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WHITEPAPER

More Lessons from the (Sweet) Briar Patch

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Table of Contents

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1. Introduction

Immediately after the June 2015 settlement of the litigation over Sweet Briar College, I authored an extended piece entitled "Lessons Learned from the (Sweet) Briar Patch."[1] In short, I noted that there are many lessons that other institutions could glean from Sweet Briar's experiences in the first half of 2015. On July 2, 2015, Sweet Briar College's current directors assumed responsibility for the institution, and since then, much has happened. As was the case a year ago, Sweet Briar's recent history offers the rest of American higher education useful lessons that can be applied in these turbulent times - even if other institutions do not face crises on the level of those faced at Sweet Briar.

In this challenging era for American higher education, board members and officers of colleges must be particularly mindful of their fiduciary duties to the institutions they serve. To discharge those duties, board members need to ask informed questions of the officers and other administrators with whom they interact on campus. By examining the issues at Sweet Briar and the board's actions in setting policy for an institution in crisis, board members at other institutions can identify useful steps that can be taken when confronting their own challenges.

The observations in this article are based on publicly-available materials, most of which come directly from the Sweet Briar College website. Some key pieces of information – such as enrollment projections, assumed retention rates, and assumed discount rates – have not been located and may well be unavailable to the public. As additional information becomes publicly known, more insightful lessons can be gleaned from the Sweet Briar experience. Until then, the currently available information provides useful insights for those interested in the governance of American higher education.

2. Background

A brief summary of the recent history at Sweet Briar provides useful context. On March 3, 2015, the Sweet Briar directors announced that the institution would be closing at the end of the academic year.[2] That information shocked the faculty, staff, and students, but it also stunned the college's alumnae and local leaders within the region where Sweet Briar is located. On March 30, 2015, the Amherst County attorney filed suit seeking to enjoin the closure of the institution,[3] and that dispute ultimately wound its way to the Virginia Supreme Court. Following a June 9, 2015

[1] http://www.steptoe-johnson.com/content/lessons-sweet-briar-patch.

[2] http://sbc.edu/news/board-of-directors-votes-to-close-college-at-the-end-of-2014-2015-academic-year/.

[3] Commonwealth of Virginia, *ex rel.* Boyer v. Sweet Briar Institute, *et al.*, Amherst Circuit Court, Case No. CL15 15009373.

decision by the Supreme Court, the Virginia Attorney General mediated a settlement of the litigation under which the current board gained control of the college on July 2, 2015.[4] On that same day, the board hired Phillip Stone to serve as Sweet Briar's president.

Although only four months transpired between the closure announcement and the arrival of the new board and president, many faculty, staff, and students had decided to move on. They took jobs or enrolled elsewhere rather than waiting for the outcome of the litigation. Consequently, when new leadership took control of the campus, the directors and the president were confronted by the need to implement a number of governance reforms, the need to recruit students and staff, and the need to address a challenging financial situation.

In those regards, Sweet Briar College was confronting a situation that sounds quite familiar to many college presidents and trustees because Sweet Briar's challenges as of July 2, 2015 look much like the challenges confronting many colleges today. Like trustees at other colleges around the country, the new Sweet Briar board members owed fiduciary duties to the Sweet Briar corporate entity - both as a result of statutes and common law. Fiduciary duties may vary slightly from one jurisdiction to the next, but the Association of Governing Boards of Universities and Colleges ("AGB") has succinctly summarized the legal obligation of college trustees as fiduciaries:

> Under state statutory and common law, officers and board members of corporations (including nonprofit corporations and public bodies that operate colleges and universities) are fiduciaries and must act in accordance with the fiduciary duties of care, loyalty, and obedience. What is a fiduciary? Legally, a fiduciary relationship is one of trust or confidence between parties. A fiduciary is someone who has special responsibilities in connection with the administration, investment, monitoring, and distribution of property - in this case, the charitable or public assets of the institution. These assets include not just the buildings and grounds and endowment, but also intangibles, such as the reputation of the institution and its role in the community. A college or university board member or officer has duties to the institution under the law that a faculty member, a student, or an administrator does not.[5]

Under Virginia statutes, the specific statutory standards of conduct for the Sweet Briar directors were enumerated:

> § 13.1-870. General standards of conduct for directors
> A. A director shall discharge his duties as a director, including his duties as a member of a committee, in accordance with his good faith business judgment of the best

[4] *Brown, et al. v. Sweet Briar Institute*, Amherst Circuit Court, Case No. 15-9395, Consent Settlement Order dated June 23, 2015.

