

5-2017

## The Small College Imperative: From Survival to Transformation

Mary B. Marcy

*Office of the President, Dominican University of California, president@dominican.edu*

**Survey: Let us know how this paper benefits you.**

---

### Recommended Citation

Marcy, Mary B., "The Small College Imperative: From Survival to Transformation" (2017).  
*Collected Faculty and Staff Scholarship*. 288.

<https://scholar.dominican.edu/all-faculty/288>

This Report is brought to you for free and open access by the Faculty and Staff Scholarship at Dominican Scholar. It has been accepted for inclusion in Collected Faculty and Staff Scholarship by an authorized administrator of Dominican Scholar. For more information, please contact [michael.pujals@dominican.edu](mailto:michael.pujals@dominican.edu).

An AGB White Paper  
May 2017

# **The Small College Imperative: From Survival to Transformation**

By Mary B. Marcy

## **ABOUT AGB**

Since 1921, the Association of Governing Boards of Universities and Colleges (AGB) has had one mission: to strengthen and protect this country's unique form of institutional governance through its research, services, and advocacy. Serving more than 1,300 member boards, 1,900 institutions, and 40,000 individuals, AGB is the only national organization providing university and college presidents, board chairs, trustees, and board professionals of both public and private institutions and institutionally related foundations with resources that enhance their effectiveness.

Copyright ©2017

Association of Governing Boards of Universities and Colleges

1133 20th St. N.W., Suite 300 , Washington, D.C. 20036

[www.agb.org](http://www.agb.org)

# The Small College Imperative: From Survival to Transformation

The landscape for small private colleges and universities has changed dramatically in recent years. Declining numbers of traditional college-age students have coincided with a shift in populations from the Northeast and Midwest to the West and Southwest—moving away from areas with a large number of small private institutions. The high-tuition and high-financial-aid model of funding private colleges and universities is generating less net-tuition revenue, while tuition-discounting rates continue to climb. And the ongoing shift in focus from college as a public good to a private service has led to a devaluing of the liberal arts and a rise in professional and pre-professional programs.

These changes have placed significant pressures on the leaders of small colleges and universities. Boards and presidents must decide whether to manage within the existing operating models of their institutions or whether fundamental transformation is necessary for the colleges' health—or even for survival. For many institutions, stagnant net-tuition revenues and challenges to the business model mean that transformation is imperative.

To understand the reasons for this imperative, it is helpful to consider the underlying assumptions of the existing traditional model. Most institutional systems anticipate slow but steady growth in the annual operating budget.

Modest increases in tuition allow for investment in tenure-line faculty, the maintenance of a low student-to-faculty ratio, and cost-of-living adjustments. Effective management of the endowment supports student scholarships and core operations. The finance office ensures balanced budgets and clean audits, and preserves the character of the institution. Fundraising campaigns support major capital expenditures, enhance the endowment, and fund significant innovations. New systems, programs, or initiatives are welcomed as additions to the existing model, but do not necessitate any changes to that model.

In other words, the work of leading a campus that is able to maintain steady revenue growth and reliable enrollment largely rests in responsible stewardship. The problem is that such growth and enrollments are increasingly difficult to realize.

Over the past two decades, the traditional approach has not served many small colleges and universities well. Particularly in the past decade, most small institutions have not been able to operate entirely, or even primarily, from a position of stewardship. At best, they were able to maintain traditional operations, and in many cases they simply have survived.

A review of the stewardship approach and an overview of the actions necessary to transform an institution to achieve long-term sustainability are captured in the accompanying graphic.

