Case Study Hamilton College

Collaborating to Cut Costs

How one college works with others to save money and expand programs

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Officials at Hamilton College knew the institution could save money by covering employees’ health insurance on its own, rather than using a commercial insurer. But an abrupt move to so-called self-insurance was scary: What if several faculty and staff all suffered costly illnesses in that first year, saddling the new plan with huge expenses?

Enter the New York Six, a consortium of six liberal-arts colleges that Hamilton has been part of for nearly a decade. The consortium, which collaborates on both back-office spending and some academic offerings, established a group “captive” in 2014 so that the four member colleges that chose to participate would essentially share the consequences of abnormally expensive health-care cases. The agreement, which includes consortium members Colgate University, Hobart and William Smith Colleges, St. Lawrence University, and non-member LeMoyne College, in addition to Hamilton, reduces the volatility of medical expenses for employers who self-insure.
“That arrangement allowed us to become self-insured,” says Karen Leach, Hamilton’s chief financial officer. “It gave us the confidence to jump off the cliff.”

The change has been a profitable one. Leach says the college, based in Clinton, N.Y., has saved about $5 million over three years through the captive and self-insurance.

That collaboration is one of just several ways Hamilton has saved money by working closely with its New York Six partners. Hamilton has also achieved savings by collaborating on cybersecurity, foreign-language instruction, auditing, and office-supply purchasing. The group has even saved money by splitting a traveling photo exhibition four ways and displaying the photos in separate museums.

Efforts to share costs, combine services, or offer joint academic programs have become increasingly important at small private colleges. Many of them have been hit hard financially due to declining enrollment and a business model that is heavily reliant on students who can pay a high tuition. While collaboration may not solve all their problems, it can benefit the bottom line as colleges search for new sources of revenue.

In addition to the cost savings, Hamilton and its partners say they also have benefited by sharing best practices. Chief diversity officers, Title IX officers, and student-affairs leaders at the six institutions (the remaining two are Skidmore and Union colleges) all meet regularly to swap ideas.

At Hamilton, the savings from the collaborations are primarily being funneled into financial aid. In 2010, the college promised to admit first-year students without considering their finances, and then meet each student’s full demonstrated need. Hamilton is spending nearly $40 million on financial aid this year, up from $25 million when the new policy was announced.

A group of donors helped cover the initial costs of the switch, but increasingly the college must cover the escalating cost of financial aid by becoming more efficient in its operations — and the collaborations are helping.

“I was dubious about the New York Six at first, but now I’m a believer,” Leach says. “Little by little, if you keep working on it, every once in a while you get a victory.”

Unlike some consortiums focused on collaboration — such as the Colleges of the Fenway, six institutions that are all within about a mile of each other in Boston — the upstate New York institutions in the New York Six aren’t exactly next-door neighbors. It’s nearly a four-hour drive from Union College, near Albany, to St. Lawrence University, about 20 miles from the Canadian border.

The Andrew W. Mellon Foundation, an advocate of
collaboration in higher education, gave the six liberal-arts institutions a grant in 2009 to explore working together. Amy Cronin, a higher-education consultant, did the exploring, and when the college’s presidents became encouraged by the prospects, they brought her on as the consortium’s executive director — a title she still holds.

“These schools are in a relatively strong financial position and their enrollments are robust,” Cronin says. “But like all institutions, these small private liberal-arts colleges are under increasing scrutiny to justify the cost of education and to do everything they can to control those costs. So they’re very conscious of operating smarter and more efficiently.”

Last year, the six colleges banded together to purchase a block of internal auditing hours from JC Jones, a business-consulting firm in Rochester, N.Y. Leach says Hamilton is saving money through the collaboration, but she’s unsure how much.

A joint purchasing program with the office-supply firm W.B. Mason saves the schools an additional $420,000 per year — or about $70,000 for Hamilton. The colleges also have a joint purchasing program for computer equipment, and are exploring a collaborative effort for purchasing flooring and residence-hall furniture.