[5] *AGB Board of Directors' Statement on the Fiduciary Duties of Governing Board Members*, Association of Governing Boards of Universities and Colleges (2015), p. 2.

interests of the corporation.

B. Unless a director has knowledge or information concerning the matter in question that makes reliance unwarranted, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

1. One or more officers or employees of the corporation whom the director believes, in good faith, to be reliable and competent in the matters presented;

2. Legal counsel, public accountants, or other persons as to matters the director believes, in good faith, are within the person's professional or expert competence; or

3. A committee of the board of directors of which the director is not a member if the director believes, in good faith, that the committee merits confidence.

C. A director is not liable for any action taken as a director, or any failure to take any action, if he performed the duties of his office in compliance with this section.

D. A person alleging a violation of this section has the burden of proving the violation.[6]

Since these standards of conduct are similar to the duties established for other college trustees by statutes in their respective states, the steps taken by Sweet Briar's directors to discharge their legal obligations can enlighten other college trustees as to appropriate steps that they should take when their institutions are confronted with challenging times.

3. Governance Changes

Perhaps the simplest changes that the Sweet Briar board could implement were those over which it had total control - governance issues. While many individuals on campus would appropriately want to be involved in addressing matters of governance, they were at least all on campus or on the board and could be convened fairly easily. In the last twelve months, Sweet Briar has instituted a number of internal governance reforms that were, in some instances, designed to address problems unique to Sweet Briar, but in the case of board training and engagement, the reforms were ones that every institution could emulate.

a. Board Training and Engagement

Many Sweet Briar alumnae, including the current board chair, were harshly critical of the manner in which prior board members discharged their duties.[7] Consequently, after taking office,

[6] Va. Code § 13.1-870.

[7] *See, e.g.,* Affidavit of Teresa Pike Tomlinson, Exhibit Q, Commonwealth of Virginia's Memorandum in Support of Motion for Temporary Injunction, Commonwealth of Virginia, *ex rel.* Boyer v. Sweet Briar Institute, *et al.*, Amherst Circuit Court, Case No. CL15 15009373.

the current board members implemented a series of steps designed to help directors understand their jobs and the current higher education environment. Among those steps were a visit by the president of Sweet Briar's regional accreditor who discussed the board's duties,[8] and a visit by a senior official of the National Association of Independent Colleges and Universities who discussed federal legislative and administrative issues facing higher education.[9] However, the board also implemented actions by which the board could become more engaged with the campus and the surrounding community. Some engagement efforts were informal, such as a commitment to campus Town Hall meetings and community social events on the campus to facilitate interaction between directors and stakeholders on campus and in the surrounding community.[10] However, other efforts were formalized in the bylaws adopted on April 23, 2016.[11]

b. Bylaws

The adoption of new bylaws reflected two essential decisions by the board that are vital to the college's long term success - a decision to clarify longstanding confusion between corporate law and the terms of the trust that created the college and a decision to actively engage a variety of stakeholders in the board's operations.

i. Clarifying Sweet Briar's Governance

Sweet Briar's legal status is at least highly unusual and perhaps unique. During the 2015 litigation over the control of the college, much of the controversy centered around the fact that Sweet Briar was created through a testamentary trust that required the trust's assets be used for the education of women. Ultimately, the litigation was settled by the parties before there was a full adjudication of the extent to which the trust terms constrained the action of the college's board of directors, but the alumnae opponents of closure argued vociferously that the trust terms effectively limited the ability of the board to take any unilateral action other than to operate a women's college on the property, notwithstanding any provision of nonprofit corporation law to the contrary.

That perspective is reflected in the bylaws adopted in April 2016. The bylaws attempt to clarify the college's legal status by stating the college "is both a corporation and a trust and is determined to comport itself as both."[12] By adopting that view, the corporate board members were subjecting their decision-making authority to the terms of the trust that established the college. The end result was an affirmation by the corporate entity that the testamentary trust terms would be preeminent in future board decisions. Putting it another way, the bylaws suggest that the corporate

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[8] http://sbc.edu/news/highlights-from-aug-20-22-sbc-board-of-directors-meeting/.

