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# CURRENTS

COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION

## Clear Purpose

Content strategy  
on the rise

Student-athletes  
on social media

Private dollars,  
public benefit





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**The current financial crisis** in higher education is driving more public institutions to look at alternative ways to generate support. Many are leveraging longstanding relationships with private corporations, seeking ways to expand their involvement. Supporters who once simply made philanthropic contributions are becoming strategically involved through public-private partnerships, or P3s, that benefit both the public institutions and the private entities.

“The complex issues that now confront communities cannot be handled by traditional philanthropy that invests in one or more large organizations and expects them to handle multidimensional problems,” says Betheny Reid, associate vice chancellor for development at Dallas County Community College District and president of the DCCCD Foundation. P3s “provide a vehicle for sustainable collaborations that otherwise would not exist, allowing the partners involved to work within their strengths versus attempting to do everything,” Reid adds.

Such partnerships bring great value to local communities, especially as state and federal funds dwindle, because there is less duplication of effort and more collaboration. “For business, that same efficiency and effectiveness provides a greater return on investment in the arts, the social sectors, and in education,” Reid says. “For the colleges, such partnerships allow them to focus on their critical mission—education—while leveraging their strengths as nonprofits and the enlightened self-interest of businesses as well.”

While P3s are not new to higher education, there are many more these days, says Noah Brown, president of the Association of Community College Trustees. A number of public colleges now offer student housing developed by private companies, including Arizona State University; the University of California, Irvine; Oregon’s Portland State University; the University of Kentucky; New Jersey’s Montclair State University; and the U.K.’s University of Hertfordshire. The growth in higher education P3s is “largely driven by budgetary pressures,” Brown says. “Colleges are realizing we have to be more entrepreneurial about how we find resources.”

P3s represent “a new paradigm of philanthropy,” says DeRionne Pollard, president of Montgomery College in Maryland. “They are the new currency for the future.”

### **P3s TAKING SHAPE**

In higher education, P3s usually take one of two forms, according to Pollard. One type is a practical exchange of goods or services in which colleges benefit from the tangible results of a private partner’s investment, such as Montgomery College’s partnership with the Marriott Foundation, which provides ongoing funding for the Marriott Hospitality Center on campus as well as instructional supplies, scholarships, and equipment for an updated kitchen where students learn the ropes of food and business management. In the other, more abstract model, a partner organization

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# Shared Interests

By NANCY MANN JACKSON

Public funding challenges increase appeal of for-profit partners

lends its talent or expertise to benefit the students. As part of Accenture's Skills to Succeed initiative at Montgomery College, Accenture executives serve as guest speakers and facilitators in the classroom to help students build basic professional skills needed to get a job or start a business. With these partnerships, private businesses contribute to a better community. "Either way, it's a win-win," Pollard says.

Some of the most common P3s involve real estate development. Such a deal allowed California State University San Marcos to gain new housing units for 200 students, all built at the developer's expense, says President Karen Haynes. A real estate developer who owned property near the campus approached university leaders about partnering to build and operate student housing. The same developer will open more housing for 300 additional students later this year. The university manages the property as part of its student housing program and receives a profit share. The developer benefits from hundreds of college students shopping and eating at the connected retail development and earns revenue from the student rental units.

A similar project at the University of Hertfordshire involves a partnership that will result in 3,000 student residences. The university owns the land and will grant a leasehold interest to the developer in return for a capital receipt, says Andrew May, the university's director of estates, hospitality, and contract services. The private partner will build, operate, and maintain the dorm to specific standards. In return, the developer will receive student rental income for the duration of the 50-year contract; both partners will share profits equally. At the end of the contract, the real estate assets will revert to the university for a nominal sum.

**TRAINING DAYS**

In addition to real estate partnerships, institutions are utilizing P3s to finance development of new schools or programs that meet a specific community need. For instance, DCCCD partnered with

major hospital CEOs, the Dallas-Fort Worth Hospital Council, and health care-related employers to establish its Health Careers Resource Center to help students overcome the obstacles they faced in finding success in health care careers.

