



**THE EDUCATION CONSERVANCY**

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## FINANCIAL AID: Examining the thinking behind the policy

A report on research by the Education Conservancy, June, 2015

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## ABSTRACT

Well documented shifts in how colleges use financial aid, from serving educational and public interest goals to maximizing net revenue and market position, are raising concerns over how new institutional policies may undermine the mission of higher education. College presidents are at the center of this change, since they are responsible for weighing the mix of institutional priorities and constraints that leads to policy formulation. This study, funded by the Spencer Foundation, explored the thinking behind institutional policy. It asked presidents to talk about the values they bring to the table, the challenges and constraints they face, and how they go about making decisions that are often less than optimal. Their responses contribute to an understanding of institutional policy shifts and an appreciation for what it would take for presidents to do a better job of aligning aid policies with expressed educational purposes. Most presidents report that talking with each other would lead to more social values-centered financial aid policies. They say they would readily engage in such discussion if antitrust restrictions were eased.

## OVERVIEW

The world of financial aid is considerably different from what it was thirty years ago. Attaining a college degree has grown more costly and consequential for students, while the role of institutional aid has become more multifaceted and less clearly understood. Recently, colleges' admission and enrollment practices have come under public scrutiny over concerns about how financial aid is being used.

At issue is a shift in the purposes for which institutions use aid: from making college affordable for the neediest students to serving the strategic needs of individual institutions. This shift has been fueled by changing "market" conditions and guided by an enrollment industry ethos that calls for the coordinated management of financial aid and admission activities. Scholars, college leaders, and policy analysts are now questioning various implications of this shift, including institutional financial sustainability, abdication of public interest responsibility, educational return on financial aid, and whether the level and nature of positional competition are appropriate for educational purposes. Many stakeholders are asking how these issues can be addressed.

One approach, which has had a sputtering and contentious past, can be described generally as collaboration. Here, some college presidents have experimented by cooperating with each other on a variety of levels – from sharing concerns to proposing the development of new policy standards and practices. Such attempts continue to encounter strong opposition from the Department of Justice, since

a 1991 Court of Appeals ruling and subsequent Congressional statutory exemption allowing a limited number of colleges to engage in a discreet range of conduct with regard to financial aid.

In 2015, the statute embodying this exemption (Rule 568) is scheduled for Congressional renewal consideration. Some scholars and college presidents have argued that expanding the exemption – by allowing more colleges to collaborate on a greater range of conduct – could result in financial aid policies that are more efficient and more equitable. They view the scheduled Congressional renewal as an opportunity to make this case.

To help achieve the most informed outcome during the high stakes renewal consideration, the Education Conservancy hopes to provide insight into the thinking behind financial aid policy. We want to learn about what goes on in the minds of college presidents when determining financial aid policy: what they think about, what matters to them, how they make decisions, and what it would take for them to improve their policies. We believe such qualitative information will complement existing quantitative data by providing useful context for those considering renewal.

## PURPOSE

Our ultimate goal is to seek and provide information that will help federal policy makers to understand the thinking of college presidents when they determine institutional aid policy. We want to know how presidents process the mix of values, priorities, participants and tradeoffs that results in the allocation of finite financial aid resources. Do they believe that current aid policy optimally serves their institutions' educational values? If not, what changes would they like to make, and what is preventing them from doing so? What would it take for presidents to improve their financial aid policies? We plan to use this study to help inform future discussions about improving the way financial aid is used. We hope this greater understanding will lead to appropriate legislative actions and ultimately better college financial aid policies. Other benefits also seem likely, including fostering a greater understanding among college presidents of the issues and challenges their peers are facing, and an appreciation for whatever commonalities or differences this study might illuminate.

## METHODOLOGY

In order to gain insight into how college presidents think when they formulate financial aid policy, we interviewed a number of them individually. We first developed a list of interview questions, which we vetted with a group of respected scholars (Appendix A). We then identified presidents across a range of private colleges where aid was being used to “shape” or “enroll” a class; their institutions' endowments ranged from nearly nothing to nearly \$2 billion. Twenty of the 21 presidents we contacted agreed to be interviewed for this study. Each 45- to 90-minute, confidential interview was conducted by one interviewer, during the period of March 2014 to November 2014. Each interviewee was promised

anonymity – no individual or college would be identified in any reports. Our interview questions appear in Appendix B. Presidents’ responses (modified to ensure anonymity) appear in Appendix C.

## EXECUTIVE SUMMARY

College presidents are directly involved in formulating financial aid policy, which they consider increasingly critical to the health and future of their institutions. In determining how to allocate financial aid, they consider a range of priorities and issues. The processes by which they formulate policy are often intricate and involve a cast of stakeholders.

### General Findings:

1. Most presidents believe in principle that merit aid – aid that is not based on financial need – contradicts the goals and values of higher education. They wish they could reign in or even stop offering merit aid, but they think they cannot afford to act unilaterally.
2. Presidents face trade-offs in establishing policy. These include the need to enroll the right students in order to meet basic budget needs, which increases the pressure to give “merit,” in place of need-based aid.
3. Presidents use aid strategically to serve a calibrated mix of often competing priorities.
4. The hurdles to achieving optimal use of aid are both internal (e.g., lack of institutional resources, competing priorities, and inadequate financial models), and external (e.g., market and alumni pressures to increase reputation, shifting public perception about the value of education, and DOJ prohibiting discussions among colleges).
5. Outside consultants are increasingly influencing how colleges formulate policy on financial aid. They typically work to maximize revenue and reputational quality, which increases the use of merit aid.
6. Presidents say they are unable to fully realize the ideal goals they would like to achieve with financial aid.
7. Presidents have mixed views on whether collaboration with other colleges and universities would help them resolve all the problems they are experiencing with merit aid. Almost all agree that they should be able at least to discuss their concerns and practices with other presidents. Most said they would readily engage in such discussions and believe the public interest would be better served if those conversations could happen. They are reluctant to engage in sharing or group discussions, however, because they fear that the Justice Department would oppose them and might initiate antitrust litigation against any colleges that participated.

## ISSUES CONTRIBUTING TO THE CHANGING USE OF FINANCIAL AID

As previously noted, there is increasing public concern about the way in which financial aid is used and its impact on college access and cost. The presidential interviews identify issues that contribute to the changing role and use of financial aid. These issues can be generally sorted and considered under three headings: competing priorities, institutional purposes, and institutional stakeholders.

### **Competing Priorities**

Every year presidents, working with their team of advisors, establish financial aid policies in which they try to achieve a balance between often competing goals or priorities. The priorities they bring to this balancing act include minimizing financial need as a barrier to college access, enhancing student access and success, and improving or maintaining academic quality. They are also concerned about achieving diversity, maximizing tuition revenue, meeting enrollment targets, and attracting talent. Added to this mix are a host of additional priorities: providing necessary on-campus support for under resourced students, attaining the appropriate discount rate, attracting athletes, and building and sustaining a robust educational community. The interview data clearly indicate that presidents confront tradeoffs when deciding how to allocate limited financial aid resources among these goals. Presidents seem to view making choices between what they wish they could do to serve educational values/institutional missions, and what they feel they have to do to serve the practical or strategic interests of the college.

At the ideal end of this spectrum – on what they valued most highly – presidents weighed in readily. We asked presidents their thoughts about the purpose of financial aid: what has each president wanted to achieve for his or her institution by using financial aid, and what are the least and most desirable uses of aid in higher education? Presidents were quick and nearly unanimous in how they responded to questions about the purpose(s) of financial aid. This deeply held sentiment was often expressed in variations of: “Ideally, financial aid should be used to serve need and provide access.” Presidents most often emphasized “affordability” and “access” in their descriptions of how financial aid should be used.

Such statements included:

“Ideally, financial aid is designed to make college affordable...to be the greatest redistributor of wealth.”

“To enable those who can’t attend college to do so.”

“It’s all about access, plain and simple...optimizing opportunities.”

“We need the use of aid to help level the playing field...college is a tremendous social benefit.”

“Need based, serving access, to allow kids to select college based on educational match, not cost.”

While presidents tended to view serving financial need as the most desirable use of aid, they also viewed awarding aid beyond need (merit aid) as the least desirable. All of the presidents were interested in limiting or eliminating the use of merit aid and maximizing need-based aid. They tended to feel that the use of merit aid threatened the moral or public interest role of higher education. Responses

to the question, “What do you think are the less desirable uses of aid in higher education,” are revealing:

“Subsidizing students for the wrong reasons – giving money to kids who can afford it and don’t pay back.”

“Merit, absolutely. Wrong values are being honored, it hurts the public interest, values matter.”

“Merit aid of any kind...which I am sure will broaden.”

“Using aid to buy students from competitors.”

“Merit that is more concerned with Institutional competitive position...differential packaging used to target and entice certain students.”

“Merit aid is a welcoming signal – a way of saying we really want you, and students and kids and families pay attention.”

“Merit awards reflect the inflation of talents of kids and discourage really hard work.”

“Giving merit aid to students simply to get their money.”

“To reward the rich for being rich, to perpetuate class divisions, to make distributions of wealth worse.”

“To support kids whose families can pay – huge moral quandary because this goal is not possible in a tough market.”

Such statements represent consistent agreement about the norms and values that should and should not govern financial aid policy. But presidents varied on how far they can or would go to achieve the commonly expressed ideal of need blindness in admission and meeting the full need of all admitted students. “I hate giving money to students who don’t need it,” said one president, reflecting other presidents’ sentiments about aid beyond need. Interestingly, however, even if that president could afford to meet the ideal, “I would still use aid to reward distinction, not mere achievement, and to serve particular institutional special needs...I object to calling merit money, money used to get more money.” Other presidents expressed this qualification of wanting to use aid beyond need in a limited way (no more than 5 percent to 10 percent of the financial aid budget) “to help shape the class,” “to make sure the intellectual balance is maintained,” “to help us serve our particular identity and strengths.” About a third of the presidents made such qualifying statements – some of these people identified themselves as realists, responding to market pressures and institutional needs. Correspondingly, nearly as many characterized themselves as “purists” or “old fashioned,” saying that if they had the resources, they would allocate aid purely on a need-driven model.

Statements expressing the mixed sentiments associated with making tradeoffs among competing priorities included:

“I would say colleges should be using aid to pursue access and affordability, but institutions are using it as a strategy that is contributing to financial stratification.”

“There are some very high need students. How big of a bet are you willing to take on a kid who doesn’t have a big chance of making it?”

One college’s aggressive approach to need-based aid successfully increased diversity, but this success presented a new challenge, described this way by its president: “Can we raise enough money to sustain this level of diversity? ...I can motivate the rich, if they still feel rich.” This president described inequities of social class (clothes, resources, vacations, etc.) as the biggest challenge to achieving the “old American mission of education as the engine of social mobility.”

### **Institutional Purposes**

When asked how they viewed the purpose and goals of financial aid at their institution, each president tended to describe both general and specific objectives. “Solving poverty in the city” is how one president began a response. Another president had a similar opening comment, “Our aid is used to leverage federal and local aid.” Some presidents described using aid to shape a student body or class consistent with their institutions’ values or to “meet enrollment targets,” such as access, affordability, talent and tuition revenue. Meeting need and serving access were consistently mentioned as primary purposes of aid at the institutional level. And there were several variations on the theme of assisting those students who will benefit most from the kind of education schools offer, such as, “We use aid not to leverage the best students, but to create opportunity for those who will need it the most.” Some presidents stressed the importance of diversity in serving both social and educational purposes, with one saying that “financial aid is a tool to create a robust educational community....opportunity and excellence are bound together.” Another president said, “Our purpose or goal for financial aid is similar to that of other colleges: to make college affordable and accessible and to shape a class that is not homogeneous, so kids can learn from each other.” Another president identified “enlightened self-interest” as a purpose for using aid, saying, “We are 80 percent tuition driven and would not survive without financial aid.” Then there was this nuanced description of aid as enabling those who “merit and need aid” and are enabled to attend “outside of social and value shifts.” This interviewee went on to explain that merit and need “are related in that a student’s admissibility is often based on social class.”

One president reported that his or her college “was similar to other colleges in that it ranks kids based on their ability to bring income and preparedness, and we make calls (decisions) in order to get (craft) the class we want – the best class you can buy – where to put aid to get what you value.” This particular president took the job because the college’s “institutional goals matched my personal convictions, solving poverty through education.” When establishing financial aid policy, the president realized that the US NEWS Rankings did not affect the college’s enrollment, which allowed the president to put more resources into targeting four groups of students: students of color, first generation students, Pell eligible students, and local city students. While allocating aid among these groups the president used aid to provide access to qualified students who couldn’t afford tuition, to attract special talent, attract academic talent (the ablest of the needy), and generate revenue “to strategically hit a family’s price

point.” During a six-year tenure, this president has been able to bring clarity and new processes to managing financial aid. This president gives much credit to a “brilliant VP” who plays “tug and pull” by continually asserting that access must be balanced by the “institutional luster” of top test scores. “We never advertise we are going after poor students because it would hurt us in the market place.” The “tug and pull” is among luster, access, and income. This president is particularly mission driven and has created a “mission committee” to “hold the institution accountable.” The president believes the college’s team has maximized what it can do in a “discounting game” to achieve access and that the institution is “caught in a web of complex and often competing goals.”

