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Undermining Pell

How Colleges Compete for Wealthy Students and Leave the Low-Income Behind

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With their relentless pursuit of prestige and revenue, the nation's public and private four-year colleges and universities are in danger of shutting down what has long been a pathway to the middle class for low-income and working-class students. This report presents a new analysis of little-examined U.S. Department of Education data showing the "net price" — the amount students pay after all grant aid has been exhausted — for low-income students at thousands of individual colleges. The analysis shows that hundreds of colleges expect the neediest students to pay an amount that is equal to or even more than their families' yearly earnings. As a result, these students are left with little choice but to take on heavy debt loads or engage in activities that lessen their likelihood of earning their degrees, such as working full-time while enrolled or dropping out until they can afford to return.

The financial hurdles, the analysis finds, are highest in the private nonprofit college sector, where only a few dozen mostly exclusive colleges meet the full financial need of the low-income students they enroll. Nearly two-thirds of the private institutions analyzed charge students from the lowest-income families, those making $30,000 or less annually, a net price of over $15,000 a year.

Many private colleges have small endowments, making it extremely difficult for them to provide adequate support to those 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 institutions provide deep tuition discounts to wealthier students because they believe it is necessary for their survival.[1]

This is not, however, just a question of institutional wealth. Some of the country's most prosperous private colleges are, in fact, the stingiest with need-based aid. These institutions tend to use their institutional financial aid as a competitive tool to reel in the top students, as well as the most affluent, to help them climb up the *U.S. News & World Report* rankings and maximize their revenue.

While the problem is not as extreme among public universities, it is rapidly getting worse. As more states cut funding for their higher education systems, 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.[2]

One of the main ways that states have dealt with the financial pressure has been to free their public institutions to take a so-called "high tuition, high aid" approach — meaning that these institutions can sharply raise their prices with the expectation that they will provide more generous financial aid to offset the effect on low- and moderate-income students.[3] This analysis finds that the high-tuition, high aid approach has been a failure for low-income students. In many states that are following this model, such as Pennsylvania and South Carolina, the neediest students are facing net prices that are more than double what they are being charged in low-tuition states such as North Carolina.

Penn State University is a case in point. In-state students attending the university's flagship campus in University Park pay about $16,000 in tuition and fees annually, which is double the average charged at public four-year colleges and universities.[4] Despite the fact that Penn State spends nearly $14 million a year on institutional aid,[5] its lowest-income in-state students pay an average net price of nearly

$17,000, the fifth-highest of any public institution this report examines.[6] In other words, Penn State's neediest students do not appear to be getting any discount relative to other students at all. At the same time, about 6 percent of the school's first-time freshmen received an average of $3,800 in so-called "merit aid" in 2010-11.[7]

Schools like Penn State seem to be using their pricing autonomy to gain an advantage as they fiercely compete for the students they most desire: the "best and brightest" students — and the wealthiest.[8]

These actions fly in the face of national goals to increase access to higher education and help more students earn high-quality degrees. Nearly 50 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 nearly $35 billion in the 2012 fiscal year to help more than 9 million financially needy students pay for college.[9]

For years, colleges complemented the government's efforts by using their financial aid resources to open the doors to the neediest students. But those days appear to be in the past. Over the past 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.

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 provided to financially needy students otherwise, and then shifting these funds to help recruit wealthier students.[10] This is one reason why even after historic increases in Pell Grant funding, the college-going gap between low-income students and their wealthier counterparts remains as wide as ever. Low-income students are not receiving the full benefits intended.

Overall, too many four-year colleges, both public and private, are failing to help the government achieve its college access mission. They are, instead, adding hurdles that could hamper the educational progress of needy students, or leave them 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. Federal action is needed to ensure that colleges continue to provide a gateway to opportunity, rather than perpetuating inequality by limiting college access to only those who are rich enough to be able to afford it.

Chapter One
The Big Picture

Colleges provide undergraduates more than $30 billion in institutional grant aid — money from schools' own budgets, beyond state and federal grants — each year. In the past, it would have been fair to assume that most of these funds were being used to make college more accessible and affordable for those with the greatest financial need. But times have changed.[11]

Over the past several decades, a highly influential enrollment management industry has emerged to show colleges and universities how they can use their institutional aid dollars strategically in order to increase both their prestige and revenue.[12] Financial aid has increasingly become a weapon that four-year colleges wield as they fiercely compete for the students they most desire.[13]

A 2011 report from the U.S. Department of Education's National Center for Education Statistics (NCES) shows just how dramatic the shift has been.[14] The report found that in the 1995-96 school year, both public and private four-year colleges and universities predominantly used their institutional aid resources to try to meet the financial need of their students:

- At public colleges, 8 percent of first-time, full-time students received merit aid, while 13 percent received need-based aid.

- At private colleges, 24 percent received merit aid, while 43 percent received need-based aid.

But by 2007-08, merit aid trumped need-based aid at both types of institutions:

- At public colleges, 18 percent received merit aid, while 16 percent received need-based aid.

- At private colleges, 44 percent received merit aid, while 42 percent received need-based aid.[15]

Although the report doesn't explore the implications of this change, it's clear that many of these schools are leveraging their financial aid budgets to buy students who could already afford to attend without the help. In many cases, these institutions are trying to lure in top students who will help them improve their standing in the *U.S. News & World Report* college rankings so they can enhance their reputations and marketability.

The term "merit aid," moreover, is often a misnomer, as these funds don't always go to the meritorious.[16] According to the NCES report, 19 percent of freshmen at four-year colleges who had SAT scores ranging from 0 to 699 received merit awards from their schools or states, as did 27 percent of those with scores from 700 to 999. In addition, 20 percent of those who had grade point averages of less than 2.0 received this assistance as well.[17]

As these data suggest, colleges are not just looking for the best and brightest students. They are also working hard to bring wealthy students to their campuses in order to maximize their revenue. The schools generally try to achieve this goal by offering generous institutional aid awards to these otherwise "full-pay" students — that is, students whose families can afford to pay advertised tuition rates. After all, it's more profitable for schools to provide four scholarships of $5,000 each to induce affluent students who will be able to pay the balance than it is to provide a single $20,000 grant to one low-income student.[18]

This strategy is increasingly being adopted at public colleges and universities, many of which are grappling with significant reductions in state funding.[19] Reporting in September 2011 on a survey it conducted that year of nearly 500 college admissions officers, *Inside Higher Ed* noted that:

> *Recruiting more "full pay" students – those who don't need financial aid — is seen as a key goal in public higher education, a sector traditionally known for its commitment to access. At public doctoral and master's institutions, more admissions directors cited the recruitment of full-pay students as a key strategy than cited providing aid for low-income students. (At doctoral institutions, the gap was 47 percent to 40 percent, and at master's institutions, the gap was 45 percent to 38 percent.)*[20]

These practices, however, are not exclusive to public institutions. Admissions directors at about a third of the four-year private liberal arts colleges who were surveyed reported that their schools have also ramped up their recruitment of affluent students. This was especially true at less-selective campuses, which tend to rely more heavily on tuition as a source of revenue than their elite peers.

The competition for the wealthy is so strong that 10 percent of college admissions directors at four-year colleges (and nearly 20 percent of those at private liberal arts colleges) reported that they give affluent students a significant leg up in the admissions process — meaning that they are admitting full-pay students with lower grades and test scores than other applicants.[21] These colleges are, in other words, providing affirmative action for the wealthy, despite all of the extraordinary advantages that these students have over their less-fortunate peers.

It should not come as any surprise then that this fundamental change in the way many four-year colleges distribute their institutional aid dollars has been detrimental to low-income students. NCES reports that the share of high-income students receiving grants from any source (the federal government, states, and colleges) grew from 13 percent in 1995-96 to 18 percent in 2007-08, while the proportion of low-income students receiving these awards fell from 41 percent to 37 percent during this period of time.[22]

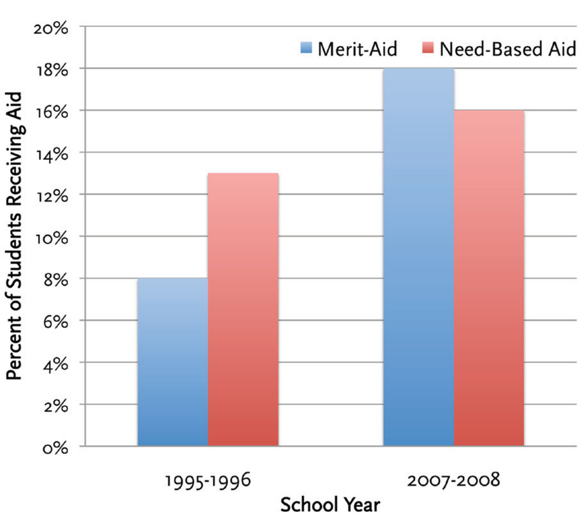
These numbers are alarming in and of themselves. But all indications suggest that this shift away from need-based aid has only accelerated over the last several years as colleges have grappled with the financial downturn. In its latest survey of college admissions directors, *Inside Higher Ed* found that more than one-third of public colleges and nearly two-thirds of private colleges engage in "gapping" — providing lower-income students with aid packages that don't come close to meeting their financial need.[23] In the parlance of enrollment management, this is often called "admit-deny," in which schools deliberately underfund financially needy students in order to discourage them from enrolling.[24]

"Admit-deny is when you give someone a financial-aid package that is so rotten that you hope they get the message, 'Don't come,'" Mark Heffron, a senior vice-president at the enrollment management firm Noel-Levitz, told *The Atlantic Monthly* back in 2005. "They don't always get the message."[25]

Such policies run entirely counter to the federal government's mission of promoting college access and affordability. Yet, three-quarters of the private college financial aid directors surveyed said that gapping financially needy students is "an ethical practice," as did nearly half of the respondents from public four-year colleges.[26]

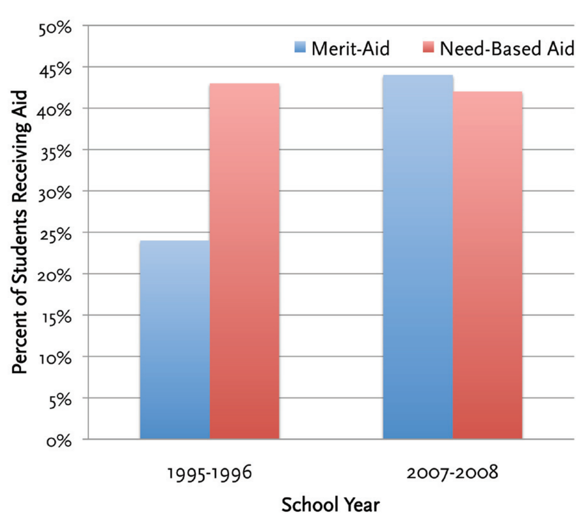
College leaders are fully aware of how damaging the financial aid arms race has been. Recently, a small group of private college leaders — led by S. Georgia Nugent, the president of

Chart 1: Shift to Merit Aid at Public Colleges



Source: U.S. Department of Education, New America Foundation

Chart 2: Shift to Merit Aid at Private Colleges



Source: U.S. Department of Education, New America Foundation

Kenyon College in Ohio — circulated a draft pledge among their colleagues to agree to commit to providing need-based financial aid, rather than merit scholarships and tuition discounts. The latter practices, the document says, are "unsustainable" and have "led to an allocation of higher education resources that is neither efficient nor just."[27]

This is a very admirable but probably doomed effort. It's unlikely that colleges will be able and willing to change their practices on their own, since no one wants to "disarm unilaterally." As Robert J. Massa, vice president for communications at Lafayette College in Pennsylvania and a pioneer in enrollment management, recently wrote: "Higher education jeopardizes its future by increasingly discounting price to those well able to afford full tuition or at least a large part of the total price. A long-term vision, rather than a short-term gain, must be paramount. But try telling that to an enrollment manager who must get next year's class and revenue!"[28]

The remainder of this paper will examine how these trends are playing out on campuses by analyzing data from the Department of Education showing the proportion of Pell Grant recipients that individual colleges serve, and the average net price they charge students with family incomes of $30,000 or less.[29]

Merit vs. Need-Based Aid: What the Research Says

No one would dispute that there has been enormous growth in the use of non-need-based aid at the nation's public and private four-year colleges and universities. But there has been a debate over whether this trend is good or bad for low-income students. Some proponents of enrollment management have argued that colleges are using so-called merit aid to increase the revenues they have to spend on need-based aid. While this may be true at individual colleges, research shows that the increasing availability of merit aid has largely come at the expense of low-income students.

