

Lessons from the (Sweet) Briar Patch

This webcast will begin promptly at 12:00 PM EDT



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Today's Presenter



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Briar Patch Complexity



Learning Outcomes

- Understanding the challenges confronting financially distressed institutions
- Understanding the respective roles of administrators, faculty members, and board members
- Identifying lessons from Sweet Briar's experience that can be applied at other institutions

Agenda Overview

- **Context – Sweet Briar’s Chronology**
- **Administrative Options**
 - Enhancing Revenue
 - Decreasing Expenses
 - Working with External Overseers
- **Faculty Options**
- **Duties of the Board**
- **Communications Needs**

Sweet Briar Chronology

- February 28 – Board votes to close
- March 3 – Board decision announced
- March 30 – Amherst Co. Attorney files suit
- April 15 – Bedford Co. Circuit Court hearing
- April 29 – Petition for Va. Supreme Court review
- June 4 – Oral arguments before Supreme Court
- June 9 – Supreme Court ruling
- June 20 – Settlement reached

Administrative Options

- Enhancing Revenue
- Decreasing Expenses
- Working with External Overseers

- Enrollment
 - Head Count
 - Discount Rate
- Giving
 - Broad-based Appeals
 - Major Donors
- UPMIFA Repurposing

- “Endowment fund” definition – Fund that, under terms of gift instrument, is not wholly expendable on current basis. Funds designated by institution as endowment funds are not included.
- Standard of Conduct
- Expenditure v. Accumulation

- Repurposing Opportunities
 - Donor Consents
 - Court Application re Fund Management/Use
 - Impracticable
 - Wasteful
 - Unlawful
 - Impossible to Achieve
 - <\$50,000 and >20 years

Decreasing Expenses

- RIFs
- Facilities
- Creditor Relations
- NAICU List

Reductions in Force/Benefits

- Tenured Faculty – Dependent on the Faculty Handbook
 - Financial Exigency
 - Program Elimination
- Other Employees
- Benefit Reductions

- Surplus RE
 - Selling
 - Leasing
 - Shuttering
- Deferring Maintenance
 - Health/Safety
 - Other
- Redevelopment

- Trustees for Bondholders
- Other Lenders
- Trade Payables

Decreasing Expenses

- RIFs
- Facilities
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- NAICU List

- State Licensing Bodies
- Accreditors
 - Regional
 - Programmatic
- Attorneys General

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Faculty Options

- New Program Development
- Old Program Elimination/Reduction
- Financial Involvement

Duties of the Board

- Sources
 - Statutes
 - Common Law
 - Institutional “Law”
 - Articles/Charter
 - Bylaws
 - Policies
- Training
- Engagement

- Internal
 - Faculty
 - Staff
 - Students
- External
 - Alumni
 - Donors
 - Public

Lessons Learned

- Keep curriculum fresh and distinctive
- Recruit financial wherewithal
- Refrain from general solicitations when closure is possible
- Full disclosures to major donors
- Evaluate UPMIFA repurposing
- Use attrition, program elimination, exigency to maintain appropriate student/faculty ratios

Lessons Learned

- Maintain compliance staffing
- Consider selling/leasing/shuttering surplus real estate
- Never defer health/safety maintenance
- Consider redevelopment options
- Avoid rosy revenue projections
- Evaluate cost-cutting efforts elsewhere

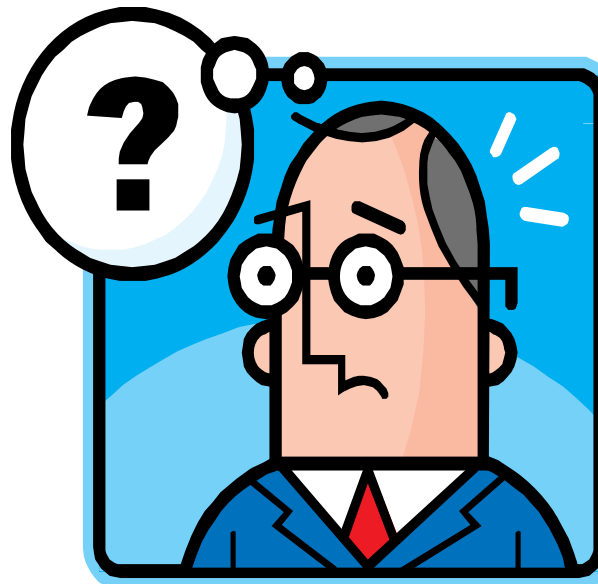
Lessons Learned

- Recognize limits on accreditors' financial assessments
- Work with accreditors, state licensing bodies, and AGs
- Faculty must work on creative programs
- Administrators must help faculty understand finances
- Board members must engage
- Communicate, communicate, communicate

Lessons To Be Learned?

- How an institution's brand can be repaired and even enhanced
- How a board and administration can simultaneously juggle the need to:
 - Operate in the short-term, and
 - Plan for the long-term

QUESTIONS?



Thank You!



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