[9] http://sbc.edu/news/presidents-report-from-the-april-21-23-board-meeting/.

[10] April 23, 2016 letter to Sweet Briar Community from Board Chair Teresa Tomlinson and Board Vice Chair Georgene Vairo, p. 2, available at http://sbc.edu/president/wp-content/uploads/sites/8/bylaws-of-sweet-briar-institute-4-23-16.pdf.

[11] http://sbc.edu/president/wp-content/uploads/sites/8/bylaws-of-sweet-briar-institute-4-23-16.pdf.

[12] Bylaws, Article I, Section 1.

entity is serving as trustee of the trust that initially created the college.

Although this clarification of the corporation's role *vis-a-vis* the trust might seem to be an issue that only lawyers could enjoy discussing, it was an issue that confused Sweet Briar and its boards for decades. In the 1960s, the college wrestled with the impact of the trust on college operations,[13] but the extent to which of the trust controlled operational issues remained unclear. With the adoption of the April 2016 bylaws, the lack of clarity has been resolved, and in adopting the bylaws, the board made clear that Sweet Briar would continue as a women's college for the foreseeable future.

Like many institutions, Sweet Briar had questions about its core purpose, but for the most part, these questions lingered in the background while the college was in operation. It apparently took the closure crisis to bring these questions to the surface, and when they came to the surface in the spring of 2015, there was, in effect, a civil war between those who believed that the trust terms trumped the board's decisions and those who believed the board's decisions trumped the trust's terms. When the litigation smoke cleared, the faction who believed the trust terms were paramount prevailed, and with the adoption of the bylaws, that faction's perspective was incorporated into the institution's core governing document so as to remove any doubts as to the college's fundamental purpose. For the foreseeable future, everyone involved with the college knows what documents control and where the institution is heading. That places Sweet Briar ahead of many institutions where a sense of direction is far less clear.

ii. Stakeholder Engagement

The Bylaws also establish a variety of committees comprised of board members and others who have an interest in the college.[14] While the bylaws provide for a number of fairly traditional standing committees (addressing the executive, nominating, finance, facilities, student life, academics, advancement, enrollment, alumnae, and governance functions),[15] they also contemplate an assortment of "working" or special committees which are to consist of both board and non-board members.[16] The Executive Committee[17] and the Directors Committee[18] consist of only directors, but all of the other committees contemplate one or more voting members who are not members of the board. The bylaws identify potential non-board members as "faculty, students, alumnae, and other members of the Sweet Briar community."[19]

[13] *Sweet Briar Institute v. Button, et al.*, United States District Court, Western District of Virginia, Civil Action No. 66-C-10-L.
[14] Bylaws, Article II, Section 8.
[15] Bylaws, Sections 8.1-8.4.
[16] Bylaws, Section 8.5.
[17] Bylaws, Section 8.1.1.
[18] Bylaws, Section 8.2. The Directors Committee serves the function typically served by nominating committees at other institutions.
[19] Bylaws, Section 8.4.

In essence, the bylaws reflect a board determination that a broad spectrum of stakeholder interests should be reflected in the board's work and in the policies adopted by the board.[20] By adopting that philosophy, the board implemented a key principle and best practice recommended by AGB.[21] Further, by expanding opportunities for stakeholder engagement, the board addressed one of the most stinging criticisms of the prior board - that it failed to obtain input from others that would have specifically avoided closure and generally enhanced the quality of board decisions.[22] Moreover, the board reaffirmed the concept of shared governance, a concept long valued in American higher education and one credited by many as a key reason for the long-term dominance of global higher education by American institutions.[23] For an institution which had made its 2015 closure decision in a highly confidential process, the 2016 changes to the bylaws reflected a substantial change in the institutional culture - a change is consistent with national trends encouraging greater transparency and broader stakeholder engagement.[24]

c. Other Governance Decisions

The board also adopted two other key governance documents. The first, Core Principles and Strategic Goals, set forth in slightly more than one page the mission, five core principles, and five strategic goals that would guide institutional decision-making.[25] The document states that it was a prelude to "an inclusive, comprehensive visioning and long-term strategic planning process." The second, entitled "Sweet Briar College Board Member Statement of Commitment and Responsibilities," details what the college expects of its board members.[26] Particularly at an institution confronted with the extraordinary challenges facing Sweet Briar, it is vitally important that board members understand the institution's expectations as precisely as possible, but the same could be said of every institution and, especially, those colleges confronting financial challenges. If done well, being a college board member is hard work. The days of board members simply attending a few cocktail parties are long gone - if they ever existed.

