

# Undergraduate Student Access

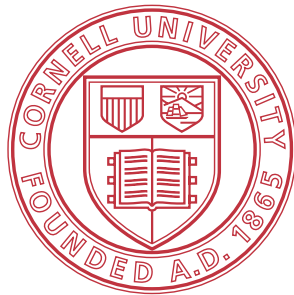
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Cornell University

# UNDERGRADUATE STUDENT ACCESS

## INTRODUCTION

In the August 15, 1868 edition of the *New York Tribune*, there appeared a letter to the editor entitled "A Card from Mr. Cornell—How a Poor Boy Can Pay for His Education." Here Ezra Cornell laid out his vision of how a third financial strut would be added to two he had already crafted to support a new kind of university that would extend higher education to the nation's working classes. The first two underpinnings were (a) the assignment to Cornell University of New York State's portion of the proceeds from the recently passed Morrill Land Grant and (b) Ezra Cornell's gift of a substantial endowment. Cornell knew that the combination of land-grant revenues and endowment gifts would not suffice to build and operate a new university. Whether or not students paid the minimal tuition (some received scholarships that covered that expense), they would incur room, board, transportation, and other costs in coming to Ithaca to study. Given such expenses, would working-class parents, especially those who had no personal or familial experience with higher education, even consider the feasibility or desirability of sending their sons off to college?

According to Morris Bishop, the university's initial enrollment had concerned Cornell. "One enormous uncertainty hovered over every decision. How many students would appear on the opening day? Too many? Or too few? Fearing, perhaps, that there would be too few, Cornell wrote [his] letter..." If that was Ezra Cornell's concern, he need not have been so worried. The letter (which was widely reprinted in other newspapers of the day) unleashed a flood of "some two thousand letters...mostly from totally unqualified young men or from their impecunious parents, who recognized that to obtain a college education while working a quarter as hard as the Founder was a rare bargain," and the university succeeded in enrolling 412 students on its opening day. Carl Becker observed that this represented "...the largest entering class ever admitted to any American college up to that time... more than twice as many as could be provided with lodging...and more than three times as many as could be conveniently taught in the class rooms available." Thus was the university launched, grappling with challenges of enrollment management, recruitment, admissions standards, and financial aid that are as germane in 2005 as they were in 1868.

### THE CORNELL UNIVERSITY.

A CARD FROM MR. CORNELL—HOW A POOR BOY  
CAN PAY FOR HIS EDUCATION.  
TO THE EDITOR OF THE TRIBUNE.

SIR: The numerous appeals which I am receiving from young men for assistance to enable them to pay their way while obtaining an education at the Cornell University, impel me to reply through *The Tribune*. I would inform all who may desire the information that, in organizing the University, the trustees aimed to arrange a system of manual labor which, while it would be compulsory upon none, would furnish all the students of the University with the opportunity to develop their physical strength and vigor by labor, the fair compensation for which would pay the expenses of their education. Students will be employed in cultivating and raising, on a farm of 300 acres, the various productions best suited to furnish the college tables. These will include livestock for producing milk, butter, and cheese, and to be killed for meat; grain for bread, and vegetables and fruits of all kinds suited to the climate and soil.

Mechanical employment will be given to all in the machine shop of the University. This will be equipped with an engine of 25 horse power, lathes, planing-machines for iron and wood, and all the most improved implements and tools for working in iron and wood. Here they will manufacture tools, machinery, models, patterns, &c. The erection of the additional buildings required for the University will furnish employment for years to students in need of it. There will also be employment in laying out, grading, road-making, and improving and beautifying the farm and grounds of the University. The work done by students will be paid for at the current rates paid elsewhere for like services.

The work will be done under the supervision of the professors, and competent superintendents and foremen. It will be the constant aim of the trustees and faculty of the University to render it as attractive and instructive as possible, and especially to make it conducive to the health, growth, and physical vigor of the students, besides affording them the means of self-support and independence, while receiving all the advantages of the University.

With such combined facilities for instruction and maintenance, all the expenses of a first-class faculty and of tuition being paid by the endowment, I trust that no person who earnestly desires to be thoroughly educated will find difficulty in becoming so by his own exertions at the Cornell University.

We already have students who entered three months in advance of the opening of the University, to avail themselves of the opportunity to earn two dollars per day "through haying and harvest, and thus make a sure thing of it." Such boys will get an education, and will make their mark in the world in the use of it.

In conclusion, I will assure the boys that if they will perform one-fourth as much labor as I did at their ages, or as I do now at 60 years of age, they will find no difficulty in paying their expenses while prosecuting their studies at Ithaca.

Yours respectfully, EZRA CORNELL.

Ithaca, N. Y., August 10, 1868.

*New York Tribune*, August 15, 1868, page 4

## POLICIES OF FAIRNESS

Who gets access to a Cornell education?—and on what terms?—remain questions of great importance, and the approaches that the university has employed to answer them constitute policies of fairness that are fundamental to the institution’s character. The university’s current admissions and financial-aid policy (see box at right) is a modern interpretation of ideas and ideals espoused by Cornell’s founders. Ezra Cornell’s famous motto—“I would found an institution where any person can find instruction in any study” (which was probably polished by Andrew D. White<sup>†</sup>)—addressed student access directly by stating that *any person* should be able to attend. The motto is best understood as a bold declaration that higher education should be open to the poor, to women, to people of all races and ethnicities, and to individuals of various religious and moral persuasions. These were radical notions in an era when most colleges and universities were loosely affiliated with Christian denominations, and only a handful admitted women or minority students or provided need-based financial aid of any consequence. Both Cornell and White were convinced that the nation’s progress depended on such a social transformation. But simply stating that *any person* (i.e., without artificial limitation) should be able to attend the university does not imply that *every person* can. Not every applicant is adequately prepared or capable of taking up the rigorous course of study offered by an institution like Cornell. Even if all applicants were equally prepared and capable, the institution is limited in the number of students it can accommodate. Obviously, a process to sort and select applicants must occur to produce a class that is academically superior and yet representative of the “any person” concept that is at the university’s heart.

### Imperatives in Law and Action

While a variety of laws shaped the university’s creation and continue to guide its operation, two statutes—the Morrill Land-Grant Act and the university’s charter—had a profound impact on student access.

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<sup>†</sup> Morris Bishop suggested that “White liked to improve, for publication, the utterances of his rude companions. Possibly Cornell actually said something like: ‘I’d like to start a school where anybody can study anything he’s a mind to.’”

### Cornell Admissions/Financial-Aid Policy

Cornell University makes admissions decisions without regard to the ability of students or parents to pay educational costs. Students who are U.S. citizens or permanent residents and who demonstrate financial need will be assisted in meeting that need through one or more of the following: federal and state grants, employment opportunities, loans, The Cornell Commitment programs, scholarships from endowments and restricted funds, and Cornell grants. Annual adjustments will be made in self-help and family contribution levels.

Cornell will continue its commitment to excellence and diversity in the student population. Self-help levels for individual students may reflect the University’s recognition of outstanding merit, unique talent, commitment to work and community service, and its commitment to diversity in the class.

– Adopted by the Cornell University Board of Trustees  
March 1998

The land-grant act stated that the monies realized from the sale of federal land had to be used to “promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.” This act encouraged the states to create or expand institutions of higher education that would serve the population at large, not just the elite, providing instruction that had practical value. The law did not dictate how these monies were to be applied, other than to proscribe their use in the “purchase, erection, preservation, or repair of any building or buildings.” While the act attempted to address America’s socio-economic disparities, it was basically silent on issues of gender, racial, and religious inequality.

Cornell University’s New York State charter, authored by Cornell and White in their roles as state legislators, expanded the framework of the land-grant mandate by defining more fully how privilege and wealth were to be excluded from the admissions process.

§ 9. The several departments of study in the said university shall be open to applicants for admission thereto at the lowest rates of expense consistent with its welfare and efficiency, and without distinction as to rank, class, previous occupation or locality.

The charter initiated a system of scholarships that were to be awarded to New York State residents, providing the university’s first form of overt financial aid.

§ 9. (continued) But with a view to equalize its advantages to all parts of the State, the institution shall annually receive students, one from each assembly district of the State, to be selected as hereinafter provided, and shall give

them instruction in any or in all the prescribed branches of study in any department of said institution, free of any tuition fee, or of any incidental charges to be paid to said university, unless such incidental charges shall have been made to compensate for damages heedlessly or purposely done by the students to the property of said university. The said free instruction shall, moreover, be accorded to said students in consideration of their superior ability, and as a reward for superior scholarship in the academies and public schools of this State.

Finally, the charter provided a statement about the nondenominational nature of the new institution.

§ 4. And persons of every religious denomination, or of no religious denomination, shall be equally eligible to all offices and appointments.

