

Paul G. Rice

Just How Committed to Sweet Briar College has Paul Rice been these last eight years?

Board Member Profile

Spring 2015

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Mr. Paul G. Rice sold PEC Solutions to Nortel in 2005 for \$448M, and it later was renamed Avaya Government Solutions. During his time with Avaya Rice served as the President since May 2004 and its Chief Operating Officer from January 1996 to May 2004. From October 1985 to December 1995, Mr. Rice served as a Vice President of Nortel Government Solutions and then served as its Senior Vice President of Operations. Prior to Nortel Government Solutions, Mr. Rice served in various technical management positions at Computer Sciences Corporation from June 1975 to September 1985. Mr. Rice has been a Director of Nortel Government Solutions, Inc., since October 1985. Mr. Rice holds a BS in Electrical Engineering from the University of Virginia.



Sweet Briar College Chairman of the Board

Paul G. Rice has been a member of Sweet Briar's Board of Directors since 2007. He began his tenure as a trustee when daughter, Lindsay – who only spent two years at the college – began her senior year. He's been on the board ever since, and has served as its chairman since 2011.

So just how committed to Sweet Briar has Rice been these last eight years?

Ask this question in the context of what higher education experts view as the necessary engagement of a trustee, and one would have to say 'not very.'

Paul Rice as Sweet Briar Steward and Loyalist

A trustee's basic fiduciary duties include caring for and being loyal to the institution, according to leaders at the Association of Governing Boards of Universities and Colleges (AGB). Trustees are "accountable for ensuring that the institution will have the resources it needs 30 or 40 years from now," former Stanford University president Gerhard Casper tells the AGB.

"They must maintain not only the endowment, but also the physical plant, for instance," Casper says. "We've seen spectacular cases at prominent universities where the board never really considered the physical plant and instead kept the payout low and addressed the endowment only. Those were the wrong calls."

Sweet Briar is one such spectacular case. Under Rice's leadership, the board has allowed for \$28 million in deferred maintenance to pile up on campus. In fact, this deferred maintenance was blamed – along with bond debt and alleged diminishing enrollment – as a reason for the school having to shut its doors.

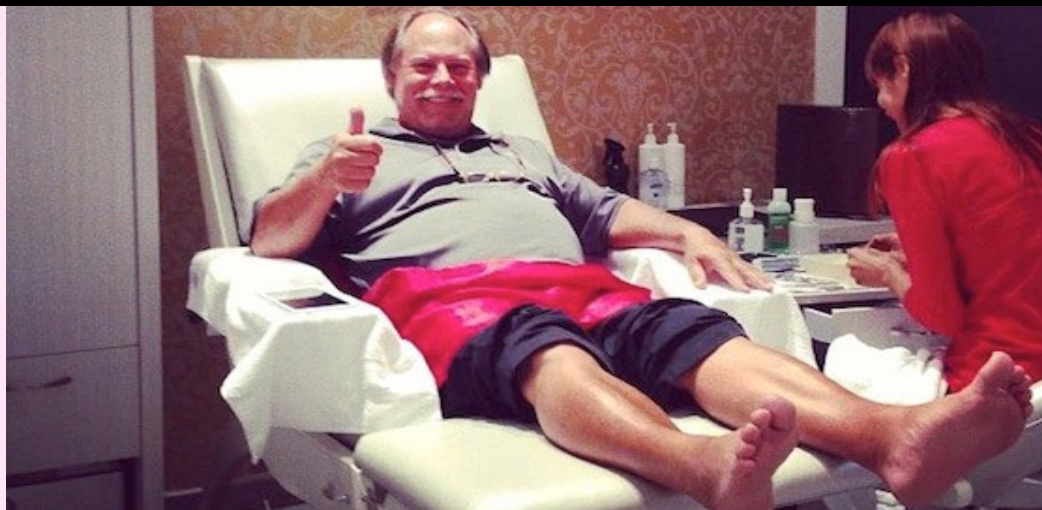
Deferring maintenance, system upgrades, or repairs until funding becomes available is a big problem on college campuses across the United States. In general, campuses are spending only 0.2 percent on average on ongoing maintenance, according to research conducted by Rick Biedenweg, president of Pacific Partners Consulting Group.

"My service on the Highland board stands out as one of the most gratifying and rewarding experiences of my life," Mr. Rice said. "It is rare to find a community that devotes the level of care and commitment that my fellow board members, the faculty and staff of the school, and the community as a whole demonstrate every day. What we have accomplished here over the last decade is unique and really only the start of a new period of excellence at Highland."

- Paul Rice June 2012.

PAUL RICE AS LEADER

"It's been one of the most fulfilling things that I've ever done. The opportunity to have an impact on the education of young women, to see the quality of our students and see what they do after they graduate is phenomenal" -Paul G. Rice July 2011



How much was Sweet Briar attending to its own deferred maintenance? Well, Babcock Auditorium – one of 30 buildings on campus – has received no major upgrades and little, if any real maintenance attention, since the student/public theater was built in 1960.