Here are some studies that look at the relationship between these two types of aid:

"Crafting a Class: The Trade Off Between Merit Scholarships and Enrolling Lower-Income Students" — by Ronald G. Ehrenberg, Liang Zhang, and Jared M. Levin[1]

This study, conducted by researchers at the Cornell Higher Education Research Institute, looked at the proportion of Pell Grant recipients at colleges that fund a large number of National Merit Scholarships (NMS) and found an inverse relationship between the two. Schools that increase the share of National Merit Scholars they support tend to reduce the share of Pell Grant recipients they serve.

"While our research has focused only on NMS awards, it highlights the tradeoff that may exist more broadly between using institutional grant aid to craft a more selective student body than would otherwise occur and using institutional grant aid to attract more students from families from the lower tail of the family income distribution," the study's authors wrote.

"Keeping up With the Joneses: Institutional Changes Following the Adoption of a Merit Aid Policy" — by Amanda L. Griffith[2]

Using merit aid data from the College Board's "Annual Survey of Colleges," this study looked at demographic changes that occurred at 93 private nonprofit colleges that began offering non-need-based financial aid between 1987 and 2005.

Griffith, an assistant professor of economics at Wake Forest University, found that "the use of merit aid is associated with changes in the socioeconomic and racial composition of the study body." According to the report, within three to five years of introducing a merit aid program, the two top tiers of private colleges saw their share of Pell Grant recipients fall by 6 percentage points. At bottom-tier schools, the proportion of Pell Grant recipients initially rose but ultimately dropped by 2 percentage points within 10 years of the creation of such a program. The study also found that the introduction of a merit aid program led to a reduction in the representation of black students at top-tier schools.

"It is worrisome, given the already low levels of representation of low-income and minority students at four-year colleges, to find that the introduction of a merit aid policy is associated with a decrease in the percentage of low-income and black students, particularly at the more selective institutions in the sample."

"Changes in Institutional Aid, 1992-2003: The Evolving Role of Merit Aid" — by William R. Doyle[3]

Doyle, an assistant professor of higher education at Vanderbilt University, analyzed data from the U.S. Department of Education's National Postsecondary Student Aid Survey (NPSAS) from 1992 to 2003 to see whether colleges' priorities in awarding institutional financial aid dollars had changed during this time period. He looked particularly at colleges' responsiveness to student need and standardized test scores at public four-year doctoral institutions, public four-year non-doctoral institutions, private four–year doctoral institutions, and private four-year non-doctoral institutions.

He found significant changes in three out of the four types of schools he examined. "At public non-doctoral institutions and at all types of privates, the payoff for academic characteristics has grown dramatically, while the increase in need-based aid has not grown nearly as fast," he wrote.

This shift is alarming, he stated, because "the increased expenditure on merit-based aid by institutions means that resources at these institutions are being spent on where, and not whether, a student goes to college."

"A Natural Experiment of the 1990s: Responses to Changes in Pell Grants and Stafford Loans" — by Jon H. Oberg[4]

Using NPSAS data, Oberg, a U.S. Department of Education researcher at the time, examined how colleges responded to changes in Pell Grant funding during the 1990s. He found that while colleges increased institutional aid to low-income students when Pell Grant funding was cut in the middle of the decade, they reacted to increases in the program's funding in the late 1990s by steering their aid to middle- and high-income students. As a result, Pell Grant increases did not result in any slowdown in the rate of student loan borrowing by low-income students, but they did so for middle-income students.

"The study demonstrates that, for many low-income dependent students, current student federal and institutional student financial aid programs often countervail each other and therefore miss opportunities to close the college opportunity gap that exists between low and higher income students," Oberg wrote.

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1 Ronald G. Ehrenberg, Liang Zhang, and Jared M. Levin, "Crafting a Class: The Trade Off Between Merit Scholarships and Enrolling Lower-Income Students." *The Review of Higher Education*, 29, 2 (Winter 2006): 195-211: http://www.nber.org/papers/w11437.

2 Amanda L. Griffith, "Keeping up With the Joneses: Institutional Changes Following the Adoption of a Merit Aid Policy," Cornell University's School of Industrial and Labor Relations, June 2009: http://digitalcommons.ilr.cornell.edu/workingpapers/130/.

3 William R. Doyle, "Changes in Institutional Aid, 1992-2003: The Evolving Role of Merit Aid," *Research in Higher Education*, 51(8):789–810, August 2010: http://link.springer.com/article/10.1007%2Fs11162-010-9177-0.

4 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.

Chapter Two
Private Colleges

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 those students are asked to pay. Until the U.S. Department of Education released college-level data on net prices for students of different income levels several years ago, there was no way to examine low-income enrollment and price simultaneously. Now that such an analysis is possible, it reveals wide variation among colleges that are otherwise quite similar. Some institutions are authentically committed to enrolling low- and moderate-income students and charging them affordable prices. Others are unconscionably stingy with their admission slots, their aid dollars, or both.

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 53 private colleges, or 11 percent of the schools this paper examined, charged students with family incomes of $30,000 or less an average net price under $10,000 in the 2010-11 school year.

Certainly, a substantial number of private colleges have small endowments, making it extremely difficult for them to provide adequate support to those 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 have generous financial aid policies but few 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 students.

This paper examined 479 private nonprofit four-year colleges and found the following[30]:

- 426 private colleges, or 89 percent of those examined, charge students with family incomes of $30,000 or less an average net price of over $10,000; 291, or 61 percent, charge over $15,000; and 105 schools, or 22 percent, require these students to come up with an average of $20,000 or more each year.

- The proportion of Pell Grant recipients that colleges enroll and the net price they charge them is closely tied to schools' wealth. To illustrate:

  - o At 287 private colleges, or 60 percent of those examined, Pell Grant recipients make up 25 percent or more of the student body. The median endowment of these schools is $49 million, and the median net price they charge the lowest-income students is $15,803.

  - o In contrast, at 46 private colleges, or 9.5 percent of those examined, Pell Grant recipients make up less than 15 percent of the institutions' student bodies. The median endowment of these schools is $528 million, and the median net price they charge the neediest students is $12,133.

- This is not just a question of wealth. There are 79 private colleges with endowments of more than $250 million that charge low-income students an average net price over $10,000; 51 that charge over $15,000; and 26 that charge over $20,000.

The Best of the Best of the Wealthiest Schools

There are 15 wealthy private 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. Six of these institutions have Pell enrollments of 20 percent or more. These half-dozen schools have exhibited the courage to buck conventional wisdom and show that even the most selective colleges can find a substantial number of low-income students who have the academic potential to thrive at their institutions. And they have accomplished this feat without lowering their academic standards or jeopardizing their standing in the rankings of publications such as *U.S. News & World Report*.

Leading the pack is Amherst College, where credit goes to the college's former president, Anthony Marx, who made it his personal mission to make one of the most exclusive private colleges in the country one of the most socioeconomically diverse.[31]

"For America's education system to truly function as it should — as the great engine of opportunity in our country — talent must be able to rise," Marx has written. "If the brightest students from the poorest segment of our society cannot reliably make it to our top institutions, the system is broken and we all lose."[32]

During his eight-year tenure at Amherst — which ended in 2011, when he left to become the president of the New York Public Library ——Marx succeeded in roughly doubling the proportion of Pell Grant recipients the college serves, to 22 percent, while charging the lowest income an average net price of just $448.[33] He did so without sacrificing the school's academic quality or reputation. In fact, U.S. News continues to rank Amherst as one of the top three liberal arts colleges in the country.[34]

How did Marx achieve this feat? Among other things, he did so by:

- Launching an aggressive effort to recruit at high schools in low-income neighborhoods.

- Forging partnerships with community colleges to identify students at their schools who have the academic qualifications to succeed at Amherst.

- Partnering with QuestBridge, a nonprofit organization that acts as a matchmaker between low-income students and elite colleges.[35]

- Giving low-income students a leg up in admissions when evaluating candidates with similar SAT scores.[36]

- Creating a "telementoring" program by which low-income Amherst students reach out to top high school students from similar backgrounds to help guide them through the college and financial aid application processes.[37]

- Replacing loans with grants in the financial aid packages offered to low-income students.

Despite Marx's departure, Amherst appears to be maintaining its commitment to these efforts under the leadership of Carolyn A. "Biddy" Martin, the former chancellor at the University of Wisconsin at Madison.[38]

Besides Amherst, other standouts include the Massachusetts Institute of Technology (MIT) and Grinnell[39], Vassar, Wellesley, and Williams Colleges.[40] At each of these institutions, Pell Grant recipients make up at least 20 percent of the student body, and the average net price charged to the lowest-income student ranged from a low of $5,402 at Williams to a high of $8,852 at Grinnell.

The Best of the Rest

When looking for a new president in 2001, the board of trustees at Reed College set an ambitious goal for the iconoclastic private liberal arts college in Portland, Oregon. "With inspired leadership, the college can examine recruitment strategies and features of college life that have limited its access to groups for which it has not been an attractive or realistic option," the trustees wrote.[41]

> During his 10 years at the helm of Reed, Diver launched the largest capital campaign in the college's history, allowing him to double the amount of money that the institution spends on need-based financial aid and to significantly increase the proportion of low-income students served.