## ADAPTING TO A CHANGING ENVIRONMENT FOR SMALL COLLEGES: FROM SURVIVAL TO TRANSFORMATION

	Stewardship	Short-Term Response	Strategic Vision for Long-Term Sustainability
Assumptions about the fiscal reality	Condition stable	Short-term, very serious cyclical challenges	Problems are not short term; long-term solutions sought
ACTIONS	<ul style="list-style-type: none"> <li>■ Build endowment</li> <li>■ Balance budgets</li> <li>■ Clean audit</li> <li>■ Manage deferred maintenance</li> <li>■ Maintain low student:faculty ratio</li> <li>■ Commit to tenure lines</li> <li>■ Successful accreditation(s)</li> <li>■ Meet enrollment targets</li> <li>■ Fundraise for new projects</li> <li>■ New projects are add-ons</li> </ul>	<ul style="list-style-type: none"> <li>■ Significantly reduce non-personnel expenses</li> <li>■ Hire more part-time faculty</li> <li>■ Increase tuition</li> <li>■ Increase enrollment</li> <li>■ Contract out/collaborate with other institutions on select services</li> <li>■ Ratchet up fundraising</li> <li>■ Refinance debt</li> <li>■ Attend to deferred maintenance</li> </ul>	<p><b>Assess:</b></p> <ul style="list-style-type: none"> <li>■ Affirm essential elements of mission</li> <li>■ Identify unique characteristics and strengths of institution</li> <li>■ Evaluate likely student demographic profile</li> </ul> <p><b>Select:</b></p> <ul style="list-style-type: none"> <li>■ Most promising of small college models</li> <li>■ Strategic vision based on choice</li> </ul> <p><b>Transformation:</b></p> <ul style="list-style-type: none"> <li>■ Align programs and systems</li> <li>■ Develop multi-year sustainable budget models</li> <li>■ Align fundraising and marketing</li> </ul>

The chart also shows the short-term response to fiscal austerity. To manage increasingly scarce resources, some institutional leaders have implemented a number of measures focused on controlling budgets and generating new revenue without addressing the core institutional model. These measures are useful, even strategic, in the short term. But when practiced year after year, these actions have debilitating long-term consequences. Too many campuses are starting to experience the painful results.

Short-term responses to austerity are fairly consistent across institutions. To manage constrained budgets, institutions reduce non-personnel costs in an attempt to protect jobs while balancing the budget. These restrictions are often accompanied by hiring freezes in non-faculty positions. On the academic side, hiring adjunct faculty rather than tenure-line faculty becomes the rule rather than the exception. Food services, maintenance, the running of the campus bookstore and library, security, and even student housing are contracted out or the institution develops consortial arrangements with other institutions with an eye toward cost-sharing. If the institution has a significant debt load, it will be refinanced at a more competitive rate.

The short-term response also includes fairly standard revenue-generation efforts. Institutional leaders pay particular attention to enrollment targets and tuition and aggressively recruit from the small pool of students who can afford to pay full tuition. Bidding intensifies for the coveted students who are both qualified and financially able to cover more than the discounted cost of their degree. Non-degree programs and rentals of campus facilities become increasingly important to the bottom line. And fundraising efforts become more aggressive, as annual-fund revenue goals are used to balance budgets.

These short-term responses are reasonable, even effective, if they remain short term. In slightly difficult years, they may provide the capacity for cost-of-living adjustments or investments in innovative practices. In more difficult years, they may mean the difference between a tight budget and a disastrous one.

But the unfortunate reality is that, in many cases, these strategies have not been merely short term. They have been implemented multiple times over a number of years at too many institutions. When used as a year-over-year operating model, these short-term strategies can do real damage. These strategies impact educational quality and institutional health in serious ways, and can even threaten the long-term survival of some institutions.

The consequences are visible, and they are multiplying. For example, in the traditional approach to education at small colleges, most courses are taught by tenure-line faculty, and adjuncts are hired for their targeted expertise. But in recent years, adjuncts have been hired as a means to cover required courses and balance the budget. The result has been a dramatic increase in the adjunct population at small colleges and universities, with a corresponding negative impact on collegiality and the quality of faculty work life. The recent wave of unionization of adjunct faculty members highlights the degree to which many campuses have relied on this approach for too many years. It is a poor long-term strategy for managing budgets, covering curricula, and supporting personnel.

