

## **The Role of Philanthropy in the Future of Higher Education**

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*Philanthropy: Voluntary Action for the Public Good*

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I know from personal experience that the tensions between "public" and "private" are serious, and at times flare up in controversy. Foundations (corporate and independent) have an undetermined role to play as mediators, agitators, advocates, reactors, and diplomats. I have left the perspective unaltered—at the time I presented the essay, I was president of Exxon Education Foundation. Including this essay here is in no way intended to reflect the present views of my former colleagues.

Donald Gaudion, then CEO of Sybron Corporation and chairman of the board of the University of Rochester, spoke to an informal meeting of this organization about a dozen years ago.

He said that he liked to affect an academic style when he met with his corporate board, and a corporate style when he met with academics. That way he managed to keep both groups uncomfortable, annoyed—and attentive.

Speaking to us in the early 1970s, Gaudion said that the major point he would make is that different times call for different styles of management. In a growth economy, managers have to be risk-takers, innovators,

experimenters. In a "mature" economy, on the other hand, managers have to be able to concentrate on cost-cutting, efficiency, productivity.

We were then in a "mature" industry. Gaudion advised us that in his industry, under such circumstances, the emphasis was on "eliminating bleeder products."

Higher education has been a mature industry in New York for a very long time. Enrollment has been soft; the demographic trends have ranged from just bearable to downright disheartening. The great expectations of the 1960s were deflated within a decade.

It was at about that time that the Board of Regents created a commission on "the financially troubled institution" in higher education. We examined a great mass of material and concluded that many public and private colleges and universities could be said to be in trouble. And, although we informally referred to ourselves as "the euthanasia committee," we discovered that generalizations were very difficult to apply to specific institutions.

When I came to Exxon Education Foundation a decade ago, I gradually came to understand that foundation work is the application of practical wisdom, gleaned from long experience in testing theory against practice. I brought with me some convictions that were based largely on my experience in higher education in New York. Fortunately, being in higher education in New York means being in the midst of one of the richest and most diverse systems of higher education anywhere in the world.

One conviction that I brought with me to Exxon Education Foundation was that Donald Gaudion was right: *Different conditions require different kinds of presidential behavior*. In some periods we most need the vision and enthusiasm of leadership, while in others we need the tough-minded

and tightly focused values of management. Few people are switch-hitters, able with equal dexterity to perform both as leaders and as managers interchangeably, as circumstances require. Most of us have personalities that limit our adaptability. We tend to overstate our ability to function well in situations we find unpleasant, dull, or beyond our competence—just as our critics tend to understate that ability.

One responsibility of foundations is that they must pass judgment on the characters and abilities of the people with whom they deal. That means passing judgment on whether the institution is well led and well managed.

A second conviction that I brought into foundation work from my experience in higher education in New York was that *individual institutions have a great deal to say about their own destinies*. Service on the "euthanasia committee" convinced me of that, and observing the extraordinary will to survive of a number of colleges facing disaster since then confirms that it is dangerous to go into mourning while the patient is still alive. Some colleges are willing to live in a permanent condition of struggle; in some depressed regions of the country, these institutions are a symbol of hope. Whatever the averages and trends may imply, individual institutions can often find a way to counter them.

David Riesman once advised me that a foundation involved with higher education should invest in individuals rather than in institutions. Because of the power of leadership, he said, some of the most interesting and promising new developments in higher education emerge in some of the most unlikely places. Individual presidents and deans are the most important people in the developmental life of a college or university; they know how to enlist and utilize the talent that is available.

I then learned that talented and interesting people often move from one place to another, and take their charisma with them. Leadership is not enough.

We have long operated on the conviction that we must try to direct our funds toward good ideas in the hands of capable people supported by their central administration. I have had no reason to change that view—to believe that we can focus only on the idea, the person, or the institution and neglect the other variables.

Ten years ago it seemed evident that a common problem facing higher education was the disorder surrounding general education. That judgment seems in retrospect to have been well founded. Since then, almost 70% of all colleges and universities report that they have been engaged in reviewing and often reforming their programs of general education.

General education is a complex world of its own. To have an interest in it means more than encouraging debates of educational philosophy.

Foundations may wish, to encourage efforts to strengthen general education, but colleges—and especially universities—are ill-designed for that purpose. The goals of higher education are driven primarily by forces rooted in the disciplines and the professions, and to challenge that structure is often to invite frustration if not failure.

Foundations must choose specific aspects of general education, as the Sloan Foundation has done so well with its program on technology and as Exxon Education Foundation has attempted to do with its support of foreign language teaching and learning. Much as Sloan discovered with the rising interest in re-thinking the place of science and technology in general education, we found a decade ago there was promise of a national revival of interest in foreign language study after a dismal decade of abandonment

and know-nothing rejection. The presidential task force known as the Perkins Commission seemed to signal a renewed interest and commitment.

(At the same time, people in foundations as well as people on campuses know all too well that the field of foreign language study is notoriously fragmented and fractious.)