This tug and pull is often described by other presidents in terms such as, “managing to keep the balance between competing goals of academic quality, diversity and tuition.” One president, who was hired with a clear mandate to increase diversity, said: “I will buy as much diversity as I can afford. Financial aid is a strategic issue. Our goal used to be not to go over budget; now it is to get as much diversity as we can.” This president described the need to provide genuine opportunity to a wide range of students in order to increase access, stating that opportunity and excellence are bound together: “A robust educational community is oxygen for a place like this.” Another president said simply, “We need to meet need while trying to maximize tuition revenue.”

### **Institutional Stakeholders**

College presidents serve their institutions at the behest of boards of trustees. In general, our presidents reported limited board involvement in setting financial aid policy, but there was some variance. Some presidents were hired with very specific goals, like increasing diversity, class size, quality, or endowment, and other presidents were given new directives while in the job. Boards helped establish general goals for the institution and the president and approved budgets, but tended to stay out of the nitty gritty process of establishing aid policy. The group of institutional participants directly involved in setting policy was fairly typical among colleges and included the vice president for enrollment and/or deans of admission and financial aid (most colleges had VP’s for enrollment), a chief financial officer or a vice president of finance, and a group of senior staff. At a few of the colleges, this group also included the chief academic officer or a faculty committee.

Many of the colleges also reported involving consultants in this process in varying ways. This practice has been increasing, largely in response to accelerating competition among peer institutions for students. But it is more than just students, or good students, that colleges seek. It is the right mix of students, calibrated to achieve institutional goals. The role of outside consultants has also been expanding – from collecting and analyzing data to influencing institutional goal setting at the highest level. A small number of presidents rely heavily on the strategic enrollment management perspective and the skills of senior executives.

The various people involved in establishing financial aid policy tend to fall into distinct camps regarding the use of financial aid, depending on their institutional positions. For example, chief financial officers tend to be more concerned with containing price and limiting discount rates, while enrollment and admission officers want to increase the use of aid beyond need. Trustees, when involved, also tend to

side with the chief financial officers, and they are also influenced by commercial rankings. At many colleges the admission perspective, often enhanced by enrollment consultants, is the most influential, often pushing presidents beyond their comfort levels. Said one president: "They tell us that if we don't participate in the arms race we won't get students. I do think we offer more aid than is necessary to get them." Another president described a constant battle between "enrollment management and mission folks."

## ASSESSING SUCCESS

When asked how successful they have been in achieving their financial aid policy goals, our presidents provided responses that varied widely from "not nearly as successful as we would like to be" to "moderately successful" to "maybe too successful." Most presidents mentioned discount rates and diversity as main measures of success. However, the responses also revealed variations in goals, strategies for achieving goals, perceptions of success and how to measure it, and policy modifications in response to assessments of success or failure.

As indicators of success, presidents mentioned an increase in their number of applications, enhanced diversity, improved minority retention, and increased alumni giving. They also listed lowering or managing discount rates, decreasing student debt, leveraging outside sources of aid, and expanding enrollment of local students. While diversity was said to be a commonly achieved goal among successful colleges, many presidents said it was a struggle to maintain diversity, and some even contended that doing so would require their institution to become less diverse over time. Said one president, "We have an embarrassment of riches (diversity), which are costly to maintain. We will now need to attract a large portion of paying students." Another president, under a mandate to increase diversity, did so by more than 60 percent and ended up, "with a class we could not afford. So this year we are aiming for as much diversity as we can afford." Similarly, a college president who was very successful in bringing clarity and new processes to achieving "access" explained, "Our margins are becoming thinner as the government pulls resources. I will never be able to make this up in fund raising."

Most presidents described the costs associated with diversity as including the need to spend more money per student, providing additional support services, and worrying that they were saddling less affluent students with excessive loan burdens. One college's aggressive, need-based approach to aid had managed to increase diversity, but this success presented a new challenge, describe by its president: "Can we raise enough money to sustain this level of diversity? I can motivate the rich, if they still feel rich." This president described overcoming the inequities of social class once students are on campus (things like clothing, resources, vacations, etc.) as the biggest challenge to achieving the "old American mission of education as the engine of social mobility."

Some presidents described enrollment objectives that had been met. For example, one president claimed to be very successful because the college had met all its "targets," which included class composition, affordability, discount, diversity, and quality." Another said the college had been modestly successful in meeting objectives but that doing so had become increasingly difficult: "Since the recession

we have not had the classes we have had in the past.” And the “heavy merit” effort initiated by a former president did not have the intended coattail effects. Said this president, “We are on the verge of gapping students in a way that is not fair or sustainable.” Similarly, another president mentioned containing student loan debt as one important policy outcome, saying the college had the lowest average student loan debt in the state.

### **Do Changes in Aid Policy Impact Outcomes?**

Some presidents considered recent institutional policy changes when assessing whether they had achieved policy goals. Several colleges, concerned that the popular high discount model was hurting their ability to serve their missions, recently decided to lower their discount rates. This change in policy seems to be having mixed results. As one president explained, “Several years ago we moved away from meeting full need to using merit in order to attract students who go elsewhere. This caused our discount rate to rise and had no measurable impact on the quality of our student body.” So the college decided to reverse course and reign in the use of merit aid. The college is now seen as a bargain; diversity is increasing, yet it is also losing middle class students. “It remains to be seen if this will work psychologically with the parent bumper sticker mentality,” the president said. Because the college’s new approach to aid seems to be harming its ability to attract middle-class students, the president said, aid beyond need might be justifiable to attract such students.

Motivated by a mixture of broad educational concerns and institutional preservation, another president recently helped to initiate a rather drastic shift in aid policy: a 43 percent reduction in sticker price. “We worked hard to figure out actual cost and to align price accordingly.” So far this strategy has been successful: “Our dollars go a lot farther in supporting a greater number of students. We made it apparent that private colleges are within reach and we leveraged dollars from outside the college. Every dollar goes farther when you align cost with price rather than inflating price to support other kids.” At the time of the interview, this president’s college was in the process of recruiting its first class under this new policy. “Our deposits are way ahead of last year.”

One college president set out to “drive down the discount rate by reducing price and holding the line on merit.” Another president said, “I was successful in significantly reducing the discount rate. It was quite a struggle but made a big difference in that we had money to do things, such as hire faculty, support study abroad, and increase need based aid. But after the recession, the bottom fell out...market conditions forced us to do the distasteful” (that is raise the discount rate).

Several presidents who considered their policies to be less than successful regretted having to raise their discount rates in order to generate money for financial aid. One president said, “We never have enough money. We raised our discount rate four percentage points and are millions of dollars short of meeting our goal to be need blind in admission.” Another president mentioned needing to move from an institutionally traditional policy of being need blind in admission and meeting full need to instituting merit aid in order to meet enrollment goals. This shift was harming relations with some loyal alumni and faculty.

Attrition was also a problem for some colleges, particularly among poor and working class students. Several presidents pointed to the 2008 economic downturn as presenting a financial challenge from which they have yet to recover. "Since then things have become less predictable, with wider swings in discount," a president said. "Merit money is becoming widely used. I worry as pressure from more colleges doing it works its way up the food chain.... We are trying to manage things and our discount rate is going up." Another president said, "As long as we can't meet full need we are not as successful as we would like to be. We now have a mixture of merit and need; merit is strictly based on GPA, not income."

In addition to the significant policy changes already mentioned, other presidents have made more modest adjustments to existing policies. One college expanded preferential packaging by not gapping high ability, low income students. Another began discounting graduate school ("which will eventually kill us."). Some began or increased the use of merit and increasingly promoted that change. Presidents' experiences with using merit aid to increase revenue varied widely – some thought they were successful, most saw this a dangerous and unsustainable trend. A president concerned with losing "top students" to more wealthy colleges doubled the size of the grant portion of aid packages and stopped claiming they were need based, "which scared some kids away." This "helped us get applications from lower need kids." Another college invested in a program that targets, preps, and delivers underrepresented students. And one president continued to expand efforts to increase the prestige or perceived value of the college in order to raise the price point for prospective students and thereby increase net tuition revenue.

### **ACHIEVING EDUCATIONAL OR SOCIAL PURPOSES**

We also asked presidents to assess whether their policies achieved the educational or social purposes that they personally value. Many responded by describing a mixed bag of results. None was either completely satisfied or completely dissatisfied. Many presidents credited the overall role of financial aid in helping under-resourced students to attend college. The use of aid has clearly helped presidents to increase access and diversity, as expressed in these self-assessments: "We have achieved diversification in all dimensions...achieved a greater notion of opportunity." "We have been able to construct a richer learning environment." "Very clearly the aid we use empowers students to enroll and complete." Some presidents pointed to the impact of specific programs and policies designed to serve access and success. A president who started an EOP program described using no-loan packaging to leverage state need-based aid grants and help more needy students to attend: "This group is quite ethnically diverse." Other presidents shifted packaging priorities to successfully attract "the ablest of the needy." Some presidents said that they had reduced their discount rates to serve educational and social values. By doing so they intended to improve access and affordability, increase diversity, and align costs with price. They also hoped to improve clarity in pricing, stop gaming, and deliver aid where it would deliver the most social and educational benefit.

Commenting on tradeoffs and the mixed results of financial aid policies that were intended to achieve social and educational purposes, one president said: "It's a matter of degree. The goals we achieved were short of optimal." Another president expressed a similar sentiment: "It helps to serve diversity and

access, and it brings in top students, but it also engenders entitlement.” A president who recently began using merit aid commented, “We were lucky to be able to afford our principles, but now I am worried.” Said another, “I don’t like gapping at all, which we use to get more desirable students.” And one president lamented, “We need a business model that better serves our values and learning culture.” Several presidents also spoke about the educationally objectionable practice of using aid to make students feel wanted, as well as bargaining with parents. The tension associated with using aid for strategic purposes is reflected in this statement: “Our merit aid reallocates financial aid from needy kids to subsidize wealthy kids.”

And then there are a few presidents who tend to be more negative when assessing how well their colleges’ policies promoted personal educational and social values. “We can’t serve our values. We are not able to provide the level of aid we should,” said a president, noting that there are too many students with gaps and, too much student debt. “We are enrolling lots of needy students at higher and higher costs to us and to them.”

Although the presidents’ self-assessments varied, most of them thought they were doing their best with what they had in order to meet a set of strategically balanced and often competing goals.

## IMPROVING INSTITUTIONAL AID POLICIES

### **Hurdles and Barriers**

Presidents point out many hurdles to achieving both institutional and larger social goals associated with financial aid and to improving their aid policies. These obstacles are both internal and external. They include: a lack of institutional resources, including limited endowments; federal and state policies, in particular reductions in aid; a shift in the public perception of education as a personal consumer good, as evidenced by a consumer driven pricing war; financial models that don’t match educational values, as in unsustainable discount rates; and balancing enrollment goals and tuition. Also identified as impediments were a lack of consistency in defining student financial need; increasing competition among colleges; DOJ prohibition on discussions among presidents; families and colleges employing unethical behavior in getting the best deal; shifting demographics; and predicting yield. Then, finally: providing academic support systems to complement diversity efforts; and changes in public attitudes about liberal arts education. It can be informative to listen to how presidents describe some of these barriers.

Public perception/values/attitudes:

- “College is now a negotiable good, an expense rather than an investment...its value is diminishing.”
- “Both social attitudes and financial realities have combined, the disparity between costs and income has increased.”
- “Biggest problem is our moving from market economy to market society.”

- “Public debate has turned tuition subsidies into welfare debate instead of investment in young people.”
- “As social inequality becomes more and more accepted, the harder it is to serve social purposes.”

#### Current Business model/approach:

- “Predictive models are not accurate.”
- “Not enough money...a business model that does not fit our values and learning culture.”
- “The steaming up of the enrollment management industry. We have gotten to a point where we have become an integral effort to game the social compact system and we go to a witch doctor to tell us how to do it.”

#### Competition:

- “Raw competition – colleges below us on the food chain give students five, ten thousand dollars more. This level of competition is not working.”
- “The prohibition against talking has had a thoroughly negative impact on presidents talking and doing a better job – and has accelerated the use of merit aid.”
- “The perverse national conversation about aid and costs.... Everyone is talking past each other because we can’t talk with each other.”

Many impediments are seen as relatively new and a result of rapid changes in the higher education environment and society in general. In this new landscape, financial aid is viewed by presidents as more of a tool for achieving strategic enrollment priorities, rather than as assistance to enable the most needy students to attend. Pervading all the discussions about need was the sense that need is now varyingly defined and packaged in order to serve specific institutional objectives. In addition, many presidents thought that congressional need analysis methodology is outdated and favors public universities and, that institutional methodologies are inconsistent and often “fungible.” Interestingly, presidents saw this as both a barrier to serving broad public interest purposes and an advantage when trying to serve certain institutional goals, such as competing for special students.

#### **What Problems with Aid Policy Would Presidents Like to Address?**

When asked how they would change their policies, if they could, presidents again expressed a common belief that aid should be used to serve needy students and said that they would like to do a better job of meeting that goal. Presidents described various policy changes that would help them better serve these students, including: eliminating merit aid, preferential packaging, and gapping; becoming need blind and meeting full need; limiting or eliminating loans; providing scaffolding for disadvantaged students and assisting them with successful job placement after college; and shifting the role of the financial aid office into a financial planning role with students. There was wide variation in the levels of commitment to meeting a pure need standard, as represented by these two comments: “I am not an ideological zealot

about anti merit; I am not religiously committed to need blind,” and “Our highest and moral principle is to be need blind and to meet full need.”