To carry out this mission, the board hired Colin S. Diver, the former dean of the University of Pennsylvania's law school whose work on school desegregation for the city of Boston in the 1970s was chronicled in J. Anthony Lukas's 1985 Pulitzer Prize-winning book, *Common Ground*.[42] Diver, however, faced a major hurdle in reaching this goal: Reed's endowment was three to four times lower than that of Amherst, Diver's alma mater. (As of June 2010, the college's endowment stood at about $360 million, compared with Amherst's $1.4 billion.[43])

Diver met the challenge. During his 10 years at the helm of Reed, Diver launched the largest capital campaign in the college's history, allowing him to double the amount of money that the institution spends on need-based financial aid and to significantly increase the proportion of low-income students served. Pell Grant recipients now make up 20 percent of the school's enrollment.[44] He was able to broaden the institution's reach despite the country's financial crisis, which caused the college's endowment to plunge and forced the school to temporarily enroll fewer financially needy students than it wished in the 2009-10 academic year.[45]

In addition to increasing student-aid spending, Diver created a new senior position at the school to strengthen racial and socioeconomic diversity on the campus.[46] And he helped bolster a peer-mentoring program aimed at helping first-year minority students and first-generation students adjust to living on the predominantly white campus.[47]

Reed is one of 18 private colleges with endowments under $500 million where Pell Grant recipients make up more than 15 percent of their students and net prices for the lowest-income are under $10,000. It is a diverse group made up mostly of colleges that enroll fewer than 3,000 students. The poorest (with endowments under $100 million) are predominantly religiously affiliated schools that have a mission of serving needy students. The group also includes some highly respected liberal arts colleges like Reed that are not as widely known as their more-affluent peers. These include Beloit College in Wisconsin, the College of Wooster in Ohio, Haverford College in Pennsylvania, Pitzer College in California, St. Olaf College in Minnesota, and Union College in New York. Most of these schools provide both need-based and merit-based aid in the student-aid packages they offer students.

Not Reed. In an exit interview with Reed's alumni magazine, Diver praised his campus for resisting the pressure to alter its financial aid practices. "I'm proud of the fact that all our financial aid is based wholly on need," he said. "Unlike many schools, we do not give discounts for wealthy kids."[48]

Table 1. The Best of the Best of the Wealthiest Schools

School	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
Amherst College (MA)	22	$448
Vassar College (NY)	22	$5,706
Grinnell College (IA)	21	$8,852
Williams College (MA)	20	$5,402
MIT (MA)	20	$5,672
Wellesley College (MA)	20	$7,625
Cooper Union (NY)	19	$9,722
Stanford University (CA)	18	$5,332
University of Richmond (VA)	18	$7,150
Pomona College (CA)	17	$3,405
Rice University (TX)	17	$5,476
Cornell University (NY)	17	$8,244
Bowdoin College (ME)	16	$5,647
Wesleyan University (CT)	16	$6,627
Dartmouth College (NH)	16	$8,193

Source: U.S. Department of Education. Note: Percentage Pell data represent the proportion of all undergraduates on a campus who receive Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less pay after all grant and scholarship aid is taken into account. Both the Pell and net price data are from the 2010-11 academic year.

Colleges that Offer Generous Financial Aid but Enroll Few Low-Income Students

There are 20 colleges that enroll a relatively small share of Pell Grant recipients but support them generously — charging net prices to the lowest-income ranging from zero at Washington University in St. Louis to $9,906 at Bates College in Maine.

This group includes six Ivy League institutions: Brown University, Columbia University, Harvard University, Princeton University, the University of Pennsylvania, and Yale University. 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.

In recent years, they have introduced generous "no-loan policies" that have allowed the neediest students to essentially attend for free. These efforts have slowly been paying off.[49] At Yale, for example, Pell Grant recipients made up only about 10 percent of students in 2006-07.[50] Today, they represent 14 percent of the school population. Similarly, Princeton has seen its share of Pell recipients grow from about 9 percent to 12 percent over this time period.[51] Certainly, students with Pell Grants continue to be significantly underrepresented on these highly exclusive campuses. But these schools do appear to be making some strides lately.

Most of the other colleges in this group are liberal arts colleges that meet the full financial need of the limited number of low-income students that they enroll. These institutions tend to be "need aware," meaning that they take financial considerations into account when admitting a subset of their students. At least four of these colleges — Davidson in North Carolina, Harvey Mudd in California, Kenyon in Ohio, and Washington University in St Louis — also provide merit aid to attract top students.[52]

Table 2. The Best of the Rest

School	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
Rust College (MS)	85	$6,415
Keystone College (PA)	60	$9,701
Gallaudet University (DC)	50	$8,265
Brenau University (GA)	47	$7,494
Monmouth College (IL)	40	$8,459
St. Francis College (NY)	40	$9,657
Graceland University (MO)	39	$9,496
Ripon College (WI)	37	$9,931
McDaniel College (MD)	28	$9,788
College of Saint Elizabeth (NJ)	28	$9,549
Presbyterian College (SC)	24	$9,333
Beloit College (WI)	22	$6,869
Reed College (OR)	20	$8,918
Pitzer College (CA)	19	$7,977
Union College (NY)	18	$9,715
College of Wooster (OH)	18	$8,805
St. Olaf College (MN)	17	$8,407
Haverford College (PA)	16	$1,042

Source: U.S. Department of Education. Note: Percentage Pell data represent the proportion of all undergraduates on a campus that have Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less have to pay after all grant and scholarship aid is taken into account. Both the Pell and net price data are from the 2010-11 academic year.

Some of these schools express misgivings about their aid policies. S. Georgia Nugent, Kenyon's president, recently announced that the school reluctantly expanded its merit aid offerings because it had been losing top applicants to competitors who have fewer qualms about engaging in these practices. "I'm very involved nationally in trying to urge colleges to cut back on merit aid, and so I really regret that we end up doing more of it," Nugent who is leaving Kenyon in May, told the college's student newspaper.[53]

"Even with my fellow presidents who are on the same page as I am and think that merit aid has overall caused more problems than it has solved, even many of us who are trying to bring about a new conversation on that are actually giving more merit aid these days," she added. "So I just don't know how colleges are going to step off of that merry-go-round."[54]

One college that doesn't make any apologies for its financial aid practices is Washington University in St. Louis. Providing generous amounts of merit aid to high-achieving students has helped transform the school from being a "streetcar" college to one of the country's top-ranked private colleges.[55] "It's something that helps people pay attention to us, and not just think of us as something in flyover land between Pittsburgh and Denver," Benjamin Sandler, Washington University's then-financial aid director said in 2003.[56]

The school's dogged efforts to climb up the private college pecking order long came at the expense of low-income students. While nearly 20 percent of the school's freshmen receive merit aid each year, only 7 percent of its students qualify for Pell Grants — the least of all the private colleges examined in this paper.[57] And as of 2008-09, the school's lowest-income students faced a hefty net price of more than $18,000 a year.[58]

But Washington University officials reexamined their aid policies that year. Following the lead of many of its competitors, the university adopted a "no loan" policy, guaranteeing that it would meet the full financial need of students with family incomes up to $60,000. Today, the university, which is one of the wealthiest in the nation, says that it covers all the costs of its neediest students. University officials say they are also making a more concerted effort to recruit low-income students, noting that the school's financial aid director personally reaches out to all Pell-eligible students the college admits to try to persuade them to enroll.[59]

Despite these changes, Washington University will never be mistaken for Amherst. University officials say they don't have any plans to abandon the formula that has brought the school so much success: providing generous amounts of merit aid to reel in top students.[60]

Colleges that Enroll Few Low-Income Students and Charge Them High Net Prices

Thirty-eight private colleges enroll 15 percent or fewer Pell Grant recipients and charge the lowest-income students an average net price ranging from $10,195 at Colorado College to a whopping $46,347 at Santa Clara University in California. At more than a third of these institutions, the neediest students pay an average net price of $20,000 or more.

> Many of the colleges follow the same strategy that has been so successful for Washington University: using merit aid as part of a broader strategy to build their prestige and propel themselves up the rankings.

Many of the colleges follow the same strategy that has been so successful for Washington University: using merit aid as part of a broader strategy to build their prestige and propel themselves up the rankings. And while a number of these second-tier schools strive to compete with the most-elite institutions for top students, their endowments, while substantial, tend to pale in comparison. As a result, these colleges 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 hefty gap between what the government says they should be expected to pay and what they are being charged.

One such "striving" school is George Washington University (GW). For most of its history, the university was a commuter school that primarily served a diverse group of working adults seeking credentials that would help them advance in

Table 3. Private Colleges with Low Percentages of Pell Grant Recipients and Low Net Price

School	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
Washington University in St. Louis	7	$0
Colby College (ME)	10	$6,849
California Institute of Technology	11	$310
Harvard University (MA)	11	$1,297
Middlebury College (VT)	11	$6,012
Connecticut College	12	$6,060
Davidson College (NC)	12	$7,165
Princeton University (NJ)	12	$7,545
Kenyon College (OH)	12	$8,557
University of Pennsylvania	13	$6,529
Bates College (ME)	13	$9,906
Yale University (CT)	14	$6,025
Harvey Mudd College (CA)	14	$6,901
Hamilton College (NY)	14	$7,031
Trinity College (CT)	14	$7,641
Duke University (NC)	14	$8,409
Brown University (RI)	15	$5,056
Vanderbilt University (TN)	15	$5,578
Columbia University (NY)	15	$6,277
Swarthmore College (PA)	15	$7,383

Source: U.S. Department of Education. Note: Percentage Pell data represent the proportion of all undergraduates on a campus that have Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less have to pay after all grant and scholarship aid is taken into account. Both the Pell and net price data are from the 2010-11 academic year.

their careers — a much different clientele than was being served by its tonier neighbor, Georgetown University.[61]

That all changed in 1988 with the arrival of the university's new president, Stephen Joel Trachtenberg. The former president of the University of Hartford immediately set an ambitious course for the institution: to be the destination of choice for students who didn't make the cut at the nation's most selective colleges.[62] To accomplish this, Trachtenberg knew that he would have to make the school much more appealing to an upscale crowd.

Over 19 years, he turned what was a relatively low-cost institution into one of the most expensive colleges in the country and went on a building spree to provide the kind of amenities that wealthier students crave, such as state-of-the-art dormitories and a fancy new student union that won the American Institute of Architects' highest award.[63]

And Trachtenberg opened up the university's financial aid coffers for the sole purpose of "buying talent," as he himself has acknowledged.[64] According to a recent profile of the former GW president in *The Atlantic*, Trachtenberg operated under the philosophy "that students were more interested in attending a $40,000 school with a $20,000 discount than they were in attending a $20,000 school."[65]

Since Trachtenberg's retirement in 2007, the university's leadership has scaled back a bit (there are now nearly two dozen colleges that are higher-priced than GW, after all). But the school remains among the 30 least socioeconomically diverse private colleges in the nation. While 20 percent of GW freshmen receive merit aid, averaging about $18,500 each, only 13 percent of its students receive Pell Grants.[66] GW's lowest-income students pay an average net price of nearly $15,000, and student loan borrowers at the school graduate with an average debt of about $33,000.[67]

About the Data

Until recently, it has been very difficult to assess how well individual colleges are serving low-income students. Policymakers, researchers, and journalists have mostly had to rely on a single measure to do so: the proportion of Pell Grant recipients each college enrolls.

While this dataset provides a useful tool for comparing colleges based on their record of admitting low-income students, it does not tell us anything about the schools' commitment to making college affordable for these individuals. For example, 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 them up for failure.

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 the average net price they charge first-time, full-time students, broken down by income for those individuals who receive federal financial aid.[1] The net price is the amount of money that students and their families have to pay after all grant and scholarship aid is taken into account.

