

Preserving the Mission in Hard Times
The Example of Admissions and Financial Aid Policies

Sandy Baum

Higher Education Policy Analyst

Professor Emerita of Economics, Skidmore College

WISCAPE

April 2010

The Problem

- Temptation to view ethical principles such as equity in admissions and financial aid policies as a luxury we can't afford in these hard times.
- Appearance of ethical behavior does not necessarily correspond to the socially optimal or morally justified choice.

Not a New Problem

Fall 1998 article posed basically the same question:

“Must we choose between abandoning the goals of diversity and educational opportunity and risking institutional insolvency?”

Appearance vs. Reality: It's Not So Simple

- Divestment from weapons manufacturers
- Sweatshop debates

- Need-blind admissions
- Need-based aid only
- Meeting full need
- No loans

Need-blind Admissions

- Is this an either / or question?
- Impact on individual aid packages

Only Need-based Aid?

- Defining need-based aid
- Ability vs. willingness to pay
- Does non-need-based aid take dollars out of the pockets of low-income students?
- Rawls

Meeting Full Need

- Meeting need vs. gapping
- Packaging
- Rationing funds / competing priorities

No Loan Promises

- Promises made in better times: Is it always right to keep them?
- What will be sacrificed to keep these promises?
- Are there negative externalities for the vast majority of students who must borrow to go to college?

Foreseeable Consequences: The Dangers of Competitive Strategies

- **Short-term vs Long-term**

 - Impact on applicant pool

 - Reputation

 - Destructive competition

- **Tragedy of the Commons**

 - Interests of individual institutions vs. higher education as a whole

 - Students without ability to pay will drop out of the pool.

Equity and Efficiency

- Efficiency may promote equity
- Equity may promote efficiency
- Perceived trade-offs may be misleading

Ethical Purity: It's Not So Simple

- Liberal arts education and preparation for the labor force
- Measuring learning outcomes

Ethical Leadership

- Taking foreseeable consequences into account
- Not focusing only on what looks like the “right” thing to do
- But keeping values and mission at the forefront – even in difficult times

Balancing Act

- It might be easier if there were a choice between equity and efficiency.
- Controlling costs and using funds efficiently is a prerequisite for equity and access.
- What is the primary institutional mission?
- Honesty
- Hard heads and soft hearts.

Crossing the Finish Line:

Completing College at America's Public Universities

by **William G. Bowen, Matthew M. Chingos, Michael S. McPherson**

Figure 2-2. Bachelor's Degree Attainment by Socioeconomic Status

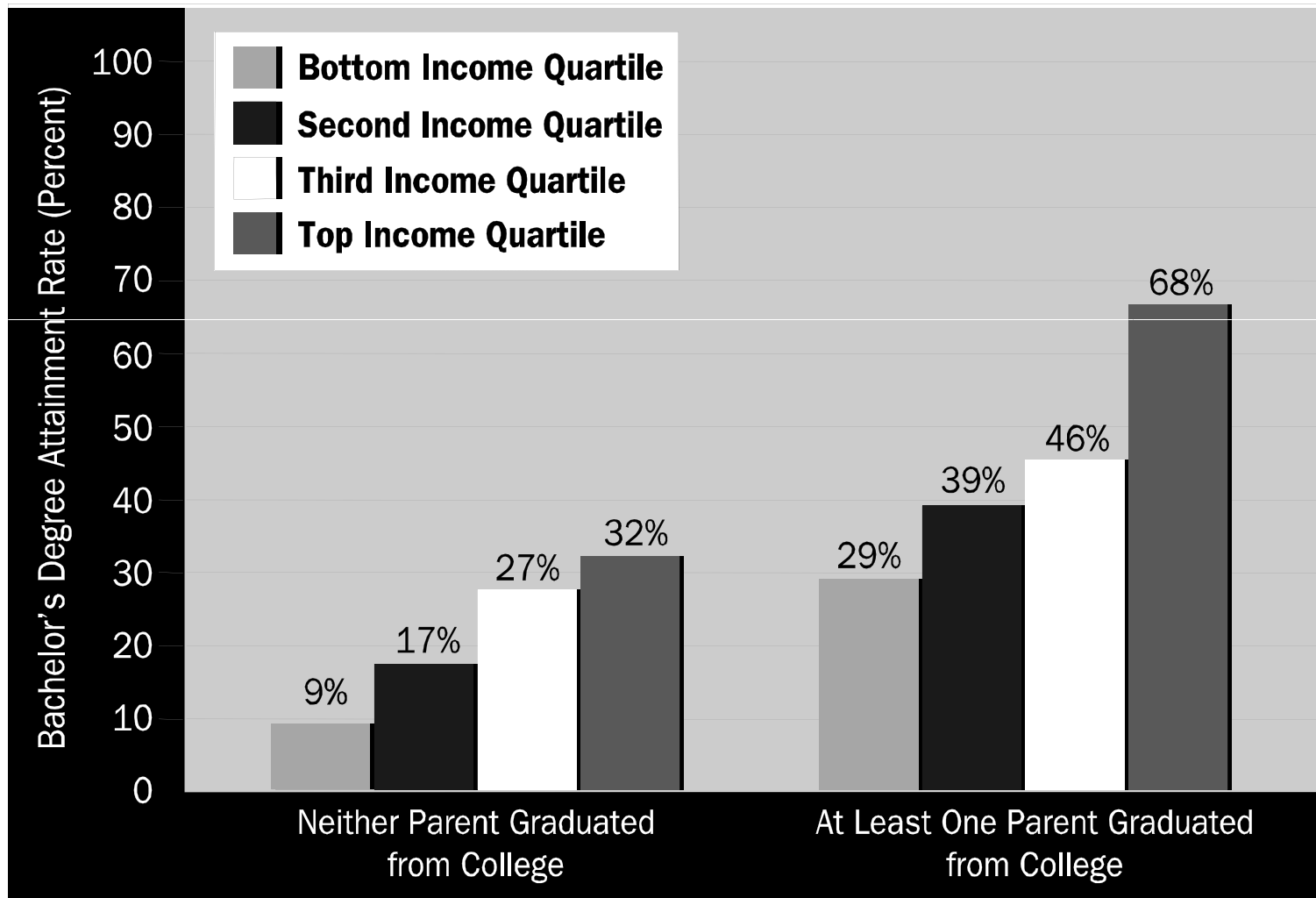


Figure 5-7. Comparison of Overall Graduation Rates for Students Who Undermatched to a SEL B Institution and Students Who Did Not Undermatch