On the revenue-producing side, fundraising for the yearly operating budget should be based on year-over-year performance. Instead, many institutions have pushed their annual-fund goals to unrealistic levels. They have then managed disappointing results by drawing more from their endowments or by budgeting unrealized estate gifts or pledges, actions that are highly unsustainable.

What may be a necessary response to fiscal challenges in the short run is often debilitating if practiced year after year. At some point, there is no more fat to be cut from administration, the pool of adjunct faculty cannot continue to grow, the stock of full-pay students withers, the debt has been refinanced, and the market for short-term academic certificate programs has been saturated. Meanwhile, over time these short-term actions eat away at campus morale, threaten shared governance, and undermine educational quality.

To be clear, short-term tactics are sometimes necessary, and they are particularly useful if the long-term future of the institution is being developed at the same time. But how does a campus move beyond the short term and develop a compelling and realistic vision for the future? In an environment of fiscal austerity, shifting student demographics, and unsustainable college pricing, what is the long-term solution?

One response—usually based on wishful thinking rather than reality—is to believe that the campus can return to the days of a posture of stewardship. This response assumes that more effective student recruitment, wider marketing, and deft fundraising will return the institution to stable budgets and accustomed educational norms. In past publications, colleagues and I have labeled this approach “muddling through”—the assumption is that after hunkering down for a few difficult years, things will return to normal and the institution will resume conventional operations. This may still be possible for some institutions, but the reality is that it is likely to be a successful scenario for very, very few. Small private colleges and universities have not experienced a failure in execution at the campus level, but rather a fundamental change in financing, demographics, and priorities forced by changes in the external environment. Short-term tactics may allow an institution to survive without long-term damage for a while. But, barring a dramatic change in external fiscal and demographic realities, these strategies will not return the campus to the days of stewardship.

The imperative for most campuses is to adapt to the changed environment by adapting a business and educational model that reflects emerging realities. For most, this will require institutional transformation.

Sustainability in this model has several meanings. Certainly the long-term vision must be *financially* sustainable; the lack of financial equilibrium is, in large part, what necessitates change. But *sustainability of mission and of educational quality* is equally important. The purpose of the institution must be preserved in the midst of transformation because that inspired the creation of the campus and offers the justification for its continued existence. Identifying the essential elements of institutional mission allows transformation to be focused on preserving the campus, rather than changing it into something that is not recognizable to alumni, the community, faculty, staff, or students.

When the essential institutional characteristics are identified, the campus can evolve to adapt to the demands of a new environment. For small colleges and universities, this process must focus on student learning. A realistic assessment of current and prospective students at the institution is important for understanding how to develop an educational and financial model that will serve them well. Institutions must also identify an academic program mix that balances changing market demands with institutional strengths and history. Support systems and programs should be aligned to respond to these priorities. And multi-year budgets, fundraising, and marketing should be aligned with the long-term vision of the campus.

Undertaking transformation while preserving institutional identity is challenging, but it is attainable. The key is to understand the aspects of mission and identity that are essential elements of the institution while adapting the manner in which those core values are delivered.

## FIVE CONTEMPORARY MODELS OF SMALL COLLEGES AND UNIVERSITIES

Building a viable long-term future, as noted above, requires change that adapts to the evolving realities of costs, demographics, and quality, and a number of institutions have begun that process. As small colleges and universities have struggled with the changing environment—particularly the challenge of securing adequate financial resources—some have developed new approaches to their support systems, course offerings, and educational focus. Sometimes through planning, and other times through the cumulative consequences of muddling through over time, these responses have resulted in different models for small private institutions than those we traditionally associate with them. A review of the landscape reveals five basic business and educational models for small private colleges and universities, illustrated in the chart below.

### THE NATIONAL LANDSCAPE FOR SMALL COLLEGE OPERATIONAL MODELS

#### New American College Model

Maintain liberal arts core and general education and residential experience. Professional programs and graduate programs added to strengthen student recruitment and expand market.

