

STEPHEN BURD

# UNDERMINING PELL: VOLUME III

The News Keeps Getting Worse for  
Low-Income Students



MARCH 2016

## About the Author



**Stephen Burd** is a senior policy analyst with New America's Education Policy Program. He is on his second stint at New America, following a brief stop at Education Sector, an education think tank in DC, where he also served as a senior policy analyst.

At New America, Burd has helped shape the foundation's work on higher education policy and on student financial aid issues. He is also a regular higher education columnist for *The Hechinger Report*.

Burd has received multiple national reporting awards from the Education Writers Association for his coverage of federal higher education policy and his investigative work on the student loan industry. He has published articles and op-eds in *The Chronicle of Higher Education*, *The Los Angeles Times*, *The New Republic*, and *Washington Monthly*, and provided expert commentary for media outlets including America Public Media's Marketplace, the CBS Evening News, CNN, C-SPAN, and National Public Radio.

Before coming to New America in 2007, Burd worked for 15 years as a reporter at *The Chronicle of Higher Education*, where he primarily wrote about student aid policy and the inner-workings of the U.S. Department of Education.

## Acknowledgments

We would like to thank the Lumina Foundation for its generous support of this work. The views expressed in this report are those of its author and do not necessarily represent the views of the Lumina Foundation, its officers, or employees.

## About New America

New America is committed to renewing American politics, prosperity, and purpose in the Digital Age. We generate big ideas, bridge the gap between technology and policy, and curate broad public conversation. We combine the best of a policy research institute, technology laboratory, public forum, media platform, and a venture capital fund for ideas. We are a distinctive community of thinkers, writers, researchers, technologists, and community activists who believe deeply in the possibility of American renewal.

Find out more at [newamerica.org/our-story](https://newamerica.org/our-story).

## About the Education Policy Program

New America's Education Policy Program uses original research and policy analysis to solve the nation's critical education problems, serving as a trusted source of objective analysis and innovative ideas for policymakers, educators, and the public at large. We combine a steadfast concern for low-income and historically disadvantaged people with a belief that better information about education can vastly improve both the policies that govern educational institutions and the quality of learning itself. Our work encompasses the full range of educational opportunities, from early learning to primary and secondary education, college, and the workforce.

Our work is made possible through generous grants from the Alliance for Early Success; the Foundation for Child Development; the Bill and Melinda Gates Foundation; the Evelyn and Walter Haas, Jr. Fund; the HeisingSimons Foundation; the William and Flora Hewlett Foundation; the Joyce Foundation; the W.K. Kellogg Foundation; the Kresge Foundation; Lumina Foundation; the McKnight Foundation; the Charles Stewart Mott Foundation; the David and Lucile Packard Foundation; the J.B. & M.K. Pritzker Family Foundation; the Smith Richardson Foundation; the W. Clement and Jessie V. Stone Foundation; and the Berkshire Taconic Community Foundation.

Find out more at [newamerica.org/education-policy](https://newamerica.org/education-policy).

## **Contents**

Introduction	2
About Average Net Price Data	5
Methodology	6
Private Nonprofit Colleges	7
High Pell, Low Net Price	8
Low Pell, Low Net Price	11
Low Pell, High Net Price	13
High Pell, High Net Price	15
Public Colleges	18
Low Pell, Low Net Price	22
High Net Price	24
Conclusion	30
Notes	32

# INTRODUCTION

---

You have to give credit to Muhlenberg College, the private liberal arts school in Allentown, PA. Few institutions have been as upfront about the way colleges have, over the last several decades, fundamentally changed the way they award financial aid.

A page on Muhlenberg’s website, entitled “The Real Deal on Financial Aid,” acknowledges that colleges are increasingly using their own institutional aid dollars as a “recruiting tool,” rather than as a means of meeting a student’s financial need. “As colleges continue to shape, rather than simply fill, their classes, money has become a means to enrolling the particular students that an institution most wants.”<sup>1</sup>

Where in the past “everybody who got in, who needed money, got money,” the school’s website states, colleges have become “increasingly reluctant to part with their money to enroll students who don’t raise their academic profile.”<sup>2</sup>

In practice, this means that the highest-achieving students, who often come from affluent families, receive the most generous financial aid packages from their schools. For example, at Muhlenberg, about a third of freshmen receive institutional aid even though they have no financial need. These top students, many of whom come from wealthy suburbs in the Northeast, receive an average of about \$12,500 a year in so-called merit aid.<sup>3</sup>

In contrast, financially needy students are often “gapped,” the website states, meaning that the aid packages they receive don’t come close to covering their costs.<sup>4</sup> This is certainly true at Muhlenberg, where the lowest-income students pay an average net price – the amount of money that students and their families have to pay after all grant and scholarship aid is deducted from the listed price – nearly \$19,000 a year.

Unfortunately, the way that the Pennsylvania college spends its institutional aid dollars is becoming increasingly common at four-year institutions across the country. Low-income students are paying a high price for these policies.

This report examines U.S. Department of Education data showing the average net price for students from families making \$30,000 or less at more than 1,400 four-year colleges in the 2013-14 academic year. The analysis finds that hundreds of colleges expect the neediest to pay an amount that equals more than half of their families’ yearly earnings.

This report follows up on two previous papers that New America has published that looked at the net price data for the 2010-11<sup>5</sup> and 2011-12<sup>6</sup> academic years. The news is that things are mostly getting worse.

## In the face of steep state budget cuts over the past decade, public colleges are increasingly adopting the “enrollment management” tactics of their private-college counterparts – to the detriment of low-income and working-class students alike.

The financial hurdles, the analysis finds, continue to be highest in the private nonprofit college sector, where only a few dozen mostly exclusive colleges meet the financial need of the low-income students they enroll. Overall, 94 percent of the private colleges examined charge the lowest-income students an average net price over \$10,000. The number of private colleges that charge these students an average net price over \$15,000 continues to grow, as does the number of institutions that charge these students more than \$20,000.

Many private colleges have small endowments, making it extremely difficult for them to provide adequate support to students with the greatest need. Indeed, it is often the poorest schools that enroll the largest proportion of federal Pell Grant recipients and charge these students high net prices because of their own limited resources. At the same time, many of these colleges provide deep discounts to wealthier students, no matter what their academic record, because school officials believe it is necessary for the institutions’ survival.<sup>7</sup> After all, it’s more profitable for schools to provide five “merit” scholarships of \$5,000 each to entice affluent students who will be able to pay the balance – even if they have less than stellar grades – than it is to provide a single \$25,000 grant to a high-achieving low-income student.

This is not, however, just a question of institutional wealth. Some of the country’s most prosperous private colleges are stingy with need-based aid. These institutions tend to use their financial aid to reel in the top students, as well as the most affluent.

While the problem is not as extreme among public colleges and universities, it continues to rapidly escalate. In the face of steep state budget cuts over the past decade, public colleges are increasingly adopting the “enrollment management” tactics of their private-college counterparts – to the detriment of low-income and working-class students alike.<sup>8</sup> In fact, nearly half of public four-year colleges examined now leave the most financially needy students on the hook for more than \$10,000 per year. Back in 2010-11, only about a third of these public institutions charged the lowest-income students that much.

These actions fly in the face of national goals to increase access to higher education and help more students earn high-quality degrees. Fifty years ago, the federal government committed itself to removing the financial barriers that prevent low-income students from enrolling in and completing college. Policymakers have sought to achieve this goal primarily through the Pell Grant program, which spent about \$34 billion in the 2014 fiscal year to help more than 9 million financially needy students pay for college.<sup>9</sup>

For years, colleges complemented the government's efforts by using their financial aid resources to open their doors to the neediest students. But those days appear to be in the past. Over the last several decades, a powerful enrollment management industry has emerged to show colleges how they can use their institutional aid strategically in the pursuit of high-achieving and affluent students.<sup>10</sup>

Worse yet, there is compelling evidence to suggest that many schools are engaged in an elaborate shell game: using Pell Grants to supplant institutional aid they would have otherwise provided to financially needy students, and then shifting their own funds to help recruit wealthier students.<sup>11</sup> This is one reason why even after the federal government has almost doubled the total amount it spends on Pell Grants each year, low-income students continue to take on heavier debt loads than ever before.<sup>12</sup> They are not receiving the full benefits intended.

Overall, too many four-year colleges, both public and private, are failing to help the government achieve national college access goals. They are, instead, adding hurdles that could stymie the educational progress of needy students or leave these students with mountains of debt after they graduate.

Remarkably, the retrenchment in colleges' commitment to helping low-income students has barely registered in Washington. Federal officials appear to be operating under the assumption that colleges are continuing to complement the government's efforts, rather than increasingly undermining them.

The time has come for policymakers to take notice.

# ABOUT AVERAGE NET PRICE DATA

---

When judging a college’s commitment to serving low-income students, policymakers, researchers, and journalists have mostly relied on a single measure: the percentage of Pell Grant recipients each college enrolls. But while this data set provides a useful tool for comparing colleges based on their record of enrolling low-income students, it doesn’t tell us anything about the schools’ commitment to making college affordable for these individuals.

In 2008, Congress recognized the need for policymakers to get better information about how colleges are spending their institutional aid dollars – financial aid they provide students from their own resources. As part of legislation to reauthorize the Higher Education Act, lawmakers required colleges to report to the U.S. Department of Education their average “net price” – the average amount of money that students and their families have to pay after all grant and scholarship aid is deducted from the listed price. Congress specified that colleges should report the net price broken down by income only for first-time, full-time students who receive federal financial aid.<sup>13</sup>

The net price data provide a pretty clear picture of the financial hurdles that low-income students face at individual campuses, and they open a window on how colleges are spending their institutional aid dollars. But the view is far from complete, as the data include only those students who receive

federal Title IV grants or loans. Wealthy students who receive only merit aid from their schools are not captured in these data. As a consequence, we don’t know the full extent to which colleges are using their aid to help those without financial need.

Another complication with the net price data is that some colleges calculate student and family income differently than the federal government. The vast majority of colleges determine student and family income and aid packages using the “federal methodology” – the same formula that the federal government employs to calculate eligibility for things like Pell Grants. But some elite private colleges use their own “institutional methodologies” to determine student and family income for awarding their institutional aid dollars. These calculations tend to be more exacting than the federal formula for determining need. For example, in the case of divorce, some of these schools, unlike the government, take into account the income of the noncustodial parent when awarding their own aid. These institutional formulas can produce income estimates for students and their families that differ significantly from the results under federal calculations.

A 2014 report in *The Chronicle of Higher Education* suggests that an unknown number of elite colleges are counting only students they consider to be needy, based on their more exacting standards, in

the lowest-income net price bracket.<sup>14</sup> As a result, they are excluding from the lowest-income band students that the government determines to be poor but the institutions don't. This choice can make colleges look more generous than other elite schools that use the federal methodology to calculate the average net price data they provide the Education Department. It is important to remember that this

issue applies only to some elite colleges and is not an issue for most institutions. To the extent that some colleges are reporting net price data this way, the broad problem described in this report – high net prices being charged to students the government considers to be low income – is even worse than our analysis suggests.

## METHODOLOGY

---

Like the two previous *Undermining Pell* reports, this paper judges four-year colleges based on two criteria: the proportion of Pell Grant recipients they enroll and the average net price they charge the lowest-income students.

Colleges report both the Pell and net-price-by-income data to the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS), which displays the school-by-school data on the College Navigator website.

The Pell data represent the percentage of all undergraduates on a campus that have received Pell Grants. The average net price data represent the average amount of money that students and their families have to pay after all grant and scholarship aid is deducted from the listed price. Colleges report the net price data broken down by income only for

first-time, full-time students who receive federal financial aid. Public colleges and universities report on in-state students only. This paper specifically looks at the data for students with family income of \$30,000 or less. Both the Pell and net price data are for the 2013-14 academic year.

This year's paper examines 824 private nonprofit, four-year colleges and 591 public four-year colleges. The paper looks at schools with undergraduate enrollments of 750 or more that are located in the 50 states and the District of Columbia (although a few institutions with lower enrollments were included if they appeared in previous volumes of *Undermining Pell*). Colleges that did not report average net price data to IPEDS were excluded, as were private colleges for which endowment information wasn't readily available.



# PRIVATE NONPROFIT COLLEGES

---

Some private nonprofit colleges are making extraordinary efforts to recruit, enroll, and financially assist low-income students. Unfortunately, they are few and far between. Only 49 private colleges, or 6 percent of the schools examined, charged freshmen with family incomes of \$30,000 or less an average net price under \$10,000 in the 2013-14 school year.

Certainly, a substantial number of private colleges have small endowments, making it extremely difficult for them to provide adequate support to students with the greatest need. Indeed, it is often the poorest schools that enroll the largest proportion of Pell Grant recipients and charge these students high net prices because of their own limited resources.

However, many private colleges that have the means to enroll a substantial share of Pell Grant recipients and charge them a low price choose not to do so. These include some of the country's most exclusive colleges, which tend to have generous financial aid policies but few low-income students. They also include a large number of colleges that use their institutional aid as a competitive weapon to attract the students they desire, rather than to meet the financial need of their students.

This paper examined 824 private nonprofit, four-year colleges and found the following:

- 775 private colleges, or 94 percent of those examined, charged freshmen with family incomes of \$30,000 or less an average net price of over \$10,000; 596, or 72 percent, charged over \$15,000; 246, or 30 percent, charged over \$20,000; and 85, or 10 percent, required these students to come up with an average of more than \$25,000 each year.
- The proportion of Pell Grant recipients that colleges enroll and the net price they charge them is closely tied to the schools' wealth. To illustrate:
  - At 590 private colleges, or 72 percent of those examined, Pell Grant recipients made up 25 percent or more of the student body. The median endowment for these schools was \$31 million, and the median net price they charged the lowest-income freshmen was \$17,189.
  - In contrast, at 62 private colleges, or 8 percent of those examined, Pell Grant recipients made up less than 15 percent of the institutions' student bodies. The median endowment for these schools was \$662 million, and the median net price they charged the neediest freshmen was \$11,894.

- This is not, however, just a question of wealth. There were 102 private colleges with endowments of more than \$250 million that charged low-income freshmen an average net price over \$10,000; 72 that charged over \$15,000; 41 that charged over \$20,000; and 20 that charged over \$25,000.

