



Cornell College

WHITE PAPER SERIES

From President Jonathan Brand

July 2022

“Cornell College is a higher education leader in college affordability, both in our no-red-tape scholarship opportunities and debt reduction program.”

Student debt—why is this topic so important today?

In 2017, I wrote a white paper for you on the affordability of higher education¹, which addressed the complex interrelationship of an institution’s published price (“sticker price”), the financial aid awards that students receive, and the value of the educational experience. Generally speaking, the more one values an experience or a product, the more one is willing to pay more for it and the more likely it is that a greater number of people will also want that same experience.

The budgetary benefits when an institution has a strong value proposition speak for themselves. Simultaneously, in a period of intense competition for students, colleges and universities must pay attention not only to the value of an experience (read: ROI or return on investment) for our students, but also their willingness and ability to pay for that experience.

Right before I wrote that white paper on college affordability, we had commissioned a study of our sticker price and financial aid policies to assess whether they, in the aggregate, were limiting the pool of prospective students who were willing to consider Cornell College. We wondered, for example, whether a dramatic cut in our sticker price might translate into a greater number of enrolled students. The study was fundamentally an ROI analysis for our students—what are you willing to pay for the value that you believe you are receiving from Cornell? As a result of that study, I wrote:

While we focus on the quality of the education we offer, we still must, no doubt, focus on pricing—tuition, fees, and financial aid ... [a]t the same time, we have remained mindful of the perception that sticker price generally connotes quality—that is, that less costly schools are perceived to be of a lower quality. *What we learned [from the study] was fascinating. The study revealed that we are priced appropriately (our sticker price), and*

¹ crnl.co/pwp-affordability

that we should focus instead on continuing to expand our distinctive programs and the opportunities available to students, as well as grow the financial aid available to them. (italics added for emphasis.) The report recommended that we increase value through our academic and co-curricular programs.

That 2017 study guided our tuition and financial plans for the following few years—that is to say, our published tuition (sticker price) grew “only” at around inflation while we continued to increase financial aid. Simultaneously, consistent with that 2017 study, we kept investing in those programs that we predicted would increase the actual and perceived value of a Cornell education, such as by adding Engineering and Business, launching the Cornell Well-being Network, building the Russell Science Center, and renovating West Science.

Last year, as you know, we completed the development of our current three-year strategic plan: **Bold Approaches that Enrich Lives**, which has been the focus of two recent white papers. More specifically, my first white paper on this strategic plan delineated what students want and need² in a college education, and which guides our current and near-term investments at Cornell. More specifically, I noted that we must be laser-focused on anticipating and adapting our programs to the needs and wants of current and future students as we plan for the future. If we are to remain relevant, our investments must provide what students want and what students need.

Within our data-gathering phase of our recent strategic planning process, we studied, once again, what students are willing to pay for a Cornell education, and more importantly, how much debt students are willing to assume by the time of their graduation. The results were remarkable. Today, Cornell students with debt graduate with, on average, just over \$39,000 in debt. This is generally in line with our peer institutions. However, we also know that college-going students today are highly debt-averse and wish to graduate with little to no debt—significantly less than \$39,000. If we are, in fact, going to ensure that all qualified students have access to a Cornell education and if we are going to successfully compete against other institutions for those students, we have a clear imperative to increase financial aid so that we can dramatically reduce our students’ debt load. As a result of this information, we knew that **Bold Approaches that Enrich Lives** needed to include cutting-edge debt reduction plans.

My second white paper presented the actual strategic plan: **Bold Approaches that Enrich Lives**³, which articulated our vision that Cornell College faculty and staff will anticipate students’ evolving needs and confidently deliver a highly desired, accessible education, preparing Cornellians to thrive personally and professionally in a diverse, rapidly changing world.

Most importantly, among other initiatives, this strategic plan prioritizes access by including several compelling student-debt management plans. This probably comes as no surprise given what we know about students’ willingness to assume debt.