The net price data provide a 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.[2] 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 remain in the dark about the extent to which colleges are using their aid to help those without financial need.[3]

Higher education lobbyists have repeatedly beaten back efforts by policymakers to force colleges to reveal more about their financial aid practices. In 2008, for example, they fought a proposal included in the original House reauthorization bill that would have required colleges to report to the Education Department the average amount of institutional grant aid that they provide to their students and the average net price they charge, with each disaggregated by students' family income. These data were to reflect the experiences of all students at a school, including those with family incomes of $140,000 a year or more.[4]

College lobbyists opposed the provision, arguing that colleges don't have any way of knowing how much students and their families make if they haven't applied for federal aid.[5] It's unclear, however, why schools can't at least report the disaggregated data for all students on their campuses receiving institutional aid.

Despite the data's limitations, the net price information is extremely helpful in showing the real prices that low-income students must pay. That's because the vast majority of the neediest undergraduates receive federal financial aid.

According to a report that the research and advocacy group Education Trust published in 2011, titled "Priced Out: How the Wrong Financial-Aid Policies Hurt Low-Income Students," 82 percent of full-time students with family incomes of $30,000 or less obtain federal grants and/or loans. In contrast, only about a third of students with family incomes over $110,000 receive federal aid.[6]

As a result, the net price data provide a much more accurate measurement for judging how well different colleges are serving low-income students than just the Pell Grant data alone. For example, the University of Cincinnati has repeatedly earned a top spot in rankings that *The Chronicle of Higher Education* has published comparing wealthy colleges based on the proportion of low-income students they enroll — with Pell Grant recipients making up 27 percent of the university's students.[7] But the net price data (which wasn't available when the *Chronicle* last conducted its rankings) show that the school's lowest-income students must pay a hefty price: an average of nearly $15,000 after all grant and scholarship aid is taken into account.

Similarly, Syracuse University has appropriately received a lot of praise for the substantial efforts it has made to admit low-income students.[8] After all, 27 percent of Syracuse's students receive Pell Grants — a figure that is largely unmatched by peer institutions in the private college sector. Still, the net price data reveal that the university's neediest students must come up with an average of over $18,000 to attend.

Why do low-income students at these wealthy universities have to face such high prices? Is it because schools simply can't afford to meet their financial need? Or is it because the institutions are redirecting a share of their aid dollars to helping more-affluent students? We won't know for sure until colleges are required to lift the veil off their institutional aid practices, once and for all.

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1 *Higher Education Opportunity Act*, Public Law 110–315, GPO, August 14, 2008: http://www.gpo.gov/fdsys/pkg/PLAW-110publ315/pdf/PLAW-110publ315.pdf.

2 Mamie Lynch, Jennifer Engle, and Jose L. Cruz, "Priced Out: How the Wrong Financial-Aid Policies Hurt Low-Income Students," The Education Trust, p. 2: http://www.edtrust.org/sites/edtrust.org/files/PricedOutFINAL.pdf.

3 Stephen Burd, "Net Price Data Provides Only a Limited Picture of Colleges' Institutional Aid Practices," New America Foundation's *Ed Money Watch*, June 30, 2011; and Clare McCann, "College Net Price Information Not Exactly What It Seems," *Ed Money Watch*, July 12, 2012: http://edmoney.newamerica.net/blogposts/2011/net_price_data_provides_only_a_limited_picture_of_colleges_institutional_aid_practice and http://edmoney.newamerica.net/blogposts/2012/college_net_price_information_not_exactly_what_it_seems-69439.

4 *College Opportunity and Affordability Act of 2007*, HR 4137, GPO, February 7, 2008, pgs. 53-57.

5 *Memorandum to House Committee on Education and Labor and Senate Committee on Health, Education, Labor and Pensions from Undersigned Parties on Conference Recommendations for Reauthorization of the Higher Education Act* (S. 1642 and H.R. 4137), American Council on Education, February 28, 2008: http://www.aacc.nche.edu/About/Positions/Documents/03062008_acememo.pdf.

6 Lynch, Engle, and Cruz, "Priced Out," The Education Trust.

7 See Karin Fischer, "Elite Colleges Lag in Serving the Needy," *The Chronicle of Higher Education*, May 12, 2006; and Fischer, "Wealthy Colleges Show Drop in Enrollments of Needy Students," *The Chronicle*, April 24, 2008: http://chronicle.com/article/Elite-Colleges-Lag-in-Serving/27388/ (subscription only) and http://chronicle.com/article/Wealthy-Colleges-Show-Drop-in/720/ (subscription only).

8 Anneliese M. Bruner, "Syracuse U. Stands by Its Investment in Diversity," The Education Trust: http://www.edtrust.org/dc/press-room/news/syracuse-u-stands-by-its-investment-in-diversity; and Scott Jaschik, "Is There a Price for Inclusiveness?," *Inside Higher Ed*, March 2, 2011: http://www.insidehighered.com/news/2011/03/02/syracuse_debates_values_of_inclusiveness_versus_exclusivity.

Another school that has had a remarkable rise up the ranks over the past several decades is Boston University (BU), where the enrollment management team members have made little secret of how they have used financial aid as a competitive weapon in the battle for the best students. Christine W. McGuire, BU's associate vice president for enrollment and student affairs and executive director for financial assistance, has explained that the university's financial aid packages are "meant to encourage some and do what we can for others. I don't want to say 'discourage' because we want people to enroll. But we are more encouraging to some."[68]

In practice, that means that BU offers extremely generous aid packages (full-tuition or half-tuition scholarships) to the students it most desires, and leaves large funding "gaps" for others in which it is less interested, even if they have greater financial need. According to Laurie A. Pohl, the university's vice president for enrollment and student affairs, the school looks at "factors like leadership, talent, motivation, and personal character," as well as grades and tests scores, when determining who should get a scholarship.[69] Each student gets "a number that is not a calculation," she said. "It is not a tally. It is a label. It could just as easily be colors or letters. What it tells us internally is their relative strength, how competitive they are within our pool." The financial aid office then determines an appropriate financial aid package based on the student's rating and level of financial need.[70]

This appears to be a classic case of "admit-deny." The university gets credit for being need-blind – admitting students without taking their family income into account. But because the school uses its financial aid primarily to reward talent, low-income students may not be able to afford to enroll. Those who do matriculate face a daunting average net price of nearly $24,000. Perhaps that helps explain why 9 percent of BU freshmen take out private loans — a practice normally reserved for students who have maxed out on federally subsidized loans — and why loan borrowers at the school graduate with an average debt of nearly $37,000.[71]

While both GW and BU have become less socioeconomically diverse since their days as commuter schools, some colleges made this list because historically they have never made much of an effort to enroll low-income students. Washington and Lee University in Virginia, for example, took pride for many years in having a "No Robin Hood" policy – meaning that it would not take tuition dollars from one student to pay for another's financial aid. Instead, it used earnings off its endowment to pay for a limited pot of institutional aid.[72] At the time, the school kept its sticker price relatively low compared to its peer institutions.

But by 2003, university leaders realized that the low-tuition, low-aid model was leaving them at a significant competitive disadvantage. So the school's board of trustees reversed course and agreed to hike its tuition over a five-year period to the average charged by the top 25 liberal arts colleges in the country — and to use a substantial portion of the new revenue to expand its student aid budget.[73] The school, however, left discretion for allocating the aid funds largely in the hands of the admissions office, which distributed the money primarily to the students it most wanted to enroll.[74]

The college's lack of attention to socioeconomic diversity had predictable results. In 2009, a committee that the university formed to study the issue found that more than 80 percent of the school's freshmen came from families making $100,000 or more — compared to an average of 60 percent at a group of highly selective liberal arts colleges that the institution used as a yardstick to measure itself against. Meanwhile, 38 percent of Washington and Lee's first-time students had family incomes above $250,000, compared to 22 percent at the school's peer institutions.[75]

The university has recently taken some positive steps to make the campus more accessible to low-income students. Most significantly, it adopted a no-loan policy for financially needy students who submit all of the required aid forms to the institution on time. But judging from the latest data, it's unclear whether these efforts are bearing fruit. Pell Grant recipients make up only 8 percent of Washington and Lee's student body, and the school's lowest-income students pay an average net price of over $14,000.

Colleges that Enroll a Large Share of Low-Income Students and Charge Them High Net Prices

At 388 of the 479 private colleges examined, Pell Grant recipients make up more than 15 percent of the student body and are charged an average net price over $10,000. This group includes about two dozen wealthy schools, with endowments of $500 million or more. These colleges are

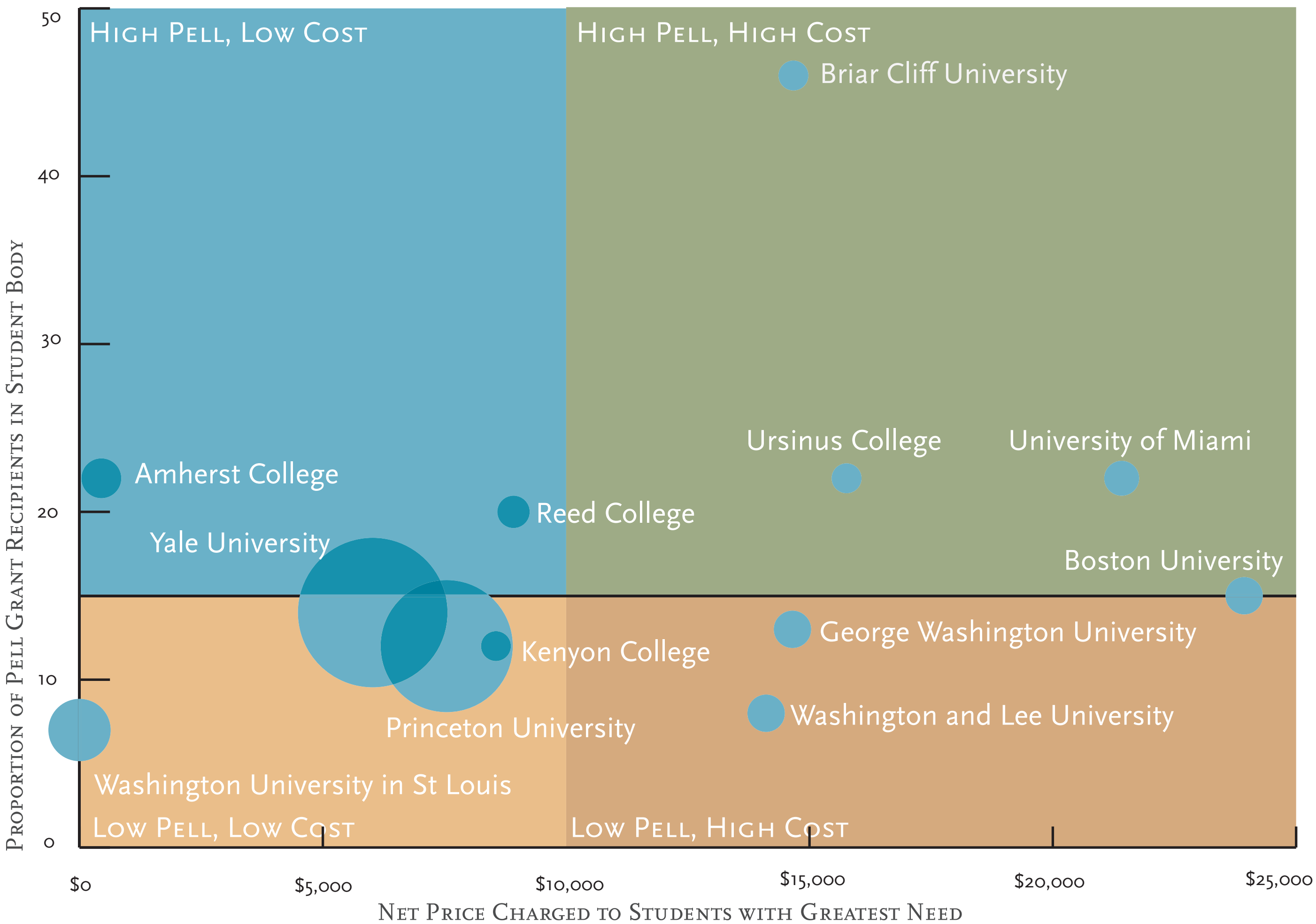
Table 4. Private Colleges with Low Percentages of Pell Grant Recipients and High Net Price

