

Public Higher Education Governance Structures:

*How Governance Shapes Affordability, Financial
Sustainability, and Student Outcomes*

Donna M. Desrochers
Samantha R. Bradley

February 2026

Contents

Introduction & Highlights	1
Key Findings	2
Implications.....	3
Study Overview	5
Approach.....	5
System Governance Taxonomy.....	6
Study Findings	8
Affordability	8
Financial Sustainability.....	11
Student Outcomes	16
Higher Education Leader Insights & Delegated Authorities	18
Leadership Insights	18
Delegated Authority Impact.....	19
Final Thoughts	21
References	22
Appendix A	23
Appendix B	25



This work was supported by Arnold Ventures.

Introduction & Highlights

Public systems of higher education in the United States are currently facing unprecedented challenges. Environmental pressures—most notably declining enrollment, constrained funding, and intensifying market forces—have escalated for both two- and four-year institutions amid an increasingly uncertain economic and political landscape.

As higher education navigates this evolving environment, it remains anchored by the twin goals of student access and success. But if colleges and universities are going to continue maximizing student outcomes, postsecondary institutions will increasingly need to be adaptable, financially sustainable, and attuned to producing credentials of value that meet both student and workforce needs. At public colleges and universities, these institutional efforts are overseen by the regulatory bodies under which they are governed.

There are different governance structures in place throughout the public higher education ecosystem in the United States. These structures have varying degrees of centralization and decision-making authority for budgeting, tuition-setting, program planning, and information management. Higher education governance structures in this study are organized into three distinct categories:

1. **Governing boards:** Statewide or systemwide boards that have the authority to govern public institutions.
2. **Coordinating boards:** Statewide or systemwide boards that have no governance authority but serve as liaisons between state government and higher education institutions and often have a role in higher education planning.
3. **Administrative or planning agencies:** These structures primarily facilitate communication among entities, with no regulatory authority and little oversight.

Evidence suggests that the ways in which postsecondary systems are structured and governed can influence how institutions allocate resources and generate revenue.¹ However, the role of governance structures as a lever for student success—a key area of focus in this work—is largely understudied.

There is also a critical need for updated research in the context of the current higher education environment and business models. The growing increase in external pressures—including shifting student enrollment and public funding levels—along with a greater focus on value, increased transparency and political accountability, means that findings from prior research may no longer be relevant.

This study provides new insights into the relationships between governance structures and affordability, institutional finances, and student outcomes. **The analysis reframes the higher education governance debate, suggesting that the structure itself matters less than how authority is distributed and exercised to balance student costs, financial sustainability, and successful student outcomes.**

¹ Bowen et al. (1997); Knott & Payne (2004).

Findings from this study provide guidance for higher education leaders, state policymakers and other stakeholders seeking to ensure their public higher education institutions' operations and business models are efficient, sustainable, and student-centered.

Key Findings

Governance Structures Influence Revenue Strategies More Than Spending, Efficiency, or Outcomes

Governance structures primarily influence higher education business models through pricing and revenue strategies, rather than spending. Governance structures shape how institutions generate revenue, especially affecting tuition pricing and reliance on state and local (S&L) appropriations. However, they have less impact on spending patterns, institutional efficiency, or student outcomes.

1. Governing boards achieve greater affordability than other governing structures by leveraging public funding.

Institutions under governing boards tend to keep tuition prices low and rely more heavily on S&L appropriations to maintain affordability for students. In contrast, coordinating boards and administrative agency structures shift more of the cost burden to students via higher tuition prices.

2. Governance structures influence revenue streams, but not overall revenue levels.

Institutions overseen by coordinating boards rely equally on state and local appropriations and tuition and fees to generate revenue. In contrast, those under governing boards are usually more dependent on public funding due to their emphasis on affordability, while institutions overseen by administrative agencies tend to receive the lowest levels of public support.

3. Governance structures have little impact on overall spending trends across different types of institutions.

Spending increased across the public sector regardless of governance structure, with modest differences in the rate of increase among the different types of governance. Overall, governing boards spend more per student than coordinating boards, but they finance this spending primarily through taxpayer support rather than student tuition.

4. Public institutions have demonstrated greater cost efficiency in producing degrees, regardless of governance type.

Cost-efficiency in degree production—producing more degrees and certificates at lower cost per credential—has increased over time for all types of institutions. Governance structures don't appear to help or hinder this progress. Governing boards are the least cost-efficient across the sector overall, but within research/doctoral and master's universities, administrative agency governance is even less cost-efficient.

5. Student outcomes differ modestly by governance type at four-year institutions, with little effect observed at two-year colleges.

Governance structures have limited impact on student retention and graduation rates, but governing and administrative boards tend to perform slightly better than coordinating boards at four-year institutions. However, at two-year colleges governance structure appears to have minimal influence, with similar outcomes and significant gains across all types.

Governance structures also impact various types of colleges and universities differently. **Governance structures have a more noticeable impact at four-year universities than at two-year colleges.**

Research/doctoral and master's universities under administrative governance show higher sticker prices, faster tuition growth, and the highest cost per completion—highlighting issues with affordability and efficiency—though this trend is less pronounced at bachelor's colleges. However, community and technical colleges show minimal differences in spending, efficiency, and outcomes across governance structures, indicating a limited role of governance in shaping performance among these types of institutions.

The relationship between governance structures and affordability in this study aligns with earlier research,² as does the limited connection between governance and student outcomes.³ **These findings suggest that while governance structures may not be the most effective tool for improving student success or controlling spending, they play a significant role in shaping how states balance student affordability with taxpayer investment in higher education.**

Implications

Conversation with higher education leaders provided additional insight into the patterns observed in the data. These leaders shared that the effectiveness of higher education governance structures depends on the formal authority they are given, as well as the broader political environment in which they operate.

While governance structures shape the financial foundations of public higher education systems, they matter less than the authority and alignment embedded within those structures. In short, what powers boards hold—and how those powers are exercised—drive outcomes more than the structure itself. Furthermore, institutions retain significant autonomy over spending and operations, which limits the influence of governance structure on their day-to-day decisions.

Governing boards often hold more regulatory power, including tuition-setting authority and the ability to hire or fire campus leaders, which strengthens their oversight role. However, their influence is also subject to political dynamics. Coordinating boards, while typically less powerful, can still be effective by leveraging soft power strategies—such as stakeholder convening and providing institutional support—to shape statewide agendas and promote accountability. In both cases, the roles and responsibilities delegated by legislatures and state statutes are critical in defining their reach and impact.

Key Insights for Policymakers and System Leaders:

- 1. Empower boards through clearly delegated authority.** States should focus on strengthening delegated powers—especially in tuition-setting, capital investment, and program approval—rather than restructuring governance frameworks. Boards that can align pricing, investment, and academic portfolios to statewide goals are better positioned to balance affordability and sustainability.

² Bowen et al. (1997); Knott & Payne (2004); Lowry (2001).

³ Connecticut General Assembly (2010).

- 2. Create policy incentives for efficiency and policy alignment.** Efficiency has improved across all governance types as state funding models, accountability systems, and workforce demands have pushed institutions toward shared goals. Policymakers can reinforce this progress through policy-aligned incentives and transparency in cost and completion data.
- 3. Leverage political and fiscal leadership to enable reform.** Governance effectiveness often depends on the state political context. Governors and legislatures can drive transformation by setting clear performance targets and providing boards with both the authority and the political cover to act. Aligning legislative funding priorities with board-level strategies creates coherence across the higher education ecosystem.

Together, these findings suggest that meaningful change will come less from changing who governs and more from clarifying what authority they wield and how it's deployed to meet statewide affordability and workforce objectives.

Study Overview

This study addresses two primary questions:

1. **What is the relationship between public higher education governance structures and college affordability, financial sustainability, and student success?**
2. **What are the possible policy considerations that could inform governance best practices?**

The role of governance structures on affordability, financial sustainability, and student success was first examined with a quantitative lens, followed by qualitative interviews to capture practical insights on governance approaches.

