

## Chapter 70

# The Role of Philanthropy on the Strategic Planning Process of a Selective Liberal Arts and Science College

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### ABSTRACT

*This chapter describes how constituencies of a four-year, private liberal arts and science college perceived the effect of philanthropy on the strategic planning process. Due to their reliance upon tuition revenues and private support, liberal arts and science colleges are particularly susceptible to ebbs and flows in the economy. How these institutions plan for the future and the extent to which philanthropy factors into strategic plans provides crucial information about the future of these higher education institutions (Connell, 2006). Gaining a deep understanding of how philanthropy shapes a strategic planning process and the decision-making model that was used during the process provides insight into how philanthropy, strategic planning, and decision-making models intersect to form a new decision-making model, described as feedback and revenue.*

### INTRODUCTION

Liberal arts and sciences colleges are uniquely American institutions. As highlighted, their very existence is due to the philanthropic generosity of wealthy individuals and/or religious or philosophical

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movements (Thelin, 2004). As private institutions, they receive little direct state or federal government support and rely predominantly on tuition revenues, endowment earnings, and philanthropic support to balance their budgets (Balderston, 1995). Philanthropic support and earnings off of endowed gifts are on a rise during a time when increasing net tuition revenue is a challenge for all but a few institutions (Rivard, 2015). In a recent article in the *Chronicle of Higher Education*, Ripon College Board of Trustee Chair Ron Peterson underscored the important role governing boards of private liberal arts colleges play in fiduciary oversight of their institutions by stating that they must be prepared to “contribute green paper, gray matter, and brown shoe leather (Biemiller, 2015).” By providing high-touch experiences for their students in and out of the classroom, including low student to faculty ratios, liberal arts institutions are not particularly cost-efficient (Stimpert, 2004). Due to their reliance upon private support and tuition revenues, liberal arts and sciences institutions are particularly susceptible to ebbs and flows in the economy. How these institutions plan for the future and the extent to which philanthropy factors into these plans was an important question to examine (Connell, 2006). Further, what decision-making model was used to craft these plans was worth investigating.

Providing additional research and literature on this timely topic added to the current literature and helps in the effort to give current and future private liberal arts college presidents, governing boards, and other members of the campus community, a frame of reference by which to compare and guide their actions relating to these issues. Having a sense of how a similar institution carried out a strategic planning process in the shadow of economic challenges is beneficial to liberal arts and science institutions’ campus and governance board leadership. In addition, scholars and researchers in the field will find this study beneficial as it provides additional literature in these emerging subject areas. The recently announced closure and sudden reopening of Sweet Briar College, a nationally ranked liberal arts and sciences institution, due to donor intervention provides additional urgency to examine how a financial sustainability plan can be best crafted (Bidwell, 2015).

The purpose of the study was to address deficiencies in the literature by providing an in-depth view of how the constituencies of a four-year, private liberal arts and science college in the United States believed philanthropy affected a strategic planning process and how administrative decision-making models were used during this planning process. The case study, which was conducted at a singular private liberal arts and science college following a recently completed strategic planning process, answers the following research questions: (a) How did philanthropy affect planning for capital projects within a strategic plan?; (b) How did philanthropy affect the focus of current and future academic offerings of an institution? It is common for case studies to focus on one institution so that researchers can conduct an in-depth examination of the functioning of an institution.

As private institutions, private four-year liberal arts and science colleges rarely receive funding from government sources with the exception of grants for research and the indirect benefits received through government financial aid programs supporting students. As a result, these colleges primarily depend on three sources of funding which include tuition and fees, endowment earnings, and philanthropic gifts (Balderston, 1995). While private liberal arts and science colleges have become increasingly dependent on tuition, endowment earnings, and gifts to sustain and enhance their programs, leaders of those institutions will be required to focus more of their attention on financial issues (Balderston, 1995).

Colleges will strive to keep the cost of tuition and education affordable and accessible for all. Thus, they will be called upon to seek other sources of support, including philanthropic gifts (Connell, 2006). As a result, colleges will need to take philanthropic trends and outlook into account when crafting their strategic long range plans (Connell, 2006). To what extent college leadership is willing to alter their

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