School	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
Washington & Lee University (VA)	8	$14,109
Elon University (NC)	10	$20,405
Colorado College	11	$10,195
Lafayette College (PA)	11	$10,938
Colgate University (NY)	11	$12,222
Franklin & Marshall College (PA)	11	$13,567
Villanova University (PA)	11	$16,580
Wake Forest University (NC)	11	$19,841
Muhlenberg College (PA)	11	$23,189
Dickinson College (PA)	12	$12,044
Bucknell University (PA)	12	$18,079
Oberlin College (OH)	13	$10,518
Tufts University (MA)	13	$11,081
University of Notre Dame (IN)	13	$11,939
Scripps College (CA)	13	$12,317
Trinity University (TX)	13	$14,318
George Washington University (DC)	13	$14,670
Northwestern University (IL)	13	$15,174
Whitman College (WA)	13	$15,301
Carleton College (MN)	13	$16,122
Gettysburg College (PA)	14	$10,203
Boston College (MA)	14	$13,128
Johns Hopkins University (MD)	14	$13,611
Claremont McKenna (CA)	14	$13,298
Loyola University (MD)	14	$21,629
Saint Louis University (MO)	14	$23,842
American University (DC)	14	$27,022
Saint Joseph's University (PA)	14	$27,335
Roger Williams University (RI)	14	$27,428
Catholic University (DC)	14	$31,776
University of Dayton (OH)	15	$15,818
Lehigh University (PA)	15	$18,433
Northeastern University (MA)	15	$20,912
Stonehill College (MA)	15	$20,612
Quinnipiac University (CT)	15	$23,128
Carnegie Mellon University (PA)	15	$23,173
Boston University (MA)	15	$23,932
Santa Clara University (CA)	15	$46,347

Source: U.S. Department of Education. Note: Percentage Pell data represent the proportion of all undergraduates on a campus that have Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less have to pay after all grant and scholarship aid is taken into account. Both the Pell and the net price data are from the 2010-11 academic year.

Chart 3. Where They Stand in Serving the Lowest Income Students

How do the private colleges that are referenced in this paper stack up in terms of their commitment to serving low-income students? To answer that question, it is important to look at both the proportion of low-income students they serve and how much those students are asked to pay. As the graphic shows, some institutions are authentically committed to enrolling low-income students and charging them affordable prices, while others — including some that are extremely wealthy (those with the largest circles) — are stingy with their admissions slots, their aid dollars, or both.



Source: U.S. Department of Education, National Association of College and University Business Officers, and New America Foundation. Note: Percentage Pell data represent the proportion of all undergraduates on a campus who receive Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less pay after all grant and scholarship aid is taken into account. Both the Pell and net price data are from the 2010-11 academic year. Size of the circles is based on colleges' endowments divided by their total enrollment. Endowment data comes from the National Association of College and University Business Officers' 2010 annual college endowment survey.

very active in the financial aid arms race — doling out substantial amounts of merit aid to compete for students.

At the other end of the spectrum, 262 of these colleges have endowments of less than $100 million. Like their wealthier peers, these institutions offer generous tuition discounts to try to attract students. But they do so for an entirely different reason: many of them consider it to be a matter of survival.

Colleges with Endowments Over $500 Million

After eight years supervising the nation's antipoverty programs as Secretary of Health and Human Services, Donna Shalala came to the University of Miami in 2001 with a different goal: to transform the college into a "top tier" school. And she knew how she was going to achieve it. "I was hired by the trustees to make the university better, the best it could be," the onetime University of Wisconsin chancellor told the *Los Angeles Times* in 2003. "We want to hire distinguished new faculty, provide scholarships for bright students from around the country, endow chairs."[76]

Shalala said that her strategy of recruiting top students was already paying off. "People who got in two years ago couldn't get in today," she boasted. "There is a buzz about us."[77]

With her crusade to improve the quality of the student body, Shalala certainly had come to the right place. The University of Miami had already started on this path nearly a decade earlier, pioneering many of the enrollment management practices that have become commonplace today.[78]

In the late 1980s, the fortunes of the 60-year-old school were flagging. Most people outside the state had not heard of it, or thought of it as a party school that excelled only in college football.[79] Many mistakenly believed it was a giant state school. Meanwhile, with *Miami Vice* one of the most popular shows on television, the area's reputation as a drug-riddled crime haven made it an unpopular college destination, despite the fact that the campus was located in the affluent and lush Coral Gables.[80] At the time, the school was admitting about three-quarters of the students who applied.

What was needed, university officials decided, was to bring together all of the separate offices involved in enrollment to make a concerted effort to ramp up the marketing of the school and to do all they could "to improve student quality while maximizing tuition revenue."[81] This involved recruiting high-achieving students and rewarding them with generous scholarships. It also meant copying the trappings of more-prestigious institutions. "To be considered a top private university, the University of Miami needed to act more like a highly selective private college," Paul M. Orehovec, the school's former vice president of enrollment management, wrote in a history he has compiled of the university's efforts in this area. For example, the school introduced a waiting list to make it appear more exclusive; allowed students to apply for admission using the "Common Application," a standard form that students can use at multiple colleges, because "the best private colleges and universities in the country used the Common App"; and started a legacy program to give the children of alumni a leg up in the admissions process.[82]

These efforts bore fruit as the University of Miami started to rise through the ranks. But this process accelerated considerably after Shalala came on board. Under her leadership, the university became much more aggressive in recruiting top students. The school, for example, started inviting several hundred prospective students to the campus each spring to compete for the new Isaac Bashevis Singer Scholarships — which cover four years of full tuition, totaling more than $150,000 for those who demonstrate "superior academic achievement and abilities for success."[83] This "one-of-a-kind weekend" gives these students the chance to "get firsthand information about life as a high-achieving student at the University of Miami." All they have to do is have a meeting with a faculty member and try to convince that professor they are deserving of the school's most "prestigious merit award."[84]

Not everyone has benefited from the University of Miami's generous merit aid policies. While Pell Grant recipients make up 22 percent of the school's student body, the school's lowest-income students pay a hefty average net price of $21,415.

In 2011, the university awarded 67 Singer scholarships. But those who missed out had no need to worry, as they still had a very good shot at winning one of the school's other merit awards. "Through the Office of Admissions, students are automatically reviewed for merit-based scholarships," Brandon Gross, an admissions officer, told the student newspaper. "There's no additional application, so when you apply once for admission, you are also applying for academic, or merit-based scholarships."[85] Overall, around a quarter of University of Miami freshmen receive merit aid, averaging about $23,000 per student.[86]

By the standards that colleges use to judge their performance these days, Shalala's efforts have paid off big time. The University of Miami has catapulted up the *U.S. News*

Table 5. Wealthy Private Colleges with High Percentages of Pell Grant Recipients and High Net Price

School	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
Texas Christian University	16	$22,193
Macalester College (MN)	17	$12,342
College of the Holy Cross (MA)	17	$12,976
Southern Methodist University (TX)	17	$14,040
Yeshiva University (NY)	17	$15,935
Tulane University (LA)	17	$20,345
Denison University (OH)	17	$37,613
University of Chicago (IL)	18	$10,228
University of Tulsa (OK)	18	$16,359
Rensselaer PolyTech Institute (NY)	18	$20,360
University of Rochester (NY)	19	$13,644
Brandeis University (MA)	19	$16,277
Bryn Mawr College (PA)	20	$14,397
Pepperdine University (CA)	20	$17,305
New York University	21	$25,462
Mount Holyoke College (MA)	22	$10,947
Emory University (GA)	22	$14,612
University of Southern California	22	$15,610
University of Miami (FL)	22	$21,415
Case Western Reserve University (OH)	23	$18,381
Baylor University (TX)	24	$20,227
Smith College (MA)	25	$11,146
Syracuse University (NY)	27	$18,422
Berry College (GA)	30	$16,174
Rochester Inst of Technology (NY)	34	$19,949

Source: U.S. Department of Education. Note: Percentage Pell data represent the proportion of all undergraduates on a campus that have Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less have to pay after all grant and scholarship aid is taken into account. Both the Pell and net price data are from the 2010-11 academic year.

rankings — breaking the top 50 for the first time in 2009 — making it a top-tier university in the magazine's estimation. The average SAT scores of incoming freshmen have risen over 100 points, to nearly 1300. And the university now admits fewer than two out of every five students that apply.[87]

But not everyone has benefited from the University of Miami's generous merit aid policies. While Pell Grant recipients make up 22 percent of the school's student body, the school's lowest-income students pay a hefty average net price of $21,415.

Miami is one of six colleges in this group that provide more than 20 percent of their students with merit aid, while charging the lowest-income an average net price over $20,000. The others are: Baylor University in Texas (34 percent merit aid, $20,227 net price for the students with the greatest need); Denison University in Ohio (42 percent, $37,613); Rensselaer Polytechnic Institute in New York (25 percent, $20,360); Texas Christian University (23 percent, $22,193); and Tulane University in Louisiana (33 percent, $20,345).[88] Just as at the University of Miami, a larger share of freshmen at these institutions receives merit aid than Pell Grants.[89]

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 36 percent of the student body at the 262 private colleges with endowments of less than $100 million, compared with 16 percent at those with at least $1 billion. Cash-strapped, these schools have a hard time supporting the large numbers of low-income students they enroll, charging the neediest an average net price of over $17,000 (compared to under $10,000 at schools with endowments of $1 billion or more). Unsurprisingly, low-income students don't tend to fare as well — in terms of remaining in and graduating from college — at these institutions than at richer schools.

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 to try to attract affluent students to their campuses.

Ursinus College is a case in point. The small private liberal arts college in Collegeville, Pa., had traditionally awarded its institutional aid according to financial need. But in the mid-1990s, school officials began to question the wisdom of this approach. "The college was enrolling a lower percentage of low-need students and a high percentage of high-need students," Richard DiFeliciantonio, the university's vice president of enrollment, said in 2010. "It was laudable but not sustainable over the long haul. We were making the college commitment really lopsided."[90]

From that point on, the school devoted itself to trying to enroll better students who could afford to pay more.[91] To carry out this goal, DiFeliciantonio designed a system for distributing institutional financial aid that ranks students according to their academic accomplishments. Students in the first tier — those in the top 10 percent of their high school classes who score more than 1300 on their SATs — get the most generous scholarships.[92]

Ursinus still enrolls a significant share of Pell Grant recipients but gaps them — leaving the lowest-income to have to come up with an average of nearly $16,000 to attend.