**Some private nonprofit colleges are making extraordinary efforts to recruit, enroll, and financially assist low-income students. Unfortunately, they are few and far between.**

### Private College Trends

Overall, when looking at the average net price differences from 2010-11 to 2013-14, after adjusting for inflation, the report found that 489, or about 60 percent of the private colleges examined, have increased the average net price they charge the lowest-income freshmen. Of those schools:

- 364, or 44 percent, saw their average net price go up by at least \$1,000.
- 227, or 28 percent, saw their average net price go up by at least \$2,500.
- 75, or 9 percent, saw their average net price go up by at least \$5,000.

Over that same time period:

- The number of private colleges that charged the most financially needy an average net price over \$15,000 has grown to 594, or 72 percent of those examined, from 563, or 69 percent.
- The number of private colleges that charged the lowest-income an average net price over \$20,000 has increased to 245, or 30 percent of those examined, from 224, or 27 percent.

### Private Colleges: High Pell, Low Net Price

**There are 25 private nonprofit colleges at which Pell Grant recipients make up more than 15 percent of their students and that have average net prices for the lowest-income under \$10,000.**

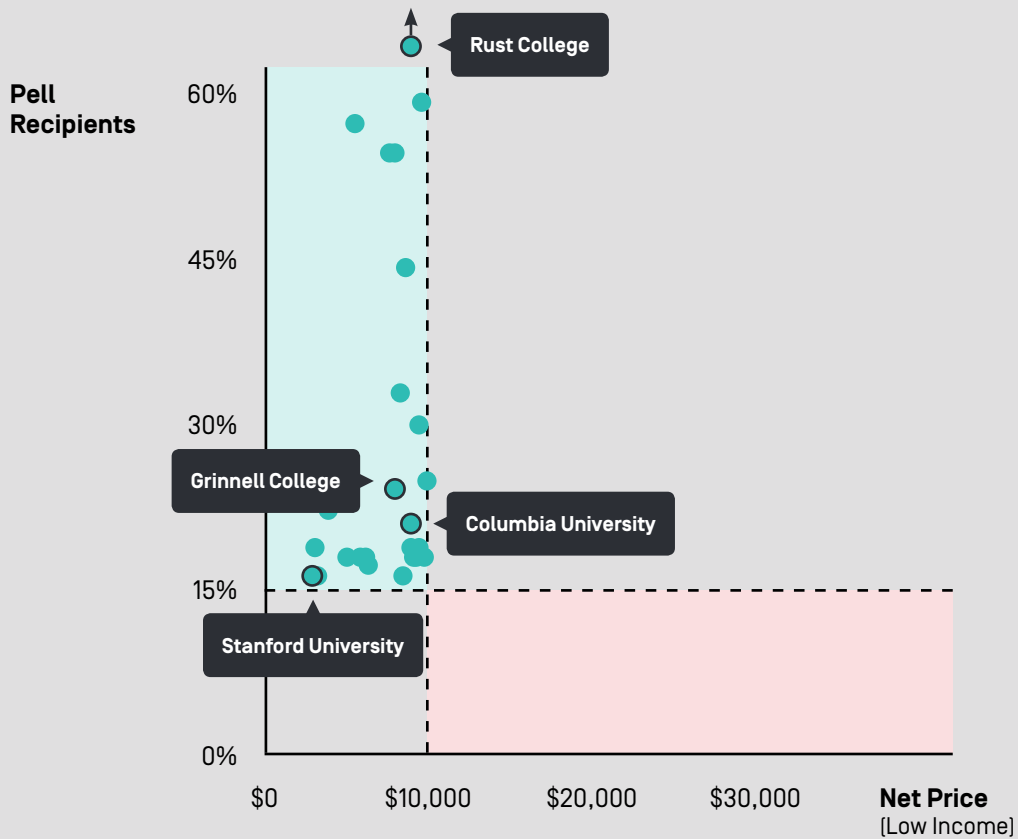
Twelve of these colleges are among the wealthiest higher education institutions in the country. The other 13 are a diverse group made up mostly of colleges that enroll fewer than 2,000 undergraduates. The poorest (with endowments under \$100 million) are predominantly religiously affiliated schools that have a mission of serving financially needy students.

Of the 12 wealthy colleges on the list, three have Pell enrollments over 20 percent or more. These three schools – Amherst, Columbia, and Grinnell – generally have strong leaders who have made a personal commitment to making their campuses, which have long been among the most elite in the country, socioeconomically diverse. In so doing, they have bucked conventional wisdom and have shown that even the most selective schools can find large numbers of low-income students who can thrive at their institutions. (Vassar College, which we highlighted in *Undermining Pell II*, just missed making this list, as it charged its lowest-income students an average net price of \$10,558 in 2013-14.<sup>15</sup>)

Grinnell College in Iowa has long been committed to enrolling low-income students. Currently, nearly a quarter of the school’s students are Pell Grant recipients. The college, which has one of the largest endowments among private liberal arts colleges, not only welcomes financially needy students but provides them with enough financial and academic support to help them succeed at the school.<sup>16</sup>

Grinnell is “need blind” in admissions, meaning that it doesn’t take financial considerations into account when admitting students. It also pledges to meet the full financial need of students with grants and a relatively small amount of federal loan debt.

**Figure 1 | Private Colleges: High Pell, Low Net Price**



Selected Institution	State	% Pell	Net Price
Rust College	MS	88%	\$9,193
Peirce College	PA	59%	\$9,716
Baptist Memorial College of Health Sciences	TN	57%	\$5,618
Medaille College	NY	54%	\$7,956
Our Lady of Holy Cross College	LA	54%	\$8,074
Calumet College of Saint Joseph	IN	44%	\$8,886
Park University	MO	33%	\$8,732
Chatham University	PA	30%	\$9,608
Presbyterian College	SC	25%	\$9,972
Grinnell College	IA	24%	\$8,112
Amherst College	MA	22%	\$3,700
Columbia University	NY	21%	\$9,142
Williams College	MA	19%	\$3,127

Selected Institution	State	% Pell	Net Price
Sewanee-The University of the South	TN	19%	\$9,107
Cooper Union	NY	19%	\$9,608
Massachusetts Institute of Technology	MA	18%	\$5,128
Pomona College	CA	18%	\$5,807
Wesleyan University	CT	18%	\$6,009
Barnard College	NY	18%	\$9,231
Reed College	OR	18%	\$9,423
Wellesley College	MA	18%	\$9,735
Rice University	TX	17%	\$6,468
Stanford University	CA	16%	\$2,841
Brown University	RI	16%	\$3,186
Union College	NY	16%	\$8,682

These policies have proven to be extremely expensive for a school that, despite its large endowment, admits such a large share of low-income students, enrolls far fewer “full-pay” students than many of its peers, and generates considerably less in philanthropic support that can be spent on need-based financial aid. Worried that these practices were not sustainable, the college’s board of trustees created a stir on campus in 2012 when it considered abandoning the institution’s need-blind policy.<sup>17</sup>

Many colleges, under financial stress, would likely have reduced the share of low-income students they enroll. Not Grinnell. Instead, the school’s administrators have bolstered the college’s student aid budget, primarily by boosting the number of international students who can pay full freight and strengthening its alumni fundraising efforts.<sup>18</sup>

In addition, the college plans to reduce its spending on merit aid. In 2013-14, about 15 percent of its freshmen received scholarships from the school and had no financial need, according to data that the school provides to magazines that rank colleges.<sup>19</sup> “Merit aid has helped Grinnell both attract highly qualified students and generate revenue for the purpose of underwriting the costs associated with our commitments to diversity and access,” Joe Bagnoli, Grinnell’s vice president for enrollment, and dean of admission and financial aid, wrote in an e-mail in December.<sup>20</sup>

“By building stronger market demand for the tremendous program Grinnell offers, we plan to begin reducing our investment in merit aid without compromise to the academic profile of our student body and without losses to student revenue,” he wrote. “It’s a delicate balance (we cannot too quickly remove merit aid before achieving a more competitive market position) but we are optimistic that we can recover current investments in merit aid while continuing to attract an outstanding and diverse student body.”<sup>21</sup>

Pleased with the results of these changes, the board recently agreed to keep Grinnell need-blind for at

least another three years.<sup>22</sup> “It’s been a long climb,” Bagnoli said in a separate interview. “But we are increasingly convinced that being need-blind is a critical element of our institutional identity.”<sup>23</sup>

Where does Grinnell’s commitment to socioeconomic diversity come from? Officials there say it is in keeping with the college’s history of social activism.<sup>24</sup> The school was founded in the mid-19<sup>th</sup> century by social reformers and abolitionists. One of the institution’s major benefactors – Josiah Bushnell Grinnell – was a “conductor” on the Underground Railroad, which helped transport slaves to states in which they could gain their freedom.<sup>25</sup> Nearly a century later, Grinnell alumni, such as Harry Hopkins, were key architects of Franklin Roosevelt’s New Deal programs.<sup>26</sup>

Today, the college lists “social responsibility” as one of its three core values.<sup>27</sup> “The students we choose to admit are an expression of those commitments,” said Bagnoli.<sup>28</sup>

Grinnell has proven adept at finding low-income students who have the academic qualifications to succeed at the school. In addition to its own recruiting, the college works with outside organizations that identify financially needy students who have the potential to thrive at academically challenging schools. For example, the college has partnerships with the following organizations:

- The Posse Foundation, which sends groups of low-income and minority students to the school from New Orleans and Washington, DC.<sup>29</sup>
- QuestBridge, a nonprofit organization that acts as a matchmaker between low-income students and elite colleges.<sup>30</sup>
- Chicago Scholars, which brings to the college “academically driven, first-generation college students from under-resourced communities.”<sup>31</sup>

The college also flies first-generation and other underrepresented prospective students to the school

twice a year so that they can see and experience the campus for themselves.

Recruiting high-achieving, low-income students will remain a high priority at Grinnell, according to its president, Raynard S. Kington. “Right now, this country needs all the brainpower we can find,” Kington said. “We need leaders with different experiences and points of view. And we don’t think students’ ability to get a first-rate college education and contribute to society should be limited by their family resources.”<sup>32</sup>

### **Private Colleges: Low Pell, Low Net Price**

**There are 24 private nonprofit colleges that enroll a relatively small share of Pell Grant recipients but support them generously – charging net prices to the lowest-income ranging from \$353 at Washington and Lee to \$9,638 at Georgetown University.**

This group includes five Ivy League institutions: Dartmouth, Harvard, Princeton, the University of Pennsylvania, and Yale. These colleges are so rich that they can afford to be need-blind in admissions and to meet the full financial need of students with grant aid. Yet, they have long been bastions of privilege, enrolling only a small share of low-income students.

Most of the other colleges in this group are elite liberal arts colleges that meet the full financial need of the limited number of low-income students they enroll with grants and federal loans. While some of the institutions are “need blind,” others are “need aware,” meaning that they take financial considerations into account when admitting a subset of their students. Eight of these colleges – Bowdoin, Claremont McKenna, Davidson, Duke, Harvey Mudd, Kenyon, the University of Notre Dame, and Washington and Lee – also offer merit aid to attract top students. These schools, however, tend to award non-need-based aid to a smaller share of students than institutions that charge low-income students a high average net price.

At Duke, for instance, only 67 freshmen, or 4 percent of the incoming class, had no financial need and received scholarships in 2013-14, averaging about \$56,000 each.<sup>33</sup> Duke’s aim with this kind of scholarship is entice students to the school who may otherwise go to an Ivy League institution.<sup>34</sup>

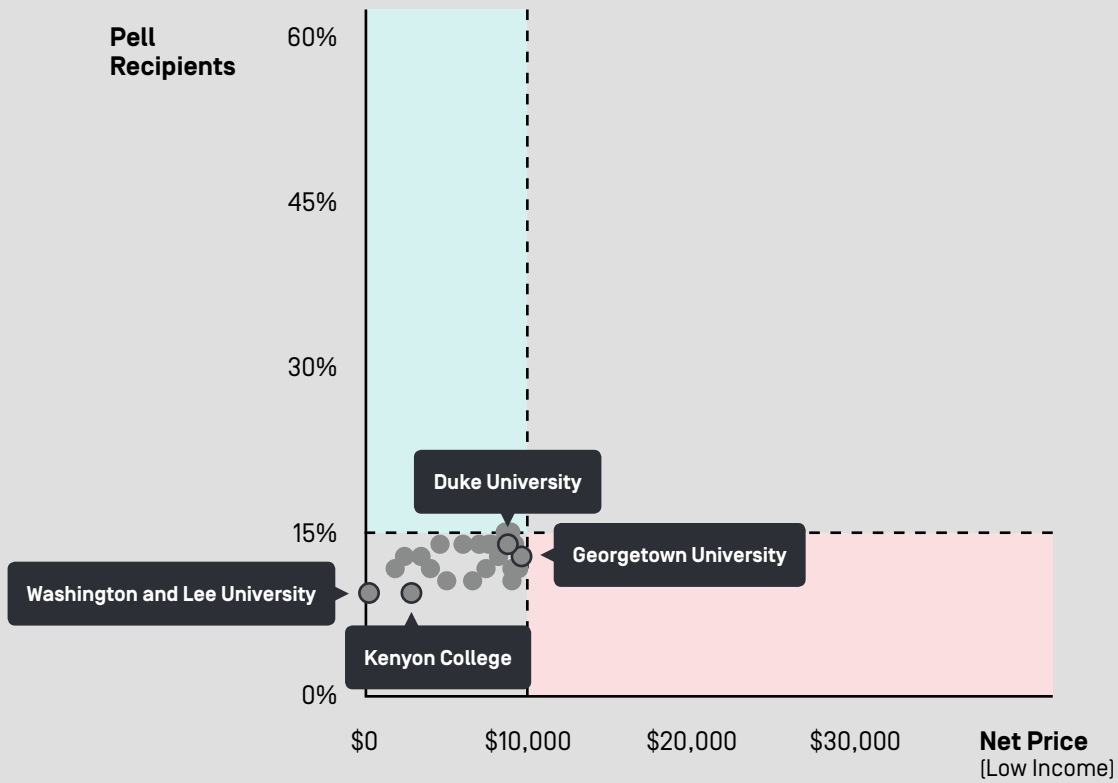
Duke’s scholarships are “designed to put paying for tuition, room, and board out of the equation when it comes to the decision to embrace all that Duke has to offer,” the university’s website states.<sup>35</sup> Scholarship recipients receive extra perks as well. For example, they have “access to ‘educational enrichment funding’ that supports research interests, conference presentations, service, and other career-enhancing endeavors.”<sup>36</sup>

Some of the schools on this list are among the country’s least socioeconomically diverse colleges. At Kenyon College, for example, Pell Grant recipients made up only 10 percent of the student body in 2013-14. Leaders at Kenyon, however, say they are trying to increase the share of low-income students they enroll. “It’s clear to us that we can do better than where we are and where we’ve been in recent years,” said Sean Decatur, the college’s president.<sup>37</sup>