Approach

The quantitative analysis for this study was conducted using longitudinal data from the federal Integrated Postsecondary Education Data System (IPEDS). The study examined a decade of the most recent fiscal year (FY) data available, which included FY13 through FY23 (see Box).

The qualitative interviews were semi-structured discussions with key higher education leaders. These discussions probed on questions raised by the quantitative analysis, surfaced governance best practices and challenges, and revealed possible new approaches related to governance roles and responsibilities.

The hour-long virtual interviews were conducted during summer 2025 with five higher education leaders. These individuals have a wide range of experience across both two- and four-year public institutions, with careers spanning roles working on or with state and system governing and coordinating boards, on boards of national higher education organizations, and as university presidents and chief executive officers.

About the Data

rpk GROUP maintains a longitudinal database containing 15 years of higher education IPEDS data and more than 500 variables; it is adjusted for changes in reporting formats over time and between different types of institutions. Financial variables are adjusted for inflation using the Consumer Price Index (CPI-U) and are shown in 2023 dollars.

IPEDS data for a given academic or fiscal year is released to the public on a time lag; at the time of this study, the most recent IPEDS data available extended through 2023.

The analysis data for this study consisted of 1,610 public two- and four-year institutions in the United States excluding tribal colleges, military academies, institutions serving solely incarcerated adults, and K-12 education/career training centers.

System Governance Taxonomy

To thoroughly explore the impacts of variations in governance structures on student success, a detailed taxonomy was developed that leveraged prior research⁴ and existing categorizations of state systems.⁵ The taxonomy developed for this study placed institutions into one of three mutually exclusive categories:

1. **Governing boards** refer to state or systemwide boards that have the authority to govern public institutions, thereby providing centralized oversight with purview over higher education planning and resource allocation (see Appendix A, Table A-1). Examples of governing boards include the Montana University System’s Board of Regents and the University of North Carolina System and its Board of Governors.
2. **Coordinating boards** include state or systemwide boards or commissions that serve as liaisons between state government and higher education institutions but have no governance authority; they often have a role in higher education planning, but not resource allocation. Examples of coordinating boards include the Alabama Commission on Higher Education and West Virginia Higher Education Policy Commission.
3. **Administrative or planning agencies** are the least centralized types of structures. They primarily facilitate communication among entities and have a limited role in planning; they have no regulatory authority and very little role in oversight or resource allocation. Examples include public institutions in the state of Michigan which are independently governed by their own institutional boards, and public institutions in New Jersey, where the administrative agency—the State of New Jersey Office of the Secretary of Higher Education—provides some statewide planning and policy recommendations, but institutions are governed by their own local boards.

The institutions included in this study are organized by type of institution and governance structure, as summarized in Table 1. Well over one-third of institutions (38%) are regulated by a governing board while nearly half are overseen by a coordinating board (47%); only 15% have sole administrative or planning agency oversight.⁶

⁴ A four-category organization typically includes: 1) single, statewide governing board; 2) single, statewide coordinating board/agency; 3) one or more major, systemwide coordinating or governing board, and 4) administrative/service agency (Bracco et al. (1999); Connecticut General Assembly (2010); Knott & Payne (2004); McClellan & Hutchens (2021); McGuinness (2016)). A three-category organization collapses statewide and systemwide structures into similar categories (Bowen et al. (1997); Fulton (2019); McGuinness (2016)).

⁵ Public institutions within each state were assigned to one of the three categories based on extensive information about governance structures in each state collected by the Education Commission of the States (Pechota, Fulton & Broom (2020)).

⁶ Public master’s and bachelor’s colleges are equally likely to have governing or coordinating boards, but the latter are more likely to have administrative oversight compared to other types of institutions.

Table 1: Public Institutions in Study by Governance Structure and Institution Type, 2023

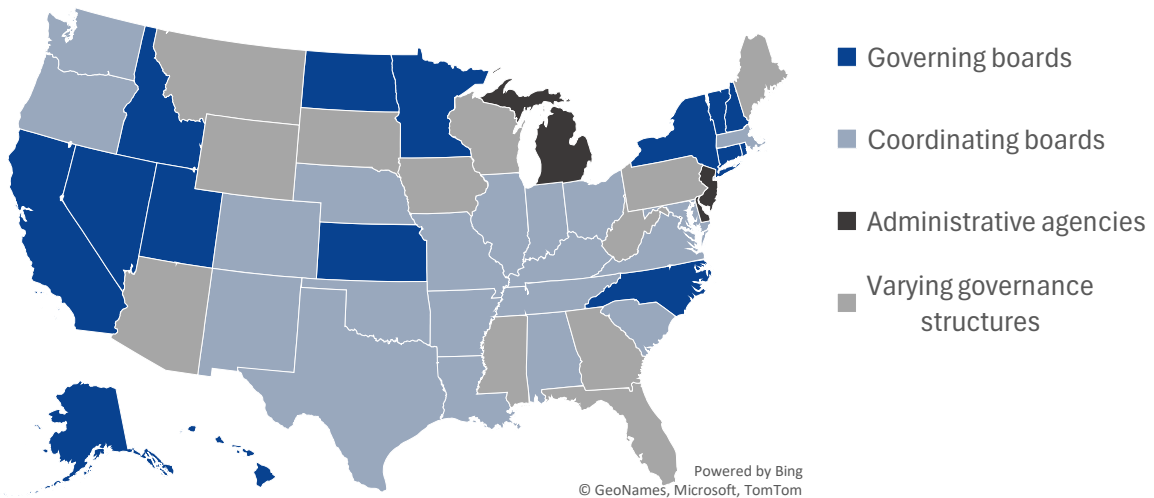
Governance Structure	Public Institutions				Total	
	Research/ Doctoral	Masters	Bachelors	Community /Technical Colleges		
Governing board	96	115	44	349	604	(38%)
Coordinating board	132	116	44	471	763	(47%)
Administrative agency	46	12	23	162	243	(15%)
<i>Total</i>	<i>274</i>	<i>243</i>	<i>111</i>	<i>982</i>	<i>1,610</i>	<i>(100%)</i>

Governance structures can vary within states, with some states having multiple structures. The study taxonomy organized institutions by their highest level of governance, although colleges and universities may also have additional levels of oversight such as system or institutional boards in addition to statewide boards.

Public colleges and universities in fifteen states (29%) are exclusively overseen by governing boards, while institutions in 20 states (39%) are exclusively overseen by coordinating boards (see Figure 1). Only in four states (8%) are institutions solely overseen by administrative/service agencies or their own institutional board.

Twelve states (24%) have a mix of structures within a single state. For example, Arizona’s public four-year institutions are all part of a systemwide governing board, while its community colleges are led by their own institution boards.

Figure 1. Governance Structures of Public Institutions



Study Findings

The patterns and trends observed in public higher education data across a decade show that **governance structures influence student affordability and sources of revenue, but they matter less to overall levels of revenue, spending, and student outcomes** (see Appendix A, Table A-2).

Affordability

For this study, we explored the impact of governance structures on affordability by comparing two *student cost* measures – **sticker price and net price** – and two *student debt* measures – **the percentage of students receiving student loans** and their **average loan amount** – across the three governance structures.⁷

Governance structure plays a significant role in college affordability, influencing both student costs and debt. Institutions overseen by governing boards have the greatest impact on preserving affordability: students at these institutions generally face lower sticker and net prices, are less likely to take on loans, and carry lower loan balances when they do borrow, compared with those at coordinating board or administrative oversight institutions.

