

**CASE DISTRICT III  
SENIOR PROFESSIONALS LUNCHEON**

**THE POLITICS OF ADVANCEMENT  
CASE PRESIDENT JOHN LIPPINCOTT**

Good morning. I'm delighted to be here and even more delighted that you're here. We are working very hard at CASE to make sure that we are providing programs and services relevant to senior-level professionals like you.

One of those services is CASE's public advocacy work, which leads to the main topic of my remarks today: the politics of advancement.

I think it is fair to say that the level of political scrutiny of educational institutions has increased tremendously in the last few years. Where once higher education enjoyed a special status in the minds of lawmakers and the public at large, our institutions are increasingly viewed as just another special interest.

Daniel Yankelovich, the public opinion guru who spoke at the CASE Summit two years ago, has noted that there is a tendency on the part of the virtuous to assume everyone knows they are virtuous. And I think that is the position we are in today in education and in educational advancement.

I believe firmly that we are indeed virtuous as an enterprise and as a profession. There are, of course, sinners among us and plenty of headlines to prove it ... whether it is greedy administrators on the take or fake numbers to improve institutional rankings or improper personal behaviors that embarrass our institutions.

But there have always been sinners among us. What has changed are the terms of the social compact and the political climate within which we operate. I'd like to spend the next few minutes describing for you four of those changes and then touch on some ways we might deal with them.

The first relates to Senator Tip O'Neill's oft-quoted observation that all politics is local. In fact, I would assert that all politics is personal. What does that mean? I think some examples will help explain.

A member of the U.S. House of Representatives has a daughter who attended a proprietary institution. She transferred to a traditional university that did not accept all of her credits from the for-profit institution. It wasn't long before that congressman introduced legislation that would give the federal government a greater say in university accreditation, particularly with regard to the transfer of credits from for-profit to not-for-profit institutions.

The Secretary of Education has two daughters who are in the college search process. The Secretary does not feel that she has in front of her all the data she would like to help her and her

daughters make the right choices. With the backing of a national commission, she has called for new public accountability measures and much greater reporting by colleges and universities.

A citizen activist with strong connections to certain ideological groups has recently had a baby. She looked at projections of the cost of college attendance for her child 17 years from now and was appalled. She's now on the conservative think tank and talk show circuit criticizing university business practices and calling for federal legislation to reduce tuition increases

Yet another example: The heirs to a donor who endowed a large gift to a major research university are unhappy with the university's stewardship of their parents' gift and sue for the return of the endowment, currently valued at more than three quarters of a billion dollars. Part of the heirs' unhappiness was the university's decision to shift the management of the endowment from a volunteer committee on which one of the heirs served to professional managers.

Whatever the merits of the case, the lawsuit becomes a cause célèbre within certain circles, including the newly formed Center for Excellence in Higher Education. The Center is a self-proclaimed protector of donor rights and strong proponent of reforming American higher education according to its own ideological viewpoint. It is worth noting that both the heirs involved in the lawsuit and the center are using the same public relations firm, which also happens to have strong connections to a noted conservative foundation.

My point here is not that we should resist calls for greater public accountability; on the contrary, I think we should be, and often are, champions of accountability. My point is simply that the public agenda is often driven by a private agenda.

The second change in the political landscape is that money doesn't just talk, it screams. The influence of money plays itself out in any number of ways, but most conspicuously in the form of campaign contributions. As I noted earlier, the proprietary institutions are spending millions of dollars each year in their lobbying efforts.

The non-profit educational community, on the other hand, does not have well-funded PACs, does not make major political contributions, and must rely on other, increasingly less potent, forms of influence on Capitol Hill.

Money is a factor in the changing political landscape in some other important ways as well. Consider the recent calls for requiring a minimum payout from university endowments in the House and the Senate.

Congressman Welch introduced an amendment to the House version of the Higher Education Reauthorization Act that would have required a minimum payout of 5 percent from endowments of any size and or any type, including restricted funds. I am pleased to report that strong opposition from the higher education community appears to have convinced the congressman to withdraw that amendment, although he did move forward with an amendment that requires detailed reporting on endowments.

Senator Grassley has also made clear that he thinks universities should increase their endowments' payouts, especially for those above a certain size. Although Senator Grassley has said that he does not anticipate legislation at this time, the operative phrase is "at this time." He and Senator Baucus have written to 136 institutions with the largest endowments (90 private and 46 public) asking for extensive reporting on those endowments and on the degree to which they are being applied to tuition relief.

