



# Cornell College

---

## WHITE PAPER SERIES

President Jonathan Brand

September 2024

---

“With numerous institutions of limited financial means retracting toward a defensive position, we have an opportunity to move forward offensively.”

---

*This White Paper is the third in a three-part series on the importance and relevancy of higher education and the unique value of a Cornell education.*

### **Creating our Future: The Case for (Healthy) Change**

Let's start with a happy thought. As I noted in my last white paper, these days, we regularly read about schools that are downsizing, laying off employees, and cutting academic programs.<sup>1</sup> To put a finer point on our external environment, in a recent publication, we explained that: “Cornell College competes with many selective and highly regarded institutions for a shrinking pool of talented and ambitious students. All of higher education is facing significant, unprecedented challenges: declining enrollments, decreasing numbers of high school graduates, eroding public perceptions of the value of a college degree, an unsustainable business model that relies on high tuition and high discounting, and students and families who are experiencing greater financial strain than ever before due to the rising costs of delivering a high-quality education. Smaller institutions with limited endowments, which are more tuition-dependent, and those that rely on regional recruitment are among those most affected by these acute pressures.” There is nothing happy about any of this.

And, none of this is new; we have expected these results. In fact, quite predictably, these trends appear to be accelerating as the “demographic cliff” now takes hold and is expected to continue for, at least, the next 15 years.

In addition, colleges and universities are increasingly blamed for their own financial challenges because they are reputed to be unable to respond to this

---

<sup>1</sup> For example: [crnl.co/drake-cuts](http://crnl.co/drake-cuts) and [crnl.co/UNIBudget](http://crnl.co/UNIBudget)

---

external environment, lacking the agility and discipline in their decision-making—an inability to make quick decisions and to stop doing things that don't work.<sup>2</sup>

At Cornell, of course, we must remain aware of this pressing external environment. And, we need to act accordingly. **But, our environment does not need to define us.**

Thankfully, through the ups and downs of global events, the marketplace, and higher education, Cornell has been steady. We have experienced stable enrollment with incoming classes of around 340 students for the last four decades, all while many other schools have experienced ongoing enrollment declines<sup>3</sup>. And, our national recruiting footprint across the entire country (and globe) also provides an additional, important buffer against the declining and changing student demographics.

Further, unlike many other colleges and universities with significant debt (with some schools approaching the total value of their endowments), we have not over-leveraged ourselves with huge sums of debt. In fact, thanks to you, we were able to invest over \$100 million in our historic campus over the last decade—the renovation and expansion of the Thomas Commons, four renovated residence halls, construction of the Russell Science Center, renovation of West Science Hall and McLennan College Hall, and the renovation and expansion of the Richard and Norma Small Athletic and Wellness Center, as examples—without taking on ANY long-term debt that would have burdened our operating budget. YOU did that! And, we have extremely low long-term debt supported by our operating budget, which is an enormous financial plus for us. YOU made this possible!

At the same time, our results have come at a cost. At one level, faculty and staff have been both depleted due to an unsustainable and growing workload as well as preoccupied by higher education's (including Cornell's) less-than-certain future path. At another level, we have maintained strategic annual operating deficits (investments in the future of Cornell), but we know that no institution can run deficits for too long. These deficits also show that our tuition-dependent financial model will not sustain us, especially with declining high-school enrollments nationwide, skepticism over the value of a college education, and growing concern about student debt.

The college's financial strength must grow.

At the end of the day, though we are in a steady-to-strengthening position, nothing is certain. There is more for us to do, particularly because the external environment will get more challenging yet. We have the opportunity to move forward with purpose and vigor and to shape a future for Cornell that is brighter, more resilient, and more attuned to the needs of our students than ever before, even in spite of, in many cases, our external environment. With numerous institutions of limited financial means retracting toward a defensive position, we have an opportunity to move forward offensively. The choice we have is clear: to collaborate and proactively change now, or wait and react to the changes that will be forced upon us over the next few years. We have to do things differently—smarter and more efficiently—to lighten the heavy load on faculty and staff and to strengthen our finances.

---

2 See Brian Rosenberg's recent book: "Whatever It Is, I'm Against It": Resistance to Change in Higher Education" in which he discusses his views on "entrenched structures, practices, and cultures that inhibit meaningful postsecondary reform, even as institutions face serious challenges to their financial and educational models."