The Sweet Briar board's efforts to undertake board development and to improve their governance documents during a time of extraordinary financial and operational stress are highly

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[20] http://sbc.edu/president/wp-content/uploads/sites/8/bylaws-of-sweet-briar-institute-4-23-16.pdf.

[21] *Consequential Boards: Adding Value Where It Matters Most,* Association of Governing Boards of Universities and Colleges (2014), p. 18.

[22] Commonwealth of Virginia's Memorandum in Support of Motion for Temporary Injunction, pp. 6-9, Commonwealth of Virginia, *ex rel.* Boyer v. Sweet Briar Institute, *et al.*, Amherst Circuit Court, Case No. CL15 15009373.

[23] Shared governance, as it has evolved, is not without its critics. Some, including AGB's National Commission on College and University Board Governance, have argued for its modification. *See, e.g., Consequential Boards: Adding Value Where It Matters Most,* Association of Governing Boards of Universities and Colleges (2014), pp. 11-12.

[24] https://nonprofitquarterly.org/2016/05/31/codifying-governance-lessons-learned-the-hard-way-sweet-briar-colleges-new-by-laws/.

[25] http://sbc.edu/president/wp-content/uploads/sites/8/sweet-briar-college-board-core-principles-and-strategic-goals.pdf.

[26] http://sbc.edu/president/wp-content/uploads/sites/8/sweet-briar-college-board-statement-of-commitment-and-responsibilities.pdf.

commendable. Those efforts will serve the institution, future directors, and the multitude of institutional stakeholders well. Its effort should be a model for every college in these challenging times.

4. Recruiting

In addition to making changes in the governance documents, the board needed lots of quick help to resuscitate an institution that had almost taken its last gasp. It is a board's routine duty to elect officers,[27] but the Sweet Briar board had an extraordinary situation on its hands. It was confronted with the need to simultaneously recruit students to provide the critical financial support and recruit key administrators to provide the critical administrative support necessary for the college to function.

Following the March 3 closure announcement, many students and staff members concluded that they needed to make alternative plans for the fall semester. While the litigation over closure started in late March, the outcome was anything but certain until a settlement was reached late on June 20, 2015. So from March 3 until June 20, most believed that the odds of Sweet Briar opening for the Fall 2015 semester were remote.

For all practical purposes, there was little the board or the limited staff could do to recruit a freshman class for the Fall 2015 semester. Time was simply too short, but still, 24 freshman completed the academic year.[28] However, by courting previously enrolled students, Sweet Briar was able to report on August 24, 2015 that the college had a total of 248 on-campus students and another 80 enrolled in a study abroad program.[29] At the same time, the president and other staff members began the process of recruiting the Fall 2016 first-year class soon after high schools started their fall semesters. Since Sweet Briar's revenue is largely dependent on tuition,[30] its ability to attract 328 students under the circumstances was an extremely important development as it attempted to regain its financial footing. Overseeing the effective recruitment of students was the most significant step the board could take since Sweet Briar desperately needed tuition revenue - both in FY16 and beyond - to survive.

Filling key administrative posts was another high priority after President Stone was hired on July 2. On August 4, President Stone reported to the campus that the President's Council had just been filled and held its first meeting on August 3.[31] Some of those positions were filled on a temporary basis to enable the institution to recruit individuals to serve on a permanent basis, but

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[27] Va. Code § 13.1-872.

[28] https://www.insidehighered.com/news/2016/05/05/sweet-briar-falls-short-initial-enrollment-target-leaders-remain-optimistic.

[29] http://sbc.edu/news/president-addresses-state-of-the-college/.

