

## EXECUTIVE SUMMARY

# Public Higher Education Governance Structures:

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

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FEBRUARY 2026

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**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 for colleges and universities to continue improving student outcomes, they must be adaptable, financially sustainable, and focused on producing credentials of value that meet both student aspirations and workforce needs. At public colleges and universities, these institutional efforts are overseen by the regulatory bodies under which they are governed.

Public higher education systems across the United States operate under a range of governance structures that vary in their level of centralization and authority. These structures can be organized into three categories:

**Governing boards**, which are statewide or systemwide entities with formal authority to govern public institutions, including control over tuition-setting, budget approval, system planning, and executive leadership.

**Coordinating boards**, which serve as liaisons between state governments and higher education institutions. While they often play a role in statewide planning and policy alignment, they generally lack direct governance authority over institutions.

**Administrative or planning agencies**, which primarily facilitate communication and coordination among institutions and policymakers, and have little to no regulatory authority or operational oversight.

Together, these governance structures establish the context in which institutions make decisions about pricing, revenue generation, and resource allocation. Prior research suggests that governance structures can influence how institutions balance public funding and tuition revenue. However, the role of governance as a lever for student success—particularly in today’s higher education environment—has received far less attention. There is a clear need for updated analysis of how governance structures shape institutional behavior today.

It is within this context of heightened pressure and accountability that rpk GROUP undertook a [comprehensive study](#) that provides fresh insight into public higher education governance structures’ influence on affordability for students, financial sustainability, and student outcomes. The analysis reframes the governance debate, suggesting that **structure itself matters less than how authority is distributed and exercised to balance student costs, achieve financial sustainability, and increase successful student outcomes.**

## Key Findings

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

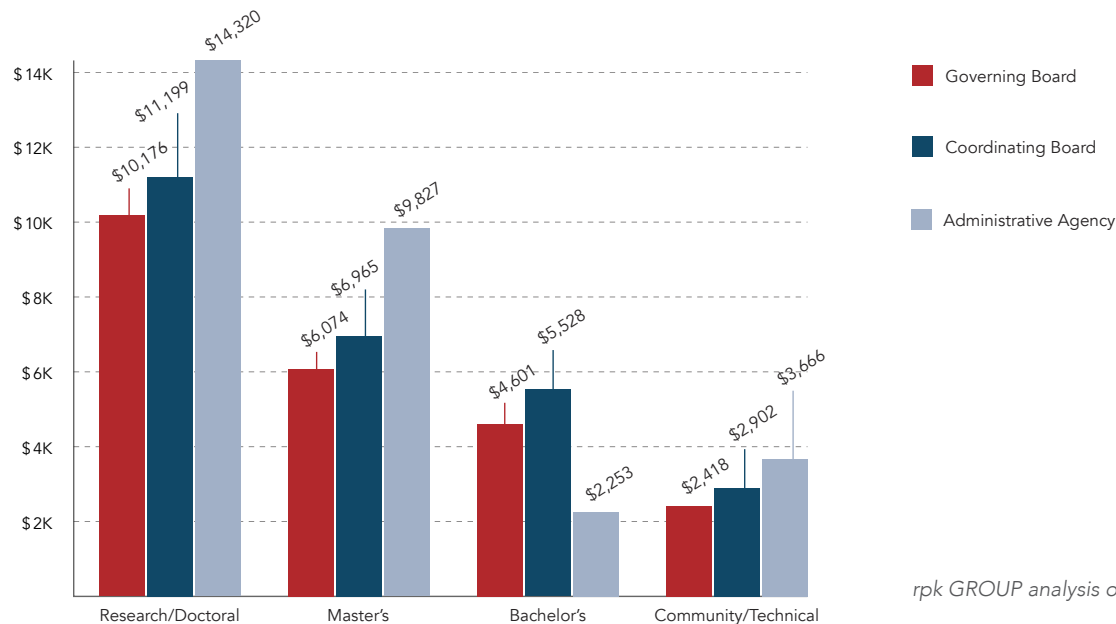
Governance structures primarily affect public higher education business models through pricing and revenue strategies rather than through spending. While total revenues are broadly similar across governance types, how institutions generate revenue differs substantially, particularly in balancing reliance on tuition and fees against state and local appropriations. However, governance structures have limited influence on institutional spending levels, overall efficiency, or on most measures of student outcomes.

