

CHOOSING GRINNELL'S FUTURE

*As the College starts its strategic planning process,
President Kington frames the issues.*

by Dr. Raynard S. Kington

Grinnell College is about to begin a strategic planning process that will guide us for the next 10 to 20 years. We want this process to embrace the entire Grinnell College community. We have created an informational website, www.grinnell.edu/future, and an email address, sp@grinnell.edu, at which alumni and friends of the College can offer input. I look forward to yours.

We have many choices as we focus on the College's core mission: educating men and women to make a positive impact on the world, grounded by an exceptional, broadly based liberal arts education. As we begin planning, I would like to relate some information about Grinnell's advantages, Grinnell's challenges, and some of Grinnell's peers that I have presented to groups of alumni, faculty, staff, and students. I believe this information will help all of us plan together based on a shared understanding of Grinnell's current situation.

*Thank you for joining us in
making Grinnell the best it can be.*

GRINNELL'S ADVANTAGES

We have many distinct advantages compared to our peers.

These are of great value and worth celebrating, investing in, and developing further.

Our intellectual capital

This is one of our strongest assets. We are widely recognized for having a very talented faculty committed to teaching. Meanwhile, some of our peers have started to call themselves “research colleges.” We do not and will not call Grinnell such. We conduct important scholarship as an integral part of educating students.

Our legacy of social engagement

This is something in which we take great pride; it helps define us as an institution and provides our students with unique and valuable educational opportunities.

Our history of innovation

Our Expanding Knowledge Initiative, our Academic Resource Centers, our national-award-winning libraries, and the Grinnell Science Project that won an award from President Obama last year are all examples of the innovation that Grinnell brings to a liberal arts education.

Our individually advised curriculum

We rely on close faculty advising to guide students toward a balanced and broad liberal arts education rather than a rigid set of rules.

Our flexible endowment

Most of our endowment is unrestricted. That means we have discretion over how that money is spent — a huge strategic advantage.

Our relative independence from government grants and contracts

These are a small portion of our budget. This is good, because many institutions (research institutions in particular) that depend heavily upon government grants and contracts are scrambling to find alternative funding.

Our fiscal caution

We have carefully planned endowment spending over the years. Also, we used some endowment money during good years for projects such as our Expanding Knowledge Initiative. We have reduced spending on such projects in down times without hurting the College’s core functions. Many other institutions did not have such controls on endowment spending, and they paid dearly for it. We got that right to a degree that few institutions in the country did.

Our relatively low debt

We allocated some endowment money and gifts during the good years to pay for buildings, and have been conservative in our use of debt. So, we are one of few academic institutions that have AAA ratings from both Moody’s and Standard & Poor’s.

The great condition of our physical plant

Many institutions have buildings that are literally falling down because raising money to repair an old building is difficult. We have largely taken care of these expensive issues already by making maintenance a priority.

Our relatively low comprehensive fee

This allows us some flexibility; we can choose to leave it relatively low or to raise it somewhat.

The opportunity to shape our identity

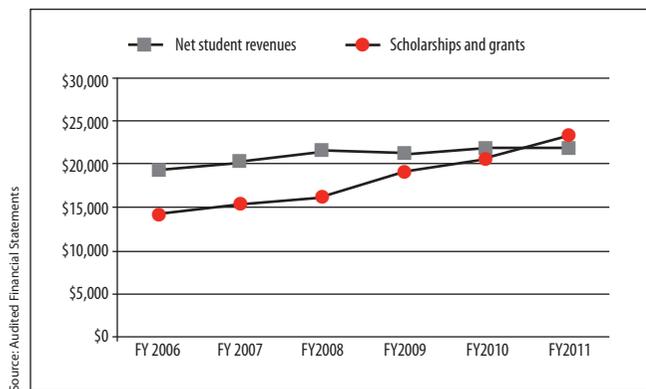
We are a hidden jewel, well-known within higher education as a first-rate institution but less known outside higher education. We have a tremendous opportunity to become better known for the excellent institution we are. In addition, we have no negative reputation to overcome, so we can focus on the positive. ■

GRINNELL'S CHALLENGES



Many of Grinnell's challenges are financial — something that can seem counterintuitive, since we are an extremely well-endowed school. But as our total cost per student has gone up, two of our three sources of funds — net student revenues and fundraising — have been either flat or declining. As a result, we have probably become too dependent upon our endowment.