Geoffrey Kershner is the artistic director at Endstation Theater Company – a professional, community-based theater-in-residence at Sweet Briar since 2007. Kershner says Babcock has deteriorated significantly since Endstation came on board. He describes a failing air condition system; an aging electrical and lighting system that has interrupted several productions; theatrical rigging in need of safety upgrades, and handicap accessibility issues.

"If we have someone in the company in a wheelchair, they're out of luck," Kershner said. "We have had a very good relationship with the college. They've been really good to us, but it's frustrating to be told over and over there are no funds to help."

But funds did exist; they just weren't used to take care of the physical plant. Between 2001 and 2009, Sweet Briar joined the amenities arms race, in which institutions launched capital building projects designed to attract students to their campuses. Sweet Briar raised \$10 million and borrowed double that to pay for new construction, including a new student commons, an apartment complex, and a \$10 million gymnasium expansion. Almost none of these funds were put toward improving the college's physical plant.

Did Paul Rice, as chairman of the board, listen to the pleas of the theater company? It doesn't appear that he did.

Rice didn't respond to these pleas as a self-professed enthusiastic supporter of the arts, either. A past producer of the Tony Award-winning revival of "Hair," Rice is founder of Highland Arts Productions – a digital media design and film production company, and has chaired the board of American Children of

SCORE, an early music education and performing ensemble.

Rice discussed his commitment to the arts in a 2011 interview with Sweet Briar.

"Arts have been an interest all my life," he said. "If you want to touch people, a good arts experience is one of the ways to do that."

Said Endstation's Kershner, "It's strange to me that nothing has been done with the theater in years, because it has been the place where the public interfaced with the college; the thing people from the outside see," he says.

"Upgrades to the theater 10 or 20 years ago would have gone a long way in regards to public and internal perceptions of the institution."

Paul Rice as Leader

A trustee's duty of care means conducting cost-benefit analyses of major proposals, according to AGB leaders. This means making informed decisions based on reviewing information an institution provides, as well as making inquiries about how things are done elsewhere, Martin Michaelson, an expert on higher education fiduciary matters, told the AGB.

In 2009, Sweet Briar experienced record enrollment and retention. There were so many students on campus that new dormitory space had to be created. Yet Rice, in collaboration with then President Jo Ellen Parker, forced a change in the admissions and recruitment policy using data that has since been debunked by Sweet Briar Professor Dan Gottlieb as biased sampling.

The board, under Rice, also allowed the college to languish the past two years without a director of admissions, leading to plummeting enrollment.

Paul Rice as Donor

When asked, from a fiduciary behavior point of view, if there should be an expectation that trustees will donate a certain amount to the

college they oversee, Harvard professor emeritus Richard Chait says donors should give what they are able to afford.

"A workable standard some institutions apply is to seek assurance that the institution will be one of your top two or three philanthropic commitments," Chait told AGB.

For Paul Rice, Sweet Briar as a donation priority comes in a very distant third, behind the University of Virginia and The Highland School, the private high school his daughters attended, in Warrenton, VA.

Between 2004, when Rice's daughter Lindsay enrolled at Sweet Briar, and 2012, The Rice Family Foundation, of Warrenton, has donated \$6.1 million to UVA; \$3.9 million to The Highland School; and \$330,910 to Sweet Briar.

In November 2005, Paul and Gina Rice, through the Rice Family Foundation, presented UVA's School of Engineering and Applied Science with what was then the second-largest gift in the university's history (the first was \$100 million from Frank Batten Sr. in 2007). The donation served as the lead gift for the construction of the school's \$50 million information technology building, and the dollar amount earned him naming rights for the building. The Rice Hall Information Technology Engineering Building was completed in November 2011.

A Whole Lot of Wahoo Going On

As a major donor with personal associations tied closely to the University of Virginia, it should come as no surprise to learn of Rice's and other members of the Sweet Briar College Board of Directors professional associations with leaders entrenched at the University of Virginia.

Named the number 2 top public school in the nation with an endowment around \$4.6 billion, UVA has top donors who stand behind the Public University Working Group draft proposal that based on their opinion, "UVA has the opportunity to lead with a new model

for excellence in public higher education” and in some circles this means taking the public institution private.

Current UVA President Teresa Sullivan stated publicly she has no intention to make UVA a private institution, although the State of Virginia only accounts for 7 percent of it’s budget. According to Richard Vedder of the Center for College Affordability and Productivity, the proposal is clearly a “declaration of independence and claims “It’s the right thing at the right time at the right university.” Where else have we heard this?

In June 2012, the University of Virginia Board of Visitors through a “backchannel whisper campaign” orchestrated by Helen Dragas informed current UVA president Teresa Sullivan that the board have voted to give her two choices: be fired or quit.