*Examples: Vast majority of non-elite small private colleges in the country*

#### Distinctive Program Model

Establish a common student educational experience or signature program to enhance quality, recruitment, and retention. Most maintain New American College model core programs.

*Examples: Agnes Scott College, Carroll College, Connecticut College, Dominican University of California, Furman University*

#### Traditional Model

Undergraduate, residential, liberal-arts based curriculum. Originally included faith-based and values-based institutions. Today, those that remain are wealthy, high reputation, with recruitment based on institutional quality and reputation.

*Examples: Amherst College, Pomona College, Swarthmore College, Williams College*

#### Expansion Model

Limited remaining liberal arts commitment, focus on additional professional and graduate programs and enrollment growth.

*Examples: Chapman University, Drew University, Utica College*

#### Expansion and Separation Model

Extensive enrollment in branch campuses and online programs to capture additional students. Modest or nonexistent liberal arts core and residential campus.

*Examples: Antioch University, Goddard College, Southern New Hampshire University*



Not all five models are of equal educational value, not all align with discrete institutional missions, and not all provide a stable fiscal path forward. Their potential effectiveness differs based on the history, strengths, location, and leadership of a given campus. To bring about institutional transformation, it is important for boards and leaders of small colleges and universities to understand the context for success in a given model.

The *traditional model* is the most conventional, and the one where most small private institutions began (although many fewer remain in this posture today). In this model, campuses are focused almost exclusively on the undergraduate liberal arts. Both the general education curriculum and the predominance of disciplinary offerings are dedicated to the liberal arts, and liberal education is at the heart of all educational work. If graduate or professional programs are offered, they will also be in liberal arts disciplines, with the occasional law school or policy program in the mix. Highly residential, these institutions seek to provide a comprehensive student experience, with a strong library, often an on-campus museum, dedicated visual-arts and performing-arts spaces, and a student union that operates at the intersection of the academic and residential programs.

A core curriculum built on classic texts, close reading, and effective writing was once the common domain of every small college. Today, the pure traditional model tends to be the domain of the elite, including (but certainly not limited to) colleges such as Amherst, Williams, Swarthmore, and Pomona. These institutions have the resources and reputations to focus on the liberal arts while navigating through the headwinds of shifting market demands and challenging economic environments.

To be sure, there are distinctions among the institutions within the traditional model, particularly in their notion of what constitutes a liberal education. But their continuing commitment to the liberal arts distinguishes them. Admission to these institutions is highly competitive due to their perceived quality, reputations, resources, and strong alumni networks.

The traditional model holds the history of most small colleges and universities, but it is no longer the most common approach to education at these institutions. The most common educational model today is what is often referred to as the *New American College model*. The New American Colleges and Universities (NAC&U) is a consortium of a small number of institutions, mostly early adopters, that fit this model. They describe themselves as “a national consortium of selective small-to middle-size independent colleges and universities dedicated to the purposeful integration of liberal education, professional studies, and civil responsibility.” Many institutions employ aspects of this model but are not members of the NAC&U consortium. This model emerged as traditional liberal arts colleges, facing constrained resources and enrollment concerns, searched for ways to strengthen both. And although the traditional model is the one most people visualize when they think of small colleges, it is this model—the New American College model—that is actually the most prevalent model of small colleges and universities in the country today.

The New American College model maintains a liberal arts core and general education curriculum, although it differs significantly from the traditional model in the breadth of disciplinary offerings and the number of graduate programs. These institutions typically have added a number of pre-professional, professional, and graduate programs, usually in an attempt to recruit more students in the face of a flagging market for the traditional core. This approach relies on growth in graduate and professional programs to manage softening demand in traditional undergraduate programs (and graduate programs usually require less financial aid for students). New programs are most frequently added in business, education, the health sciences, and similar areas with growing student demand.

Examples of this approach include, for example, California Lutheran University in southern California, which has a School of Arts and Sciences in the traditional mold, but also houses a Graduate School of Education, a Graduate School of Psychology, a School of Management, and a Theological Seminary. On the other side of the country, Arcadia University near Philadelphia has added beside its College of Arts and Sciences a College of Global Studies, a College of Health Sciences, a School of Education, and a School of Global Business.