#### 1. Governing Boards Support Greater Affordability by Leveraging Public Funding

Institutions overseen by governing boards consistently demonstrate stronger affordability outcomes than those operating under coordinating boards or administrative agencies. Governing board institutions tend to maintain lower sticker and net tuition prices (see Figure 1) and rely more heavily on public funding to support operations.

By contrast, institutions under coordinating boards or administrative agency oversight shift a greater share of costs to students through higher tuition prices. Administrative agency structures tend to be associated with the lowest levels of state and local support and the highest student prices.

Figure 1. Average Net Price, Public Institutions, FY23



rpk GROUP analysis of IPEDS, 2013-2023

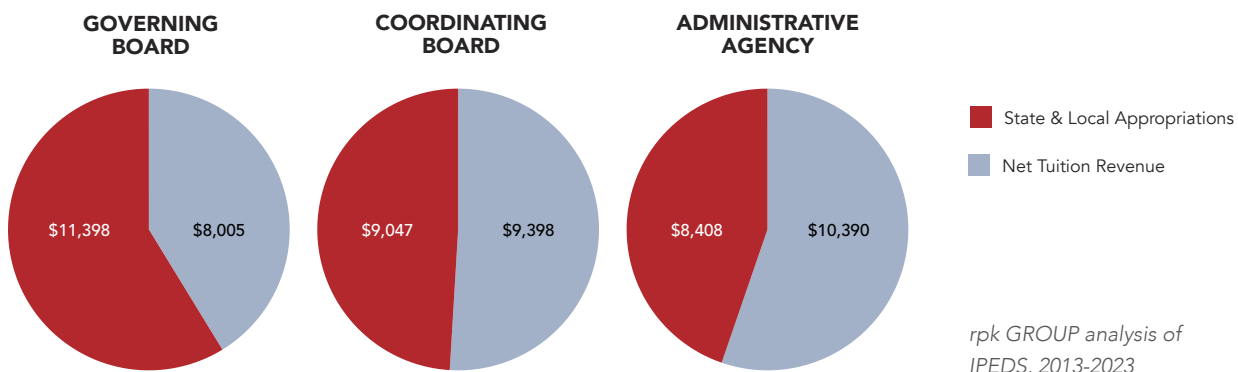


## 2. Governance Shapes Revenue Mix, Not Total Revenue

Although governance structures influence the composition of institutional revenues, they have little impact on overall revenue levels. Institutions across all governance types generate similar total revenues when tuition and public appropriations are combined.

Governing boards emphasize taxpayer investment to offset lower tuition revenue, coordinating boards balance tuition and appropriations more evenly, and administrative agency institutions depend more heavily on tuition and fees (see Figure 2). The result is different affordability outcomes for students, even when total revenues are comparable.

Figure 2. Average Revenue per FTE by Source, Public Institutions, FY23



## 3. Spending Trends Are Largely Unaffected by Governance

Governance structures have minimal impact on overall spending trends. Education and general spending increased across the public sector over the past decade regardless of governance type, with only modest differences in growth rates.

Governing board institutions tend to spend more per student than those under coordinating boards, but this higher spending is largely financed through public appropriations rather than tuition. In other words, higher spending under governing boards does not translate into higher costs for students.

## 4. Efficiency Has Improved Across All Governance Types

Public institutions have become more cost-efficient in producing degrees and certificates over time, regardless of governance structure. Measures of spending per completion show broad improvement across the sector, reflecting increased degree productivity and, in some cases, constrained spending growth.