Some presidents in this group expressed exasperation, and even desperation, over current competitive practices that they believe are not only ineffective, but actually harmful – to their institution and to higher education in general. Some said that there seems to be no viable alternatives beyond talking with other presidents as colleagues about collaborative efforts to serve mutual interests and responsibilities. For many presidents, talking with other presidents offers the most promise for addressing a very serious situation, but their expectations for what such discussions might specifically yield are less unified and clear, as is their sense of what they would be willing to share, and with whom. No one had a definitive plan or agenda for how talks might proceed, or what exactly might be accomplished. Every president said he or she had considered the prospect of talking and collaborating. Simply put, most presidents feel a shared public responsibility but not the commensurate authority to act (or even talk) together.

“We need to be able to talk first, to see if conversations lead to collaboration,” said one president. Participating presidents expressed interest in learning about what other presidents are facing, how they are approaching financial aid, and what their issues and struggles are, despite mixed feelings about how forthcoming their colleagues would be. “We can always learn from each other,” one president said. According to another, “It is naïve to think that all presidents would start talking the truth, but meeting and talking would be a start.” Similarly from another president, “We should give collaboration a chance. I have never been burned by information to competitors....We will still be careful – familiarity can breed contempt as well as trust.”

Despite the range of preferences regarding specific conditions for conversations, most presidents strongly believed that it made sense to discuss financial aid policies with other colleges, and that this could serve both institutional and public interest purposes. Many believed sharing information was integral to the work of academics and academic institutions, and that talking with other presidents was the only way to move beyond current “destructive” policies. The single hurdle to talking was the perceived antitrust threat, particularly since a DOJ attorney sent a threatening letter to a group of presidents after they had gathered to hear a report on the state of collaboration among colleges two years ago. This letter caused the cancellation of a scheduled meeting to discuss collaborative possibilities and related issues. It scared many presidents. “The Federal government has waved its big stick,” one president said. “Even thinking about talking got us in trouble,” said another. “The prohibition against talking has had a thoroughly negative impact on presidents talking and doing a better job – and has accelerated the use of merit aid,” a third president said. A few of the presidents, however, did not consider antitrust to be an issue. As one put it, “The DOJ letter didn’t bother me.”

IF PRESIDENTS WERE ALLOWED TO TALK WITH EACH OTHER

**Would Presidents Talk**

The presidents were asked, “If antitrust regulations were not an issue, would you collaborate with other colleges in developing or implementing aid policies?” Most presidents gave a strongly affirmative response. Two presidents’ responses were fairly representative: “I’d love to be able to do this. It’s kind of crazy the way we work behind this veil of secrecy – kind of a used car salesman approach. If we could all use aid to advance our mission rather than competing to provide lower cost, we’d all be better off.” And this: “Anything to relax antitrust pressure would help, and I will do anything to help with efforts in that direction.”

One president had a different take on the role of antitrust in affecting policy: “Most presidents are not that aware of antitrust implications. It is part of the issue, but it is also used as a smokescreen for avoiding making changes.”

While preferences and pre-conditions for formal conversations varied, there was definitely a widely shared sense among 80 to 85 percent of the presidents that they would like to talk with other presidents and that they would be strongly inclined to do so if the antitrust threat were not an issue.

Would discussions with other presidents lead to better financial aid policy at their institutions? College presidents responded with fairly strongly held opinions. Most presidents thought that talking with other presidents about financial aid policies could only lead to positive results, although several saw no potential benefit. Of those in the latter group, two expressed tightly held opinions and, one was less committed. Of the many more who were open to talking, most seemed resolute about wanting to do so, while others qualified their willingness.

The presidents most strongly opposed to group discussions about financial aid came from colleges at the opposite ends of the endowment spectrum: a college with one of the largest endowments, and a college with the smallest endowment that uses merit aid. One of the presidents explained: “I don’t need collective action to run a need-based institution. I am a huge fan of collaboration. We all collaborate on principle, we know what other colleges are doing; we all know how need based aid works. As social inequality becomes more accepted/acceptable, the harder it is to promote a social agenda.” This president, who has experience with the 568 group effort, says it belongs to a “bygone era.” “It is now a question of resources. In an era when people are bursting out of the 568 collective to offer more aid, the notion of a collective that would constrain money is counter to public policy – 568 is an insider’s game that constrains at the upper end.” The president added that talking with other presidents “may be helpful,” if a college was giving merit aid.

The other president who took a hard line against discussions was not interested in going to meetings and trusted few other college presidents. This president said it would be good for all colleges to reduce merit aid, but also said, “This is an extremely trendy, competitive and jealous industry and nobody tells the truth.” For this president’s institution, “rising reputation and competitiveness will help our finances. The problem is the system – lack of public values and finances. I think everyone is flying blind, a giant auction. We are gambling.” This president believes financial aid is viewed more and more as a gift and that “no thank-you is required.” Said the president, “Our most grateful students are foreign students.” It should be mentioned here that other presidents also were bothered by the perverse incentive aspect

of merit aid – that it, as one said “reflects an inflation of the talents of kids and discourages really hard work.”

### **What Would Presidents Talk About and With Whom**

Most presidents appreciated the idea of talking with each other as “well intentioned,” but also “not reflecting what happens in higher education.” One president, who wishes conditions were more conducive to collaboration, noted the complicated roles presidents play as “both colleagues and competitors.” This duality has presented problems involving trust and integrity. “It is hard to argue against transparency and sharing information, but competition works when push comes to shove,” said a president, whose experience was that his colleagues were, “competitive to make rank.” Another president said: “Some colleges are not as open as we are about reporting student debt information, and it hurts us. Some colleges don’t report on debt. We report fully and honestly.” For this president, “So much of whether you would collaborate has to do with how much money you have to give. I can appreciate how we might do it to help all players, but individuals’ behaviors and differing assets make it unlikely.” If the playing field were level, “if someone said to us, ‘Here is \$20 million to attract and retain first generation students,’ we would collaborate. Generally I am an optimist, but in this case I just don’t see it.” Another president viewed varying assets as a little less restrictive and possibly beneficial, saying, “I would be willing to talk to a certain extent; it may reorient us to why we all give aid, which is to provide access, but we are all constrained by our institutional resources, cultures, and other constraints.” One president thought that arriving at general agreements about levels of funding and terminology might be possible, but that the “sharing of tricks,” though desirable, would not occur because, “we are competitive.”

Some presidents said their level of willingness to participate in conversations would be shaped by conditions such as the types of colleges invited to participate and the nature of the gathering, including its stated purpose and level of transparency. Some presidents were willing to talk only with similar colleges, such as “our niche colleges,” particularly colleges that were competitors – and often locally so. Some would include public colleges, others would not. One president preferred to talk with “our niche – America’s selective liberal arts colleges, and/or small groups of like colleges.” Another quipped, “With other liberal arts colleges that are not fat cats.” And from another, “Highly selective small liberal arts colleges – those that feel more pressure to retreat from their commitment to need based aid.” Similarly, preferences varied about how structured such talks should be – ranging from just sitting down and seeing where discussions might lead to being prepared to share very specific policy data.

### **Willingness to Share**

When asked what questions they would bring to a conversation of presidents and what information they would be willing to share, presidents’ responses varied widely. Some were quite restrictive about discussion parameters; they tended to want clear parameters, goals and objectives for a conversation. Examples included: focusing mostly on “lobbying to change congressional methodology” and “willing to talk with other bold presidents.”

Some presidents said they would be quite open about sharing. One president described wanting, “an open discussion of packaging strategies,” though this president was not sure his or her vice president for enrollment would agree. Another president, whose self-description (in contrast to some other presidents) was as “a pretty open person,” said that presidents in a meeting should share “how we define need, how we use merit, how we allocate aid.” Similarly, another president was willing to share, “information about numbers, not individuals,” that is, “how are we each trying to map out our recruitment matrix – what is the objective with broad-based numbers, such as percentage need based and merit based, but not specific tactics for individuals.”

“I’d share any of the numbers that affect financial aid or the health of our college,” said one of the most willing presidents. Another president would be willing to share retrospective data about price, discount rate, and how awards are allocated and packaged, but would only share such information among competitors. One president wanted to learn generally about other colleges’ discount policies. Another president specified things already mentioned, as well as wanting to know “to what extent does EFC factor into admission decisions, really, and how do we close deals. The first thing we need is a clear reliable set of data and consistent needs analysis and information.”

While most presidents were hopeful about the prospect of sharing information, they were also skeptical. Among their concerns were personal qualities, such as levels of trust and honesty and willingness to be forthcoming with specified information, as well as organizational challenges such as whether reasonable meeting goals and parameters for a presidents meeting could be established among an agreed upon group of colleges. Presidents also described new competitive forces and strategies as appearing to be intractable. Said one president, “I am very worried we will continue to fall victim to competitive practices. It’s just the way the world has become.” And another said, “There will be squabbles based on varying financial strengths of institutions and status and prestige.”

Despite various levels of skepticism, most presidents expressed an overriding general hope that talking with other presidents would enable them to do a better job of aligning financial aid policies and practices with educational values. This goal was continually described in terms of working to minimize merit aid and maximize need-based aid. Meeting and discussions with other presidents could specifically help provide “an essential foundation” for further talks. Presidents said such talks could help them develop strategies for lobbying Congress to permit more collaboration among colleges, could lead to “clear and consistent needs analysis information,” and could help them achieve “reasonable agreement on standards” for allocating merit awards. According to most of the presidents interviewed, the opportunity to learn from each other is a highly valued yet unrealized resource.

It is important to note that some of these presidents have already been involved in small scale preliminary discussions with other presidents, exploring the prospect of collaborating in order to address the issues discussed above. Some have attempted to make public proposals and suggestions; some have signed a joint letter pledging not to cooperate with the USNews’ college rankings. Interest in talking and collaborating remains strong among these more experienced presidents, and their ideas about what is viable and how to proceed seem more refined than those of other presidents. According

to one of these presidents, “Our collective is not producing the best for the country. We are magnifying a very pernicious outcome, income disparity.”

### **What Might Talking Accomplish**

What hopes, expectations, and skepticism would presidents bring to a discussion about financial aid policies? What would they want to get from such discussions? What would they be willing to contribute?

Most of the presidents who were willing to talk seemed eager to do so, although, some were more hopeful than others about what these conversations might achieve. Generally, presidents are motivated by a shared concern that discussions are necessary because the identity and purpose of higher education institutions are at stake. As one president expressed, “We are at risk of slipping from the values we all cherish. We need to work together to control our own destiny.” More statements expressing the direness of the situation and the need for shared responsibility included:

“We need to do what we can to reign in practices that are hurting us all.”

“We need to work together to keep public interest front and center.”

“We are in a full-out price war that is whittling away at margins that will kill most of us.”

“How can we raise the collective tide and help us serve more needy kids – not just changing for institutional self-interest. We need to find a way to keep the public interest front and center.”

“We can’t afford to do nothing.”

“If we could put a cap on buying students and calling it merit...limitations of arms race would help students make better decisions based on fit.”

“Is there a way out of the morass we have created? If I had a magic wand I would abolish merit aid, but we can’t afford to be a solo moral agent. The only way to make it work would be a coordinated disarmament.”

### **CONCLUSIONS**

Interviews for this study have provided insight into the thinking of college presidents when they determine financial aid policy. Aid policy has become increasingly important at all colleges. It is not surprising that presidents bring a range of views, hopes, and expectations to the process of developing financial aid policy. These are shaped by individual experiences and values as well as by institutional values, culture, and resources. Policy results from deliberations and trade-offs (“tug and pull”) among often competing priorities in order to achieve a “best balance” result – again, between what presidents think they should do and what they feel they believe they have to do. Presidential thinking is also influenced by an increasingly prevalent business approach to financial aid as a strategic tool.

Despite their personal and institutional differences, presidents share a common belief that at its best, financial aid should be used to serve the social and public interest – promoting access to higher education. Presidents embrace this traditional and ideal notion, as an educational standard which they believe is endangered. All presidents bring this value to the policy making table. When assessing their policies, they wish they could do a better job of meeting this ideal.

But the college president's world is less than ideal, and it is becoming increasingly so. As illustration, most presidents point to diminishing public support for higher education; changing public perceptions about the role and value of higher education; and increasing competition, gaming, and untruthfulness among other colleges, presidents, and families. This situation is compounded by inadequate professional standards and procedures; an inability to talk and share information; the pervasive influence of the enrollment management industry; and heightened public cynicism about financial aid amid public calls for colleges to fulfill their public interest charge.

In this environment, presidents report that they often face the challenge of trying to maintain a commitment to ideals while needing to do other, less desirable things in order to survive. They reluctantly adopt strategies and practices that are contrary to their core educational and social values. They feel they have to do this in order to “keep up” with other colleges that are using similar strategies. They are fearful they will not make their class or attract the right mix of students to satisfy many different objectives, including maximizing net tuition revenue. They hire outside consultants who employ specialized strategies and modeling techniques designed to help colleges achieve maximum return on financial aid investments. In doing so, many presidents feel they are compromising their values.