As part of its effort to become more diverse, Kenyon simplified its admissions application, removing extra essays that it had required students to write. The school found that the application’s length discouraged first-generation students from applying. Decatur thinks that this change, which occurred before he came to Kenyon in 2013, has paid off. “We’ve seen increases in the socioeconomic diversity of our application pool,” he said.<sup>38</sup>

For the 2015-16 freshman class, Kenyon admitted 408 minority students, up 9 percent from the previous year, and 128 first-generation students, the second most the college has accepted in the last decade.<sup>39</sup>

**Figure 2 | Private Colleges: Low Pell, Low Net Price**



Selected Institution	State	% Pell	Net Price
Washington and Lee University	VA	10%	\$353
Kenyon College	OH	10%	\$2,813
Middlebury College	VT	11%	\$4,904
California Institute of Technology	CA	11%	\$6,696
University of Notre Dame	IN	11%	\$9,048
Colby College	ME	12%	\$1,710
Yale University	CT	12%	\$3,918
Bates College	ME	12%	\$7,426
University of Chicago	IL	12%	\$8,964
Claremont McKenna College	CA	12%	\$9,225
Harvard University	MA	13%	\$2,473
Princeton University	NJ	13%	\$3,630

Selected Institution	State	% Pell	Net Price
Davidson College	NC	13%	\$8,289
Georgetown University	DC	13%	\$9,638
Hamilton College	NY	14%	\$4,573
Bowdoin College	ME	14%	\$5,925
Vanderbilt University	TN	14%	\$6,905
Dartmouth College	NH	14%	\$7,529
University of Pennsylvania	PA	14%	\$7,636
Harvey Mudd College	CA	14%	\$8,770
Duke University	NC	14%	\$8,777
Connecticut College	CT	14%	\$9,282
Swarthmore College	PA	15%	\$8,537
Haverford College	PA	15%	\$8,881
Union College	NY	16%	\$8,682

## Private Colleges: Low Pell, High Net Price

**Muhlenberg College has not made much of an effort in recent years to recruit and support low-income students. Only 8 percent of the college's students qualify for Pell Grants, making it one of the least socioeconomically diverse colleges in the country. And the school charges the most financially needy freshmen an average net price of \$18,765 a year.**

In an interview last spring, Randy Helm, who was Muhlenberg's president at the time, said that the school wasn't interested in making a concerted effort to enroll more low-income students.<sup>40</sup>

"Just trying to increase the number of Pell Grant recipients might be good for PR but may be bad policy for our college," he said.<sup>41</sup>

Helm, who retired in June after 12 years in the college's top post, didn't think it would be healthy for Muhlenberg to pursue more Pell-eligible applicants. If it did, he said, the school would have to spend its entire \$36 million financial aid budget supporting them, and wouldn't have any aid left for middle-income students who are also struggling to pay the school's \$55,000 annual cost of attendance.<sup>42</sup>

"We're not going to be a school that serves the very, very rich and the very, very poor," he stated. "I don't think that would be fair to middle-income students, the college, or the country."<sup>43</sup>

But there is another reason that Muhlenberg has been wary of increasing its pool of Pell Grant recipients and it has little to do with the middle class. The college devotes a significant share of its institutional aid to the pursuit of high-achieving students, who often come from wealthy families. The school, in other words, has used merit aid to try to propel itself up the private college pecking order.

The college made its intentions clear in its latest strategic plan, which was written in 2010. "During the second decade of the twenty-first century, Muhlenberg College will strengthen its competitive

position among our nation's leading private residential liberal arts colleges," the plan states. "We will increasingly become a school of choice for highly talented students."<sup>44</sup>

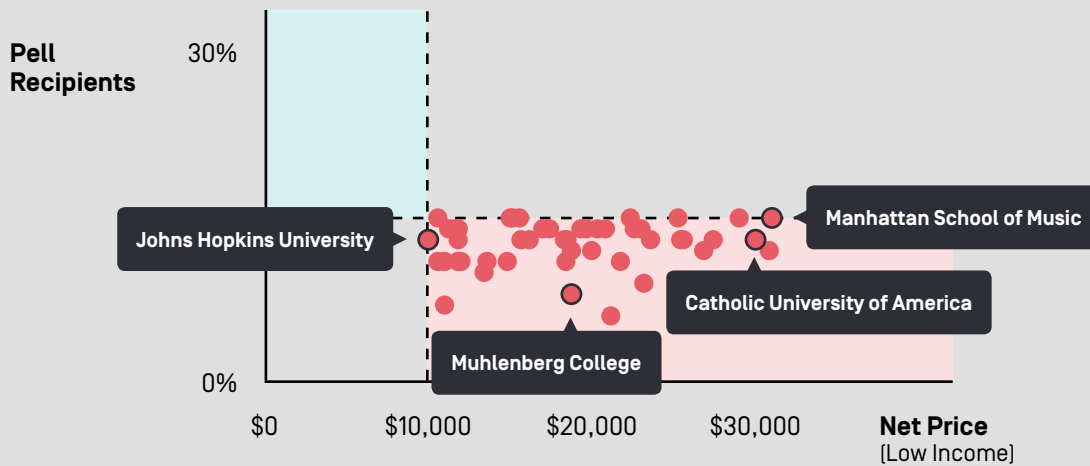
In the 2013-14 academic year, 36 percent of freshmen at Muhlenberg had no financial need and received merit scholarships, averaging about \$12,215 each.<sup>45</sup> This assistance has played a key role in the college's efforts to, according to its strategic plan, "maintain aggressive recruiting efforts in the northeast United States, while developing a more competitive admissions presence in selected states beyond the region and internationally."<sup>46</sup>

To be fair, the strategic plan reflected the vision of Helm, the former president. John Williams, the new president, has written that he is "committed to taking concrete steps toward a more just and equitable community."<sup>47</sup> Time will tell whether Williams, an African American man whose background is mostly in business, will change the college's priorities.<sup>48</sup>

Muhlenberg is one of 48 private colleges that enroll 15 percent or fewer Pell Grant recipients and charge the lowest-income freshmen an average net price ranging from \$10,049 at Johns Hopkins University to \$31,393 at the Manhattan School of Music. At more than one-third of these institutions, the neediest freshmen pay an average net price of \$20,000 or more.

Like Muhlenberg, many of these colleges use merit aid as part of a broader strategy to build their prestige and raise their rankings. And while many of the institutions strive to compete with the most-elite institutions for top students, their endowments, while substantial, tend to pale in comparison. As a result, these institutions often have to rely heavily on tuition dollars to finance their operations, giving them a significant incentive to use their institutional aid to attract full-pay students as well. Meanwhile, low-income students who enroll in these schools are generally left with a large gap between what the government says they should be expected to pay and what they are being charged.

**Figure 3 | Private Colleges: Low Pell, High Net Price**



Selected Institution	State	% Pell	Net Price
Manhattan School of Music	NY	15%	\$31,393
High Point University	NC	12%	\$30,779
Catholic University of America	DC	13%	\$29,820
Tulane University	LA	15%	\$29,089
Fairfield University	CT	13%	\$27,433
University of Dayton	OH	12%	\$26,745
Saint Joseph's University	PA	13%	\$25,584
Saint Louis University	MO	13%	\$25,531
Worcester Polytechnic Institute	MA	15%	\$25,377
Furman University	SC	13%	\$23,580
Elon University	NC	9%	\$23,385
Santa Clara University	CA	14%	\$22,964
Boston University	MA	14%	\$22,695
University of Tulsa	OK	15%	\$22,426
Villanova University	PA	11%	\$21,862
Mid-America Christian University	OK	6%	\$21,222
Loyola University Maryland	MD	14%	\$20,812
Carnegie Mellon University	PA	14%	\$20,431
Scripps College	CA	12%	\$19,932
Samford University	AL	14%	\$19,621
George Washington University	DC	14%	\$19,494
Bucknell University	PA	12%	\$18,794
Muhlenberg College	PA	8%	\$18,765
Texas Christian University	TX	13%	\$18,578

Selected Institution	State	% Pell	Net Price
Whitman College	WA	11%	\$18,480
Northeastern University	MA	13%	\$18,240
Rhodes College	TN	14%	\$17,412
Washington College	MD	14%	\$17,088
Gettysburg College	PA	13%	\$16,206
Boston College	MA	13%	\$15,714
Centre College	KY	15%	\$15,528
Stonehill College	MA	15%	\$15,209
Lehigh University	PA	15%	\$15,155
Dickinson College	PA	11%	\$14,762
Wake Forest University	NC	11%	\$13,603
Colorado College	CO	10%	\$13,459
Colgate University	NY	11%	\$12,034
Lafayette College	PA	11%	\$11,995
St Olaf College	MN	14%	\$11,792
Oberlin College	OH	11%	\$11,788
Carleton College	MN	13%	\$11,760
Northwestern University	IL	14%	\$11,700
Skidmore College	NY	14%	\$11,354
Washington University in St Louis	MO	7%	\$11,100
Trinity College	CT	11%	\$11,030
Franklin and Marshall College	PA	15%	\$10,661
Tufts University	MA	11%	\$10,574
Johns Hopkins University	MD	13%	\$10,049



This is certainly true at Catholic University in the nation's capital, where low-income freshmen are left on the hook for nearly \$30,000. Why does the university, which was founded by Catholic bishops and has strong ties to the Vatican, leave the neediest students with such a large funding gap? In an interview with *The Hechinger Report* in 2014, W. Michael Hendricks, at the time the school's vice president for enrollment management, said that Catholic primarily uses its financial aid to attract "higher end" students.<sup>49</sup> According to *Hechinger*, the school's aim is to enroll "the kind of high-achieving wealthy students that can improve a school's prestige and bolster its bottom line."<sup>50</sup> And, in fact, 29 percent of Catholic University freshmen had no financial need and received merit aid in 2013-14, averaging about \$15,000 each.<sup>51</sup>

Catholic University officials say they have counseled some low-income applicants to go to a less expensive school. The university does this, Hendricks said, because it doesn't want the neediest students to take on large amounts of debt. Loading low-income students with debt "totally flies in the face of our mission," he said. Even so, many financially needy students who attend the school have no other choice than to take on hefty loans.<sup>52</sup>

## Private Colleges: High Pell, High Net Price

**At 727 of the 824 private colleges examined, Pell Grant recipients make up more than 15 percent of the student body and the lowest-income freshmen are charged an average net price over \$10,000. This group includes 31 wealthy schools, with endowments of \$500 million or more. Most of these colleges are very active in the financial aid arms race – doling out substantial amounts of merit aid to compete for top students.**

At the other end of the spectrum, 539 of these colleges have endowments of less than \$100 million. Like their wealthier peers, these institutions offer generous discounts to try to attract students. But they do so for an entirely different reason: Many of them consider it a matter of survival.

## Colleges with Endowments Over \$500 Million

When Gerald Turner became the president of Southern Methodist University (SMU) in 1995, he vowed to make the private college in Dallas as competitive academically as it is on the football field. To achieve this, he set an ambitious goal for the school: to land a top-50 ranking in *U.S. News & World Report*.<sup>53</sup>

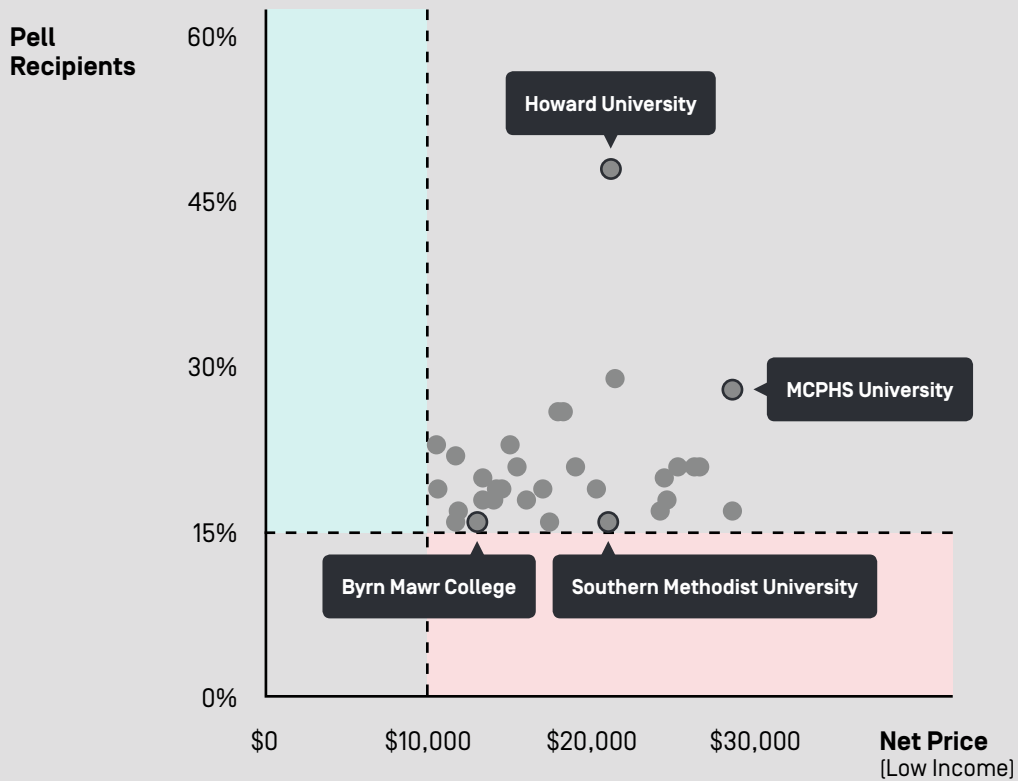
"We said we wanted to be among the top 50 universities, and since *U.S. News* was around, that's the list we used," Turner recently told *D Magazine*. "That captured a lot of things. To be among the top institutions, you've got to have better students. You've got to have better faculty. You got to have facilities that attract better people. Your endowment has to be bigger."<sup>54</sup>

Like many colleges that have aimed to rise up the rankings, SMU sought out top-notch professors, raised academic standards and went on a building spree, constructing fancy new dormitories as well as state-of-the-art academic, research and recreational facilities. And the administration opened up the university's coffers to try to attract, with generous merit scholarships, a higher-achieving student body.