Student Costs

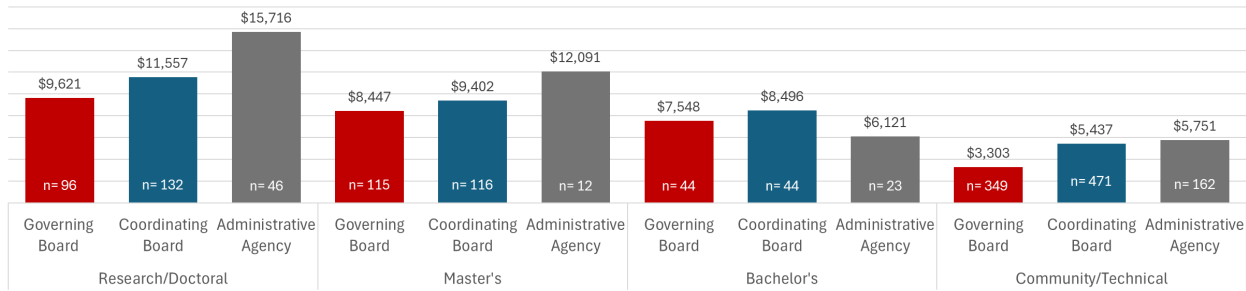
Examining trends in average and median sticker prices adjusted for inflation over the past ten years revealed that institutions under governing boards have consistently lower sticker prices than institutions operating with coordinating boards or administrative agencies (see Figure 2). Sticker prices have risen over the past decade for institutions under coordinating boards (3%) and administrative agencies (4%), but sticker prices for institutions under governing boards are actually lower in inflation-adjusted dollars than they were a decade ago (-8%).⁸

Institutions with administrative agency oversight tend to post less affordable sticker prices, although variations exist by sector. Research/doctoral and master's universities have very high sticker prices, but bachelor's and community/technical colleges exhibit more competitive rates.

⁷ Financial variables in this study are adjusted for inflation using the Consumer Price Index (CPI-U) and shown in 2023 dollars. Sticker price represents the fixed amount institutions charge for tuition and fees to an in-state full-time undergraduate student. Net price represents the actual amount an in-state full-time undergraduate student pays after accounting for any student grant aid received.

⁸ Statistical analysis further confirmed that sticker prices are significantly lower for institutions under governing boards compared to other governance structures. ANOVA analyses showed average sticker price varies for the three governance structures ($p < .005$). Pairwise t-tests showed that average sticker price was significantly higher for coordinating boards compared to governing boards ($p < .005$) and significantly higher for administrative agencies compared to governing boards ($p < .005$), with no significant difference between administrative agencies and coordinating boards ($p = 0.33$).

Figure 2. Average Sticker Price FY23



Source: rpk GROUP analysis of IPEDS, 2013-2023

Sticker prices do not always accurately reflect what students pay. But similar patterns were found in net price trends, which reflect what students actually paid after deducting grant aid awards. Institutions with governing boards exhibited declining net prices over the past ten years at research/doctoral (-4%), master's (-18%), and bachelor's (-23%) institutions. Administrative agencies outperformed governing boards in reducing net price among bachelor's colleges over the past decade (-33%) while governing boards performed the same or better than other governance structures in reducing net price at other four-year institutions. At two-year institutions, coordinating boards were most successful in limiting net price growth.

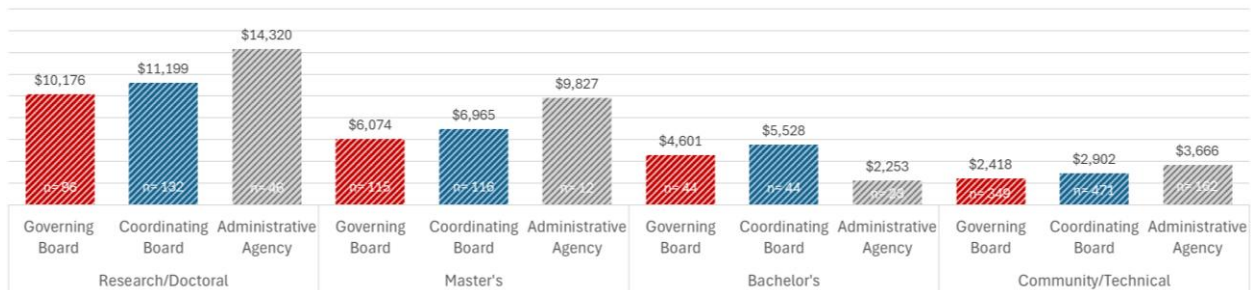
State Impacts

Public higher education institutions are shaped by the states in which they operate. Variations in each state's density of colleges and universities, cost of living, and political environment create distinct institutional contexts.

How might state characteristics influence the trends observed within governance structures?

Additional analyses that consider state size, cost-of-living, and political constructs find little evidence that state context influences the observed trends more than the governance structure itself (see Appendix B).

Figure 3. Average Net Price FY23



Source: rpk GROUP analysis of IPEDS, 2013-2023

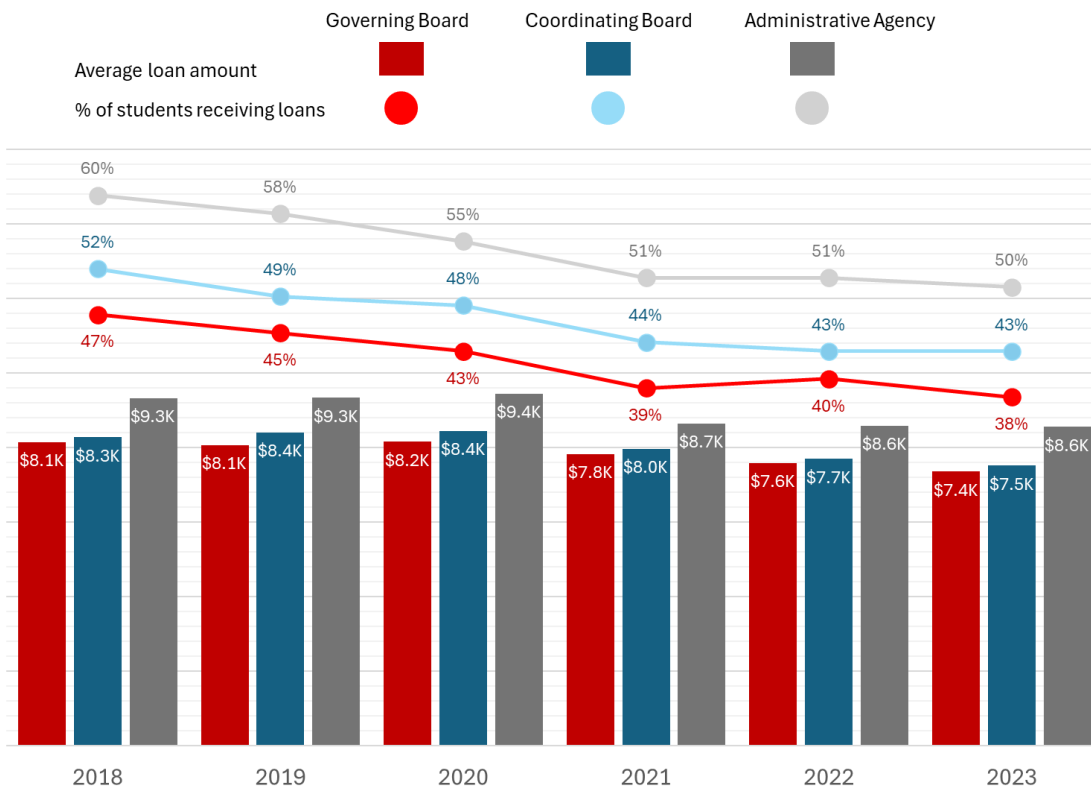
Average net prices at coordinating boards are 10% to 20% higher than at governing boards (see Figure 3). And differences are even greater at administrative agencies where average net prices generally range from 40%-60% higher than institutions with governing boards.

Student Debt

Across the public higher education sector, governance structures have little impact on overall student debt. The percentage of first-time, full-time (FTFT) degree/certificate-seeking undergraduate students receiving student loans—as well as the average loan amount—shows little variation among governance structures.⁹ The percentage of students receiving loans has decreased at similar rates (38% to 44%) across all three types of governance structures over the past ten years. As of FY23, 22% of all FTFT undergraduates enrolled at public institutions in this study received student loans, regardless of their institution’s governance structure.

