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# How a President Decided It Was Time to Close His College

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6–7 minutes



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David Gerlach faced a choice last month. Lincoln College, the predominantly Black institution in rural central Illinois where he's president, had just [received](#) ugly enrollment projections that forecast dark days ahead. Entreaties to deep-pocketed donors had proved fruitless. So what was the 157-year-old college to do?

Decide to close now, and Lincoln would still have the funds to issue its employees' final paychecks and offer severance. Or try to hold out another year, and risk what cash it had on hand to put out fires elsewhere. Moreover, in bankruptcy, the college's secured creditors would get the first crack at Lincoln's assets, before any of its employees. The college's computer servers, compromised for months, delayed access to that distressing enrollment forecast. Data on the number of Free Applications for Federal Student Aid filled out by current and prospective students from October to December 2021 — for study at Lincoln during the 2022-23 academic year — showed a decline of more than 50 percent in the last five years.

Rather than hold out for a miracle, Gerlach said he and the board had moved to close the 630-student institution in an "orderly" fashion.

Not everyone is ready to give up hope. Last Thursday students [rallied](#) outside the president's office in opposition to the planned closure. They said they hoped the threat of closing would compel donors to open their wallets to save the college. And like Gerlach, they resorted to [tagging](#) on social media well-known philanthropists, including [Elon Musk](#) and [MacKenzie Scott](#), with pleas to save Lincoln. Without a transformative donation, Gerlach said, he and the board couldn't in good conscience let Lincoln continue to operate paycheck to paycheck, always teetering on the verge of financial ruin.

"That's unfair. I can't put these people through this. It has to be a gift of significance," Gerlach said. "One of the donors I talked with — if he gave me \$20 million, sure, that might give me running room to pay back what we've borrowed from the endowment, and

then give me deficit operations for the next two years. But that's just cruel."

## Long-Term Problems

When Gerlach arrived at Lincoln, in 2015, the college opened what was intended to be a decade-long effort to expand its offerings beyond certificates and two-year degrees, to include bachelor's and master's degrees. Lincoln hoped bachelor's degrees would appeal to a new and broader set of prospective students. And by collecting their tuition dollars for longer than two years, the college hoped to put an end to its budgets' increasingly tighter margins.

Despite a few upticks in enrollment in some years, Lincoln struggled in the immediate term to enroll a critical mass of undergraduates, enough to collect adequate tuition revenue. But as tuition revenue fell, the college's overall spending rate did not. Even so, Lincoln anticipated the curricular changes would ultimately put it in the black by 2022, Gerlach said.

What liquidity the college had began to evaporate, particularly with respect to its endowment. At the end of the 2013 fiscal year, the endowment stood at almost \$40 million. By 2018-19, however, it was worth half that. The only endowment funds still holding any

assets were under donor restrictions, which meant they [could not be spent](#) at the discretion of Lincoln's board. In October 2018 the college [sold](#) its campus, in Normal, Ill., for \$4.7 million. Under the deal, the property's new landlord would lease it back to Lincoln for at least the next seven years.

The situation appeared worrisome. Then Covid-19 hit.

Gerlach said the federal government's pandemic-era financial support had kept the college afloat amid the fallout from Covid, and without it Lincoln would probably not have been able to operate until 2022. All told, the college received around \$5 million in [institutional support from](#) the Department of Education's emergency relief funds. The college also [received](#) a \$1.95-million loan from the Paycheck Protection Program, an amount the federal government ultimately forgave. Still, Covid displaced many of Lincoln's students, Gerlach said, and the college struggled with retention in 2020 and 2021.

Against that already-precarious backdrop, a new threat emerged. In December 2021 hackers infiltrated Lincoln's servers. Though no personal data was compromised, "all systems required for recruitment, retention, and fund-raising efforts were inoperable," the college wrote in a statement on its website. Full access wasn't restored for four months. With Lincoln unable to adequately recruit students for the coming academic year, the college anticipated significant enrollment losses, Gerlach said. It was time to call it quits.

Should higher ed expect more closures of pandemic-battered private colleges like Lincoln in the near future? Early in the pandemic, some experts [predicted](#) cascades of college closings in

the coming months and years. And yet widespread doom [never truly](#) arrived. Certainly colleges will continue to close, said John J. Cheslock, an associate professor of education at Pennsylvania State University at University Park. But how many of them, and how fast, remains an open question, he said. He's skeptical of widespread shutdowns.

"I find colleges and universities to be [resilient](#) when facing really difficult times," Cheslock said.

For now, Gerlach said, the college is focused on getting students to graduate or to find new places to continue their education. But he hasn't fully surrendered. Minutes after recounting how he had selected its teach-out colleges, a tired-sounding Gerlach launched into a pitch on what a donation to Lincoln would mean for his students.

"I still believe in this mission," Gerlach said. "It's an amazing small campus."