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Aid Changes Raise Issue of Diversity at Colleges

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College and university endowments have recovered most of the losses they sustained during the recession, now that the economy has begun to grow. Yet as this year's high school seniors begin to fill out applications and aid forms, a number of prestigious smaller colleges are straining to meet students' financial needs. To bridge the gap, some colleges have begun revising their financial aid formulas, raising concerns about how campus diversity — both economic and racial — might be affected.

Wesleyan University in Connecticut recently decided to take a step back from its longstanding practice of admitting students without regard to their ability to pay, a process known as need-blind admissions. Grinnell College in Iowa is weighing whether it needs to move in the same direction.

Since the recession ended, a few colleges, including **Williams College** in Massachusetts and Dartmouth, have partly retreated from policies of providing aid only through grants, rather than requiring students to take out loans as part of their financial aid packages. Some other colleges continue to practice need-blind admissions, or have a policy of meeting the full financial need for most students, but have trimmed those practices around the edges, saying that they no longer apply to transfer students.

Administrators at highly selective colleges say they feel caught between financial reality and the fear that rising financial aid needs will result in a wealthier, whiter student population. "This is a conversation that's probably going to occur almost every year for the next several years," said **Raynard S. Kington**, president of Grinnell, "and I think that's probably true at every other institution like ours, as well."

In the past year, college endowments were **essentially flat**, and analysts think they are unlikely to return to booming growth. At the same time, state support for public colleges has continued to shrink, family incomes remain below prerecession levels, and the price of higher education has continued to climb.

As a result, more students need financial aid than did a few years ago, they need much more of it on average, and colleges have fewer resources with which to provide it, though a major expansion of the federal Pell Grant program has made up some of the difference.

“We’re still seeing a tightening of the budgets, and colleges trying to find ways that they’re still accessible but still stay afloat,” said Gigi Jones, research director at the [National Association of Student Financial Aid Administrators](#).

There is no sign of aid retrenchment at the handful of wealthiest colleges — which are also among the most generous with aid — like Princeton, Harvard, Yale and Stanford. But among the selective colleges that are not as well endowed but try to compete at the highest level in offering aid and attracting students, some have been forced to reassess.

Wesleyan, with about 3,000 students, has had the most [heated recent debate](#) over the issue, with protests by students who said a change in admissions policy would hurt campus diversity, and there have even been [some confrontations](#) between students and the university’s president, [Michael S. Roth](#). Financial aid consumes about one-third of Wesleyan’s operating budget, more than double its share 15 years ago.

“I applaud the students’ commitment to our values,” Dr. Roth said. But, he added, “I did not think that the economic model we were using would be sustainable in even the midterm, over the next decade.”

In the past, Wesleyan has decided which students to admit without considering their financial resources. But for the class that will enter next September, whose early applications the school is already weighing, that will not be entirely true. Wesleyan will take a majority of that class — administrators estimate about 90 percent — need-blind, and will take the rest with an eye on ability to pay, among other factors.

Almost half of Wesleyan’s students receive financial aid, and college officials say that number will decline by only a few percentage points under the new policy. Wesleyan’s endowment of about \$600 million makes it wealthier than the vast majority of American colleges, but does not crack the top 100; it has about \$200,000 per student, while some of its peers have two, three or four times as much.

While public colleges are often need-blind, few private colleges are, though experts say they know of no definitive list. A larger number of selective private colleges follow Wesleyan’s new practice, filling most slots on a need-blind basis.

Colleges with need-blind admissions vary widely in how actively they recruit disadvantaged students. And need-blind admissions can become a hollow promise, because most colleges with that policy do not meet every enrolling student's full financial need — a phenomenon known as gapping.

Only a few dozen wealthy colleges practice need-blind admissions and promise to meet full need, though they define need in different ways, and may not extend the policy to transfer students. Most colleges include loans as well as grants in their aid packages; since the late 1990s, a small number of colleges have adopted a no-loan policy, or placed caps on the amount they would ask students to borrow, but a few have since retreated from that stance.

At Wesleyan and Grinnell, administrators say that what matters most is preserving assistance to students who need it, even if that means accepting fewer of them. “We could easily have remained need-blind, kept the label, by simply being less aggressive about pursuing diversity, or admitting people and not meeting their full need, or increasing loan levels,” Dr. Roth said.

Dr. Kington said Grinnell would probably raise its limit on how much it asks students to borrow, and it might freeze the size of some aid grants.

Grinnell is in an unusual position. With fewer than 1,700 students, it has one of the largest endowments — about \$1.5 billion, or around \$900,000 per student. But it is also unusually intent on enrolling disadvantaged students, so almost 90 percent of its students receive financial aid, an extremely high figure for an elite college.

It is **considering** taking the same path as Wesleyan, trimming need-blind admissions, but Dr. Kington said that was unlikely. But he said Grinnell might do more to recruit the students most sought after by top colleges, who also tend to be able to pay — a change that if pursued aggressively could have a similar effect on the college's demographic mix.

“We want to be an access institution,” he said. “But we can't be only an access institution.”