



**PRESERVING DARTMOUTH'S TRADITION OF EXCELLENCE:  
GOVERNANCE RECOMMENDATIONS TO MAINTAIN  
THE COLLEGE'S PREEMINENT ROLE IN HIGHER EDUCATION**

*A STUDY BY THE GOVERNANCE COMMITTEE  
OF THE DARTMOUTH COLLEGE BOARD OF TRUSTEES*

AUGUST 2007

*THIS REPORT WAS CONSIDERED BY THE DARTMOUTH BOARD OF TRUSTEES ON  
SEPTEMBER 8, 2007. FOLLOWING EACH SET OF RECOMMENDATIONS IN THE REPORT IS A  
NOTATION IN SQUARE BRACKETS OF THE ACTION THE BOARD TOOK AT THAT TIME.*

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## Executive Summary

### Introduction

Since Dartmouth's founding in 1769, the College's Charter has placed responsibility for Dartmouth's governance with its Board of Trustees. Consistent with that responsibility, the Board has periodically examined and changed its size, composition, and organization as well as the process for selecting Trustees to ensure the College continues to have a strong and effective governing body. This review is the latest in a long series of Board governance studies.

Our goal in conducting this review was to determine the governance structure and process that can best ensure that Dartmouth maintains its unique and preeminent position in American higher education – even as it continues to adapt to the rapidly changing society in which we live and faces increasing competition for the best students and faculty, as well as the resources to support them. Above all, we want to ensure that Dartmouth has a Board of Trustees best able to help the College fulfill its mission of attracting and educating the most promising students with a faculty passionate about teaching and the creation of knowledge – both now and into the future.

The Governance Committee has spent the past three months conducting a thorough review of Dartmouth's governance. During that time, we have heard from a wide range of individuals – including all of the current Trustees on the Board, many former Trustees, alumni leaders, and other members of the Dartmouth community – on the best structure for the Board and the best process for selecting Trustees. We have consulted with experts in college and nonprofit governance and have carefully evaluated practices from more than 30 leading colleges and universities. And, we have received input from hundreds of alumni who have taken time to share their views with us.

### Meeting the Changing Needs of the College, While Maintaining the Alumni's Role in Governance

The Committee agreed that Dartmouth should strengthen its governance by taking steps to:

- Ensure the Board has the broad range of backgrounds, skills, expertise, and capabilities (including philanthropic capability) needed to meet the needs of the College – especially in areas that are critically important to stewarding an institution of Dartmouth's scope and complexity – and be more purposeful in matching the Board's choices to the specific personal qualities, experience, and talents required for successful governance.
- Make the Board more open and accessible to Dartmouth's key stakeholders – including alumni, students, faculty, and parents – by improving the ability of the Board and its committees to interact and communicate directly with these groups.
- Maintain the unique and critically important role that alumni have always played on the Board – as both Charter Trustees and Alumni Trustees – without further fueling the destructive politicization, costliness, and divisiveness of recent Trustee elections.

- Increase the effectiveness and efficiency of Board operations, while preserving the close working relationships and connection to College life that have always distinguished service on the Dartmouth Board.
- Maintain an alumni-driven nomination process in which alumni leaders nominate candidates, other alumni can secure a place on the ballot through a petition process, and alumni can cast votes in contested elections, but with improvements to:
  - Reduce the “churn and burn” aspect of the current nomination process, which has unnecessarily pitted some of our most committed, involved, and capable alumni against one another in a way that risks deterring them from being involved in the future.
  - Use a simpler, fairer, more conventional “one person, one vote” system.
  - Discourage and limit Washington-style electioneering, which raises the cost to “run” for Trustee, encourages negative publicity for Dartmouth, and deters some qualified candidates.

### Recommendations

With all of these important objectives in mind, the Committee recommends to the Board that we:

- Add eight new Charter Trustee seats, while maintaining the number of Alumni Trustee seats at eight, to bring the total Board size to 26.
  - Sixteen is the minimum number of Charter Trustee positions that we believe are necessary to provide the Board with the needed skills, capabilities, and diversity to match the breadth of Dartmouth’s programs and meet the challenges of higher education in the 21<sup>st</sup> century. Even with 16 Charter seats, Dartmouth has less ability than its competitors (who average 33 Charter-like seats) to make targeted Board appointments to meet specific needs. Expanding through an increase in Charter seats is necessary because while it is possible that the Alumni Trustee nomination process *might* produce a nominee who matches the College’s greatest needs, there is no assurance that it will do so.
  - Maintaining eight alumni-nominated seats allows Dartmouth to continue a longstanding tradition and give alumni a direct voice in selecting Trustees. We recommend capping the number of Alumni Trustees at eight because we do not believe that having more elections is in the best interests of the College. The potentially divisive, political, and distracting nature of these elections has a cost for Dartmouth. With eight Alumni Trustee seats, Dartmouth will continue to have among the highest percentage of Alumni Trustees (31% versus an average of 17%) in its peer group.
  - At 26 Trustees, Dartmouth’s Board will continue to be among the smallest in size – compared to an average of 42 for 30 peer institutions studied in our survey – and can continue to function as a “board of the whole.”

- Modify the process for selecting Alumni Trustees to essentially reinstate the procedure that Dartmouth used from 1915 to 1990 – a process by which alumni are responsible for selecting one candidate for each Alumni Trustee vacancy and petition candidates are able to secure a place on the ballot. Contested elections, if necessary, would be held within a four-week period based on a “one person, one vote” system.
- Establish standing Board committees on alumni relations, academic affairs, and student affairs that will help drive improved communication – and direct communication – with key stakeholders such as alumni, faculty, and students.
- Improve the Board’s operations and strengthen its governance capabilities by adding a Vice Chair position, making the Vice Chair and the Chairs of the new standing committees members of the Executive Committee, and adopting Board bylaws.

If adopted by the Board, we believe these recommendations would help Dartmouth achieve the important objectives outlined above and increase the Board’s ability to contribute to the strength and vitality of the College community. They also would move Dartmouth closer to the practices of other leading institutions, while preserving what is unique about Dartmouth and the direct role that alumni have long played in its governance.

*Putting Dartmouth – and Its Current and Future Students – First*

The Governance Committee recognizes and appreciates that there are strongly held views on all sides of this issue, and we know there will be some members of the Dartmouth community who do not agree with all of the recommendations made here. But we hope that those passionate views are driven above all by a shared love and dedication to Dartmouth – and a desire to do what is best for the College. That is, after all, what has driven our governance review as well, and these recommendations reflect what the Governance Committee believes is best for Dartmouth and its students.

In recent months, some have invoked the history and tradition of Dartmouth in arguing against any change to the College’s governance. But what has made Dartmouth such an enduring and successful institution is that its history has not been one of resisting change, but rather one of adapting to meet the new challenges and needs of the College, while still preserving what is unique and special about Dartmouth. We believe the changes we have recommended here represent a reasonable balancing of interests that will serve the College’s overall needs. We believe these changes are true to Dartmouth’s founding principles and necessary to ensure the College continues to have a strong and effective governing body moving forward. And we believe these changes will help ensure that Dartmouth remains one of America’s preeminent educational institutions and continues to be a place where students from around the country and the world can receive an education unmatched by any other.

## I. Introduction

Since its founding more than two centuries ago, Dartmouth College has been focused on providing the best possible education to a select group of the country's most talented students. Its core mission, as most recently articulated, is to “educate the most promising students and prepare them for a lifetime of learning and of responsible leadership, through a faculty dedicated to teaching and the creation of knowledge.” The College today maintains its position as one of the nation's preeminent institutions of undergraduate education by engaging faculty who are passionate about teaching and at the forefront of their scholarly work, and by recruiting and admitting outstanding students from all backgrounds regardless of their ability to defray the costs of a Dartmouth education. Dartmouth's graduate schools follow the same principles, and the College in all its programs is marked by insistence on academic excellence in all realms of the educational experience; encouraging independence of thought within a culture of collaboration; embracing intellectual and cultural diversity; and supporting the vigorous and open debate of ideas within a community marked by mutual respect.<sup>1</sup>

Dartmouth also has maintained its unique position among America's leading colleges and universities by adapting to new challenges and new eras while drawing on its rich heritage and remaining faithful to its core mission and founding principles. This willingness to adapt to change has paid enormous dividends over the years. As a recent Booz Allen Hamilton study of some of the world's leading institutions noted, “[n]ot only has Dartmouth endured – its record of endurance has had implications (and benefits) for all American organizations, both academic and commercial.”<sup>2</sup>

Dartmouth's ability to respond, time and again, to unprecedented changes and challenges over the years has been supported and assisted by the College's Board of Trustees. Indeed, as noted by Board Chair and Governance Committee member Ed Haldeman in a recent letter to Dartmouth College alumni, the Board's overarching obligation is to “ensure that Dartmouth maintains its preeminent position in American higher education and continues to adapt to the rapidly changing society in which we live” — a statement that provides precisely the right starting point for the Governance Committee's work this summer. For Dartmouth to remain one of the most enduring institutions in the world, the College needs a governing body that can meet Dartmouth's needs – both today and tomorrow.

### Current Strengths and Challenges

There is no doubt that Dartmouth is an institution of incomparable strengths and advantages, among the most important of which are the following:

- The pool of applicants for undergraduate admission is at record levels and includes students with the strongest academic credentials in Dartmouth's history.

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<sup>1</sup> Dartmouth College, *Mission*, [www.dartmouth.edu/home/about/mission.html](http://www.dartmouth.edu/home/about/mission.html).

<sup>2</sup> Booz Allen Hamilton, “The World's Most Enduring Institutions,” p. 11 (2004). [www.boozallen.com/media/file/143411.pdf](http://www.boozallen.com/media/file/143411.pdf)

According to surveys of current students, student satisfaction is the highest since the College started to gather this type of tracking data.

- Dartmouth continues to attract and retain extraordinary faculty members who are committed to classroom teaching. The College's faculty members engage in important research defining the frontiers of their disciplines, and that research enhances their teaching relationships with students.
- Dartmouth's selective and focused graduate programs and pioneering professional schools in medicine (founded in 1797), engineering (1867), and business (1900), provide an exceptional learning environment that produces leaders in their respective fields.
- Dartmouth has never been financially stronger. The College's endowment is at its highest level ever and has grown substantially notwithstanding market turbulence and volatility. Fundraising continues to set records, with a total of \$159.1 million in annual gifts this past year and a record-breaking \$39.1 million in gifts to the Dartmouth College Fund.

Of course, long-term success is anything but guaranteed, even for an institution with Dartmouth's tremendous strengths, and the College today faces new pressures that it must address to maintain its unique position in American higher education and fulfill its mission. Specifically:

- There is increasing competition among Dartmouth and its peers to attract the finest students and the best teacher-scholars. Ivy and other top-tier colleges face increased competition with one another as well as other institutions to recruit students, to offer enhanced financial aid packages, to hire and retain faculty members, and to fund the expansion of facilities and services.
- There is also increasing competition to attract and retain the most talented and accomplished individuals to serve on the Board. Many of the College's most prominent and attractive Trustee candidates serve on multiple corporate and nonprofit boards and hold demanding full-time jobs. For that reason, it has become increasingly important to identify Trustee candidates who possess the time, talent, and ability to help meet Dartmouth's needs.
- The need for Dartmouth – and its Board – to raise substantial funds will become increasingly important as net tuition growth is limited by Dartmouth's commitment to need-blind admission and financial aid. At virtually every leading institution of higher education in the nation, governing board members take a leading role in helping the College to raise and manage the necessary resources. And, the fact that Dartmouth has one of the smallest boards of any of the leading Colleges in the country puts it at a significant competitive disadvantage in this area compared to its peers.

- Dartmouth is operating in a vastly different environment than it was 25 or 50 years ago – one that is more and more complex, regulated, and challenging. Dartmouth has maintained its commitment to being a close-knit academic community, but it has also responded to the changing world by significantly expanding academic programs and campus facilities and drawing its students from a far broader pool of applicants. As a result, Dartmouth today is a more multifaceted organization serving a more heterogeneous student body.

