

April 20, 2004

Report from the Faculty Financial Policies Committee

The Faculty Financial Policies Committee (FPC) has spent much of the spring semester discussing issues relating to tuition and financial aid policies. Our discussions have been influenced by three external (to Cornell) events. First, a paper by researchers at Williams College that used data from institutions that belong to the Consortium on Financing Higher Education (COFHE) – the Ivy League institutions, other selective private research universities (including MIT, Chicago, Northwestern, Duke and Washington University of St. Louis) and a set of selective liberal arts colleges – found that on average only about 10% of the students at these institutions came from families whose family incomes were in the lowest two-fifths of the income distribution in the United States, with the vast majority of students coming from the upper tail of the family income distribution.¹

Second, perhaps partially in response to the Williams study, President Lawrence Summers of Harvard announced that Harvard would no longer require any family contributions towards their children's education from families whose family income was less than \$40,000 a year.² This announcement, coming after Princeton announced two years ago that it would eliminate all loans from its financial aid packages led to concerns that Cornell, with a much smaller endowment per student than either Harvard or Princeton, would increasingly find it difficult to recruit students from economically disadvantaged families.

Finally, in a major speech at the University of Virginia, William Bowen, President of the Andrew W. Mellon Foundation reported on research that he had conducted using data from a set of selective private and public colleges and universities (Cornell was not represented in the data base) on the admissions probabilities of students from lower-income families.³ He found that, holding constant standard measures of student quality (such as test scores and high school rank in class), applicants from lower-income families were just as likely to be admitted to these selective institutions as applicants from higher income families and their probabilities of enrolling, given that they were admitted was roughly the same. The relatively small numbers of students from low incomer families enrolled at the selective institutions reflected the small number of these students with "high" measures of student quality - due to the well-known correlation between test scores and family incomes and differences in the quality of high school educations that students from different socioeconomic backgrounds receive in the United States. Bowen concluded that more generous financial aid programs for students from low-income families, such as those adopted by Harvard and Princeton are unlikely to have major impacts on the numbers of students from lower-income families attending selective institutions. As such, if the selective institutions are sincere about wanting to increase the representation of such students in their student bodies, he went on to say that they should be given preference in the admissions

¹ Catherine Hill, Gordon Winston and Stephanie Boyd, "Affordability, Family Incomes and Net Prices at Highly Selective Private Colleges and Universities", *Williams Project on the Economics of Higher Education Discussion Paper DP- 66* (Williams College, October 2003) (available electronically at www.williams.edu/wphe)

² Julianne Basinger and Scott Smallwood, "Harvard Gives a Break to Parents Who Earn Less than \$40,000 a Year", *Chronicle of Higher Education* 50 (March 12, 2004): A35

³ Peter Schmidt, "Noted Higher-Education Researcher Urges Admission Preferences for the Poor", *Chronicle of Higher Education* 50 (April 16, 2004): A26

process, akin to the preferences that they now provide to applicants who are legacies, under represented minorities or recruited athletes.

It is important to note that Cornell long has had policies that reduced the financial burden on students from low-income families that wish to attend Cornell. For example, we have for a large number of years omitted any loans in the financial aid packages offered to students from families whose family incomes fell below \$35,000 a year. Moreover, perhaps because of our founder's belief that any qualified student should be able to attend Cornell or because of the presence of our undergraduate contract colleges, we have long made efforts to recruit students from lower income families.

The main federal program that provides grant aid to students from lower income families is the Pell grant program. A study undertaken in 1999-2000 suggested that nationwide in that year 90% of all dependent Pell grant recipients enrolled in 4-year institutions came from families with family incomes below \$41,000. Hence, those institutions that have a larger fraction of their undergraduate student bodies receiving Pell grants are the ones that are doing the best job enrolling students from families with incomes below this level.

As the attached table indicates, in 2001-2002 (the last year for which comparative data for competitor institutions was available to us) the percentage of undergraduate students that received Pell grants was considerably higher at Cornell than it was at the vast majority of selective private higher education institutions and was highest among the Ivy institutions.⁴ In particular, note that Cornell's percentage of Pell grant recipients (16.3%) is more than double that of both Harvard (6.8%) and Princeton (7.4%).⁵ Data provided to the committee by Vice President Carolyn Ainslie indicates that in the current academic year the percentage of undergraduate students at Cornell receiving Pell grants is again 16.3% - varying from a low of 11.6% in Hotel to a high of 22.0% in Architecture, Art and Planning.