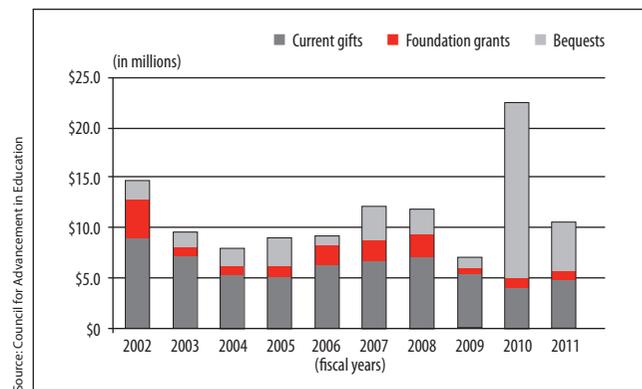
Net student revenue is not growing.



Recent fee increases are more than offset by scholarships and grants.

We have increased our student fees modestly — they are still below all of our peers — but we've increased our scholarships and grants right along with our fees, more than offsetting the gain. In fact, because of our financial-aid policies, we are becoming known as a place to go if you want a first-rate liberal arts education and you have significant financial need. That fits with our positive-social-change core value. But it is costly and becoming more so as we attract even more students with need. In 2011, the graduating class received \$30 million in gift aid over four years. For most of these students, it is the single largest free economic transfer they will receive in their lifetimes. Since our comprehensive fee does not cover our costs, even very wealthy students who pay the full fee get a substantial scholarship.

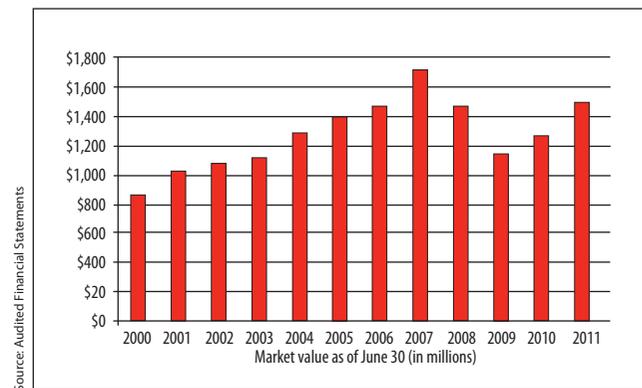
Annual fund donations are substantially decreasing.



Large gifts are primarily from bequests, foundation grants, and trusts. Current gifts are declining.

This is a huge problem. Our bequests are fairly good compared to our peers, but they are less consistent than at other institutions, and the planned giving program has not performed as well as it should.

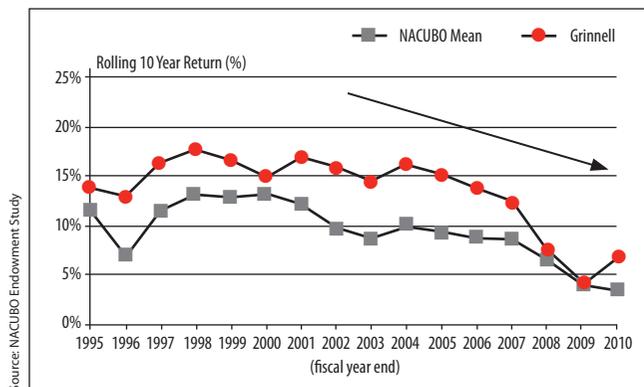
The endowment has not fully recovered.



The endowment will likely continue to fluctuate with market volatility.

The value of our endowment at its peak was around \$1.7 billion – more than \$1 million per student. When the market fell in 2008, we had a drop of about one-third, and for a while we were recovering at a good clip. But the recession and continued recent volatility show that it is inevitable that the endowment's value will fluctuate. It is also clear that the economic recovery will take longer than all of us had hoped. That is particularly worrisome, because we are more dependent upon our endowment than are our peers.

Long-term investment returns are declining.



The endowment has performed well, but the trend in long-term investment performance is down.

In the past, we have had the luxury of not having to worry much about resources because of the size of our endowment and its relatively high investment returns. But the future rates of returns are uncertain, and we cannot and will not make decisions based on the assumption that we will soon return to the levels of returns seen in the years prior to the recent stock market crash.

Meeting the challenge

Dire as this sounds, we are not talking about Grinnell going out of business. But unless we do something to raise additional funds to support the growing number of students with need, and to continue to innovate in and strengthen our core activity of teaching, Grinnell will slowly drift toward mediocrity. We will have no choice but to make more and more cuts in our operating budget to make up for flat or decreased revenue in the face of growing costs, until we are merely average.