[30] *See* discussion in "5. Finances" below.

[31] http://sbc.edu/news/presidents-update-and-board-report/.

President Stone deserves great credit for filling the key administrative posts with such dispatch. Since July 2015, Mr. Stone has hired a new Vice President and General Counsel,[32] Vice President of Finance and Treasurer,[33] Marketing Director,[34] Human Resources Director,[35] Dean of Student Life,[36] and Vice President of Enrollment Management.[37] In addition, President Stone hired two Vice Presidents for Alumnae Relations and Development.[38] If Sweet Briar is to successfully navigate to calmer waters in the future, the individuals hired in the last year will have to develop a team approach to addressing the substantial financial and other challenges that lie ahead. With the installation of the various officers hired within the last year, the board now has other individuals engaged to share their fiduciary duties to Sweet Briar.

5. Finances

As with so many things in life, in the end, Sweet Briar's success or failure will come down to the money. In that respect, Sweet Briar is just like every other institution of higher education, and board members, president, and other officers are ultimately responsible for the institutional finances as a consequence of their fiduciary duty of care.[39] Tight-fisted management can keep expenses at the minimum level required to make payroll and to pay discretionary expenses and fixed costs, such as utility bills, maintenance expenses, and interest expenses.[40] However, for any college, including Sweet Briar, to stabilize its financial picture and prosper in the future, board members and officers must ensure that it is offering a service that students and their external benefactors are willing to pay to receive.

Based on the most recently available financial information, for the fiscal years ending on June 30 in 2013 and 2014, Sweet Briar had average revenues of $42.3 million.[41] Of that average revenue, 17.5% was attributable to contributions, 70% was attributable to "Program Service Revenues" (student fees and tuition), and 12.5% was attributable to investment and other income sources.[42] Since average expenses totaled $45,911,400, the average operating shortfall was $3,611,725[43] - a clearly unsustainable result. It was this result that led the prior board to conclude

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[32] http://sbc.edu/news/president-appoints-nancyellen-keane-vp-and-general-counsel/.
[33] http://sbc.edu/news/sweet-briar-names-vp-for-finance-and-treasurer/.
[34] http://sbc.edu/news/sweet-briar-announces-new-director-of-media-marketing-and-communications/.
[35] http://sbc.edu/news/sweet-briar-names-new-human-resources-director/.
[36] http://sbc.edu/news/sweet-briar-announces-new-dean-of-student-life/.
[37] http://sbc.edu/news/sweet-briar-college-names-permanent-vp-of-enrollment-management/.
[38] http://sbc.edu/news/new-vp-for-alumnae-relations-and-development-announced/; http://sbc.edu/news/sweet-briar-names-vp-for-alumnae-relations-and-development/.
[39] *AGB Board of Directors' Statement on the Fiduciary Duties of Governing Board Members*, Association of Governing Boards of Universities and Colleges (2015), p. 4.
[40] As noted below, Sweet Briar's new board adopted a budget for FY16 that reflects a 34.8% reduction in expenses over the average expenses incurred in FY13 and FY14.
[41] Form 990 for Fiscal Year ending June 30, 2014.
[42] *Id.*
[43] *Id.*

that Sweet Briar was not offering a service that current prospective students and their parents were willing to buy in sufficient quantities to keep the institution financially viable. Based on that conclusion, the prior board voted to close.

However, the new board and administrative leadership reached a different conclusion. On November 1, 2015, the board adopted a FY16 budget reflecting $31.8 million in revenue and $29.5 million in expenses.[44] These amounts reflect a 24.8% reduction in the actual average annual revenues reflected in the 2014 Form 990, and a 35.8% reduction in the actual average annual expenses. One can only say that the new board took a dramatically different financial approach than that taken by the prior board. In due time, financial data will be available to determine whether the downsizing was effective.

At the time of this writing, definitive financial results for FY16 are not yet known, but Sweet Briar has announced that it "came in $2 million under budget in FY2016" and that it raised $10.25 million prior to the end of FY16.[45] It remains unknown whether the budgeted revenue amounts were achieved, but since the budget was not adopted until November 1, it is fair to expect that revenue projections included accurate headcounts and discount rates. However, the key to Sweet Briar's future is whether revenue projections for FY17-FY20 can be achieved. Those projections will be a function of a number of assumptions, including most notably headcounts, discount rates, retention rates, and contribution levels in each of the four fiscal years. Board members must regularly monitor those assumptions and operational results to assess whether any mid-course corrections are in order or if the plan is working as anticipated.