Today, all students who apply for admission are automatically considered for a variety of academic scholarships. Students who have shown "exemplary academic and leadership skills" may receive the President's Scholarship, which covers full tuition and fees (over \$48,000 in 2015-16) and the cost of studying abroad, as well as room and board for those who live on campus. Other students who have high SAT scores and rank at the top of their high school class can receive the Cornerstone Scholarship, Founders' Scholarship, or Second Century Scholarship, which cover part of the tuition.<sup>55</sup>

Many of these scholarships go to wealthy students. In 2013-14, 34 percent of freshmen at SMU had no financial aid and received merit aid, averaging nearly \$19,000 a year.<sup>56</sup>

**Figure 4 | Private Colleges: High Pell, High Net Price** (with Endowments Over \$500 Million)



Selected Institution	State	% Pell	Net Price
MCPHS University	MA	28%	\$28,681
American University	DC	17%	\$28,524
Drexel University	PA	21%	\$26,588
Baylor University	TX	21%	\$26,449
New York University	NY	21%	\$25,311
University of Miami	FL	18%	\$24,792
Fordham University	NY	20%	\$24,556
Rensselaer Polytechnic Institute	NY	17%	\$24,151
Rochester Institute of Technology	NY	29%	\$21,570
Howard University	DC	48%	\$21,277
Southern Methodist University	TX	16%	\$20,936
Yeshiva University	NY	19%	\$20,333
Pepperdine University	CA	21%	\$18,984
Berry College	GA	26%	\$18,300
Syracuse University	NY	26%	\$18,149
Trinity University	TX	16%	\$17,483

Selected Institution	State	% Pell	Net Price
Mount Holyoke College	MA	19%	\$17,105
Macalester College	MN	18%	\$16,041
Emory University	GA	21%	\$15,535
University of Southern California	CA	23%	\$15,013
Case Western Reserve University	OH	19%	\$14,583
DePauw University	IN	19%	\$14,324
University of Rochester	NY	18%	\$13,995
Brandeis University	MA	20%	\$13,311
Denison University	OH	18%	\$13,298
Bryn Mawr College	PA	16%	\$12,892
College of the Holy Cross	MA	17%	\$11,808
Cornell University	NY	16%	\$11,665
Smith College	MA	22%	\$11,619
University of Richmond	VA	19%	\$10,742
Vassar College	NY	23%	\$10,558

The university's low-income students have not fared as well. While Pell Grant recipients make up 16 percent of the school's student body, the university covers the full financial need of only about 38 percent of aid recipients on its campus.<sup>57</sup> Meanwhile, SMU charges freshmen from families making \$30,000 or less a hefty average net price of \$20,936.

The university, which is now celebrating its 100-year anniversary, shows no sign of retreating from its aggressive use of merit aid. While the school has made major strides over the past two decades, it still has not received a top-50 ranking (it is now ranked 61<sup>st</sup> among national universities<sup>58</sup> – more than 40 spots higher than it ranked two decades ago<sup>59</sup>). Turner remains committed to getting the university into the top tier.<sup>60</sup>

“Twenty years ago, we started with a commitment to improve the academic quality of the institution and its national visibility,” Turner said. “That’s still the No. 1 goal.”<sup>61</sup>

SMU is one of six colleges on this list that provide more than 20 percent of their non-needy freshmen with merit aid, while charging the lowest-income an average net price over \$20,000. The others are: Baylor University (36 percent merit aid, \$26,449 net price for freshmen with the greatest need); Fordham University (24 percent, \$24,556); Rensselaer Polytechnic Institute in New York (23 percent, \$24,151); University of Miami (33 percent, \$24,792); and Yeshiva University (23 percent, \$20,333).<sup>62</sup> Just as at SMU, a larger share of affluent freshmen at these schools receive merit aid than low-income students receive Pell Grants on these campuses.

### *Colleges with Endowments Under \$100 Million*

Among private colleges, the schools with the fewest resources tend to serve the largest share of low-income students. For instance, Pell Grant recipients make up an average of 40 percent of the student body at the 552 private colleges with endowments of less than \$100 million, compared with 16 percent at those with at least \$1 billion

endowments. These lesser-endowed schools have a difficult time supporting the large numbers of low-income students they enroll, charging the neediest freshmen an average net price of \$18,066 (compared with \$11,574 at schools with endowments of \$1 billion or more). Unsurprisingly, low-income students are less likely to remain in and graduate from these schools than they are at richer institutions.

While many of these schools used to provide need-based aid exclusively, they say they simply can't afford to continue to do so. Instead, they offer deep discounts on their tuition just to get more-affluent students in the door. Because these schools are so dependent on tuition revenue, their success in meeting their enrollment goals each year can be critical to their survival.

Admissions experts say that providing discounts on tuition can be an effective short-term tactic for struggling colleges, as long as they can bring in larger numbers of students without having to add new faculty or build new facilities.<sup>63</sup> But as a longer-term strategy, it can be treacherous – the more tuition-dependent schools discount their tuition, the less they have to spend in other areas important to student recruitment, including the quality of the academic programs and the upkeep of facilities.<sup>64</sup>

Take Sweet Briar College, which nearly shut down last year. The small women's college near Virginia's Blue Ridge Mountains has seen its enrollment decline nearly every year for the past six years.<sup>65</sup> To try to reverse this trend, the school significantly increased the discount it provided incoming students – from about 49 percent of the tuition and fees in 2009-10 to nearly 62 percent in 2014-15.<sup>66</sup> But the strategy did not work. Enrollment continued to decline, and because of the discounts, Sweet Briar's net revenue plunged.<sup>67</sup> As a result, the institution has had to dig ever-deeper into its endowment to fund operations.<sup>68</sup>

The combination of these factors sent Sweet Briar into a “death spiral.”<sup>69</sup> In March 2015, Sweet Briar's then president, James F. Jones Jr. shocked the

higher education world when he announced that the 114-year-old institution would be closing its doors. “The declining number of students choosing to attend small, rural, private liberal arts colleges and even fewer young women willing to consider a single-sex education, and the increase in the tuition discount rate that we have to extend to enroll each new class is financially unsustainable,” he said at the time.<sup>70</sup>

In June, a group of Sweet Briar alumni, with the help of Virginia’s attorney general, saved the school for now. But it’s unclear whether the school’s new leadership will be able to reverse the negative trends, including the college’s sky-high tuition discount rate. Until the school is able to do so, its future will remain in doubt.<sup>71</sup>

## PUBLIC COLLEGES

---

As we have seen, only a small number of private colleges are using their financial aid resources to make college more accessible and affordable for the neediest students. Instead, the vast majority are charging freshmen with family incomes of \$30,000 or less a net price exceeding \$10,000.

The news is somewhat better in the public higher education sector. Nearly half of the 591 public four-year colleges and universities examined in this paper enroll at least 25 percent low-income students and charge the neediest freshmen a net price of less than \$10,000.

But don’t be fooled. Over the past two decades, there has been a fundamental shift in the admissions practices of many public universities. Stung by sharp state budget cuts at the same time they are seeking greater prestige, these universities are

increasingly pitted against one another, fiercely competing for students that they most desire: the best and the brightest, and those wealthy enough to pay full freight. And they are using a large share of their institutional aid dollars – money that could be going to students who truly need it – to entice these generally privileged students to their schools.<sup>72</sup>

This paper examined 591 public four-year colleges, including all of the public flagship universities and many state regional colleges, and found the following:

- 279 public colleges, or 47 percent of those examined, charged the lowest-income in-state freshmen a net price over \$10,000; and 38 of those institutions, or 6 percent of the schools, required these students to come up with \$15,000 or more.

- Many of these high-net price colleges are in states that have adopted a high-tuition model. For example, 57 of these colleges, or 20 percent of the institutions that charged low-income freshmen a high average net price, are located in just two states – Ohio and Pennsylvania – that have long followed such a model.
- Low-income freshmen attending public universities in their home states paid an average net price above \$10,000 in more than half of the states.
- Many public colleges that have the means to enroll a significant share of Pell Grant recipients and charge them a low net price choose not to do so. These include some of the country's most exclusive campuses, which enroll only a small proportion of low-income students. They also include a substantial number of colleges that use their institutional aid as a competitive weapon to attract the students they desire, rather than to meet the financial need of their in-state students.

## Public College Trends

Overall, when looking at the average net price differences from 2010-11 to 2013-14, after adjusting for inflation, the report found that 427, or 72 percent of the public colleges examined, have increased the average net price they charge the lowest-income freshmen during that period of time. Of those schools:

- 304, or 52 percent, saw their average net price go up by at least \$1,000.
- 129, or 22 percent, saw their average net price go up by at least \$2,500.
- 17, or 3 percent, saw their average net price go up by at least \$5,000.

Over that same time period:

- The number of public colleges that charged freshmen with family incomes of \$30,000 or less an average net price under \$10,000 has fallen from 385, or 65 percent of the schools examined, to 312, or 53 percent.
- The number of public colleges that charged the lowest-income freshmen an average net price over \$15,000 has remained fairly steady, increasing by only seven schools.

## Best of the Best: Low-Tuition States

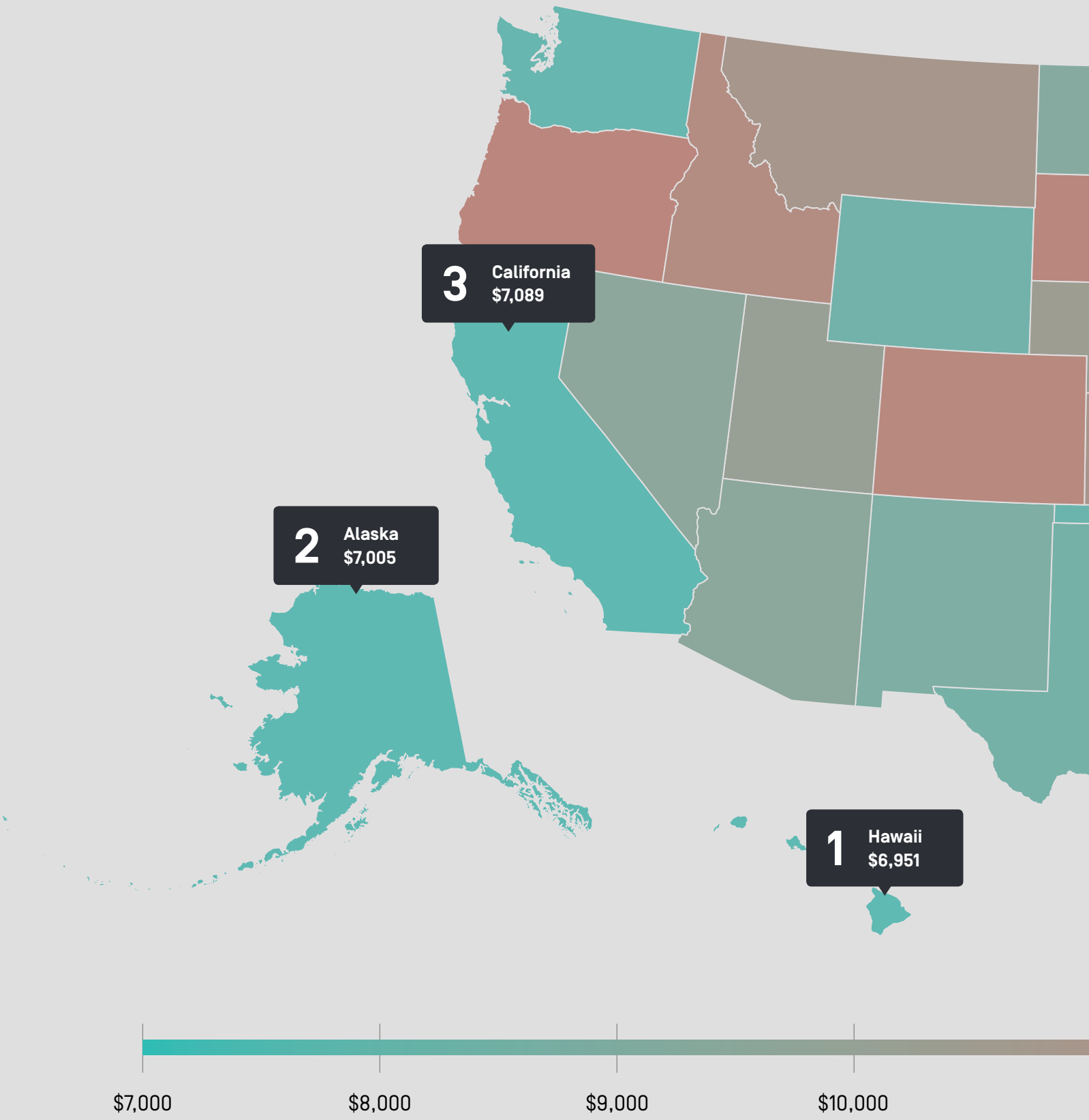
**For generations, states made college affordable for all of their citizens by keeping the prices of their public higher education institutions low. But as more and more states have divested from their public college systems, those days are increasingly in the past.**

