

Harvard U. Overhauls Governing Board in Recession's Wake, a First After 360 Years

By Paul Fain

Harvard University has made the first substantial changes in its primary governing board since 1650, when the university was chartered. In a report [released on Monday](#), Harvard said it would nearly double the size of the seven-member Harvard Corporation, and would also create committees and set term limits for board members.

The corporation's self-imposed modifications follow a bumpy financial ride for the nation's wealthiest university, which saw its endowment value plummet by more than \$10-billion during the recession. (The endowment was valued at \$27.6-billion in June.) And the university acknowledged that the fiscal crisis was a motivator for the board review.

"The past decade has been a time of unusual challenge, growing complexity, and consequential change both for Harvard and for higher education at large," the report's authors wrote. "It has seemed to us not merely appropriate but necessary to ask what such change implies for a governing body."

The Harvard Corporation is a bit of an anomaly in higher education, which isn't surprising, considering that it was created when Rembrandt was in his prime. It includes Harvard's president, currently Drew Gilpin Faust, and six members who are elected by the corporation itself. Joining the corporation in governance is the 30-member Board of Overseers, which, while providing "strategic direction and counsel," does not share the corporation's fiduciary responsibilities.

Boards of private colleges, on average, have 29 members and eight separate committees, according to a [recent survey](#) by the Association of Governing Boards of Universities and Colleges.

Recognizing that the modern university was perhaps too complex for such a small board, the corporation created a committee last year to study its structure. That group, which included Ms. Faust, was mindful of the need for the corporation to focus on the "big picture" and be attentive to risk in a volatile economic environment.

The committee recommended adding six new members, for a total of 13, and creating term limits of six years, with the possibility that a member could sign up for a second six-year term.

In the past, corporation members did not specialize, so the full group handled all business that came before it, in what was called a "committee of the whole." The new corporation will have three separate committees, focusing on finance, on governance, and on facilities and capital planning, as well as a joint committee on alumni affairs with the overseers' board.

The new corporation will also now choose its senior fellow, or top member not including the president, through an election rather than through longevity, and he or she will now be expected to be a "lead player."

Ms. Faust played an active role in the corporation's overhaul, a significant achievement for the president, who [took the helm](#) in 2007.

In a [published interview](#), she said the corporation would be more open. "One of the things we heard often during the review was a desire to hear more about the corporation and its work. So we're committed to communicating more regularly."