However, some differences in student debt measures are evident once institution type is taken into account. Among research/doctoral universities, 50% of students attending institutions governed by administrative agencies took on student loans in FY23, compared to 43% of students at institutions under coordinating boards and 38% under governing boards (see Figure 4). Furthermore, students attending research/doctoral universities with administrative agencies also have higher loan balances. These loan patterns have persisted across research/doctoral universities for the past decade.

Figure 4. Student Loan Trends, Research/Doctoral Institutions



Source: rpk GROUP analysis of IPEDS, 2013 - 2023.

⁹ For this study, student loans include any monies that must be repaid to the lending institution for which the student is the designated borrower. This includes all Title IV subsidized and unsubsidized loans and all institutionally and privately sponsored loans but does not include PLUS and other loans made directly to parents.

Financial Sustainability

To explore the relationship between public higher education governance structures and financial sustainability, we examined two key *revenue* sources for institutions: **net tuition**¹⁰ and **state and local (S&L) appropriations**.¹¹ We also examined three *expense* measures: **education and general (E&G) spending**, **education and related (E&R) spending**, and **instructional expenditures**.¹² Finally, we considered *efficiency* measures by examining **E&R spending per completion**.¹³

Governance structures strongly influence the sources of institutional revenue, even though total core revenues are similar across governance types. Governing board institutions rely more heavily on state and local appropriations for their revenue, while coordinating boards balance revenue from appropriations and tuition, and administrative oversight institutions depend more on tuition and fees.

Despite the differences in revenue sources, governance has little impact on overall spending trends, as spending has increased across all institutions regardless of oversight. Governing boards tend to spend more per student but offset this with greater taxpayer support. Efficiency and degree productivity have improved broadly across the sector, with no governance model clearly accelerating or impeding progress.

¹⁰ In this study, net tuition revenue includes net tuition and fees paid directly by students, plus the portion of Pell grants that are applied to tuition and fees.

¹¹ State appropriations include revenues received by the institution through acts of a state legislative body (except grants and contracts and capital appropriations) that are allocated to meet current operating expenses (not for specific projects or programs). Local appropriations include funding from counties or other local governments, including education district taxes (assessed directly by, or on behalf of, an institution), local referendums, or other tax sources (sales taxes, gambling taxes, etc.).

¹² E&G spending includes all core operating expenditures: instruction, research, public service, academic support, student services, institutional support, operations and maintenance, and net scholarships and fellowships; auxiliary enterprises are excluded.

E&R spending isolates total spending related to the academic mission and includes instruction, student services, and a prorated share of spending on central academic and administrative support, and operations and maintenance.

Instructional spending includes general academic and vocational instruction, as well as departmental research and public service activity that is not separately budgeted; it excludes expenses for academic administration where the primary function is administration (e.g., academic deans).

¹³ Completions include certificates, diplomas, or other formal awards granted by an institution.

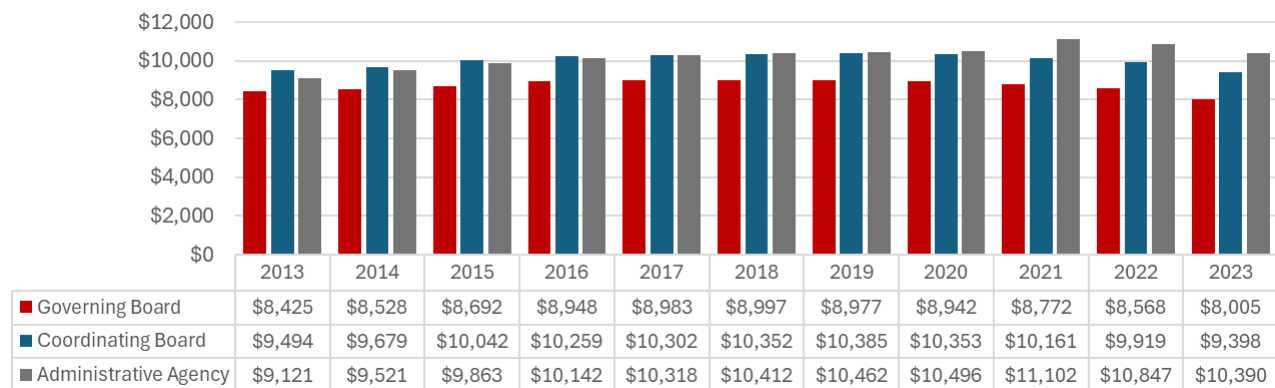
Revenue Sources

Since institutions with governing boards typically charge lower prices to students, it is unsurprising that these institutions generate less revenue from tuition and fees compared to colleges with other governance structures.

Over the past decade, net tuition revenue per FTE student declined by 5% for institutions under governing boards, from an average of \$8,425 in FY13 to \$8,005 in FY23 (see Figure 5). In contrast, at institutions under administrative agency oversight net tuition revenue per student increased by 14% over the past decade, reaching \$10,390 in FY23, which is consistent with the higher average prices charged to students. The average amount of net tuition revenue generated by coordinating board institutions has remained relatively flat over the past decade.

As net revenue per student steadily grew among institutions with administrative governance, their average net tuition revenue was 30% higher than governing boards by FY23. Net tuition revenue for institutions with coordinating boards typically falls between that of governing boards and administrative agencies, averaging 17% higher than governing boards and 10% lower than administrative agencies.

Figure 5. Average Net Tuition Revenue per Student FTE

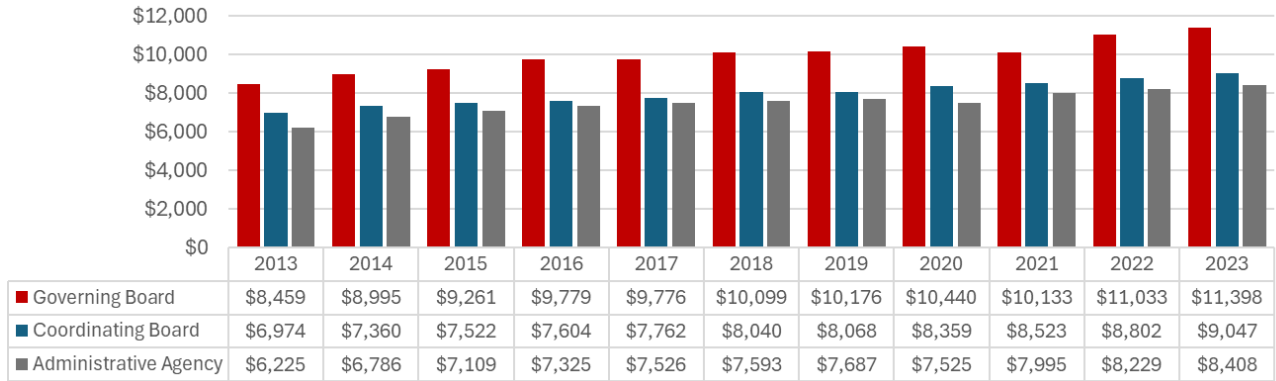


Source: rpk GROUP analysis of IPEDS, 2013-2023

Institutions under governing boards are able to preserve affordability for students by leveraging public funding sources. While these institutions generate lower tuition revenue, they offset those deficits with significantly higher state and local appropriations compared to other types of governance structures (see Figure 6).¹⁴ Institutions with coordinating boards tend to rely equally on tuition and S&L appropriations as revenue sources while institutions with administrative oversight average the lowest amount of S&L funding per student.

¹⁴ A simple log-linear regression model was used to test if governance structure significantly predicts the amount of S&L appropriations per FTE. The overall regression was statistically significant ($p < .000$), with negative estimated coefficients for both coordinating boards and administrative agencies ($p < .000$) indicating that institutions with governing boards received higher S&L appropriations per student FTE.

