancellors report). With the exception of Penn State, Michigan, and Rutgers, the flagship campuses of these systems are not necessarily the *state’s* flagship institution. No readily distinguishable patterns of success or failure accompany these joined leadership positions.

The chief executive of the University of Houston System carries the title of both chancellor of the system and president of the University of Houston. Some small flagship systems abandoned the combined positions several years ago, the University of Hawaii System doing so most recently. On the other hand, we have no evidence of systems moving to combine the two positions of flagship president and system head.

Sample Performance Metrics and Benchmarks for Systems

The following metrics are representative of those that system governing boards could regularly monitor for institutional effectiveness, and for those metrics that are aggregated, for overall system effectiveness. Benchmarks can be created, trends observed, and targets set by comparing data on many of these metrics over a several year period, and sometimes by comparing performance with peer institutions and systems. This data is representative of what a “data warehouse” and effective institutional research office at the LSU system might provide.

Student Enrollment

- Total FTE and part time enrollment
- Percentage of enrollment for women, minorities and out-of-state students
- Academic profile of entering class: number of recognized state or national scholars, average high school rank, GPA and SAT or ACT scores
- Number and percent of out-of-state students
- Student yield: number of applicants, and number of accepted and enrolled students
- Enrollment by academic major

Student Success

- On-time graduation rates (total and by gender and race and ethnicity)
- 150 percent of time graduation rate (total and by gender and race and ethnicity)
- Retention rate for sophomore year (total and by gender and race and ethnicity)
- Percentage of entering freshman graduating with a degree or credential (as reported through National Student Clearinghouse)
- Student completion numbers and percentages by academic program
- Success of transfer students in obtaining a degree or credential
- The average number of years for a given fall cohort consisting of master's and doctoral degree-seeking students to complete their degrees
- Total number of certificates, associate and undergraduate degrees awarded each year
- Number of master's and doctoral awards awarded each year

Endowment and Fund-Raising

- Size of endowment per FTE student
- Voluntary Support of Education (VSE)
- Percent of alumni giving

Student Financial Aid

- Percent of students on federal Pell Grants
- Percent of students on state grants and scholarships
- Number and percent of students receiving federal student loans, and average level of indebtedness
- Tuition discount rate
- Number and percent of students receiving institutionally funded aid and average award

Faculty

- Number and percent of tenured faculty
- Number and percent of adjunct/part-time faculty
- Average age of faculty
- Student to faculty ratios in the most recent academic year
- Percent of undergraduate classes taught by full-time faculty
- Faculty salary averages compared to peer institutions

Academic Quality

- Demonstrated student learning outcomes on standardized assessment instruments
- Reported levels of student engagement as reported on national student engagement surveys

Finance

- Total annual operating expenses per student FTE
- State appropriations per student FTE
- Average cost per degree granted
- Tuition and fees per student FTE
- Long-term municipal bond rating from Moody's and Standard & Poor's

Tuition and Fees

- Tuition compared to national averages and peer institutions
- Total cost of attendance as a percent of family disposal income
- Tuition charges as a percent of state revenues and total institutional revenues
- Net tuition revenue per student

Research and Innovation

- For the past academic year, the total dollar amount of corporate research awarded
- For the past academic, the total dollar amount federal R&D and sponsored program dollars
- For the past academic, the revenue generated from licenses and patents (royalty income)
- For the past academic year, the dollar amount and percent of the E and G budget's internal dollars spent on research

Economic Development and Partnerships and Local/Regional Economic Impact

- Number of graduates in STEM and health-related fields
- Percent of graduates who remain in state by institution and academic major
- Job placement rates of graduates

Administrative Staffing

- Administrative costs per 100 FTE students; comparisons to peer institutions
- Number of administrative staff per 100 FTE students

System Office Expenditures

- Total system office education and general expenditures
- Total system office education and general expenditures per FTE student
- Total system office FTE staff
- Percent of total system office expenditures for each system function
- Staffing Comparisons With Peer Institutions
- Staffing (full and part-time) by EEOC category per 100 FTE students