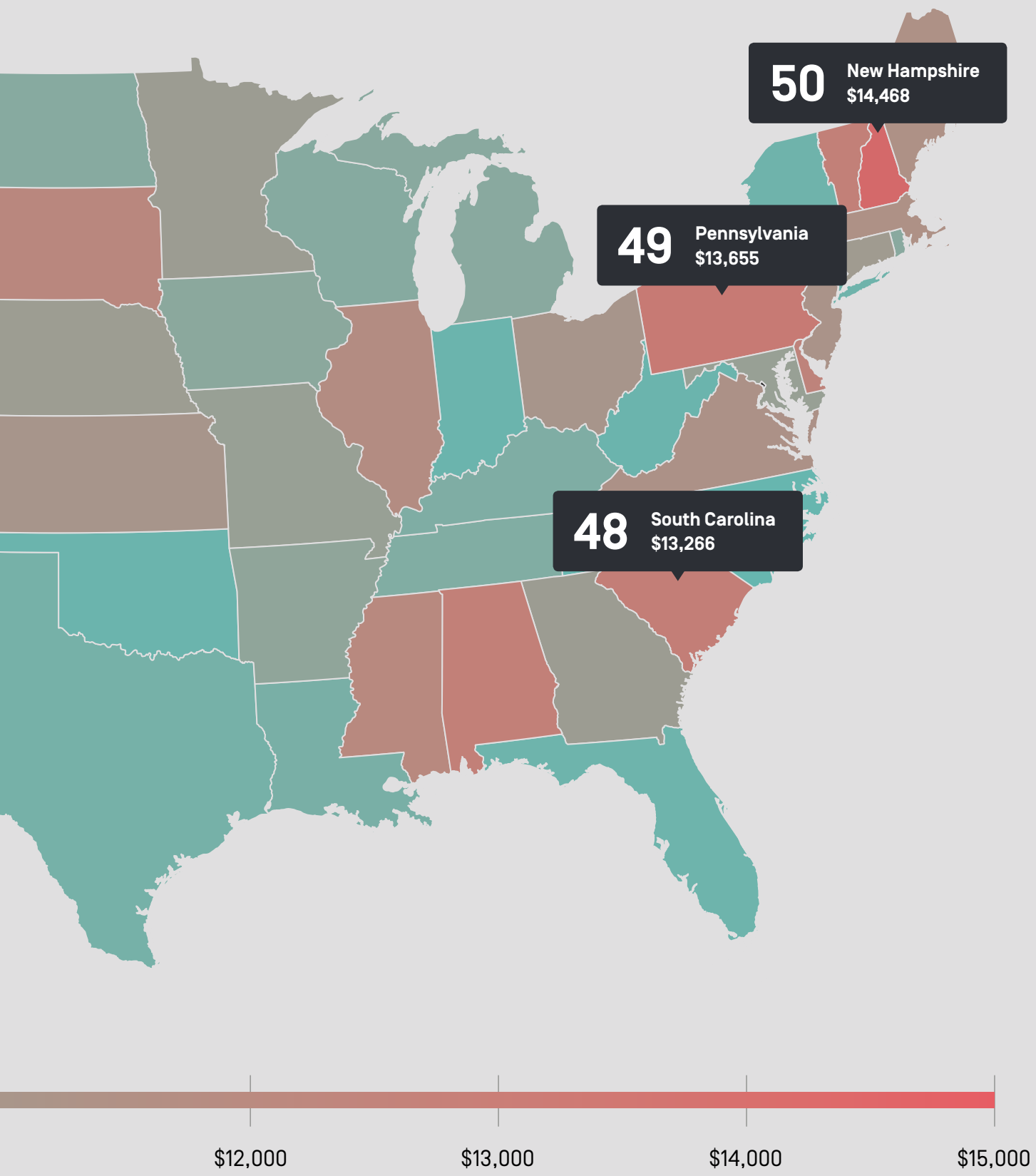
Those in the higher education policy world have long debated about the effectiveness and efficiency of states' historic low-tuition model.<sup>73</sup> Some student aid experts have advocated against this approach, saying that it doesn't target subsidies effectively because it lowers the cost of higher education for the rich and the poor alike. They have argued that low-income students would benefit more from a high-tuition, high-aid model, in which states devote their subsidies exclusively to those who couldn't afford to go to college without the help.<sup>74</sup>

The data in this report, however, don't bear this out. In fact, they clearly show that the lowest-income students fare much better in states that have kept the costs of attending their public higher education institutions relatively low.

Take, for example, the state of Washington, which has a relatively low-cost public higher education system. In the Evergreen State, in-state public four-year college freshmen with family incomes of \$30,000 or less paid an average net price of \$7,389 in the 2013-14 academic year.

**Figure 5** | Cheapest and Most Expensive States for Low-Income Students





In contrast, the most financially needy in-state freshmen attending public four-year colleges in South Carolina paid an average net price that was almost double that amount: \$13,266. And while only one four-year public college in Washington state charged the lowest-income freshmen an average net price over \$10,000 (\$10,296 at Washington State University), 10 of 11 public colleges in South Carolina did so, with two charging over \$15,000. Take the University of South Carolina, which has been an extremely aggressive participant in the merit-aid wars.<sup>75</sup> The neediest in-state freshmen at the flagship campus in Columbia paid an average net price of nearly \$16,500.

In addition to Washington, other low-cost states that stand out in terms of keeping their public colleges accessible and affordable for the lowest-income in-state students include: Hawaii (average net price of \$6,951), Alaska (\$7,005), California (\$7,089), and North Carolina (\$7,396).

Meanwhile, low-income in-state freshmen who attend public four-year colleges face average net prices over \$10,000 in 27 states, including high-tuition ones such as New Hampshire (\$14,468), Pennsylvania (\$13,655), Vermont (\$13,153), and Alabama (\$13,138).

## **Public Colleges: Low Pell, Low Net Price**

**Forty-three public colleges and universities enroll 25 percent or fewer Pell Grant recipients and charge the lowest-income in-state freshmen an average net price under \$10,000 – ranging from \$4,059 at Brazosport College in Texas to \$9,704 at the State University of New York’s at Geneseo.**

This group includes some of the most elite public universities in the country. Like their private-college counterparts, these schools tend to offer generous amounts of need-based aid. Yet, compared with other state colleges, these institutions enroll only a small share of low-income students.

Take the University of Michigan, which meets the full financial need of more than three-quarters of its low-income in-state students. Pell Grant recipients make up only 16 percent of the students at the institution, making it the 10th least socioeconomically diverse public college or university in the country (a dishonor it shares with the University of Indiana at Bloomington).

But university leaders are taking steps that may help the school get off this list in the near future.

Mark Schlissel, who is now in his second year as president of the University of Michigan, has made increasing socioeconomic diversity a key goal of his administration.<sup>76</sup> “Dedication to academic excellence for the public good is inseparable from our commitment to diversity, equity, and inclusion,” he said at a campus diversity summit in September. “We cannot be excellent without being diverse in the broadest sense of that word.”<sup>77</sup>

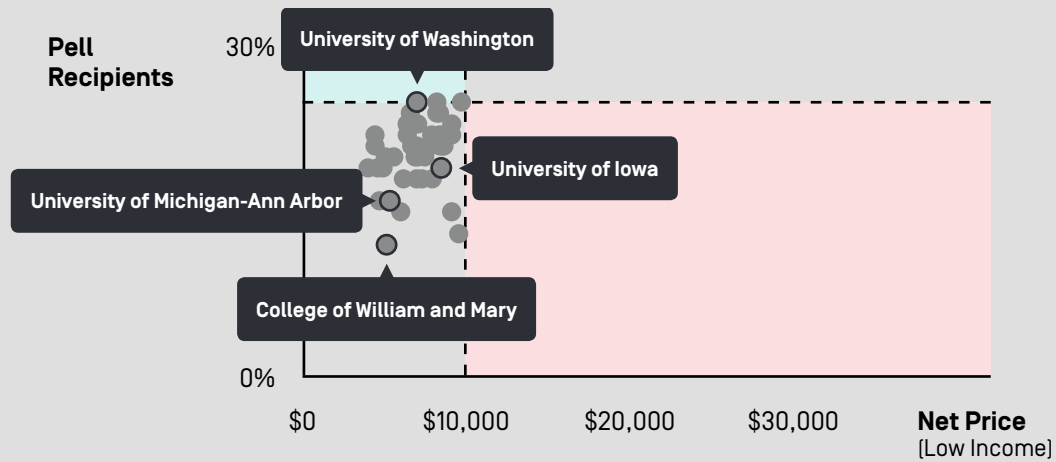
Campus activists believe that university officials only started taking this issue seriously after the Black Student Union held protests demanding greater diversity a year before Schlissel’s arrival.<sup>78</sup>

Regardless, since taking the post, Schlissel has introduced two new programs that are designed to bring more low-income students to campus. In August, the university announced the creation of a two-year pilot program aimed at encouraging high-achieving low-income students to apply to the school. Under the “High Achieving Involved Leader” (HAIL) program, the university will send a specialized admissions packet to a select group of students that includes a step-by-step guide on how to apply to the school. Students who apply will receive vouchers covering their application fees. Those who are admitted will be able to attend tuition-free. They also will be eligible for additional student aid to cover their living expenses.<sup>79</sup>

The HAIL program, which higher education expert and economist Susan Dynarski helped the university develop, is designed to help low-income students overcome barriers they often face: having



**Figure 6 | Public Colleges: Low Pell, Low Net Price**



Selected Institution	State	% Pell	Net Price
College of William and Mary	VA	12%	\$5,136
University of Virginia	VA	13%	\$9,615
Bellevue College	WA	15%	\$6,049
University of Wisconsin-Madison	WI	15%	\$9,235
Indiana University-Bloomington	IN	16%	\$4,855
University of Michigan-Ann Arbor	MI	16%	\$5,470
University of Alaska Southeast	AK	18%	\$7,339
Colorado Mountain College	CO	18%	\$7,948
Georgia Institute of Technology	GA	18%	\$6,138
The College of New Jersey	NJ	18%	\$6,910
University of Iowa	IA	19%	\$8,584
St Mary's College of Maryland	MD	19%	\$4,827
Brazosport College	TX	19%	\$4,059
The University of Texas of the Permian Basin	TX	19%	\$4,514
Purdue University	IN	20%	\$7,153
Louisiana State University	LA	20%	\$5,692
University of Maryland-College Park	MD	20%	\$6,938
Truman State University	MO	20%	\$7,798
Bismarck State College	ND	20%	\$5,360
University of Illinois at Urbana-Champaign	IL	21%	\$7,801
Vincennes University	IN	21%	\$8,743
Louisiana Tech University	LA	21%	\$6,743

Selected Institution	State	% Pell	Net Price
Salisbury University	MD	21%	\$8,468
University of Minnesota-Twin Cities	MN	21%	\$8,650
University of North Carolina-Chapel Hill	NC	21%	\$4,431
Midland College	TX	21%	\$6,905
Iowa State University	IA	22%	\$8,721
University of Minnesota-Crookston	MN	22%	\$8,509
North Carolina State University at Raleigh	NC	22%	\$6,451
Minot State University	ND	22%	\$8,034
Great Basin College	NV	22%	\$8,710
Texas A & M University-College Station	TX	22%	\$4,304
University of Wisconsin-La Crosse	WI	22%	\$9,225
University of Alaska Fairbanks	AK	23%	\$6,952
Michigan State University	MI	23%	\$6,434
Valley City State University	ND	23%	\$9,158
University of Alaska Anchorage	AK	24%	\$6,723
University of Georgia	GA	24%	\$8,558
University of Minnesota-Duluth	MN	24%	\$8,312
University of Wyoming	WY	24%	\$7,886
Dickinson State University	ND	25%	\$8,233
SUNY College at Geneseo	NY	25%	\$9,704
University of Washington	WA	25%	\$7,054

trouble understanding the steps they need to apply for college and finding the money to pay for it.<sup>80</sup> “Our financial aid package for low-income students is the best among all colleges and universities in the state, usually covering the full cost of tuition at our Ann Arbor campus,” Pam Fowler, the university’s financial aid director, said in a news release. “HAIL is an important new way to get the attention of families and make them aware of what is available to them at Michigan.”<sup>81</sup>

In October, the university unveiled another new program, which will provide college preparatory classes to middle-school and high-school students in two low-income school districts in Michigan that serve a high concentration of minority students. Students who complete the Wolverine Pathways program and are admitted to the university will receive full-tuition scholarships for four years.<sup>82</sup>

**Dedication to academic excellence for the public good is inseparable from our commitment to diversity, equity, and inclusion. We cannot be excellent without being diverse in the broadest sense of that word.**

— *Mark Schlissel, President, University of Michigan*

“Wolverine Pathways is an important next step for the University of Michigan as we continue to look for ways to identify talented students and cultivate U-M applicants from all parts of our state,” Schlissel stated.<sup>83</sup>

While the University of Michigan has fared poorly – at least up until now – in terms of enrolling Pell Grant recipients, the College of William & Mary in Virginia is the least socioeconomically diverse public college in the country. Pell Grant recipients make up just 12 percent of the student body there.

The University of Virginia does only slightly better, with 13 percent of its students receiving Pell Grants.

## **Public Colleges: High Net Price**

**In the 1990s, Auburn University (AU) was the hot public university in Alabama. It was the school of choice for many of the state’s top students.**

But after the century turned, the university’s fortunes changed as it became mired in controversy and mismanagement. The board of trustees fired a popular president and replaced him with a series of interim leaders.<sup>84</sup> Soon afterward, the university’s accreditor, the Southern Association of Colleges and Schools (SACS), put the school on probation because of concerns about how the board was operating.<sup>85</sup> Then allegations of academic fraud involving the football team roiled the campus.<sup>86</sup>

To add insult to injury, Auburn’s biggest rival, the University of Alabama (U of A), was on the rise. In 2003, the University of Alabama’s new president Robert E. Witt laid down a challenge to the school’s admissions office: to “recruit top student scholars with the same fervor as top athletic prospects, and look beyond the state’s borders to find them.”<sup>87</sup> Alabama’s admissions staff, which was also charged with expanding the school’s enrollment from 19,000 to 28,000 over a 10-year period, met the challenge head on. Armed with generous merit-based scholarship packages, the school’s recruiters were remarkably successful in attracting nonresident students.<sup>88</sup> And as the university rose in stature, it started attracting a larger share of Alabama’s best students.

The University of Alabama’s success was threatening to Auburn. In 2006, an outside consulting company warned Auburn officials that “the U. of A’s aggressive recruitment of high academic achievers could reduce AU’s share of strong-in-state students and damage AU’s reputation.”<sup>89</sup>

By the time Jay Gogue, the former president of New Mexico State University and the University

of Houston, became Auburn's president in 2007, "this was about as dysfunctional a university as anywhere in America," Wayne Flint, a retired Auburn history professor, told the *Tuscaloosa News* at the time.<sup>90</sup>

To help turn things around at Auburn, Gogue borrowed a page from Witt and directed his admissions staff to aggressively pursue "more highly-performing students" and use merit aid to get them. "There's going to be a lot of emphasis to raise private money to support scholarships," Gogue said at the time.<sup>91</sup>

In an interview with the local newspaper, Wayne Alderman, Auburn's dean of enrollment services, noted how big a change this was for the university. "Alabama's done great with scholarships," he said. "Auburn traditionally has not put much money into scholarships but some of that is, we've always been able to attract a pretty good student body. Still, we have to be more competitive with scholarships."<sup>92</sup>

In 2006-7, Auburn spent about \$9 million to provide merit scholarships to 11 percent of freshmen who had no financial need. Eight years later, the university spent \$35 million to provide merit aid to 32 percent of freshmen without financial need.<sup>93</sup>

Currently, in-state students with an ACT score of 33-36 or an SAT score of more than 1,440 and a minimum 3.5 GPA are eligible for a full-tuition scholarship from Auburn, renewable for four years. Out-of-state students with those credentials are eligible for a scholarship worth \$64,000 over four years. Both in-state and out-of-state students with slightly lower grades and test scores are eligible for lesser awards.<sup>94</sup>

By the standards that colleges use to judge their performance these days, Gogue's efforts have mostly paid off. According to the university, the academic profile of its students has steadily improved since 2007. The school now enrolls more than 150 National Merit Scholars, six times more than it did a decade ago.<sup>95</sup> Still, *U.S. News* continues to rank the University of Alabama slightly ahead of Auburn.<sup>96</sup>

But with all the money Auburn spends recruiting the best and the brightest and the wealthiest students, the university appears to have little left over for those with the greatest financial need. Pell Grant recipients make up only 16 percent of the school's student body, and the lowest-income in-state freshmen pay an average net price of \$13,814.

