

Christian Colleges and Higher Education Today¹

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Having worked in or around higher education since I earned my Ph.D. in 1977, I've been particularly interested in the big issues facing our nation's colleges and universities. My career has included teaching in a large Land-Grant University (University of Maryland at College Park), a program development role at an elite faith-based institution (Wheaton College, IL), a faculty and administrative role at one of the Ivies (Cornell University) and a decade as president of a Mennonite university (Fresno Pacific University).

Following my formal retirement from Fresno Pacific, I've spent more than a year in Washington, DC, interacting with the higher education community including more than nine months during which I served as Senior Consultant to the Assistant Secretary of Education for Postsecondary Education. Based on everything I've seen, heard and learned, I believe that those of us who care about our Christian colleges and universities need to seriously discuss and address several significant issues going forward.

The Significant Issues

I believe deeply in the contribution that this nation's Christian colleges and universities are making to the global Church and our society. To remain strong and vibrant as a sector, we need to address several issues:

- *The "broken financial model"* – The higher education industry is in deep financial trouble. College costs too much and some of our students are graduating with mountains of debt and degrees of questionable value. Meanwhile, some of our higher education institutions are themselves drowning in debt service, trapped in aging infrastructures and fighting a losing battle with the demographic changes that are transforming their regions. Too many have allowed their discount rates to reach alarming and unsustainable levels. Independent institutions (the private, nonprofit universities) are failing financially at an accelerating rate.

Policy conversations in the public sphere usually begin with the rising costs of higher education but are being framed by government leaders in terms of institutional accountability. MOOCs (Massive Open Online Courses) may be over-hyped as a solution to the cost conundrum but they are not going away

¹ This essay is based on a report I wrote for the Fresno Pacific University Trustees following my post-presidency sabbatical in August 2013.

as long as policy makers believe they are an important part of the answer to the problem of “access” and the current, “cost crisis.”

- *The return of the publics* – A quick look around shows that many states are making significant, new investments in their public institutions in exchange for agreements to control tuition and fees. We will see much closer oversight from state legislatures. These elected officials, however, are also redirecting money formerly given as grants to students attending private institutions, to help fund the publics. California, for example, is now in its best financial condition in many years so is increasing its financial support to state institutions while at the same time, reducing the size of Cal Grants given to students attending independent colleges. More cuts are certainly possible unless the independent sector raises its voice and exercises its political muscle.

Some legislators want to protect the investment in their public institutions so are redirecting resources away from the independent sector. Other policy makers are philosophically opposed to what our Christian colleges and universities represent. Meanwhile, Jeffrey Selinger, author of the highly acclaimed, *College (Un)Bound*, sometimes appears to suggest that he has written off the small independents. He writes that the future belongs to the large publics and the selective independents.

- *The religious exemption under threat* – It’s only a matter of time until the religious exemption is narrowed to a point that will force Christian colleges and universities to make some gut-wrenching decisions. What are we all prepared to give up in exchange for our students having access to Title IV (federal student financial aid)? Are we willing to write off Title III (institutional strengthening grants) or Title V grants (e.g. those grants available to Minority Serving Institutions, etc.) to our institutions? I have seen firsthand, the difference that these grants can make to a university. Given our core values, which compromises will constitute a bridge too far?

This conversation about the religious exemption begins with hiring policies and the ability to expect faculty and staff to reflect a lifestyle based on the institution’s core religious value. However, even bigger questions about controlling the content of our curricula and the perspectives of our faculty around the issues in their disciplines, lurk just around the corner. Recently, a professor of physics and astronomy at a state university was allowed to keep his job after efforts were made to fire him for his belief in “intelligent design” which his president called “religion,” not “science.” He kept his job, but as a condition of employment, will have to ensure that his views remain “consistent” with those of his university.

- *Reauthorization will change the rules of the game* – I expect that the upcoming round of reauthorization debates will be far more significant and acrimonious than others in recent memory because higher education has become so politicized. Our political leaders today seem much more confident that they know what should be fixed—and how that ought to happen. Some observers had assumed that reauthorization wouldn't occur until after Senator Harkin (IA), chair of the Senate's Health, Education, Labor and Pension committee retires in 2014. Others believe that this process would give him an opportunity to craft his legacy. Whenever it happens, if Christian colleges want to participate in this conversation about the nature of higher education going forward, they simply must articulate a clear and compelling vision for our institutions. The discussions about reauthorization are already going on all over Washington.
- *The broadening federal role* – Many times during my years as a college president, I complained to the California Congressional delegation about the “federalization” of higher education. I used these words in my reports to the trustees and the academic community as well. That was nothing compared to what we could see going forward. This battle is not only being addressed in Congress but also fought out in negotiated rulemaking around issues ranging from the credit hour and state reauthorization, to accreditation and the credit-granting process for MOOCs.

Many have assumed that a politically divided government would protect faith-based institutions from the most egregious intrusion of federal oversight and control. It's clear, however, that both liberals and conservatives are frustrated with what they perceive as the intransigence and lack of transparency of our higher education institutions. Meanwhile, the legislative process is being pre-empted by the regulatory one, with more of the policy-making role shifting, *de facto*, to the administrative branch of government.

- *The emergence of a bimodal world* – Many small independent universities are struggling with declining enrollments, deferred maintenance and escalating costs for everything from health care and information technology, to personnel. These are challenging times for tuition-and-fee dependent institutions. The research clearly shows that students from families with money, some who would have come to institutions like ours in the past because of our values and commitments, are now flocking to the more selective institutions. The latter are seen as providing higher quality educational programs.