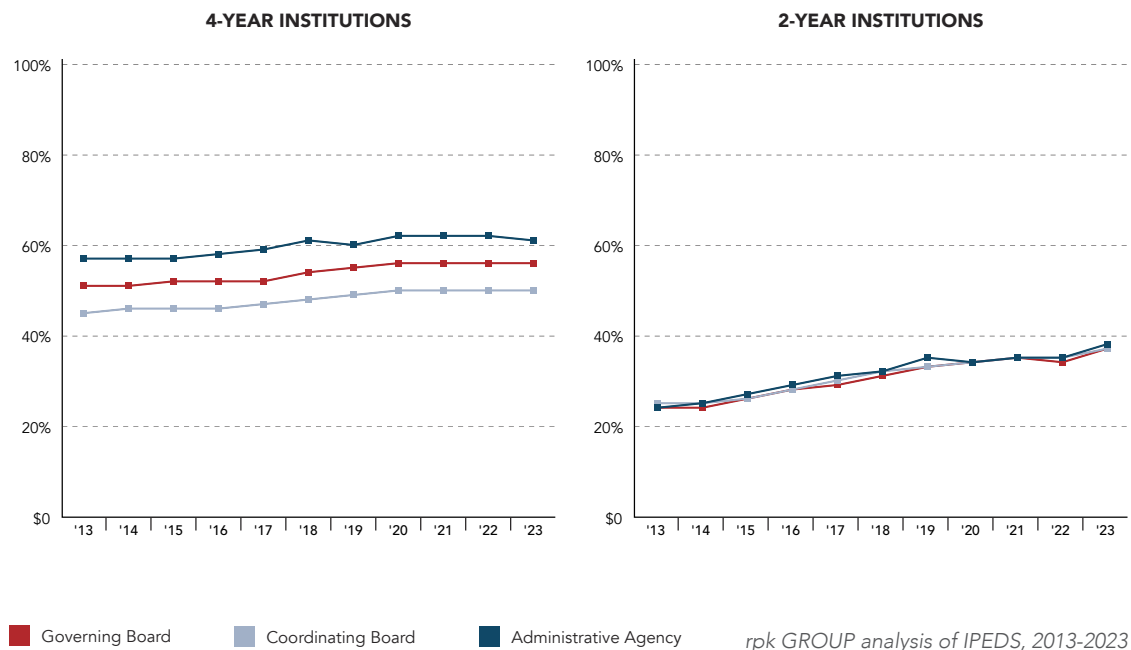
Governance structures do not appear to accelerate or impede these efficiency gains. While some differences emerge by institution type, no single governance model consistently outperforms others in improving cost efficiency.

## 5. Governance Structure Has Limited Impact on Student Outcomes

Student outcome measures — including retention, graduation rates, and degree productivity — have improved or remained steady across the public sector over the past decade, with relatively little variation by governance structure.

At four-year institutions, governing boards and administrative agency structures perform slightly better than coordinating boards on some outcome measures, but the differences are modest (see Figure 3). At two-year colleges, governance structure has little influence on student outcomes, with similar gains observed across all models.

Figure 3. Undergraduate Graduation Rates, Public Institutions, FY13-FY23



Overall, the findings suggest that governance structures are not a primary driver of student success nor do they play a strong role in controlling spending. However, they play an important role in how states balance student affordability with taxpayer investment in higher education.