The third model is the *distinctive program model*. In this approach, the campus builds its programs, as well as its institutional identity, around a common student experience. More than a common core, this model is defined by an integrated experience that employs best educational practices. For example, all students may study abroad as part of their degree requirement or every program may be required to incorporate engaged learning, student research, or leadership development in its curricula. At these campuses, high-impact educational practices are not optional; they are required and integrated into every aspect of the student experience. This model aligns all programs, regardless of discipline, in and beyond the classroom, to support a common student-learning process.

In an earlier era, the model emerged from curricular innovation. For example, Colorado College's "Block Plan" (students take one course at a time, for three-and-a-half weeks each) was adopted in 1970 in response to research on student learning—and in response to considerable financial pressures. Similarly, in 1937, St. John's College created a curriculum dedicated to the "most important books and ideas of Western civilization," an approach that is still in place today. The reputations of both institutions now rest on those innovations.

Today, the model emerges from widely disseminated research identifying the activities most likely to support student retention, graduation, and knowledge acquisition. These "high-impact practices" include global learning, service and community-based learning, internships, research, capstone projects, and common intellectual experiences. These practices, combined with today's students' needs for integrated support and their anxiety about career opportunities, have inspired the current version of the model.

One example of the "distinctive program" approach is found at Agnes Scott College, which recently launched the Summit Program. The program requires all students to engage in a leadership program and a global experience. It also ensures personalized advising. My own institution, Dominican University of California, is another example. Through the Dominican Experience, we provide coaching for every student, ensure that each student has a signature engaged-learning experience, and require a university-wide community-engagement project.

Most of the emerging models of colleges with distinctive programs share the key components of high-impact practices, academic rigor, and personalized student support, from admission to campus to career. Instead of defining the institution by a few traditional or high-demand programs, these campuses define themselves by the successes that students experience in and beyond college. The model allows an institution to elevate its inherent strengths while adapting to changing demographic and fiscal realities.

The fourth approach, the *expansion model*, is more clearly market- (rather than educationally) driven. It explicitly responds to market trends, often with some alacrity. Institutions offer new academic programs and expand existing programs based on market pressures. For example, a campus may expand enrollment in high-demand programs such as nursing or computer science, while the students in the liberal arts and sciences become a shrinking portion of the student population. New facilities are added that align with this emphasis, replacing—or at least overshadowing—the old spaces dedicated to, for example, the visual and performing arts. The result is often a shift in educational focus through accumulated responses to shifting student demand.

Along with growth in high-demand programs already on campus, institutions following the expansion model often add new programs that promise strong enrollment. In recent years, such new programs have most frequently included pharmacy, dentistry, computer science, and engineering. Rapidly adding new programs can place stress on the infrastructure of the institution, but promises new revenue streams in return. For example, Chapman University, once primarily a small liberal arts college, now houses a School of Business and Economics, a College of Educational Studies, a College of Film and Media Arts, a College of Health and Behavioral Sciences, a School of Film and Media Arts, a School of Law, a College of Performing Arts, a School of Pharmacy, and a College of Science and Technology along with its traditional College of Arts, Humanities, and Social Sciences. Utica College in upstate New York is another example of the expansion model. In recent years, Utica has explicitly expanded programs in high-demand areas, offering incentive bonuses to faculty who propose new programs that attract additional students.

Unlike the traditional or the New American College model, the expansion model does not necessarily retain a strong fealty to the liberal arts, and may or may not have a strong residential core. Unlike the distinctive program model, it does not attempt to create a common educational experience beyond, perhaps, general education requirements.

Finally, the *expansion and separation model* extends the strategy of the simple expansion model by aggressively adding high-demand programs, while also pursuing new markets through a change in educational-delivery systems. This change is usually demonstrated in the extensive use of online course offerings or through the creation of branch campuses. These new delivery systems seek a new market that operates separately from the original core undergraduate educational model. Depending on the level of growth, such programs may come to define the institution, while the old undergraduate residential program operates somewhat independently or even ceases to exist.