While Ursinus uses its aid to try to attract top students, many of the poorer private colleges provide deep discounts just to get otherwise full-pay 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 discounting can be an effective short-term tactic for cash-strapped colleges, as long as they can bring in larger numbers of students without having to add new faculty or build new facilities.[93] 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.[94]

The Chronicle of Higher Education explored these trade-offs in a 2011 article looking at the struggles of small private colleges in Iowa.[95] At Briar Cliff University, for example, spending on institutional aid doubled from 1999 to 2009 even after inflation, as the university discounted its tuition by an average of 58 percent for its freshmen. For the school, which has only an $8 million endowment, the cost of providing these discounts "has kept Briar Cliff from making much-needed improvements to its main academic building and has held down faculty salaries — the average was under $49,000 in 2009, about $10,000 below the statewide average," according to the *Chronicle*. These weaknesses may help explain why the school continues to struggle to meet its enrollment goals despite these discounts.[96]

Many private college officials recognize the hazards of this approach but don't see any other options for these have-not schools. "Discount rates are a worry — they've been creeping up for a generation," Richard H. Ekman, the president of the Council of Independent Colleges, told the *Chronicle*. "I don't think it's sustainable in the long run, but I don't see an alternative to using aid to get the class you want."[97]

Conclusion

Besides the very richest colleges and some exceptional schools, nearly all private nonprofit colleges provide generous amounts of merit aid, often to the detriment of the low-income students they enroll. Many poorer schools provide deep discounts because they believe they must do so to survive, while other fairly wealthy schools use their aid as a competitive weapon to try to rise up the ranks and break into the top echelon of schools, as defined by publications such as *U.S. News*.

Chapter Three
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, most are charging students with family incomes of $30,000 or less a net price exceeding $10,000.

The news is much better in the public higher education sector. Two-thirds of public four-year colleges continue to enroll a substantial share of low-income students and charge them a manageable net price.

However, the data also raise some major red flags. As more and more states divest from their higher education systems, public colleges are increasingly adopting the enrollment tactics of their private college counterparts — using their institutional aid strategically, for instance, to compete for "the best and brightest" students and to increase their revenue.[98] In a number of states, the growing privatization of public higher education systems is threatening to shut down what has long been a pathway to the middle class for low-income and working-class students.

This paper examined 480 public four-year colleges, including all of the public flagship universities and many state regional colleges, and found the following:

- 164 public colleges, or 34 percent, charge the lowest-income students a net price over $10,000; and 22, or 5 percent, require these students to come up with $15,000 or more.

- These high net price colleges are especially concentrated in states that have adopted a high-tuition model. For example, 47 of these schools, or more than a quarter of the institutions, are located in two states — Ohio and Pennsylvania — that have long followed a high-tuition, high-aid model. Nearly half the schools come from eight states — Connecticut, Illinois, New Jersey, Ohio, Pennsylvania, South Carolina, Vermont, and Virginia — that have taken this approach.

- Many public colleges that have the means to enroll a significant 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 flagship 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 students.

The Best of the Best: Low-Tuition, High-Aid States

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

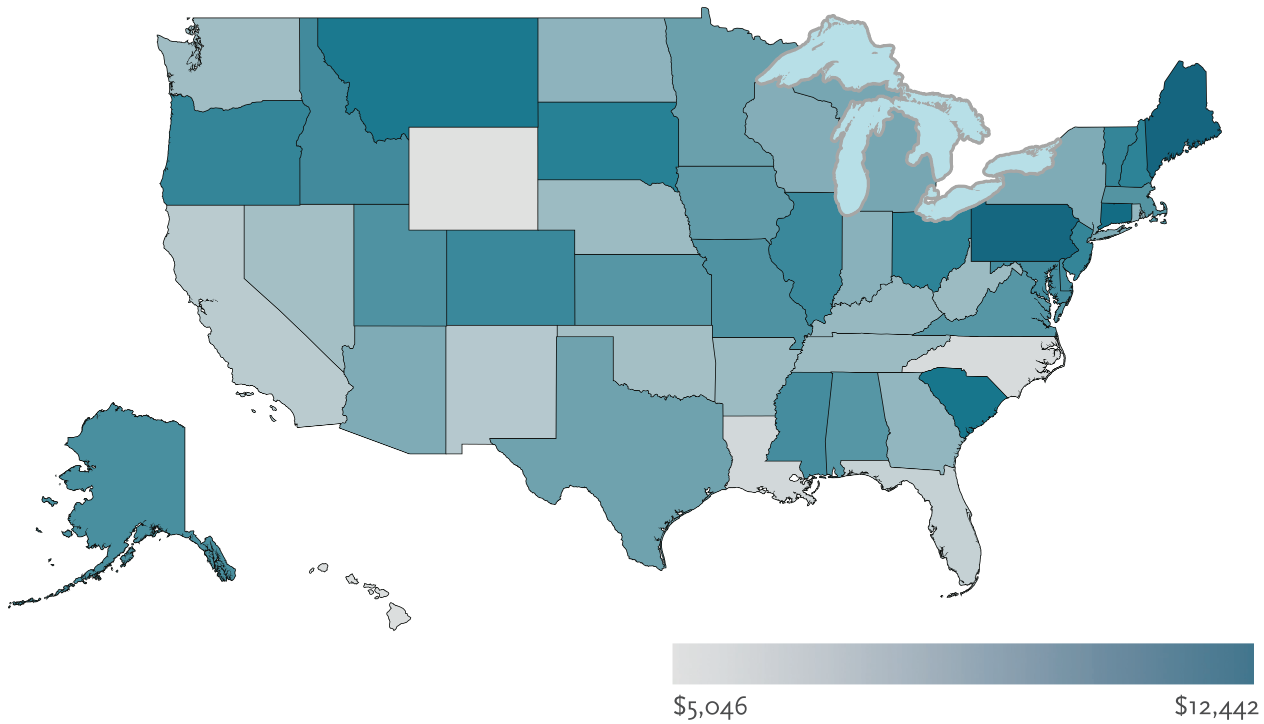
There has long been a debate in the higher education policy world about the effectiveness and efficiency of states' historic low-tuition model.

There has long been a debate in the higher education policy world about the effectiveness and efficiency of states' historic low-tuition model.[99] 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.[100]

The data, 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 institutions relatively low.

Map 1. What the Lowest-Income Students Pay to Attend Public Colleges in Each State

Public-college students with the greatest amount of financial need are being asked to pay vastly different amounts, depending on the state in which they live. As this map shows, the lowest-income students in "high-tuition, high aid" states, such as Pennsylvania, are paying an average net price that is more than double that being charged those attending public colleges in low-tuition states, such as North Carolina..



Source: U.S. Department of Education and New America Foundation. Note: State-by-state data represent the average net price that first-time, full-time students with family incomes of $30,000 or less are charged, after all grant and scholarship aid is taken into account, to attend public colleges in their home states. The net price data are from the 2010-11 academic year.

Take, for example, North Carolina, which prides itself on its low-cost public higher education system. In the Tar Heel State, in-state public four-year college students with family incomes of $30,000 or less paid an average net price of just $5,361 in the 2010-11 academic year — an amount they could cover without even having to take out the maximum federal student loan for which they were eligible.

In contrast, the most financially needy students attending public four-year colleges in Pennsylvania paid an average net price that was more than double that amount: $12,305. And while not a single public college in North Carolina charged the lowest-income students an average net price over $10,000 (the highest being $7,217 at the University of North Carolina at Asheville), more than two dozen public colleges in Pennsylvania did, with 10 charging more than $15,000. This includes the state's flagship university, Penn State, where the neediest students at the University Park campus pay an average net price of about $17,000.

In addition to North Carolina, other low-cost states that stand out in keeping their public colleges accessible and affordable for the lowest-income students include: Wyoming ($5,046), Hawaii ($5,296); Louisiana ($5,549); Florida ($5,979); California ($6,331); and New Mexico ($6,403).

Meanwhile, low-income students who attend public four-year colleges face average net prices over $10,000 in 15 states, including high-tuition, high-aid ones such as Illinois ($10,508), New Jersey ($10,599), Ohio ($10,756), South Carolina ($11,476), and Vermont ($10,532).

Colleges that Offer Generous Financial Aid but Enroll Few Low-Income Students

Fifty-seven public colleges enroll 25 percent or fewer Pell Grant recipients and charge the lowest-income students an average net price under $10,000 — ranging from zero at the Georgia Institute of Technology to $9,930 at the University of Oregon.

This group includes the most elite public universities in the country. Like their private college counterparts, these schools tend to meet the financial need of the low-income students they enroll. Yet, many of them have long been bastions of privilege, enrolling only a small share of low-income students.

Take, for example, the University of Virginia. The school is extremely generous with its need-based aid — covering the full financial need of students with family incomes below

Table 6. Public Colleges with Low Percentages of Pell Grant Recipients and Low Net Price

School	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
University of Delaware	12	$9,847
Colorado Mountain College	13	$1,544
University of Virginia	13	$3,543
Bellevue College (WA)	13	$4,978
College of William and Mary (VA)	13	$5,755
James Madison University (VA)	14	$9,213
University of Mary Washington (VA)	15	$8,822
University of Michigan	16	$4,778
University of Wisconsin	16	$6,363
St. Mary's College of Maryland	16	$7,194
University of Alaska Southeast	16	$9,583
Georgia Institute of Technology	17	$0
Southwest Minnesota State University	17	$9,375
College of New Jersey	18	$6,194
Virginia Polytechnic Institute	18	$8,492
Dine College (AZ)	18	$9,021
Auburn University (AL)	18	$9,574
Clemson University (SC)	18	$9,862
Brazosport College (TX)	19	$4,018
California Polytechnic State University	19	$6,624
University of Iowa	19	$9,323
Louisiana State University	20	$2,456
Indiana University	20	$3,919
University of North Carolina Chapel Hill	20	$4,101
University of Maryland College Park	20	$6,283
Truman State University (MO)	20	$6,710
University of Vermont	20	$6,832
University of Illinois Urbana-Champaign	20	$7,432

Source: U.S. Department of Education. Note: Percentage Pell data represent the proportion of all undergraduates on a campus who receive Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less pay after all grant and scholarship aid is taken into account. Both the Pell and net price data are from the 2010-11 academic year.

200 percent of the poverty line (approximately $46,000 for a family of four) with work-study and grant aid.[101] Still, Pell Grant recipients make up only 13 percent of UVA's student body. The school has gone to great lengths in recent years to try to recruit low-income students from poorer parts of the state. But it also attracts large numbers of students from out of state who tend to come from more-affluent families.[102]

The fact that UVA continues to be one of the least socioeconomically diverse public colleges in the country should serve as a cautionary tale in the debate over the privatization of public higher education. In 2005, the state of Virginia granted UVA, the College of William & Mary, and Virginia Tech a high level of autonomy in part on the promise that these institutions would increase enrollment of low-income students using a high-tuition, high-aid strategy.[103] The results have been disappointing not only at UVA, but at the other two colleges as well. Pell Grant recipients make up only 13 percent of the students at the College of William & Mary, and 18 percent at Virginia Tech.