In foreign language and in other fields, we also learned another very important lesson: that it was not sufficient to work with individual scholars and institutions. Because of the structure of the university and the conflict between specialized fields and general education, we have found that working closely with educational organizations and associations is increasingly necessary to pursue the objectives of our foundation.

In addition to general education, the methodology of teaching and learning, and the management of higher education, we have encouraged efforts to cut across the barriers that have balkanized the campus. Integrative studies, interdisciplinary and multidisciplinary studies, and international studies have all been prominent in our thinking.

It occurred to me that we might be most helpful to you in sketching out the strategies we follow as well as where we think our future emphasis will fall and the kinds of priorities that we think will emerge. How do we mesh our strategies with yours? How do we relate strategic planning in education to strategic planning in philanthropy?

Foundations and corporations such as those represented here today have achieved prominence for two reasons, it seems to me: They have philanthropic investment strategies; they set patterns that individual givers can follow. Because these foundations are staffed by professionals,

so-called, they are able to develop strategies, to consider numerous alternative opportunities, and to monitor results.

The very word *strategy* implies a long-term perspective. Strategizing tends to diminish emotional influences. Individuals often respond to relief efforts intended to reduce suffering, but foundations and corporations do not. The Ethiopian famine is a good example, and the immediate response to the survivors of the volcanic eruption in Cameroon is another. Strategic philanthropy aims at understanding the underlying causes of those terrible problems in terms of the social and political as well as the natural forces at work.

Education is a long-term process, one that should require strategic thinking. Donald Gaudion, at the ACUSNY discussion I mentioned earlier, spoke of the "product cycle" in his industry (medical and dental equipment). The time from the first development of a product until a decision to drop it, he said, was a span of just three years. When he looked at the development of curricula and degree programs in a university, on the other hand, the time frame seemed vastly longer, and there seemed to be no point where a decision could be made to eliminate anything.

Educational philanthropy has three choices: It can focus on the immediate alleviation of problems resulting from falling enrollments and budget deficits; it can commit its resources to sustaining what is already functioning and functioning well, and make grants in support of base budgets and incremental improvements; or it can focus on root causes and seek to influence long-term change.

Most philanthropic foundations are engaged in all three kinds of activities, although the myth is that we are only engaged in the third—in ferreting out the sources of difficulty and developing innovative solutions to them.

To be involved in the long-term growth and development of education means trying to be aware of the larger environment. That environment presents three issues at the moment, which I will discuss as illustrations of a foundation strategy. One is immediate, a second is medium-term, and the third is long-term.

"Immediate" for me means the next five years. "Medium-term" I define as extending over the next decade or so. "Long-term" extends to say, 2015, when the graduates of the coming academic year will be about the average age of those present here.

The immediate issue is the impact of tax reform on philanthropic resources and giving patterns.

The medium-term question is about governance—about the evidence of what I will call for purposes of provocation "creeping capitalism" in public higher education, following a long period of what others once called "creeping socialism" in private higher education.

The third and long-term question is the changing character of American society, and what those changes mean for educators now as well as for your successors.

### **Tax Reform**

Our foundation will not become involved in the first issue. As a company-sponsored foundation, we avoid involvement with specific tax policy issues.

The educational question involved that touches on your interests and ours is the question of public understanding of tax policy and philanthropy. My impression is that Congress was handicapped by its own ignorance in trying to weigh the effects of the proposed changes in tax policy on philanthropy. I hope that somewhere within the philanthropic community will be found the resources to support continuing historical as well as analytical research in this field.

### **Governance**

The second issue, over the next decade or so, is the complex of issues so well illustrated in New York's "system" of higher education. I have always believed—perhaps in a partisan way—that New York greatly benefits from its diverse conglomeration of colleges and universities. My own advocacy was always intended to sustain the system rather than to yield to the temptation to argue for one sector's interests to the fundamental detriment of the other.

I borrow from John T. Flynn's attack on "creeping socialism" a generation ago to remind you that it was in the period beginning in the late 1960s that private higher education in New York sought and was given access to public revenues. These days, in this state and elsewhere, an as-yet unrecognized phenomenon that might be called "creeping capitalism" is under way in the public institutions.

The publicized aspect of this is the emergence of major capital campaigns among the great public research universities. (New York lags behind California, Minnesota, and others in this competition.) The unpublicized aspects include the appearance of aggressive and increasingly sophisticated fund-raising efforts among state colleges and community colleges.

We have increased the share of our grant funds that will be allocated to help institutions improve their fund raising. We hope to see an increased effectiveness among the small liberal arts colleges that are in greatest jeopardy. We also hope to see the public institutions begin to catch up with the private colleges and universities in their efforts to raise money from alumni and parents. We believe that trustees should play a more prominent role, and that there should be a widespread effort to improve the professional standing of development officers.

But it is very clear that we will have to see a more balanced appreciation of fund raising—both its great potential and its real limitations—among all of those directly involved with higher education.