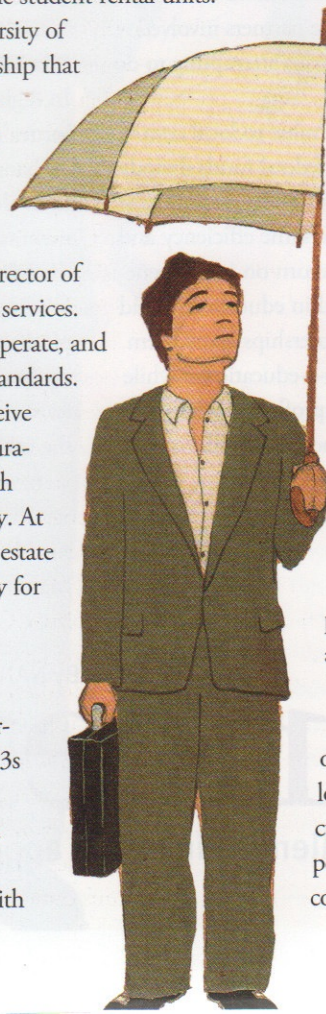
"This unique center was created to remove barriers and streamline access [to quality health care] and ... accelerate the completion and employment of DCCCD health professions graduates," Reid says. "It's a one-stop shop for students to get all they need to be successful."

The center offers services such as academic advising, career assessment, career research, employer networking opportunities, and job placement. The health care industry supports the innovation through major gifts and sees a return on its investment by having the opportunity to hire graduates who are industry-ready before they enter the job market. "In a more traditional approach, these partners would have been asked to support student scholarships at multiple campuses and would not have had the impact of a region-wide

systemic solution that has changed the relationship between the industry and the colleges of the DCCCD," Reid says.

Similarly, CSU San Marcos partnered with Palomar Health and several local health care companies to launch its school of nursing in 2006. In addition to providing \$150,000 to help develop curriculum, the health system provided lease-free space renovated to CSU's specifications at a cost of \$2.5 million. In return, the school supplies well-trained nurses to work for its partners. "We deliver 120 [trained nurses with bachelor's degrees] per year, and we could not have started this program without the partnership," Haynes says.

On a smaller scale, an increasing number of companies are partnering with colleges to provide workforce training, rather than entire academic programs, to meet business needs and boost institution enrollment. Along the U.S. Gulf Coast, Huntington Ingalls Industries and other shipbuilding companies partnered with local community colleges to develop a standard curriculum to train shipfitters, a difficult-to-fill position. "We worked together to address a common dilemma: skill and worker shortages



in shipfitting,” says Mark Scott, integration manager for workforce education at HII.

Working with HII and other corporate partners, Mississippi Gulf Coast Community College and the Alabama Technology Network of the Alabama Community College System developed the curriculum into an intensive 10-week Shipfitter Boot Camp that trains participants on critical entry-level skill sets. Each time the boot camp has been offered, every graduate has received at least one job offer upon completion.

Since its founding in 2007, the College of Western Idaho has made P3s an important part of its funding mix. For instance, CWI offers Micron Technology employees classes and programs at the company’s corporate campus. Agricultural equipment maker AGCO Corporation opened a regional training center at CWI’s Boise Diesel Technology Building. The company brings technicians from around the region to train on heavy-duty equipment, and students in the college’s diesel technology program also have access to the equipment as they work toward professional technical degrees.

#### THE PAYOFF

Partnering with private entities helps colleges overcome funding shortages, but there are other benefits as well. Working directly with local employers to develop educational programs “contributes to program relevancy,” says HII’s Scott. And as high numbers of graduates find jobs, more students are interested in attending the programs.

Additionally, such partnerships allow educational institutions to stay plugged in to the local community. “As a public community college, we are dedicated to being educational resources in the communities we serve,” says CWI President Bert Glandon. “The only way to serve well and to stay viable in the community is to maintain relationships with the corporations in the community.”

In the past, most community colleges relied on the state, local property taxes, and tuition to each supply one-third of the institution’s funding, Glandon says. Now, with less state backing, local support is critical. Winning local funding requires colleges to show their relevance to the community by remaining involved in local affairs and adjusting programs as needed, Glandon says.

At CWI, P3s allow students to connect directly

with local companies that are likely to eventually employ them. “These businesses provide industry knowledge through teaching and guest speaking, equipment, and financial support for our programs,” Glandon says. “And when businesses value the partnerships with our college, they become our greatest advocates [by] influencing philanthropic efforts, and our legislators and taxpayers see the value and direct impact of investment made in [the institution].”