One of the emails circulated during the coup attempt described the direction the board wanted to take. This email was from board member Peter Kiernan, one of the Barons of the Board recommended by Paul Tudor Jones. He boasted, “The decision of the Board of Visitors to move in another direction stems from their concern that the governance of the university was not sufficiently tuned to the dramatic changes we all face: funding, Internet, technology advances, the new economic model”.

Helen Dragas herself has been cited in the New York Times admitting, “We can’t afford to wait.” Higher education is one of the last sectors of the economy to undergo this kind of systemic restructuring.”

Based on outrage and protests staged by students, alumna and faculty, the Board of

Visitors, the politically appointed body overseeing the University reversed it’s decision. Sullivan remains in her position, as does Helen Dragas as the Board Chair. Dragas has told others “she feels her warnings of an existential crisis will be vindicated.”

Paul Rice The Cavalier

The Cavalier mascot represents those loyal to the English crown, and Paul Rice’s loyalty is no different.

Paul Rice is not a UVA trustee, nor was he tied in any way to the coup attempt in 2012. He is, however - as one of UVA’s top donors - a powerful man with pull. Paul Rice’s philanthropy at UVA pales in comparison to what he’s given to Sweet Briar College. The University of Virginia IS his alma mater; of course that’s his greatest allegiance and that makes sense. Put his giving and commitment to Sweet Briar in the context of its unraveling, however, and it’s clear his only legacy will be as the man who helped close it.

The biggest question swirling around Paul Rice is what is going to happen to Sweet Briar College, and what part will Paul Rice have in it’s future.

Rice leads Sweet Briar’s Working Group on Proposals, which is the ad hoc committee of the board. It operates under the restrictions of the board and is operating confidentially so that it may determine how to liquidate the college’s assets. As of April 29th, 2015 this “committee” has been put on hold as a judge granted an injunction prohibiting the sale of assets for 6 months.

During a recent meeting with Sweet Briar faculty, a member of the board’s executive committee had this to say: “If you are another college and you think the possibility of combining with Sweet Briar might actually be possible, it may be in your own best interest to let them go out of business because you don’t inherit all of their problems, you wait until the liabilities are down.”

Who will step into Sweet Briar is the \$300 million question.

Rice Family Foundation Charitable Contributions 2004-2012			
Year	Sweet Briar	UVA	Highland
2004	\$27,000	\$0	\$428,227
2005	\$25,000	\$1,000,000	\$121,749
2006	\$0	\$950,000	\$500,000
2007	\$0	\$950,000	\$520,000
2008	\$50,000	\$950,000	\$500,000
2009	\$50,000	\$950,000	\$540,647
2010	\$75,000	\$500,000	\$521,821
2011	\$50,000	\$450,000	\$260,000
2012	\$53,910	\$350,000	\$500,000
Total Contrib.	\$330,910	\$6,100,000	\$3,892,444



Meet A Cavalier Billionaire

“Recognizing that she had much to learn about Virginia’s idiosyncratic culture, Sullivan attended countless faculty meetings, forums and sporting events. She taught a sociology seminar. But like most modern university presidents, Sullivan spent much of her time begging for money. A tiny sliver of rich alumni contributed most of the school’s endowment, and UVA’s fund-raising staff maintained a list of 50 “targets” capable of giving at least \$10 million. Sullivan met 45 of them in person. The cultivation of such megadonors is a long — sometimes lifelong — process, and it requires more than flattery: for their money, the university’s benefactors wanted a say in its future.

One of Sullivan’s most promising targets was Paul Tudor Jones, a Virginia alumnus, billionaire hedge-fund manager and philanthropist. Though he had given away countless millions, Jones considered his brain to be his primary asset: he was fond of saying that “intellectual capital will always trump financial capital.” He had already given large sums to his alma mater, and he told Sullivan that he and his wife had an exciting new idea: endowing a center for yoga.

“I thought, Oh, man, people are going to be very cynical about this,” recalls Bob Sweeney, UVA’s fund-raising chief. So Sullivan convened a dinner at her home with professors of religion, medicine and other disciplines. “I said, ‘O.K., let us think about it a little bit,’ ” she said. “We began talking about, wait a minute, it’s not just yoga.” The group swiftly produced a proposal for a multidisciplinary Contemplative Sciences Center, which was vetted by Jones’s paid yoga consultant. In April, Sullivan announced the \$15 million gift, one of the largest of her tenure.”

-New York Times, Anatomy of a Campus Coup, September 11, 2012

Centers of Influence

- Paul G. Rice — Chairman of the Board, University of Virginia**
- James Jones — “Interim” President of Sweet Briar College, University of Virginia 1969 BA**
- Mark Herring — Attorney General Virginia, University of Virginia, 1983 BA, 1986 MA**
- Helen Dragas — UVA Board Chair, UVA**
- David Breneman — SBC Board Member, UVA Board of Directors, Education Sector**
- Paul Tudor Jones — UVA mega donor, Yoga Specialist, Robin Hood Foundation**