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# Our University: Ideas and Giving

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## Our University: Ideas and Giving

Geraldine Fabricant of The New York times reports in a November 15<sup>th</sup> story, “As *Donors Retrench, Challenges for Universities*”, that university fundraising efforts may be in for tough times. In 2009, donations fell by almost 12% nationally. Most unfortunate in these challenging times is that university fundraising efforts are under the budget as well.

The University of Texas only receives 16% of its total budget from the state, according to the Austin American Statesman, down from nearly 50% three decades ago. The balance comes from other sources. One significant source of funding is private giving: decreases in giving at the Ivy's are common this year – but, at the University of Texas, giving is up over 4%.

The vast majority of the giving comes from fewer and fewer people. At Yale 75% of the volume comes from .5% of Yale's donors. Typical. Tax increases for the wealthiest Americans will have a deleterious impact on giving. Should giving take a nosedive, university quality will follow close behind.

Equally troubling is that many shortsighted leaders see private giving as icing on the cake rather than the meat and potatoes it has become over the past forty years. Government funding can't compensate for this lost revenue stream, particularly in today's financial climate.

Politicians support higher education in response to the will of the people, the disenfranchisement of populations and the expectations of the middle class. All are legitimate concerns of government, all altruistic to be sure, and all powerful motivators for support, but none of this trifecta is specifically focused on excellence in education.

Givers demand quality. Without the benefit of tax incentives, or with increased taxation on personal wealth, support for education will continue to dwindle from all private sources, including the entrepreneurs who have traditionally done more than any other group to fund excellence in higher education.

It is the tradition of American philanthropy in higher education.

The forces that cause wealth in private control to migrate toward universities are many. Most obvious to even the casual observer is that people who have made fortunes appreciate the importance of knowledge in creating and rising to the ongoing challenges of a vibrant economy.

This was true at the turn of the last century when the Rockefellers and Morgans ruled the industrial world, and it is true now. The generation X'ers know how to generate wealth just like John D. and J.P. did. Get an idea; develop a market; and create and distribute wealth. While *The Social Network* is unsettling to someone like me for its apparent crassness, it illuminates with some drama how wealth is created and distributed in a free, competitive capitalist society.

And it is not for the faint at heart.

Mark Zuckerberg made a substantial gift (\$100 million) to the public schools in Newark. This is peanuts compared to what he could do for a university that encourages new, fresh, compelling ideas. Ideas generate wealth, and the people who generate ideas redistribute wealth in spite of the efforts of politicians. Domains like **Facebook** create a few bucks from each user over a relatively short period of time and it adds up quickly. To quote the late Senator Everett Dirksen, *"A billion here, a billion there, and pretty soon you're talking real money."*

Good universities will appeal to people who have created wealth if universities do what universities should: Develop minds that can create new ideas. The marketplace will direct philanthropic attention to those institutions best able to multiply their talents.

Big ideas, developed to improve the quality of life, drive wealth creation and support a university's true mission. This marriage of mavericks may be the genius of American higher education.