6. The Revenue Challenges Ahead

As the foregoing financial analysis reflects, the accuracy of the revenue projections will determine Sweet Briar's fate. A look that the key factors in those projections reveals the magnitude of the task that lies ahead.

a. Enrollment Projections

Sweet Briar has expressed a goal of having 800 resident students in the next several years.[46] For purposes of illustrating the magnitude of that goal, one might identify the fall semester of 2019 as the target date - five years after the goal was stated. The Fall 2016 class will be seniors in the Fall of 2019, and as of July 11, 2016, that class is projected to total 175.[47] Thus, recruiters will need to enroll an average of 208 students each of the next three years to attain an enrollment of 800 students

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[44] http://sbc.edu/news/board-report-for-oct-29-nov-1-meeting/.

[45] http://sbc.edu/news/sweet-briar-college-raises-more-than-10-million-and-celebrates-successful-recruiting-year-12-months-after-near-closure/.

[46] http://sbc.edu/news/president-addresses-state-of-the-college/.

[47] http://sbc.edu/news/sweet-briar-college-raises-more-than-10-million-and-celebrates-successful-recruiting-year-12-months-after-near-closure/.

by Fall 2019, assuming no attrition. Factoring in a 75% retention rate, Sweet Briar will probably need to enroll an average of about 280 students each fall for the next three years to attain an enrollment of 800 students by the fall of 2019.[48] Those numbers reflect a major jump from the currently projected 175 students. However, even more troubling is that those enrollment projections reflect a stark departure from recent enrollment history at Sweet Briar.

In an affidavit submitted as a part of the closure litigation, Steven Nape, the former Dean of Enrollment at Sweet Briar, told of recent recruiting trends at Sweet Briar.[49] Mr. Nape stated that the Fall 2013 first-year student enrollment was 197, a number that represented a 12% increase over Fall 2012 first-year student enrollment.[50] The Fall 2013 enrollment represented the third highest among first-year classes since at least 1994.[51] Mr. Nape went on to say that Sweet Briar had enrolled 202 first-year students in 2007 and 198 first-year students in 2008.[52] Mr. Nape stated that it was his understanding that the 2007, 2008, and 2013 classes were "the three largest first-year classes since at least 1994, and possibly in [c]ollege history."[53]

Thus, if the three largest first-year classes in the last 22 years were 202, 198, and 197 students, one must question the likelihood that Sweet Briar can consistently enroll the 280 students needed to attain the 800-student enrollment target. Consequently, a horizon of more than five years will most likely be needed to achieve the goal for the first time, but the longer Sweet Briar takes to get to the optimum enrollment level, the longer it will be required to rely on contributions and other revenue sources to sustain operations. Regardless of when Sweet Briar achieves the 800 student enrollment level, it will be required to attract classes approximately 40% larger than the three largest classes in recently history.

Moreover, while headcount numbers are important, they must be considered in the context of the discount rates used in the revenue projections. Those projected discount rates have not been disclosed in the budget data released by the college, but they are critically important in any analysis of Sweet Briar's future. Having students is important, but if they only pay 1% of the stated tuition cost, a business model based on a 50% discount rate would almost certainly be unsustainable. So, using the example above, the key issue for Sweet Briar is not whether it can enroll 280 students each fall but whether it can enroll 280 students who themselves or whose parents or other external benefactors can bring sufficient resources to enable Sweet Briar to attain its projected tuition revenue based on whatever discount rate may be factored into those projections. Thus, responsible

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[48] According to publicly available data, Sweet Briar's retention rate from first to second year in 2014 was 75%. https://nces.ed.gov/ipeds/ datacenter/InstitutionProfile.aspx?unitId=adaeaeb2acb3.

[49] Declaration of Steven W. Nape, Exhibit F, Commonwealth of Virginia's Memorandum in Support of Motion for Temporary Injunction, Commonwealth of Virginia, *ex rel.* Boyer v. Sweet Briar Institute, *et al.*, Amherst Circuit Court, Case No. CL15 15009373.