### Recent Developments in the Alumni Trustee Nomination Process

Although Dartmouth is more than two centuries old and Alumni Trustees have sat as members of the Dartmouth Board for more than 130 years, the current process for selecting Alumni Trustees – the nomination of three candidates by the Alumni Council and balloting by alumni in a contested election – is less than two decades old. Some have complained of confusing “approval” ballots and the public rejection of two to three of Dartmouth’s most qualified Trustee candidates in each election cycle. Further, Alumni Trustee elections have in recent years become increasingly protracted, increasingly politicized, and increasingly divisive, due to a coordinated effort to oppose Alumni Council-nominated candidates in serial elections. The elections also have begun to resemble modern – and expensive – political campaigns, something that is “unheard of in alumni elections,” as the *Boston Globe* noted earlier this year.<sup>3</sup> For instance, recent trustee elections have featured mass campaign mailings to alumni, candidate web sites, and advertisements. The most recently elected Alumni Trustee reported spending approximately \$75,000 on his campaign, and he is not alone in spending at this level or higher. All of this has led to a level of acrimony at Dartmouth that threatens to:

- Discourage highly talented alumni from standing for nomination to the Board;
- Make it more difficult to attract top faculty and staff to the College; and
- Damage Dartmouth’s reputation among prospective students, parents, and other key stakeholders.

In recent months, many members of the Dartmouth community have expressed concern about the divisive nature of the Trustee selection process and the confusion caused by approval voting.

## **II. Background – Dartmouth’s Board of Trustees**

Before we discuss the Governance Committee’s conclusions in more detail, we would like to provide some background information about the roles and responsibilities of the Board, the various changes that have been made over the years to the Board’s size and composition – and the Alumni Trustee election process – as well as the long history of governance reviews at Dartmouth.

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<sup>3</sup> Marcella Bombardieri, “College trustees clash on key values—Dartmouth alumni funding both sides,” *Boston Globe*, April 3, 2007, [www.boston.com/news/education/higher/articles/2007/04/03/college\\_trustees\\_clash\[-\]\\_on\\_key\\_values](http://www.boston.com/news/education/higher/articles/2007/04/03/college_trustees_clash[-]_on_key_values).

### The Board's Role and Responsibilities

Dartmouth's Board of Trustees is responsible for oversight of the financial, administrative, and academic affairs of the College, including the appointment and evaluation of the President, long-range strategic planning, maintaining the academic quality of all the degree programs, ensuring the excellence of the faculty and the quality of the student experience, approving operating and capital budgets, managing the endowment, leading fundraising efforts, setting tuition and fees, and approving major policy changes. The Board has fiduciary responsibility for a highly regulated enterprise that today enrolls approximately 4,100 undergraduate students and 1,650 graduate and professional students, employs approximately 4,300 people, and has an annual operating budget of more than \$700 million.

Dartmouth's Board also has responsibility for the College's governance. Indeed, the College's Charter empowers the Board to enact "such Ordinances[,] Orders & Laws as may tend to the good and wholesome government of the Said College & all the Students & the several Officers & Ministers thereof & to the publick benefit of the same . . . ." <sup>4</sup> The Governance Committee, a standing committee of the Board, has principal responsibility for oversight of matters relating to the organization and composition of the Board, Board self-assessment, and recruitment and nomination of Board members. Over the years, the Board has periodically reviewed and adapted the College's governing operations and procedures – altering the size of the Board, modifying the process it uses to select Alumni Trustees, and changing other aspects of College governance when it deemed these changes to be in the best interests of Dartmouth. In fact, many of the defining features of today's Board originated as reforms adopted after governance studies over the last 50 years.

### Original Size and Structure of the Board

Dartmouth's original Charter named twelve New Englanders as members of the College's Board of Trustees. All of them were men; half were members of the clergy. John Wentworth, Governor of the Province of New Hampshire, was among the original Trustees, and the Governor currently serves as a Trustee *ex officio*. Dartmouth President Eleazar Wheelock was also among the original named Trustees, and while the Charter does not identify the College President as an *ex officio* Trustee, it has been the custom of the Board to elect each President to a Trustee seat. Indeed, over the years, numerous College Presidents have also served as Chair of the Board, including Ernest Martin Hopkins and John Sloan Dickey. The Dartmouth Board, then, has traditionally included two Trustees who serve by virtue of their office (the Governor of New Hampshire and the President of the College) and other *elected* trustees selected by the Board.

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<sup>4</sup> CHARTER §28.

### Changes to the Size and Structure of the Board

Over the years, the number of “elected” Trustees (*i.e.*, Trustees in addition to the President and the Governor) and the overall size of the Board have varied. The Charter originally set the number of elected Trustees at ten. In 1961, the New Hampshire legislature and the Board approved a Charter amendment increasing the number of elected Trustees to 14.<sup>5</sup> In 2003, the Board voted to increase the number of elected Trustees to 20. (This change did not require consent of the New Hampshire legislature, since the legislature, in 2003, authorized the College to amend its Charter without legislative approval, subject to the proviso that the Governor continue to be an *ex officio* Trustee.) Two of those new Board seats have been filled, bringing the current size of the Board to 18 (16 “elected” Trustees, the Governor, and the President of the College). Today, as it has since 1970, the Board elects a Chair separate from the President of the College.

### Changes to the Composition of the Board

The composition of Dartmouth’s Board also has varied over the years. For more than 100 years after Dartmouth’s founding in 1769, the elected Trustees were nominated and elected by the Board. Starting in 1876, however, the Board permitted alumni to nominate candidates for some Board vacancies. Trustees elected by the Board upon nomination by the alumni have come to be called “Alumni Trustees” and Trustees nominated and elected by the Board are referred to as “Charter Trustees.”<sup>6</sup> Today, Dartmouth’s Board consists of an equal number of Charter Trustees and Alumni Trustees. (Currently, all are Dartmouth alumni, although that is not a requirement for Charter Trustees.)

Notwithstanding the distinction between Charter Trustees and Alumni Trustees, the Charter of Dartmouth College makes it clear that the Board is responsible for the appointment of “Successors” (other than the Governor) upon the occurrence of a Trustee vacancy. The Charter also makes clear — and has always been interpreted to mean — that *all* Trustees other than the Governor are elected by the Board. The process referred to in this report as the Alumni Trustee “nomination” or “selection” process is a process

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<sup>5</sup> Until 2003 all amendments to the Charter required the approval of both the Board of Trustees and the New Hampshire legislature.

<sup>6</sup> While the terms “Alumni Trustee” and “Charter Trustee” do not appear in the Charter, they have become common parlance in the Dartmouth community in discussing the College’s governance. Currently, all of Dartmouth’s elected Trustees happen to be alumni of Dartmouth College, but the phrase “Alumni Trustee” is used here in a more limited sense to refer only to Trustees selected in accordance with a distinct process reserved for Trustees in that category (*i.e.*, Trustees who are nominated by alumni and elected by the Board).

The phrase “elected Trustees” is used to refer to members of the Board who are either Alumni Trustees or Charter Trustees – in other words, all Trustees other than the Governor and the College President. In fact, the President is “elected” to the Board.

by which *nominees* for Alumni Trustee seats are identified and presented to the Board. The Board is legally empowered to elect those nominees but it is not required to do so. In fact, as a matter of its authority under the Charter, the Board may elect another nominee if it determines in the exercise of its judgment that doing so would be in the best interests of the College. To our knowledge, the Board has never declined to elect the nominee who emerged from the Alumni Trustee selection process.

### *The Alumni Trustee Nomination Process*

The current process for nominating Alumni Trustees to Dartmouth's Board has been in place since 1990. (As we will explain later, the process was substantially different prior to 1990 – and contested elections were infrequently used to nominate alumni trustees before that time.) Today, the process is entrusted to two alumni organizations: the Association of Alumni of Dartmouth College, a body of all Dartmouth alumni organized in 1854, and the Alumni Council, an organization of alumni representatives formed in 1913.<sup>7</sup> The process begins when the Board of Trustees notifies the Alumni Council of an impending vacancy. The Council's Nominating Committee gives notice to the alumni that the Council will select candidates for the vacancy. Alumni are invited to propose names. After a series of screening interviews and meetings, the Nominating Committee proposes three names to the full Alumni Council for its approval. The Council formally notifies the alumni body of the names of the three candidates and places those names on the ballot.

One of the distinctive aspects of the Dartmouth Trustee nomination process is its petition feature. Within two months of the publication of the names of the Alumni Council's three nominees, any 500 members of the Association of Alumni may file a petition to place another Association member on the ballot as a petition candidate.

Ballots are sent to all alumni. The ballot lists the names of the three alumni nominated by the Council and the name of any candidate nominated by petition. Voting is by the "approval method," a ballot procedure that allows each voter to cast votes for as many candidates as he or she wishes. Some alumni have noted that this permits a form of tactical voting referred to as "bullet voting" under which organized supporters of a particular candidate are encouraged to vote only for that candidate and no other. The winner of the balloting contest, who becomes the nominee for the Alumni Trustee vacancy, is the candidate receiving the greatest number of votes. Should the winning candidate receive fewer than a majority of total votes cast, there is no runoff mechanism to determine a majority winner.

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<sup>7</sup> The Association of Alumni formed the Alumni Council in 1913 as a representative body to handle communications and other tasks in support of the College. In the early 1980s the Association of Alumni and Alumni Council separated and the Alumni Council adopted its own constitution. Originally 25 members, the Council expanded over the years to its current membership of 100. Council members include representatives of regional and affinity alumni groups, classes, clubs, and affiliated organizations, as well as alumni of the graduate and professional schools.

The balloting process is overseen by the Balloting Committee of the Association of Alumni. Historically, active campaigning was discouraged and the Balloting Committee dealt with challenges to electioneering tactics by candidates or their supporters. In recent years, however, attempts to regulate campaigning have proved impractical, and the Balloting Committee has essentially discontinued attempts to regulate campaigning.

### *The History of Governance Reviews at Dartmouth*

The Dartmouth Board of Trustees has a long history of conducting periodic reviews of its size, composition, and organization, as well as the process for selecting Trustees. And, in many if not most cases, the Board has subsequently made changes to the College's governance to ensure that Dartmouth continues to have a strong and effective governing body. Reviews over the past 50 years have included the following:

- **In the late 1950s**, the Committee on Trustee Organization conducted a comprehensive study of the makeup and operation of the Board and recommended two Charter amendments that:
  - Increased the number of elected Trustees from ten to 14. (This recommendation was adopted in 1961.)
  - Eliminated the requirement that at least five Trustees be New Hampshire residents. (This recommendation was adopted in 1967.)
- **In 1970**, the Board made several additional governance changes, the most important of which:
  - Changed the terms of Charter Trustees (who at the time were known as “Life Trustees”) from life to two five-year terms.
  - Required Trustees to retire upon reaching the age of 70.
- **In 1986**, a Board committee examined “the process for Alumni nominations of candidates for Trustee” amid concerns about the mounting expense of contested elections. That committee:
  - Recommended that the Alumni Trustee nomination process be examined by a newly constituted standing committee “with a charge broad enough to consider the nomination process in the context of the College’s overall governance.”
- **In 1990**, the Board established a Committee on Board Organization and initiated a comprehensive governance study. The committee’s recommendations resulted in the Alumni Trustee nomination process used by the College today. Among other changes, the process was changed so that the Alumni Council was required to designate three candidates for each Alumni Trustee vacancy, with the result that alumni would cast ballots in contested elections for each vacancy, whether or not a petition candidate also qualified to run.

Thus, although Dartmouth is more than two centuries old and Alumni Trustees have sat as members of the Dartmouth Board for more than 130 years, the current process for selecting Alumni Trustees – the designation of three candidates by the Alumni Council and balloting by alumni in a contested election for every vacancy – is less than two decades old.

- **In 1993**, the Board repealed the rule requiring Board members to retire at age 70.
- **In 1994 and 1999**, Board committees conducted governance studies that led to changes in the process used to conduct Alumni Trustee elections. Both committees recommended closer coordination between the Board of Trustees and the Nominating Committee of the Alumni Council and reconsideration of the three-candidate (plus petitioner) system mandated in 1990.
- **In 1994**, the Committee on Board Composition suggested that the Trustee election system be reviewed again in four years to determine whether “the Alumni Council might, in appropriate circumstances, be authorized to nominate fewer than three candidates for a single vacancy.”
- **By 1999**, concerns were starting to surface over the contested multi-candidate elections to fill Alumni Trustee seats. The 1999 study:
  - Suggested that the Alumni Council return to the pre-1990 practice of nominating a single candidate and foregoing contested elections altogether – a step the committee felt would “enable the process to give greater weight to the needs of the College with respect to perspectives, skills and expertise on the Board.”
  - Identified a concern with the process implemented in 1990: the likelihood that elections, by creating two and sometimes three losers each time, risked “churn-and-burn” among the College’s most committed volunteers. The committee wrote:

While the Committee believes that there will continue to be an adequate pool of qualified alumni candidates for the position of Trustee, the Committee is concerned with the large number of alumni who in the current process are actively considered as candidates and then not selected by the Alumni Council or in [the] Association of Alumni balloting process. . . . [T]here is now a small but growing body of talented, prominent and usually involved alumni who have been approached for possible Trusteeship, rejected, and then in most cases not again considered for Trusteeship. In addition, it may also be true that some potential candidates decline to be considered in order to avoid the prospect of possibly being rejected by the Alumni Council or the alumni body in a ballot contest.
  - Recommended consideration of increasing the Board by two Charter seats to assure its membership has the skill sets needed for the Board, to raise needed funds and to reflect the diversity of Dartmouth’s several constituencies. The committee observed that “the heavy work load of the Board, the diverse nature of today’s Dartmouth family, and the special needs of the College in an increasingly complex environment

may well necessitate additional Trustees to carry out its mission effectively.”