Auburn is one of 279 public colleges that charge the lowest-income in-state freshmen a net price over \$10,000. Like Auburn, many of these schools are active participants in the institutional financial aid arms race.

At the University of Cincinnati (UC), for example, nearly one-fifth of the freshmen have no financial need and receive merit aid, averaging \$5,395 each.<sup>97</sup> This investment has helped the university, which aims to establish itself as an "elite university,"<sup>98</sup> shoot up the *U.S. News* rankings.<sup>99</sup>

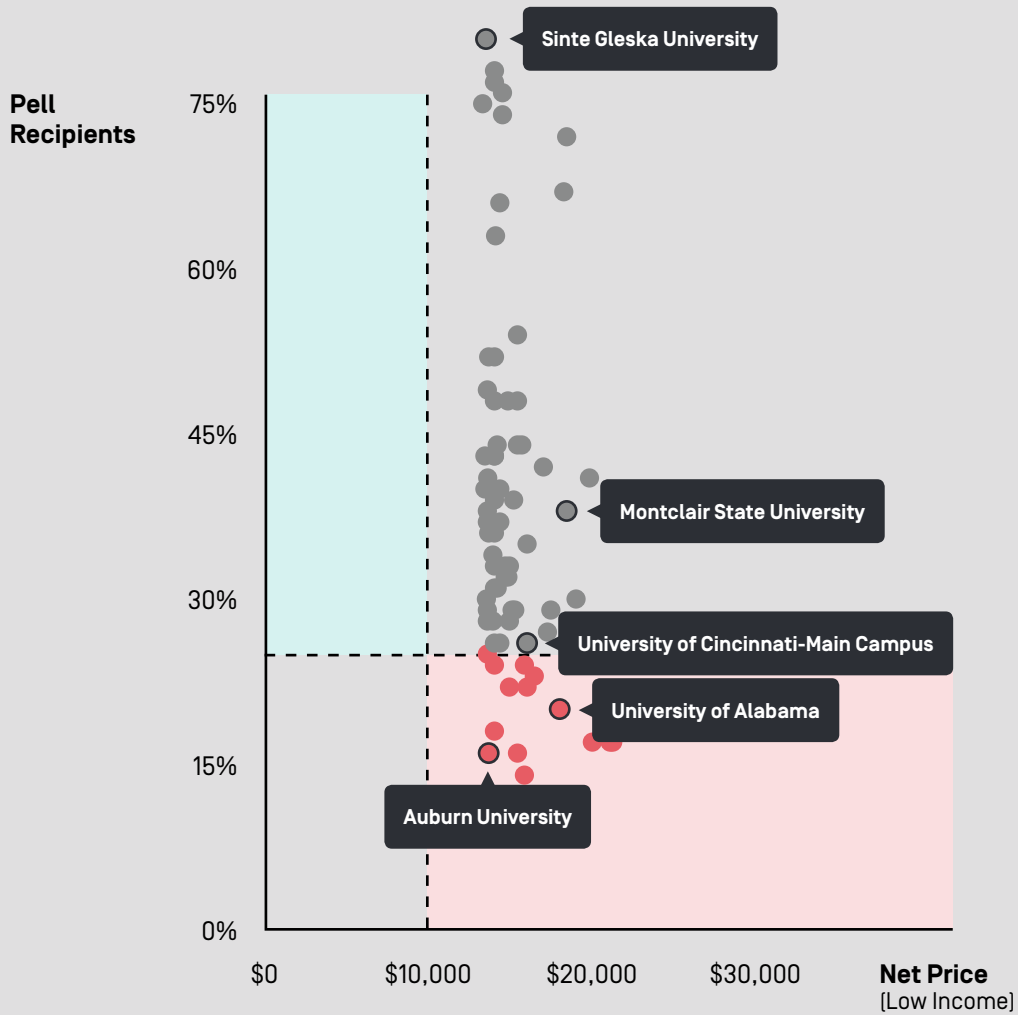
But low-income students at UC are paying a hefty price for this policy. While Pell Grant recipients make up 26 percent of the student body, the most financially needy in-state freshmen pay an average net price of more than \$16,000. Only 20 other public universities charge low-income students more.

Public flagship and research universities are not the only institutions making significant investments in non-need-based aid. Many state regional colleges are participating in the merit-aid arms race as well.<sup>100</sup>

Central Michigan University, for example, has significantly increased its spending on merit aid in recent years to try to stem a decline in enrollments.

With a steep reduction in the supply of high school graduates in Michigan and intense competition among colleges in the state for this shrinking pool of students, Central Michigan's fortunes were flagging.<sup>101</sup> In 2011-12, the school saw its enrollment fall by more than 2 percent, and it was projecting more-substantial drops for the future. At the same time, the school was reeling from state budget cuts.

**Figure 7 | Public Colleges: High Net Price**



Selected Institution	State	% Pell	Net Price
University of Pittsburgh	PA	17%	\$21,233
Colorado School of Mines	CO	17%	\$21,149
Pennsylvania College of Technology	PA	41%	\$20,146
Pennsylvania State University	PA	17%	\$20,010
Rowan University	NJ	30%	\$18,908
Montclair State University	NJ	38%	\$18,470
South Carolina State University	SC	72%	\$18,033
Texas Southern University	TX	67%	\$17,973
The University of Alabama	AL	20%	\$17,957
Maine Maritime Academy	ME	29%	\$17,627

Selected Institution	State	% Pell	Net Price
Massachusetts College of Art and Design	MA	27%	\$17,383
Stephen F Austin State University	TX	42%	\$16,911
University of South Carolina-Columbia	SC	23%	\$16,496
Temple University	PA	35%	\$16,176
University of Cincinnati-Main Campus	OH	26%	\$16,089
University of New Hampshire-Main Campus	NH	22%	\$15,985
West Chester University of Pennsylvania	PA	24%	\$15,937
Miami University-Oxford	OH	14%	\$15,924

Selected Institution	State	% Pell	Net Price
Northern Illinois University	IL	44%	\$15,851
Jacksonville State University	AL	44%	\$15,642
University of the District of Columbia	DC	54%	\$15,629
Christopher Newport University	VA	16%	\$15,629
Northeastern Illinois University	IL	48%	\$15,621
Plymouth State University	NH	29%	\$15,237
University of Akron Main Campus	OH	39%	\$15,204
Virginia Commonwealth University	VA	29%	\$15,187
University of Kansas	KS	22%	\$15,089
Delaware State University	DE	48%	\$15,073
Vermont Technical College	VT	28%	\$15,069
Bowling Green State University	OH	33%	\$14,949
Oregon State University	OR	32%	\$14,804
Kutztown University of Pennsylvania	PA	32%	\$14,791
Kent State University at Kent	OH	33%	\$14,701
Alcorn State University	MS	76%	\$14,654
Alabama A & M University	AL	74%	\$14,601
Frostburg State University	MD	37%	\$14,521
Jackson State University	MS	66%	\$14,455
University of Montevallo	AL	40%	\$14,450
Bridgewater State University	MA	26%	\$14,436
Western Illinois University	IL	44%	\$14,317
Shippensburg University of Pennsylvania	PA	31%	\$14,298
Cleveland State University	OH	43%	\$14,284
Western Connecticut State University	CT	31%	\$14,257
South Dakota School of Mines and Technology	SD	26%	\$14,211
Ohio University	OH	26%	\$14,201
Lincoln University of Pennsylvania	PA	63%	\$14,150

Selected Institution	State	% Pell	Net Price
Grambling State University	LA	78%	\$14,124
Mississippi State University	MS	33%	\$14,117
Glennville State College	WV	36%	\$14,107
University of Colorado Boulder	CO	18%	\$14,071
Adams State University	CO	52%	\$14,065
Granite State College	NH	48%	\$14,065
Idaho State University	ID	43%	\$14,059
Keene State College	NH	24%	\$14,053
University of Northern Colorado	CO	34%	\$13,998
California University of Pennsylvania	PA	39%	\$13,962
Johnson State College	VT	28%	\$13,943
Fort Valley State University	GA	77%	\$13,912
University of Southern Maine	ME	36%	\$13,893
Georgia State University	GA	52%	\$13,854
Auburn University	AL	16%	\$13,814
Winthrop University	SC	40%	\$13,770
George Mason University	VA	25%	\$13,745
Georgia Southern University	GA	38%	\$13,714
Eastern Oregon University	OR	49%	\$13,700
Montana State University	MT	29%	\$13,699
Kennesaw State University	GA	41%	\$13,686
University of Mississippi	MS	28%	\$13,678
Sinte Gleska University	SD	81%	\$13,616
Indiana University of Pennsylvania-Main Campus	PA	37%	\$13,612
Bloomsburg University of Pennsylvania	PA	30%	\$13,588
Southern Illinois University-Carbondale	IL	43%	\$13,521
Eastern Illinois University	IL	40%	\$13,458
Metropolitan State University	MN	43%	\$13,445
Cheyney University of Pennsylvania	PA	75%	\$13,434

**Note:** The list above shows 75 public colleges with high net prices for low-income students. The remaining colleges with net prices above \$10,000 are included in the interactive web application at [edcentral.org/underminingpell3](https://edcentral.org/underminingpell3).

To respond to these threats, Central Michigan officials created an enrollment management office that would allow them to be more strategic in the way they pursued students. As part of this effort, they decided to start recruiting students as early as ninth grade. They also vowed to become more aggressive about recruiting out-of-state and international students.<sup>102</sup>

But their top priority was to “reengineer” their institutional aid policies so that they could “award more and larger merit scholarships for prospective students with GPAs of at least 3.0.”<sup>103</sup> Previously, they had provided scholarships only to students with a 3.5 GPA or better. “Fortunately and unfortunately, college cost has become a considerable factor in recruitment and retention. And how you best control college cost is through financial aid,” Steven Johnson, the university’s enrollment manager said when announcing the new policy. “We want to incentivize students who are successful academically.”<sup>104</sup>

To pay for these changes, university officials announced in 2013 that they would increase the school’s institutional aid budget by \$6 million to provide merit scholarships to an additional 800 freshmen.<sup>105</sup>

In 2013-14, 14 percent of freshmen who lacked financial need received merit scholarships, averaging about \$4,500 each.<sup>106</sup> It’s too early to know whether the new strategy is paying off in terms of more enrollments.<sup>107</sup> But the fact that the university is becoming more generous with merit aid can’t be good news for the lowest-income in-state students, who already pay an average net price of nearly \$11,000.

## Moving in the Wrong Direction

**The more public colleges and universities compete nationally for the best (and, in many cases, the wealthiest) students, the greater the pressure on the schools to use their financial aid strategically – both for offensive and defensive purposes.**

Lately, the University of Wisconsin at Madison has been feeling the heat.<sup>108</sup> Armed with generous merit-aid scholarship packages, other states’ public flagship universities have been luring the best and brightest Wisconsin students to their institutions. “Between 10,000 and 14,000 Wisconsin high school graduates leave the state each year for colleges in other states,” the *Milwaukee Journal Sentinel* reported in October. “Minnesota, Illinois, Indiana and Ohio are the top destinations.”<sup>109</sup> Asked what the university has been doing to persuade top students to stay in-state, UW-Madison’s Chancellor Rebecca Blank told the newspaper, “We do nothing.”<sup>110</sup>

**It worries me a great deal, the type of merit aid I see being offered to top students from Wisconsin. As far as I’m concerned – I’m an economist – that’s a real waste of where we should be spending our money in higher ed.**

— Rebecca Blank, Chancellor of the University of Wisconsin at Madison

Compared with other public flagship and research universities, the University of Wisconsin has not been much of a player in the merit-aid arms race. Last year, the university provided scholarships to only 8 percent of freshmen who lacked financial need.<sup>111</sup> In comparison, nearly one-third of non-needy freshmen at Ohio State University received merit aid that year.<sup>112</sup>

But things are about to change in Madison. Blank recently told *Inside Higher Ed* that the university doesn’t have any other choice but to significantly increase its spending on merit aid to stop institutions in other states from grabbing up the best Wisconsin students.<sup>113</sup> “It worries me a great deal, the type of merit aid I see being offered to top students from Wisconsin,” Blank said. “As far as I’m concerned – I’m an economist – that’s a real

waste of where we should be spending our money in higher ed. But I've got to keep some of those top students in Wisconsin.

"We've got to play in that game. We just have to," she added. "It is one of these arms-race things that I'm not happy with but I don't quite know what to do about."

At the same time, the university, which has seen its state funding slashed in recent years, is planning to make up for the lost revenue by becoming much more aggressive in recruiting high-achieving out-of-state students who can afford to pay full freight. The university will likely have to offer generous scholarships to attract these much-sought-after students.<sup>114</sup>

The university's efforts to become more competitive in pursuing out-of-state students received a major lift in October when the University of Wisconsin system's Board of Regents agreed to temporarily remove a cap on the number of nonresident students the school can enroll. For the next four years, the institution will not have to abide by the limit, which has prohibited the school from enrolling more than 27.5 percent of its students from out of state.<sup>115</sup>

Critics of the regents' action worry that the makeup of the student body will change. "If the campus no longer has a cap on non-resident undergraduates, will it focus more on recruitment efforts at affluent non-Wisconsin high schools and less on Wisconsin high schools, particularly those with large numbers of low-income and underrepresented students?" Noel Radomski, the director of the university's Wisconsin Center for the Advancement of Postsecondary Education, wrote prior to the board's vote.<sup>116</sup>

In response to such criticism, the board required the university to guarantee that it will continue to

enroll at least 3,600 in-state students each year – although, that is still a slight drop from the previous years' totals.<sup>117</sup> In addition, Blank has said that the university will increase its spending on need-based aid at the same time that it boosts merit-aid offerings.