The fact that UVA continues to be one of the least socioeconomically diverse public colleges in the country should serve as a cautionary tale in the debate over the privatization of public higher education.

Another school that has shown disappointing results is the University of Michigan at Ann Arbor, which also enrolls a relatively small share of low-income students (16 percent of students receive Pell Grants) despite providing generous amounts of need-based aid. In 1997, the state of Michigan freed the university to pursue a high-tuition, high-aid model. But 10 years later, the university found that it was enrolling 10 percent fewer students from families making under $75,000 than it had previously, and 8 percent more from families making more than $200,000.[104] University officials said they believed that many financially needy students have been scared off by the institution's higher prices.[105] While this may well be the case, it's also true that the school aggressively uses merit aid to recruit students, regardless of their need. The University of Michigan awarded merit scholarships to 46 percent of its freshmen in 2010-11, averaging nearly $6,000 per student.[106]

Similarly, the University of Delaware provides merit scholarships to nearly one-third of its incoming students, averaging about $4,000 each.[107] That might help explain why at the university, which pledges to meet the full financial need of every in-state student who files a federal financial aid application, Pell Grant recipients make up only 12 percent of students — the lowest level of any of the nation's public colleges.

High Net Price Public Colleges

Many of the 164 public colleges that charge the lowest-income students a net price over $10,000 are active participants in the institutional financial aid arms race. But few have embraced the competition with as much gusto as the University of Alabama.

It wasn't always so. By the late 1990s, the University of Alabama's admissions office had become complacent, according to a paper that several school officials wrote on the subject for the American Association of Collegiate Registrars and Admissions Officers (AACRAO) in 2010.[108] While the admissions staff did some recruiting, the staff generally expected students to be interested in the school because of its long history and status as a flagship university.[109] Heading into the new century, the university, which marketed itself mainly on its athletic programs and social traditions, was having trouble attracting top students.[110]

Enter Robert E. Witt, the former business school dean at the University of Texas at Austin and president of the University of Texas at Arlington. Upon taking the presidency of the University of Alabama in 2003, he laid down a challenge to the 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."[111] The 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:

> *The president's message spread rapidly; with a clear and universally shared vision, a team mentality developed among the major players in enrollment management. The pervasive attitude became one of considerable pride and ambition. And because the vision became so pervasive throughout the institution, enrollment management targets were reached ahead of schedule.*[112]

Table 7. Most Expensive Public Colleges for Low Income Students

College	Average Net Price for Lowest Income
Rowan University (NJ)	$20,384
Pennsylvania State Altoona	$18,340
University of Southern Maine	$17,793
Western Connecticut State University	$17,689
University of Pittsburgh (PA)	$17,326
Pennsylvania State Erie-Behrend	$17,032
Pennsylvania State University (main campus)	$16,839
University of Missouri Kansas City	$16,798
Pennsylvania State Berks	$16,541
Colorado School of Mines	$16,512
University of Baltimore	$16,235
Pennsylvania State Schuylkill	$16,208

Source: U.S. Department of Education. Note: Average net price is the amount of money that first time, full-time students with family incomes of $30,000 or less pay after all grant and scholarship aid is taken into account. The net price data are from the 2010-11 academic year.

To carry out its mission, the university set up full-time regional recruiters in several nearby states, including Florida, Georgia, Tennessee, and Texas. And the school put its money where its mouth was — establishing automatic scholarships for both in-state and out-of-state students who achieve high standardized test scores and good grades.[113]

For example, at the University of Alabama, out-of state students with 1400 to 1600 SAT scores in critical reading and math who have earned a cumulative grade point average of at least a 3.5 are automatically eligible for a full-tuition scholarship for four years. Those with slightly lower test scores are eligible for scholarships covering up to two-thirds of their tuition. Meanwhile, the school goes all out for National Merit Scholars, covering their full tuition for four years as well as providing them with a reduced rate on campus housing, an additional $1,000 scholarship each year for four years, a onetime $2,000 stipend for summer research or international study, and a free iPad.[114]

But the University of Alabama is not just targeting high-achieving students. As Matthew Quirk of *The Atlantic* wrote in an article on enrollment management in 2005, the school is working hard to reel in those who can pay full freight as well:

At the AACRAO conference two members of the University of Alabama's enrollment management team demonstrated how, in their campaign for out-of-state prospects, they overlaid income data from the U.S. Census on maps of high schools in Texas to target wealthy students. (Alabama's data-mining strategies are inspired by the success of the credit-card company Capital One.) After the presentation I sat down with Roger Thompson [who was the associate vice-president for enrollment management at the university at the time] and asked him how he approached recruiting at rich private secondary schools. "Oh, if you're in enrollment management, these schools are fantastic!" he said. "There are some kids there that we'll buy. The National Merit kids, they're going to get a full ride. But if you're sitting at a private high school in Florida, where they pay twenty grand to go, we don't even bring financial-aid material. What's the point? You don't even need to talk about cost."[115]

Overall, nearly 30 percent of University of Alabama freshmen receive merit scholarships, averaging about $9,000 each.[116] The university's efforts appear to have paid off — as it has seen its *U.S. News* ranking surge in recent years. Considered a second-tier institution in the late 1990s, the school now ranks 77th among all national universities and 32nd among public universities.

But with all the money the University of Alabama spends recruiting the best and the brightest and the wealthiest, the university appears to have little left over for those with the greatest financial need. While Pell Grant recipients make up 23 percent of the school's student body, the lowest-income students pay an average net price of $13,815 — 37th highest among all of the public colleges examined.

As the University of Alabama shows, private colleges are not the only ones preoccupied with prestige and rankings. Public college leaders are also driven to move up the pecking order, and they too have found that the most expedient way to achieve this goal is to chase after top students.

Just ask former Oklahoma governor and U.S. senator David Boren, who is president of the state's flagship university. When Boren took charge of the University of Oklahoma in 1994, he set out to raise the university's academic stature by pursuing National Merit Scholars.[117]

Today, the university houses more than 700 such scholars — far more than any other public college in the country.[118] These students receive scholarships and tuition waivers from the university and the state of Oklahoma worth $50,000 a piece for state residents, and $98,000 each for out-of-state students.[119] These packages include money to study overseas, and a technology allowance that can be used to purchase either a computer or an iPad. The students also get prime housing on campus, and the opportunity to take small classes in the Honors College that aren't available to the vast majority of University of Oklahoma students.[120]

"We give scholarships for athletic achievement, so why not for academic achievement?" Boren asked rhetorically. "I want them to get the kind of opportunity at home that they would get in the Ivy League."[121] Unfortunately, low-income students don't fare nearly as well as the merit scholars at the University of Oklahoma. The most financially needy students must pay an average net price exceeding $11,000.

The use of strategic enrollment management by public colleges is not just being driven by the quest for prestige. Schools are also using these techniques to try to increase their revenue in the face of large-scale state budget cuts.

Such is the case at the University of Nevada at Reno, which has sustained major reductions in state funding in recent years.[122] In an interview with the university's alumni magazine, the school's president, Marc Johnson, said the institution was pursuing an "enrollment management strategy so that we can purposely grow our student body, especially

Table 8. Least Expensive Public Colleges for Low Income Students

College	Average Net Price for Lowest Income
Georgia Institute of Technology	$0
California State Dominguez Hills	$1,076
California State Fullerton	$1,318
Colorado Mountain College	$1,544
University of North Texas	$1,730
California State Los Angeles	$1,795
Fayettville State University (NC)	$2,437
Louisiana State University	$2,456
University of Louisiana Lafayette	$2,770
U of Hawaii West Oahu	$2,979
California State Fresno	$3,001
University of North Florida	$3,046

Source: U.S. Department of Education. Note: Average net price is the amount of money that first time, full-time students with family incomes of $30,000 or less pay after all grant and scholarship aid is taken into account. The net price data are from the 2010-11 academic year.

among students who will have a high probability of graduating." By doing this, he said, "we'll grow, make more revenue, and add back more faculty and staff positions and still increase our graduation rates."[123]

The key to the strategy is to attract full-pay students. But university financial aid officials acknowledge that "affluent students (and their parents) expect to be rewarded with academic merit aid."[124] As a result, "the university has set up a new scholarship award process" that "permits the university to remain competitive in that expectation."[125] Under the process, students are automatically considered for a merit scholarship upon admission to the university. The size of the award that students receive depends on their academic record.[126]

University officials fully recognize that the shift away from need-based aid has been harmful to low-income students, but they don't see any way around it.[127] These policies have certainly taken a toll. While 34 percent of freshmen at the school received merit awards in 2010-11, averaging $2,917 each, the lowest-income students paid an average net price of $11,230.[128]

Moving in the Wrong Direction

The more public colleges 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.

Officials at the University of Colorado at Boulder, for example, recently blamed a drop in enrollment on the ability of "out-of-state recruiters" to poach their best students by offering more generous financial aid packages. "As we look at our best and brightest students, we are seeing them choose other schools," Kelly Fox, the university's chief financial officer, told its board of regents at a meeting in September. "It's becoming a highly competitive environment."[129]

Colorado's flagship university is extremely generous with merit aid, providing scholarships averaging more than $7,000 each to 24 percent of its freshmen.[130] But with the number of colleges stationing full-time recruiters in Colorado growing from three to 20 over the last couple of years, the school may have to open up its coffers further, Fox suggested.[131] This can't be good news for the lowest-income students, who already pay an average net price of about $12,200.

In contrast, the most financially needy students at the University of Illinois at Urbana-Champaign pay a net price of about $7,500 — which is pretty reasonable considering that Illinois is a high-tuition state. Low-income students have done well there because the school has awarded its aid based almost entirely on financial need.[132]

But that has begun to change. Worried about declining "yield" numbers (the proportion of admitted students who enroll), University of Illinois officials brought in outside consultants to evaluate the school's enrollment practices. Enrollment management experts from the University of Connecticut and the University of Texas at Austin recommended that the school explore "new awarding strategies," including offering generous scholarships "to increase competitiveness in enrolling high-achieving and diverse students."[133]

Heeding the advice, the school now offers $5,000 and $10,000 merit-based scholarships for in-coming students with high test scores.[134] And, as part of its embrace of "the enrollment management organization and culture," the university is considering bringing in another consultant to analyze the school's merit aid practices and recommend ways to enhance them.[135]

Whether the university will be able to continue providing generous need-based aid packages, while expanding its merit-aid offerings, is an open question.

Conclusion

Low-income students are generally doing much better at public colleges than at private ones. However, as public institutions deal with decreasing state funding and growing competition, particularly for out-of-state students, they are increasingly adopting the enrollment practices of their private college counterparts — to the detriment of low-income students.

Conclusion

As this paper shows, our country's four-year colleges and universities are backing away from the commitment they forged with the federal government nearly 50 years ago to remove the financial barriers that prevent low-income and working-class students from enrolling in and completing college.

This retrenchment is nearly complete in the private nonprofit college sector, where only a few dozen schools enroll a substantial share of low-income students and charge them low net prices. While the news is better in the public college sector, the situation is deteriorating fast — as state disinvestment and institutional status-seeking are working together, hand-in-hand, to encourage schools to adopt the enrollment practices of their private college counterparts.