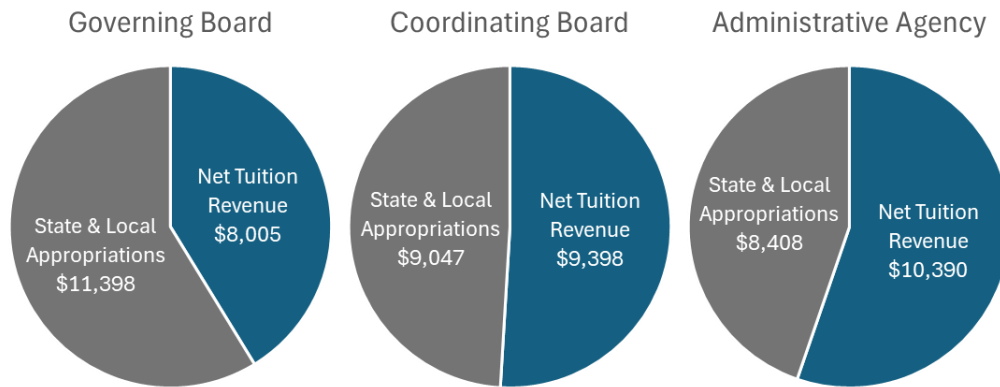
Figure 6. Average S&L Appropriations per Student FTE



Source: rpk GROUP analysis of IPEDS, 2013-2023

Notably, S&L appropriations per student have increased between 30-35% for public institutions across the board over the past decade, regardless of governance structure. And while the primary sources of revenue vary, the total amount of revenue generated from net tuition and fees and S&L appropriations combined is similar across the governance structures (see Figure 7).

Figure 7. Average Revenue per FTE by Source, FY23



Source: rpk GROUP analysis of IPEDS, 2013-2023

Expenses

Governance structures appear to have more modest impacts on overall higher education spending patterns and trends in comparison to revenues. Education and general spending increased across the board over the past ten years regardless of governance structure. Growth was highest at administrative agency institutions (30%) while spending grew half as fast (15%) at governing and coordinating board institutions (see Figure 8).

By FY23, E&G spending at governing board institutions was 8% higher, averaging \$30,300 per student, than at institutions with coordinating or administrative agency oversight, where spending averaged about \$28,000.

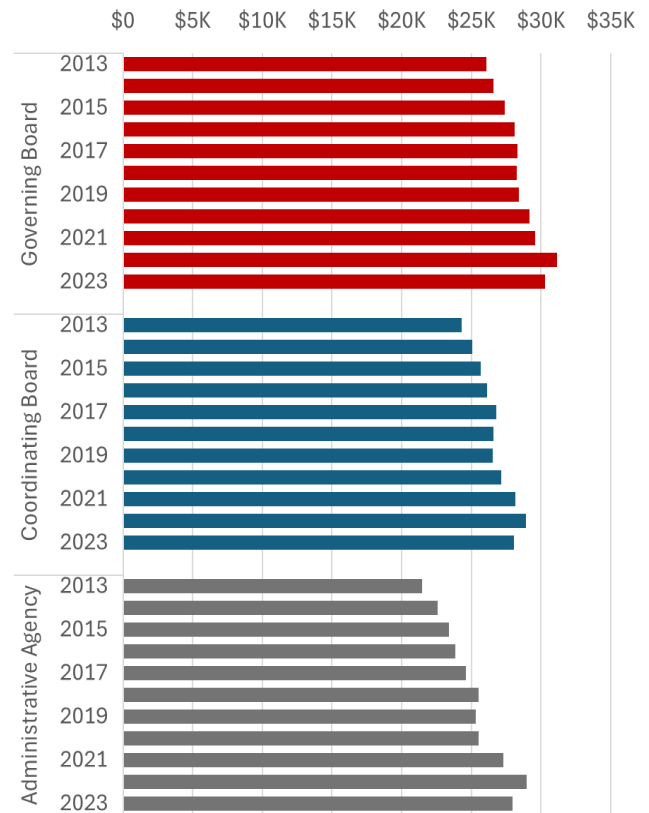
When disaggregated by type of institution, statewide coordinating boards still tend to have lower E&G spending than other governing structures, particularly at research/doctoral and master's universities. However, the patterns diverge when examining bachelor's and community/technical colleges, where spending at institutions with administrative agency oversight is lower than, or similar to, that of other governance structures.

The distinct difference in spending patterns by governance structure for the four-year universities in comparison to the four- and two-year colleges also emerged in some of the affordability and efficiency metrics. It's possible that governance policies are applied or implemented differently at colleges than at universities. So, while administrative agency oversight at universities clearly results in higher prices, higher spending, and less efficiency (as shown in the next section), these patterns are less definitive at colleges.

The broader E&G spending patterns and trends are also reflected in E&R spending, which focuses only on activities tied to the academic mission. This suggests that overall spending differences—especially at research/doctoral universities—are not solely driven by expenditures on research and public service.

Isolating spending even further to focus only on instructional spending narrows the spending gaps across the governance structures. Institutions with administrative oversight now show instructional spending levels more closely aligned with those under coordinating and governing boards. This narrowing, in comparison to broader spending measures, suggests that the higher overall costs at administratively governed institutions is partly because of greater spending on non-instructional support activities—such as student support, institutional support, and academic support.

Figure 8. Average Education and General (E&G) Spending per FTE



Source: rpk GROUP analysis of IPEDS, 2013-2023

Efficiency

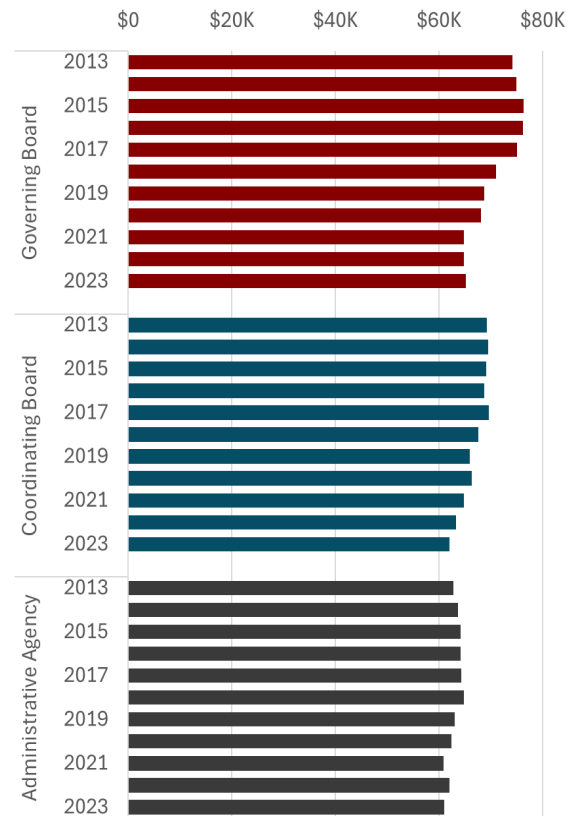
Efficiency metrics are essential for evaluating how productively institutions fulfill their academic mission and how well they use resources to support that mission. One such measure—E&R spending per completion—resembles the earlier metric of academic spending per student but focuses instead on spending relative to the number of credentials awarded rather than enrollment.

Over the decade observed, nearly all types of public institutions—regardless of governance structure or degrees offerings—showed improvement in the cost to produce a degree. On average, E&R spending per completion declined across most of the public sector (see Figure 9).

Overall, institutions with governing boards had the highest average spending per completion. But when broken down by institution type, research/doctoral and master’s universities with administrative oversight were least cost-efficient. Among bachelor’s colleges, those institutions under governing board oversight were the least cost efficient. Community/technical colleges showed only modest differences across governance structures.

At all non-research institutions, efficiency gains were driven by both spending reductions and increased credential production. In contrast, at research/doctoral universities, improvements in efficiency resulted solely from higher degree and certificate output, as E&R spending continued to rise.