Publicly and privately, both Cornell and White expressed their long-held beliefs that higher education should be made available to women as well as men and to peoples of all races. However, the swirl of controversy surrounding the university's nondenominational design (some said *godless*) and its assignment of the land-grant proceeds (some said *usurpation*) had created sufficient ill-will within the New York Legislature that Cornell and White decided to delay pressing forward with their more radical designs at that time. Instead, the two men laid the groundwork for these eventual changes in documents they created (e.g., White substituted the word "person" for the word "man" wherever he could in the charter) and in their speeches and public correspondence.

The first woman to attend university classes in an almost official status was Jennie Spencer, who had secured a state scholarship in 1870. While Ms. Spencer did not complete her studies (it appears that she left after a week, having tired of the daily trek up the hill from downtown Ithaca that was necessitated by the lack of on-campus housing for women), she opened the door for other women to enroll. Following Ms. Spencer's unhappy experience, the university's trustees resolved, on March 19, 1872, that henceforth "women be admitted to the University upon the same terms as men." Making those terms the same depended on the beneficence of Henry Sage, who donated \$100,000 in 1875 (about \$7 million currently) to build, equip, and endow the Sage College (for women).

In 1869—the university's second year of operation—a handful of international students were enrolled. An African American applied for admission as early as 1869, and the university's first Asian student, Kanaye Nagasawa of Kagoshima, Japan, enrolled in 1870.

While it would be years before the university enrolled women and minority students in any noticeable measure, the precedents had been established in law and institutional action to open higher education to the nontraditional students of the day. Over the next one hundred years, the university would identify the resources required to provide financial aid for all needy students and gradually codify an admissions approach that would transform the student body.

## Transformation

Although the elements of modern financial aid—merit-based scholarships, need-based grants-in-aid, student loans, and work-study opportunities—were either present at the university's founding or were introduced soon thereafter, Cornell's admissions and financial-aid policies remained out of step with each other until the middle of the twentieth century. Through the 1950's, the process of admitting students was seen largely as an effort to identify the most academically qualified individuals who presented themselves for consideration. Engaged in essentially a passive process, Cornell's admissions staff did not generally recruit students nor did they attempt to shape the makeup of the incoming class. Recruiting activities that did occur were limited in nature—broadcasting information about the university, visiting high schools, working with alumni who identified potential candidates.

The university had a long history of providing financial aid. Almost all scholarships were merit-based, although financial need was sometimes considered in making awards. Loans and work-study opportunities were awarded generally based on financial need. The university's first experiment with work-study was Ezra Cornell's previously described offer to provide employment for manual labor in constructing the new university. The system of tuition-free state scholarships, also mentioned earlier, provided financial aid to selected New York State residents, though the assistance went to rich and poor alike. The first gift-funded student aid came from Andrew D. White, who offered the university \$1,000 in 1868 "to be applied to the support and encouragement of meritorious students." As early as 1879, the university established free scholarships that were to be awarded based on a combined assessment of financial need and meritorious academic conduct. Amos Padgham created the first endowed scholarship fund in 1892, initiating a



trend to create financial-aid endowments that would remain productive and available far into the future. The university established the first student loan fund in 1883, assigning gifts that had been pledged in 1872 by Ezra Cornell and other trustees to help the university weather a financial crisis. The 1872 gift agreement called for the assets to be converted to financial aid once the university achieved a measure of solvency.

The second half of the twentieth century witnessed a massive transformation of college admissions and financial aid approaches, triggered by national events and Cornell-specific policy changes.

- *Competition for the best applicants* – During the middle of the twentieth century most large universities extended the recruitment view of their undergraduate programs to encompass a national and international focus. Increasingly, institutions of higher education viewed themselves as competing for the best students and deployed financial-aid resources to meet that challenge. Also, students became more active participants in this process, initiating a pattern of applying to multiple institutions to insure a place at a top choice.

As an example of this phenomenon, Cornell's trustees created a "national scholarship program" in June 1944 designed to:

...draw from all sections of the nation students who represent the finest type of college material in their respective localities, and to enable the University successfully to compete with other institutions which are now better equipped with scholarships and which have hitherto held a distinct advantage in attracting the most desirable students.

This initiative has since evolved into the Meinig Family Cornell National Scholars Program.

- *Formation of the Ivy League* – Created in 1945 as an athletic conference to apply only to football and expanded in 1954 to apply to all intercollegiate sports, the "league," which included Cornell from the beginning, affirmed "the observance of common practices in academic standards and eligibility requirements and the administration of need-based financial aid, with no athletic scholarships."
- *World War II and the GI Bill* – Besides its general effect on the nation and the world in human and economic terms, World War II had two major impacts on higher education. The first was the ebb of students attending the university during the war and then the flood of returning and new students

that occurred in the peace that followed. Cornell experienced a 24 percent drop in enrollment during World War II followed by a 73 percent increase immediately thereafter. The university's fifth president, Edmund Ezra Day, observed in his 1947 report to the trustees that the university had "...a moral obligation to provide educational opportunity for the maximum number of well-qualified applicants who can be handled without impairment of the quality of Cornell training...."

That surge in enrollment was heightened by the second factor, the *Servicemen's Readjustment Act of 1944*, popularly known as the *GI Bill of Rights*, which provided support for education, among other benefits. In the peak year of 1947, veterans accounted for 49 percent of U.S. college enrollment, and by 1956, when the first bill ended, 2,230,000 veterans had attended higher education under its auspices. (At Cornell, 77 percent of all male students were veterans in 1946-47.)

- *Government-funded financial-aid programs* – As summarized in a 1985 Cornell study,

The role of the federal government in student aid began in 1935 with the National Youth Administration. It continued to evolve with the G.I. Bill in 1944 and the National Defense Education Act in 1958. By 1965, the concept of general aid for college students gained wide legislative support with the creation of the first general federal scholarship program, the expansion of wage subsidies for college students and the creation of a federally insured student loan program. In the 1970's, the philosophy of aid based on financial need was established throughout federal aid programs....

- *Adoption of the uniform methodology need analysis and financial-aid packaging* – Beginning in the mid-1950's, many colleges and universities agreed to a common standard of need analysis. This agreement was reached through the auspices of the College Board. The 1950's also saw the introduction of the concept of "financial-aid packaging," whereby government and institutional resources are combined in the form of loans, work, and grants and awarded to the student as a bundle. In 1958, Cornell established the Office of Financial Aid, in which, according to the university's sixth president, Deane Waldo Malott, were to be "centralized matters relating to scholarships, grants-in-aid, loan funds, and student employment." In 1962, President Malott reorganized the offices of admissions and financial aid, appointing

the first Dean of Admissions and Financial Aid “to accomplish the consolidation and better coordination of these two overlapping areas of the administration.” During this period, Cornell adopted the standard need analysis and implemented financial-aid packaging. Cornell along with several other institutions also coordinated award levels for individuals who had been admitted to member institutions. A 1989 action by the U.S. Justice Department, which led to a consent decree, ended the activity of coordinated individual award levels. Currently, Cornell, along with a small but growing group of institutions, follow the rules set forth in Section 568 of the *Improving America’s Schools Act of 1994* as revised and reenacted in 2001, which allows for a limited coordination of approach.

- *Civil rights movement* – During the administration of Cornell’s seventh president, James A. Perkins, the university sought to increase the enrollment of underrepresented minorities. As described by Donald Alexander Downs,

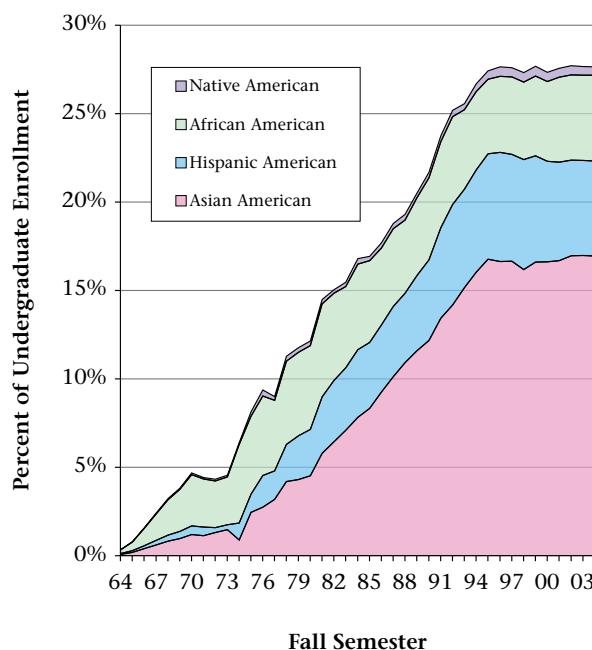
Under the Perkins administration (1963–1969), Cornell was the first major university to recruit minority students aggressively, particularly blacks from inner cities whose backgrounds differed from those of traditional Cornell students. This initiative was part of the Committee on Special Education Projects (COSEP) program that Perkins launched in 1963, which had increased the number of undergraduate minority students from 8 to 250 by 1968–69. The program embodied the best of the liberal intentions and policies of the civil rights era, which was cresting as COSEP was being formed.