Presidents seem to care deeply about how they and other presidents use financial aid. It is interesting to note the degree of interest and passion they bring to this topic. When invited to participate in this research project, all but one president responded affirmatively. Furthermore, presidents' engagement during the interviews was high and quite intensely focused. Stepping back from the experience of the interviews one can appreciate a condition of shared frustration among the presidents – that things should be better, that aid should be used primarily (if not exclusively) to serve the public interest goals of access and equity, and that they should be able to devise strategies to make that happen. But presidents face a range of hurdles and limitations that prevent them from aligning policies with values.

Unfortunately, institutional policies have been moving in the wrong direction. Many presidents said they felt stuck in the tough position of trying to provide a public benefit in what has become a marketplace. There is a general sense that using merit aid to compete with other colleges is not making college more affordable for those who stand to benefit most from attending, and that current competitive practices are resulting in outcomes that are less than optimal and may not even be sustainable. Yet many said they have few alternatives to the current competitive practices as prescribed by enrollment management strategies. Some presidents are more optimistic than others about achieving an acceptable balance among the trade-offs within the status quo. A few have experimented with comparatively radical institutional reforms; a few have explored collaboration with other colleges. Most think that being able to talk with other colleges would be a step forward. There is less agreement about

how such discussions would be orchestrated to make them productive and what should be expected from them.

A few presidents don't think talking with other presidents would help their institution. These presidents tend not to trust other presidents, and they believe they can best serve their institution by improving its prestige and status or by using need-based aid more effectively. But nearly all presidents express deep frustration about the growing disconnect between institutional aid policies and the public interest. In many cases institutional aid policy even contravenes the public interest. They point to realigning the use of aid with public purposes as vital to improving the health of higher education. They view being able to talk with each other as a logical and appropriate approach in achieving this critical realignment.

*Appendix A*  
Project Advisors

The following people offered advice on project conception and development of research protocol.

Christopher Avery  
Roy E. Larsen Professor of Public Policy  
Harvard Kennedy School of Government

Sandy Baum  
Senior Fellow, The Urban Institute  
Research Professor of Education Policy, George Washington University

Richard Detweiler  
President  
The Great Lakes Colleges and Universities

Howard Gardner  
Hobbs Professor of Cognition and Education  
Harvard Graduate School of Education

Don Hossler  
Professor Emeritus  
School of Education  
Indiana University Bloomington

*Appendix B*  
Interview Questions

1. Can you talk a bit about how you view the purpose and goals of financial aid at your institution?
2. Who is involved in determining financial aid policy at your institution? (senior staff, trustees, consultants, you?) How do their perspectives differ? Which are most influential and why?
3. How successful have you been in achieving your goals, and how do you know?
4. What are the biggest challenges your campus faces with respect to accomplishing the goals you have for financial aid? Can you talk about discussions and negotiations that have taken place among participants in making policy?
5. If you could change anything about how your campus uses financial aid, what changes would you implement and why?
  - a. What goals would these changes accomplish?
  - b. As you think about making changes, what are the tradeoffs and why are they tradeoffs?
6. If you could enroll entering classes of the size and academic quality that you need without using financial aid to shape enrollment, on what basis would you allocate aid?
7. What are the impediments to making improvements in your aid policies?
8. What do you think are the less desirable uses of aid in higher education?
9. What do you think are the most desirable uses of aid in higher education?
10. Have there been significant challenges and changes in aid policy at your institution recently? Elaborate.
11. How does your institution's use of financial aid accomplish educational or social purposes that you value? In what ways do the policies not accomplish purposes you value?
12. Would talking openly with other institutions about your aid policy help you develop better aid policies?
  - a. What might be the results of having such conversations?
  - b. If so, what is preventing you from doing this?
13. If antitrust regulations were not an issue, would you collaborate with other institutions in developing or implementing aid policies? If so, with what kinds of colleges would you like to talk? How?
14. What kinds of questions and information would you be willing to share with other college presidents?
  - a. Would you agree to share the same info with all your competitors?
  - b. What would you do if one of your competitors was not willing to share?
15. What other comments or suggestions do you have about financial aid?

*Appendix C*  
Presidents' responses

Sorted by question, presidents' responses have been edited to ensure anonymity.

**1. Can you talk briefly about how you view the purpose and goals of financial aid (FA) at your institution?**

-Ideally to make college affordable. To be the greatest redistributor of wealth. At the institutional level affordability and want is how FA is perceived. It also works to make students feel desired by the institution, to feel courted.

-(Referred to University of Puget Sound presentation at CEERP meeting – about how EM was used to maximize return.) This had very obvious negative impact on access. Real purpose of FA is to enable those who can't afford to attend college to do so. I would say colleges should be using aid to pursue access and affordability. But institutions are using it as a strategy that is contributing to financial stratification.

-FA assists us in being able to shape a student body consistent with the values of our institution. Historically, that means ensuring every student who wanted to attend could.

-Two words: Accessibility and affordability for students. Enlightened self-interest: we would not survive without FA. We are tuition dependent 80% of revenue comes from tuition. I wish there was a way we could afford to just meet needs. Merit aid is clever but subversive. Institutions need to be teaching and leading by example.

-Literally- about ten years ago, with considerable faculty input, we moved away from meeting full need to use merit in order to attract students who go elsewhere. This caused discount rate to rise 45% and had no measurable impact on quality of study body. One wish would be to get rid of the use of the word "merit". When I came, class size was dropping and we were seeing less success with U of \_\_\_ students. So we decided to reverse course to move back towards meeting full need. We still offer some non-need aid to attract certain kids and to achieve net tuition revenue – which is our chief goal. As a result, we have seen an increase in diversity, but we are losing students in the middle income (barbell affect). The strongest case for non-need aid is now to increase middle class access.

Our definition on restraint is to not bargain with students- this policy gives the admission office heartburn. It takes courage but it has been working. We have been oversubscribed the last three years. We are perceived by price tag as a real bargain. A proposition waited to be tested. It remains to be seen if this will work psychologically with the parent bumper sticker mentality.

Our purpose/goal of financial aid is similar to others: to make college affordable and accessible and to shape a class that is not homogenous so kids can learn from each other.

-To attain enrollment target, to meet required need and merit, access and affordability, diversity – to mold a class that serves under-represented students.

-Primarily to create access for those who can succeed but can't afford it, not for those who are not ready. Using FA, not as leverage for "best" students, but to create opportunity for those who will benefit the most.

-Conventional response – need based maximizing opportunities and access. All about access – simple and pure, optimizing opportunities. We spend money as efficiently as possible to meet this goal. Possible to meet goal. Grants have grown over time. We haven't eliminated loans yet. Our students still borrow. We have a most generous need definition.

-Two parts: 1-need blind admissions. First obligation is to meet need as best we can and try to minimize loan and max grant. 2-to build class – use merit aid to build diversity "interestingness." Discount rate is low – 40% overall, 1<sup>st</sup> year is 50%

-Until this year, we only provided need based aid and we were need blind. We acted out of a commitment to provide opportunity to those who would benefit most. This was our highest principle, even when we had to sacrifice salary. This was our bedrock philosophy. But applications went down, so we began to use aid as a tool. While still having the same values, we are using aid differently.

-Chief purpose is to make sure best students can enroll and persist to contribute to mobility of student to the extent the college education can. A way to offset financial model of colleges. Bad news is a vicious circle which allows prices to continue to go up. Simply to meet need. We could do more education for less if we weren't spending so much to compete for rank.

-Chief purpose remains to offer admission to as diverse a class as possible to serve social and educational purposes. A way to admit on more than academic ability – a combination of institution's educational goals and social interest goals, plus realistic goal of making budget. We use IM to determine need. We need to meet need while trying to maximize tuition. Do this by packaging. First grant, then loan, then work study. We have lowest student debt in(our state). Max debt is \$20K , first 10<sup>th</sup> of every package is grant, then loan figures in.

-Purpose is to attract and retain those qualified students who can do well and to reduce their financial aid burden and increase their chance for success.

-Access! We provide FA to provide access. We also use it to shape and design class – to meet student needs, diversity, academic profile and affordability.

-We use FA to provide talent, merit aid and need aid. All institutional aid is now supported by endowment - \$40M. Scholarships for different requirements: athletics, need , high academics. Many different purposes. We have moved out of unfunded aid policy, dropped discount rate from 56% to 25%. Sticker price was way higher than price. We worked hard to figure out actual cost and to align price accordingly. We have become very aware of our markets and the students we serve and align our

financial aid, and try to be very transparent about costs. We work to educate students about how to afford us. We are able to raise money for specific needs.

-Goals of financial aid: to leverage institutional and government aid to bring in a well-rounded class. Our market was being pushed out by sticker shock. The majority of our market is in-state – 65%. We can also leverage in-state aid based on academic merit and the state's supplemental private college grants.

-A couple of goals at my institution: 1) primarily I hope and intend to help us attract excellent students who would not otherwise get this kind of liberal arts education opportunity. 2) to ensure enrollment in competitive times.

-Our aid is used to leverage federal aid and local aid in (our state). \$35M operational budget. FT undergrads = 1,000. Aid comes from benefactors. (Our college) grants = unfunded discounts of \$9.5M. \$11M endowment. Average 40% discount on FT tuition. 75% of students are PELL. \$25,000 median family income. We serve critically impoverished students. 90% black and Hispanic. 95% women. We use college's aid to leverage other aid but not nearly enough to get and keep all students. Have been successful because we can leverage several local scholarships. Our piece is non-cash but we use it to leverage cash. We have a few benefactor scholarships of \$300,000. (Someone) gave money to fund 20 nursing kids – we have pockets of money. Every benefactor and funder wants to make sure (our college) doesn't reduce funding. We do very little merit. We are trying to make access happen for worthy kids who may be ready for other colleges. First year is spent getting kids up to speed. We have a different kind of kids. We are working on how to measure success.

-Financial Aid – to enable qualified students to attend our college. Tricky aspects: a-knowing what students will flourish; b-determining what “afford” means as parents and students seem to feel entitled to come, and parent's inability and unwillingness to make sacrifices, which used to be the basis of middle class – frequency of single parents and more able parent is exempt. This shows that affordability has become increasingly relative – values and choices with a growing sense of entitlement and definability of need varies widely. Tricky.

Primary purpose of aid is to enable those who merit (appropriateness) and truly need aid are enabled to attend (outside of social and values shifts). Truth is that merit and need are related in that student's admissibility is often based on social class. Colleges need to be transparent – that they use aid to serve diversity, including social economic, fields of interest, investing in students i.e. music.

-Purpose of FA: a-to provide access to qualified students who can't afford it; b-to attract talent (music school) bidding war with top colleges (theatre school) throwing money at some (athletes); c-some aid toward merit and meet with need – the most talented of the needy; d-we also use aid to generate revenue- to strategically hit a family's price point – what are people willing to pay to help fund our higher ed product.

We aggressively target schools where we can get the kids -- particularly schools other colleges neglect. Aid money and recruiting tactics are how we shape demographic mix. We also have become the top transfer college by working intensively with ten two-year colleges to shape accessibility very

aggressively. Trick is to make sure students don't get lost in the funnel. The key question is how much money. Most of our merit kids also get need aid. We try to use merit aid to serve social good.

-Opportunity and excellence are bound together. We need to provide genuine opportunity to a wide range of students in order to increase access. We are not a gated community. We want to generate/attract a community that brings broad talent. FA is a tool to create a robust educational community – oxygen for any place like this. (Our college) chose to double down on access and aid; (a close competitor) did not. Our college with money would use it to buy most opportunity, to leverage talent, interest, diversity. At (our college), with the lowest endowment of all our conference schools, we spend more on FA than one of our more highly endowed competitors.

I will buy as much diversity as I can when I came diversity numbers were 15%. With a clear mandate I raised it to 25% in one year. Our college has a history of diversity and industry. Problem: We ended with a class we could not afford. So this year we said as much diversity as we can afford. \$8-9M, not \$10-11 to FA to buy class. We operate on a shoestring but look like a genuine liberal arts college. Discount rate = 37%.

## **2) Who is involved in determining financial aid policy at your institution? How do their perspectives differ? Which are most influential and why?**

-Trustees, senior staff, outside consultants – all are involved in discussions. Exercise: Here are goals and resources, how would you do it. Consultant perspective: looks at data, affinity rankings, FAFSA, and recommends matrix with academic rankings and ability to pay. Goals set by senior staff. VP of EM brings ideas and strategy to senior staff to sign off on allocating resources and I endorse and board approves.

-4 groups – admission and Fin Aid office, EM consultants, senior staff, and trustees. Trustees have most influence. They have very conflicted perspective - some said they wanted to increase access but said it wasn't possible "scrimping on principle". I was fortunate to have a very collegial atmosphere – that tried to achieve balance between competing goals.

-Some Board involvement but not much – it is limited. Participants include senior leadership (senior staff and VP for EM); faculty committee; consultant who provides matrix for allocating aid and achieving goals given resources. We all develop policy to use FA to maximize benefits. There are compromises. Faculty tend to be more idealistic about wanting talent and diversity and access. Senior leadership more concerned with maintaining financial solvency. Theoretically, the consultant is combining our values and resources and bringing us a matrix that will minimize compromise. Last year we gave in on quality to reduce discount – SR leadership demanded it. Diversity has risen as a result. Access is the right thing to do ethically and demographics are shifting so it seems prudent.