Remarkably, the profound change in the way that colleges are spending their institutional aid dollars has received scant attention in Washington. Federal officials, for the most part, appear to be operating under the assumption that colleges are continuing to complement the government's efforts to make higher education more accessible and affordable for the neediest students.

Federal officials, for the most part, appear to be operating under the assumption that colleges are continuing to complement the government's efforts to make higher education more accessible and affordable for the neediest students.

The higher education lobby has done its part to try to keep the public and policymakers in the dark — fighting tooth and nail against any and all government efforts to shine a light on their institutional aid practices. This may at least help explain the vehemence with which private college lobbyists attacked the Bush administration's proposal to track the educational progress of individual students through a federal unit-record database.[136] It was also undoubtedly behind lobbyists' successful efforts to stop Congress, during the last reauthorization of the Higher Education Act, from requiring colleges to report net price data for wealthy students who do not receive federal financial aid.[137]

Instead, higher education leaders continue to tout their commitment to educational equity and socioeconomic diversity at every turn. As Tori Haring-Smith, president of Washington & Jefferson College in Pennsylvania, recently said, colleges have been engaged in "increasingly progressive rhetoric and increasingly regressive actions."[138]

Some who have been pioneers in enrollment management and others who have studied the field closely agree that change can only come from outside academe.

Haring-Smith is one of the private college leaders who have been circulating a draft pledge, urging their colleagues to recommit to providing need-based aid, rather than offering merit scholarships and tuition discounts.[139] This is a welcome effort. But it's hard to see how colleges will be able to rein in harmful practices they are so steeped in themselves.

Some who have been pioneers in enrollment management and others who have studied the field closely agree that change can only come from outside academe.[140] But what kind of pressure can be brought to bear on these schools? Indiana University professor Donald Hossler, one of the country's foremost experts on enrollment management, has argued that the government will have to get involved:

> *I generally don't hope for federal or state intervention, but I sometimes in my quieter moments almost wish for federal and state programs, need-based programs, that require institutional matching because I think institutions are only going to spend so much on financial aid. And if the playing field were leveled in some*

way around those issues by the feds or the state governments, I think institutions would probably begin to focus more on need-based aid and might ratchet down the merit arms race a little bit.[141]

The New America Foundation's Education Policy Program agrees that a federal solution is needed. The program recommends taking a carrot-and-stick approach in its recent *Rebalancing Resources and Incentives in Federal Student Aid* report[142].

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 public and private four-year colleges that serve a substantial share of Pell Grant recipients (more than 25 percent) 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 neediest students. Colleges could also use this additional money to create support programs to further increase the retention and graduation rates of low-income students on their campuses.

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

Together, the Pell matching and Pell bonus proposals are aimed at ensuring that colleges live up to their commitment to serve as engines of opportunity, rather than as perpetuators of inequality.

Appendix: High Net Price Public Colleges

Source: U.S. Department of Education. Note: Percentage Pell data represent the proportion of all undergraduates on a campus who receive Pell Grants. Average net price is the amount of money that first-time, full-time students with family incomes of $30,000 or less pay after all grant and scholarship aid is taken into account. Both the Pell and net price data are from the 2010-11 academic year.

School	State	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
University of Alaska Fairbanks	AK	20	$10,452
University of Alabama (main campus)	AL	23	$13,815
University of Alabama Birmingham	AL	34	$11,105
Jacksonville State University	AL	46	$12,127
Troy University	AL	47	$10,619
University of Colorado Boulder	CO	18	$12,181
Colorado School of Mines	CO	20	$16,512
University of Colorado Denver	CO	26	$12,933
Fort Lewis College	CO	31	$11,972
University of Colorado Colorado Springs	CO	32	$11,206
University of Northern Colorado	CO	32	$12,793
Colorado Mesa University	CO	40	$13,342
Eastern Connecticut State University	CT	26	$15,563
Western Connecticut State University	CT	26	$17,689
Central Connecticut State University	CT	29	$10,926
University of the District of Columbia	DC	46	$14,207
Delaware State University	DE	54	$10,762
Georgia Southern University	GA	38	$11,047
Valdosta State University	GA	44	$10,248
Fort Valley State University	GA	77	$11,443
Lewis-Clark State College	ID	40	$11,001
Idaho State University	ID	57	$11,407
Southern Illinois University Edwardsville	IL	34	$12,422
Eastern Illinois University	IL	37	$10,223
Western Illinois University	IL	37	$11,415
Northern Illinois University	IL	40	$14,429
Southern Illinois University Carbondale	IL	41	$10,590
Northeastern Illinois University	IL	47	$15,065
Chicago State University	IL	79	$10,399
Indiana University Northwest	IN	37	$10,110
Indiana University—Purdue University Fort Wayne	IN	42	$14,528
University of Kansas	KS	22	$10,906
Kansas State University	KS	26	$11,936
Wichita State University	KS	36	$10,290
Washburn University	KS	37	$10,107
Western Kentucky University	KY	42	$10,641
Kentucky State University	KY	60	$10,107

School	State	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
Framingham State University	MA	25	$10,262
Massachusetts College of Art and Design	MA	25	$13,357
Salem State University	MA	32	$10,762
University of Massachusetts Dartmouth	MA	36	$10,655
University of Maryland Baltimore County	MD	26	$11,091
Frostburg State University	MD	34	$11,874
University of Baltimore	MD	51	$16,235
University of Maryland Eastern Shore	MD	55	$10,315
Morgan State University	MD	55	$12,405
University of Maine Fort Kent	ME	32	$10,681
University of Maine (main campus)	ME	34	$15,723
University of Southern Maine	ME	35	$17,793
University of Maine Presque Isle	ME	38	$10,382
University of Maine Machias	ME	39	$10,940
University of Maine Farmingham	ME	44	$13,361
Oakland University	MI	30	$12,820
Central Michigan University	MI	35	$11,249
Western Michigan University	MI	38	$11,058
Eastern Michigan University	MI	44	$10,928
Winona State University	MN	27	$10,868
Metropolitan State University	MN	36	$12,861
University of Missouri (main campus)	MO	22	$11,864
Missouri University of Science and Technology	MO	28	$11,508
University of Missouri St. Louis	MO	30	$14,857
University of Missouri Kansas City	MO	32	$16,798
Mississippi State University	MS	35	$11,244
University of Southern Mississippi	MS	49	$10,951
Jackson State University	MS	74	$11,435
Montana Tech of the University of Montana	MT	32	$10,524
Montana State University (main campus)	MT	33	$11,649
University of Montana	MT	39	$14,223
Montana State University Billings	MT	40	$10,370
Montana State University Northern	MT	54	$11,724
University of New Hampshire	NH	22	$11,401
Keene State College	NH	23	$10,812
Plymouth State University	NH	27	$11,060
Rutgers University	NJ	29	$11,909
Rowan University	NJ	30	$20,384
Richard Stockton College of New Jersey	NJ	34	$14,146
Montclair State University	NJ	35	$14,777
New Jersey Institute of Technology	NJ	36	$10,063
Kean University	NJ	40	$13,826

School	State	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
University of Nevada Reno	NV	24	$11,230
SUNY Purchase	NY	30	$10,116
SUNY Buffalo	NY	31	$10,096
SUNY Empire State	NY	34	$10,417
Morrisville State College	NY	65	$11,231
Miami University of Ohio (main campus)	OH	18	$15,211
Ohio University	OH	22	$13,433
University of Cincinnati (main campus)	OH	27	$14,816
Ohio State University (main campus)	OH	28	$11,683
Bowling Green State University (main campus)	OH	38	$13,204
Kent State University (main campus)	OH	38	$14,596
University of Cincinnati Blue Ashe	OH	40	$10,399
University of Toledo	OH	41	$11,043
Wright State University	OH	42	$14,234
University of Akron	OH	43	$13,539
Ohio State University Newark	OH	44	$12,595
University of Cincinnati Clermont	OH	45	$11,269
Cleveland State University	OH	46	$11,270
Miami University Hamilton	OH	48	$10,635
Miami University Middletown	OH	52	$10,943
Ohio State University Lima	OH	53	$10,122
Ohio State University Mansfield	OH	53	$10,541
Shawnee State University	OH	57	$13,675
Kent State University Ashtabula	OH	60	$10,078
Kent State University Trumbull	OH	64	$10,360
University of Oklahoma	OK	25	$11,123
Langston University	OK	72	$10,142
Oregon State University	OR	33	$12,633
Portland State University	OR	39	$10,827
Western Oregon University	OR	41	$11,789
Eastern Oregon University	OR	50	$10,577
Penn State University (main campus)	PA	19	$16,839
University of Pittsburgh	PA	19	$17,326
West Chester University of Pennsylvania	PA	24	$14,761
Kutztown University of Pennsylvania	PA	29	$10,603
Shippensburg University of Pennsylvania	PA	29	$10,860
Bloomsburg University of Pennsylvania	PA	30	$11,596
Penn State York	PA	32	$10,693
Slippery Rock University of Pennsylvania	PA	33	$10,493
Penn State Harrisburg	PA	33	$15,466
Penn State Berks	PA	33	$16,541
Penn State Erie-Behrend	PA	34	$17,032

School	State	Percentage of Pell Grant Recipients in Student Body	Average Net Price for Lowest Income
Temple University	PA	35	$15,678
Penn State Altoona	PA	35	$18,340
Penn State New Kensington	PA	36	$10,452
Penn State Beaver	PA	37	$12,343
Clarion University of Pennsylvania	PA	39	$10,996
Indiana University of Pennsylvania	PA	39	$11,988
California University of Pennsylvania	PA	39	$15,536
Penn State Mont Alto	PA	41	$14,803
Penn State Hazleton	PA	45	$15,523
Penn State Worthington Scranton	PA	47	$10,017
Edinboro University of Pennsylvania	PA	47	$12,255
Penn State Greater Allegheny	PA	50	$13,267
Penn State University Dubois	PA	53	$13,486
Penn State Schuylkill	PA	59	$16,208
Penn State Shenango	PA	62	$12,290
Cheyney University of Pennsylvania	PA	73	$11,363
College of Charleston	SC	22	$10,910
Coastal Carolina University	SC	37	$10,476
University of South Carolina Beaufort	SC	37	$10,001
South Carolina State University	SC	73	$15,415
South Dakota School of Mines	SD	26	$11,870
South Dakota State University	SD	30	$10,453
University of South Dakota	SD	31	$10,484
Black Hills State University	SD	38	$11,028
East Tennessee State University	TN	44	$10,951
Texas State University San Marcos	TX	36	$11,141
Texas A&M University Corpus Christi	TX	42	$11,000
Stephen F. Austin State University	TX	44	$14,087
Tarleton State University	TX	47	$11,410
Prairie View A&M University	TX	67	$11,528
Texas Southern University	TX	73	$15,231
Utah Valley University	UT	38	$11,008
Dixie State College of Utah	UT	50	$13,438
Christopher Newport University	VA	17	$13,556
Longwood University	VA	22	$12,433
Virginia Commonwealth University	VA	28	$10,424
Norfolk State University	VA	65	$12,073
Castleton State College	VT	33	$11,236
Vermont Technical College	VT	37	$13,864
Lyndon State College	VT	44	$10,394
Johnson State College	VT	51	$10,512
Glenville State College	WV	44	$12,078
Bluefield State College	WV	68	$10,792

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