Figure 9. Average Education and Related (E&R) Spending per Completion



Source: rpk GROUP analysis of IPEDS, 2013-2023

Student Outcomes

The impact of governance structures on student outcomes was examined using three *student success* measures: **retention rates, graduation rates, and degree productivity rates.**¹⁵

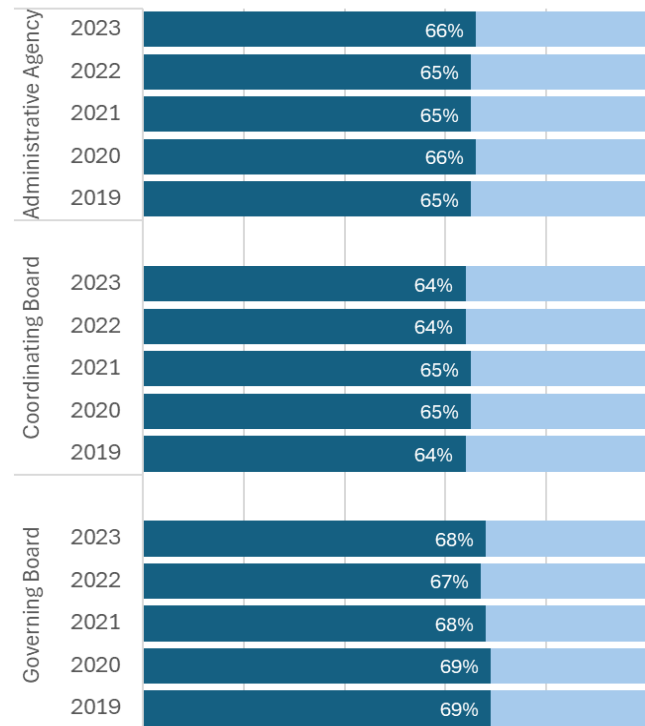
Student outcomes have shown widespread improvement across the public sector over the decade, with little meaningful variation by governance structure. Retention rates are relatively consistent regardless of oversight structure. While graduation rates show some differences among four-year institutions, overall trends have moved in parallel across governance types. Degree productivity also increased steadily, with similar patterns observed within each type of institution. **The consistency of these improvements suggests that governance structures have limited impact on key student success measures.**

Retention Rates

There is little variation among governance structures in retention rates for first-time, full-time (FTFT) undergraduate students. Across all public institutions, retention rates vary by no more than 4% between structures. As of FY23, institutions with governing boards exhibited the highest retention rates (68%), followed by institutions with administrative agencies (66%) and coordinating boards (64%) (see Figure 10). Retention rates have increased modestly for all institutions under all governing structures over the past ten years.

Differentiating retention rates by institution type revealed moderate differences. Over the ten years studied retention rates were consistently highest at research/doctoral institutions and lowest at

Figure 10. Average Student Retention Rate (First-time, full-time undergraduates)



Source: rpk GROUP analysis of IPEDS, 2013-2023

¹⁵ Retention rates are the percent of the previous year's fall first-time, full-time cohort that re-enrolled at the institution either full- or part-time the following fall.

Completions include all certificates and degrees granted by an institution during an academic year.

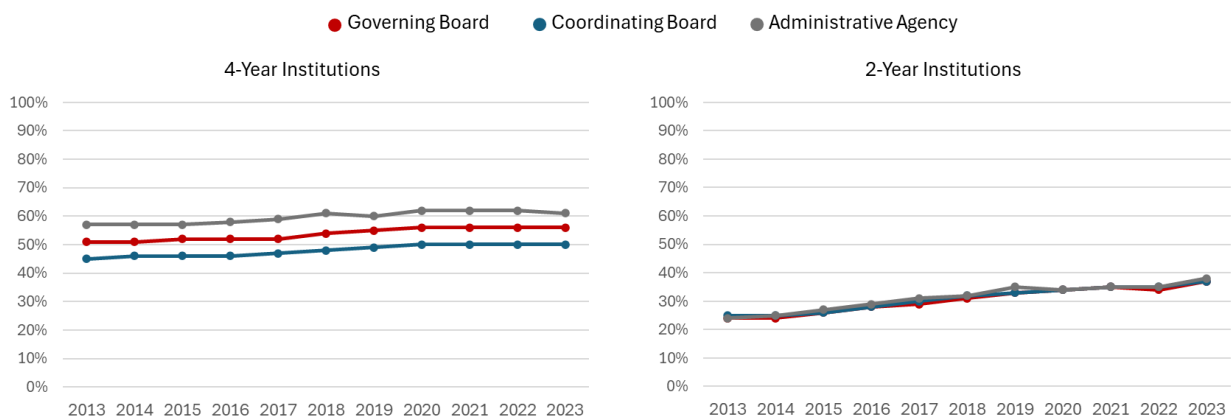
Graduation rates were analyzed separately for two- and four-year institutions. Graduation rates represent the percentage of full-time, first-time degree-seeking undergraduate students graduating within 150 percent of normal time (e.g., six years for bachelor's degree-seeking students and four years for associate's degree-seeking students).

community/technical colleges, but governance structures within each institution type still showed little variation.

Graduation Rates

Graduation rates at both public two- and four-year institutions have risen modestly over the past decade. Among four-year institutions, there are observable differences in graduation rates by governance structure. Institutions with administrative oversight exhibit the highest four-year graduation rates, coordinating boards the lowest, and governing boards fall in between (see Figure 11). Regardless, year-over-year changes in graduation rates have moved closely in concert across governance structures. At two-year institutions, there are almost no differences in graduation rates by type of governance structure, and annual trends have closely followed the same patterns.

Figure 11. Undergraduate Graduation Rates



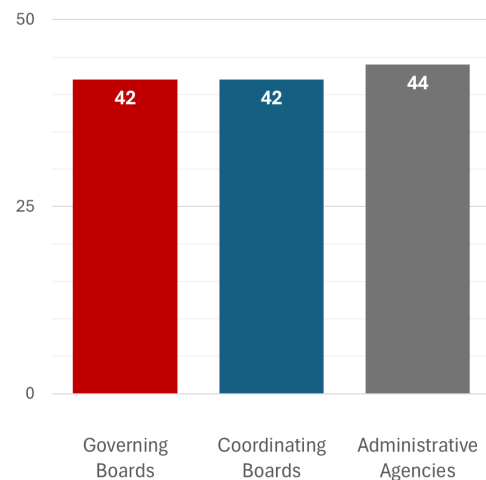
Source: rpk GROUP analysis of IPEDS, 2013-2023

Degree Productivity

Degree productivity (completions per 100 FTE students) is remarkably consistent within different types of institutions regardless of their governance structure. And institutions across the public sector all demonstrated significant improvements in degree productivity over the decade studied.

Similar to patterns observed with graduation rates, institutions under administrative agency oversight have slightly higher rates of degree productivity compared to institutions with other governance structures (see Figure 12). Again, however, both the degree productivity levels and trends over time exhibit little variance by governance structure, further evidence that governance structures have minimal impacts on student outcomes.

Figure 12. Completions per 100 FTE, 2023



Source: rpk GROUP analysis of IPEDS, 2013-2023

Higher Education Leader Insights & Delegated Authorities

Discussion with higher education leaders surfaced key insights around board governance structures and practices. These insights inform a framework that outlines the potential impact of different authorities delegated to governing board around affordability, financial sustainability, and student outcomes.

Leadership Insights

Higher education leaders surfaced three broad themes in public board governance, including **1) roles and responsibilities, 2) the practical aspects of system governance and power structures, and 3) the political realities surrounding systemic transformation.**

Board Roles and Responsibilities

Affordability is a goal shared by most public institutions, but governing boards tend to prioritize it more explicitly—often as a formal objective defined by state constitutions or statutes. These boards are responsible for setting tuition and fee parameters and approving any increases. This authority serves as a check on rising costs, helping institutions under their control remain more affordable than those overseen by agencies with less influence over pricing decisions.

While governance bodies typically do not oversee student aid directly, statewide policies and programs can still significantly affect affordability. As a result, states without governing boards can still shape affordability through their aid strategies. For instance, Tennessee’s HOPE Scholarship program—offering various levels of grant aid to residents who meet GPA and eligibility criteria—serves as a key example of such influence in a state where public institutions are under coordinating board oversight.

In exchange for emphasizing affordability, governing boards advocate for increased state funding on behalf of the institutions they oversee. Although coordinating boards also engage in funding negotiations, they often lack the same leverage because they do not control tuition-setting authority.