More significantly, this is also how the market sees it. Selingo summarizes a number of studies that show the link between “perceived value” of an education (as measured by the economic return on investment) and the

institution from which you earned the degree. The data are unequivocal. A review of the career trajectories of graduates appears to suggest that students are better off clawing their way into one of the selective institutions (even if they perform poorly in the classroom) than excelling in a nonselective institution. This assumes, *as many people in the public policy arena now do*, that the value of a degree is measured by how much you money make after graduation.

Even as students are lining up at the doors of elite institutions, the rest of us will have to work harder to bring in the new class. More troubling, we seem to be living in a Darwinian moment in which policy-makers and pundits alike are saying, “let them (that would be us) fail” and invest our society’s limited, higher education resources in the financially strong and most selective institutions.

- *Partnerships are the new survival strategy* – Many observers of higher education expect a sea change in higher education as smaller and more vulnerable institutions fail over the next decade. Those that cut costs, establish partnerships or align with other colleges and universities, and build efficiencies through mergers, are much more likely to survive the gathering storm. Institutions that live on the edge are only one failed class—or one governor who doesn’t believe in state grants for students attending faith-based institutions—away from disaster. We have seen this happen in a number of states.
- *The critical role of governance and management* – Following the Great Recession, Moody’s examined why some independent higher education institutions survived (and even thrived) while others lost ground, closed or found themselves living at the edge. They identified two factors. First, the survivors had strong boards whose members brought tough, financial management skills and close oversight. The second was a strong president who understood leadership and financial management—and worked closely (and well) with a CFO who brought a high level of financial planning expertise, budgeting skills and independence.

The financial challenges facing higher education institutions will only continue to increase, requiring stronger leadership and closer oversight. In view of the uneasy relationship between faculty, administration, and boards, this will not be simple. Like it or not, the tradition of “shared governance” is being redefined in the crucible of financial crisis. See Moody’s very important statement on how governance and management affect credit ratings:

<http://media.clemson.edu/administration/cfo/comptroller/sacubo/2-governance.pdf> .

Some Implications

As I reflect on these issues, my experience as an administrator and interactions with those involved in higher education policy, I have several concerns that we must address:

1. *Control costs* – There is little patience, and there will be no tolerance within the national policy environment for the rising cost of higher education going forward. (To their credit, some universities have done better than others in holding the line on tuition and fee increases.) Many policy makers perceive online courses/programs as the single, most important strategy for controlling costs. We must be prepared to monitor costs, be ruthless in eliminating unproductive and under-performing programs, and quick to redirect investments to new opportunities with greater potential to serve the needs of students.
2. *Document value* – The new indicator of “value” in higher education is the return-on-investment as measured by the salaries of an institution’s graduates, one year out. Whether we agree with this or not, it is imperative that our Christian colleges and universities position their graduates for meaningful jobs, and document for parents and potential students, what makes our degrees worth the investment. We must articulate measures of value that reflect our basic assumptions and core commitments.
3. *Be entrepreneurial* – Although universities are legendary for making decisions and moving at glacial speed, some have acted more quickly than others in responding to new challenges and opportunities. Institutional resilience will be essential for survival going forward as the rate of change continues to accelerate. The marketplace, increasingly dominated by the financially strong and the programmatically agile, is not very forgiving.
4. *Provide strong financial oversight* – In the current economic climate, it is imperative that boards of trustees include members who are intimately engaged with the finances of our universities, and prepared to work closely with administrative leaders in monitoring, modeling, budgeting and financial planning. The list of universities under sanction by their accreditors for financial reasons continues to grow. Inexplicably, too many boards are being caught by surprise.
5. *Build business and financial partnerships* – In the bimodal world we now inhabit (see my earlier comments), the elite institutions with substantial resources and long waiting-lists can operate almost independently from the

business cycle and the global financial markets. The rest of us must build partnerships with other colleges and universities, entrepreneurs, municipalities and other nonprofit organizations. This means everything from outsourcing many services, to financing the construction of facilities in new and different ways.

6. *Examine the relationship between colleges and their denominations* – We live in very dangerous times that will require our Christian colleges and universities to move boldly and make some very difficult decisions that may not be popular with denominational constituencies where they exist. Boards will be called on to defend the institutions' Christian foundations, cultivate the partnerships with their founding denominations and honor the college's history. Boards will also have to be decisive.

Many Christian colleges and universities have formulas for the selection of trustees drawn from their denominations. The evidence suggests that bringing in more trustees from the outside strengthens university governance and the board's ability to make tough decisions. This is particularly important as church officials struggle to fill board slots with qualified candidates from within their denominations.

Given how many denominations are themselves struggling for survival, it's probably time to revisit these requirements where they exist. Universities need strong trustees who have experience in finance and know higher education intimately and well. Effective university boards are enhanced when they include leaders with stature, strong organizational development and management skills, fundraising experience, resources they are willing to commit to the institutions they govern.

Conclusion

There are some very significant social, economic and political forces buffeting our nation's colleges and universities; we ignore them at our peril. Those of us who work in our Christian colleges and universities need to talk about these issues and develop solutions that will help our institutions not only survive, but thrive in the years ahead. Doing so, will enable us to more effectively speak into our culture and influence society.