[50] *Id.* at p. 1.

[51] *Id.*

[52] *Id.*

[53] *Id.*

board members at Sweet Briar and elsewhere must scrutinize the underlying discount rates whenever enrollment numbers are discussed in connection with revenue projections.

b. Maintaining Alumnae Contributions

Any institution of higher education in the country would consider itself blessed to have its alumni as engaged as Sweet Briar's alumnae have been since March 3, 2015. Their commitment to their alma mater is a reflection of how much they value their Sweet Briar experience. However, there are limits to how long any alumni group can be reasonably expected to make sacrificial commitments to their alma mater.

Late in 2015, Sweet Briar initiated a fundraising initiative called "Next is Now" in order to raise $30 million during FY16.[54] Sweet Briar documents and other online information reflect that the $30 million goal morphed during the early part of 2016.[55] Although the significant sum of $10.25 million was raised prior to the conclusion of FY16, the original goal of $30 million was not achieved. Whether that reflects a substantial miscalculation of the donor base's capacity or the onset of a case of donor fatigue is a matter that can only be accurately assessed in the future. As of the moment, the alumnae have given substantial sums to support both the re-opening of the institution in 2015 and the "Next is Now" campaign in 2016. Whether donor fatigue will begin to sap the strength of the contribution stream or whether the remarkable level of alumnae support will continue is a question that can only be answered with the passage of time.

Finally, financial projections for Sweet Briar are not readily accessible via the Internet. Thus, it is unknown to what extent, if any, Sweet Briar is relying on unrestricted contributions to balance its budget in FY17 and beyond. Once that information is known, it should be compared to contribution history in years prior to 2015 in order to assess the reasonableness of the contribution projections on which the overall financial projections are based.[56]

7. Conclusion

Board members at other colleges can learn much about how to effectively discharge their

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[54] http://oldweb.sbc.edu/alumdev/next-now, "Next is Now" online brochure, p. 4.

[55] In addition to the online brochure cited in note 54, the December 2015 edition of "The Briar Wire", the newsletter of Sweet Briar's Office of Alumnae Relations and Development, stated, "When you receive the case for support, you will see that we have an ambitious goal of raising $30 million by June 30, 2016." http://oldweb.sbc.edu/sites/default/files/Alumnae/SBC%20AA%20Newsletter%20December%202015.pdf. However, near the end of FY16, President Stone and Board Chair Tomlinson described the goal as being $10 million in FY16. *See,* videos entitled "Special Appeal from President Stone" and "A Message from Chairwoman Teresa Pike Tomlinson '87" at http://sbc.edu/videos/next-is-now-updates/. A July 1, 2016 news release from the college reflects that the FY16 goal was to raise $10 million as a part of a broader two-year goal of raising $30 million. http://sbc.edu/news/college-surpasses-10-million-fundraising-goal-by-june-30/.

[56] Years prior to 2015 will reflect more traditional giving patterns, unlike 2015 and 2016 which include contributions which can only be considered as extraordinary in light of the threatened closure and the subsequent re-opening of Sweet Briar.

fiduciary duties from what is now known of Sweet Briar's history since March 3, 2015. Among those lessons are:

- ❑ Succinctly clarify your mission, your guiding principles, and your strategic goals.
- ❑ Put your expectations for board members in writing.
- ❑ Recruit students vigorously every day.
- ❑ Recruit talented administrators to develop a team that can implement the institution's mission.
- ❑ Base financial projections on reasonable headcount goals.
- ❑ Utilize reasonable retention and discount rates to make sure your institution's headcount goals will provide the revenue required for institutional success.
- ❑ Be wary of donor fatigue as it may undermine financial projections.
- ❑ However difficult times may be, engage in board development activities.
- ❑ Reach out to all affected stakeholders on both formal and informal bases to make sure their interests are reflected in board actions.
- ❑ Consider the adoption of bylaws amendments to formalize means by which stakeholders can be heard by the board.

For now, Sweet Briar continues, and, with luck, it will continue for decades to come. As it does, it will undoubtedly continue to provide the rest of higher education with insights that can make other institutions more effective as they seek to achieve their respective missions.