A defining difference between governing boards and other governance types is their fiduciary duty to the institutions they oversee. Even with this responsibility to ensure financial soundness, however, their oversight remains broad and does not extend to internal resource allocation decisions. Institutions control their own budgets, which may contribute to the limited variation in institutional operations observed across governance structures.

Still, board policies can encourage institutions to align with broader financial priorities. For example, boards might earmark funding for specific initiatives or require institutions to submit comprehensive ‘all funds’ budgets rather than limiting review to appropriated funds.

Another important role for boards is oversight of statewide and systemwide planning. This includes approving new academic programs to avoid oversaturation and inefficient use of public resources, as well as ensuring regular review and appropriate restructuring of existing program portfolios. This oversight role should be designed, however, to not unduly hinder institutional responses to market demand.

Power Structures in System Governance

The higher education leaders who participated in this study emphasized that the power of governance structures ultimately depends on the responsibilities delegated to them by state statutes or legislatures.

For example, some coordinating boards may have broader regulatory authority than certain governing boards, depending on the powers they have been granted.

Governing boards typically hold more formal authority but may also be more vulnerable to political influence. In contrast, coordinating boards, while having less direct power, can be effective through soft power strategies such as convening stakeholders and building consensus.

A key factor in the strength of board oversight is the degree of presidential accountability. Governing boards that have the authority to hire and fire campus leaders possess a strong tool for ensuring institutional accountability. Alternatively, coordinating boards can increase their influence by providing critical institutional support—acting as strategic partners and convening regularly to review data, monitor costs and ethics, deliver board training, and help shape a statewide higher education agenda.

Political Realities of Systemic Transformation

The impact of a board is not determined solely by its formal regulatory authority; it is also heavily shaped by the power and involvement of the state legislature and governor.¹⁶ For example, political interests can indirectly affect revenue generation through decisions about state and local funding, or policy agendas that limit tuition increases.¹⁷

At a broader level, governors and legislators can issue a formal ‘charge’ for change, providing systems with both the motivation and political cover needed to implement large-scale reforms. Legislatures have become increasingly proactive in setting goals and providing funding to support institutional change, accelerating needed change beyond more incremental approaches often preferred by boards.

In today’s climate, bold action is sometimes necessary, especially during periods of financial challenge. Effective transformation strategies often combine incentives and mandates. For example, Vermont’s legislature required the state system to reduce expenses, which led to a system-wide restructuring—but also committed to funding the transformation over five years. In Utah, the legislature required institutions to develop strategic investment plans that reallocate resources toward high-demand programs; those with approved plans are eligible to reclaim 10% of a recent budget cut. These carrot-and-stick approaches can both motivate action and support its implementation.

Delegated Authority Impact

The insights shared by higher education leaders underscore that delegated authority—rather than structural design—most directly shapes how systems influence affordability, efficiency, and student outcomes. While governance boards differ in composition and scope, their effectiveness depends on the extent to which legislatures empower them to act on core levers such as tuition-setting, capital investment, and program approval. Even so, it also depends on the extent to which boards use that authority, as even public systems within the same state can demonstrate different trends in affordability and spending (see Appendix B).

¹⁶ Connecticut General Assembly (2010); Lowry (2001); McGuinness (2001); Washington Higher Education Coordinating Board (2011).

¹⁷ Knott & Payne (2004); Lowry (2001); McGuinness (2016).

Delegated responsibilities also determine whether boards can translate statewide goals into institutional behavior, balancing affordability with sustainability while adapting to shifting market needs. In states where these authorities are constrained or fragmented, leaders described a tendency toward reactive policymaking and slower adaptation to fiscal and demographic pressures.

Table 2 summarizes how key delegated responsibilities can influence major policy outcomes. It illustrates that targeted authority, more than structure alone, can drive measurable progress in affordability, financial sustainability, and student outcomes.

Table 2: Delegated Authority and Its Impact on Key Outcomes

Delegated Responsibility	Primary Policy Lever	Effect on Affordability	Effect on Financial Sustainability	Effect on Student Outcomes
Tuition-Setting Authority	Pricing control and revenue balance	High impact: allows boards to moderate tuition growth through direct oversight	Moderate impact: allows flexibility to balance spending with revenues	Moderate impact: affordability supports student persistence and completion
Program Review & Approval	Optimization of academic program mix	Indirect impact: can ensure programs are workforce aligned (and lead to employment of graduates) and reflective of student demand.	High impact: can prevent program oversaturation in states/systems, aligning capacity with demand	Moderate impact: strong workforce alignment supports student persistence
Budget Review & Performance Oversight	Financial monitoring and policy alignment	High impact: strong financial management can reduce tuition increases	High impact: ensures resource allocation aligns with policy objectives	Moderate impact: reinforces systemwide priorities and student-focused investments
Leadership Selection & Evaluation	Accountability and strategy enforcement	Moderate impact: leadership can maximize the levers available to limit tuition increases and focus on cost control and improved efficiency	High indirect impact: leadership drives culture of efficiency	High impact: leadership is accountable for student success
Student Aid Policy	Student aid design and allocation	High impact: shapes net price and debt burden	Low impact: limited operational impact	Moderate impact: can improve affordability-driven persistence
Capital Planning & Resourcing	Facilities and infrastructure planning	Indirect impact: reduces long-term costs through coordinated investment	Moderate impact: limits duplication and aligns capital spending with enrollment trends	Indirect impact: ensures facilities and capacity support student success

Across governance types, the strongest impacts are expected where boards exercise strategic control over pricing, budget review, and program review. These functions provide the operational flexibility and accountability necessary for long-term system performance.

Final Thoughts

Conversations with higher education leaders provided valuable context to the patterns observed in the quantitative analysis, highlighting that the effectiveness of governance structures is shaped not only by their formal authority but also by the political landscape in which they function. Governing boards typically wield greater regulatory power, enhancing their oversight capabilities, while coordinating boards—though less authoritative—can exert meaningful influence through collaboration, convening, and support. The effectiveness of any governance structure ultimately hinges on the scope of its delegated authority, the clarity of its mission, and the political and fiscal environment in which it operates. Across the country, many higher education institutions and systems, regardless of governance structure, are achieving greater efficiency and student outcomes, driven by common pressures around affordability, accountability, and workforce relevance.

This convergence underscores a central finding: **structure matters less than strategy**. What distinguishes effective systems is the degree to which boards, policymakers, and institutional leaders share authority, align incentives, and act collaboratively.

Three Actions for State Leaders:

1. **Delegate authority strategically.** Empower boards to set tuition within affordability targets, approve programs strategically and in ways that are aligned with student interests and labor market needs, and oversee capital planning that reduces duplication.
2. **Link data, policy, and incentives.** Use data and accountability systems along with incentives to reward institutions that advance statewide education goals and appropriate education and workforce objectives, ensuring that governance mechanisms promote measurable progress.
3. **Foster coordinated leadership.** Governors, legislators, and boards should create alignment on statewide goals, using both incentives and policy directives through the board to support transformation, especially during fiscal or demographic stress.

As higher education institutions and systems confront potential enrollment declines and financial challenges, governance reform should focus on empowerment over reorganization. Strengthening the relationship between state policy, delegated authority, and institutional performance will allow public colleges and universities to become more adaptive, sustainable, and student- and workforce-centered in the years ahead.