Still, these changes don't bode well for low-income students, considering that the university doesn't do such a great job supporting these students already. Only 15 percent of the institution's students are Pell Grant recipients, and the lowest-income freshmen pay an average net price of nearly \$9,500. The school meets the full financial need of only 37 percent of aid recipients on its campus, and, on average, it meets just 78 percent of the need of its students.<sup>118</sup> In contrast, the University of Michigan charges its lowest-income freshmen an average net price of about \$5,700, meets the full financial need of more than three-quarters of its aid recipients, and on average, meets 85 percent of the need of its students (which is not great, but better than Wisconsin).<sup>119</sup>

What's more, the share of first-generation students that the University of Wisconsin enrolls has dropped significantly since 2006, according to an analysis of enrollment data by Sara Goldrick-Rab, a professor of educational policy studies and sociology at the university.<sup>120</sup> In November, she wrote that the university in 2015 "enrolled its smallest class of first-gen students in more than a decade."<sup>121</sup>

The reduction "is not an accident," she stated, but the product of an administration policy to shift enrollment "further and further towards economically-disadvantaged students."<sup>122</sup>

"Times like these define and determine our futures," she wrote. "Who gets to be a Badger? Who gets to decide? Is anyone even looking? Clearly some hope not."<sup>123</sup>

# CONCLUSION

---

**A college's commitment to helping low-income students can't be measured along a single dimension. It matters how many low-income students they enroll *and* how much these students are asked to pay. Some researchers, advocates, and journalists, however, continue to judge colleges based solely on the percentage of Pell Grant recipients that they enroll.**

For example, in 2014, the Education Trust released a paper entitled *Tough Love* that called on policymakers to penalize colleges at which fewer than 17 percent of freshmen are Pell Grant recipients. Under the plan, colleges that fail to meet the 17 percent Pell threshold within three years of the enactment of such a policy would lose access to institution-based federal aid.<sup>124</sup> “If there is to be a shared responsibility for college access and success, then at some point the federal government should no longer permit low-access institutions of higher education – or their affiliated foundations – to take advantage of the tax code to receive tax-deductible charitable donations or institutional campus-based aid.”<sup>125</sup>

While this proposal is well-intentioned in its efforts to push colleges that have been “engines of inequality” to become more socioeconomically diverse, it doesn't go far enough.

The plan would hold harmless wealthy colleges that enroll a large share of low-income students but charge them almost as much as their families earn in a year. Universities like Baylor, Southern Methodist, and the University of Miami, which provide merit aid to more than one-third of their non-needy freshmen while charging their lowest-income freshmen an average net price of more than \$20,000 a year, would get away scot-free.

At New America, we agree with Ed Trust that a federal solution is needed to push colleges to become more socioeconomically diverse. But any such plan must also hold schools accountable for making college affordable for the low-income students they enroll. Because if a college enrolls a large number of Pell Grant recipients but doesn't come close to meeting their remaining financial need, it may be setting these students up for failure.

In the past two editions of *Undermining Pell*, we have proposed that the federal government take a carrot-and-stick approach.

The carrot is to help schools that simply don't have the resources to keep down the net prices of the low-income students they serve. The plan would offer Pell bonuses to financially strapped four-year colleges that serve a substantial share of Pell Grant recipients (more than 25 percent of the student



body) and graduate at least half their students school-wide – with the aim of having these schools use this money to boost their institutional aid budgets and therefore reduce the net prices they charge the most financially needy students.

The stick is for wealthier colleges that have chosen to divert their aid to try to buy students so that they can rise up the *U.S. News* rankings and increase their net revenues. These schools, which generally enroll a relatively small share of low-income students (25 percent or less of Pell Grant recipients) but charge them high net prices, would be required to match at least a share of the Pell dollars they receive.

That's one possible approach to combating the problems identified in this report. More recently, New America has offered another approach that is far more ambitious in its scope. Under this new federal-state partnership plan, states would receive formula funds from the federal government that they would have to partially match and send to

colleges that enroll a substantial share of low-income students and serve all students well. To be eligible for the funds, states would be required to maintain, and encouraged to increase, their investment in higher education. Colleges would be required to enroll low-income students, charge only what students can afford, and demonstrate positive outcomes. The plan would eliminate unmet need for all students, limiting the price they pay for college to their Expected Family Contribution (EFC), the amount the government determines a household can afford to contribute toward the education of their children. Federal, state, and institutional funds would make up the difference between students' EFC and the net price at the participating institution.

Both the carrot-and-stick proposal and the new federal-state partnership plan aim to put an end to the merit-aid arm race and to ensure that colleges live up to their commitments to serve as engines of opportunity, rather than as perpetuators of inequality.

## Notes

<sup>1</sup> “The Real Deal on Financial Aid,” Muhlenberg College’s website: <http://www.muhlenberg.edu/main/admissions/therealdealonfinancialaid/>.

<sup>2</sup> Ibid.

<sup>3</sup> Information about the proportion of Muhlenberg freshmen who receive merit aid, and the average amount they get, comes from the college’s 2014-15 Common Data Set report, which can be found at <http://www.muhlenberg.edu/main/aboutus/ir/commondataset/>.

<sup>4</sup> “The Real Deal on Financial Aid,” Muhlenberg College’s website.

<sup>5</sup> Stephen Burd, “Undermining Pell: How Colleges Compete for Wealthy Students and Leave the Low-Income Behind,” *New America*, May 2013: [https://static.newamerica.org/attachments/2320-undermining-pell-2/Merit\\_Aid%20Final.b3b89c275d2249eeb19cb53d3fc049b6.pdf](https://static.newamerica.org/attachments/2320-undermining-pell-2/Merit_Aid%20Final.b3b89c275d2249eeb19cb53d3fc049b6.pdf).

<sup>6</sup> Stephen Burd, “Undermining Pell 2: How Colleges’ Pursuit of Prestige and Revenue Is Hurting Low-Income Students,” *New America*, September 2014: [https://www.newamerica.org/downloads/UnderminingPellVolume2\\_SBurd\\_20140917.pdf](https://www.newamerica.org/downloads/UnderminingPellVolume2_SBurd_20140917.pdf).

<sup>7</sup> Paul Fain, “Why Deep Tuition Discounts May Not Spell Financial Doom,” *The Chronicle of Higher Education*, May 2, 2010: <http://chronicle.com/article/Why-Deep-Tuition-Discounts-May/65331/>.

<sup>8</sup> Stephen Burd, “The Out-of-State Student Arms Race: How Public Universities Use Merit Aid to Recruit Nonresident Students,” May 2015: <https://static.newamerica.org/attachments/3120-out-of-state-student-arms-race/OutOfStateArmsRace-Final.b93c2211cdfb4c3da169d668fbb67cc1.pdf>.

<sup>9</sup> The College Board, “Trends in Student Aid 2014,” October 2014, p. 30: <http://trends.collegeboard.org/sites/default/files/2014-trends-student-aid-final-web.pdf>.

<sup>10</sup> Matthew Quirk, “The Best Class Money Can Buy,” *The Atlantic Monthly*, November 2005: <http://www.theatlantic.com/magazine/archive/2005/11/the-best-class-money-can-buy/304307/>.

<sup>11</sup> Lesley J. Turner, “The Incidence of Student Financial Aid,” Columbia University Dissertation, April 29, 2012: [http://econweb.umd.edu/~turner/LTurner\\_FedAid\\_Apr2012.pdf](http://econweb.umd.edu/~turner/LTurner_FedAid_Apr2012.pdf); and Jon H. Oberg, “A Natural Experiment of the 1990s: Responses to Changes in Pell Grants and Stafford Loans,” the National Institute on Postsecondary Education, Libraries, and Lifelong Learning at the U.S. Department of Education’s Office of Educational Research and Improvement, October 2002.

<sup>12</sup> Ben Miller, “Pell Grant Increases Mean Little If Washington Acts Alone,” *The Chronicle of Higher Education*, June 9, 2014: <http://chronicle.com/article/Pell-Grant-Increases-Mean/146933/>.

<sup>13</sup> *Higher Education Opportunity Act*, Public Law 110-315, GPO, August 14, 2008: <https://www.gpo.gov/fdsys/pkg/PLAW-110publ315/pdf/PLAW-110publ315.pdf>.

<sup>14</sup> Beckie Supiano, “Why It’s So Hard to Tell What Low-Income Students Pay at Elite Colleges,” *The Chronicle of Higher Education*, August 15, 2014: <http://chronicle.com/article/Why-Its-So-Hard-to-Tell/148403/>.

<sup>15</sup> Burd, “Undermining Pell 2.”

<sup>16</sup> This section about Grinnell ran first in a column I wrote for *The Hechinger Report* on December 9, 2015, entitled “Grinnell Shows What It Takes for an Elite Private College to Be Socioeconomically Diverse”: <http://hechingerreport.org/grinnell-shows-what-it-takes-for-an-elite-private-college-to-be-socioeconomically-diverse/>.

<sup>17</sup> Kevin Kiley, “Grinnell, One of the Country’s Wealthiest Colleges, Questions Sustainability of Financial Aid,” *Inside Higher Ed*, October 1, 2012: <https://www.insidehighered.com/news/2012/10/01/grinnell-one-countrys-wealthiest-colleges-questions-sustainability-financial-aid>.

<sup>18</sup> According to Joe Bagnoli, international students now make up 17 percent of Grinnell’s student body, up from 10 percent four years ago.

<sup>19</sup> Merit aid figures are from Grinnell College’s 2013-14 Common Data Set, which can be found here: [http://web.grinnell.edu/institutionalresearch/webdocs/GC\\_CDS\\_1314.pdf](http://web.grinnell.edu/institutionalresearch/webdocs/GC_CDS_1314.pdf).

<sup>20</sup> Author’s second interview with Joe Bagnoli, Grinnell’s vice president for enrollment, and dean of admission and financial aid, December 3, 2015.

<sup>21</sup> Ibid.

<sup>22</sup> “Grinnell College Board of Trustees Retains Need-Blind Admission Policy,” Grinnell College, October 13, 2015: <http://www.grinnell.edu/news/releases/grinnell-college-board-trustees-retains-need-blind-admission-policy>.

<sup>23</sup> Author’s first interview with Joe Bagnoli, November 3, 2015.

<sup>24</sup> Grinnell’s website includes a page about the school’s “commitment to social justice”: <http://www.grinnell.edu/about/values/socialresponsibility>.

<sup>25</sup> More information about Josiah Bushnell Grinnell is available at <http://uipress.lib.uiowa.edu/bdi/DetailsPage.aspx?id=146>.

<sup>26</sup> Information about Grinnell’s historical commitment to social justice can be found at <http://www.grinnell.edu/about/values/socialresponsibility>.

<sup>27</sup> Information about Grinnell’s core values is available at <https://www.grinnell.edu/about/admin/president/core-values>.

- <sup>28</sup> Author's first interview with Joe Bagnoli.
- <sup>29</sup> Information about the Posse Foundation is available at <https://www.possefoundation.org/>.
- <sup>30</sup> Information about QuestBridge is available at: <http://www.questbridge.org/>.
- <sup>31</sup> Information about Chicago Scholars is available at <http://www.chicagoscholars.org/about>.
- <sup>32</sup> Burd, "Grinnell Shows What It Takes for an Elite Private College to Be Socioeconomically Diverse."
- <sup>33</sup> Merit aid figures are from Duke's 2013-14 Common Data Set, which can be found at [http://ir.provost.duke.edu/facts/cds/Duke%20CDS\\_2013-2014.pdf](http://ir.provost.duke.edu/facts/cds/Duke%20CDS_2013-2014.pdf).
- <sup>34</sup> Jenna Zhang, "Duke Stands Alone Among Peers in Merit-Based Scholarship Priorities," *The Chronicle*, January 20, 2015: <http://www.dukechronicle.com/article/2015/01/duke-stands-alone-among-peers-merit-based-scholarship-priorities>.
- <sup>35</sup> Information about Duke's scholarships can be found on the university's website at <http://ousf.duke.edu/merit-scholarship-programs>.
- <sup>36</sup> Ibid.
- <sup>37</sup> Stephen Burd, "Which College Will Replace Wash U. as the Least Socioeconomically Diverse in the Country?," *The Hechinger Report*, April 8, 2015: <http://hechingerreport.org/which-college-will-replace-wash-u-as-the-least-socioeconomically-diverse-in-the-country/>.
- <sup>38</sup> Ibid.
- <sup>39</sup> "Admission Accomplished," *Kenyon News*, March 20, 2015: <http://www.kenyon.edu/middle-path/story/admission-accomplished>.
- <sup>40</sup> Stephen Burd, "Which College Will Replace Wash U. as the Least Socioeconomically Diverse in the Country?"
- <sup>41</sup> Ibid.
- <sup>42</sup> Ibid.
- <sup>43</sup> Ibid.
- <sup>44</sup> "Momentum: Muhlenberg's Strategic Plan 2010-15," Muhlenberg College, October 30, 2010: <http://www.muhlenberg.edu/media/contentassets/pdf/about/strategicplanning/Momentum-Approved.pdf>.
- <sup>45</sup> Merit aid figures are from Muhlenberg's Common Data Set for the 2013-14 academic year, which can be found at [http://www.muhlenberg.edu/main/aboutus/ir/common\\_data/](http://www.muhlenberg.edu/main/aboutus/ir/common_data/).
- <sup>46</sup> "Momentum: Muhlenberg's Strategic Plan 2010-15."
- <sup>47</sup> John Williams, "When Talk Grows Cheap on Campus, Maybe It's Time to Try Listening," *The Hechinger Report*, January 12, 2016: <http://hechingerreport.org/when-talk-grows-cheap-on-campus-maybe-its-time-to-try-listening/>.
- <sup>48</sup> "John Williams to Become President of Muhlenberg College," Muhlenberg College, December 4, 2014: <http://www.muhlenberg.edu/latestnews/featuredstory/name,187630,en.html>.
- <sup>49</sup> Paul Moses, "Catholic Colleges Tell Poor Students: Go Somewhere Else," *The Hechinger Report*, December 22, 2014: <http://hechingerreport.org/catholic-colleges-tell-poor-students-go-somewhere-else/>.
- <sup>50</sup> Ibid.
- <sup>51</sup> Merit aid figures are from Catholic University's 2013-14 Common Data Set: <http://pir.cua.edu/res/docs/common-data/cds1314/CDS2013-H.pdf>.
- <sup>52</sup> Moses, "Catholic Colleges Tell Poor Students: Go Somewhere Else."
- <sup>53</sup> Joseph Guinto, "SMU's Big Man on Campus," *D Magazine*, June 2015: <http://www.dmagazine.com/publications/d-magazine/2015/june/smu-gerald-turner-president-big-man-on-campus>.
- <sup>54</sup> Ibid.
- <sup>55</sup> Information about Southern Methodist University's scholarships can be found on the university's website at <http://www.smu.edu/Admission/FinancialAid/ScholarshipsAndAssistance>.
- <sup>56</sup> Information about SMU's use of merit aid comes from the university's 2013-14 Common Data Set: <http://www.smu.edu/Provost/IR/Statistics/CommonDataSets/2013>.
- <sup>57</sup> Ibid.
- <sup>58</sup> "Southern Methodist University," Best National Universities, *U.S. News* 2016 "Best Colleges" rankings, September 2015: <http://colleges.usnews.rankingsandreviews.com/best-colleges/smu-3613>.
- <sup>59</sup> Jan Anderson, "Turner Celebrates SMU's Achievements," *The Daily Campus*, April 23, 2012: <http://www.smudailycampus.com/news/turner-celebrates-smus-achievement>.
- <sup>60</sup> Guinto, "SMU's Big Man on Campus."
- <sup>61</sup> Ibid.
- <sup>62</sup> Merit aid figures are from the colleges' latest Common Data Sets.
- <sup>63</sup> Fain, "Why Deep Tuition Discounts May Not Spell Financial Doom."
- <sup>64</sup> Kenneth E. Redd, "Discounting Toward Disaster: Tuition Discounting, College Finances, and Enrollments of Low-Income Undergraduates," USA Group Foundation, December 2000: <http://www.nyu.edu/classes/jepsen/tuitiondiscountingDec00>.