For their part, businesses that collaborate with colleges gain by building a stronger workforce and giving back to the communities in which they operate. In real estate partnerships, private companies build real profits while supporting education. In other P3 deals, private partners benefit in different ways.

The Gulf States Shipbuilders Consortium is able to do more than fill long-vacant positions as a result of its boot camp program. “For the private sector, the partnership reduces training costs and helps to ensure that new hires have the foundation skills necessary to be successful,” Scott says.

#### POSITIONED FOR SUCCESS

Private partners can offer colleges numerous benefits, but developing those partnerships often takes deliberate planning. The strategy at some institutions is to simply focus on nurturing relationships that could eventually develop into P3s.

When the University of Hertfordshire needed more student housing than it could afford to finance, “we went to the market to seek a long-term partner and advertised through the *Official Journal of the European Union*,” May says. “We went through a three-month dialogue process with three bidders before finally selecting a preferred partner.”

At CSU San Marcos, a track record of successful P3s has prompted potential partners to seek out the university. The California HealthCare Foundation recently chose CSU San Marcos as its partner to develop an Institute for Palliative Care. “A board member came to me and said, ‘You have shown that you and your campus know how to do things in partnership, so we want to partner with you on this,’” Haynes says.

City government leaders from two nearby municipalities also approached CSU San Marcos, this time with a request to launch a satellite campus to serve their communities, Haynes says. The result is a thriving off-campus center in lease-free space provided by

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the local school district and renovated by the cities of Temecula and Murrieta. That center allows the university to serve an additional 400 degree-seeking students and enables the partnering cities to attract more businesses and retain young professionals within their borders.

Institutions that focus on maintaining relationships with local companies may see a payoff in those connections turning into future partnerships. CWI maintains ties with local businesses through the Technical Advisory Committees it hosts for each of its 30 technical professional programs. Those committees include 350 members from local businesses who help ensure the college is teaching industry standards. Administrators and faculty are also involved in the local chamber of commerce and, through a CWI speakers' bureau, frequently present to groups around the community. "As a brand-new college, it has been very important for us to be knee-deep in the community and working with them," Glandon says. "We need to understand what they need from us in order to better serve them."

Such strong community ties uniquely position colleges like CWI for participating in P3s, says ACCT's Brown. "Community colleges have lots of good relationships with employers, business, and industry, and they are a ripe environment for forging public-private partnerships," he says. "Many of their current relationships are with organizations that would like to support the colleges' work by providing resources to help avoid driving up tuition."

## FACING CHALLENGES

While P3s offer great benefits for both educational institutions and private partners, every deal comes with challenges. "Even if we share a common goal, each partner has its own self-interest to protect," Haynes says. "Sometimes those take a while to move through. Everyone wants to get an equal outcome, and so there may be some difficulties and lots of negotiation."

For example, when CSU San Marcos was working with the cities of Temecula and Murrieta, Haynes says city leaders at first "wanted to [establish] the 24th state university" rather than a satellite campus. Haynes had to convince them that her institution could fulfill the communities' higher education needs quicker and more cost effectively than launching an entirely new university.

When undertaking a new partnership, Haynes always appoints a primary project leader from the university. "If two or three people think they have the lead, the [private] partner can play them against each other," she says. "Things can get dicey if you're not controlling your own messaging."

Moreover, make clear from the beginning of a partnership anything that is non-negotiable, Haynes says. In Temecula, for instance, the university drew the line at paying for land or construction. With the nursing school, CSU said it could not be located on campus because of space limitations. "Hold your non-negotiables firm, and then go around the edges," she adds. "We look at the things that are more malleable that we can re-examine and come up with a solution."

## in short

**A PRIMER ON P3s.** The first public-private partnership, or P3, dates back to 1654 when the General Court of Massachusetts authorized the construction of a bridge with the costs and risks borne completely by the private developer. Only recently, though, have these partnerships generated broader acceptance among policymakers, according to "Ready for Takeoff," an *American City & County* magazine article by Rick Norment, executive director of the National Council for Public-Private Partnerships. At the time of the article's January 2012 publication, the number of states that had enacted a legislative framework for P3s had increased 50 percent in three years. Read the article at [bit.ly/Ready\\_for\\_Takeoff](http://bit.ly/Ready_for_Takeoff) for tips on developing P3 deals.