Even modest increases in net student revenues and current gifts will help. But getting those increases will involve cultural change, because publicizing the College and cultivating giving has not been a high priority here. That will change, brought about by a strategic planning process now beginning. I envision a three-part process:

First, we focus on our core mission.

We begin by talking about what is distinctive about Grinnell and what vision, program innovation, and

resources it will take to become the best Grinnell we can be. We will be budget sensitive, but mission driven.

Second, we discuss how best to earn and deploy the resources to meet that mission.

We will look hard at every area of our operation: academic program, student services, financial aid, compensation, facilities, capital, technology, communications, development, and alumni.

Third, where necessary, we change our culture while remaining true to our mission, our history, and our values. We need to expand our cultural definition of service to include philanthropy, and we need to make a compelling case that it is smart to invest philanthropically in the College.

Some say, "I don't think it is justifiable for me to give to Grinnell College instead of the soup kitchen, especially in a time of great social need." There is nothing wrong with giving to the soup kitchen, but the soup kitchen is not a long-term solution to the structural problem of hunger. Educating thoughtful and engaged citizens who want to solve problems structurally and systematically – that will solve our society's problems like that of hunger.

Some say, "We can't ask people for more money when we have such a strong endowment." But the wealthiest institutions in the country, those with the biggest endowments, raise huge amounts of money. That is because institutions that are sustainably excellent have a culture of giving. Right now, our alumni engagement rate is at best 40 percent. I firmly believe that this low engagement rate does not reflect the intense devotion to this college that I have seen among our alumni. But we must do a better job reaching out to alumni and providing compelling reasons for them to give to the college. People get into the habit of giving because they believe deeply and passionately in the mission of the institution. We as a community need to cultivate that habit both in good economic times and bad. We need to have a sustained high engagement rate, no matter what.

So we need to change our culture. And culture change is hard. When I presented this information about the College at the alumni reunion last June, I was delighted and gratified by the number of alumni who said it made a compelling case about why we need to give.

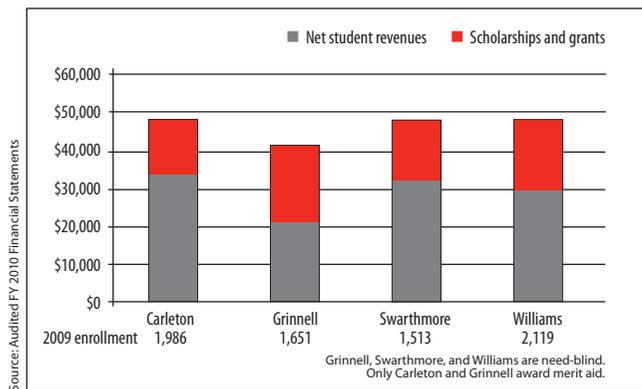
We have a unique part to play in higher education in this country and in the world because of our mission, our history, our students and faculty, our location, and our record of excellence. We are a great institution, but we are not the best Grinnell we can be. To get there, we must be ambitious, smart, and hardworking. And we must be willing to talk about Grinnell. It is OK to be proud and ambitious for Grinnell.

Please take a look at "Grinnell's Plan" on page 17, our introduction to the strategic planning process. I welcome your input as we work through the planning process. Together, we will make Grinnell the best it can be. ■

GRINNELL'S PEERS

Compared to its peer institutions, Grinnell falls short in net student revenues, investment in fundraising and communications, sources of endowment funding, and investment in faculty and staff.

Our net student revenues are smaller.



Assuming an enrollment of 1,600, Carleton, Swarthmore, and Williams would have collected between \$13 and \$21 million more from students than does Grinnell.

Compared with Carleton College (probably the institution to which we lose the most applicants), Swarthmore College (similar to Grinnell in size and endowment) and Williams College (one of our most venerable peers), we collect less money in student fees. That's largely because Grinnell pays out considerably more in financial aid than do our peers. The average Carleton student pays about 70 percent of that school's comprehensive fee; the average Swarthmore student pays about 67 percent; the average Williams student, about 60 percent. The average Grinnell student pays only 50 percent of our comprehensive fee. As a result:

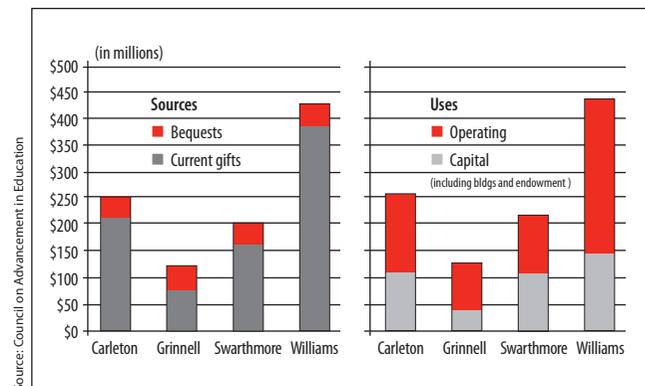
Our peers have between \$13-\$21 million more per year flowing into their institution to support their missions. That's a huge difference.