Cornell College is a higher education leader in college affordability, both in our no-red-tape scholarship opportunities and debt reduction program. Examples of our scholarship programs include the Iowa Promise⁴ and Freeway scholarships⁵ (which largely covers students from states that adjoin Iowa). On the Iowa Promise side, students who are admitted to Cornell College and reside in Iowa and select additional states automatically receive, without any additional paperwork, a \$30,000 annual scholarship. This award

2 crnl.co/pwp-studentneeds

3 crnl.co/pwp-strategicplan

4 crnl.co/iowa-promise

5 crnl.co/freeway-scholarship

covers approximately 50% of the direct costs per year to attend Cornell College. In the first year of the Iowa Promise program, we grew enrollment from Iowa by more than 50% (110 vs. 71 students). The Freeway Scholarship is in its first year, and we are seeing increases in applications, acceptances, and deposits from students in those adjacent states. As an example, we typically enroll 5 students from Missouri each year, and, for this fall, there are 13 who have deposited to date.

In addition, Cornell's one-of-a-kind debt reduction⁶ program has been very popular in its inaugural year. And, we received national attention⁷ for this innovative idea. Students selected for this program will have up to \$12,000 of their federal student debt paid by Cornell College if they meet the conditions of satisfactory academic progress, live in the residence halls, and graduate within four years. In this recruitment cycle for this upcoming fall, we had 180 interested families vying for 65 spots in this program.

It is also the case that by cutting the red tape, Cornell is more accessible to students of color, rural students, and first generation students. As a welcoming campus to all students, Cornell has also invested in the Posse Foundation⁸. Posse works with 60 highly selective colleges around the country to identify high achieving students who might not have otherwise heard or been considered for admission. In the first year⁹, we had nine students from North Carolina, Tennessee, Texas, and Virginia. Cornell has been selected as one of two institutions, through a large grant from Posse, to expand to Puerto Rico. Our first class from Puerto Rico will enroll in September 2023.

While other colleges have implemented financial aid strategies, Cornell's value proposition and One Course At A Time methodology, coupled with these new financial aid strategies and key programmatic investments, have earned additional market share in the last two recruitment cycles. At the same time, higher education is going to continue to feel external pressures to innovate around affordability. Our competitors have attempted to bring attention to their audiences by reducing the sticker price, as noted above and in previous white papers, called a tuition reset or by increasing their discount rates. Both strategies are not sustainable. The path to our long-term success is to grow our market share, even in a declining market. And, innovative pricing strategies (scholarships and debt reduction) will be critical to that success by showing families at the outset that Cornell College is worthy of a deeper look.

Some of you have asked how we can afford all of these financial aid programs. And, my response: how can we afford not to invest in them? If we wish to be responsive to what students are telling us that they need and expect in their college experience (and that they won't attend a school unless those expectations are met), then we must do all that we can in order to meet them. At the same time, the question regarding whether Cornell can afford these financial aid programs accurately presumes another truth—that investing in financial aid necessarily means that we are NOT investing in other initiatives, such as additional student support programs or employee salaries. And, that is absolutely true. In fact, our financial aid budget will have increased by over \$8 million dollars over the last three years (up to over \$35 million in total) in order to meet the growing financial needs of our students and their families. This is precisely why we plan to make financial aid fundraising a pillar of future philanthropy at Cornell—not only to liberate dollars for other important investments on campus BUT also to endow financial aid so that it is available to students in perpetuity.

6 crnl.co/debt-pledge

7 crnl.co/debt-forbes

8 possefoundation.org

9 crnl.co/posse-story

And, there is our path clearly set out before us—to further endow financial aid at Cornell College so that we can grow the financial aid available to our students, thus reducing their debt load further. In so doing, we will also make Cornell College even more attractive to them. Thankfully, we know that scholarship and financial aid support for our students deeply resonates with Cornell alumni and friends because it provides direct support to our students. It ensures that they can access a Cornell education. Going forward, you will hear more about our efforts to increase financial aid for our students, and I hope that you will be as inspired as you have been in the past to participate.



Jonathan Brand
PRESIDENT

“When I started the college search my junior year of high school, I was so excited. However, after telling my parents this was where I wanted to go I was heartbroken when I saw how expensive it was. There was no way that my parents would be able to send me here. But thanks to you, and your investment in providing students with scholarships, I am able to call this place home. So, thank you. Thank you for believing in me, and giving me the opportunity to attend the school of my dreams.”

—Georgia James '22

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