3 [cml.co/shrink-highered](http://cml.co/shrink-highered)

---

Fortunately, we have eliminated so many negatives over the last 25 years (such as inadequate and “tired” facilities), that we can now focus on the “important” as compared to the “urgent.” In principle, there is nothing so pressing that it should distract us from our long-term goals of achieving a stronger financial base.

In addition, Cornell faculty and staff have a proud history of successfully rallying together against external threats. Our adoption of One Course At A Time in 1978 represents one such moment in response to a financial crisis that threatened our very existence. And, our innovative and collective work during COVID-19 distinguished us from other institutions that emerged from the pandemic in dire straits.

The present once again calls for that collective roll-up-your-sleeves determination and courage. In order to improve employee well-being and achieve greater financial security, we must bravely examine everything we do and how we do it, and be prepared to change. We must not only balance the budget, we must also make significant progress in the quality of life and compensation of employees, leading to a stronger and happier shared culture of trust, innovation, and risk-taking. These outcomes will, in turn, strengthen the student experience, which will improve student recruitment and retention. It will also lead to a stronger endowment. Ultimately, it’s a virtuous cycle.

### **What Lies Ahead**

For years, like many other colleges and universities, we have focused on enrollment growth as the path to our future success. Don’t get me wrong—enrollment is important! And, there is so much that we have done and need to continue to do in order to attract and retain our great students. For example, we need to ensure that we are an active and vibrant campus where students feel connected to Cornell in multiple ways. We want them to have joyful engagement in their endeavors as well as balance in their daily lives. We must continue to develop our curriculum to meet the needs of 21st-century students—something on which our faculty have been actively and impressively working. Finally, we need to enhance activities that engage all students and re-establish meaningful traditions, something that was diminished during COVID-19. Engagement is the bedrock of our culture. Activities and traditions bring joy to the entire community, and connect our past to our present and our future.

However, focusing on enrollment growth as *the* path to a stronger financial profile is unrealistic, especially in a declining market environment that will continue for, at least, the next 15 years. Schools, including Cornell, will not grow their enrollment out of financial challenges.

The endowment is the foundation of our financial strength *over the long-term* because endowment dollars “provide a much-needed and perpetual stream of income to the institution”<sup>4</sup> and protect that school from the ups and downs of the market. Nothing will ensure our future more powerfully and with more certainty than a healthy and growing endowment. As a result, building our endowment needs to be our primary long-term focus—and one which I will discuss in much greater detail in my next white paper.

At the same time, building Cornell’s endowment is *a longer-term goal*. While increased revenue through sources such as the endowment is a part of the solution, it, alone, will not solve our challenges *in the short-term*. It can take years from the time an endowment pledge is made before the college can draw from that endowment and students feel its full benefit. As a result, at Cornell, we also have to focus on short-term steps while we build our endowment and are able to fully use it.

---

4 The Investment Committee pamphlet, AGB, Jay A. Yoder.

---

In order to accomplish our two goals (employee well-being and greater financial security), in the short-term, we must also bravely examine what we do and how we do it, and be prepared to change. That is the big cultural work that I discussed in my last white paper. As I wrote there, “for us to achieve our vision, we must focus on how we make decisions.” In fact, in “The Five Dysfunctions of a Team: A Leadership Fable,” author Patrick Lencioni writes: “If you could get all the people in an organization rowing in the same direction, you could dominate any industry, in any market, against any competition, at any time.” That statement speaks to the importance of process and to the value of the effort it takes to achieve widespread alignment across an institution. And, that takes a lot of hard work. And, it takes time. A lot of time.

We need to achieve greater operational excellence, which means that we are directing our human and material resources to our highest strategic priorities (and away from other areas) as well as encouraging a culture of continuous quality improvement. We also need to improve employee satisfaction by simplifying our faculty’s and staff’s lives, which would also increase productivity and give them more time to retain and recruit.

---

Ultimately, we must act together if we are going to create the future we deserve and want. Achieving the twin goals of balancing our budget while improving employee satisfaction will be challenging. However, because we are Cornell, we can succeed in a way that no other school can. And, it will take your help as well. As I often say, it takes a village to educate a student, one experience at a time.

I look forward to my next white paper in which I will present to you the specifics related to building our future through our endowment.



Jonathan Brand  
President

---

This presidential white paper is part of a series on matters of importance to Cornellians.

I welcome any comments or observations you might have on this white paper topic.

You can always reach me at 319.895.4324 or [jbrand@cornellcollege.edu](mailto:jbrand@cornellcollege.edu)