-President, CFO, VP for Enrollment first, then Chief Academic Officer, Provost and Chief Advancement Officer. Have had consultants in and out –re how we administer but EM guy is highly regarded and plays key role. Trustees are keenly interested but mostly give oversight. I think the college is overly

discounted. Fall 2012 fell 80 students short. First time in 18 years. Partly because state overhauled requirements for Ed degree- mandatory more teacher training and less liberal arts – our core wouldn't work and we lost many kids. State has given monopoly to publics and lost the cohort of liberal arts colleges "poor public policy". This caused soul searching regarding our competitive position so we moved to meeting full need and to stop being need blind thereby reducing net revenue per student. Increase discount, increase class. Freshman retention rate up 4%. We re-priced ourselves in a modulated way: high risk, high reward strategy which could reposition us.

Results: applications up 10%. VP for Enrollment came up with this strategy. (This person) is most influential and has great credibility. He gets push back from Chief CFO. They deliberated marketing: we can decide price but need to meet cost.

-On the ground, Director of Financial Aid and Dean of Admissions, according to strategic guidelines by trustees and provost. I say here is the budget. We want stronger credentials, net tuition revenue and discount rate. I recommend to Board of Regents.

-At the highest level, the President and Dean of Admission and Financial Aid. He recommends quotas and sets target tuition and discount level: here is budget and assumptions funding it. We have no master plan. We have made course change along the way.

-Primary players are VP Enrollment, CFO, President and Trustees, finally.

-President, Dean of Admission and FA, CFO, academic department heads, Board – sometimes. Board was influential in elimination of loans.

-President, Dean of Financial Aid and Finance Planning, Director of Financial Aid and CFO, a 90 year old special assistant, and counsel from (an enrollment consultant firm. Trustees approve it.

CFO wants to keep discount rate down. Dean of FA wants it up to use money to get class. We have "counsel" and through matrix we have made our class every year but one in 16. Controlled discount rate, net revenue target. We get an A-. Class has grown every year, more selective, quality increased, more diverse and still have need. Outside council gets an A-. Four year graduation rate has improved - 70-87% and needy kids graduate at rates comparable to overall average. Would still like to do better. We need to recruit, we don't just admit kids. 70% tuition driven, \$260M endowment, but we behave like an institution with twice that endowment, in terms of quality of kids and programs.

-President, Deans, Treasurer (CFO's), financial aid and admission dean, (separate admin and FA offices), and faculty advisory committee, which advises. Final decision is President's. FA policy comes to Trustees through budget. Big change was brought to executive committee of Board. Just started using outside consultant "we are trying it out – we'll see if it won't hurt those who have need." Merit aid helps with applicant pool and enrollment. What happened: when housing got soft and upper income folks abandoned liberal arts and we lost that revenue. We need to get them back with non-need aid. It is a competitive market for us to get kids with means in order to make budget – and it has gotten worse.

-Dean of Financial Aid, President, Board. President had most influence.

-Policy set by a group: President, CFO, Dean of Admission and Fin Aid, Director of Admission, Director of Fin Aid. Policy setting is about proportions and size of packages. We don't change dramatically, we do tweaking. Trustees would have an impact only at the highest level. Such as moving away from meeting full need.

-VP of Student Success and Enrollment, VP of Finance, President. VP of Student Success and Enrollment, VP of Finance, President. We try to come to a consensus as a team – it is a continuous balancing act between financial needs and commitment to values. Plus an outside consultant who helps us look at matrix.

-President with VP for Enrollment and Marketing, Dean of Admission and the committee on enrollment. We share our thinking with trustees. They don't have a working role.

-Collaborative leadership: President, Dean for Admissions and Enrollment, CFO, Dir of Athletics. Trustees approve overarching plan. They review, are not involved in setting policy – they monitor.

-Well, Financial Aid director – is very experienced, and the aid process has become a very specialized and arcane strategic activity. Admission office – recommends merit aid students – strung together by VP of EM. Second year of using (enrollment management firm) to help us shape size of awards and policy. I have been involved, but I would prefer to decrease merit money and increase need money.

Problem is a certain amount of merit is need-based. Families are enticed by merit money and it is so difficult to disaggregate need from merit in order to compare with other colleges. Trustees not really involved. Admission office is most influential – it tells us if we don't participate in arms race we won't get students. I do think we offer more aid than is necessary to get them. Problem- families bargain – leads to uncertainty, it's immoral.

-President, VP for Enrollment Services, CFO, VP for Admission. FA office does need packaging. Admission gives merit scholarships – marketing play with merit within need

-Policy set by Senior Administration. Team – Dean of College, Director of Admissions, President, CFO. Everyone is in agreement: without financial aid we can't match college with students. Number of qualified students of very rich is quite limited and some are not motivated (inheritance). Quality and wealth are not correlative. This is a limited university and is mostly spoken for by 10 institutions – rest of the private sector is really competing within a range of middle class students and everyone is using the same approach – you need FA to recruit.

-People involved: Board of Trustees – has established goals for president and institution. Have a mission committee to hold institution accountable to mission. Other Catholic colleges' missions have changed. Ours has not. President and VP for EM and EM group – they bring proposal. Budget committee – evaluates proposal. We need to be in black every year.

Different perspectives: Budget committee wants to maximize revenue (tug and pull with EM and mission folks). Our EM person is brilliant. His piece of tug and pull is institutional luster – top test scorers- luster and access must be balanced. We never advertise that we are going after poor students because it

would hurt us in the market, I use this to raise money for aid from donors – mostly small denominations. Reputation matters. Luster, access, income = tug and pull.

It is nice to have purity of heart around mission, but if you don't work all angles you lose the battle. "No margin no mission." It feels intrinsically like first need is bottom line – to be in the black – then access. It feels like that but actually there are all kinds of mix in that regard. 40% are first generation, including transfers.

-President Dean of Admission, Dean of FA, VP Finance. FA is now a strategic issue; before it was get a class to not go over budget. Now it is get us diversity and spend what we can to get it. I love a rich variety of factors. I am not a single issue president. I am collaborative and analytical. We took this as a puzzle. After last years' experience we engaged a firm to take a big data approach to titrate data, to see if we could pay less and get more. We harp on mission and values because we don't have money – the firm likes our noble goal – so far, we are ahead this year.

### **3) How successful have you been in achieving your goals, and how do you know?**

-On the basis of yield, retention, and discount rate. Yield has been going down. Discount rate is lower – not giving as much money to show love but to meet need.

-I felt proud of what we accomplished. Overall, seeing a real drive to raise revenue via increased foreign students. Initially we dramatically exceeded fin aid budget by giving international students too much aid. Another example: Dean brought case studies showing some bright deserving kids who we couldn't afford – this opened eyes to hard choices – this also had to do with gender and reaching for into the male applicant pool. Those were not the decisions we would make if we had enough money.

-Modestly successful. Since the recession we have not had the class size we have had in the past. Recession has put pressure (fewer dollars). Our state has eliminated dollars for students. Discount rate has risen 10 points. "We have tried to meet objectives but it becomes increasingly tough." A former president had developed a heavy merit honors college idea in the hopes that these kids would have coat tails (and faculty liked these kids) but it really didn't work well. Currently, there is contention – re competing values – attracting more high achieving kids vs. being need blind. We are going to have to be more need blind. Yet we are on the verge of gapping students in a way that is not fair or sustainable. \$30<sup>th</sup> debt is ok but more would really bother me – one slight change we are now including merit with need packages.

-Maybe too successful! We achieved diversity = 40% non-white. One half are Pell eligible. Average family income \$75-80K. Many poor kids here. We are successful in attracting kids who can't afford to be here which results in high attrition. Policy is student focused and student centered. We have "an embarrassment of riches (diversity) which are costly to maintain". We now need to attract a moderate larger portion of paying students – we will change a bit (become less diverse). We can afford to be a little less diverse.

-Yes, discount rate has come down from 46% in 2010 to 39% in 2014. Tuition guarantee for 4 years. Visits increased 60% after 10% reduction in price. Applications increased, yield increased, class size 401-488, quality of students increased, diversity 17% minority increase and retention 90%. Faculty had to be brought along to realize that high discount/high aid model didn't work and take a hit in pay somewhat but we have a plan to increase faculty pay over next five years.

-In enrollment, partially successful, able to hold fort. Access and affordability, measured by PELL and EFC. We have been successful (EFC out of state is higher). We have close to 50% Pell eligible, discount around 50%, average package \$21,000. Diversity is 36% students of color.

-We never have enough money. We are \$1M short of our goal to be need blind in admissions, which would take us from meeting 40% to 50% of tuition cost.

-Raising enough money. We have raised discount rate from 16 to 20% and grown endowment, and still don't have enough money. Always tradeoffs – Dean of Admission wants to give away more .

-Well, over 23 years, we were successful in achieving goals and raising the bar. But since 2008 we have not been as successful. We need more money to help more kids. We are meeting enrollment at lower end of enrollment target. 50% tuition driven this year – was in mid-60's. We had to raise money for FA - \$125-145M. It's a more convincing story when you can fill your class.

It looks like our financial model is broken. Either need more wealthy kids or larger class. We realized it wasn't broken, just different. Once we can show we can fix class, flood gates will open (giving from alumni).

-Institution was very successful. Tripled enrollment of low income kids, increased middle income, more diverse, more selective, more money from alumni. Improved overall quality of education.

-Five years ago we managed to keep the balance between competing goals: academic quality, diversity and tuition revenue. Since then things have become less predictable with wider swings in discount rate. We are seeing much more pressure on operational budget as a result in the growing need of students. We are using aid more strategically, more money for merit. Merit money is becoming widely used and I worry as more colleges are doing it. As the use of merit aid works its way up the food chain – we were noticing we were losing kids to downstream colleges, so we are trying to manage things and discount rate has gone up.

-Not nearly as successful as we would like to be because of lots of attrition which is impacted by dollars (costs) and our big commitment to serving first generation and non-traditional students. We now have a mix of merit and need – merit is based strictly on GPA not income.

-As long as we can't meet full need, we are not as successful as we would like to be.

-Very successful of late because we have met all out targets: Class composition, affordability, discount, diversity, quality, and faculty love the students we enroll. We take students through an internal first year seminar. There is real value added – learning.

-Quite successful – with considerable tuition reset: our dollars now go a lot further in supporting a greater number of students. Increased access. We made it apparent that private colleges are within reach and we leveraged dollars from outside college. By lowering discount rate – every dollar goes further when you. Actually everyone's dollars go further when you align cost with price rather than inflating price and using excess to support other kids.

We had (an Enrollment Management firm) do a study for us. Our idea was to align cost with price rather than inflating price to support other kids. We are now recruiting first class. Our big questions included, can we: be transparent about cost and FA; manage discount rate; and use operating models with parameters. We had realized that you really can't help and support students when your tuition rises 3.5% every year. This causes increasing loan burden. Middle class is left out. We'll see how our new approach works. This is our first year and our deposits are way ahead of last year.

-In my first year, I set out to drive down the discount rate by reducing price and discount rate and holding line on merit. Discount rate was about 48%. I got it down to 35.5%. This was quite a struggle but it made a difference in that we had money to do things. Such as – hire more faculty, support study abroad, more need based aid. Then came the great recession and crash of home equity. The bottom fell out; families couldn't afford us and our discount rate rose to over 50% the next year. We had increased need based aid to 2/3 of financial aid. Were successful first 5 or 6 years but market conditions forced us to do the distasteful.

-Enrollment in full time day program tells story. In 1999, 400 students, now 1100. We did it by expanding enrollment of students from DC and using local aid programs. Our local student assistance programs and 11 private college programs, etc. We trace growth of access programs to these local programs. Today, our college is the preferred go to university for women who can't go elsewhere (young moms, academically challenged students, etc).

We have a moral position. We will admit students other colleges won't touch. Money is an issue beyond college costs for many students – health, food, emotional well-being, transportation...hidden costs

-Real issue: both social attitudes and financial realities have combined. The disparity between college costs and income increased. The residue of financial collapse remains and there is an increasing fear of debt. Combine that and FA has become much more of a tool since 2008. For us there has been a drop in net tuition revenue. Growth in applicant pool is fueled by kids with increasing need.

-If you take our 4 access goals, students of color, first generation students, Pell eligible students and local public school students, we are at 53%. It's huge even as government pulls resources. And our margins are thinner than ever. I will never be able to make up in fundraising for what is going on with scholarship dollars. I did help bring clarity and new processes to using aid to serve our college's mission. Since 2008 it is a completely different game: price point has changed and need has really increased.

-We moved diversity 10% points on needle – a huge amount on a 15% basis, but we have to wait to see if we have raised enough money to sustain the level of diversity. Will we attain success and raise money and spend on FA or pull in locals and hunker down.