The issues with the Alumni Trustee nomination process, in brief, have not changed since 1990 and are scarcely new today. The sense of urgency, however, is more acute now than ever before for reasons expressed in a memorandum prepared by the Governance Committee at the outset of its deliberations in June:

The Alumni Trustee nomination process has recently taken on the characteristics of a partisan political campaign, becoming increasingly contentious, divisive, and costly for the participants. Alumni have also raised questions about the fairness of the multiple-candidate, approval-voting, and plurality-winner features of the process. We believe these issues must be addressed, lest many highly qualified alumni be dissuaded from seeking nomination. ...

For these reasons, we believe it is timely once again to evaluate in a comprehensive manner the size and composition of the Board and the method of Trustee selection in order to ensure that Dartmouth has the optimal governing body going forward.

It is clear that Dartmouth’s Board has periodically reviewed its size, composition, and organization over the years – and that the Board has shown no reluctance to alter its size, modify the process it uses to select Alumni Trustees, or change other aspects of College governance. That is why a Board originally composed of 12 New England men – half of them members of the clergy – today consists of 18 men and women from all areas of the country and fields of endeavor. Trustees once elected for life now serve four-year terms. Alumni Trustees who as recently as 1990 were selected without balloting are now nominated through a contested election process. Elections once open only to “graduates ... of at least five years standing” are now conducted under rules that allow any member of the alumni body to cast a vote. And the traditional “one person, one vote” procedure used for most of Dartmouth’s modern history has been replaced by “approval voting.” In these and many other respects, Dartmouth’s Board has looked at and made fundamental changes to its governance structure and procedure throughout its history – highlighting that the governance of a vibrant and evolving institution like Dartmouth must change to meet the new needs and challenges it is facing.

### **III. The Governance Committee’s Review**

#### *The Purpose and Approach of the Committee’s Review*

The Governance Committee has spent the past three months conducting a thorough review of Dartmouth’s governance. The purpose of this study was to ensure that the Board – now and in the future – is constituted and operated in a manner best suited to Dartmouth’s mission and the Board’s role as the College’s governing body.

Our review has been informed by input from all of Dartmouth's key stakeholders – including current and former Trustees, alumni, faculty, students, and parents – as well as leading, independent experts in college and nonprofit governance. We used methods and processes modeled in large part on the work of prior Dartmouth self-studies, which in turn were consistent with best practices in higher education governance.<sup>8</sup>

### *Broad Input from Alumni and Other Key Stakeholders*

Over the past three months, the Governance Committee has solicited input from alumni and other members of the College community through a variety of means, including:

- Distributing questionnaires to a group of 70 current Trustees, emeriti Trustees, and alumni leaders to solicit their views on the ideal size, structure, and composition of the Board as well as their opinion of the Trustee nomination process. This included every Charter and Alumni Trustee currently serving on the Board. A copy of this questionnaire is attached to this report as Appendix A.
- Sending three separate letters from Board Chair Ed Haldeman to alumni and other members of the Dartmouth community to update them on the review process and solicit their input.
- Creating a special page on the College website with information on this review and where members of the Dartmouth community could share their thoughts about the size and composition of the Board and the selection process for Trustees.
- Speaking with alumni and other members of the Dartmouth community at reunions and a wide range of other College functions, as well as in numerous individual conversations and meetings throughout the summer.
- Reviewing the input received from hundreds of alumni and others in response to the Association of Alumni's survey, letters written by some of our colleagues, and advertisements in national media.

### *Input from Leading Governance Experts*

In the course of their review, Governance Committee members and staff also consulted with leading experts in college and nonprofit governance and carefully evaluated best practices from other leading colleges and universities. This included:

- Reviewing literature from the Association of Governing Boards and BoardSource in order to research best governance practices.

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<sup>8</sup> To identify best practices in the conduct of board self-studies, Committee staff relied on two standard reference works: one published by the Association of Governing Boards of Universities and Colleges in 2000 (Richard T. Ingram and William A. Weary, Presidential and Board Assessment in Higher Education: Policies and Strategies), the other by Jossey-Bass in 1997 (John Carver, Board Self-Assessment).

- Collecting and analyzing data from a peer group of 30 private, highly selective colleges and universities to examine their own board size, board composition, and method of trustee selection.
- Conducting interviews with scholars, leaders of university-affiliated alumni organizations, governing board secretaries, and other experts in the field.

*Identifying the Key Characteristics the Board Must Possess*

Among the expert opinions the Governance Committee considered was the work of Dr. Richard Chait, Professor at the Harvard Graduate School of Education and one of the nation’s foremost authorities on institutional governance. In his paper Governance as Leadership: Reframing the Work of Nonprofit Boards,<sup>9</sup> Dr. Chait defined the ideal role and responsibilities of a nonprofit board, writing that:

Dozens of analysts have offered one version or another of an “official job description” for the board. This prescriptive literature can be distilled into five functions:

1. Set the organization’s mission and overall strategy, and modify both as needed.
2. Monitor organizational performance and hold management accountable.
3. Select, evaluate, support, and – if necessary – replace the executive director or CEO.
4. Develop and conserve the organization’s resources – both funds and facilities.
5. Serve as a bridge and buffer between the organization and its environment; advocate for the organization and build support within the wider community.<sup>10</sup>

At its meeting in July, the Governance Committee discussed Dartmouth’s current strengths and challenges – including those outlined in the introduction above – and considered Dr. Chait’s job description for the Board. We ultimately identified five characteristics that we believe the Board, and each Trustee, must possess in order to adequately do their “job” in overseeing Dartmouth,<sup>11</sup> including:

- *Commitment to the Mission of the College.* The Board “serve[s] the institution as a whole,” not any particular constituent or operating part, and Trustees

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<sup>9</sup> Published by BoardSource in 2005. BoardSource is a Washington-based nonprofit research organization that seeks to increase the effectiveness of nonprofit organizations by strengthening their boards of trustees. BoardSource is a national leader in the identification of best practices in nonprofit organization governance. See www.boardsource.org.

<sup>10</sup> Richard P. Chait, William P. Ryan & Barbara E. Taylor, Governance as Leadership: Reframing the Work of Nonprofit Boards 14 (BoardSource, 2005).

<sup>11</sup> All the quotations in the paragraphs that follow are from Richard T. Ingram, Trustee Responsibilities: A Basic Guide for Governing Boards of Independent Institutions (Association of Governing Boards of Universities and Colleges, 1997). Each point is amplified in Richard T. Ingram, Effective Trusteeship: A Guide for Board Members of Independent Colleges and Universities (AGB, 2006).

must “think and act on behalf of the best interests of the institution and the board, first and foremost.” Trustees must “have an interest in higher education and a genuine concern for [the College]. ... [They] know which academic programs are strongest, which are weakest, and why. They should know which contribute the most and the least to the institution’s reputation and financial health.” Trustees should “help to build consensus on complex issues while respecting different points of view” – all in the interest of helping the institution achieve its core mission.

- *Devotion to the Duties of a Trustee.* Trustees must collectively possess the talent and expertise to oversee an institution of Dartmouth's scope and complexity, and be willing to devote the time and energy to perform essential Board work. “Trustees are expected to attend board meetings, serve on committees, and occasionally represent their institutions at public functions... Further, trustees must take on work between meetings – reading background material, committee reports, and higher education publications; consulting with their board colleagues and the chief executive; and completing work as a result of their committee assignments. While the work load is not burdensome, it does take time and effort.”
- *Ability to Attract and Nurture Top Talent.* Trustees must recruit – and must enhance the ability of the President to recruit – top academic and administrative leaders, including the best candidates to serve as College Trustees. Trustees must govern the College’s affairs in such a manner that the College is able to attract and hire the very best candidates for President. “This is the [B]oard’s paramount responsibility. Few [T]rustee activities are as consequential to the institution’s future as finding and selecting the best possible chief executive, and few activities provide a better opportunity for assessing the institution’s present condition and future needs.”
- *Capacity to Raise the Necessary Resources for the College – Both Directly and Indirectly.* Trustees must be personally committed to raising the necessary funds to meet the College’s priorities in an era when Dartmouth’s operating budget, like those of all top-tier private colleges and universities, increasingly relies on philanthropic giving. “Trustees ... are expected to help raise money – directly and indirectly. A mark of an effective board and a fully engaged individual trustee is the ability and willingness to give and to influence others to give. Trustees must set the example for others, expect giving from one another, and lead the way to successful fundraising initiatives.”
- *Dedication to Open and Honest Communication.* Trustees must be responsive to – and communicate with – the College’s key stakeholders, including faculty, students, administrators and staff, alumni, parents, and members of the Upper Valley community of which Dartmouth is a vital part. Trustees must enhance the visibility and reputation of Dartmouth by serving as visible College ambassadors. “Because trustees often have one collective foot firmly planted in ‘the real world’ and the other in ‘the academic world,’ they are

uniquely positioned to serve as liaison to both. Sometimes, the board and its leaders must defend policies and explain institutional actions to their communities. ... Trustees must be prepared to use their personal status and goodwill to defend their institution's integrity and reputation.”

The question the Governance Committee posed for itself was whether the Board's current size and configuration best achieve these characteristics – and, if not, what changes the Board should implement to build Board capacity, enhance Board performance, and help Dartmouth address the new pressures it faces today.

\* \* \*

The members of the Governance Committee have spent hundreds of hours this summer working on these issues. In July and August, we convened for a series of two-day working sessions. These were supplemented by telephone conference calls, exchanges of electronic mail, and substantial between-session reading and writing assignments. This report summarizes our thoughts and findings for the full Board and ultimately for the entire Dartmouth community.

The Committee received staff support from the Secretary to the Board of Trustees, the President's Office, the College's General Counsel, and consultant Lawrence White. Additional legal analysis and support were provided by Sullivan & Cromwell LLP of New York City.

#### **IV. Findings and Recommendations**

##### **A. The Size and Structure of the Board**

###### *Dartmouth's Board Today*

As discussed earlier, Dartmouth's Board of Trustees currently has 18 members, including:

- The Governor of New Hampshire
- The President of the College
- Eight Charter Trustees, nominated and elected by the Board
- Eight Alumni Trustees, nominated under a process managed by the Association of Alumni and the Alumni Council and elected by the Board

It has long been true, with only an occasional exception, that both Charter Trustees and Alumni Trustees have come from the ranks of Dartmouth alumni. And today, all 16 Trustees other than the Governor and the President are alumni of Dartmouth – having received their undergraduate degrees from the College. However, for the first time in recent memory, none of the Trustees holds a graduate or professional degree from Dartmouth.

### *The Size and Structure of Dartmouth's Board vs. Its Peers*

Dartmouth's Board is strikingly small in comparison to the boards at its peer institutions, as is made clear in Table 1 below. Of the 31 leading colleges and universities we reviewed, Dartmouth's Board, with 18 members, ranks as the second smallest. Only Harvard's board (with seven members) is smaller, though Harvard also has a much larger Board of Overseers (with 30 members) that plays a secondary role in the university's governance. The size of the boards at other institutions comparable to Dartmouth range from 19 (at Yale) to 74 (at Northwestern and MIT). Among the institutions we surveyed, the average number of trustees is 42 – more than twice the size of the Dartmouth Board. Of course, a board of 40 or 50 trustees functions differently from a board of 18. A small board, which is able to function more as a “board of the whole,” engages trustees more deeply, requires more time and commitment of each member, and encourages trustees to know one another – and the institution they serve – better. On the other hand, larger boards make it possible for boards to have a broader set of skills and capabilities to utilize. The experience of Dartmouth's peer institutions, most of which have boards two, three, and even four times the size of ours, makes clear that it is possible to increase the size of our Board while maintaining an effective, efficient, and accountable Board. When trustees and secretaries to the boards of peer institutions were asked if their boards were too big, too small, or just right, no one said “too big.” The task of the Committee, therefore, was to determine what size board best balances these competing values for Dartmouth.