In this model, the institution may or may not retain a liberal arts campus at its heart. The overall approach is nimble, and explicitly driven by emerging markets. Along with new programs, institutions in this approach use technology; asynchronous learning and program launch times; and branch campuses to reach new markets.

The most visible current example of the expansion and separation model is Southern New Hampshire University (SNHU). While SNHU did not begin in the traditional model, its evolution represents the most visible form of the expansion and separation approach. It offers undergraduate and graduate programs, houses five regional centers throughout New England, and provides online programs and limited-residency programs. Through its College for America, SNHU provides low-cost degree programs designed for working adults.

Antioch University is another example of the expansion and separation model. For a number of years, Antioch included campuses across the country focused primarily on graduate programs and adult students. At the same time, Antioch College remained as a core residential undergraduate institution. Eventually the university portion of Antioch—the extended campuses—separated from the liberal arts Antioch College.

These five models capture the educational and business approach of nearly all small private colleges and universities in the nation. Which of these models are the most educationally effective for students? Which are the most financially viable for the long term? Which hold the most promise for serving our larger society? A closer look can demonstrate the inherent opportunities and challenges in each.

## CHOOSING AN INSTITUTIONAL MODEL

These five institutional models are not rigid, and many campuses may employ elements of more than one. But most campuses largely follow one model. The prototypes are useful to help boards and presidents decide where their campus currently resides, and in what model it is most likely to experience success.

Determining which model is most likely to be effective involves a review of institutional mission, market forces, campus location, infrastructure capacity, and institutional strengths. By evaluating these factors, boards and presidents can move toward the model that will distinguish the campus in its region, build on institutional quality, and strengthen fiscal capacity.

As noted above, the *traditional model* may be the one in which most small colleges and universities were rooted, but it is also the one from which many campuses have been forced to evolve in order to survive. Choosing this model implicitly means that a campus has the resources and reputation to succeed primarily through stewardship of its current position. Since this paper is concerned with transformation, only the four other institutional models will be analyzed here.

The *New American College model* is, as noted, the most common presentation of small private colleges and universities today. Integrating liberal education and professional studies, along with an emphasis on students' civic or community engagement, can be one of the great strengths of this model. It ensures that students with professional degrees also acquire skills usually associated with the liberal arts, such as critical thinking, communication, and broad reading. It proposes that students earning degrees in the liberal arts will have engaged in the practical application that makes their education correlate to life beyond the academy.

Another potential strength—indeed, the primary reason many of these institutions adopted the model—is that by providing pre-professional and professional programs alongside their traditional liberal arts offerings, they increase their attractiveness to a broader range of students.

However, the challenges of the model correlate directly to these potential strengths. So many small colleges and universities have now added graduate and professional programs that there is no longer any market distinction in doing so. Indeed, it can be difficult to differentiate such an institution from a public comprehensive university, much less from its regional private competitors.

It is also challenging for colleges following this approach to maintain the desired program mix. Some institutions that added health sciences or business programs, for example, find that their only route to stabilize enrollment is to expand those programs, essentially shifting the balance of academic offerings from their old, core liberal arts base to professional and graduate programs. In the short run, these changes put pressure on the alignment of faculty and burden an infrastructure created for a different set of programs. Over time, such shifts can undermine institutional identity and mission.

The *distinctive program model* has the potential to be a powerful educational approach, as it implements the best of current research on student learning. If done well, the model builds on institutional strengths to highlight a student educational experience that is distinctive to the campus. It rarely requires significant infrastructure investment, although it frequently requires realignment of existing resources to elevate the common educational experience over existing campus silos. Institutions must be willing to embrace transformation centered on the common educational experience, rather than treating it as an addition to existing activities.