**4) What are the biggest challenges your campus faces with respect to accomplishing the goals you have for financial aid? Can you talk about discussions and negotiations that have taken place among participants in making policy?**

-Challenges: Shift from education as benefit rather than expense among parents. Expanding distance between what parents are willing to pay and what they are capable of paying. “College is now a negotiable good and expense rather than an investment.” “Its value is diminishing”

Issues:

- a) Biggest question: How much are will willing to pay for diversity and discussion?
- b) 1<sup>st</sup> gen/underserved will cost a lot
- c) Have to meet real need, these are expensive students

-One fourth of our students are Pell eligible. Median income of our students has declined. Biggest challenge is to meet need of students. Competing values – attracting honor students versus meeting need of students.

-Biggest challenge: Generating adequate revenue while maintaining diversity and meeting need. Balancing. 2008 financial recession hurt us and we are playing as close to vest as possible/

-Finding money to fund fire. Don't have a large endowment. We are 79% tuition driven. Much of aid is not endowed. Tradeoffs – diversity or revenue. Discount for white kids 47%, discount for black kids 65%. Uncertainty if yield is 25%. We need to put out 4X budget in aid – crap shoot need vs non-need. We are more diverse than our peers. There are those who wish we had less. Everyone here talks about tradeoffs. We play in margins. FA grids help us. We have a good sense of yield by combining EFC plus GPA. We know it will take to get kids, sort of.

-Never enough money to go around. Past president pushed tuition up, creating designer school price tag, but our clientele are more middle class and we are gapping middle class. I want to back off tuition increase. I believe in selling the new (name of college) – core values and grad success.

-Our increasing aid budget is in competition with dollars we could spend on the education enterprise: faculty salaries, program development, and staff. We have committed to restricting price increase to no more than 3% per year. We have discussions about our challenges around issues/policies/values. We have been fair with faculty. We have been able to bring in smarter kids using merit aid. 64% of population qualify for need based aid. Some of those kids also get merit. 80% get some kind of aid. Financial Aid budget – 60% need, 40% merit. Our development policy is very transparent and collegial with shared governance.

-I think not enough money. Changes in public attitudes about liberal arts. Rise of vocationalism and commodification of education.

-Needed to be sure that standards wouldn't be lowered by expanding diversity. We had to find and convince students that our college was affordable. Had to engage all constituents in a recruitment campaign – including alumni. There were some alumni who felt this is taking Johnny Junior's place, but we had to grow to accomplish this – this helped politically. We also had to do something about academic support systems. Folks now at (the college) would say we didn't do enough of

-Best world – no merit aid. Biggest challenge – balancing enrollment goals and tuition. Our multiple goals often conflict. Academic quality and diversity versus tuition revenue. We have always had a high discount rate to afford diversity. 75% students are on aid. One of our competitors has 50%. Discount rate overall is 50% and has climbed from 45% since recession. Current class 47% on aid, last year 53%. Fluctuations we can't predict.

-Not enough money to meet full need plus commitment to first generation underserved students. (We serve a diverse population and the teachers we produce need to learn in a diverse environment).

-No question: discount rate, affordability, access. We have been steadily reducing our discount rate. Down 3% last year to low 50's. Our challenge is exclusively on cost containment, and we don't want to raise price. We were all in with the high price, high discount model – but we needed to scale back. We want it sustainable; we don't want a preponderance of full pay kids. We don't want to look like colleges such as (two regional cross-app colleges). We need a business model that fits our values and learning culture. Affordability and socio-economic diversity, and diversity of all kinds, are very important to (our college's) character.

-One challenge: immoral trend of families – no longer playing by the rules: e.g. apply ED and keep applying and comparing packages. ED policy is backed by nothing. Other challenges: being afraid to take a chance on who is going to attend – not being prepared to take a short term loss; predicting yield is a challenge, distinguishing ourselves with universal study abroad has helped. I firmly believe that there are colleges giving athletic scholarships under some other name.

-Biggest challenge – not enough cash support for the kind of aid students need – Pell, loans, benefactors. I have students who can't buy baby formula. Making the case: perverse national conversation about aid and costs – everyone is talking past each other. We need public support.

-Biggest problem is absence of endowment.

-Challenges: government pulling back -- Pell and state; family income and savings have gone down; demographics --number of 18 yr olds dipped last year. Higher education is now a great big pricing war. Competition on pricing is making us all more financially fragile. And, we are now going into a discount/pricing war on graduate programs which will cause us to lose this revenue which has helped support undergrad access agenda in the past.

-2008 – a garment with twin seams. I can motivate the rich if they still feel rich. We missed cashing in on 30 years of successful philanthropy – economic challenge. I believe in (my college) and FA fund raising is fungible.

**5) If you could change anything about how your campus sees financial aid, what changes would you implement and why?**

-Ideal world or practical world? Ideally, all aid would be need based. Real world, would shift balance but this would require a national conversation about the role of higher education and specifically who is being educated by the public system. We have a flip in roles between privates and publics. Publics are educating those who can afford college but can't get into privates. Percentage of students with household income greater than 100K is higher at publics than at privates. Private colleges are disproportionately subsidizing the poor and tax payers are subsidizing the rich. Conversation would result in states disinvesting in publics, state tuition, give savings to students, more students could afford private colleges, and private colleges could lower tuition. Need to convince lawmakers to disinvest in publics – to even the playing field between publics and privates.

-This is a conundrum. I would like not to offer aid to kids who don't need it...but in part doing so helps bring money for poor kids. Wonders: could we have been more diverse by lowering price and stopping discounting? Goal: to think of it as education being able to help offer advancement for some or social mobility for most.

-Less merit and more need aid would serve access and diversity. The things that lead to merit qualifications are environmental and increasingly result in stacking the deck against those who have the most to gain. While we would like to stop this, we couldn't step out on our own – it would be too risky.

-If I had a magic wand, I would abolish merit aid. Merit aid is poison – snake in the garden. Is there a way out of the morass we have created? But we can't afford to be solo moral agent. The only way to make it work would be a coordinated disarmament.

-Return us to meeting full need. This needs to be the first priority for aid – it should be first priority and allocate remaining dollars to help middle class, to avoid barbell affect. There are tradeoffs: there are some very high need individuals. Key question: how big of a bet are you willing to make on individuals who don't have a big chance of making it – how often are you willing to take a chance on kids who have less of a chance. Ideal: be need-blind in admission and meet full need. Reality: we can do second but not first.

-Give away less. We spend a lot of money for every percentage point in discount rate. Diversity costs and I am willing to pay. In a perfect world, I wish our reputation was higher so we could use less non-need aid.

-Getting to be need blind. It's about expansion, quantity, not quality. I am comfortable with our parameters. Trustees are soft on need-based concept. They understand it but are not true believers. I see a risk that after I leave, we will stick our toe in the merit aid water and slide downhill.

-If we could pull the curtain down on merit aid – lasso this – so the colleges would commit to giving a certain percentage, or a grid containing quartiles, we could cut the cost of higher education in America by 25%. A more rational approach, meet more need, help those who need it most. I would like to limit

debt to \$20K – set an upper limit on money kids could borrow. Kids should put some skin in the game. Would lose revenue. If we did it right, we could cut our yearly increase to 2%. This would allow for careful redistribution of wealth.

-Restore need based aid exclusively. That is the high road. We are simply driven by external pressures on enrollment. We don't have enrollment management. Don't know whether we can continue to help kids that need it most, which is such an ingrained value on our campus. We would be betraying our values. We are lucky to be able to afford our principles, but I am worried.

-Yes, we would give more to kids who worked in the summer than to those who spent three weeks doing service in a third world country. Big secret – it isn't how you do it, it's how much you allocate to aid and whether you allow competition to continue rising costs – we need to contain costs and put more into aid and resist US News' influence -- which rewards how much money we have and how we spend it, not whether we increase aid. But, if (a most well-known college) can sell seats to students and admit that it does, we don't have a chance. Classic story for me at (my college). I was told when I started that we didn't have enough parking for kids. (Our main competitor) gives kids space to park their Jags. If we'd changed policy, we won't lose kids. I thought, let them go to (that college), then.

-Pretty comfortable with how we do it. Increasing diversity is very important to me (we do well internationally, but need to do better with students of color – we lose those kids to colleges with more money. I would give more money to increase diversity. Colleges are bad at making tradeoffs. One option: cut operations budget. Perhaps stop doing one or two things, or redirect high end merit awards to needy students and risk a decline academic profile.

-Developing financial aid policy is a constant balancing act. We look at numbers every year and calibrate a working system. This year we are trying to better fill the need gap from merit – every year we try our best.

-I don't like gapping at all which we use to get more desirable students. Gapping creates too much financial stress – it disrupts continuity.

-Tough to answer until we move through cycle. Next step would be to shift financial aid director into a financial planning role with students, so students know how they can plan. How do you think about college as investment and how to plan accordingly?

-Well, if I could be more confident of the pipeline of highly qualified and interested students, I would start cutting back merit aid. We would set a limit. Problem with this is we can't predict results – predictive models aren't accurate.

Merit aid reallocates financial aid from needy to subsidize wealthy aid -- what should go to needy students is going to those who can afford college.

-How to incentivize completions. We front load. I wonder if we could role forward and incentivize comeback and completion. Completion is goal and we need money to do that. We are good at getting kids jobs during college.

-We would be less reliant on loans and meet need more consistently.

-No easy change – I'd get rid of luster and income goals. We have maximized what we can do in discounting game to maximize access mission. We are caught in a web of complex and often competing goals.

-We are completely need based. No hint of merit. I would package fewer loans. I am not religiously need blind. No merit aid and monkey business. We already work hard. Make sure that study abroad is financed; need to get students through the door and prevent bi modal outcomes; need scaffolding for disadvantaged students; need to equalize equity issues as they leave.

**6) If you could enroll entering classes of the size and academic quality that you need without using financial aid to shape enrollment, on what basis would you allocate aid?**

-Ideally, just need.

-I have never been an advocate for eliminating merit aid. I think I would still use aid to reward distinction, not mere achievement, and to serve particular institutional special needs. I object to calling money used to get more money merit money.

-All on need.

-Need.

-Need.

-Need

-Access, meet need.

-First fully meet need without loan. Second, keep doing what we have been doing – went from 7% minority to 20%. We would need to use some aid beyond need to help shape class. We have used aid to get the 100 foreign students we have.

-Need

-All need. The prohibition against talking has had a thoroughly negative impact on presidents talking and doing a better job – and has accelerated the use of merit aid. Might be useful to get David Warren's take on what stopped forward motion. Colleges have tried to do something, but it has been determined to be too high risk.

-We would love to be able to meet more need but don't want to lose merit kids, some of whom also get need aid. Ideally, based on need. Absolutely, we want to reduce student debt.

-So much of our aid is tied to endowment – scholarships, need and athletics. Establishing new endowed scholarships awards. These support a range of students. We have raised money and seen a great increase in giving to scholarship funds as a result of our tuition reset approach.

-Need – not sure that is how it used to be.

-Access.

-To ensure access.

-Three: making sure intellectual balance is maintained – majors; keeping student body as international as possible; maximizing diversity - regional, religious, ethnic, and social class. It is essential to use budget to enable a larger class. I would still be conservative with need aid because calculating need is not a science and kids need to invest in their education.

-Access, but customer now has more control over price – savvy. We are shifting increasingly to a students- as-customers driven model.

-Only meet need and use need to help get talented and diverse kids.

## **7) What are the impediments to making improvements in your aid policies?**

-Other impediments: If you level the playing field students would make choice on best fit, which is -what GI bill did – removes cost from equation and allows focus on value.

-Big global impediment: society has changed its thinking about education: much more of a private good rather than a public good. Boards of Trustees are swayed by that. Society is not concerned with the social impact. Another impediment: the steaming up of EM industry – we have gotten to a point where we have become an integral effort to game the social compact system and we go to a witch doctor to tell us how to do it.

-The Macro Economic Environment: states limiting support, economy hurting families, parents not willing to pay. Our college needs more affluent and suburban kids.

-Not enough money. Not large enough endowment. 89% of aid is unfunded. We expect help from Pell and subsidized loans. (our state) has cut aid significantly to students going to private colleges. For us, that was 40%. \$2.5 million in one year, 2011.

-a)Raw competition – colleges below us on the food chain give students \$5-10K more. b)Entitlement among families “every kid is told they are special and therefore expect awards, money, from colleges. One practice contributes to the other. This level of competition is not working.

-All external.

-Lack of money. 98-99% of endowment income goes to FA

-We award \$45M aid/discount. Only \$7M is from endowment, most aid is pure discount, so we need more endowment backed income.

-Economy; gaming by families and colleges; anxiety over meeting enrollment targets - can't afford to miss our mark too often. Let's say if we had a few more students it would be helpful – seems basic that we would want more students but if those students at the margins and cost us more we don't know. The way some families make decision is arbitrary – some are making decisions on financial grounds, others are trying to beat the system, and they succeed.

-Public Policy – stupidity of fed and state governments. Such nonsense. Brutal fact is that giving grants and favorable loans is a financial investment, not an entitlement: it gives return to government. Problem is not cost of college, it is that it is increasingly borne by consumer. The public debate has turned tuition subsidies into welfare debate instead of investment. Investment in young people.

-Resources

### **8) What do you think are the less desirable uses of financial aid in higher education?**

-Merit aid. It works to attract mediocre students who have money. Subsidizing students for the wrong reasons – giving money to kids who can afford it and don't pay back. Would love to be able to give FA after first year trial period.