**PARTNERS IN PHILANTHROPY.** In 1998 the Dallas County Community College District Foundation launched a campaign to raise \$30 million for a scholarship endowment, even though it hadn't raised that amount in collective gifts in the preceding 25 years. The imperative and support for the campaign came from business leaders who were concerned about the effect the rising high school dropout rate would have on the quality of the local workforce. "Community colleges have the opportunity to take the unique relationships they have built with the private sector in workforce development and shift the partnership toward philanthropy," writes DCCCD Foundation President Betheny Reid in *Community College Advancement: Public-Private Partnerships*. The publication is available for purchase at [www.case.org](http://www.case.org).

Make sure your requirements are “underpinned by a solid business case,” says Hertfordshire’s May. “Have the business case and support for the project signed off at the highest level in the institution, and have a university champion [to] promote and lead the project. [Develop] your thinking about what you want before you take the project to the market, leaving flexibility for the partner to innovate.”

Despite the challenges, “I would absolutely do it all again,” Haynes says. “These partnerships have allowed us to do things we never would have done otherwise. Public-private partnerships are complex, and they just take patience and negotiation skills for people to move to a mutually beneficial agreement.”

#### ALTERING THE EDUCATION LANDSCAPE

As P3s become more common, they are beginning to change the shape of fundraising at colleges and universities. “Public-private partnerships will definitely change the way institutions are supported,” Haynes says. “It is the way we are beginning to think here. We believe the model has to look different than it has in the past, and we have to find entrepreneurial ways to do it. I believe P3s, combined with philanthropy, will be the way this institution will grow.”

In the U.K., billions of dollars have been invested in P3s for higher education. For instance, Jones Lang LaSalle, a leading brokerage and consultancy team in the higher education student housing sector, handles transactions for student housing totaling \$4.8 million to \$6.4 million each year. “As capital

funding constraints continue to be apparent, such partnerships will continue to flourish,” May says. “Vice chancellors, finance directors, and university governing bodies need to understand the benefits of such partnerships and how they can unlock future investments in university infrastructure plans.”

Development offices are particularly well-placed to promote these partnerships. “The development department is one of the few places in an organization that stays closely attuned to external relationships and to emerging trends or needs within its constituencies,” says Reid of DCCCCD. “With the skills that make fundraising work, [such as] identifying donor interest, appealing to [a donor’s] desire for impact, and developing vehicles to make goals reality, the development [office] has the tools to create and support the emergence and incubation of valuable P3s.”

P3s aren’t driving a privatization of public colleges and universities but rather are providing a way to ensure that public education remains accessible to the vast number of students who need it, Reid says. “Many of the solutions now needed are beyond the scope of a single entity, and finding creative arrangements holds the key to educational and societal change,” she says. “My experience has been that P3s come out of philanthropic relationships that already exist and are vibrant.” ■

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**COMMON CAUSE.** Just like the institutions they serve, alumni associations are looking for alternative sources of revenue. “That Entrepreneurial Spirit,” in the November/December 2012 issue of *CURRENTS*, covers the creative ways these associations generate support, including leveraging existing relationships with credit card and insurance companies that provide affinity products. Corporate sponsorship of specific alumni and student activities through the University of Toronto’s Pillar Sponsorship program is based on shared charitable interests. An insurance company, for example, sent building tools and materials as well as a representative on a UT alumni service trip to rural Kenya to construct schoolhouses. To learn more about this and other partnerships, go to [www.case.org](http://www.case.org) and search for the article’s title.

**HOW INNOVATIVE.** A number of public institutions in recent years have opened research or technology parks that enable academic research and industry to reside and collaborate together. Called innovation campuses, these public-private facilities aren’t all that inventive, at least when it comes to their monikers. They’re all titled [Fill in the name of the university or location] Innovation Campus. So reports *Inside Higher Ed*, which details the trend at [bit.ly/Innovation\\_Campuses](http://bit.ly/Innovation_Campuses). All ribbing aside, the publication notes that such partnerships are booming at public institutions in the Midwest and are an especially good strategy for land-grant institutions responsible for supporting their state’s agricultural and industrial efforts. The parks bring together the strengths of each entity—academic discovery and industry commercialization—for local benefit.