It is not the purview of the FPC to make recommendations to the Faculty Senate or the Administration as to the appropriate mix of undergraduate students across family income classes, although many of us as individuals are happy to see the numbers in the attached table. However, we believe that it is important that information on the income distributions of our entering freshman class and entire student body be disseminated to the FPC and the Admissions and Financial Aid Committee on an annual basis to help the faculty to understand how our competitors' and our admission and financial aid policies are affecting the income distribution of Cornell students.

⁴ Donald. E. Heller, "Pell Grant Recipients in Selective Colleges and Universities", *The Century Foundation Issue Brief Series* (New York, 2003)

⁵ Cornell had 2,253 Pell grant recipients among its 13,784 students, while Princeton and Harvard combined had 1,027 recipients among there combined 14,381 undergraduates. So although Cornell enrolled fewer students than Harvard and Princeton combined, we enrolled more than twice as many Pell grant recipients.

Table 1: Most Competitive Institutions

Institution	Undergraduate Enrollment	Pell Grant Recipients	% Pell Recipients	Notes
Amherst College, MA	1,640	259	15.8%	
Barnard College/Columbia University, NY	2,261	417	18.4%	
Bates College, ME	1,767	153	8.7%	
Boston College, MA	9,797	1,038	10.6%	
Bowdoin College, ME	1,635	166	10.2%	
Brown University, RI	5,999	583	9.7%	
California Institute of Technology, CA	942	144	15.3%	
Carnegie Mellon University, PA	5,310	603	11.4%	
Claremont McKenna College, CA	1,044	151	14.5%	
Colby College, ME	1,809	117	6.5%	
Colgate University, NY	2,814	294	10.4%	
College of the Holy Cross, MA	2,811	241	8.6%	
College of William and Mary, VA	5,604	450	8.0%	
Columbia University, NY	6,867	1,023	14.9%	
Cooper Union, NY	878	150	17.1%	
Cornell University, NY	13,784	2,253	16.3%	
Dartmouth College, NH	4,118	447	10.9%	
Davidson College, NC	1,673	107	6.4%	
Duke University, NC	6,203	629	10.1%	
Georgetown University, DC	6,422	691	10.8%	
Georgia Institute of Technology, GA	11,043	1,375	12.5%	
Grove City College, PA	2,316	0	0.0%	
Harvard University, MA	9,637	655	6.8%	
Harvey Mudd College, CA	706	81	11.5%	
Haverford College, PA	1,138	152	13.4%	
Johns Hopkins University, MD	5,370	517	9.6%	
Massachusetts Institute of Technology, MA	4,213	523	12.4%	
Middlebury College, VT	2,328	189	8.1%	
New College of the U. of South Florida, FL	629	-	-	1
Northwestern University, IL	9,167	870	9.5%	
Pomona College, CA	1,548	186	12.0%	
Princeton University, NJ	4,744	350	7.4%	
Rice University, TX	2,728	341	12.5%	
Stanford University, CA	7,279	855	11.7%	
Swarthmore College, PA	1,467	191	13.0%	
Tufts University, MA	4,775	498	10.4%	
United States Air Force Academy, CO	4,365	-	-	2
United States Coast Guard Academy, CT	897	-	-	2
United States Military Academy, NY	4,152	-	-	2
United States Naval Academy, MD	4,297	-	-	2
University of Chicago, IL	4,075	507	12.4%	
University of Notre Dame, IN	8,208	660	8.0%	
University of Pennsylvania, PA	11,781	1,157	9.8%	
University of Virginia, VA	13,764	1,183	8.6%	
Vassar College, NY	2,439	291	11.9%	
Wake Forest University, NC	4,136	289	7.0%	
Washington and Lee University, VA	1,712	58	3.4%	
Washington University in St. Louis, MO	6,772	544	8.0%	
Webb Institute, NY	73	0	0.0%	
Wellesley College, MA	2,273	355	15.6%	
Wesleyan University, CT	2,792	385	13.8%	
Williams College, MA	1,997	188	9.4%	
Yale University, CT	5,286	536	10.1%	

1 The U. of South Florida awards all Pell Grants centrally, so no separate data are available for New College.

2 The federal government provides full scholarships for all attendees.