-Merit aid to buy kids is the worst.

-Buying students from competitors.

-Giving merit aid to kids simply to get their money. Merit students from families with incomes in excess of \$250,00 are willing to pay \$21,000 for college.

-Idea that you can only educate the best – buying students who have the highest GPA's, SAT's.

-Merit aid of any kind – which I am sure will broaden. Wealthiest and purist colleges will not go there.

-Subsidizing kids who don't need it.

-Aid that isn't about meeting need.

-Less desirable: using money to buy students to meet enrollment targets, buying wealthy students and less qualified students that who will weaken standards in order to make class.

-Well, it never feels good to provide discounts to families who can afford to pay.

-Merit, absolutely. Wrong values are being honored – hurts the public interest, values matter.

-Merit aid that ends up creating cynicism – for purposes that have nothing to do with learning. Competing, corrupting sports, etc. I'm not a moralist. (my college) has used money to attract certain kids, such as science students.

-I never like giving money to families who can pay on their own – it makes me crazy but I understand how the market now works like that. I don't complain about the new model – I just figure out how to shape it. I'm a pragmatic (nationality).

-Merit aid. DI Athletic scholarships. Concern with institutional competitive position. Anything that takes away from no differential packaging to target individual. Influencing choice – money used to entice.

-Least desirable: to reward rich for being rich, to perpetuate class divisions, to make distributions of wealth worse.

### **9) What do you think are the most desirable uses of financial aid in higher education?**

-There are several, but use aid to make colleges accessible to stronger candidates, to aid kids who will be most helpful to society, who need dollars, to encourage those selecting between public and private- to make us more competitive - especially to middle class kids.

-Need based, access. To allow kids to select a college based on educational match. Some real merit aid for great performance – maybe 20%, 80% solely need based.

-Meeting need, I'm a purist on this – optimizing opportunity and access.

-To provide access and opportunity for those who can't afford it.

-Access based on ability to pay given inequities in K-12 and in society. We need the use of aid to help level the playing field. College is a tremendous social benefit.

-Meeting need.

- Access: meeting financial need of qualified and desirable students. (Our state) is stingy with aid to state colleges. Preferential packaging is okay to use with more attractive kids.

-Access and affordability. To enable kids to go where they are best suited. To take affordability out of the equation.

-Well, if you take a broad view of the purpose of higher education, aid should be used to expand the educated tier of citizens, to broaden the elite. These days I have been so struck by the number of students influenced by merit. If we could get a notion of amounts of need vs merit – it's getting impossible to know those numbers precisely.

-Access, absolutely.

-Mostly to enable populations that think their only options are community college or large public to realize they can go to a first class liberal arts college. To provide access to those who deserve access to the best colleges. FA is a way of enlarging access.

-I am your classic social purposes (person): the measure of a society is how well it helps those who can't help themselves. Education is a temporary investment that pays long-term.

-Access and success. Get kids through the door – support them and leverage their entry into post grad work that gives them confidence and talent that upper class kids get. All that takes resources. I have to make choices: more FA or more scaffolding – we have limited resources.

### **10) Have there been significant challenges and changes in aid policy at your institution recently?**

-Big challenge last five years. Recession and (state) support for students has decreased. Decrease in median family income.

-Cut in (state) aid. Our state changed aid program to all need based and said federal government would take care of students below \$10,000 family income. As a result, we lost \$2.5m state aid. We needed to use \$1M of our own money to help offset this. Pell ceased to fund summer school which impacted our adult population.

-Just insertion: ceasing to package with loans.

-We went from offering no merit to 3% of total FA budget to attract students. Went from \$5K grant to \$10K as first part of package. This increased the likelihood of students coming and that the students would bring money. We also changed the way we talked about aid from saying we are exclusively need based, which scared some kids away, to saying we have some merit money. This was suggested by an enrollment management firm and it helped us get apps from lower need kids.

-Major challenge: keeping costs as low as we possibly can so students can persist. Local market is very competitive based on cost of attendance. Where we stand in market, our value proposition, is critical to students who shop in (our city). How we position ourselves is critical.

-I think probably. We took on Posse at a cost of \$1M. I was hired with a mandate to restore our commitment to diversity.

-Not recently. Most change in 90's. Keep discount rate at 40%. Maximize outside sources of money.

-No, just we have had to spend more money than in the past. We regret we have to spend as much as we do without endowment. We would like to increase net tuition revenue. Student needs decrease as college prestige goes up. HYP type students will pay more and apply without asking for aid. Decision to go to a particular college is sometimes strictly financial. Perception of value influences amount of FA we give as our prestige has increased we have been able to use less aid. Perception of value and value added – my hope is that (my college) continues to compete so discretionary request for aid decreases.

-Student enrollment increased 20%, more students are getting aid. We are now in the game of discounting graduate school which will kill us eventually.

-Attracting high ability low income students and using no gapping, good neighbor, approach.

-Modifying every year – continuously. Do you count real estate as asset? Do you ask for non-custodial info? Do you count aid on top of need as merit? We lucked out with the help of (enrollment management consultant): raised academic profile, raised diversity, stayed within budget We had a robust conversation every year among Dean of Admission and FA, CFO, and senior staff. Example: one issue: is FA budget a finite line item or floating as it is in some places whereby you can exceed the designated spending limit if you bring in more students.

**11) How does your institution's use of financial aid accomplish educational or social purposes that you value? In what ways do the policies not accomplish purposes you value?**

-Serves diversity, access, brings in top students. Doesn't work because it engenders entitlement.

-It's a matter of degree – goals achieved were short of optimal.

-We can't serve our values. We are not able to provide level of aid we should. Too many students with gaps. \$30<sup>th</sup> average debt. More than that would be trouble. We need to reallocate. We are serving lots of needy students at higher and higher costs to us and to them.

-Change to meet 100% need. This is a challenge with risk, but potential big reward.

-It doesn't in that aid alone has not been able to get us a sufficient international pool (3%). Successful in accomplishing diversity. We had a goal of 50% in state students due to help from state. Are probably 50/50 now, even with cut in state aid. I would like more out of state kids, they bring money, maybe 60/40.

-Accomplishing in terms of helping those with limited means to have opportunities. Not accomplishing: gapping. Loan burdens have gotten larger – average \$38K, some more than \$50K. \$30K loan is like a Honda CRX "you get to drive free for 4 years before driving it.

-We have achieved diversification in all spectrums. Aid has been an important tool in doing this. Especially in recruiting International students. We have achieved a broader notion of opportunity.

-Again, we construct a learning environment according to following criteria: diversity, academic preparation. Strong diversity is essential in liberal education: faith, social, etc.

-Until we see how this year goes: need; excellence; talent.

-I started EOP program to help lowest income students. Those students got no loan packages. It was leveraged by (our state's) need-based aid program. This accomplished good social ends. We believe our need based aid helps more students gain access to college and EOP is quite ethnically diverse.

-Very clear aid policy. We use it to empower students to enroll and complete.

-Serves our connection to old American mission of education as the engine of social mobility. It doesn't in that we need to work on them when they are here.

## **12) Would talking openly with other institutions about your aid policy help you develop better aid policies?**

-Only if publics were in the fold as well.

-My belief is yes, it would be a positive thing if the purpose is to meet need – which should be constant. This takes us back to the social compact question: How can we meet need and save just a little aid for particular institutional needs, individually shaped in the margin. Another benefit: many admission deans feel we waste a lot of money competing. Collaborating, unifying and streamlining efforts would be more efficient and effective. Fear of antitrust – even thinking about talking got us in trouble.

-Yes, no doubt! It would help: bring more transparency and clarity about how we operate; allow us ideally to develop policy that would meet our shared values. I am not one to eliminate merit aid. It is complex and can be used effectively, but the situation, balance, has gotten way out of hand. Federal government has waved its big stick.

-Yeah, absolutely. We could do this through many conversation with presidents. Recurring refrain: rein in merit, stop bidding, we need a reasonable agreement on standards such as what proportion of students or aid budget got merit, what should be our hierarchy of awards. The question is: do presidents have the courage? You don't give away more than X% or amount for merit. Presidents need courage to do this.

-It could, but I am a little skeptical because we are all competitors. But, I can also be too naively hopeful. The best we can hope for is that there are colleges that are successfully controlling costs and attracting students. My hope with (being involved) was to acknowledge that things aren't working – not to achieve agreement on new policy. While at (a school in a different conference) we shared information. An example of an agreement might be for a group of colleges to pledge: the high discount, high tuition model is not working; stop using the term merit; renew commitment to meeting need first; we will work towards changing policies to make things better. Barriers: DOJ is stopping us; public doesn't understand.

-Yes, us but not Ivies and NESCAC. Criteria and goals would matter. If we could put a cap on buying students and calling it merit. Limitations on arms race would help students make better decisions based on fit -- educationally to compare apples with apples. It would be nice if we could share tricks, but

nobody would do this because we are so competitive. I am not talking about sharing student specific info like COHFE schools. Most presidents are not that aware of anti-trust implications. Anti-trust is part of issue. Anti-trust is also used as a smokescreen for avoiding making changes. We will still be careful, there is a lack of trust among colleges but familiarity can breed contempt as well as trust. We should give collaboration a chance. I have never been burned by sharing information with competitors.

- To a certain extent. It may re-orient us to why we all give aid, which I believe is to provide access. But we are all constrained by our institutional resources and culture. I don't know whether collective wisdom would change landscape. But we are all academics and should be sharing information.

Complication with another pro-collaboration president: I don't know if we can get to no merit. Kids and their parents like to be recognized with scholarships and college have costs. As David Brooks has said, "We are 20<sup>th</sup> in the world in Math and Science, but we are #1 in kids' need to be recognized for success in order to achieve more." Reality is that tuition driven colleges can use merit to get more revenue. The antitrust letter has chilled climate about talking about this – we just think we can't talk.

- Probably. Not sure, but I think so. I like the notion of Institutional sharing information – good to try. There are some conversations that already go on.

- Yes –about principles and pricing. But we can't have meetings because of DOJ letter, which did not bother me.

- I don't know. We were hoping to discuss this at the Annapolis Group meeting, but had to cancel out of fear in response to DOJ letter. I hope we could talk about raising the collective tide – helping serve more needy kids, not just changing for institutional self-interest. It is tough to separate out public good as highest priority when you are facing survival issues. Not that I wouldn't trust the goodwill of my colleagues. There is just so much pressure to survive. I would want (a particular president) in the room, even though we might disagree. Assuming we do it, I think we could work together to keep public interest front and center. Nothing but the law is keeping me from talking with other presidents. AG meeting was called off out of fear. It would be enormously good to get DOJ off the backs of Presidents. Clarification of what we can and cannot talk about would be enormously helpful. Now nobody is meeting and no one has unlimited time or stomach. I would meet.

-It is hard to argue against transparency and sharing information, but competition works when push comes to shove. My experience was that colleagues are competitive to make rank.

-I think it would. Talking is a good first step. What would be required would be for colleges to act in concert to establish policies about aid. I don't know how to put the genie back in the bottle. But there is something I like about kids not having to make tradeoffs between price and best fit. Ideally, finances would be the same. There were good aspects of the good old days.

Part of problem is how the resources of colleges have grown so diversely – the money stratification among colleges –very wealthy (Grinnell \$2B) versus very poor (\$50M). It's hard to talk about similar aid policies within such a large diverse group. However, there are probably ways to group colleges

according to overlaps and endowment. Another problem is the threat of Antitrust. All presidents at every professional meeting say they wish they could talk – but I am not sure if they really and constructively would. There is a tendency to compete and to not tell the truth. Presidents are trained to put their best face on everything. They are always on display, they have a hard time opening up and admitting that things are wrong -- unlike being a Dean. And, it is naïve to assume that all presidents would start talking the truth but meeting and talking would be a start. But, we can't afford to not do anything.

- Interesting question but I am not sure it is relevant. One of the things that is interesting about colleges is that we are both colleagues and competitors. Tightly held information. Some colleges are not as open as we are about reporting information and it hurts us – we don't look as good. It is both a philosophical and integrity issue for us that we struggle with. We have been straight forward with reporting information about student debt. Debt burdened kids have lots of reportable debt because they have poor parents who can't borrow, no home equity, or Latinos who don't borrow. We report honestly and can't explain why our population has such a high loan debt. A well-intended question that does not reflect what happens in higher education.

Some institutions don't report on student debt. So much of whether you would share with other institutions has to do with how much money you have to give. It is all so nuanced. Generally, I am an optimist, but in this case I don't see it. I can appreciate how we might do it to help all players but individuals' behaviors and differing assets make it unlikely. I don't see how it might work.

We lose lots of students to \_\_\_\_\_ college, and they lose kids to us. I have a hard time seeing beyond the entrenched competitive model. If someone said to us and our competitors, here is \$20M to attract and retain first generation students and create success for 1500 first generation students, we would do it – need a third party.

- Yes, absolutely. I'd love to be able to do this. It's kind of crazy the way we work behind this veil of secrecy – kind of a used car salesman's approach. If we could all agree to use aid to advance our mission rather than competing to provide lowest cost, we'd all be better off and it would be a just system. The hurdle is the threat of antitrust, we believe we can't have those conversations.