COSEP was a success as an initiative to change the socio-economic makeup of the student body. Enrollments of Asian-American, Hispanic-American, African-American, and Native American students all rose from 1964-65, when there were very few such undergraduates, to the current year, where 27 percent are minority students and 11 percent are underrepresented minorities. (See graph at right.)

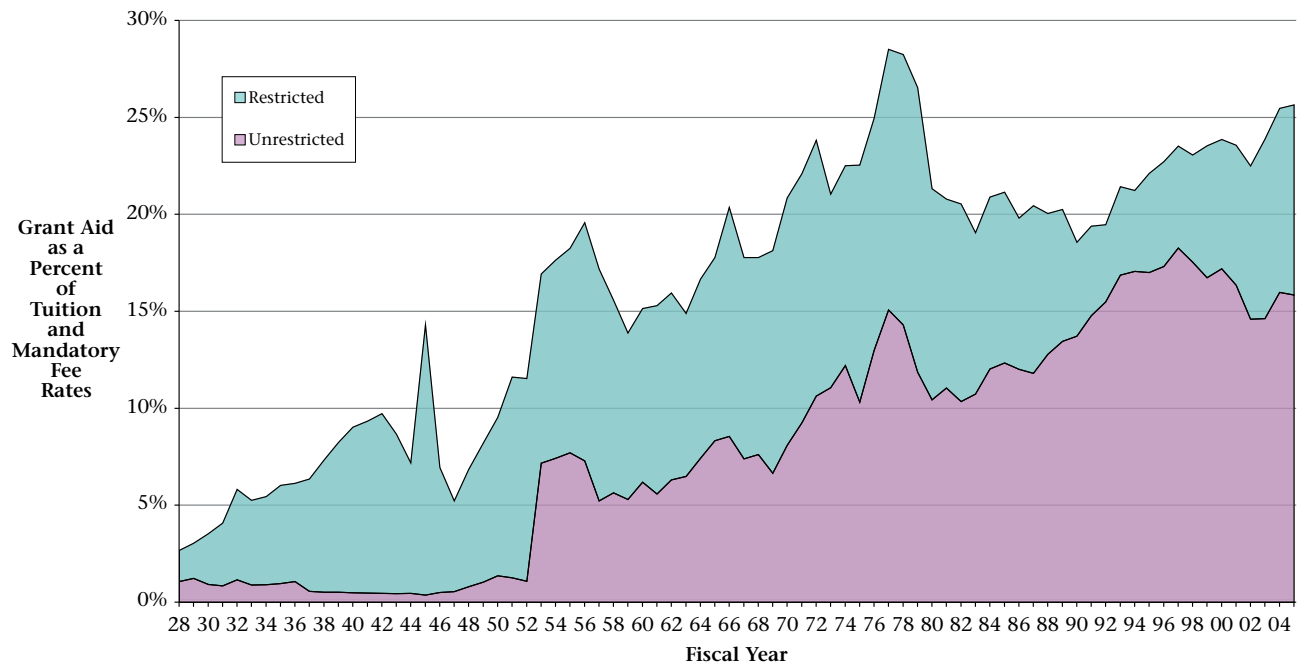
During the period of the late 1960’s and early 1970’s, Cornell experienced intense student unrest focused on a range of issues, from social and economic injustices to the war in Vietnam. Among the questions raised were Cornell’s commitment to diversity and the adequacy of the university’s approaches to admissions and financial aid. While the COSEP program increased the number of minority undergraduates, the university continued to struggle to provide sufficient financial aid for all needy students.

- President Malott reported that Cornell had provided \$767,000 worth of scholarships to 1,500 undergraduates in 1953-54, almost 20 percent of the undergraduate student population. Student loans totaled \$95,000, and almost one-third of all undergraduates worked for the university.
- By 1960-61, 3,693, or 45 percent of all undergraduates, were receiving scholarships or loans. President Malott reported to the trustees that, despite this substantial infusion of funds, the university was losing students to competitors “partly because we have insufficient scholarship funds.”
- According to a 1985 study, despite the application of increased governmental and institutional resources in the 1960’s, “...the University was still unable to assist all students accepted for admission and who also demonstrated need.” For example, approximately 500 admitted students with demonstrated need were denied assistance in 1964-65 because of lack of funds.
- In a 1973 report to the trustees, Cornell’s eighth president, Dale R. Corson, noted that:  
In the fall of 1972 Cornell did not have the necessary resources to make the process completely workable since

**Enrollment of Minority Undergraduates at Cornell University** (as of the third week of the fall semester; data prior to 1980 interpolated from several sources)



## Undergraduate Grant Aid Per Student as a Percent of Average Tuition and Mandatory Fee Rates<sup>†</sup>



<sup>†</sup> The average undergraduate's tuition and mandatory fee rate for each year has been weighted for differences in enrollments and tuition rates among endowed Ithaca, contract college resident, and contract college nonresident students.

about 9 percent of the admitted students with demonstrated financial needs were offered admission with no financial help. (Thirty percent of these students did attend somehow or other.) The cost of the elimination of this so-called admit-deny category would require about \$400,000 per year in a steady state.

In fact, the university had been ramping up its commitment of unrestricted resources to address the chronic problem of ever-increasing levels of grant-aid need at rapid pace, beginning in 1952-53. Stepped increases occurred in that year, during the mid-1970's, and through most of the 1990's. (See graph above, which contrasts average tuition and fee rates with the levels of grant aid provided each year on a per student basis.) More recently, the university has tried to limit the growth in unrestricted resources being applied for financial aid, as these funds derive primarily from tuition revenues. The recycling of tuition revenues into grant aid (sometimes termed a *tuition discount*) in ever-growing proportions creates a positive feedback loop that can cause tuition to also grow at ever-expanding rates. Sensitive to the impact that growth in tuition rates has on students and their families, the university has focused recently on increasing the level of restricted gift and endowment funding for grant aid.

## Formal Policies Governing Access

Although the university had accepted the Ivy League's conventions governing athletic scholarships in 1945 and had adopted the uniform financial-need methodology in the mid-1950's, Cornell operated without a trustee-approved admissions/financial-aid policy until the final quarter of the twentieth century.

- In 1975, the combination of funding problems (exacerbated by the high inflation of the mid-1970's) and questions raised concerning the university's commitment to diversity caused the trustees to make their first of several policy statements on the topics of admissions, diversity, and financial aid. Resolved that the Board of Trustees of Cornell University reaffirms its commitment to educational opportunities for minority students and encourages the Administration to continue to pursue the fulfillment of this commitment.
- In the following year, the trustees adopted a statement on minority education, which included two components that would eventually be forged into an overall policy for all students:
  1. To actively seek out and admit minority students who have the highest potential for success, given the assistance projected here.

2. To provide financial assistance to those students who, because of limited financial resources, could not otherwise accept admission.

- According to a 1985 report on financial aid:

In 1981, in recognition of a stabilization of federal financial aid support and the increased burden being placed on students, Cornell conducted a comprehensive review of its financial aid policies. At the conclusion of that review, the University reaffirmed its commitment to a separation of admissions and financial aid decisions and established a policy to continue the precepts of access and choice while maintaining the goals of quality and diversity. As a result of this review, grant or scholarship dollars were directed differentially within demonstrated need. Criteria for determining the different levels of loan and work (and thus the variable level of grant or scholarship support) included economic, academic, ethnic and other qualities.

- In 1985, the trustees adopted the following progenitor of what would become the institution's current admissions/financial-aid policy.

Cornell University makes admissions decisions without regard to the ability of students or parents to pay educational costs. Students who demonstrate financial need will be assisted in meeting that need through one or more of the following: federal and state grants, employment opportunities, loans, the Cornell Tradition program, scholarships from endowments and restricted funds, and Cornell grants. Annual adjustments will be made in self-help and family contribution levels. Particular attention will be given to the needs of low-income and minority students in determining self-help levels (academic year work and loans) in the financial aid package.

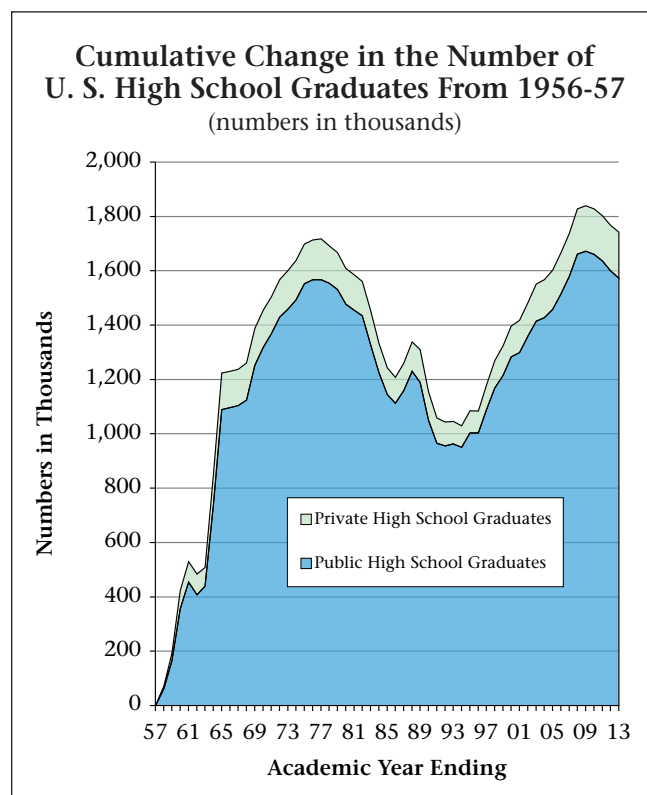
Achieving Cornell's dual goals of excellence and diversity in the undergraduate student body as espoused by its current policy requires the coordination of activities in four distinct yet related areas—enrollment management, recruitment, admissions, and financial aid.