References

- Bowen, F. M., Bracco, K. R., Callan, P. M., Finney, J. E., Richardson Jr, R. C., & Trombley, W. (1997). *State Structures for the Governance of Higher Education: A Comparative Study*.
<https://eric.ed.gov/?id=ED412866>
- Bracco, K. R., Richardson, R. C. Jr., Callan, P. M., & Finney, J. E. (1999). Policy environments and system design: Understanding state governance structures. *The Review of Higher Education*, 23(1), 23–44.
- Connecticut General Assembly. (2010). *Higher Education Governance Structure*.
https://www.cga.ct.gov/pri/docs/2010/1216/Higher_Education_Governance_Structure_Committee_Aproved_Findings_and_Recs.PDF
- Fulton, M. (2019). *50-state comparison: State postsecondary governance structures*. *Education Commission of the States*. Retrieved from <https://www.ecs.org/postsecondary-governance-structures>.
- Knott, J. H., & Payne, A. A. (2004). The impact of state governance structures on management and performance of public organizations: A study of higher education institutions. *Journal of policy analysis and management*, 23(1), 13-30.
- Lowry, R. C. (2001). Governmental structure, trustee selection, and public university prices and spending: Multiple means to similar ends. *American Journal of Political Science*, 845-861.
- McClellan, G. S., & Hutchens, N. H. (2021). *Shared Governance, Law, and Policy in Higher Education: A Guide for Student Affairs Practitioners*. Springfield, IL: Charles C. Thomas, Publisher, Ltd.
- McGuinness, A. C. (2001). The functions and evolution of state coordination and governance in postsecondary education. *Education Commission of the States*. <https://eric.ed.gov/?id=ED417671>
- McGuinness, A. (2016). State policy leadership for the future: History of state coordination and governance and alternatives for the future. *Education Commission of the States*.
<https://www.ecs.org/wp-content/uploads/051616-State-Policy-Leadership-for-the-Future-KL-final4-1.pdf>
- Pechota, D., Fulton, M., & Broom, S. (2020). State postsecondary governance structures: State profiles. *Education Commission of the States*. <https://www.ecs.org/postsecondary-governance-structures-state-profiles/>
- Washington Higher Education Coordinating Board. (2011). *Fitting together policy environment, educational system designs, and leadership: what's best for Washington*.
<https://wsac.wa.gov/sites/default/files/GovernancePaper-2011.pdf>

Appendix A

Table A-1. Functions of Governance Structures

Function	Activity	Governing Boards	Coordinating Boards	Administrative Agencies
Oversight	Authority to govern all public institutions in the state	x		
	Authority to appoint system and institutional leadership	x		
	Establish faculty/personnel policies for institutions	x		
	Approve or oversee interstate compacts and reciprocity agreements	x	x	x
Resources	Establish budgets and develop strategic plan	x		
	Review budgets and make recommendations	x	x	
	Allocate resources among institutions under their jurisdiction	x		
	Develop and implement policies for institutions under their jurisdiction	x		
Planning	Academic program review	x	x	
	Academic program approval	x	*	
	Advise and/or provide recommendations to state policy and education leaders	x	x	x
	Engage in statewide or systemwide policy planning	x	x	x

* Some coordinating boards have regulatory authority over academic programs while others do not.

Table A-2. 10-year Change in Select Metrics, FY13 – FY23

	Metric	Governing Board	Coordinating Board	Administrative Agency	
Affordability	Sticker Price	-8%	3%	4%	
	Net Price	3%	-4%	2%	
	Loan % (undergraduate)	-44%	-41%	-38%	
	Loan Amount (undergraduate)	-10%	-15%	-14%	
Financial Sustainability	Net Tuition Revenue	-5%	-1%	14%	
	State and Local Appropriation Revenue	35%	30%	35%	
	Education and General Spending	16%	15%	30%	
	Education and Related Spending	14%	13%	20%	
	Instructional Spending	9%	7%	11%	
	Education and Related Spending per Completion	-12%	-10%	-3%	
Student Success	Retention Rate (full-time, first-time)	1%	5%	8%	
	Graduation Rate	Two-year Institutions	54%	48%	58%
		Four-year Institutions	10%	11%	7%
	Completions per 100 FTE Students	50%	40%	33%	

Note: All financial metrics were calculated 'per FTE student' and inflation-adjusted to FY23 dollars.
Source: rpk GROUP analysis of IPEDS, 2013-2023.

Appendix B

Public higher education institutions are fundamentally influenced by the states in which they operate. Differences in each state’s concentration of colleges and universities, cost of living, and political structures shape institutional contexts in meaningful ways. To better understand how these state-level factors might affect the governance structure trends discussed in this report, we analyzed several characteristics—including cost of living, population dynamics, and the degree of variation among systems within a state—to assess their relationship to pricing, net revenue, and spending patterns.

Cost of Living

The cost of living (COL) varies greatly across different areas of the country, which could impact business models and student pricing. Since many states operate under a single type of governance structure, the mix of high- and low-COL states within each governance category could influence the affordability patterns and trends observed. So, both sticker and net prices were examined to assess the potential impact of COL on these measures¹⁸.

Although four-year institutions in high-COL states tend to have slightly higher average prices, changes in price over the past five and ten years show little variation by governance structure even when COL is considered. For instance, among institutions governed by coordinating boards, the average FY23 sticker price was 10% higher in high-COL states (\$7,935) than in low-COL states (\$7,189). However, both groups saw average sticker prices decline by roughly 7% over the past five years.

These findings suggest that the observed trends in affordability metrics more accurately reflect differences in governance structures rather than variations in state-level cost of living.

Population and Institution Density

Affordability trends also could be influenced by the mix of states or state systems within each governance category. For example, larger states with outsized proportions of institutions or entrenched political structures could influence the trends observed. To examine these potential impacts, the largest state(s) within each governance category were isolated and compared to the trends observed for the balance of their category.

In the governing board group (and limited to four-year institutions only), New York and California institutions were isolated. Net prices declined at identical rates for four-year institutions in New York and California compared to the balance of the category (-11%), indicating that the larger states are not

¹⁸ In this study, the fifty U.S. states and Washington, D.C. (N=51) were ranked by cost-of-living (COL) in accordance with the U.S. News & World report’s 2025 designations. States were then categorized as high cost-of-living (HCOL, n=17), moderate cost-of-living (MCOL, n=17), or low cost-of-living (LCOL, n=17). Average sticker and net price trends were examined for each governance structure, differentiated by COL category. The U.S. News & World report uses regional price parity data from the Bureau of Economic Analysis for its rankings.

<https://www.usnews.com/news/best-states/rankings/opportunity/affordability/cost-living>

driving affordability trends in the governing board category. The same approach produced similar findings among coordinating boards. Texas has the most four-year institutions governed by coordinating boards (14% of the category); net price declined at the same rates for Texas as for all other states (-6%).

Greater variation was observed among four-year institutions governed by administrative agencies suggesting that trends observed in this category are more susceptible to outsized state impacts. New Jersey has a higher population density than Pennsylvania but represents a smaller proportion (16% and 40% respectively) of four-year institutions within the administrative agency category. Average net price for Pennsylvania schools increased by 6% over the past ten years while New Jersey schools declined by 11%. The overall average net price for four-year institutions governed by administrative agencies declined 3% over the past ten years, illustrating the impact of the outsized proportion of Pennsylvania institutions in this category.

Within-State Variation

States housing multiple university systems, such as New York and California, provide an opportunity to explore within-state variations by comparing revenue and expenditure trends between the systems. Within New York, the City University of New York (CUNY) system was compared to the State University of New York (SUNY) system; within California, the University of California (UC) system was compared to the California State University (CSU) system.

In New York, spending followed the same trends over time for both CUNY and SUNY with average E&G expenditures rising 6% between 2013 and 2023. In California, CSU and UC both saw increases in E&G expenditures, although UC's E&G expenditures rose more sharply (5%) than CSU's (1%).

Revenues trends, however, did show noticeable variation among systems. Average net tuition revenue for CUNY system institutions declined by nearly 20% over the past ten years, while SUNY institutions remained stable with a 1% drop. Similarly, CSU system institutions saw net tuition revenue decline by 30% between 2013 and 2023, while UC held steady with a 1% increase. These diverging trends in net tuition revenue are confirmed by trends in net price; CUNY's average net price declined 30% during the period while SUNY's stayed the same, and CSU's net price declined by 30% while UC's stayed the same.

These findings suggest that the ways in which governing boards wield their authority can influence student affordability, particularly through levers of tuition-setting. These findings also reflect differences in the roles of these systems within their state's higher education ecosystem, for example, both the UC and SUNY systems are traditionally residential, highly research intensive, with competitive selectivity for students.