One strength of the model is its potential to create a clear market niche for the institution. Defining a campus through a shared educational vision brings the value proposition of small colleges and universities to the fore—their commitment to student learning and their ability to develop an exceptional learning experience in an intimate environment. A market niche provides clarity in defining the campus; strengthens and focuses enrollment; and distinguishes the institution in a crowded marketplace.

There are also challenges inherent in the model. It is important for the institution to create a program that has currency for prospective students and their families. If part of the goal is to create a market niche, then building on programs (however strong) that do not have good prospects of attracting an audience can be dangerous. The challenge is to employ the best of an institution's existing educational approaches; combine them with best practices in teaching and learning; and present them in a way that distinguishes the campus.

The model can also be challenging to implement, as it demands that innovations are at the center of the educational experience, rather than treated as additions. Historically, most innovations have been treated as add-ons to an already broad array of options for students. At campuses with constrained resources, this approach leads to understaffed and underfinanced innovations, while the core educational experience remains virtually the same. Actually transforming an institution around a common vision is a challenging objective because it demands that shared-governance models focus on the needs of students and the sustainability of the institution.

The *expansion model* is usually employed at campuses that can develop the infrastructure to pursue expanding markets. One of the strengths of this model is its responsiveness to student interest in particular programs. By adding new programs that fill a niche within a region or that respond to growing interest in particular credentials, the expansion model can build enrollment. Appropriate planning can ensure that new programs are created with an eye to quality, while market surveys can gauge the likely attraction of new programs. When built from institutional strength, new programs can reinforce educational quality.

However, the challenges in the model are more significant than may first be apparent. Adding quality programs requires an upfront investment in infrastructure—investment in physical space, specialized equipment, qualified faculty, program design, and marketing. This challenge limits the ability of some institutions to expand at all, and it highlights the need for due diligence in identifying new programs that will be successful for the long term.

The expansion model is dependent on market research not only being accurate, but also being predictive for an extended period of time. The market is not stable, however. There are numerous cases around the country of programs that were once major drivers of enrollment and revenue for institutions (for example, law schools) that have now become a burden. Because the institution has already invested in the faculty and infrastructure necessary to produce such programs, it is very difficult to discontinue them if the market changes.

Further, if the expansion model is explicitly designed to build a budget on year-over-year enrollment growth, it will eventually challenge one of the core strengths of the small independent college or university—an intimate setting and small classes with individualized attention to students. Thus, while the expansion model has the potential to support flagging enrollment and provide additional revenue for some campuses, it can also challenge the core mission and long-term sustainability of an institution.

The *expansion and separation model* is certainly the most extreme of the five models presented, and is still the least utilized—although more institutions are embracing aspects of it. Its attraction is apparent: It is dynamic and explicitly market-driven. With adequate research, this model can establish strong enrollments and build ongoing demand. This model can often help an institution adopt new program areas early on and create new delivery models.

The challenges of the model are equally apparent. It is a high-risk approach that requires heavy investment in marketing and market analysis, as well as infrastructure. It is difficult to be fully responsive to market demand and also ensure quality in teaching and learning (although technology is alleviating some of those challenges). Although this model can help an institution become an early adopter of a new program or delivery model, it is harder to ensure that the institution will maintain its market share once other, larger entities enter the fray. And this model runs counter to the traditional strengths of small colleges and universities, especially campus-based instruction and a common educational vision. In the process, it may challenge the mission and identity of the institution itself.

## EVALUATING RISK WHEN CHOOSING A MODEL

Each of these institutional models holds promise for struggling small colleges and universities, but each also holds risks. Three specific areas of risk that should be evaluated when considering adopting any of the models are risk involving mission, market, and infrastructure. All of these areas should receive not only qualitative discussion, but a thorough quantitative evaluation.