- It would help us better understand how aid is used – to understand varying practices, better understanding the industry. Barrier is antitrust, and a sense that we are competitive – competitive advantage.

- Yes, but it is illegal. It would be good if they could reduce success of greedy people getting more aid and help more students attend the right college. I have problems with undermatch – it implies that prestige equals quality. Undermatching implies a pecking order, that the main factor in evaluating where students should go to college is SAT and GPA. This favors upper class. So superficial things determine match in this scenario.

- We can always learn from each other. There are no secrets here. Nobody wants to do what our college does. It is hard, costly, all resources go to students. There is no comparable college to ours.

- Don't think so. I think everyone is flying a bit blind. Colluding – would not be favorable. This is a giant auction – you are gambling. I see no reason. I don't want to go to meetings. If we could all reduce merit aid that would be helpful. Rising in reputation and competitiveness would help us – we also have no legacy. This is an extremely trendy, competitive, jealous industry and nobody tells the truth. I trust very few other presidents. Problem is the system – lack of public values and finances.

For me a critical question is what is impact of FA on students long-term commitment to college. Has aid turned students into givers? Not sure that will work any longer. FA is more and more viewed as a gift and no thank you is required. The most grateful students are foreign students.

- Yes. Person who is most informed on this is David Warren. Generally graduate programs help us afford access at the undergraduate level. Another way is explained by Michael Porter, Harvard professor in business school, who will talk about how businesses in unrelenting price competition shut them all down – I think we may get there. Porter says there is a way to get out of this – collaborating.

- No, not a lot of mysteries in what we do. I disagree with (a proponent of the 568 idea) -- a really dumb group because some give merit aid. It is a bygone era, it is now a question of resources. I am a huge fan of collaboration. We do collaborate – we know already. I don't feel I need collective action to run a need-based institution. There are competitive realities and there are certain things about turning FA into a religion and priesthood, 568, to run it. 568 colleges use merit aid yet only focus on those needing aid. Starts with a preposterous preposition. In an era when people are busting out of the collective to offer more aid, the notion of a collective that would constrain money is counter to public policy. If Harvard had been in the group it wouldn't have been able to be as aggressive in doing good. 568 is an insiders' game that constrains at upper end. I don't want to be so arrogant -- if our college was were in an era of giving merit aid, talking maybe be helpful. We do collaborate on principle because we all know how need based aid works – lots of aid. It is about social purposes: the more social inequality becomes accepted/acceptable, the harder it is. Policy and principle need to be promoting social purpose agenda.

**13) If antitrust regulations were not an issue, would you collaborate with other institutions in developing or implementing aid policies? If so, with what kinds of colleges would you like to talk? How?**

- Yes, but a number of colleges would say they are competing against publics. Our case is different – we compete mostly with peer privates. It is tough to find a clearly defined set of peers among which you could normalize aid policies so students could decide on best education fit.

- Annapolis group would be a good forum. Biggest issue – how do we restrict merit aid? We use merit aid to shape class. There will be squabbles based on varying financial strengths of institutions and status and prestige. Issue will need to be solved by sector. Public colleges will not want to be involved and we shouldn't try to involve them.

-I would host the meeting. We are in a full-out pricing war that is whittling away at our margins and diminishing our ability to serve the public interest.

- I would certainly have conversations if that led to collaborative action. But we need to be able to talk first.

- Yes. Ideal world – with cross app/overlap colleges: in state publics and select out of state privates. Best of all possible worlds: all cross apps, best case with our peers of similar resources and stature. What would go over best with feds? I think regional meetings. This would not be as helpful but more supported by feds.

- We would talk. We would collaborate in policies but it would be difficult to agree on what parameters/conditions would be most conducive.

- Probably, with overlaps and a broader range of Liberal Arts colleges, such as COHFE colleges.

- Yes! All in-state colleges and overlaps with our same benchmarks – 30 or so. Our state's largest public buys our average students: ACT =29.

- Annapolis group of colleges makes the most sense because we operate under the same financial models, which is different from religious and publics, and we have similar ideals for the most part.

- Sure, but not sure this alone would accomplish anything. We need to set new standards by which we would compete.

-Yes, I would. Discussions with local organizations about what is working, what is wrong and what can be done. What critical mass of colleges would it take to make a difference? It would be a lot of work. We should start with the observation that the current system is bad and not serving students' needs or our public interest obligation. Highly selective small liberal arts colleges – those that feel more pressure to retreat from their commitment to need based aid. We could help collectively resist the temptation to increasingly use merit aid under the influence of a complicated series of things that have created a system that is highly suboptimal.

-Antitrust is not an issue as I understand it. 60% of kids from New England.

- Yes! I would like to talk within our niche schools -- America's selective liberal arts colleges, and/or small groups of like institutions. It would be most useful to talk with similar colleges. The Annapolis group would be a good forum for discussions.

- Maybe. We have been transparent. Participation would depend on nature of gathering, purpose and goals. I don't know what would be purpose. Participation would depend on nature of conversation and participants. Privates? Publics? Mix? I would be interested in talking with different institutions for different reasons.

- Probably would – with other liberal arts colleges that are not fat cats.

-I'd share financial aid information. We don't really compete. We are a (single sex) college.

**14) What kinds of information would you be willing to share with other presidents? Would you agree to share the same information with all your competitors? What would you do if one of your competitors was not willing to share?**

- Different conversations might be best. With publics – how to level playing field. With privates – common strategy and methodology for FA. Philosophical issues are aid processes serving access, real education, matching appropriately, cost and anxiety reduction. We would need to frame a question about competition and net price.

- First thing we need is a clear reliable set of data and consistent needs analysis and information. This is an essential foundation. Key questions: how do we go about this – what are the parameters, the percentages? We would have to be willing to share the same information with all participants. It would be tough is some would not share. I don't know what we would do -- and we face that situation now with admission practices (NACAC).

- I think it would be interesting to be candid about things, such as the ratio between need and merit. These are very complex issues, so we need to share as much information to rein in something that has gone too far. We need to share all information, realizing a – higher/rising tide floats all boats. Dealing with unwilling participants? Use the power of persuasion. And if they won't play, it's their choice. Ohio 5 and GICA has thought about these issues. There is hope in allowing conversations to see what would surface. Institutions with different resources and prestige may have different policy positions. Those wealthy colleges would still want to buy students if the top colleges got rid of all merit \$\$.

- I don't know. Basic math, total FA, net revenue, ratio of need/merit. Reforming to a mentality that FA is a responsibility of public trust and permanency should turn the influences of merit aid to level the playing field and would increase diversity at wealthier colleges. There is some informal sharing already, but this works more to increase competition to set pricing. The trick is to get out of merit business. One way – if it was considered unethical to go beyond need as a set of best practices. Financial aid is public policy not competitive device. Solutions should come from a thoughtful task force with guidance of Ed department. New standards for a new environment to enhance accessibility. Government officials will be reluctant to get rid of merit because it will hurt their own kids. Give institutions flexibility in terms of packaging loan/grant. Good public policy would eliminate price and financial considerations as a driver of choice.

- Interesting to do this. We would share retrospective data about price, discount rate, how awards are allocated -- but only among our competitors. Hard to do because people would not be forthcoming. Shaming and shunning could help encourage colleagues to be more forthcoming with information. Collaboration could help, but not sure exactly what that would mean, without discussion. Institutional self-interest could partially serve us all here. I am cautiously optimistic. I would love to see more visible public debate about this and ability for presidents to talk privately, even if we only agreed on principles.

It could encourage public dialog much like the Amethyst policy. I have self-interest, too. I was concerned what people would say about our motive in lowering price – most fears were unwarranted. If other colleges did what we did, I would applaud them and welcome them to the company of angels.

- On what basis do you grant merit aid (criteria)? What is your policy on aid for in state vs. out of state (which will increasingly become an issue for privates as it has for publics)? Funded vs. unfunded aid? How do they close deal – FAFSA gives EFC, do they Gap, how does it work?. But would not share specific student data. To what extent does EFC factor into admissions decisions, really? If there was an agenda of information up for sharing by a regional organization, if feds said yes to this discussion, then there could be a conference to share. First step to ask questions, next step need to determine types of information.

- It depends. Tending to yes, but would need to know more. Uncooperative colleges wouldn't be invited. No sharing, no results.

- We'd share how we award aid and to what segments. In other words, for whom are we bidding. (Our college) is not bidding on "best" students, just full-pay students, so I can reallocate and underwrite needy students. We can't force others to share. The difficulty is that people will share to gain competitive advantage. We need to realize we are responsible for the health of the entire system.

- We would probably get back to old days of sharing – not about specific cases but practices and policies about how aid is allocated. I've never thought about how to deal with colleges that were less willing to share.

- We would be willing to share numbers not information about individual students. Information about how are we each trying to map out our recruitment matrix, what is the objective, what are our broad based numbers?" Basic metrics such as percent need, percent merit, but not specific tactics for individuals. We need to do what we can to rein in practices that are hurting us all.

- I'd share any of the numbers that affect FA or health of college. It would make a difference what the limitations would be - up to a legal limit? (Our college) doesn't really compete with others and my experience is that the more we share, the better off we are. We talk generally about what works, telling our stories, it is ok to tell stories. Not being able to share more information makes us weak. I can imagine that maybe 15 out of 125 AG colleges would not want to share. If at table, knowing what was asked to share before coming would be helpful. Some presidents believe they can't afford money for all need without cutting back on merit. Another president said I would get more money to provide need if I continue to buy students. Some think merit aid is beneficial because redistributing resources to needy kids – those people would learn from getting together, but they are not all that keen. We have gamesmanship above the table. We're all talking to the same consultants. We need to separate reputation from price. We need to collectively promote liberal arts education, strategically, to influence public opinion in a way that benefits all of us.

- We should be completely public with our data. Here is a crazy idea: if there was a ranking system that had endowment per student compared to percentage of Pell eligible students, and we were publicly

evaluated by that comparison. I'm not confident on that outcome based on my experience – too many pressures that work the other way.

- I'm a pretty open guy and not passively aggressive. I'd say, here is how we define need, how we use merit, how we allocate aid. Talk about realities. We would not be able to do anything if colleges held back information. Can't control how people act – that happens now in discussions about a range of issues. There are presidents who are gaming the system. Current (president at main competitor college) would share openly as I would with him. Anything to relax antitrust pressure would help, and I will do anything to help with efforts in that direction. Best way to fix what is going on with Fin Aid in colleges is to fix what is wrong in society: mass inequality. Here is a story of a wealthy board member who was offended when his kid was offered a large merit scholarship at a liberal arts college.

- I think an open discussion of packaging strategies would be helpful. I might participate, but I'm not sure my VP for Enrollment would. (That person) likes competitive advantage. But if everyone would, we would. Only those colleges willing to share would be allowed to participate.

- I would really want clear parameters and goals and objectives for conversation. For example: lobbying to change congressional methodology, processes on how colleges are awarding merit. Goes back to our new situation: we have taken a course that is different and transparent. I would join others that were trying to do similar things – willing to talk with other bold presidents, but transparency matters. A low sticker price increases access to begin with.

- You would have to be able to count on a very high level of trust: I'd have to know those presidents. I'd want to know how we all can satisfy our interest in serving diversity and access. How do we apply our collective expertise? What should be our approach? I wouldn't share some information with all if I didn't trust them. I'd look at their record. Sharing of information could be positive, I think so. I would want to be sure we were alert.

- I mostly want to know how to handle and fund discount rates. How do you make tough value judgments in budget – aid, travel, faculty, etc.

### **15) What other comments or suggestions do you have about financial aid?**

-It would be helpful to discuss with other colleges to what extent they are you competing on the basis of net price or perceived values? Now (our college) is being perceived by net price. Those who come are not coming for value. Talking would help to share more info and shape public policy at local and federal level to develop a sense of solidarity in terms of virtue. Privates could work to lobby for this.

- I think the last question about regulating is important – but just because the answer is not immediately apparent doesn't mean we should not pursue it. It is like diplomacy – our collective is not producing the best benefit for the country. We are magnifying a very pernicious outcome: income disparity. This is a scary thought: higher education as amplifier of disparity. I suggest a new look at impacts of collaboration allowed the 568 group.

- I am glad you are doing this. We are at risk of slipping from values we all cherish greatly. We need to work together to control our own destiny. An Annapolis Group college up the road that is 60% full pay may not agree with what we would be willing to do.

- NCUBU and AGB have an advisory committee using common data set information and developing useful metrics on FA to use as benchmarks for helping colleges. Most presidents don't know about . They are trying to identify and say here are important things. They are trying to narrow metrics. Adding non publically available data that could be shared regionally would be helpful.

- I'm very worried that current policy will continue to allocate aid in a way that does not optimize the use of aid and we will continue to fall victim to competitive practices. I am skeptical: it's just the way the world has become.

- I'm just not an ideological zealot about anti merit. I would like to use aid to advance affordability. The way we use merit works for us. It is a way to form a bond with students and families. Most of our merit kids would get it in the form of need. Merit money is a welcoming signal – a way of saying we really want you, and kids/families seem to pay attention.

- Well, we need to understand better what impact FA truly has on college costs. We need a straightforward analysis.

-We are in full-out price war that is whittling away at margins that will kill most of us.