Another way to compare Dartmouth's Board resources with other schools is to consider the number and proportion of trustees elected directly by the governing board,<sup>12</sup> as opposed to trustees who serve in an *ex officio* capacity or are nominated by some other body (such as an alumni association or a faculty senate). As indicated by Table 2, with the exception of Harvard (whose board has only seven members), Dartmouth has the lowest number of directly elected trustees (eight) of all schools in the survey group. And in terms of percentage, the College ranks last (with 44 percent). The average institution in the survey had 33 directly elected seats on its board, and directly elected trustees accounted for 76 percent of all trustees. Put differently, the typical institution in the survey had ten trustees not selected by the board (the same number that Dartmouth has) and 33 trustees elected directly by members of the board – more than four times the number Dartmouth currently has.

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<sup>12</sup> By “directly elected,” we mean, for this purpose, trustee positions for which the governing board controls both nomination and election. Of course, all Trustees on the Dartmouth Board other than the Governor of New Hampshire are elected by the Board. For purposes of the present comparison, however, the Alumni Trustee positions are not considered “directly elected” because nomination is by the alumni rather than the Board.

**TABLE 1: The Size of the Board of Trustees at Dartmouth and its Peers**

<i>Institution</i>	<i>Number of Trustees</i>
Harvard	7
<b>Dartmouth</b>	<b>18</b>
Yale	19
Amherst	21
Columbia	24
Williams	25
Rice	25
Wesleyan	33
Middlebury	33
Vassar	33
Stanford	35
Duke	36
Case Western	37
Emory	39
Swarthmore	39
Princeton	40
Georgetown	41
Tufts	41
U. Rochester	41
Bowdoin	45
Vanderbilt	45
U. Chicago	50
Brandeis	50
Brown	54
U. Pennsylvania	56
Washington U.	57
Carnegie Mellon	62
Cornell	64
Johns Hopkins	69
Northwestern	74
MIT	74
<b>Average</b>	<b>42</b>
<b>Median</b>	<b>40</b>
*Total number of voting trustees, including <i>ex officio</i> trustees but excluding senior and emeriti trustees	

Yet another difference between Dartmouth’s Board and that of some of its peers is that many of the peer institutions set aside seats for other stakeholders in addition to alumni, including students, faculty members, recent graduates, and parents.

### *The Optimal Number of Charter Trustees*

We concluded that the Board should add eight Charter Trustees for a total of 16 Charter Trustees. Dartmouth is a unique institution, and the mere fact that the majority of colleges and universities we surveyed have larger boards does not, in itself, constitute a compelling argument for increasing the size of Dartmouth's Board. But a smaller governing board creates disadvantages for Dartmouth in meeting the challenges created by the increasingly competitive operating environment facing the College. For instance, Dartmouth can count on fewer hours of Trustee time in the aggregate than any of its peers and the direct involvement of fewer of its most talented alumni. A smaller board also provides less visibility among alumni, less successful fundraising, less Trustee diversity, and less capacity to communicate and interact with faculty, students, alumni, and other important parts of the College community.

While Dartmouth's Board currently benefits from a broad base of skills, capabilities, and expertise, we also believe the Board's perspective would be enriched if it included Trustees drawn from a wider array of professional and experiential backgrounds, including engineers, medical researchers, real estate experts, artists and authors, managers of nonprofit organizations, people from regions of the country (and the world) not traditionally represented on the Board, public officials, and others who have dedicated their careers to public service. Our College contributes in all of these fields, and it can only enhance the Board's governance capabilities if Trustees reflect Dartmouth in all its richness and diversity.

In recommending the addition of eight Charter Board seats, we wish to emphasize that we did not come to this position easily or rapidly. We consider this to be a modest expansion. Our Committee was unanimous in the view that the addition of eight seats may not enhance the Board's breadth and depth to the extent we think desirable, and we gave serious consideration to recommending the addition of 12 new Charter Trustee positions. Even if we were to expand by 12 seats, a Board consisting of 20 Charter Trustees out of a total Board membership of 30 would still have a lower proportion (67 percent) of its seats filled through direct nomination and election by the Board than the average for Dartmouth's peers. (See Table 2 below.) With the addition of only eight seats, Dartmouth's proportion (16 Charter Trustees out of 26, or 62 percent) would rank Dartmouth third lowest out of 30 institutions in our survey. Ultimately, however, we decided that it would be preferable to proceed cautiously and provide an opportunity to see what can be accomplished through the more limited eight-seat expansion. In this regard, we recognize that integrating eight additional members into the work of the Board – in addition to new members who will come onto the Board as current members' terms expire – will take time and effort. We propose that the Board begin to fill the eight new Board seats at its November 2007 meeting and complete the process by June 2009. Over time, the Board can test the efficacy of a 26-member Board. If the expansion to 26 members has not achieved the desired breadth of backgrounds, talents, and interests, a future Board may vote to add additional positions.

**TABLE 2: The Proportion of Board-Selected Trustees at Dartmouth and its Peers<sup>13</sup>**

<i>Institution</i>	<i>Total Number of Trustees</i>	<i>Number of Trustees Selected by the Board</i>	<i>Percentage of Trustees Selected by the Board</i>
<b>Dartmouth</b>	<b>18</b>	<b>8</b>	<b>44%</b>
Columbia	24	11	46%
Yale	19	10	53%
Princeton	40	25	63%
U. Pennsylvania	56	36	64%
Duke	36	23	64%
MIT	74	47	64%
Cornell	64	43	67%
Amherst	21	14	67%
Swarthmore	39	27	69%
Wesleyan	33	23	70%
Johns Hopkins	69	49	71%
Brown	54	39	72%
Tufts	41	30	73%
Stanford	35	26	74%
Emory	39	30	77%
Middlebury	33	26	79%
Vassar	33	26	79%
Rice	25	20	80%
Brandeis	50	42	84%
Vanderbilt	45	38	84%
Harvard	7	6	86%
Northwestern	74	65	88%
Bowdoin	45	40	89%
Carnegie Mellon	62	56	90%
Georgetown	41	37	90%
Washington U.	57	55	96%
Case Western	37	36	97%
U. Chicago	50	49	98%
U. Rochester	41	40	98%
<b>Average not including Dartmouth</b>	<b>43</b>	<b>33</b>	<b>77%</b>

*The Board's Legal Authority to Change Its Structure – and the 1891 Resolution*

Until 1876, every elected Trustee was nominated and elected by the Board itself – the equivalent of what are today “Charter” Trustees. In that year, however, the Board approved a plan under which the alumni would be invited to submit the names of four

<sup>13</sup> In this and succeeding tables and charts, data for Williams College are not included due to ambiguities in the information available on the school’s web site.

nominees for each of the next three vacancies (and their successors) and the Board would select a member from among these nominees. In 1891, the Board adopted a resolution, discussed below, that superseded the 1876 plan by increasing the number of Trustee positions for which the alumni were invited to submit nominations to five and permitting the alumni to identify a single nominee (rather than four nominees) for each vacancy. Since that time, the number of Charter Trustees has been the same as the number of Alumni Trustees, with only occasional exceptions.

The Governance Committee considered whether legal constraints compelled the Board to maintain the current ratio of Alumni Trustee seats to Charter Trustee seats and concluded that the Board has full authority to alter the current ratio of Charter and Alumni Trustee seats. That authority is in no way limited by the 1891 resolution. That resolution stated “[t]hat the graduates of the College, the Thayer School and the Chandler School, of at least five years’ standing, may nominate a suitable person for election to each of the five trusteeships, next becoming vacant on the Board of Trustees of the College (except those held by the Governor and the President) and may so nominate for his successors in such trusteeship.” It is apparent from the text of the resolution that:

- The resolution only authorized the alumni to nominate candidates for five Trustee positions (and their successors) – no more than that; and
- The resolution did not refer to the alumni nominating candidates for any particular proportion of Board seats or elected Trustee seats.

Importantly, the 1891 resolution was simply that – a resolution of the Board, and one of many that have been adopted over the years regarding governance. Like other resolutions, the 1891 resolution is not permanently binding on the Board. Accordingly, the Board is free to amend, supersede, or rescind the 1891 resolution by subsequent Board action in the exercise of its fiduciary duty, just as the Board modified the 1876 plan in 1891.

Under Dartmouth’s Charter and as a fundamental principle of nonprofit governance, the election of Board members is a basic Board responsibility that cannot be delegated. While parity has existed for a long time and represents an important part of Dartmouth history, it is no different from any other feature of institutional governance at Dartmouth: if the Board determines that circumstances warrant change, then the Board is obligated to consider any changes that it believes would be in the College’s best interest.

### *The Optimal Number of Alumni Trustees*

We concluded that the Board should maintain its current level of eight alumni-nominated Trustees. A decrease in the number of alumni-nominated Trustees would undervalue the importance of the Alumni Trustee nomination system as both a longstanding Dartmouth tradition and as a tool that enhances alumni connection to their college and allows for outside perspectives to come to the Board more transparently than through the Charter Trustee nomination system.

Alumni sentiment, particularly in response to the Association of Alumni survey and to ads, was overwhelmingly in favor of maintaining the traditional "parity" between Charter and Alumni Trustees. We weighed this feedback carefully but concluded that eight additional Alumni Trustee seats would not serve Dartmouth's best interests.

An increase in alumni-nominated Trustees on the Board would come at the opportunity cost of a Charter appointment that could be carefully targeted to the current needs of the Board. At any given time, the Alumni Trustee nomination process *might* produce a nominee that matches the College's greatest need, but there is no assurance that it will do so. Furthermore, as discussed later in the report, contested elections have significant drawbacks that outweigh the benefits of *incremental* alumni-nominated Trustee seats. We felt that the benefits of the Alumni Trustee nomination process – to connect alumni to their college and to bring outside perspectives to the Board – are achieved with the election of eight Alumni Trustees serving two four-year terms, resulting in an average of one election per year.

Even with the recommended increase in Charter seats, Dartmouth would continue to have among its peers the highest percentage of its Board set aside specifically for alumni. We reviewed the proportion of seats on the governing boards at peer institutions set aside for alumni (see Table 3 below). As we will discuss later, at most of our peer institutions, seats set aside for alumni are not necessarily voted on by alumni. Of the 30 institutions we surveyed, Dartmouth has the highest proportion of alumni trustees to total Trustees – by a considerable margin. Four of these schools (including Harvard and the University of Chicago) reserve *no* seats on their governing boards for alumni trustees. At other institutions, the ratio of alumni trustees ranged from a low of 2 percent (Carnegie Mellon University) to a high of 33 percent (Duke University), with a significant number (almost half) of institutions clustered between 18 and 30 percent. The average for all institutions with alumni trustee seats (excluding Dartmouth) was 19 percent. That means that Dartmouth's own proportion of alumni trustees is more than twice as high — at 44 percent (eight out of 18 trustees). Our proposal would bring the proportion of Alumni Trustees down to 31 percent, which is still among the highest.

### Other Stakeholders

We also considered whether to recommend that the Board set aside seats for other stakeholders besides alumni, as some of our peer institutions do. We decided against doing so for two primary reasons. First, many in nonprofit governance would suggest that the notion of constituency (representing a specific group's interests) is at odds with the concept of trusteeship (acting in the best interest of the organization as a whole). Second, we felt that future Dartmouth Boards are best served by having maximum flexibility to allocate seats in accordance with future needs. To be sure, we believe it is important to try to find ways to bring onto the Board more graduates of Dartmouth's graduate and professional schools, younger alumni, parents, higher education experts, persons with nonprofit governance experience, and persons knowledgeable about medicine, the arts, international relations, public service, and other fields that are

**TABLE 3: The Proportion of Alumni Trustees at Dartmouth and its Peers**

<i>Institution</i>	<i>Total Number of Trustees</i>	<i>Number of Alumni Trustees</i>	<i>Percentage of Alumni Trustees</i>
Case Western	37	0	0 %
U. Chicago	50	0	0 %
U. Rochester	41	0	0 %
Harvard	7	0	0 %
Carnegie Mellon	62	1 *	2 %
Washington U.	57	2 *	2 %
Georgetown	41	1 *	2 %
Brandeis	50	4	8 %
Vanderbilt	45	4	9 %
Bowdoin	45	4	9 %
Northwestern	74	9	12 %
Cornell	64	8	13 %
Vassar	33	5	15 %
Rice	25	4	16 %
Middlebury	33	6	18 %
Stanford	35	8	23 %
Emory	39	9	23 %
U. Pennsylvania	56	13	23 %
Johns Hopkins	69	16	23 %
Tufts	41	10	24 %
Columbia	24	6	25 %
Swarthmore	39	10	26 %
Brown	54	14	26 %
Wesleyan	33	9	27 %
MIT	74	20	27 %
Amherst	21	6	29 %
Yale	19	6	32 %
Princeton	40	13	33 %
Duke	36	12	33 %
<b>Dartmouth</b>	<b>18</b>	<b>8</b>	<b>44 %</b>
<b>Average</b>	<b>42</b>	<b>7</b>	<b>17%</b>
*includes Alumni Association officers serving <i>ex officio</i>			

currently underrepresented on our Board. But we believe the College’s interests are best served by doing this through a flexible system that can be responsive to evolving needs, rather than by setting aside seats for specific categories.