When our peers raise their fees, they collect even more money. When we raise our comprehensive fee, the additional revenues we collect are largely offset by increases in what we offer in scholarships and grants.

Our peers can attract better students with need because they can concentrate their aid on the best students with need. That is partly because those schools attract very academically qualified students who can afford to pay full ticket. That, in turn, is because such schools have strong relationships with communities that produce such students.

We will have trouble getting the best students with need if we continue to disburse that aid among such a large percentage of our student body. We have to look at admission and financial aid policies. Everyone agrees that we want to remain an institution where students who do not have resources can get a first-rate education. But we need to figure out how to pay for it. If we had more full-pay students, we could give more aid to those students who need it. Alternatively, we could substantially increase our fundraising efforts to better support the growing financial needs of our students. We will have to make choices.

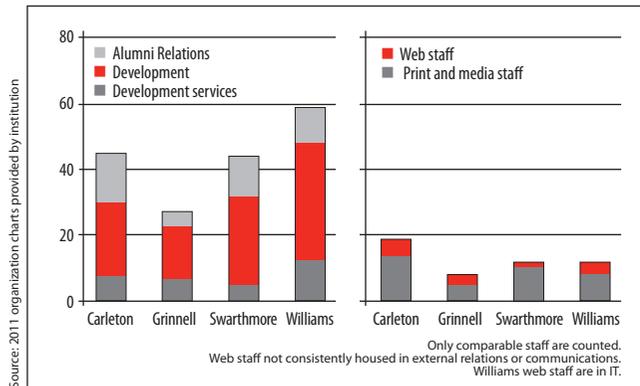
Our fundraising is least effective.



Carleton, Swarthmore, and Williams collect an average of between \$8 and \$31 million more per year than has Grinnell. They have built their endowments as well as supported their operations.

We are poor fundraisers when it comes to current gifts to our annual fund. We have not invested in fundraising, staffed it sufficiently, or made it a cultural value. In fact, it has almost been taboo to talk about raising money at Grinnell. This is a major problem.

Our staffing in these key areas is lowest.

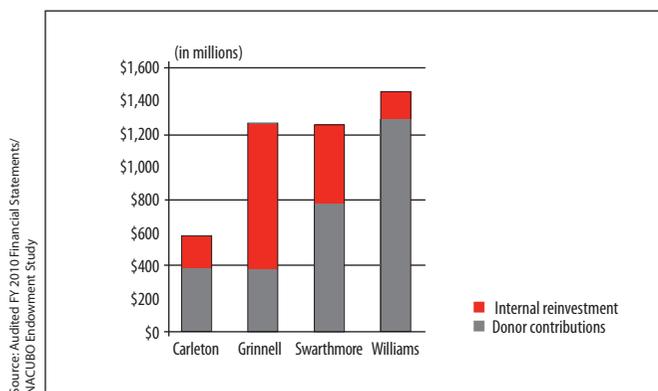


Grinnell is understaffed in alumni relations, development, and development services.

Fundraising is a shoe-leather operation – knocking on doors, making calls, building relationships. You need people to do it. Money does not miraculously appear. But that is sort of the way we have been behaving in terms of raising funds. We have also been behaving similarly about how we communicate with the outside world.

We need to invest in development and communications staff to increase donations and get the word out about what a great institution Grinnell is. We do not have the staff to build a substantial program to send the message and generate funds to help us do our mission. We cannot aspire to be better – or even remain the institution we are – if we do not dramatically change these numbers.

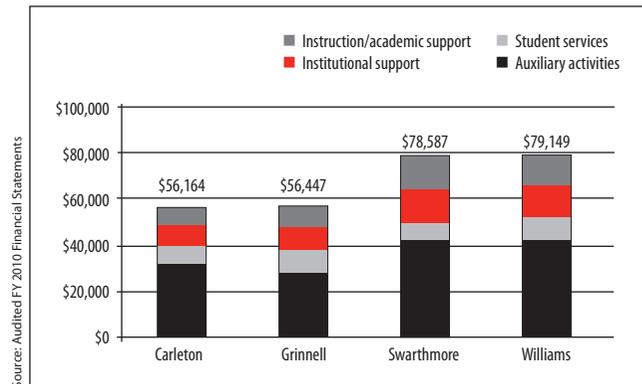
Our endowment gift income is least.