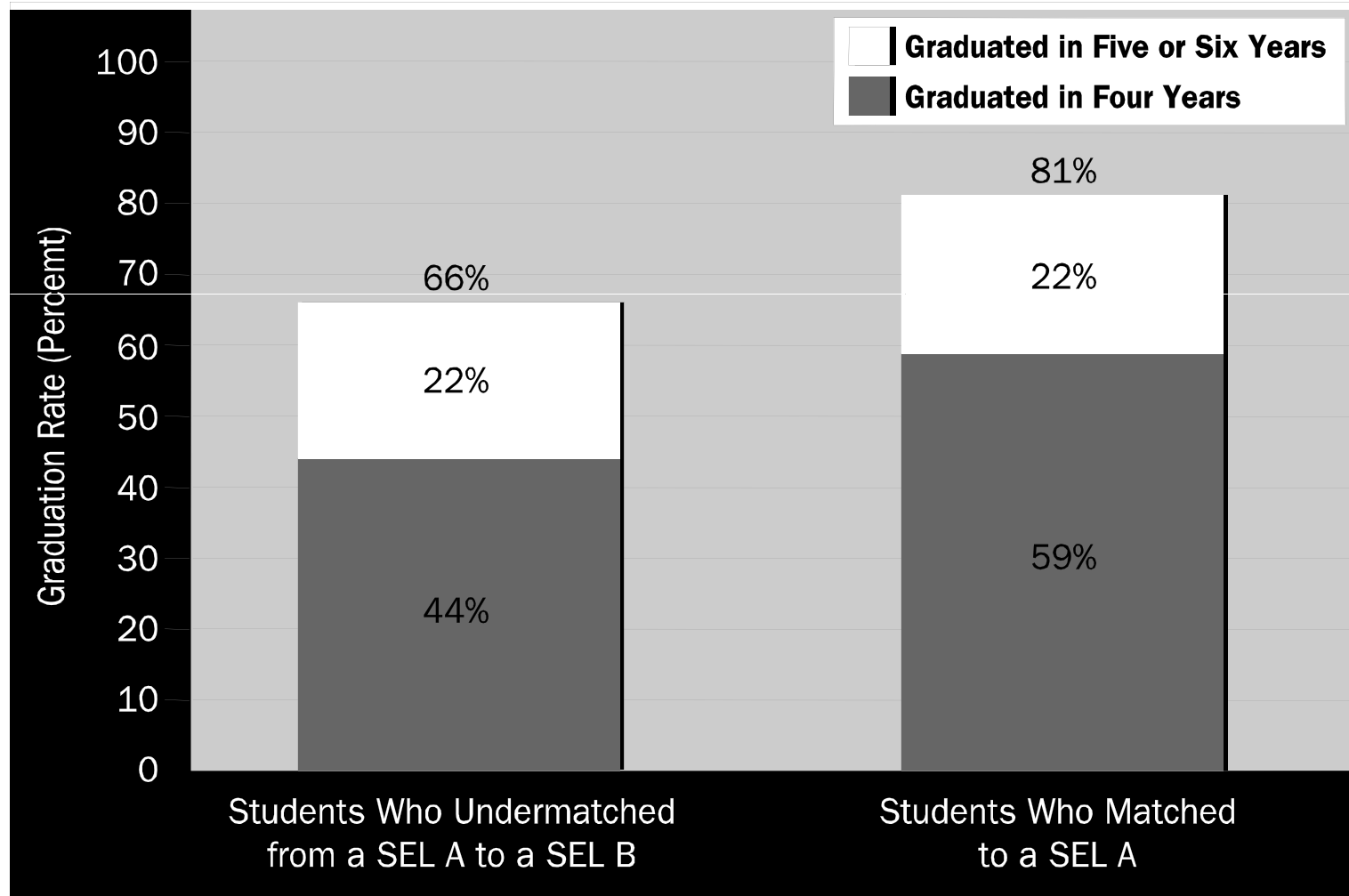


Figure 5-5. Undermatch Rates by Family Income and Parental Education

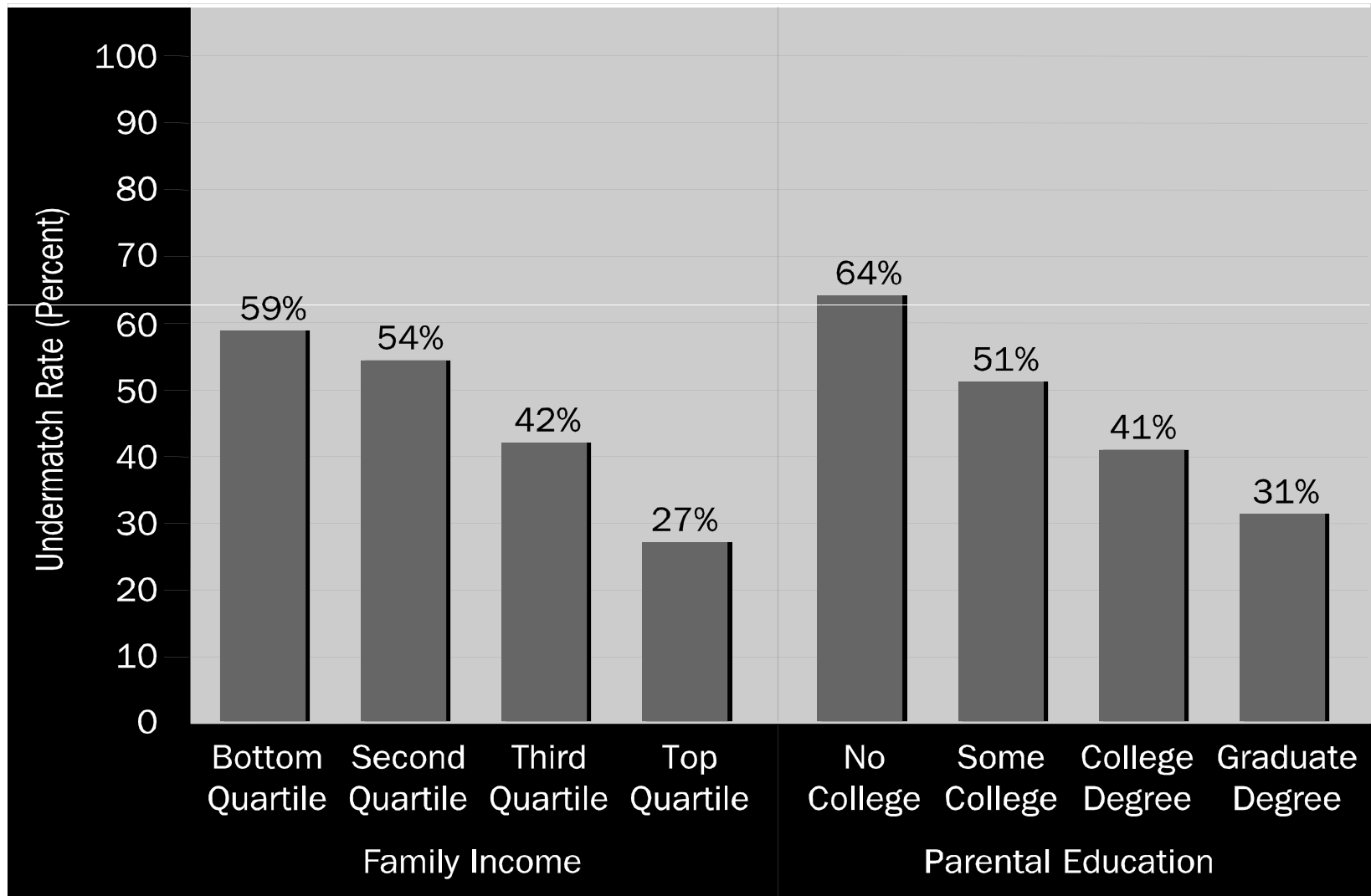
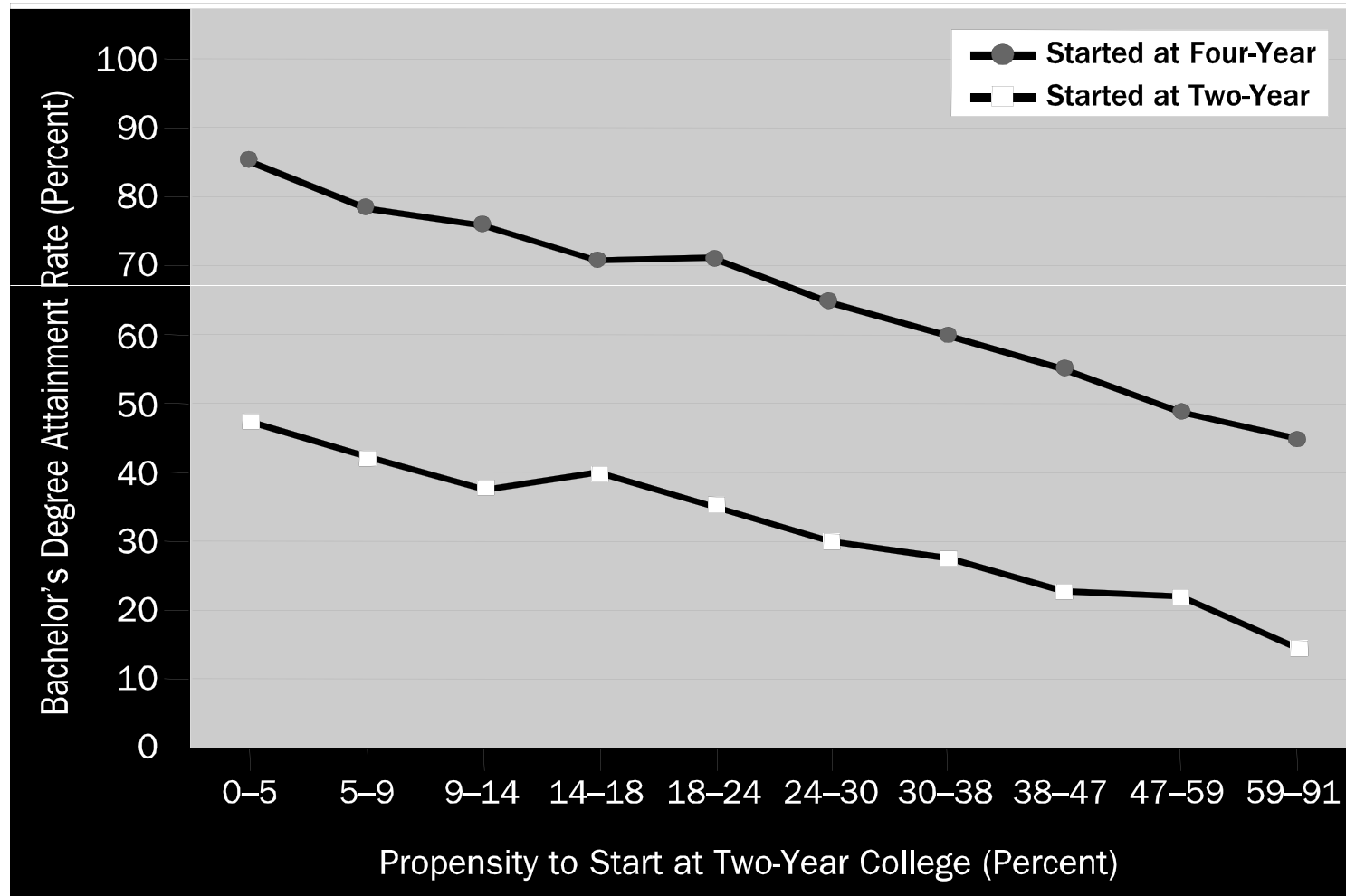


Figure 7-2. BA Attainment Rates of White Students Who Started at 4-year vs. 2-year Institution



Causes of undermatch

- Can we afford it?
- Does it matter where I go?
- Will I feel comfortable?
- Why can't our daughter just stay close?

Giving advice

- To disadvantaged families
- To school districts with low-income students
- To policy makers

Consequences of System Change

- If selective schools don't expand
- If selective schools do expand
- What about the students who are “left behind”?