#### Overall Board Size

A Board of 26 Trustees would still rank the Dartmouth Board in the bottom quartile of peer institutions in terms of Board size. It would allow the Board to preserve

the close working relationships and hands-on involvement in College life that have always distinguished service on the Dartmouth Board from many other boards in the non-profit sector. But the addition of eight new Trustees also would provide a number of other important benefits to the College, including:

- Immediately enhancing the Board’s governance capabilities – and its ability to confront the challenges that lie ahead.
- Adding new and varied alumni voices to the governing body – and facilitating the inclusion of a broader group of alumni and other College stakeholders on the Board.
- Providing the critical mass needed to establish and invigorate additional standing committees – and thereby better serve the evolving needs of Dartmouth’s faculty, students, and alumni.
- Allowing the recruitment and selection of Trustees possessing a broader range of skills, viewpoints, and characteristics than are represented on the Board today.
- Providing leadership for capital campaigns and ongoing fundraising activities.

As we have already observed, if the number of Board seats and method of selection recommended here prove inadequate to meet the challenges Dartmouth faces, a future Board may make further changes.

### *Summary of Recommendations on the Size and Structure of the Board*

[In this and succeeding sections of this report containing Committee recommendations, bold-faced text indicates recommendations requiring Board approval and italicized text indicates either existing Board policies that should be retained or principles the Committee recommends as guidelines for the implementation of specific recommendations.]

**For the reasons discussed above, the Governance Committee makes the following recommendations with respect to the size and structure of the Board of Trustees.**

**(1) The number of Charter Trustees should be increased from eight to 16. The number of Alumni Trustees should remain at eight.**

*A. Beginning in November 2007, the Board should proceed as diligently and as quickly as possible to fill the eight new Board seats with qualified Trustees, aiming to complete the process in June 2009. After a period of operation with the resulting 26-member Board, the Board should assess whether that expansion has been sufficient to achieve the needed diversity of backgrounds, talents, and interests. If it has not, the Board should consider the creation of such additional Charter seats as seem advisable to obtain the desired breadth and depth.*

*B. Dartmouth has traditionally elected the overwhelming majority of Trustees from its alumni body. Dartmouth should not retreat from that goal. Alumni status should be an important criterion for serving as a Trustee.*

*C. The term for elected Trustees should continue to be four years, with eligibility for election to a second four-year term, and with provision for brief extensions under exceptional circumstances as set forth in the Guidelines for Trustee Terms (see Appendix C).*

*D. Trustees elected to fill added Board seats should be appointed for terms with staggered end dates to avoid a situation in which an excessive number of Trustee terms expire at once. Trustees appointed to initial terms of less than four years should be eligible for reappointment to two additional four-year terms as an exception to the general two-term limit.*

*E. It should be the Board's goal, both with respect to identifying nominees for new Board seats and in the future in replacing Trustees whose terms have expired, to ensure the Board has the necessary Trustee diversity in order to reflect a wider array of backgrounds, skills, and qualifications to resolve issues faced by the institution wisely. These needs will evolve over time.*

**[NOTE: The Board of Trustees adopted a resolution on September 8, 2007 to implement these recommendations.]**

**B. The Nomination Process for Alumni Trustees**

In recent years, no subject has received more sustained attention during Board governance reviews than the process used to nominate Alumni Trustees – and no process has been altered as frequently. The members of the Governance Committee spent considerable time examining this issue, especially in light of the concerns that have been expressed about the divisive and politicized nature of recent Alumni Trustee elections. Among other things, we looked at how Dartmouth's peers manage their governing board selection process, the recent history of Dartmouth's own Trustee nomination process, as well as a number of "models" put forth and used by one or more comparable institutions.

*The Alumni Trustee Nomination Process at Peer Institutions*

Reserving seats on the governing board for alumni is a common practice among peer institutions. Of the 31 institutions we surveyed, a total of 27 – 87 percent – reserve at least one board seat for alumni. But we found that contested elections are not as widely used as a mode of governing board selection as we had expected. Less than a majority of institutions that reserve governing board seats for alumni select nominees for those seats through contested elections as Dartmouth does.

There are three basic methods that these institutions use to select alumni trustees.<sup>14</sup>

- At four institutions, a representative of the alumni association serves *ex officio* on the governing board. It is typically the elected president (or vice president) of the association.
- At eight institutions, alumni trustees are selected by the governing board itself. These institutions do not conduct contested elections for alumni trustee seats; rather, a board committee or the board as a whole screens nominees and selects one candidate for each vacant seat.
- At the remaining nine institutions, alumni trustees are picked by ballot election. One of these schools is Dartmouth; the other eight are four Ivy League universities (Penn, Yale, Princeton, and Cornell), two national research universities (Duke and Tufts), and two liberal arts colleges (Vassar and Wesleyan). Each of these schools conducts their ballot elections in different ways, as discussed in more detail below.

To recapitulate, of the 31 institutions we surveyed, 27 included alumni trustees on their boards, but a significantly smaller number used contested elections as their mode of selection.

#### *Peer Institutions' Efforts to Address the Drawbacks of Contested Elections*

Virtually every institution that uses the contested ballot election process – with the notable exception of Dartmouth – has incorporated some safeguards or limitations to protect against the drawbacks of contested elections.

- *Prohibitions on electioneering.* Several institutions restrict electioneering and campaigning by requiring candidates to sign a “no-campaign” pledge or by limiting communications between candidates and voters.
- *Modified petition systems.* Others institutions have modified the system by which petition candidates can get onto the ballot. For instance, some schools use a “petition into the pool” system under which the names of successful petitioners are simply referred to the nominating committee and do not appear on the ballot unless the nominating committee selects them as part of the winnowing process.

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<sup>14</sup> Our survey encompassed 30 institutions plus Dartmouth, for a total of 31. In the discussion that follows, we have excluded four institutions that have no alumni trustees (Harvard, the University of Rochester, Case Western, and the University of Chicago) and five institutions without clear explanations of the selection process in their bylaws and web site materials (Emory, Rice, Amherst, Williams, and Middlebury). We have also simplified by assigning each institution to one category, notwithstanding that some employ more than one method to select their alumni trustees. They may, for example, appoint the president of their alumni association to an *ex officio* board seat while simultaneously electing or appointing others.

- *Majority voting mechanisms.* Some colleges and universities have incorporated preferential voting and instant runoff features into their election process to prevent the election of candidates with less than a majority of the vote.
- *Vetting by the governing board.* Other schools have built into their systems a step in which the board of trustees (or the board's standing committee on nominations) vets candidates prior to the election and selects two, three, or more nominees whose names are then placed on the ballot.

In brief, the minority of colleges and universities that select alumni trustees via contested elections have typically built many features into their election process in an effort to:

- Keep elections focused on the qualities that are most relevant to trusteeship; and
- Provide some assurance that candidates are qualified to serve and will help meet board needs if elected.

*Dartmouth currently incorporates none of these safeguards into its process.*

As at Dartmouth, governing boards at many of our peer institutions periodically conduct studies of their governance and make adjustments to their trustee selection processes. We are aware that several peer institutions have in recent years moved their trustee selection process away from systems similar to that currently used by Dartmouth, in large part because of the drawbacks outlined above.

- Stanford has abandoned contested elections entirely; alumni trustees now are selected for nomination by alumni and board committees.
- Princeton still uses contested elections, but petition candidates no longer have direct access to the ballot – they petition simply for the right to be interviewed by the nominating committee.
- Duke has moved to a system similar to that used by Dartmouth prior to 1990 – a system under which a single candidate is nominated and an election is conducted only if another candidate petitions to run.

#### *The Recent History of Dartmouth's Trustee Nomination Process*

Contested elections have not historically been the method used at Dartmouth for selecting Alumni Trustees. Prior to 1990, the Alumni Council selected a single individual to be the nominee – and that person was put forward for election to the Board if there were no petition candidates. If a petition candidate did emerge, a ballot election would be held – though such elections were infrequent. As a result, ballot elections for Alumni Trustee seats were not common before 1990.

Since 1990, however, the Alumni Council has selected three candidates to run in a ballot contest for each Alumni Trustee vacancy. Thus, it is only in the last 17 years that the entire alumni body has participated in ballot elections to select their choice from a multi-candidate slate of nominees.

### *Drawbacks of Current Alumni Trustee Nomination Process at Dartmouth*

As mentioned earlier, a contested election process for selecting alumni trustee nominees – like the one currently used at Dartmouth – has significant drawbacks, particularly when that system includes (as Dartmouth’s does) a petition-onto-the-ballot feature. That is perhaps why only a small minority of peer institutions use contested ballot elections to select alumni trustees. Such a process can adversely affect the College in several ways, including:

- *Politicizing the Process* – Recent Trustee elections have increasingly taken on the characteristics of a modern American political campaign – what one Committee member referred to as “bringing Washington to Hanover.” This includes increasing costs to support campaigning through direct mail and online websites as well as negative and divisive campaign rhetoric. In addition to the consequences detailed below, this increasing politicization risks emphasizing qualities that make for effective political candidates rather than qualities that make for effective trustees.
- *Harming the College’s Reputation* – One of the consequences of the politicization of the election process is that the increased rancor and more negative aspects of the campaigns can harm the College’s reputation. We have little doubt that widely published attacks on the performance of the College administration – which are reported in education publications and national news media – are noticed by the higher education community and the public generally. We are concerned that contentious elections may be adversely affecting Dartmouth’s public standing.
- *Negatively Affecting Faculty and Administrator Recruitment Efforts* – The negative and critical tone of recent elections – including regular and broadly disseminated attacks on individual administrators – inevitably makes it difficult to recruit top-quality administrators to the College. Among other things, we fear this will harm searches for future presidents of Dartmouth by depleting the pool of potential candidates. In addition, there is evidence that the rhetoric accompanying elections has been demoralizing to faculty. We have been advised that such rhetoric has prompted some faculty members to question whether alumni and Trustees value faculty scholarship and appreciate the faculty’s commitment to teaching.
- *Alienating Some of Dartmouth’s Most Committed Volunteers* – The current Alumni Trustee nomination process has the potential to discourage some of our most committed and talented alumni volunteers from serving on the Board or participating in other College activities. For instance, the current process requiring the Alumni Council to nominate three candidates for each Trustee vacancy pits talented alumni against one another and creates a “churn and burn” effect that may discourage

candidates from future participation and deprive the institution of the energy, involvement, and financial support of some of Dartmouth's most committed alumni volunteers. This effect is likely exacerbated in a highly politicized campaign. In addition, as it becomes more expensive to mount campaigns, the number of qualified alumni willing to stand for election may diminish or candidates may be obligated to seek support from alumni capable of providing necessary financing – both undesirable outcomes, in the Committee's view.

- *Focusing Candidates on Constituencies Rather Than the College* – Finally, platform-based elections – elections in which candidates run on political platforms built on a handful of campaign issues and make election-style campaign “promises” – subordinate the qualities relevant to trusteeship and reinforce the mistaken view that trustees represent and are responsible to “constituencies.” Nothing could be more antithetical to the historic and legal meaning of trusteeship as a fiduciary responsibility for the management of the College as a whole.

“By law,” explains a standard reference work on nonprofit board governance, “boards must adhere to the duty of loyalty, which requires that board members exercise their authority in the organization's best interests.” Trustees must “put the interests of the organization above all else,” a commandment interpreted to mean that trustees must “set aside personal agendas” and see themselves, not as advocates for particular constituencies or points of view, but as proponents for the organization as a whole.<sup>15</sup>

We are not saying, and do not wish to be misrepresented as believing, that *alumni* are inappropriately or disproportionately represented on Dartmouth's Board or that alumni, by virtue of their status as alumni, are incapable of acting dispassionately in the College's best interest; if we believed that, we would not have endorsed Dartmouth's tradition of selecting Charter Trustees who are members of the alumni body. (See Recommendation (1)B of this report.) We mean simply that fiduciary concerns arise when a nominating process encourages candidates who view themselves as advocates for one part of the College community.

*For all of the reasons articulated above, the Governance Committee believes that Dartmouth's system for selecting Alumni Trustees is broken and must be fixed.*

#### *Methods of Trustee Nomination Considered by the Committee*

Having reached this firm conclusion, Committee members conducted spirited discussions about the best “fix” for the Alumni Trustee nomination process. We organized our discussions around a comparison of the current Dartmouth system with three other models used by one or more comparable institutions.