Alignment with mission may be one of the most challenging—and most important—of the risks to assess. For most campuses, it is valuable to separate mission from habits of practice and to understand how the core mission of the institution is best achieved in the midst of the current demographic and fiscal challenges. This process allows for significant evolution in the organizational structure while maintaining fidelity to the purpose of the institution. In some cases, the adoption of a model will reinforce mission even as it calls for significant change in focus and structure. For most small colleges and universities, this is likely to be the case when adopting the distinctive program model. In other cases, shifting to a different model may put pressure on the core mission of the institution. This lack of alignment is most likely in the expansion and separation model, but can also occur in the expansion model, and even the New American College model.

Market analysis is critical for evaluating the validity of any of these models. For example, the New American College model and the expansion model assume that new programs will strengthen enrollment and, subsequently, the bottom line. However, this will only turn out to be true if a careful market analysis shows the ability to sustain enrollment demand in a niche that is not adequately served, and does not have many other programs on the immediate horizon. Failure to conduct this evaluation can mean the new programs fail to launch at capacity or will saturate the market in a few short years.

In a slightly different vein, the distinctive program model is also dependent on effective market analysis to be successful. The quantitative evaluation of this model is somewhat different, however. Implicit in this model's commitment to best educational practices is an assumption about the nature and quality of students the model will attract. Thus, any evaluation should assess the likelihood of an institution being able to increase student selectivity, improve net tuition revenue, and increase retention and persistence. The market analysis must be broader than program-driven demand, and encompass the goals of the institution's vision for education.

Several of these models rely on growth as an explicit goal, but growth without adequate infrastructure can have a profoundly negative impact on quality. Assessment of an institution's infrastructure should include an analysis of the necessary physical space, faculty expertise, community resources (such as space for practicums), and increased workloads for staff and administration. Failure to invest in these areas in advance can put the new programs, and ultimately institutional reputation or accreditation, at risk.

Finally, a thorough quantitative analysis should consider the costs of both specialized personnel and specialized support and equipment. Some of the most popular new programs, such as computer science and health sciences, require substantial investment in infrastructure. These are also high-demand markets for faculty, which means qualified faculty will expect a compensation rate greater than faculty might expect in many other programs.

A simple aspiration and plan for growth will not necessarily make an institution sustainable. A focused commitment to educational quality will not necessarily drive student demand. A rigorous analysis of mission, market, and expectations for outcomes can help boards and presidents move beyond simplistic assumptions and adopt the institutional model most likely to ensure the long-term health of the campus.

## CONCLUSION

Small colleges and universities serve a profoundly important role in American society. They provide the rigorous, personalized experience that is the hallmark of the best of higher education. In the process, they build opportunity and encourage civic engagement among a new generation of citizens.

But these institutions face intense pressures from changing student demographics, an unsustainable financial model, and societal demands for accountability and career preparation. To survive and even to thrive, they must move beyond short-term measures and embrace a vision of the future that promises sustainability in all its manifestations: sustainability of mission, of educational quality, and of fiscal health. This paper presents models for sustainability that are being developed in response to the changing environment. It is up to boards and presidents to evaluate the options and to choose a path forward that offers the most promise for the long-term health of their institutions—and for our society.

*Mary B. Marcy is president of Dominican University of California.*

## QUESTIONS FOR GOVERNING BOARD AND PRESIDENTS

### 1. Evaluating Sustainability

Which model does our institution currently follow, and how long has it done so? Do recent fiscal results and future financial and demographic trends suggest this approach is sustainable? Which model is most likely to be sustainable for the long-term future of our institution?

### 2. Assessing the Market

What are the most common models for other small private colleges and universities in our region, and what is the likely market for other approaches?

### 3. Identifying Resources

What resources do we have at our disposal, and what additional resources are we willing to commit to adopting a different model of operations? What outcomes do we anticipate will support the decision to make such an investment?

### 4. Aligning with Mission

Which model most closely aligns with the mission, history, and strengths of the institution?

### 5. Evaluating Capacity for Change

Is a new operational model needed, and if so, how open is the campus to significant institutional change? Is transformation required for sustainability? What demands would transformation place on shared governance and institutional leadership? What are our expectations for the time and tenure of the institutional leadership required to realize this change?