## ENROLLMENT MANAGEMENT

Enrollment management entails activities that support the institution's decision to maintain or alter the size of its undergraduate population. Institutions manage their enrollments within the context of national demographic changes and international fluctuations, such as political instability and currency exchange rates, that are beyond the institutions' direct control. Most institutions in the U.S. (but not Cornell) employ the use of institutionally awarded financial aid as a tool to help manage enrollments, by offering merit-based aid to non-needy applicants and employing admit-deny strategies to regulate their tuition discounts.

## National Demographic Changes

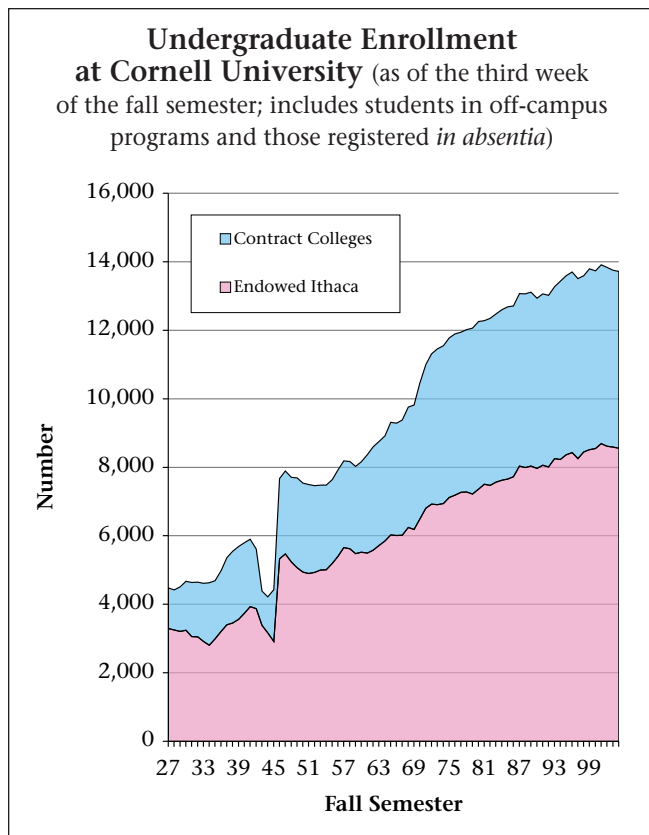
The National Center for Education Statistics (NCES) tracks public and private high school graduates in the United States and has projected the number of graduates through 2012-13. As the population of this country grew after World War II, high school enrollment expanded. The number of high school graduates peaked in 1976-77, at the very end of the "baby boom" wave. (See graph below.) At that point, the number of graduates declined, and has since rebounded only partially. NCES predicts that this second growth spurt will last until 2008-09 and then a new decrease will occur in public high school enrollments. (Private high schools, which have produced about 10 to 11 percent of all high school graduates since the mid-1950's, are not expected to experience a decline in enrollment after 2008-09.) Even taking into account such fluctuations, there will be a 2.1 percent net increase in high school production from 2005-06 through 2012-13. Full-time undergraduate enrollment in U.S. colleges and universities is expected to increase 8.8 percent over the same period based on the 2008-09 surge, which will affect the following four years of college enrollments.



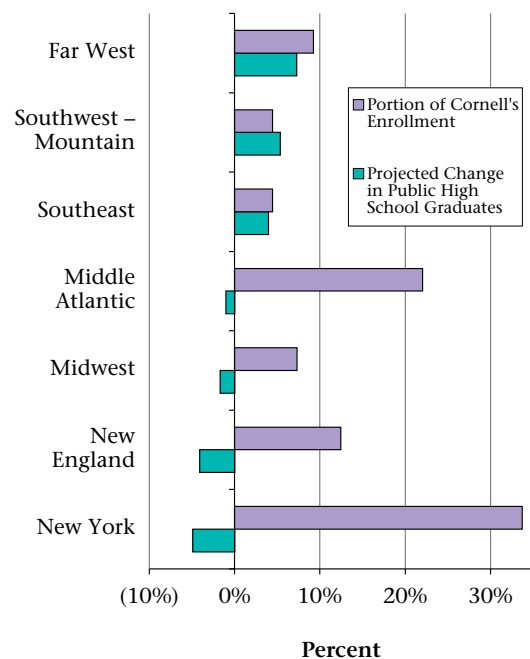


## Enrollment Management at Cornell

Despite the fact that Cornell is very selective and draws its enrollment from a large applicant pool, the university is not immune from national and international demographic and socio-economic changes. For example, the dip in Cornell's undergraduate enrollment that occurred during World War II (see graph below) was not well anticipated by the institution just prior to the war. Also, the above-described projected growth in high school production through 2012-13 will not be uniform, as the western portion of the country—with larger populations of Hispanic Americans—will enjoy far greater increases than the eastern half, and some states, including New York, will see declines. (See graph at right.) These regional differences are important to Cornell as it currently draws a disproportionate number of applicants from areas of the country that are expected to experience slight declines in public high school production through 2012-13. Cornell's current approach for undergraduate recruitment (see page 11) anticipates these changes in ways that the institution did not in the 1940's, allowing the university to react more nimbly to external events.



## Projected Change in the Number of Public High School Graduates by Geographic Region from 2005-06 through 2012-13 Compared to the Proportion of Cornell's Freshman Enrollment from those Regions



A separate issue is the optimal size of the student body. While Cornell has periodically examined that question—and in some cases has taken actions to change its size—the fact remains that for most of the institution's life, undergraduate enrollment has grown without a deliberate plan. The university's expansion from 412 undergraduates in 1868 to 13,718 in 2004 (counting on- and off-campus students as well as those registered *in absentia*) represents an annual compounded growth rate of 2.6 percent over that 136-year period. The reasons that undergraduate enrollments tend to grow are fourfold:

- **High Demand** – The university's academic programs are very popular, gaining the attention of highly qualified students across the nation and around the world. Cornell had 24,444 applications for 3,050 slots for the Class of 2009 (which will matriculate in the fall of 2005).
- **"New" Equals "Additional"** – A second factor that results in enrollment growth is the fact that most new programs represent additions rather than substitutions for current programs and their atten-

dant student cohorts. For example, the founding of the contract colleges and the School of Hotel Administration all led to intentional stepped increases in enrollment. More recently, the introduction of Cornell's study abroad program resulted in a de facto growth in total enrollment as this off-campus instructional enterprise was designed to avoid depressing on-campus student counts.

- *Desirability of Tuition Resources* – Tuition, net of financial aid, remains a desirable university resource. Tuition is unrestricted as to use and, as long as enrollment remains stable, represents a dependable, ongoing source of support. The fact that the institution has direct control over the growth of this revenue stream, given its ability to set tuition rates, further increases the important role that tuition plays in university finances.
- *Adaptation* – Once tuition revenues have grown because of an increase in enrollment, even if unplanned, the institution can quickly adapt to that elevated level of income. This phenomenon is exacerbated by the fact that the revenue bulge created by over-enrollment persists for four years, until the unusually large class graduates. As with any diet, downsizing to a previous income level can be a difficult task.

While over-enrollments can strain teaching and student-support budgets, they allow the institution to react to higher demand and are providential in supplying unexpected revenues. Under-enrollments are generally an anathema, if for no other reason than their negative impact on institutional budgets. As a result, enrollments, if unmanaged, will tend to grow.

Cornell's decision to house all incoming freshmen on the North Campus placed an effective cap of 3,050 on the incoming class. This limit was dictated by the availability of physical space to accommodate both the residential and support programs needed to provide students with a first-class introduction to a world-class institution. The limitation of 3,050 first-time freshmen coupled with a modest inflow of transfer students yields an average fall/spring on-campus enrollment of 13,000. (Off-campus programs, students registered *in absentia*, and employee degree candidates add about 700 to that total.) The university's current enrollment management process involves:

- detailed admissions and enrollment models that take into account the likelihood that applicants

will accept Cornell's offers of admission to enroll and track cohorts of enrolled students by class and academic program as they progress to graduation;

- admissions targets and enrollment guidelines for each college that define the number of first-time freshmen; and
- the combined use of Cornell's early decision program (where 98 percent of those offered admission elect to enroll) and a waitlist to adjust regular admissions offers based on a regression-based assessment of enrollment likelihood,

which allows the university to bring admissions to target levels in a controlled fashion. The effort was successful for 2004-05 as the enrollment of first-time freshmen was limited to 3,054 for the fall of 2004.