The Governor of Michigan has also suggested that she will demand that the state's public universities hold tuition increases to the inflation rate even if it means dipping into their endowments. Well, you know and I know that there is very little correlation between endowment payouts and tuition increases; nor can there be, given that most endowed funds are restricted. Money given by a donor to support Alzheimer's research cannot be used to address affordability for undergraduate students.

But this is not a matter of logic. This is a matter of politics and a matter of money. Perhaps the most significant change we are facing in the public policy arena is that the issue of college price has become an issue for the middle class.

Because tuition has been increasing at a rate well ahead of inflation for the last two decades and family incomes have barely kept pace with inflation, the affordability gap has been growing exponentially. And that tells you almost everything you need to know about what is happening in Congress.

When college affordability was primarily a concern of low-income families, it was not a potent political issue. Frankly and sadly, the poor do not drive policy. But as middle class families have seen their earning power stagnate while tuition continues to escalate, the backlash has been almost inevitable.

And it makes for a great political issue, whether you are a Democrat or a Republican. Listen to the stump speeches of the presidential candidates and I guarantee you that somewhere in their remarks will be a reference to college affordability.

Money also screams out in headlines about the salaries of professors, administrators and, most of all, coaches. For many members of the public any salary higher than theirs is too high. This is increasingly an issue for us in the advancement professions as the demand for our skills has pushed up salaries. Don't get me wrong, I believe we are worth it. But we too may one day be the subject of unflattering headlines.

Money matters in another important way. There is simply going to be less of it available from the federal and state governments. The weak economy, the mortgage crisis, the ballooning federal deficit, and the interest payments on the national debt mean there will be less money available for discretionary spending. And sad to say, education is discretionary.

And that leads to the third change I want to discuss. As government funding declines, regulation actually increases. This is only counterintuitive outside the Washington beltway. Inside the

beltway, there is a very strong Alice in Wonderland effect at work. (I suspect many of you at public universities have seen this effect at work in your state capitols as well.)

The inverse relationship between federal investment and federal regulation has never been more apparent than it is today. President Bush has proposed a fiscal year 09 budget that includes no real increase in domestic discretionary spending, that part of the budget most directly tied to funding for education.

Of course, level funding is a de facto budget cut given the effects of inflation, the increasing number of students entering higher education and, in particular, the increasing number of low-income students seeking access to higher education. The president's budget eliminates 47 programs within the Department of Education that would result in 1.1 million fewer grants to students.

Yet, even as federal funds are being held constant or reduced, the calls for regulation continue to increase. Both the administration and members of Congress have put forward proposals designed to cap tuition increases. One proposal would create a "list of shame" for tuition increases above a certain percentage. Sadly, the institutions most likely to make such a list are those with lowest tuitions, such as community colleges, where a 10 percent increase may actually represent a very small dollar amount.

Both the administration and members of Congress have also recommended a greater federal role in the accreditation process.

As you probably know, reauthorization of the Higher Education Act is currently under active consideration in the Congress. The House version includes 220 new reporting requirements, while the Senate version includes only 150.

Does anyone on Capitol Hill or in state legislatures make the connection between increased reporting requirements and increased costs? More importantly, does anyone on Capitol Hill or in state legislatures make the connection between reductions in government support and increases in tuition? In fact, the answer to both questions is "yes."

And some legislators have valiantly sought to increase taxpayer support of higher education and reduce government red tape. But others have chosen to ignore the correlation between reductions in government funding and increases in tuition. Still others have taken an even more cynical approach, attempting to shift the focus away from their unwillingness to fund higher education by pointing fingers at colleges and universities on any number of issues and by calling for new regulations. And so we get the inverse relationship between funding and regulation.

The final change I want to discuss has occurred within our own institutions. Higher education is increasingly acting like and talking like a business, and yet still wants to be treated as something other than a business.

I mentioned coaches' salaries earlier. USA Today recently did a long expose on this topic – and the fact that it was long and in USA Today tells you something. What was particularly alarming

about the story was not simply the magnitude of some of the coaches' salaries but the arguments used to justify them.

If we are going to rationalize these salaries with business analogies then we should be prepared to be treated like businesses. For example, there have been calls to begin taxing revenues generated by big-time college sports.