Grinnell's endowment has been investment-performance driven rather than donor-contribution driven.

Grinnell's endowment is in good shape partly because we have invested extremely well. But we also need to add to our endowment from other sources, as our peers are already doing. Williams, for example, poured \$290 million into its infrastructure and its endowment over the past 10 years. We will not continue to be an excellent institution if we do not do likewise. If we added gifts to our endowment as our peers do, the impact on our future educational spending would be enormous.

Our cost per student is low.



Grinnell and Carleton's lower expenses per student reflect lower resources. Grinnell needs to focus on generating additional resources.

We are spending substantially less than Swarthmore and Williams, and about the same as Carleton. Interestingly, more of Carleton's money goes to instruction and academic support. For instance, we actually have fewer staff than do many of our peers – perhaps too few. In some cases, we have faculty members with doctorates doing administrative work. That reduces the amount of support staff we have, but it may mean we are not making the most productive use of our faculty's time. We need to see if we really are as smart as we think we are in terms of our staffing.

We are not investing in our program – our teaching, our academic support, our core mission – the way other institutions are. We have lower expenditures, but we really need to focus on generating additional resources if we want to remain a superior institution. ■

GRINNELL'S PLAN

The Grinnell College Board of Trustees met in June and charged the Grinnell community with constructing a strategic plan for the College that is aspirational, specific, realistic, compelling, and flexible. The strategic planning process offers us the opportunity to further develop our advantages, address our challenges, and become the best Grinnell we can be. Here is how the planning process will work.

Grinnell's mission and core values

The Trustees reaffirmed the College's mission statement and core values as the basis for the new plan.

Mission statement

"When Grinnell College framed its charter in the Iowa Territory of the United States in 1846, it set forth a mission to educate its students 'for the different professions and for the honorable discharge of the duties of life.' The College pursues that mission by educating young men and women in the liberal arts through free inquiry and the open exchange of ideas. As a teaching and learning community, the College holds that knowledge is a good to be pursued both for its own sake and for the intellectual, moral, and physical well-being of individuals and of society at large. The College exists to provide a lively academic community of students and teachers of high scholarly qualifications from diverse social and cultural circumstances. The College aims to graduate women and men who can think clearly, who can speak and write persuasively and even eloquently, who can evaluate critically both their own and others' ideas, who can acquire new knowledge, and who are prepared in life and work to use their knowledge and their abilities to serve the common good."

Core values

- Excellence in education for students in the liberal arts
- A diverse community
- Social responsibility

Join Us!

To contribute your own answers to any of the five questions, or to comment on the strategic planning process, email sp@grinnell.edu. For information and updates about the strategic plan, visit www.grinnell.edu/future.

Plan topics

The trustees named these five topics for the strategic plan to address:

- **Distinctiveness:** What qualities make Grinnell both different and excellent?
- **Teaching and learning:** How can Grinnell continue to advance a powerful and adaptive learning environment?
- **Enrollment:** How can Grinnell attract and select a student body that best complements and enhances its mission?
- **Postgraduation success:** How can Grinnell guide students and alumni toward personal, educational, civic, and career success?
- **Alumni engagement:** How can Grinnell engage the talent, passion for learning, and generosity of its alumni?

Plan process

The planning process is designed to involve the entire Grinnell College community over the course of the 2011-12 academic year:

- **Kickoff:** On August 24, 2011, at the annual all-campus picnic, I launched the strategic planning process along with trustee **Laura M. Ferguson '90** and **Liyan Chen '12**. Staff, faculty, and students contributed their own answers to "What makes Grinnell College distinctive?"
- **Fall semester 2011:** The strategic plan steering committee is gathering ideas from faculty, students, staff, alumni, and community members through a combination of group discussions, committee meetings, discussion boards, and electronic communications.
- **Spring semester 2012:** The committee, faculty, students, alumni, and the administration will prioritize, plan for, and allocate resources; assess, consider timing, and assure that the strategies are part of a coherent whole; and are ambitious, flexible, consistent with the mission and core values, and responsive to the major trends in higher education.
- **Completion:** June 30, 2012. ■