*Model 1: Committee nomination.* This sort of system is used at roughly half the institutions we surveyed, including Stanford. Under this model, an alumni or joint alumni-board committee engages in a search and screening process and nominates alumni

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<sup>15</sup> Principle 5, *Independent-Mindedness*, in The Source - Twelve Principles of Governance that Power Exceptional Boards (BoardSource, 2005).

for election by the board. There is no alumni-wide election. Alumni may put forward their own names or names of others for consideration by the committee (with or without the requirement to collect petition signatures, depending on the system).

- Advantages:
  - Provides the greatest assurance that the nominee will be qualified for trusteeship and meet institutional needs.
  - Provides the greatest assurance that the nominee will have a record of service to and involvement with the institution.
  - Avoids “churn and burn” of unsuccessful candidates.
  - Avoids expense and other features of contested elections that discourage candidacy by qualified alumni.
  - Avoids politicized elections that detract from the reputation of the institution and potentially repel faculty and administrative talent.
- Disadvantages:
  - Compared to Dartmouth’s present system and others described below, provides less direct involvement by alumni.
  - Compared to other models, may be more inward-looking and less responsive to outside concerns.

*Model 2: Ballot contest between committee designees (with no opportunity to directly petition onto the ballot).* This sort of system is currently used at a number of schools, including Princeton University. Under this model, an alumni or joint alumni-board committee engages in a search and screening process and designates two or more candidates to run in a ballot contest in which all alumni are eligible to vote. As in Model 1, alumni may put forward their own names or names of others for consideration by the committee (with or without the requirement to collect petition signatures in order to merit committee consideration). However, alumni may not petition directly onto the ballot.

- Advantages:
  - Provides assurance that ballot candidates will be qualified for trusteeship and generally meet institutional needs.
  - Provides assurance that ballot candidates will have a record of service to and involvement with the institution.
  - Provides direct alumni involvement in final determination of the nominee.
  - Compared to the present Dartmouth system and Model 3 (below), poses less risk of “platform” candidacies.
- Disadvantages:
  - Compared to Model 1, provides less ability for the board to target specific needs.
  - Results in some “churn and burn” of unsuccessful candidates.
  - Poses some risk that expense and other features of contested elections will discourage candidacy by qualified alumni.
  - Compared to the present Dartmouth system and Model 3, less responsive to alumni sentiment and may be more inward-looking.

- Compared to Model 1, greater risk of “platform” candidacies (although mitigated by committee screening process).

*Model 3: Election-if-petition.* Under this system, which Dartmouth utilized prior to 1990, an alumni or joint alumni-board committee engages in a search and screening process and designates a single candidate for nomination. If there is no petition candidate, the designated candidate becomes the nominee of the alumni for election to the board. If a petition candidate qualifies for the ballot, an alumni election is conducted to determine the nominee.

- Advantages:
  - More direct involvement by alumni; more responsive to alumni sentiment; greater protection against board insularity.
  - Compared to Dartmouth’s present system and Model 2, less “churn and burn” of unsuccessful candidates since there are two fewer regular candidates and since there may be some vacancies for which there is no petition candidate.
- Disadvantages:
  - Less assurance that nominee will be qualified for trusteeship and meet institutional needs.
  - Less assurance that nominee will have a record of service to and involvement with the institution.
  - Greater risk of “platform” candidacies.
  - Greater risk of highly politicized, costly, and divisive elections, discouraging candidacy by qualified alumni.

### *The Optimal Trustee Nomination Process at Dartmouth*

Our Committee considered carefully and at length the relative advantages and drawbacks of the three models described above, as well as the relative merits of the current system. Ultimately, *we determined that contested ballot elections, notwithstanding their drawbacks, should be permitted at Dartmouth, albeit with certain changes designed to correct flaws in the current process.* We reached this conclusion for the following reasons:

- First, we believe contested elections are a practical and symbolic manifestation of the principle – dear to Dartmouth alumni and important in recent Dartmouth history – that the alumni community should have a direct voice in the selection of Alumni Trustees.
- We also believe they help to foster alumni involvement in the College and its governance and provide an appropriate check against board insularity.

We also believe, however, that if contested elections are to continue, the number and frequency of such elections *should not* be increased. As discussed in the section on

Alumni Trustee seats, we feel the benefits above wane significantly after the first eight seats.

We therefore concluded that Model 3 – the election-if-petition process – should be adopted at Dartmouth, as it was from 1915 till 1990. Again, we reached this conclusion for several reasons:

- First, we believe this process preserves most faithfully the salutary characteristics of the Trustee selection system Dartmouth currently uses – including the recent tradition of ballot elections and the opportunity for petition candidates to earn a place on the ballot – while addressing some of the drawbacks of that system (which are outlined above).
- Second, the election-if-petition process resembles the system Dartmouth used for much of its history. And returning to the system that was in effect from 1915 to 1990 would be wholly consistent with the Board’s conclusions when it last engaged in a comprehensive review of the Alumni Trustee nomination system in 1990. The report produced then by the Committee on Board Organization (CBO) presciently warned that switching to a multi-candidate contested-election system could have negative consequences. The CBO recommended that, after some experience under the new multi-candidate election system, the Board “conduct a review of the process to determine whether it is in the best interests of the College to continue this approach for future nominations.” Among the potential drawbacks identified in the CBO report were “the possible refusal of qualified candidates to participate in a ballot contest,” “the potential divisiveness of frequent Alumni-wide ballot contests,” and “substantial cost.” With the benefit of hindsight, we can see that the Board was correct in 1990 to perceive disadvantages in the system it adopted then. And we see the wisdom in the suggestion that the Board consider “reinstat[ing] the process that has been in place since 1915” if the disadvantages of the new system proved intractable.
- Third, feedback from the alumni community to the Committee reflected a strong desire to retain a contested election system, and one in which petitioners retain the right to secure a place on the ballot. *Subject to the other changes we are recommending*, we think it is reasonable and consistent with sound governance principles to retain that option, at least for the present time.

We believe, in sum, that the proper course for the Board to take is to fix the broken Alumni Trustee nomination process, not to jettison it altogether. So we have determined that *the system would benefit from a number of changes designed to correct the flaws in the current process*. Under these changes:

1. The Alumni Council would nominate a single candidate for each Alumni Trustee vacancy – rather than three candidates – so that, as under the pre-1990 Dartmouth system, the designee would become the nominee of the alumni if there were no petition candidate.

2. As under the present system (and the pre-1990 Dartmouth system), petition candidates would have a reasonable period of time, after the Alumni Council announces its candidate, to collect petition signatures. To facilitate this process, the College would establish an Internet-based method for petitioners to gather and submit signatures. To gain a place on the ballot, petitioners would be required to obtain 250 signatures, as under the pre-1990 system. Given the reduced signature requirement (compared to the present requirement of 500 signatures) and use of the Internet, we believe six weeks should be a sufficient time for collection of signatures.
3. The approval voting system, which some alumni find confusing and which is subject to “bullet voting,” would be eliminated; each eligible voter would be entitled to cast a single vote in each election.
4. The voting period would be shortened so that, in the event of petition candidacy, the time between the deadline for petitions and the completion of balloting would be no more than six weeks.

With the changes recommended above, a feasible schedule for Alumni Trustee elections could be:

December 15	Alumni Council candidate announced
February 1	Deadline for petitions
February 15	Ballots mailed; website opened for online voting
March 15	Voting concluded; results announced

While such a system does not go as far as other models to vet potential candidates and address College needs, we believe that, in combination with the recommended expansion in the number of Charter seats, it represents a reasonable balancing of interests that serves the College’s overall needs.

Finally, it should be emphasized that under Dartmouth’s Charter the authority and fiduciary responsibility to elect all Trustees is vested in the Board. Notwithstanding the reforms recommended above, the Board should continue to review carefully the qualifications of all nominees for Alumni Trustee and should not hesitate to decline to elect any nominee who does not meet the criteria for trusteeship. We comment further on these criteria in the next section of this report.

*Ongoing Reservations About Costly and Politicized Contested Elections*

Even with the changes described above, we have serious concerns about the continuation of contested elections with a petition-onto-the-ballot feature because of the politicization and costliness that will likely continue to characterize contested elections. We regret this behavior, which does not seem to characterize alumni trustee elections at most other institutions – and certainly does not benefit the Dartmouth community, for all of the reasons discussed earlier.

In 1990, the Trustee Committee on Board Organization wrote that “[c]ampaigning in ballot contests for Alumni nominations for Trustee is ... demeaning to the office of Trustee and should be vigorously discouraged.” We concur, and we would add that the contested election process tends to emphasize campaign skills and deemphasize the qualities most relevant to trusteeship, which are outlined in Appendix B.

The harder question is whether campaigning can be effectively curtailed. We considered this question and concluded that while it would be possible to require candidates to sign no-campaign pledges and limit communications between candidates and voters, it would be more difficult to regulate independent efforts on behalf of candidates, to determine when such efforts were truly independent, and to differentiate between campaign activities and legitimate journalism. The Association of Alumni Balloting Committee encountered practical difficulties when it attempted to administer the Association’s restrictions on campaigning during Trustee nomination elections prior to 2007. For these reasons, we are not recommending any restrictions against campaigning at the present time.

The Board may have to revisit this subject should future nomination elections continue to be highly politicized and costly, especially if electioneering discourages worthy candidates from participating in the nomination process or if the annual “referendum” on the direction of the College discourages presidential talent from coming to Dartmouth.

#### *Summary of Recommendations on the Alumni Trustee Nomination Process*

In conclusion, having given considerable thought to the best possible Alumni Trustee nomination process for Dartmouth’s Board of Trustees, the Governance Committee has concluded that the Board should retain contested ballot elections – under the election-if-petition process outlined above – without increasing the number and frequency of such elections. We also concluded that the Board should adopt certain changes designed to correct flaws in the current election process and minimize some of the drawbacks of these elections. We believe these changes to the Alumni Trustee nomination process represent a reasonable balancing of interests that serves the College’s overall needs, while preserving what is unique about Dartmouth and the direct role that alumni have long played in its governance. If adopted by the Board, we believe this new nomination system will help to:

- Maintain an alumni-driven election process in which alumni leaders select a significant number of Trustee nominees and alumni cast votes in contested elections.
- Reduce the “churn and burn” aspect of the current nomination process, which has unnecessarily pitted some of our most committed, involved, and capable alumni against one another in a way that risks deterring them from being involved in the future.
- Discourage and limit the politicization and divisiveness that the current process has caused in recent years – while still providing a means for trustee candidates to express and disseminate their views.

- Maintain an open, accessible process by which a petition candidate can earn a place on the ballot as a potential Board nominee.
- Put in place a fairer “one-person, one-vote” system for Trustee elections.

**The Governance Committee makes the following recommendations with respect to the process for selecting Alumni Trustees:**

**(2) The Alumni Trustee nomination process should be modified so that the Alumni Council designates a single candidate for nomination. The opportunity for petitioners to gain a place on the ballot should be retained, with a reduction of required signatures to 250. If there is no petition candidate, the Alumni Council designee should be the nominee of the alumni for Alumni Trustee. In the event of a petition candidacy, a ballot election should be conducted during a shortened time period. Each voter should cast a single vote.**

**(3) The College, on behalf of the Board, should administer the Alumni Trustee nomination process. If the Association of Alumni and Alumni Council adopt procedures reflecting the features recommended here, the Board should consider permitting those organizations to resume their administration of the process.**

**[NOTE: The Board of Trustees on September 8, 2007, after considering these recommendations, adopted the following resolution:**

(a) That the Alumni Trustee nomination process be conducted by the Alumni Council and the Association of Alumni in accordance with the following precepts, the implementation of these precepts to be entrusted to the Alumni Council and the Association of Alumni:

- (i) The nominee for each open Alumni Trustee seat shall be determined through an election process involving one or two candidates designated by the Alumni Council, in addition to any qualifying petition candidates;
- (ii) Direct-to-ballot petitioning shall be permitted utilizing a standard for the minimum number of qualifying signatures no more restrictive than that which currently obtains; and
- (iii) The nominee shall have been selected under an election process under which each alumnus or alumna qualified to vote shall cast a vote for a single candidate and the nominee shall have received an absolute majority of votes cast.

(b) Pending the adoption and implementation by the Alumni Council and the Association of Alumni of procedures incorporating these

precepts and satisfactory to the Board, the College on behalf of the Board shall administer the nomination process.]