[pdf](#).

<sup>65</sup> Scott Jaschik, “Shocking Decision at Sweet Briar,” *Inside Higher Ed*, March 4, 2015: <https://www.insidehighered.com/news/2015/03/04/sweet-briar-college-will-shut-down>.

<sup>66</sup> Ibid.

<sup>67</sup> See Standard & Poor’s Rating Agency’s report on Sweet Briar, November 2014: <https://www.dropbox.com/s/osmefdqctqx8x4/Sweet%20Briar%20Nov%202014.pdf?dl=0>.

<sup>68</sup> Ibid.

<sup>69</sup> Kim Clark, “Some Small Private Colleges Are Facing a ‘Death Spiral,’” *Money Magazine*, March 4, 2015: <http://time.com/money/3731250/sweet-briar-private-college-death-spiral/>.

<sup>70</sup> Ibid.

<sup>71</sup> Sheryl Gay Stolberg, “Sweet Briar College Is Saved but Is Not in the Clear,” *The New York Times*, June 23, 2015: <http://www.nytimes.com/2015/06/24/us/sweet-briar-college-is-saved-but-not-in-the-clear.html>.

<sup>72</sup> Stephen Burd, “The Out-of-State Student Arms Race.”

<sup>73</sup> Sarah Turner, “Higher Tuition, Higher Aid and the Quest to Improve Opportunities for Low Income Students in Selective, Public Higher Education” in Ronald Ehrenberg’s *What’s Happening to Public Higher Education?*, Johns Hopkins University Press, 2006: <https://jhupbooks.press.jhu.edu/content/whats-happening-public-higher-education>.

<sup>74</sup> Vincent Badolato, “Getting What You Pay For: Tuition Policy and Practice,” WICHE, November 2008: <http://www.wiche.edu/info/gwypf/badolato.pdf>.

<sup>75</sup> Andrew Shain, “More Out-of-State Students Get Tuition Discounts at S.C. Colleges,” *The State*, September 7, 2013: <http://chronicle.augusta.com/news/2013-09-08/more-out-state-students-get-tuition-discounts-south-carolina>.

<sup>76</sup> Emma Kinery, “One Year In, Schlissel Says Diversity Plan Moving Ahead,” *The Michigan Daily*, October 1, 2015: <https://www.michigandaily.com/section/news/campus-context-series-diversity>.

<sup>77</sup> Lara Moehlman, “Schlissel Details Planning Process for Forthcoming Diversity Initiative,” *The Michigan Daily*, September 10, 2015: <https://www.michigandaily.com/section/news/schlissel-details-planning-process-forthcoming-diversity-initiative>.

<sup>78</sup> Emma Kinery, “One Year In, Schlissel Says Diversity Plan Moving Ahead.”

<sup>79</sup> Genevieve Hummer, “With Diversity in Mind, University Announces Pilot to Attract Low-Income Students,” *The Michigan Daily*, September 2, 2015: <https://www.michigandaily.com/section/news/diversity-mind-university-announces-pilot-attract-low-income-students>.

<sup>80</sup> Lara Moehlman, “Schlissel Details Planning Process for Forthcoming Diversity Initiative.”

<sup>81</sup> Genevieve Hummer, “With Diversity in Mind, University Announces Pilot to Attract Low-Income Students.”

<sup>82</sup> David Jesse, “U-M College Prep Program to Offer Full Scholarships,” *Detroit Free Press*, October 23, 2015: <http://www.freep.com/story/news/local/michigan/2015/10/23/university-michigan-program-full-ride-scholarships/74451146/>.

<sup>83</sup> Ibid.

<sup>84</sup> Adam Jones, “New Auburn President to Lay Out Plan,” *Tuscaloosa News*, May 12, 2008: <http://www.tuscaloosaneews.com/article/20080512/NEWS/930361590>.

<sup>85</sup> Tim Stephens, “Auburn Program Buried in Turmoil,” *Orlando Sentinel*, January 24, 2004: [http://articles.orlandosentinel.com/2004-01-24/sports/0401240230\\_1\\_auburn-accreditation-alabama](http://articles.orlandosentinel.com/2004-01-24/sports/0401240230_1_auburn-accreditation-alabama).

<sup>86</sup> Peter Thamel, “Top Grades and No Class Time for Auburn Players,” *The New York Times*, July 14, 2006: <http://www.nytimes.com/2006/07/14/sports/ncaafootball/14auburn.html?pagewanted=all&r=0>.

<sup>87</sup> Stephen Burd, “Undermining Pell.”

<sup>88</sup> Stephen Burd, “The Out-of-State Student Arms Race.”

<sup>89</sup> “Auburn University Strategic Planning,” Messina & Graham, October 2006: <http://slideplayer.com/slide/2614395/>.

<sup>90</sup> Adam Jones, “New Auburn President to Lay Out Plan.”

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> Merit aid figures are from Auburn University’s 2007 Common Data Set and its 2014 Common Data Set: <https://web.auburn.edu/ir/cds/default.aspx>.

<sup>94</sup> Information about Auburn’s scholarships can be found on the university’s website at <http://www.auburn.edu/scholarship/>.

<sup>95</sup> This information is in Auburn University’s 2013-18 Strategic Plan, which can be found on the university’s website at [http://ocm.auburn.edu/strategic\\_plan/strategicplan2013.pdf](http://ocm.auburn.edu/strategic_plan/strategicplan2013.pdf).

<sup>96</sup> “University of Alabama” and “Auburn University,” Best National Universities, *U.S. News* 2016 “Best Colleges” rankings, September 2015: <http://colleges.usnews.rankingsandreviews.com/best-colleges/university-of-alabama-1051> and <http://colleges.usnews.rankingsandreviews.com/best-colleges/auburn-university-1009>.

<sup>97</sup> Merit aid figures are from the University of Cincinnati’s 2014-15 Common Data Set: [https://www.uc.edu/content/dam/uc/provost/docs/institutional\\_research/student\\_reports/common\\_data\\_sets/Current\\_UC\\_Common](https://www.uc.edu/content/dam/uc/provost/docs/institutional_research/student_reports/common_data_sets/Current_UC_Common).

<sup>98</sup> This quote is from the University of Cincinnati's most recent strategic plan, entitled "UC 2019: Accelerating Our Transformation," which can be found on the university's website at: [https://www.uc.edu/content/dam/uc/president/media/StrategicPlan\\_2010.pdf](https://www.uc.edu/content/dam/uc/president/media/StrategicPlan_2010.pdf).

<sup>99</sup> Greg Hand, "UC Climbs Higher in U.S. News Rankings," *University of Cincinnati News*, September 10, 2013: <http://www.uc.edu/news/nr.aspx?id=18382>.

<sup>100</sup> Stephen Burd, "The Out-of-State Student Arms Race."

<sup>101</sup> Lindsay Knake, "Central Michigan to Expand Recruitment, Increase Retention Rates as Enrollment Drops," *The Saginaw News*, July 11, 2013: [http://www.mlive.com/news/saginaw/index.ssf/2013/07/central\\_michigan\\_to\\_expand\\_rec.html](http://www.mlive.com/news/saginaw/index.ssf/2013/07/central_michigan_to_expand_rec.html).

<sup>102</sup> This information is in Central Michigan University's "Strategic Enrollment Management Plan 2013-15": [https://www.cmich.edu/der/development\\_board/Documents/Timely%20Information/2013-15%20Strategic%20Enrollment%20Management%20Plan%20Final%2008-30-13.pdf](https://www.cmich.edu/der/development_board/Documents/Timely%20Information/2013-15%20Strategic%20Enrollment%20Management%20Plan%20Final%2008-30-13.pdf).

<sup>103</sup> Ibid.

<sup>104</sup> Ben Solis, "Johnson Presents New Challenges, Solutions for Dwindling Enrollment," *Michigan Life*, September 19, 2013: <http://www.cm-life.com/article/2013/09/johnson-presents-new-challenges-solutions-for-dwindling-enrollment>.

<sup>105</sup> "CMU Expands Merit Scholarships to Reward About 800 More Students," Central Michigan University press release, November 18, 2013: <http://www.marketwired.com/press-release/cmu-expands-merit-scholarships-to-reward-about-800-more-students-1853609.htm>.

<sup>106</sup> Merit aid figures are from Central Michigan University's 2014-15 Common Data Set, which can be found at [https://www.cmich.edu/office\\_provost/academic\\_administration/OIR/Reports/Documents/Common%20Data%20Set/CDS2014\\_15.pdf](https://www.cmich.edu/office_provost/academic_administration/OIR/Reports/Documents/Common%20Data%20Set/CDS2014_15.pdf).

<sup>107</sup> Sydney Smith, "University Should Meet 2015 Freshman Enrollment Goal," *Central Michigan Life*, June 22, 2015: <http://www.cm-life.com/article/2015/06/freshmen-enrollment-predicted-to-decrease>.

<sup>108</sup> This section about University of Wisconsin ran first in a column I wrote for *The Hechinger Report* on February 10, 2015, entitled "Why UW-Madison's Plan to Become Bigger 'Merit Aid' Player is Bad for U.S. Public Higher Education": <http://hechingerreport.org/why-uw-madisons-plan-to-become-bigger-merit-aid-player-is-bad-for-u-s-public-higher-education/>.

<sup>109</sup> Karen Herzog, "Regents Panel Backs Lifting of UW-Madison Nonresident Enrollment Cap," *Milwaukee Journal Sentinel*, October 8, 2015.

<sup>110</sup> Ibid.

<sup>111</sup> Merit aid figures are from the University of Wisconsin's 2014-15 Common Data Set, which can be found at [https://apir.wisc.edu/publisherssurvey/CDS\\_2014-2015.pdf](https://apir.wisc.edu/publisherssurvey/CDS_2014-2015.pdf).

<sup>112</sup> Merit aid figures are from the Ohio State University's 2014-15 Common Data Set, which can be found at [http://oaa.osu.edu/irp/publisher\\_surveys/Common%20Data%20Set%202014\\_15%20OSU%20Columbus.pdf](http://oaa.osu.edu/irp/publisher_surveys/Common%20Data%20Set%202014_15%20OSU%20Columbus.pdf).

<sup>113</sup> Kellie Woodhouse, "University of Wisconsin Ups Its Merit Aid in an Effort to Better Compete with Peers," *Inside Higher Ed*, December 18, 2015: <https://www.insidehighered.com/news/2015/12/18/university-wisconsin-ups-its-merit-aid-effort-better-compete-peers>.

<sup>114</sup> Sara Goldrick-Rab, "Who's a Badger?" Medium blog, November 12, 2015: <https://medium.com/@saragoldrickrab/who-s-a-badger-87ffd65e6244#.mkbaez6fw>.

<sup>115</sup> "Regents Approve Lifting Cap on Out-of-State Students at UW-Madison," University of Wisconsin System News, October 9, 2015: <https://www.wisconsin.edu/news/archive/regents-approve-lifting-cap-on-out-of-state-students-at-uw-madison-day-2-news-summary/>.

<sup>116</sup> Noel Radomski, "The University of Madison?" as reproduced by *The Cap Times*, October 8, 2015: [http://host.madison.com/ct/news/local/education/university/noel-radomski-uw-madison-likely-to-get-whiter-richer-if/article\\_f80d4272-6685-57c2-80da-14c6c482776a.html](http://host.madison.com/ct/news/local/education/university/noel-radomski-uw-madison-likely-to-get-whiter-richer-if/article_f80d4272-6685-57c2-80da-14c6c482776a.html).

<sup>117</sup> "Regents Approve Lifting Cap on Out-of-State Students at UW-Madison."

<sup>118</sup> These data are from the University of Wisconsin's Common Data Set.

<sup>119</sup> These data are from the University of Michigan's 2014-15 Common Data Set, which can be found at [http://obp.umich.edu/wp-content/uploads/pubdata/cds/cds\\_2014-2015\\_uma.pdf](http://obp.umich.edu/wp-content/uploads/pubdata/cds/cds_2014-2015_uma.pdf).

<sup>120</sup> In "Who's a Badger?" Sara Goldrick-Rab writes, "In 2009, 49.7% of the 2,151 first-generation students who applied to UW-Madison were admitted, but in 2015 just 42.8% of the 2,024 first-gen applicants were admitted. Yield fell sharply as well during that time, from about 53% to under 48%."

<sup>121</sup> Sara Goldrick-Rab, "Who's a Badger?"

<sup>122</sup> Ibid.

<sup>123</sup> Ibid.

<sup>124</sup> Michael Dannenberg and Mary Nguyen Barry, "Tough Love: Bottom-Line Quality Standards for Colleges," the Education Trust, June 17, 2014: <https://edtrust.org/resource/tough-love-bottom-line-quality-standards-for-colleges/>.

<sup>125</sup> Ibid.



This report carries a Creative Commons Attribution 4.0 International license, which permits re-use of New America content when proper attribution is provided. This means you are free to share and adapt New America's work, or include our content in derivative works, under the following conditions:

- **Attribution.** You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.

For the full legal code of this Creative Commons license, please visit [creativecommons.org](https://creativecommons.org).

If you have any questions about citing or reusing New America content, please visit [www.newamerica.org](https://www.newamerica.org).

All photos in this report are supplied by, and licensed to, [shutterstock.com](https://www.shutterstock.com) unless otherwise stated. Photos from federal government sources are used under section 105 of the Copyright Act.