Appendix B

Roles and Responsibilities of a Public Higher Education System

Association of Governing Boards Ingram Center for Public Trusteeship and Governance

1. Establish a strategic direction for the System complete with values and goals on which the institutions* would build their plans for approval by the Board. Hold institutions accountable to meet them in whatever manner is best for their institutions.
2. Encourage and initiate collaboration and not competition.
3. Provide a unified voice to the Governor's office and the legislature.
4. Establish procedures for a unified request and a unified approach for asking for financial support from the state.
5. Lead in the P-20 effort.
6. Advocate for all of the institutions and the system.
7. Coordinate the marketing for the System and the institutions (each institution would do their own individual marketing but branding would be followed).
8. Define the mission for each institution and make sure it is followed.
9. Approve new academic offerings and the creation of centers, in terms of need, in an expedited manner.
10. Develop shared services opportunities.
11. Establish cooperative purchasing opportunities where it makes sense.
12. Establish state-wide leadership in identifying efficiencies.
13. Establish state-wide leadership in identifying more effective ways to deliver instruction.
14. Lead in the development of "best practices" for the institutions in the System by utilizing the expertise available in the institutions on task forces.
15. Manage System and institutional audits that are primarily designed to assist institutions with compliance and in finding more efficient ways to do their business.
16. Establish a uniform data collection and analysis system (data warehouse) that enhances management decisions and accountability.
17. Establish uniform accounting and financial processes and procedures.
18. Facilitate the ease of academic transfer between institutions.
19. Facilitate the ease of applying to system institutions and applying for financial assistance with common formats.
20. Establish advisory boards for complex areas (health affairs) to assist in the decision making by the System.
21. Approve all construction and significant renovation plans only in terms of financing, exterior design and need by the system and the state.
22. Utilize campus expertise to assist with developing common plans, processes and procedures (task forces on HR, financial rules, technology, etc.)
23. Build a sense of unity and pride for being a part of the System.

24. Develop regular meetings, in person and through technology, of leadership groups (Institutional heads, provosts, etc.).
25. Facilitate discovering the economic and other needs of the state and finding collaborative ways to address those needs.
26. Maximize the potential of each member of the System.
27. Treat all institutions in the System equitably.
28. Make transparency and communication hallmarks of the System.
29. Regularly evaluate the board's by-laws and policies and procedures to make sure they are still viable.
30. Evaluate the leadership of the institutions on a regular basis and conduct a self-evaluation of the board.

*Institutions refers to all of the separate entities in a System such as campuses, major centers, medical centers, etc.

Appendix C

Comparative Salaries of Public University System Executives

The attached spreadsheet lists the base salaries, benefits, and total compensation for 29 system executives. The LSU system total compensation for its previous executive ranks eleventh among the 29 systems listed; the LSU system ranks sixth in yearly base salary. When compared in this manner, it does not appear that the salary of the former LSU system president was out of line with other higher education systems, or that this is an underpaid position. This data is taken from the Chronicle of Higher Education's May 2012 executive compensation survey and was reformatted by Calleine Harms, Program Associate at AGB and Sara Clement, an AGB intern.