C. Strengthening the Board's Governance Capabilities

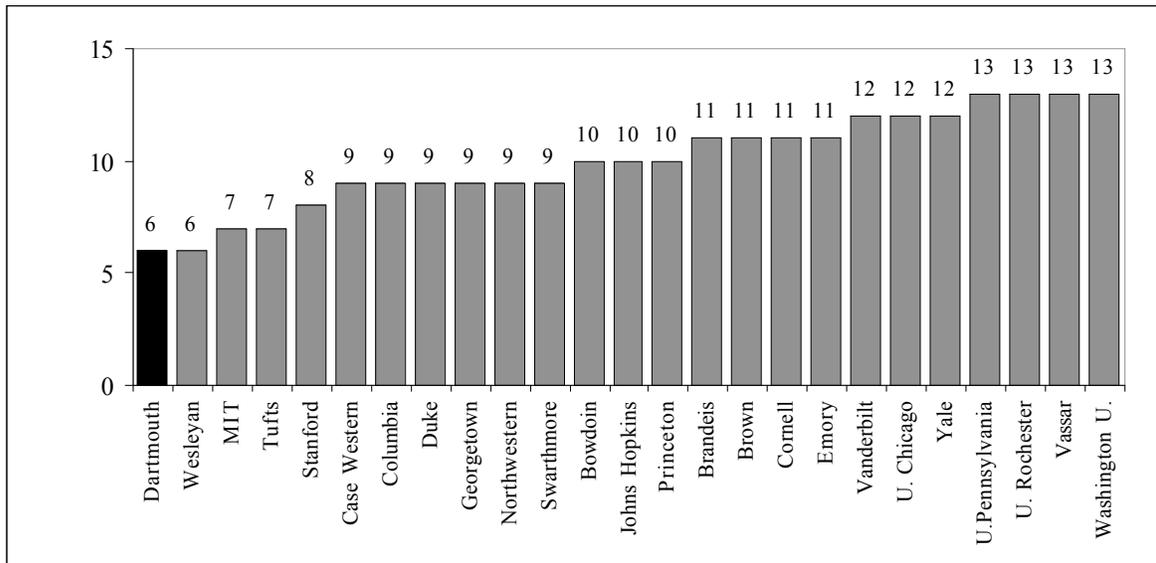
The Board we envision for the Dartmouth College of today and tomorrow would be larger than the current Board with broader capabilities including the ability to communicate more effectively with key stakeholders such as alumni, students, and faculty. For the new, larger Board to operate most effectively, however, we believe it is essential to adopt a series of structural reforms.

*The Organization of Dartmouth's Board Compared to Peer Institutions*

Because of its small size, the Dartmouth Board has been structured differently than the boards at peer institutions. For instance:

- Dartmouth's Board has only one elected officer – the Chair. Virtually every one of our peer institutions has several elected board officers – including a chair, one or more vice chairs, and frequently other officers such as a secretary or treasurer.
- Dartmouth's Board has fewer standing committees and subcommittees than the boards of peer institutions, and our committees have fewer members. While our Board has six committees, the average number of standing board committees and subcommittees for peer institutions is ten. (See Chart 1.) Dartmouth lacks committees dedicated to alumni relations, academic affairs, and student affairs – all areas that the Governance Committee believes are critical to the strength of the College, and all areas that almost invariably fall within the purview of standing committees at other institutions. (See Chart 2)
- Dartmouth does not have bylaws.

**CHART 1: The Number of Standing Board Committees at Dartmouth and Its Peers**



**CHART 2: The Existence of Academic, Alumni and Student Board Committees at Dartmouth and Its Peers**

Has Standing Committee on:	Bowdoin	Brandeis	Brown	Carnegie Mellon	Case Western	Columbia	Cornell	<b>Dartmouth</b>	Duke	Emory	Georgetown	Johns Hopkins	MIT	Northwestern	Princeton	Rice	Stanford	Swarthmore	Tufts	U. Chicago	U. Pennsylvania	U. Rochester	Vanderbilt	Vassar	Washington U.	Wesleyan	Yale
<i>Academic Affairs</i>	x	x	x	x	x	x			x	x	x		x	x	x	x	x	x		x	x	x	x	x	x	x	x
<i>Alumni Relations</i>	x	x	x	x	x	x			x	x	x	x	x	x	x	x	x			x	x		x	x	x	x	x
<i>Student Affairs</i>	x	x	x			x			x	x				x	x		x			x	x	x	x	x			

Summary of Recommendations on Ways to Strengthen Governance Capabilities

The Governance Committee has given considerable thought to how we might increase the effectiveness and efficiency of Board operations, while preserving the close working relationships and connection to College life that have always distinguished service on the Dartmouth Board. We are recommending that the Board adopt the following structural reforms, which we believe will help to achieve those important goals:

- The Board should elect a Vice Chair to share the administrative load with the Chair and personalize interactions between Trustees and their elected leaders.

- The Board should establish three new standing committees – dedicated to alumni relations, academic affairs, and student affairs – to help assist in improving communication with these critically important groups. As discussed earlier in this report, one benefit of a larger Board would be the increased capacity for engagement with alumni, faculty, and students, and we believe standing committees dedicated to these areas can best facilitate that type of improved, two-way communication. For instance, members of the alumni relations committee should meet regularly with the leadership of the alumni organizations, including the Alumni Council, the Association of Alumni, clubs, regional groups, and affinity groups.
- The Governance Committee also should meet regularly with alumni leaders to seek their input in identifying qualified candidates for Charter Trustee seats on the Board, and the Governance Committee should make it a priority to continue developing a rich pool of potential candidates from the alumni community.
- The Executive Committee should coordinate the Board’s work and set the Board’s agenda. This could be aided by having the Vice Chair and standing committee chairs (including the chairs of the alumni relations, academic affairs, and student affairs committees discussed above) sit as members of the Executive Committee, along with the Board Chair and the President.
- In electing and re-electing Trustees, the Board should redouble its efforts to assure that the persons selected exhibit, both individually and collectively, the personal traits and professional experience that are so critical to Board effectiveness. The Governance Committee, as the body responsible for nominating Charter Trustees, bears a special responsibility in this regard.
  - *Election to First Term:* In 1990, the Board, on the recommendation of the Committee on Board Organization, adopted a *Statement on Criteria for Trusteeship*. We believe it is an excellent starting point. We have expanded on the 1990 *Statement*, explicitly adding considerations such as willingness and ability to serve, a record of involvement with Dartmouth, nonprofit governance experience, contribution to diversity, willingness and ability to play a leadership role in philanthropy to the College, and fields of professional experience and expertise of particular relevance to Board needs. (We would expect to update the latter list periodically, as Board membership and College needs evolve.) The Committee has attached this updated set of “Charter Trustee Criteria” as Appendix B to this report and welcomes the Board’s comments on it.
  - *Election to Second Term:* Each elected Trustee (Charter and Alumni) should continue to be subject to review by the Governance Committee and re-election by the entire Board at the end of his or her first term. This will ensure that Dartmouth’s Board has the most

qualified and most dedicated members possible. We believe the basis for this review should be (a) the criteria specified in the *Statement on Governance and Trustee Responsibilities* approved by the Board in June 2007, (b) the personal traits described in the 1990 *Statement on Criteria for Trusteeship*; and (c) assessments of the Trustee's performance on Board committees and in fulfilling other duties and responsibilities assigned by the Chair.

- The Board should adopt bylaws to govern its operations – a recommendation first made by the Trustee Committee on Board Organization (CBO) in 1990. As the members wrote in their own report:

Dartmouth may be unique among comparable private colleges and universities in not having in place by-laws setting forth the rules governing the operation of the Board and its committees and the titles and responsibilities of principal officers. The present reliance on standing votes and practice hinders the orderly conduct of the business of the Board, and the absence of any written by-laws makes it difficult for new members of the Board to become quickly and easily familiar with the Board and its operations.

That committee recommended 17 years ago that “[t]he Board of Trustees should adopt a set of By-laws.” While the system of recorded votes has worked reasonably well in recent years, we believe the CBO's recommendation is even more timely today, given the growing complexity of College governance and the heightened scrutiny government regulators apply to the workings of nonprofit boards.

**The Governance Committee makes the following specific recommendations with respect to the Board's structure and organization.**

**(4) In addition to an elected Chair, the Board should elect a Vice Chair.**

**(5) The Board should constitute new standing committees on alumni relations, academic affairs, and student affairs.**

- a. *We recommend that standing committees be functionally divided into two categories, which we will characterize for descriptive purposes as “administrative” committees and “operations” committees. Administrative committees would include the existing committees on finance, governance, and master plan and facilities, together with the two standing subcommittees of the finance committee (investment and audit). Operations committees would include the newly created committees on alumni relations, academic affairs, and student affairs. Each Trustee should be assigned to one administrative committee and one operations committee.*

*The Alumni Relations Committee should dedicate its first year to enhancing communications with the alumni community. The committee should conduct regular meetings with the Alumni Council and its elected leadership, the Executive Committee of the Association of Alumni, and the leaders of other alumni organizations, clubs, regional groups, and affinity groups. The Alumni Relations Committee should endeavor to schedule meetings to coincide with alumni meetings on campus, including class and club officers' weekends. The Vice President for Alumni Relations should work closely with the Alumni Relations Committee to help make the committee an effective, two-way mode of communication, allowing Trustees to hear alumni questions and concerns and providing alumni leaders with information on Board projects affecting and of interest to the alumni community.*

- b. *As part of the process of identifying qualified candidates for Charter Trustee seats on the Board, the Governance Committee should meet regularly with alumni leaders. It should be a Governance Committee priority to develop a rich pool of potential candidates from the alumni community.*
- c. *The Student Affairs Committee should focus on enhancing the student experience, both in and out of the classroom. It should meet regularly with official student leaders and a variety of students to understand their issues. It should work closely with the Dean of the College, the Dean's staff and counterparts in the graduate schools and programs.*

**(6) The Executive Committee should assume an active role in managing the Board's agenda and work flow. The Executive Committee should be composed of the Chair, the Vice Chair, the President, and the chairs of the Board's standing committees.**

*(7) Each elected Trustee (Charter and Alumni) should be reviewed in the last year of his or her initial term, utilizing as the basis for review (a) the criteria specified in the Statement on Governance and Trustee Responsibilities approved by the Board in June 2007, (b) the personal traits contained in the 1990 Statement on Criteria for Trusteeship; and (c) assessments of the Trustee's performance on Board committees and in fulfilling other duties and responsibilities assigned by the Chair.*

**(8) The Board should adopt bylaws governing Board structure and operations.**

**[NOTE: The Board of Trustees adopted resolutions on September 8, 2007 to implement these recommendations.]**

## V. Conclusion

“Good governance,” observed a leading authority on nonprofit governance, “is about providing critical capital – intellect, reputation, resources, and access – to power nonprofit success and thereby strengthen communities.”<sup>16</sup> Our goal throughout this review process has been to formulate a coherent set of recommendations providing Dartmouth’s governing body with the “critical capital” necessary to maintain and build upon the College’s position of excellence. We believe the Board – and the College – should seek Trustees of vision and energy; Trustees who are capable of serving as Dartmouth ambassadors; Trustees who understand their duty of loyalty to the College and are willing to set aside personal agendas in order to do what is best for the College as a whole; Trustees skilled at (and committed to) fundraising for the College; and Trustees who bring an array of backgrounds, skills, and perspectives to the hard work of stewardship.

Our recommendations will increase the capabilities of Dartmouth’s governing board to meet the growing and increasingly complex needs of the College. They also will increase alumni representation on the Board, enhance the Board’s ability to communicate and interact directly with alumni, oversee academic and student affairs, and tend to the evolving governance needs of our College. Our recommendations preserve the essential characteristics of the alumni trustee nomination process while making alterations designed to remedy flaws in the process. We had hoped that the Association of Alumni, in its constitution revision process last year, would correct these flaws. Since it did not do so, the responsibility now falls to the Board, as the body with ultimate responsibility for the College’s welfare, to provide a structure and a selection process that takes into account sound governance principles and serves the long-term interests of Dartmouth.

We are not the first Trustees to express concerns about the adequacy of Dartmouth’s current governance system, and we will not be the last. The issues facing us today are anything but new – they are, in fact, perennial. As did our predecessors, we are recommending changes that we believe will best meet the needs of the College now and into the future. We recognize and appreciate that there are strongly held views on all sides of this issue, and we know there will be some members of the Dartmouth community who do not agree with all of the recommendations made here. But we think the case for change is compelling, and we believe the changes we have recommended are true to Dartmouth’s founding principles. At the same time, we are acutely aware that this report will not be the final chapter in the debate over governance at the College. We have recommended a significant increase in the number of Charter Trustees and a return to the method of nominating Alumni Trustees that the College used until 1990. If the Board adopts our recommendations and if, five or ten years hence, those recommendations have not remedied the problems identified in this report, then we would expect future Boards to do what we did this summer: to build on the work of predecessor Boards and devise new solutions for the challenges facing the College.