## RECRUITMENT

Recruitment encompasses programs and efforts that (a) ensure that prospective students know about Cornell and (b) encourage those prospects to apply for admission. In simplest terms, recruitment is focused on communications and marketing. In a 2002 report on undergraduate admissions policies and processes, authors Hunter Breland, *et al.* enumerated the major categories of recruitment practices used by American colleges and universities in 2000 and the percentage of institutions surveyed that employ each approach:

Web-based sites/services	86%
Visits to campus by prospective students/families	83%
Visits to high schools by admissions staff	80%
Direct mailings to prospective students	70%
Toll-free lines for incoming calls	63%
College nights that several institutions attend	60%
Telephone calls to prospective students	60%
College fairs that charge for participation	51%
Recruiting visits outside local geographic area	42%
Advertising in local newspapers	39%
Advertising on commercial radio/TV	28%
Visits to campus by high school personnel	23%
Advertising on public radio/TV	19%
Promotional films, videos, tapes, cassettes, CD-ROMs	19%
Advertising on billboards, posters, buses, subways	15%
Alumni interviewers/recruiters	15%
Off-site meetings with prospective students/families	13%
Display booths in central/public locations	12%
Advertising in magazines	10%
Advertising in high school newspapers	8%
Recruiting visits outside the U.S.	7%

The use of Internet-based sites and services designed to introduce the institution to prospective students and their families has grown exponentially in the U.S. over the past ten years. Currently, almost all institutions of higher education have web sites, often with online support for admissions and financial-aid application processes. A very high proportion of prospective students expect to use the Internet to compare and contrast various educational institutions and assume that they will be able to conduct admissions and financial-aid transactions online.

Institutions tailor recruiting strategies for targeted enrollment subpopulations—such as underrepresented minorities, out-of-state students, or athletes—based on the efficacy of specific approaches. The College Board reported that in “...a 1997 survey of students who had received college mailings through the Student Search Service...Minority students (64%) were more likely than non-minority (42%) to say that direct mail was very valuable for trying to decide on a college.” The same report noted that minority students were more likely than non-minority students to carefully read all of the materials that were sent to them by a college, whether or not they were interested in that particular institution. Several “factors were more likely to be important to minority compared to non-minority students in helping to decide which college to attend:”

Influencing Factor	Minority	Non-minority
College representatives	56%	40%
College mailings	55%	33%
Guidance counselors	41%	30%
High school teachers	31%	23%
News via radio, TV, newspapers	31%	17%
Advertising by college	20%	10%

Finally, Breland, *et al.* noted the increasing frequency with which

...many four-year institutions [are] using data and statistics to better understand their students and to inform prospective students. It is now common to have the basis of admissions decisions available to all prospective students, along with exceptions to the standard admissions policy. Many institutions report the percent of minority students enrolled, profiles of high school rank of enrolled first-time, first-year students, information to estimate the likelihood of receiving financial aid, retention rates, and information about educational choices of their graduates. All these efforts enable prospective students to make more informed decisions and choices about their college experience.

## Recruitment at Cornell

Through the 1980's, Cornell's recruitment practices were generally low-keyed. Selected prospect populations, such as underrepresented minorities, received additional attention; however, the university lacked an overall strategic plan for undergraduate recruitment. Despite the absence of such a plan, applications for first-time freshmen increased 78 percent from 1970 through 1988 (see graph at left on page 12), and the university expanded enrollment 25 percent. Then, in 1989, Cornell experienced the first in a series of application declines that persisted through 1993, forcing the institution to compete more seriously for students. During this period, Cornell relied on traditional recruitment methods while its competitive peers had begun to use Internet-based recruitment technologies (interactive websites and e-mail) and had shifted the pattern of recruitment travel away from high school visits (which have a fairly low recruitment impact) to other forms of personal contact and outreach. The evolution of Cornell's recruitment methodology has continued, and today the university employs a more strategic approach to ensure that the institution is successful in generating an applicant pool that is diverse and demonstrates excellence in many dimensions.

- Cornell's current approach to recruitment focuses on a set of primary and secondary markets—eight states and several metropolitan areas that have supplied or have the potential to supply (based on demographic projections) the bulk of Cornell's applicants, especially multicultural prospects.
- The process begins with a pool of about 125,000 prospects, of whom 25,000 are international. Prospects are self-identified via inquiries to the university's admissions offices and websites and through the College Board's Student Search Service®, which provides customized mailing lists and student data that are gathered as part of standardized testing (e.g., PSAT/NMSQT®, SAT®, and AP®).
- The university conducts a progressively enhanced stream of electronic, written, and personal communication with a subset of these prospects, beginning with an initial e-mail to about 65,000 individuals. While the overall goal of this endeavor is to encourage sufficient high-quality applicants for each of the seven undergraduate colleges to meet individual enrollment targets and goals, the process has four areas of special univer-

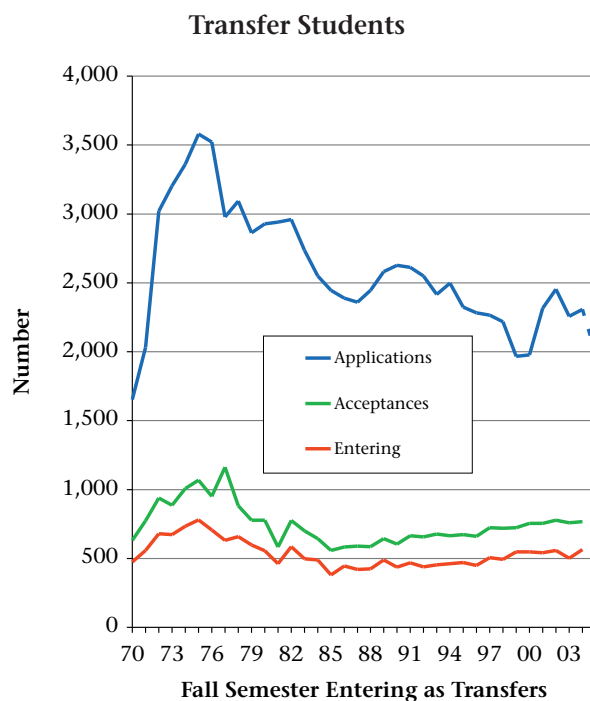
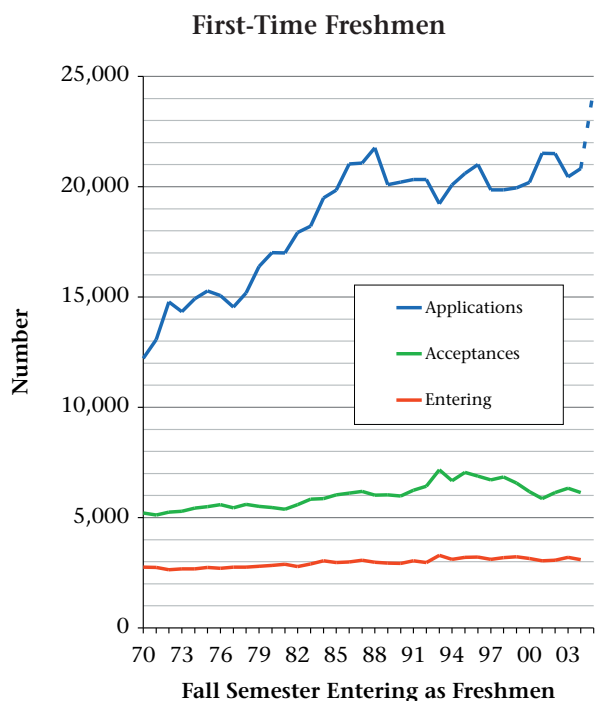
city-wide focus: (a) to increase the overall number of underrepresented minorities, (b) to encourage National Merit Scholars to apply, (c) to highlight the liberal arts as a central and common element of a quality higher education, and (d) to showcase the Cornell Commitment programs in academic excellence, work and service, research and discovery, and leadership and learning.

- Cornell distributes about 100,000 copies of a “view-book”—a large brochure that introduces the breadth of the institution’s academic and student life programs—to first-time freshman prospects. (An additional 40,000 copies are given to transfer prospects and others interested in Cornell.) The individual colleges also send about 35,000 unit-specific brochures and about 85,000 “lead pieces” to prospects based on their interest in specific academic programs. The lead pieces are less expensive to produce and distribute, and help identify those prospects who are genuinely interested in Cornell.
- Recruitment travel has been reorganized and refocused away from the traditional high school visit to off-site events. These marketing opportunities

are held at hotels and other facilities around the country where students and their families participate voluntarily, and much more actively, due to their own interests in learning more about higher education. Cornell has entered into partnerships with some of its institutional peers to lower the university’s cost for these events and to increase their visibility with target audiences.

