

From bdevine@college.antioch-college.edu Tue Sep 25 07:42:47 2001
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To: Jim McDonald <jmcd1@optonline.net>
Subject: Re: Question
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On Mon, 24 Sep 2001, Jim McDonald wrote:

> Please assume that the future revenues of the College will be constrained in
> the following ways: 1) The endowment will never exceed \$50 million,
> adjusted for inflation (and that it will ramp up to that amount over the
> next 2 years); the College will get 5% of that amount each year. 2) The
> lead gifts disappear into the \$50 million endowment. 3) The Annual Fund will
> never exceed last year's amount, again adjusted for inflation. 4) The Board
> will contribute no more than last year. 5) Transfers from other campuses
> will either remain the same as last year or decline slowly as a result of
> failure to invest in them. Naturally, all of these are assumed for the sake
> of analysis only and do not represent pessimistic predictions.

Jim,

I have no quarrel with these assumptions for the sake of building alternative scenarios, and given that it's 6 in the morning, I don't think I'll take you up on that beer. The one element that might be problematic, for the sake of model building, is that people will continue to die and leave money for various non-endowed purposes. Our failure has been in not cultivating a steady stream of planned giving.

In the last two weeks I've thought a lot about alternative scenarios. We're now in wartime, and ostensibly the advantage of smaller institutions (and smaller organisms in Steven Jay Gould's analogies of Antioch) is that they can adapt more quickly to external circumstances. It seems to me that more drastic measures than tinkering with the budget are necessary, and that we ought to be taking some lessons from Morgan and Henderson in dealing with changed national circumstances. I've begun in my own mind to sketch out some of the alternative thinking that might be necessary.

Clearly the variables you cite target constraining the 'donative' resources, and that's consistent with current Board attitudes about the business that we're in. In effect you're saying that *this Board does not*

want to do what is expected of Boards in higher education. Also implied is an emphasis on earned resources -- student-derived revenue -- and that seems consistent with Board perspectives as well. However, the same uncertainties that will be impacting the donative side will, in the near future, shape the earned revenue side as well. For example:

- The drubbing being taken by the markets right now has implications for both recruitment and a campaign.

- Last week Kyoto Seika University recalled their students out concerns for safety. The implications of the broad prolonged conflict into which we are entering has significant implications for AEA programs (and their revenue), for international travel and for recruitment.

- The precipitous decline in travel also has implications for College choices, reinforcing the trend of a greater percentage of students going to school within a hundred miles of home

- The themes of military buildup, citizen sacrifice, nationalism and security have implications for the college age-cohort, for program interest, for co-op employment, and for both the message and the methods of College recruitment.

Clearly the College's financial indicators are perilous at best and depend upon some combination of (a) enrollment, (b) donative resources, and (c) human capital. While the Stabilization Committee tries to grasp the situation from the expense side, I for one have seen little interest in the resource side. To a certain extent those of us working at the College have been living with the constraints that you outline, and the 'blowback' (the unanticipated consequences) of that situation is that we've burned through our entire pool of human capital as though we had a blank check on human energy. Of the six people who courageously took on the task of pulling the institution back from brink in 1996, one has been terminated, one is about to leave, and four are broken in both body (2 with cancer, one with heart problems, one with spine problems) and spirit. So, before dealing with alternatives, I would add to the list of constraints, (6) a finite pool of leadership and human capital that can not be readily renewed or replaced.

My inclination is for the College to put in place some drastic 'wartime' measures that address both our changed circumstance and our financial precariousness. These measures would be about defining and building consensus for what we, as an institution, want to be -- where we want to go, and how we address external realities in a way that attracts students.

Included would be:

1. Elimination of certain academic program elements and consolidation of others to build on and define our strengths and cease trying to compete one-on-one with better-resourced institutions. I've tried a half-a-dozen times to get the funding to convene a panel of distinguished academic alums to lend credibility to such broad-brush program realignment. We need to focus on where we excel and then market it.
2. Elimination of certain staff and support functions. Making a major move toward 'where we are going' rather than simply tinkering with or 'cutting what now exists', if done well, could make this a positive move.
3. Wholesale consolidation of McGregor into the College. When the 'revenue-generating' program must be subsidized by the precarious undergraduate program, it's time to re-think what we're doing with two administrative infrastructures.
4. Enlisting all of our students in required community service aimed at (a) maintaining physical plant and facilities, (b) soliciting donors for annual fund contributions, or (c) assisting in the recruitment of new students. A Berea College model of service would (1) focus on the central liberal arts mission of educating public citizens, (2) reduce fixed costs, and (3) permit us to maintain or values of shared governance and community involvement
5. Restructure co-op experiences to reflect the realities of war time and constraints of (a) finance, (b) geography, and (c) risk.
6. Prioritize low-risk international programs, changing our tuition structure (2-tier) to bring more international students to campus, emphasizing the particular value of an international and cross-cultural liberal arts program as an answer to the world's uncertainty.
7. Implementing restraint and benefits, similar to what was done during the depression and WWII, to recognize the difficult economic times.
8. Emphasizing Antioch's historical connections with peace and peace studies, and focusing the curriculum in bold ways on addressing the realities of the world situation

9. Stepping up regional (5 state) recruiting. Currently 20%+ of our students come from Ohio, and we have centers of interest in Michigan and Kentucky. We need to build on the 'close to home' trend that started even before the Sept. 11th tragedy.

I've not had the Board support to do the tough stuff, but it seems to me that there is no better time, given the external circumstances, to put together a package of measures that redirect the College toward being more in line with the sort of constraints on donative resources that you indicate as a scenario. Such a package of measures could be seen as a positive move -- toward some clear values and a clear programmatic future -- rather than the sort of budgetary tinkering that will only be viewed as more uncertainty and reactive default.

Oh, and I think that this discussion is more appropriate for the Future of Antioch Committee, and I don't mind being quoted.

Bob