Dartmouth has survived moments of tension and controversy before, and it will survive this one as well. The changes we recommend are substantial, but they are in

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<sup>16</sup> The Source - Twelve Principles of Governance that Power Exceptional Boards (BoardSource, 2005).

keeping with Dartmouth's proud history and they will make Dartmouth a stronger and better institution. Most importantly, though, these recommendations are motivated by our love for and dedication to the College we all serve – a centuries-old institution that will remain long after we, and the controversies of our day, have faded into Dartmouth's history.

Respectfully submitted:

GOVERNANCE COMMITTEE

CHRISTINE BUCKLIN '84  
( COMMITTEE CHAIR)

MICHAEL CHU '68

JOHN J. DONAHOE '82

CHARLES E. HALDEMAN JR. '70  
(BOARD CHAIR)

JAMES WRIGHT '64A  
(PRESIDENT)

AUGUST 2007

## Appendix A

### Governance Study Questionnaire June 14, 2007

- I. Context
  - a. What aspects of Dartmouth's governance are working well?
  - b. Where is there room for improvement?
  
- II. Size: What would be the ideal size for the Dartmouth Board? Why?
  
- III. Structure: Could we organize the Board differently to make it more effective?
  - a. If you think the Board should be expanded, then should we change the way it is organized?
    - i. Should some decisions be delegated to committees vs. made by the entire Board? If so, what should those be?
    - ii. Should we continue to have an Executive Committee, but with greater responsibility? If so, what should it be responsible for, how big should it be, and how should its members be selected?
  - b. What mechanisms should be used to connect the Board with various constituencies, notably alumni, but also faculty, students, and staff?
  
- IV. Composition: Other than the inclusion of the Governor of NH (which is required by law), what other requirements should we have for who serves on the Board?
  - a. How many, if any, seats should be set aside for various categories (e.g., alumni, young alumni, alums of Tuck/Thayer/DMS, academics, students, parents)? Why did you choose those groups and not others?
  - b. How many of the seats should be appointed directly by the Board versus through elections by various constituencies? Rationale?
  - c. Are there other requirements you would place on individuals to be eligible to be a Dartmouth Trustee (e.g., graduation from Dartmouth, service on other Boards, contributions to Dartmouth, service to Dartmouth)?
  
- V. Nomination Process: How can we get the best possible Trustees for Dartmouth, both as individuals and as a group?
  - a. How should they be nominated?
    - i. By petition: how many signatures? How gathered?
    - ii. By committee: who should be on the committee, and who does the supporting staff work for the committee?
    - iii. Should they be elected directly by the entire constituency or indirectly through representatives of the constituency? Which representatives?

- b. What, if any, rules should govern campaigning in a direct election (e.g., limits on spending, limits on communications, use of lists, Trustee/administration involvement)? If imposing campaign limits is desirable, how should the system deal with candidate supporters, bloggers, etc., who act as surrogates?
- c. What rules should govern voting in a direct election?
  - i. Minimum/maximum number of nominees for each election? How should we stay in this range?
  - ii. Method: one vote, approval, majority/plurality, instant run off, etc.
  - iii. Time frame
- d. What should be the term length, number of terms, and renewal process for each type of Trustee? Rationale?

- VI. Transition: What advice would you have for us in implementing the changes you suggest?
- a. Timing
  - b. Communication to constituencies
  - c. Other

**CHARTER TRUSTEE CRITERIA**  
**DRAFT – August 2007**

In nominating candidates to become Trustees of Dartmouth College, the Governance Committee will consider several criteria for each candidate: the fit of their personal traits with trusteeship; their willingness and ability to fulfill the charge to individual trustees; the relevance of their professional background to specific board needs; other perspectives and resources that they can bring to the Board.

- I. **Personal traits.** These criteria, adopted by the Board in 1990, have not changed:
  - a. Perspective and maturity of judgment that permit contemplation, planning and execution of long-term objectives
  - b. A spacious mind characterized by a breadth of interests, open to continuous learning and new ideas
  - c. Moral and ethical integrity
  - d. Trustworthiness, including the willingness to respect privacy and keep confidences
  - e. An understanding of or penetrating interest in the special traditions of the College; its standards of excellence; its concern for the individual; and its service to the world at large
  - f. A commitment to increasing one's own understanding of education at Dartmouth and of issues facing higher education generally
  - g. An appreciation of and respect for the distinctive characteristics of the academic community, including but not limited to the principle of academic freedom; the principle of shared governance through consultation, broad participation in decision-making, and formation of consensus
  - h. The willingness to assign to Dartmouth a high priority among competing interests in the commitment of time, energy, and attention
  - i. The ability and willingness to listen to other points of view; to ask questions as well as to offer answers; and to seek a common ground for achieving consensus
  - j. The ability to think, speak, and write clearly in order to communicate effectively with other members of the Board and the Dartmouth community
  - k. Experience in problem-solving within groups, such as on the boards of corporations, civic associations and non-profit institutions
  - l. A personal commitment to the periodic examination of the Board's effectiveness, including one's own role as a trustee
  - m. A commitment to giving financially to the College according to one's means – whether modest or substantial, and to participate fully in the College's fund-raising efforts

- II. **Willingness and ability to serve.** The Dartmouth Board of Trustees is a relatively small, working board. Candidates should expect to serve for at least four years, and possibly eight. During that period, they should expect to attend four to five Board meetings annually (see schedule in Attachment 1), participate on two standing committees and potentially serve as a liaison to other Dartmouth governing committees. They should also be available to travel and interact with alumni groups. Finally, they should agree to comply with the *Statement on Governance and Trustee Responsibilities* adopted by the Board in 2007 (Attachment 2).
- III. **Professional background.** In addition to having Trustees who have been professionally successful and leaders in their fields, we seek to have a Board that collectively has the expertise and background to address the many issues that face Dartmouth. These criteria will change over time as individual Trustees come on and off the Board. For example, while we always need to have Trustees who are familiar with investment management, we currently have several Trustees who fit this bill and do not require additional expertise at this time. Areas that would enhance the Board today include:
- a. Academic administration in higher education
  - b. Life sciences/medicine
  - c. Engineering/technology
  - d. Real estate/development
  - e. Arts/humanities
  - f. Public service
  - g. Communications/media
  - h. International
  - i. Non-profit
  - j. Organization development
- IV. **Other perspectives and resources**
- a. **Dartmouth connection.** Given the demands of trusteeship, a passion for and familiarity with Dartmouth enhance one's ability to serve. While not strict requirements, one's candidacy is enhanced if one has:
    - i. Graduated from Dartmouth's undergraduate program
    - ii. Graduated from one of Dartmouth's graduate schools or programs (none of the Trustees currently have this distinction)
    - iii. Given consistently to Dartmouth, in accordance with one's ability
    - iv. Volunteered for Dartmouth
    - v. Had a child attend Dartmouth
  - b. **Non-profit governance experience.** The Dartmouth Board is elite in that it is a small group of individuals charged with the stewardship of one of our nation's best colleges. Those serving on the Board should have prior non-profit governance experience.

- c. **Diversity.** To wisely steward Dartmouth and connect with its constituents, the Board should reflect a variety of backgrounds. As with professional backgrounds, these needs will change as individuals come and go from the Board. At this point, our needs include:
  - i. Gender diversity – more women
  - ii. Racial diversity – more people of color
  - iii. Geographic diversity – people from outside the Northeastern US and California
  - iv. Age diversity – people under 40 years old
  
- d. **Philanthropy.** Dartmouth is reliant, in part, on donations to meet its goals and fulfill its mission. And while wealth alone would never justify trusteeship, the College needs Trustees who can lead by example in giving to Dartmouth and can inspire others to give at levels that will significantly enhance the fulfillment of the College's mission.

**Scheduled Meetings of the Board of Trustees**

November 9-10, 2007

March 1-2, 2008

June 6-7, 2008

*Commencement June 8*

September 12-14, 2008

*Ministry Retreat*

November 7-8, 2008

February 27-28, 2009

June 12-13, 2009

*Commencement June 14*

September 11-13, 2009

*Ministry Retreat*



**Trustees of Dartmouth College  
Statement on Governance and Trustee Responsibilities**

Over the past three years, the Board of Trustees, particularly through the work of its Governance Committee, has considered how best to strengthen Board members' performance as stewards of the College. Having consulted knowledgeable advisers on best practices for non-profit organizations on governance and having considered governance policies of other colleges and universities, the Board concluded that it would be useful to develop a statement for Dartmouth on governance and trustee responsibilities. We intend the statement to inform prospective trustees of what is expected as a Board member, provide guidance concerning Trustee conduct, and serve as a basis for self-evaluation and evaluation of Trustees in the course of Board service. Accordingly, the Board adopts this Statement on Governance and Trustee Responsibilities.

\* \* \* \* \*

The Board of Trustees develops and advances Dartmouth's mission and goals. It ensures the institution is well managed, provides for adequate resources, and maintains good relations with all constituencies, on campus and across the globe. It appoints and evaluates the President, approves and monitors the implementation of institutional strategy and policies, provides accountability and preserves the autonomy of the institution.

The Board assures that the Board as a whole has the requisite skills and experience to steward the institution and ensures that each Trustee carries out his or her responsibilities as specified herein.

The Dartmouth Board of Trustees is a small, working board that makes substantial demands of its members. Each Trustee assigns a high priority to a stewardship role with a commitment to the strengths, traditions and values of the institution and pledges to fulfill the following responsibilities:

*Act as a responsible fiduciary*

- Act in the best overall interest of Dartmouth.
- Make service to Dartmouth a high personal priority: participate constructively and consistently in the work of the Board and its committees and working groups; accept and discharge leadership positions and other assignments; work on behalf of Dartmouth between Board meetings; and attend as many Dartmouth functions as feasible.
- Prepare for meetings by reading the agenda and supporting material and by keeping informed about Dartmouth and trends and issues in higher education.
- Participate in rational, informed deliberations by considering reliable information, thinking critically, asking good questions and respecting diverse points of view, in order to reach decisions on the merits that are in the best interests of the institution.
- Use your own judgment in voting versus following the lead of others.
- Participate in self-evaluations and evaluations of Trustee performance.

*Advance the mission of Dartmouth*

- Represent Dartmouth positively in words and deeds, particularly and proactively to Dartmouth constituents.
- Serve Dartmouth as a whole, rather than the interests of any constituency.
- Help Dartmouth secure the financial, human and other resources necessary for the institution to achieve its mission.
- Contribute financially to the annual fund and to capital campaigns, within one's means, at a level that demonstrates Dartmouth is a high philanthropic interest.

*Uphold the integrity of the Board*

- Maintain strict confidentiality of Board and committee meetings and of all information proprietary to Dartmouth.

- Speak for the Board only when authorized to do so by the Board Chair or President. Refrain from directing the President or staff and from requesting special considerations or favors. The President reports to the Board as a whole, and the staff to the President.
- Avoid conflicts of interest or the appearance thereof, in accordance with the Board's Conflict of Interest Policy.
- Adhere to the highest standards of personal and professional behavior so as to reflect favorably on Dartmouth.

Adopted by the Board of Trustees, June 8, 2007

**GUIDELINES FOR TRUSTEE TERMS**

1. Trustees on the Board as of July 2003 who are in their second term will complete their full term of five years. Trustees on the Board as of July 2003 who are not yet serving their second term will serve a first term of five years followed by a second term of four years.
2. For all Trustees elected after July 2003, the standard term of service will be four years. All Trustees will be elected by the Board to an initial four-year term.
3. Whether or not any Trustee is re-nominated and elected for a second term will also be determined by the Board. During the third year of a Trustee's first term, the Board, through its Nominating Committee, will meet with that Trustee, discuss his or her service on the Board and reach a conclusion about whether that Trustee will be elected to a second term.
4. The general policy of the Board will be to nominate and elect Trustees for no more than two terms. However, there may be occasions when the Board determines that the interests of Dartmouth would be served if a Trustee remained on the Board for a longer period. In such cases, the Board may elect a Trustee to serve a maximum additional term of two years. No Trustee shall serve for longer than 10 years.
5. In the event of the death or resignation of a Trustee, the Board will elect a new Trustee to fill the vacant seat. This newly elected trustee will begin serving on the Board immediately upon election. However, on the first of July closest to the date of the election, this Trustee shall start serving a full four-year term.
6. The Board will notify the Alumni Council Nominating Committee each year whether the term of any Alumni Trustee is expiring in the following year and whether his or her seat needs to be filled through the alumni nominations process.