- A unique feature of Cornell’s current recruitment/admissions process is that applicants are required to apply directly to one of the university’s seven undergraduate colleges (and in some cases, a specific program within the college). While doing so allows individuals to concentrate from the beginning of the process on their academic programs of interest, college-specific recruitment and admissions introduces a level of administrative complexity at Cornell that is not found at many of its peers. The university has initiated a plan to allow freshmen applicants to apply to a primary and an alternate college, beginning in 2006 for those applying for admission for the fall of 2007.

**Change in the Number of Undergraduate Applications, Acceptances, and Entering Students\***



\* *Entering students* are those who have paid acceptance deposits and indicated an intention to enroll. Actual matriculation of entering students is usually two to three percent less as some students defer enrollment or choose not to enroll for a variety of reasons.



- Recently, the university joined the Common Application™ program, which is administered by the National Association of Secondary School Principals on behalf of 255 participating colleges and universities. This service is utilized by five of the Ivy League institutions, several of Cornell's research university peers, as well as many selective liberal arts colleges. The Common Application™ process, besides providing a simpler way for prospects to apply to Cornell, allows the university to reach segments of the prospect population that have not received viewbooks or had personal contact from Cornell representatives.
- A subset of all prospects receive personal communications from Cornell, which take various oral and written forms, initiated by the university's professional admissions staff, faculty, coaches, current students, and alumni. An important link with alumni is provided by the Cornell Alumni Admissions Ambassador Network (CAAAN), a group of over 6,000 alumni volunteers who answer questions of local admissions candidates, accumulate additional information about them, and provide a positive perspective on the university.
- Campus visits by prospects and their families remain important factors in the decision-to-apply process. The central undergraduate admissions office hosts about 10,000 campus prospect visits annually, including scheduled and drop-in visits and planned events targeted for specific audiences, especially underrepresented minorities. Individual colleges also host about 5,000 unit-specific visits. (These are not unique counts as some prospects participate in more than one event during a single visit.) About 800 prospects take part in the Red Carpet Society, a campus event in which prospects interact with current students, sit in on classes, sample food from the dining rooms, and develop a better feel for the Cornell environment.
- Cornell uses external sources, such as consultants and the College Board's Enrollment Planning Service, as well as internal data to evaluate various recruiting approaches. For example, examining the relationship between the number of prospects and applicants from a geographical area and the marketing techniques employed for that location has identified approaches that are more successful in increasing the yield of targeted applicants.

Recruitment, once seasonal in nature, is now a year-round activity. The culmination of this process is the formal application for admission by an average of about 21,000 of the initial 125,000 first-time freshman prospects. As the graph at left on the bottom of page 12 illustrates, the number of applicants varies from year to year. Applications for entrance for the fall of 2005 grew significantly—to 24,444, or 17.4 percent more than the prior year. Factors in this increase include: (a) Cornell's use of the Common Application™ program; (b) a recent redesign of the undergraduate viewbook; (c) improved coordination of the admissions communication plan, including the expanded use of lead pieces by the College of Arts and Sciences; (d) the high profile of many of Cornell's programs and faculty members; and (e) the redesign of the Cornell website, which was introduced in the fall of 2004.

## ADMISSIONS

Admissions activities are focused on selection within the context of institutional academic and enrollment priorities. In a 1999 College Board study, authors Greg Perfetto, *et al.* described the following "nine philosophical perspectives encompassing...eligibility-based admissions models and selection models."

- *Entitlement* – higher education is an inalienable right and should be made available to everyone.
- *Open Access* – college is a natural progression after high school and should be made available to everyone who is qualified.
- *Meritocracy* – access to higher education is a reward for those who have been most academically successful.
- *Character* – access to higher education is a reward for personal virtue, dedication, perseverance, community service, and hard work.
- *Enhancement* – the goal of higher education is to seek out and nurture talent.
- *Mobilization* – higher education is the "great equalizer" and must promote social and economic mobility.
- *Investment* – access to higher education should promote the greater good and further the development of society.
- *Environmental/Institutional* – the admissions selection process is designed to meet the enrollment goals and unique organizational needs of the admitting institution while promoting the overall quality of students' educational experience.
- *Fiduciary* – higher education is a business, and access must first preserve the institution's fiscal integrity.

Cornell subscribes to several of these nine “philosophical perspectives” as its enrollment process is designed to meet its enrollment goals while enhancing the overall quality of the students’ educational experience. The university seeks to promote the greater good and further the development of society at large, and access to its programs is granted to those who have excelled academically and demonstrated service to their communities. The university believes in the view that higher education is a “great equalizer” and strives to ensure that the student body is diverse in many ways.

Perfetto, *et al.* noted further that:

Despite what the popular press and various guidebooks would suggest, gaining admissions to college is not equivalent to finding your place on the food chain. If one must use a biological metaphor, a more appropriate analogy would be finding your niche in an ecosystem. Different institutions aspire to serve different educational needs, and different students will have their educational needs served best by different types of colleges. A particular institution’s decision of whom and how to admit—its admission model if you will—must be related to the societal role that it elects to play.

Finally, these authors describe the intricacy of the admissions process.

...The “best practice model” for making admissions decisions can only be derived after a careful review of the mission of a particular institution, and only after considering an institution’s constraints and available resources. Furthermore, a majority of institutions employ several different decision-making models, either simultaneously or sequentially. What at first glance appears to be a simple process is in reality a very complex process, each institution representing a unique compromise between competing values and priorities.

## Admissions at Cornell

Cornell’s admissions process allows the university to sift systematically through the 25,000-plus applications that are received every year for access, as first-time freshmen and transfer students, to its undergraduate degree programs. As the university enrolls a little over 3,000 first-time freshmen every year and about 600 students who transfer from other institutions, the winnowing process is significant. The admissions process is even more complicated due to Cornell’s tradition of allowing each of the seven colleges with undergraduate enrollments a degree of autonomy in establishing college-specific enrollment goals (such as women students in the College of Engineering or stu-

dents from farm families in the College of Agriculture and Life Sciences) and an active participation of those colleges in recruitment and admissions processes. Yet despite this complexity Cornell operates with a coordinated and highly focused admissions process.

- Enrollment goals for first-time freshmen students are established for each of the seven undergraduate colleges. (See enrollment management, page 8.)
- Currently, applicants apply to a single Cornell college<sup>†</sup> under one of two application options: (a) *early decision*, where an application is filed by November 1st and a decision is made in mid-December, and (b) *regular decision*, in which the application is filed by January 1st and a decision is made between February and April.
- The Early Decision Program (EDP) is designed for applicants whose first choice is Cornell, and the applicant, if accepted by the university, is required to enter into an agreement to attend, withdrawing all applications that may have been made to other institutions. Between 30 and 40 percent of the freshman class is admitted under this program, and its applicants have a slightly better chance of gaining admission as their enthusiasm for Cornell is considered a plus among decision factors. Once EDP admissions are determined in December the university begins its regular decision process.
- While timing varies between the two options the process for both is similar:
  - Applications are received and processed centrally and then distributed to the specific college to which the applicant has applied.
  - In the colleges, applications are reviewed by college admissions staff members, central admissions staff members who have been assigned as readers, and (in some colleges) faculty. Most applications are read by two individuals; some receive reviews by four or five faculty/staff members.
  - Studio programs—such as art, architecture, and interior design—require or recommend a personal interview to permit a review of the applicant’s portfolio of previous and current work. The School of Hotel Administration employs personal interviews to gauge student interest in the hospitality discipline.

<sup>†</sup> See third bullet on page 19 concerning a planned change.

