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Michael Hemesath

*College of Saint Benedict/Saint John's University, mhemesath@csbsju.edu*

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## That Sweet Briar College: Canary in the Higher Ed Coal Mine or Anomaly?



Photo: Sweet Briar College via Flickr

Sweet Briar College, a women's liberal arts college near Lynchburg, VA, recently surprised the **higher education world** and **shocked its own students** when it announced that it will close at the end of the 2014-15 academic year.

The college's board of directors voted unanimously Feb. 28 to shut down after a yearlong study of its future failed to find any viable paths forward. President James F. Jones said the study "led us to the unfortunate conclusion that there are two key realities that we could not change." Few students are choosing to attend rural schools where options for internships and work experiences are limited, and even fewer want to attend a women's college, he said. "The liberal

arts college sector is embattled now on so many different fronts," Jones said in an interview.

Needless to say, this news has generated significant buzz in higher education circles and beyond. Numerous Saint John's alumni who follow higher education casually sent me links to this story. The story has many interesting angles but has generated such attention primarily because Sweet Briar is a well-known, national liberal arts college (#116 in the most recent **US News rankings**). Some observers have suggested that Sweet Briar's announcement is a sign of the overall weakness in higher education in general and among liberal arts colleges in particular. Others believe that the situation at SBC is unique and not necessarily indicative of the future for other institutions.

Some general observations:

1. **Full information.** Without seeing a detailed balance sheet or having specific data on costs, applications or enrollment, it is hard to know exactly what the situation is at Sweet Briar. The board and president cited "financial challenges," but much of higher education is facing those, so the question is, "What is unique about SBC?" There is likely more to the story than is currently known.
2. **Financial situation.** One thing is clear: this is not the usual case of a school literally running out of money and having to close its doors because it could not pay the bills. SBC has an endowment of \$85M and an undergraduate enrollment of 561. On a per student basis, that would make SBC the third richest school in Minnesota, behind Carleton and Macalester. The school could stay open for another two years without collecting a dime in tuition revenue. It has a 3,250 acre campus, including a 130-acre equestrian center with a large indoor arena and 18 miles of trails. The college

also has a fine arts center with a 700-seat auditorium and is affiliated with the adjacent Virginia Center for the Creative Arts. This does not describe a school in financial distress.

3. **External support.** It also appears that SBC has significant external support from alumnae and friends. A **recent capital campaign** raised \$111m, and this from a school whose largest enrollment in the past two decades was less than 700, so they have an alumnae base of approximately 6-7000. For comparison purposes, the largest capital campaign for a liberal arts college in MN was the recent \$300m campaign at Carleton, a school of approximately 2000. The SBC campaign was at least as successful as the Carleton campaign. Saint John's is currently in a campaign in which the college of arts and sciences is raising \$115m with an alumni body of about 25,000. (Please, give me some of those SBC alumnae!)
4. **Enrollment.** So if the issue was not financial, at least in the short run, what led to this decision? The obvious culprit was enrollment, which has dropped by 10% in the last five years, a significant, but not devastating decrease. Related was the rise in the average discount rate from about 40% to nearly 60% in those five years. The trend was obviously worrying, but many liberal arts colleges that are not highly selective give merit aid that brings the discount rate to above 50%. At Saint John's University our average discount is in the mid-50s.
5. **Rural location.** The interim president of SBC, James F. Jones Jr. who was president at Trinity College in Hartford (CT) prior to coming to SBC last summer, cited several factors that made SBC's future prospects sufficiently weak so as to merit closing. First was its rural location. Jones was quoted as saying, "We are 30 minutes from a Starbucks." (Spoken by someone who has perhaps spent too many years in the densely populated northeast.) Depending on how one measures rural, 10-12 of the top 25 liberal arts colleges in the country are likely Starbucks challenged and too far from metro areas to provide many school year internships, yet they seem to survive just fine with summer internship options. Difficult as it may be for a hardcore urbanite to believe, some students even find rural settings attractive for their environmental quality and safety.
6. **The liberal arts.** As quoted above, Jones believes the "liberal arts college sector is embattled." Again the empirical support for that statement is mixed at best. There is lots of handwringing about how a liberal arts education does not provide enough vocational emphasis, but in the past decade enrollment at liberal arts institutions has risen slightly faster than at all four year institutions. In Minnesota, the enrollment at the eight liberal arts colleges has been steady at 18, 000 for the past five years. SBC is in a competitive market, not unlike the Midwest, but it is not clear their enrollment challenges are part of a broader move away from the liberal arts.
7. **Single sex.** Jones also notes that being a college for women has hurt SBC. The number of women's colleges has been dropping for some time, but without further evidence (which SBC may have) it is hard to know if this is a key factor in their enrollment challenges. A number of good women's colleges like Wellesley, Smith, Mt. Holyoke and our partner, the College of Saint Benedict, continue to thrive.
8. **Scale.** There is another factor that is mentioned only briefly in some of the articles, but one I suspect is at least as important as the challenges President Jones cites: size. The undergraduate enrollment this academic year at SBC is 561, spokeswoman Christy Jackson said. The college anticipates 122 undergraduates will receive degrees with the final Class of 2015. She said the highest undergraduate enrollment in the past two decades was 647 in 2008-09. As a very people intensive business, there are not a lot of economies of scale to be had in a small liberal arts college. If classes are to remain small, faculty numbers and enrollment are going to be highly correlated. SBC has an enviable student faculty ratio of 8/1. But it is also true that the typical small liberal arts college has about 2000 students, suggesting that there may be a minimum efficient scale for such institutions. You need a power plant, a building and ground staff, a library facility and a registrar, for example, regardless of your size. Even on the faculty side, there may be some economics of scale if an institution hopes to cover most traditional liberal arts disciplines. To offer Classics, at least one professor is typically necessary but a student body of 600 will lead to smaller Classics classes than one of 2000. The long run financial challenge for SBC might simply be that a modest drop in enrollment caused it to become too small to operate efficiently and the prospects of increasing enrollment were too daunting to surmount.