Title	System	Tenure	Base pay	Bonus pay	Terminal pay	Deferred compensation, paid	Deferred compensation, set aside	Total Compensation	Provisions
Chancellor	Texas Tech University system	December 2006-present	\$420,240	\$0	\$0	\$150,000	\$187,500	\$757,740	\$24,000 car allowance, house, \$36,461 retirement/pension contribution
Chancellor	University of Texas system	February 2009-present	\$751,680	\$0	\$0	\$0	\$0	\$751,680	\$63,893 retirement/pension contribution
Chancellor	University System of Georgia	February 2006-June 2011	\$425,000	\$0	\$86,019	\$0	\$200,000	\$711,019	\$72,000 housing allowance, \$23,271 retirement/pension contribution
President	University of Illinois system	July 2010-present	\$620,000	\$45,000	\$0	\$0	\$30,000	\$695,000	car, house, \$22,344 retirement/pension contribution
Chancellor	Minnesota State Colleges and Universities system	July 2001-July 2011	\$360,000	\$50,000	\$272,965	\$0	\$0	\$682,965	\$7,200 car allowance, \$24,000 housing allowance, \$17,400 retirement/pension contribution
Chancellor and President	University of Houston system	January 2008-present	\$500,000	\$0	\$0	\$150,000	\$0	\$650,000	car, house, \$22,000 retirement/pension contribution
President	Indiana University system	July 2007-present	\$476,000	\$99,910	\$0	\$0	\$50,000	\$625,910	car, \$48,000 housing allowance, \$35,280 retirement/pension contribution
Chancellor	University of Alabama system	January 2002-February 2012	\$500,000	\$0	\$0	\$104,541	\$0	\$604,541	\$12,000 car allowance, \$102,729 retirement/pension contribution
President	University of California system	June 2008-present	\$581,232	\$0	\$0	\$0	\$0	\$581,232	\$8,916 car allowance, house, \$246,487 retirement/pension contribution
Chancellor	University of North Texas system	September 2002-present	\$579,108	\$0	\$0	\$0	\$0	\$579,108	\$34,876 retirement/pension contribution
President	Louisiana State University system	September 2007-present	\$550,000	\$0	\$0	\$0	\$22,500	\$572,500	\$15,000 car allowance, \$36,000 housing allowance, \$63,660 retirement/pension contribution
Chancellor	University of Pittsburgh	June 1995-present	\$561,500	\$0	\$0	\$0	\$0	\$561,500	car, house, \$67,380 retirement/pension contribution
Chancellor	State University of New York system	June 2009-present	\$490,000	\$0	\$0	\$0	\$55,400	\$545,400	car, \$20,000 retirement/pension contribution
Chancellor	University System of Maryland	August 2002-present	\$490,000	\$0	\$0	\$0	\$0	\$490,000	car, house
Chancellor	City University of New York system	September 1999-present	\$490,000	\$0	\$0	\$0	\$0	\$490,000	car, \$90,000 housing allowance, \$36,255 retirement/pension contribution
Chancellor	California State University system	May 1998-present	\$451,500	\$0	\$0	\$0	\$0	\$451,500	car, house, \$44,529 retirement/pension contribution
President	University of Hawaii system	August 2009-present	\$427,512	\$0	\$0	\$0	\$0	\$427,512	\$3,912 car allowance, \$60,000 housing allowance, \$64,127 retirement/pension contribution
President	University of Nebraska system	August 2004-present	\$366,519	\$0	\$0	\$0	\$42,150	\$408,669	car, \$24,000 housing allowance, \$29,321 retirement/pension contribution
President	University of Wisconsin system	September 2004-present	\$401,886	\$0	\$0	\$0	\$0	\$401,886	car, house, \$31,156 retirement/pension contribution
President	University of Colorado system	March 2008-present	\$359,100	\$0	\$0	\$0	\$0	\$359,100	\$49,500 housing allowance, \$24,500 retirement/pension contribution
Chancellor	Pennsylvania State System of Higher Education	July 2008-present	\$327,500	\$0	\$0	\$0	\$0	\$327,500	house, \$22,760 retirement/pension contribution
President	University of Alaska system	June 2010-present	\$304,250	\$0	\$0	\$0	\$0	\$304,250	car, \$9250 car allowance, house, \$42,578 retirement/pension contribution
Chancellor	Nevada System of Higher Education	July 2009-present	\$303,000	\$0	\$0	\$0	\$0	\$303,000	\$8,000 car allowance, \$24,000 housing allowance, \$27,562 retirement/pension contribution
President	University of Arkansas system	May 1990-October 2011	\$294,953	\$0	\$0	\$0	\$0	\$294,953	car, house, \$29,495 retirement/pension contribution
Chancellor	University System of New Hampshire	July 2009-present	\$280,000	\$0	\$0	\$0	\$0	\$280,000	\$3,465 car allowance, \$41,650 retirement/pension contribution
Chancellor	Oregon University system	September 2005-present	\$248,579	\$0	\$0	\$0	\$0	\$248,579	house, \$24,000 housing allowance, \$27,344 retirement/pension contribution
Chancellor	University of Maine system	July 2007-present	\$220,000	\$0	\$0	\$0	\$9,100	\$229,100	car, \$40,977 housing allowance, \$42,500 retirement/pension contribution
Chancellor	North Dakota University system	July 2007-present	\$213,720	\$0	\$0	\$0	\$0	\$213,720	\$11,000 car allowance, \$20,000 housing allowance, \$24,500 retirement/pension contribution
Chancellor	Vermont State Colleges system	July 2009-present	\$190,000	\$0	\$0	\$0	\$0	\$190,000	car, \$22,800 retirement/pension contribution