- For both early and regular decision programs, the admissions process is need-blind, and the faculty and staff involved do not have access to financial information about the applicants. Admissions staff can nominate applicants for one of three university recognition programs: the Cornell Presidential Research Scholars Program, The Cornell Tradition, or The Meinig Family Cornell National Scholars Program. Applicants from New York State who meet specific eligibility requirements can also be considered for the Education Opportunity Program. These programs provide a variety of additional supports for applicants that add to the attractiveness of attending Cornell.
- While the criteria for admission vary by college, successful applicants generally:
  - Are dynamic and engaged individuals who will take full advantage of Cornell's vast opportunities and resources.
  - Have intellectual potential, strength of character, and a love of learning.
  - Have achieved academic success as demonstrated by standardized tests, grades received for courses taken previously, grade point averages, class rankings, and merit recognitions.
  - Have shown an interest in the academic program offered by the college for which application is made. This interest may be identified from oral and written presentations and by activities that the applicant has engaged in previously.
  - Possess special talents and abilities.
  - Are highly recommended for enrollment at Cornell by educational professionals.
  - Are able to communicate effectively in a variety of media and situations.
  - Have a well-rounded approach to life that balances academics, extracurricular activities, sports, and civic and community engagement.
- In addition to these general qualities (and specific requirements for certain programs), the university seeks, through its admissions process, to enhance the economic, racial/ethnic, and geographic diversity of its student population. The university views the heterogeneity of backgrounds and life experiences that accompanies such diversity as essential to the educational process.
- Cornell also gives extra consideration to recruited athletes, alumni legacies, dependents of university

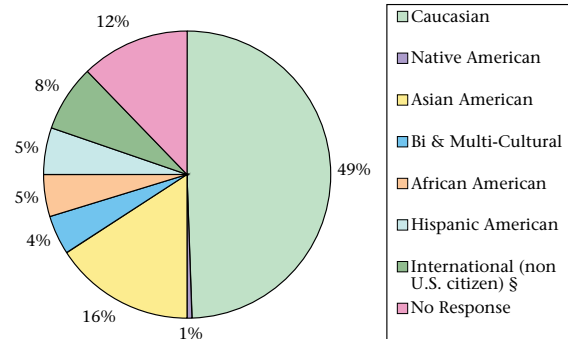
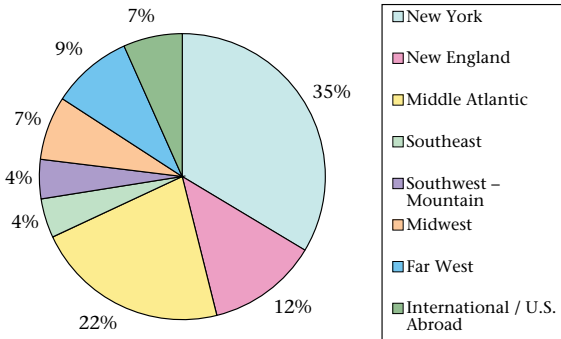
employees, and graduates of local high schools. Such "tipping factors" can provide an admissions edge to otherwise comparable candidates.

- Every year, a certain number of qualified applicants are placed on a waitlist at some point during the application process, and a large fraction of these waitlisted applicants accept such an assignment. The university then offers admission to a subset of the waitlist population later in the admissions process. Doing so allows the institution to meet its enrollment targets for the year without suffering from under- or over-enrollments.

Cornell's admissions process is both objective and subjective. Every application is carefully and individually reviewed. And while standardized test scores such as the SAT® and the ACT® provide useful information, there is no single criterion that determines whether an applicant will be admitted. Cornell's admissions process results in a highly qualified class of able and motivated individuals. Profile statistics of first-time freshmen in the Class of 2008 include:

- The ratio of male to female was 51:49.
- The average age was 18; ages ranged from 16 to 22.
- The class was geographically varied and racially/ethnically diverse. (See graphs on page 16.)
- International students, whether living abroad or in the U.S., accounted for 7.7 percent of the total.
- For the half of the class whose high schools ranked students, 85 percent were in the top 10 percent.
- Sixty-nine percent had verbal SAT® scores above 650 and 83 percent had math SAT® scores above that level.
- Fourteen percent were children of alumni, 6 percent were recruited athletes, and 1.8 percent were the children of university employees.

### Profile of the Class of 2008 – First-Time Freshmen\*



\* Students admitted in the fall of 2004. Excludes transfer students. § Some international students live in the United States.

## FINANCIAL AID

As described earlier, most government-funded undergraduate financial-aid programs were created in the 1960's, as successors to the GI Bill. Three factors shaped the financial-aid approach of the 1960's: (a) a desire to redress racial discrimination, (b) a need to overcome economic inequality that was limiting the country's ability to have a well-educated workforce, and (c) a global challenge to America's perceived military and scientific supremacy during the Cold War era.

Pivotal federal legislative actions of the time were the Economic Opportunity Act of 1964 and the Higher Education Act of 1965, which is reauthorized periodically. These and other laws created programs to provide grant, loan, and work-study support for low-income students as well as to channel expanded funding to higher education institutions directly. The demand for federal financial-aid funding rose dramatically in the 1970's,<sup>†</sup> so much so that the U.S. Congress reshaped these programs to diminish the cost of federal grant funding, substituting a variety of subsidized and unsubsidized loan programs. (See graph on page 17.) Grant aid funded by colleges and universities from institutional resources exceeded the total of federal

and state grant aid in 1963-64 and remains slightly greater currently (\$23.3 billion versus \$23.2 billion in 2003-04). The most significant change in the intervening forty years has been the growth in federal loan programs, which are expected to total \$56.8 billion in 2003-04, and the advent of educational tax benefits, which were introduced in 1998-99 and are expected to total \$6.3 billion in 2003-04.

The national discourse over the relative desirability of grant versus loan programs and the best way to provide those loans continues unabated with the reauthorization of the Higher Education Act, which may occur in 2005. President Bush and members of Congress have offered various proposals to change some programs and eliminate others. Issues include:

- *Pell Grants* – This program, which was created in 1972 and provides about 4.5 million low-income students with annual grants from \$400 to \$4,050, functions like an entitlement and accounts for three-quarters of all federally supported grant-aid costs. The program has experienced a surge in demand that has placed it in a deficit position. As a result, the effective maximum payment has been limited to \$4,050 for several years, a level below its true ceiling. President Bush has proposed additional funding to lift the program out of deficit and recommended a gradual increase in the maximum grant by \$500, offering to eliminate the Perkins Loan program to pay for the change.
- *Campus-Based Student Aid* – Some members of Congress would like to change the way in which campus-based student aid—Federal Supplemental Educational Opportunity Grants, federal work-

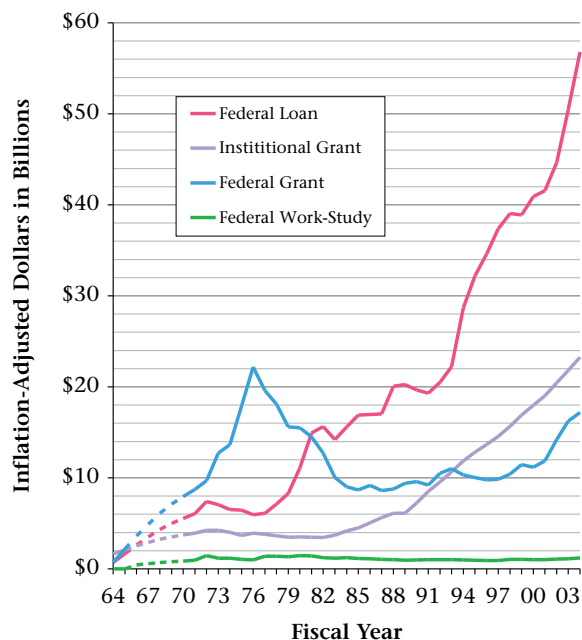
<sup>†</sup> The enrollment of first-time freshmen in U.S. degree-granting institutions of higher education climbed from 670,000 to 1,046,000 over the ten years between 1954-55 and 1963-64. This enrollment increased 38 percent in the next two years, climbing to 1,442,000. By 1975-76, the number of first-time freshmen had reached 2,515,000—almost two and a half times the number enrolled when Congress passed the 1964 and 1965 acts.



study, and Perkins loans—is distributed. The present methodology guarantees funding to institutions (including Cornell) based on the relative shares of aid that each received in the 1970's. Critics charge that this approach underfunds students who attend institutions that were founded since the 1970's.

- *Student Loans* – President Bush has also proposed increasing student loan limits for freshmen from \$2,625 to \$3,500 and further recommended that the total borrowing ceiling for undergraduates be raised from \$23,000 to \$24,875. To pay for these changes, the President would restructure loan consolidations programs, moving from low fixed rates to variable rates. The two houses of Congress have agreed that savings from the restructuring of student loan programs could be obtained, but have differed on what to do with those proceeds. A second loan issue pits advocates of the direct-student-loan program against proponents of the traditional guaranteed-loan programs. The former bypasses banks and other lending institutions by having colleges make loans to students directly

**Selected Sources of Financial-Aid Support For U.S. College and University Undergraduates<sup>†</sup>**  
(in inflation-adjusted, 2003-04 dollars in billions)



<sup>†</sup> Data interpolated between 1964-65 and 1969-70.

using government assets. Some members of Congress have argued that increasing the direct lending program could create savings that could be redirected to increase the Pell Grant maximum to \$5,050. Contradicting studies have painted direct lending as either a boon or a boondoggle, and colleges vary in their enthusiasm for the program.

