

This article first examines how lay (meaning nonfaculty) governing boards became the dominant form of governance in American colleges and universities. It examines how governing boards provide American institutions of higher education with a fair degree of autonomy from state control and, together with the shared governance approach that gives faculties primary responsibility for academic matters, how they have produced the leading system of higher education in the world. The article reviews the three primary ways in which governing boards are held to account: (1) competition; (2) regulation, including state nonprofit corporation laws, tax laws, and licensing laws; and (3) accreditation. It concludes with recommendations for improving board oversight including avoiding the reputation harm caused by excessive compensation or conflicts of interest, understanding that the public expects the nondistribution constraint to be extended to such academic goods as admission and graduation requirements, and the risk posed by increased government control of accrediting bodies.