

INSIGHT

Challenge U.

DR. GLORIA C. DUFFY President and CEO



Photo by Amanda Leung

Gone are the days when a college president could stroll the quad daily, clad in a tweed jacket and smoking a briar pipe, chatting with students and faculty, as the president of my small college did when I was a student. Whether at institutions large or small, running an American educational institution is now fraught with challenges.

Small, private liberal arts colleges, a pillar of the American educational system and unique in the world, are particularly tested today. Major universities, including the Ivies and Stanford, have raised so many billions of dollars and invested their money so adeptly over the past two decades that they have endowments the size of a small country's annual budget. These universities can essentially offer a full scholarship to any qualified student with financial need, pulling students away from the smaller colleges.

The facilities and amenities – fancy gyms, elegant dorms and wireless access everywhere – offered by the rich universities are to most of the small colleges as the Ritz Carlton is to a quaint bed and breakfast inn, with predictably greater allure to students and faculty.

But the big private universities have their challenges, as well. The story has not been extensively covered in the West, but one of our more colorful Silicon Valley CEOs, T.J. Rodgers of Cypress Semiconductor, has been creating a ruckus at his alma mater, Dartmouth University. In 2004 Rodgers got himself and three other libertarian friends elected to the Dartmouth Board of Trustees, reportedly hiring consultants and doing direct mail like a political campaign, to convince other alumni to vote them onto the board.

Rodgers and his merry band have used their position on the Dartmouth Board to loudly object to what they see as limits on free speech on the campus, presumably an environment unfriendly to libertarian views like their own. They are now suing the University over measures recently instituted to limit the alumni's ability to elect trustees, and in the midst of this, the university's president, James Wright, has announced his resignation.

Public universities and colleges, while more affordable, are not immune to pressures, suffering the ups and downs of state budgets. Tom Campbell, dean of UC Berkeley's Haas School of Business, recently quipped at a Commonwealth Club event that if California's budget crisis is not addressed soon, he will be receiving an IOU instead of a paycheck. Sadly, this really is the plight of employees at all levels in the state university and college systems.

Because they have been state-supported, public universities don't have a history of large fundraising, and many of their alumni assume public sources will continue to provide financing, so there is little private funding cushion to even out the swings of the state budget.

Overshadowing all of these challenges is the cost of higher education today. A friend with a one-year-old and a three-year-old told me recently that their financial planner advised them to save \$1 million to educate each of their kids. Much of this is to cover the expected cost of a college education 15 years from now.

Even today, room, board and tuition at a high-quality private college runs about \$45,000 per year. The cost is about the same at Ivy League universities and small liberal arts schools, which once again highlights the advantages of the wealthy Ivies when they are able to offer students a full ride to cover the costs.

In the face of these challenges, colleges today often require leadership that doesn't come just through traditional academic channels. Don Kassing, one of the most successful presidents ever at San Jose State University, has an MBA and a background at General Motors, in addition to 30 years in academic administration.

In the face of the big university's economic power, small colleges must be particularly clear about their value proposition to students, parents and alumni. A broad liberal arts education still has an important and unique role in preparing young people for responsible roles in society. Presidential candidate Barak Obama attended the same small college I did for his first two years, before transferring to Columbia University. Reporting on his college years, *The New York Times* recently observed:

What seems clear is that Mr. Obama's time at Occidental from 1979 to 1981 — where he describes himself arriving as "alienated" — would ultimately set him on a course to public service. He developed a sturdier sense of self and came to life politically, particularly in his sophomore year, growing increasingly aware of harsh inequities like apartheid and poverty in the third world.

To my mind, that says it all. The small college environment offers an excellent opportunity for young people to learn and reflect, with individualized attention from faculty mentors, and to choose how best to contribute to this world increasingly in need of insightful and grounded leaders. Ω