A second aspect that has gone largely unnoticed is the philosophical change implicit in what has taken place: the change in management philosophy and governance of the state university system.

A generation ago, the private institutions were quite content with being private and the public with being public. Each saw its virtues as unambiguously offsetting its limitations; for the most part, neither talked much about its limitations. Public institutions today see the need for greater flexibility and diversity, flexibility almost by definition associated with private higher education. Private institutions, decreasingly able to sustain themselves by tuition income and philanthropy, discovered 20 years ago the need for a more secure financial base—a degree of security primarily associated with public higher education. The result is the model of tuition support and other base budget funding that New York provides through its enlightened legislation each year.

Students of such matters should be encouraged to follow these trends and to project alternative sets of consequences. It may be that foundations can be most helpful in a mediating and convening capacity, along with other interested but concerned bystanders. Our foundation's role thus far has been to encourage continuing dialogue and the development of reliable empirical information that policymakers may draw upon with confidence. We are unlikely to go beyond that.

### **The Changing Character of American Society**

The third issue—the changing demographic profile of American society

is the one that most intrigues us at the moment, although being a long-term problem it is probably least urgent from your point of view. It also has two aspects, the first educational, the second more broadly cultural and social. It comes to our attention because we have a program in elementary and secondary education and because we have an interest in "social thought and discourse."

First, the educational aspect:

We are persuaded that the quality of higher education is eroding from below. The quality of learning varies dramatically among ethnic minorities, but especially among those groups in which the population is growing most rapidly.

Some of us believe that there is an opportunity over the next few years to address some of the most serious issues facing pre-college education. The short-term costs involved are such that questions of political will must be considered.

What is most important is that we know what we are talking about. Important information is now available about student performance and about what takes place in the school that policymakers have lacked in the past. We need to expand that information and then to interpret it with great care.

Similar work will then be necessary at the higher education level. My principal associate in these matters, Scott Miller, believes that we need a massive study of higher education analogous to John Goodlad's study of the elementary and secondary system: *A Place Called School*<sup>1</sup> should be followed by *A Place Called College*.

The second aspect of this issue is the rapidly changing ethnic profile of American society. There are profound changes in age groups, geographical changes related to long-term restructuring of the economy, the continuing impact of technology on birth rates. Beyond these are changes in the relative position and influence of ethnic groups, including the relative decline of the Anglo-European group that has dominated American life for more than two centuries.

These changes are reflected in empirical data that are becoming increasingly familiar to all of us. What is stickiest, however, is not the empirical but the normative. These changes will one day begin to add even greater complexity to the question, What *should* be taught? That question is even more complicated than it was almost 60 years ago, when Charles Beard and some others published a book entitled *Whither Mankind?* Everett Dean Martin, who wrote the essay on education, complained that "There are few places in America where anything may be mentioned in the

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<sup>1</sup> John Goodlad, *A Place Called School*, McGraw Hill, 1983.

public school that is not displeasing to Methodist preachers, the Catholic Irish, leading politicians, grocers, or any organized group."<sup>2</sup>

Martin was also distressed as most of us still are by the polarization of cultural and vocational education: "The practical problem of orientation [to work] cannot be divorced from the end of the struggle for value."

The question of who will receive a liberal arts education as well as advanced professional education becomes an important social issue. Will we be able to bring the young people of greatest promise from minority groups into the mainstream of the society on something approximating equal terms? Thus far we haven't done very well, in spite of our good intentions.

The long-term question is what we should be teaching teachers to teach children not yet born. What do we *now* believe it is most important to pass on to them? Skills and methods, without content? Which content?

Were we to ascertain among ourselves that the most important obligation we have to future generations, whatever their ethnic makeup, is to pass on a free, open, and democratic society, what would we teach? What are the values of the rising non-Western ethnic groups? What are they most likely to contribute to the mix of values?

Assuming that we can define ourselves, *What do we believe?*

## Conclusion

These three issues—tax reform, governance, the changing character of American society—are intended to show some interrelationship. Each one

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<sup>2</sup> Charles A. Beard, ed., *Whither Mankind: A Panorama of Modern Civilization*, Longmans, Green, 1928, p. 370.

requires more study, more information, more analysis. Each one involves issues of governance, of who will make which decisions about what is taught and learned, and to whom. Each one raises long-term consequences, some of them touching on our most basic values.

The frustration of being a president is knowing that all those *other* people out there are worrying, talking, and arguing about *those* issues, while you're trapped at your desk or at a head table someplace, worrying about budgets, drug abuse, athletics, and labor contracts. Not only that, those other people don't even have to come to conclusions, to make decisions, and to suffer the consequences. *They* can worry about 2015 A.D. without any concern for 1988 or 1991, while your only concern with 2015 A.D. is written into a construction financing agreement.

Perhaps one thing we can do is worry about *you*, at least part of the time: what you think is most important, how you think you can be of greatest service, how some modest financial help can push things along.