Reactions of observers in higher education were mixed:

*Catharine Bond Hill, president of Vassar College and an economist who studies higher education, said that she was disappointed by Sweet Briar's decision. "We need to be educating more students in America at the college level, not fewer, so it is so unfortunate that Sweet Briar is closing its doors. The economics are challenging, but I wish they could have figured out a way to make them work."*

*Richard Kneedler, who has been a college president at Franklin and Marshall and a consultant, said he expected that the Sweet Briar board would face a lot of scrutiny. Kneedler said he didn't know the details of what Sweet Briar had tried, and that he assumed many alternatives were considered. "But I look at the numbers there, and I find myself saying, 'Gee, aren't there any alternatives?'"*

On the other hand some viewed the board's decision as right and even ethical:

*Ronald Ehrenberg, director of the Cornell University Higher Education Research Institute said that Sweet Briar's 'scale of operation was too small' — such that he wasn't surprised the college couldn't find workable strategies. He praised the board there. "It seems like a very principled decision," he said. "If we can't maintain our fundamental mission, we should get out of the business. I think more small institutions, especially those in isolated areas, may feel similar pressures in the years ahead."*

This news also attracted attention well beyond higher education. Mark Cuban, the billionaire tech entrepreneur and owner of the Dallas Mavericks, offered his take on the meaning of SBC's closing: After Sweet Briar made its announcement, Cuban tweeted, "This is just the beginning of the college implosion." Cuban said in [an interview with \*Business Insider\*](#), "As this little college saw, there will be other students that get their heart set on one college, and it won't be there when they graduate." There's a growing education bubble, with rising tuition and students taking out loans they might not be able to pay back, according to Cuban. "At some point," he added, "it's going to pop."

It is not clear what to conclude from these disparate observations. SBC certainly faced enrollment challenges yet it also had the financial wherewithal to weather even extreme shortfalls for at least a few more years. Given the reaction of various stakeholders, first and foremost current students, it seems that the SBC board pulled the trigger rather quickly. The board and president have responsibilities to a variety of constituents beyond the students. Alumnae, parents, faculty, staff and donors all had an important stake in this important decision, and it is not clear to what extent they were involved in the process.

I would be surprised if we have seen the last of Sweet Briar College as [alumnae and other stakeholders](#) may seek a way to step in and [give it another try](#). In the heterogeneous world of higher education with 2000+ four-year institutions, there may yet be a place for a small, rural, single sex, liberal arts college that simply needs to find about 200 or so interested young women.

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By [Michael Hemesath](#) | March 16th, 2015 | Categories: [Economics](#), [Higher Education](#) | [0 Comments](#)

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## About the Author: **Michael**

### **Hemesath**

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Michael Hemesath is the 13th president of Saint John's University. A 1981 SJU graduate, Hemesath is the first layperson appointed to a full presidential term at SJU. You can find him on Twitter [at] [PrezHemesath](#).