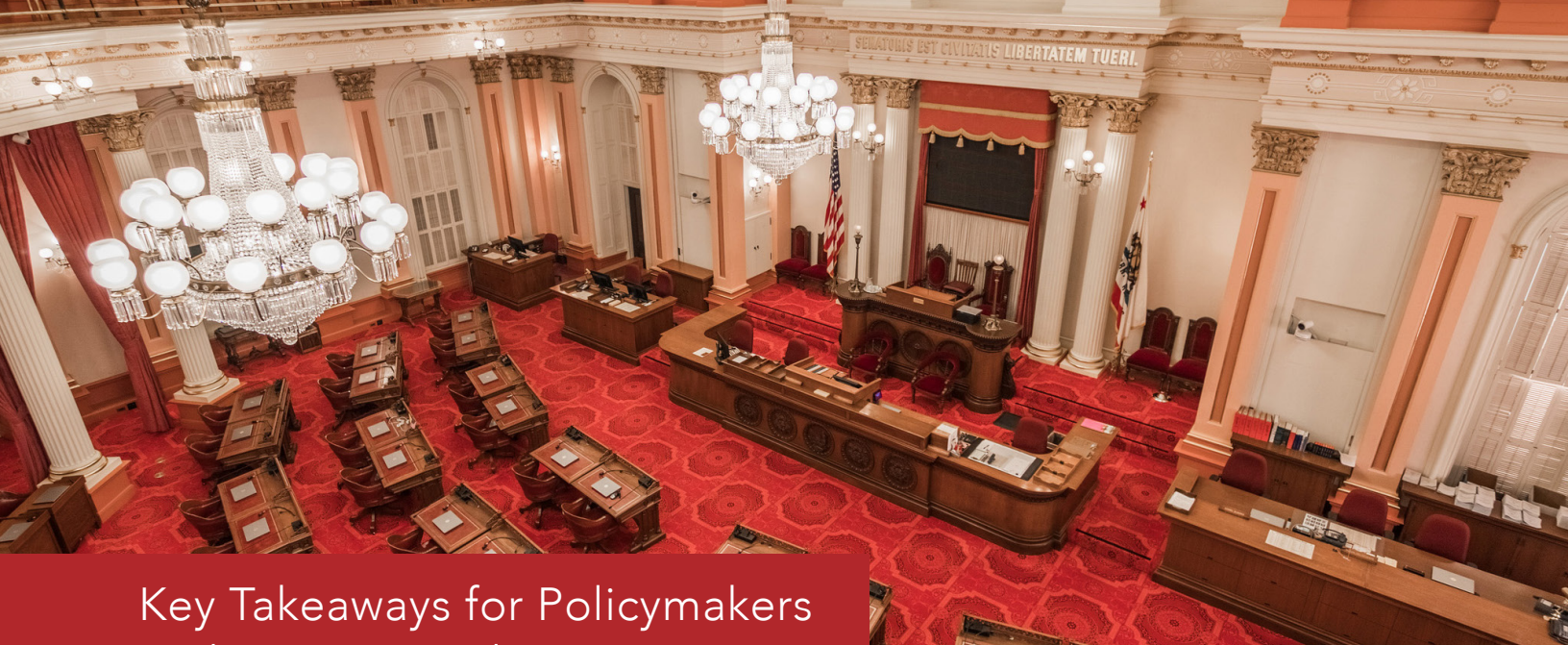
## Implications for Policy and Leadership

The study's findings underscore a critical insight: **governance structure matters less than how authority is delegated and exercised within that structure.** Conversations with higher education leaders reinforce this viewpoint, highlighting that the formal powers awarded, political context, and alignment with state priorities are more influential than board structure.

Governing boards typically hold greater regulatory authority, including control over tuition-setting and executive leadership, which strengthens their oversight role. However, their effectiveness depends on the political environment and the clarity of their mandate. Coordinating boards, while less powerful on paper, can still shape outcomes through soft-power strategies like stakeholder engagement and support, and data transparency to promote accountability.

Institutions rightfully retain autonomy over day-to-day operations and spending decisions, which limits the direct impact of governance structures on internal efficiency or student outcomes. As a result, efforts to improve affordability and sustainability should focus less on restructuring governance systems and more on clarifying roles and responsibilities, strengthening delegated authority, and aligning statewide and institutional incentives.

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## Key Takeaways for Policymakers and System Leaders

01

**Empower boards through clearly delegated authority rather than restructuring.** Strengthening authority over tuition-setting, capital investment, and program approval can help boards balance statewide goals with affordability and financial sustainability.

02

**Align policy incentives with efficiency and outcomes.** Funding incentives, accountability measures, and transparency around costs and completion can reinforce efficiency gains already underway across all governance types and encourage additional improvement.

03

**Leverage political leadership to enable reform.** Governors and legislatures can play a lead role in setting priorities, aligning funding with performance, and providing boards with the authority and political support needed to act decisively.

## Final Thoughts

This study reframes the conversation about public higher education governance. **Rather than asking which structure is best, the findings suggest a more nuanced conclusion: structure alone does not determine outcomes.** What matters most is how authority is distributed, how clearly roles and responsibilities are defined, and how effectively boards, policymakers, and institutional leaders work together to align and achieve goals.

As public higher education systems confront ongoing enrollment challenges and fiscal pressures, meaningful reform will come not from reorganizing governance structures, but from empowering leaders with the tools and authority to act. By strengthening the alignment between state policy, delegated authority, and institutional performance, public colleges and universities can remain affordable, financially sustainable, and focused on student and workforce success.