I don't mean to suggest that we have only ourselves to blame when we act like businesses. Indeed, we have been strongly encouraged by friends and critics alike to be more entrepreneurial, to diversify our revenue streams, to become less reliant on taxpayer dollars, to impose more user fees.

Unfortunately, one of the outcomes of this trend has been the increasing opportunity for conflicts of interest among university administrators. We saw the problems that arose with financial aid officers and their relationships with preferred lenders. This issue spilled over into our arena with questions about loan consolidation arrangements managed by alumni associations. There are questions as well about credit card deals.

Study abroad programs could be the next flashpoint or dining contracts or any other area where our institutions are perceived as treating the student as a revenue center. I also suspect there will be more and more questions surrounding institutional relationships with industry in research contracts, clinical trials, and intellectual property.

So that's the bad news about the changing political landscape. And it's only going to get worse. In all likelihood the affordability gap will continue to widen. In all likelihood government funding for higher education will continue to decline. In all likelihood universities will be asked to be more entrepreneurial. In all likelihood, partisanship and ideological battles will heat up and universities will take some of that heat.

Outfits like the Center for Excellence in Higher Education and the American Council of Trustees and Alumni will make sure of it. And while ACTA claims that alumni are alarmed and troubled by the direction of American higher education, a recent survey by the American Council on Education shows remarkably high levels of satisfaction among alumni. For example, 92 percent of respondents said their college education was worth the time and money.

Another factor that will fan the political flames is, of course, the presidential election. For the first time since 1960, we will have a sitting Senator become the president of the United States. Between now and November, the three sitting Senators battling for the White House will be looking for ways to score points against each other on the floor of the Senate. And some of those points could come at our expense.

So as fundraisers, communicators, and alumni relations professionals, what can we do about all this? Since I identified for you four problems, I'll offer you four solutions.

First, be accountable. Work with your institution to use the templates established by the national associations to provide performance data on your web sites. If you are a public institution, use

the Voluntary System of Accountability developed by the National Association of State Universities and Land-grant colleges. If you are a private institution, use the UCan system developed by the National Association of Independent Colleges and Universities. Within your advancement operations, use the CASE management and reporting standards, the CASE benchmarking tools, and the CASE management checklists to demonstrate the value and integrity of your work.

Also, make sure you have strong conflict of interest policies in place at your institution. I am serving on a task force that is establishing guidelines for universities to use to manage conflicts of interest. You can find our working document on the web site of the American Council on Education, which established the task force. Beyond availing yourself of these tools, work across the campus to encourage a spirit of transparency and of self-regulation.

Second, be thoughtful. That is, take into consideration the external climate I have just described as your institution makes decisions about tuition, about salaries, and even about campaign goals. Regularly use the headline test: how would this look on the front page of the newspaper? Also, monitor the feedback you are getting from your key constituents and factor that into your decision-making as well.

As advancement officers, we have the primary responsibility for ensuring the external viewpoint is represented in internal decision-making. If, for example, there is a proposal on the table to enhance the tuition remission program for faculty and staff, we need to set aside our personal interests and suggest to senior management how that program may look to the outside world. Third, be proactive. Engage your constituents now and help them understand the importance of endowments to your institution. Help them understand the forces that drive tuition increases. Keep them informed about your institution's efforts to be cost-conscious and accountable. Communicate early and often not only with your donors, alumni, and volunteers, but also with the media outlets, government officials and opinion leaders in your community.

Work closely with CASE to help us monitor issues at the state and national level and, when necessary, to mount grassroots efforts in support of our legislative agenda. Make sure you read the legislative updates we provide each month in BriefCASE and on our Web site, and watch your e-mail for breaking news and advocacy alerts.

Finally, continue to be virtuous. We can be accountable, thoughtful and proactive and it won't count for anything if we lose sight of our institutional mission or our professional integrity.

I began my remarks by citing a modern pollster on the matter of virtue; let me end by citing an ancient philosopher on that topic. Plato advanced the notion that virtue is the fulfillment of our true nature. He posited that there is an ideal form for everything, and that would certainly include your college or university. It would also include all of us as human beings and as advancement professionals. We are virtuous, then, when we strive to achieve that ideal form, even if we never fully attain it.

And so, as we grapple with these political issues in our states and in our nation, I would suggest that our success will come not only from dealing forthrightly with those realities but also from striving continuously for the ideal.

Thank you.