Appendix D

LSU System Milestone Events, 2003-2012

2002

Creation of s statewide community and technical college system and growth in enrollment

2003

Taking over health care: \$2 billion of a \$3 billion budget

Athletic success of LSU

Change in enrollment standards

2004

Chancellorship broken out of New Orleans to Shreveport

Lethargy in grassroots political base

Take off of technology in education

2005

Katrina and Rita

Crisis mode, in absence of a plan

2006

Heightened enrollment standards

2007

Increasing trend of bureaucracy in state higher education

Vice president of health and hospitals created in system office

More athletic success

Leadership changes in administration and board

2008

Stelle amendments repealed

Nationwide economic downturn

Chancellor Sean O'Keefe leaves LSU

LSU becomes a Tier 1 institution

2009

Beginning of major state general fund decline

2010

BP oil spill

Continuing of state general fund decline

Disagreements politically

GRAD act 1

2011

More general fund declines

GRAD act 2

Forever LSU hits mark

University of New Orleans leaves LSU system

2012

FMAP implosion

Leadership change at the university

Another championship football year

Board of Regents does not call LSU for discussion of formula

Attempt to take over LSU-S

3 chancellors of LSU

3 presidents of LSU system

Appendix E

List of Individuals Interviewed June 25-28 and July 5-6, 18, 23, 2012

Supervisors

Ronald Anderson, Blake Chatelain, Hank Damos, Ann Duplessis, Dr. John George, Stanley Jacobs, Ray Lasseigne, Jack Lawton Jr., Rolfe McCollister, Justin Mannino, James Moore Jr., Robert Yarbrough

President/Chancellor

Bill Jenkins

Chancellors

Mike Martin, Bill Richardson, Jack Weiss, Larry Hollier, Bob Barish, David Manuel, William Nunez, Paul Sisson, Steve Heymsfield (executive director)

System Staff

Carolyn Hargrave, Wendy Simoneaux, Ray Lamonica, Fred Cerise, Roxanne Townsend, Bob Rasmussen, Charles Zewe, Mike Gargano, Bob Keaton

Board of Regents

Jim Purcell

Pennington Medical Foundation

Bill Silvia

Boyd Professors

Dennis O'Callahan, Neil Grange, Bill Cooper, Eric Ravussin, Tom Klei, Jack Kent, Mark Batzer, Meredith Blackwell

Faculty Council

Kevin Copes, Ken McMillan, Jim Robinson, Elizabeth Elder, Tammy Dugas, Scott Rubin, Jennifer Rood, Mary Jarzabek

Staff Council

Christy Galy, Chad Gothreaux, Sharon Salzer, Gwin Ferrell, Kenneth Elliott, Barbara Tillman, Lisa Ebarb, Gena Doucet

LSU Lab School

Wade Smith

LSU Shreveport Alumni

Brian Wooten, Richard Young, Diane Howell

Flagship Coalition

Sean Reilly

Interviews were also conducted with representatives of the Student Government Association and the institutional foundations.