Hamilton is also becoming more creative in delivering services — and even instruction — without adding more employees.

Hamilton and most other members of the consortium have never had a full-time cybersecurity officer. But as data breaches become more common, the colleges realized that they could no longer ask an IT staff member to handle cybersecurity as a side job. However, none of them wanted to hire a full-time cybersecurity expert — a position that with salary and benefits might cost $150,000 per year or more.

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Instead, the New York Six colleges jointly hired GreyCastle Security, in Troy, N.Y., to provide round-the-clock cybersecurity monitoring, along with training.
and analysis. The shared contract for an “information security officer” costs Hamilton just $50,000 per year.

“They get full-time coverage for probably a third of the cost of a full-time person,” Cronin says.

The consortium also has academic arrangements. Hamilton and three partner colleges jointly ran a study-abroad program in India for about 20 years. (The program recently closed down due to staffing issues, but the colleges are looking to revive a shorter, three-week version of the program over the winter break.) The colleges, all members of the New York Six, preferred that students learn some Hindi — the most common language in India — prior to the trip, so that the students could travel independently and conduct an independent research project.

But none of the four institutions had a Hindi instructor, and creating a new tenure-track position in Hindi would require a significant long-term financial commitment, says Lisa Trivedi, a Hamilton history professor specializing in modern South Asia. “If you have tenured faculty, you need a couple of million dollars behind that,” Trivedi says.

Hiring adjunct instructors wasn’t a viable solution, either. “There are not a lot of people in Clinton, N.Y., who are Hindi speakers with the capacity to teach Hindi,” Cronin says.

The New York Six found a solution by working with Syracuse University to deliver the Hindi courses remotely to the four campuses. Students view the Syracuse instructor on computers and can interact in real time. The students, all of whom are less than three hours from Syracuse, also meet together once, along with the professor, at an Indian restaurant near the Syracuse campus.

Hamilton typically has a few students each semester who take the course. Haley Tietz, a junior at Hamilton, took the Hindi class in 2016 after a history course on India with Trivedi inspired a desire to travel to the country. The Hindi class met for an hour each night in the evening, and the professor was also available during office hours via Skype, Tietz says. “The Syracuse course was a nice balance between independent study and having support from an actual speaker of the language,” Tietz says.

She traveled to India through a Carleton College...
study-abroad program, and her familiarity with Hindi helped her complete an anthropology assignment that required her to interview people traveling to temples in Bodh Gaya on pilgrimage.

The Hindi arrangement with Syracuse, supported in part by a grant from the Mellon foundation, costs Hamilton just $8,000 over three years. The New York Six has also offered remote instruction in Arabic, Korean, Portuguese, and Swahili.

Hamilton and some of its New York Six partners have even figured out a way to save money when bringing art exhibits to their campuses. The cost for an exhibition known as “This Place,” which features the work of 12 acclaimed photographers and explores the complexity of Israel and the West Bank, is typically $80,000.

But New York Six members Hamilton, Colgate, and Skidmore — as well as a fourth partner, the University at Albany — are sharing that cost by splitting “This Place” into four separate exhibitions at museums on their campuses. A grant from the Teagle Foundation is covering about half the cost of the project, reducing Hamilton’s contribution to approximately $10,000. Additional funds from the Teagle grant helped Hamilton mount the exhibition.

The four campuses are providing small stipends to encourage faculty across disciplines to schedule field trips to the various exhibitions. The exhibitions at Colgate and Hamilton began in February and run through the end of the school year.

Colgate sent a busload of students to Hamilton when one of the featured photographers, Frédéric Brenner, spoke on the campus. And Rob Knight, a Hamilton photography professor, took a bus full of students to Colgate when another featured photographer, Rosalind Fox Solomon, spoke there.

“None of these institutions individually would have been able to bring an exhibition of this scale to their campus,” Knight says.

Leach says she and her counterparts at the New York Six will keep exploring creative ways to save money.

“We don’t have ideas every day,” she says. “But when we find things that work, we’re able to move money to places that will strategically benefit the college.”

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