Cornell has a vested interest in the outcome of the 2005 reauthorization as federal programs provide 28 percent of the total financial aid awarded to the university's undergraduates, and federal loan programs account for 90 percent of the loan component of that support. The *2003-04 National Postsecondary Student Aid Study* provides a current picture of financial aid (with comparable Cornell statistics shown in *italics*):

- Three out of four (76 percent) undergraduates who were enrolled full time for the full academic year in 2003-04 received some type of financial aid. The average amount of financial aid received...was \$9,900. [*At Cornell, 62 percent received some type of financial aid, averaging \$20,367.*]
- About one-half of full-time, full-year undergraduates took out student loans and 62 percent received grants in 2003-04. The average amount borrowed...was \$6,200. The amount of grant aid received...was \$5,600. [*At Cornell, 47 percent took out student loans, borrowing an average of \$7,899. The amount of grant aid received was \$14,686.*]
- Federal Pell Grants were awarded to 27 percent of all undergraduates in 2003-04. ...Undergraduates enrolled full time for the full academic year who were awarded Pell Grants received an average grant of \$3,100. [*At Cornell, 16 percent were awarded Pell grants. Grants received averaged \$2,825.*]
- Twelve percent of all undergraduates enrolled in 2003-04 received aid through one or more of the federal campus-based Title IV aid programs....The average amount of federal campus-based aid received by undergraduates from one or more of these programs was \$1,800. [*At Cornell, 42 percent received campus-based Title IV aid. Aid received averaged \$4,208.*]
- Among all dependent undergraduates who received federal Pell Grants in 2003-04, 84 percent came from families with incomes under \$40,000. [*At Cornell, 95 percent of dependent undergraduates who received Pell Grants came from families with incomes under \$40,000.*]

### Financial Aid at Cornell

Under Cornell's current policies, U.S. citizens and permanent residents are admitted regardless of their ability to pay for the cost of attendance and then are assisted in meeting that cost upon enrollment.

Cornell's practice is to include residents of Canada and Mexico in the definition of "U.S. citizens and permanent residents." Other international students are also admitted regardless of their ability to pay, however only a limited amount of financial aid is provided to meet that need. Financial aid for all undergraduates is awarded based on an economic assessment using the *consensus approach* need analysis.

- First, the university determines the typical *cost of attendance* for a student during the academic year. This cost varies by tuition rate between endowed Ithaca and contract college divisions and between New York State residents and nonresidents in the contract colleges. Tuition also varies for students enrolled in special programs, such as Cornell Abroad. Room and board rates are based on typical on-campus residency and use of Cornell dining services, even when students live off campus. The differential cost of living when studying abroad is also taken into consideration in the calculation. The cost of attendance includes provision for the purchase of books, travel to and from Cornell, and other miscellaneous expenses.
- Second, the *family contribution* is determined. The family contribution is composed of the *parental contribution*—the amount that the student's parents should be able to afford to pay based on an assessment of income and family assets—and a *student contribution* that is based on student assets and how much the student should be able to earn from summer employment. The difference between the cost of attendance and the family contribution becomes the student's *financial need*.
- Third, financial need is adjusted for certain external sources of support, such as federal Pell grants and New York State Tuition Assistance Program (TAP) awards, that can be applied to pay that cost.
- Fourth, financial need is then adjusted for student *self-help*. Self-help represents the amount of the cost of attendance that a student should cover by a combination of student loans and academic-year work. The federal government subsidizes both components of loan and work-study.
- Finally, the cost of attendance not met by family contribution, external sources, and student self-help is covered by university *grant aid*, which comes from endowments and gifts as well as the institution's general unrestricted operating budget.

A sample financial-aid package for an endowed Ithaca undergraduate with demonstrated need who received grant aid in 2004-05 is shown below:

Cost of Attendance	
Tuition & Mandatory Fees	\$30,167
Room & Board	9,933
Book, Travel, & Miscellaneous Costs	<u>2,000</u>
Total Cost of Attendance	42,100
Family Contribution	
Parental Contribution	\$16,000
Student Contribution (based on assets)	0
Student Contribution (summer earnings)	<u>2,000</u>
Total Family Contribution	18,000
Packaged Financial Aid	
External Support (Pell, TAP, etc.)	\$1,200
Student Self-help (loan)	8,780
Student Self-help (work-study)	1,800
University Grant	<u>12,320</u>
Total Packaged Financial Aid	24,100

with the cost of attendance being offset by family contribution and the package of financial aid.<sup>¶</sup>

## CHALLENGES FACING CORNELL

Cornell faces a number of challenges in continuing to provide adequate access to its educational programs.

- *Underrepresented Minorities* – As summarized by Arthur Coleman and Scott Palmer, the U.S. Supreme Court's June 2003 decisions in the cases of *Gratz v. Bollinger* and *Grutter v. Bollinger* "...affirmed the central principle put forward by the University of Michigan—namely, that the educational benefits of diversity constitute a compelling interest that can justify the limited consideration of race in admissions decisions." Cornell has and continues to consider race and ethnicity as two of many factors in its undergraduate admissions process. As described earlier, the effect of acting affirmatively has been to increase the number of underrepresented minority students from less than 25 in 1964-65 to almost 1,500 today. Despite this long-term progress, the number of underrepresented minority undergraduates enrolled at Cornell in the fall of 2004 (1,458) was not substantially different from the number enrolled in

<sup>¶</sup> Students sometimes elect to underutilize the loan and work-study components of their financial-aid packages.

the fall of 1997 (1,456), and underrepresented minorities as a percentage of the overall undergraduate student body has fluctuated between 10 percent and 11 percent since 1991-92. (According to David Hawkins and Jessica Lautz, "...blacks and Hispanics constitute 17 percent of the undergraduate population [nationally, and]...together they constitute 31 percent of the national college-age population.") If the university is to increase the number of underrepresented minorities it must continue to enhance and improve

- the competitiveness of Cornell's financial-aid packages vis-à-vis those of Ivy League and other peer institutions (see below),
- applicants' concerns and perceptions of whether Cornell and the Ithaca community are welcoming environments for students of color, and
- the availability of faculty and other role models to support the undergraduate experiences for underrepresented minorities.

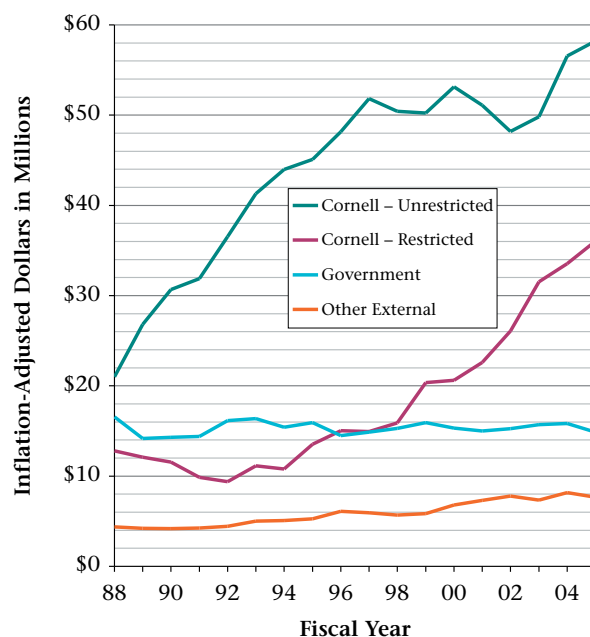
Cornell is addressing these issues through a combination of communications strategies, special preparation and support programs for prospects and applicants whose families have not previously participated in higher education, and enhanced financial-aid packages for low-income students.

- *Funding for Grant Aid* – The university has provided students with financial-aid grants (monies that do not have to be repaid) since its inception. Over the past two decades, Cornell has increased significantly the level of that support, often substituting for a lack of growth in federal and state grant-in-aid programs. (See graph at right.) Since 1987-88, Cornell's unrestricted grant funding (derived largely from tuition revenues) has increased 177 percent in inflation-adjusted terms while restricted grant funding (from operating gifts and endowment payout) has grown 181 percent. During the same period, government grants have declined 10 percent in inflation-adjusted terms. To increase unrestricted grant aid is tantamount to raising tuition (as the major source of such aid) while restricted grant aid can grow only if additional gifts are received or endowment payout is increased.
- *Low-Income Students* – Cornell's continued success in increasing undergraduate socio-economic diversity exacerbates the problem of identifying sufficient grant-aid resources as low-income

students require higher levels of grant funding in order to attend the university. The graph on page 20, which displays the number and percentage of undergraduates who receive low-income Pell Grant awards, shows that Cornell ranks relatively high among peer institutions in attracting low-income students. Also, the distribution of Pell Grant recipients across Cornell's seven undergraduate colleges is fairly uniform. Even so, Cornell and most of its peers were below the national average for Pell Grant recipients in the fall of 2001 of 22.6 percent. Thus there is room for progress at all selective institutions.

In a bid to increase the economic diversity of their undergraduate student bodies, several of Cornell's peers (e.g., Harvard, Princeton, Stanford, and Yale) have modified their financial-aid policies and practices to reduce or eliminate the debt burden and parental contributions of low- and middle-income students, substituting increased grant funding from institutional resources. The ample endowments of these institutions, especially when compared to Cornell's on a per student basis, have enabled them to redirect resources internally for this purpose. Substituting grants for loans for

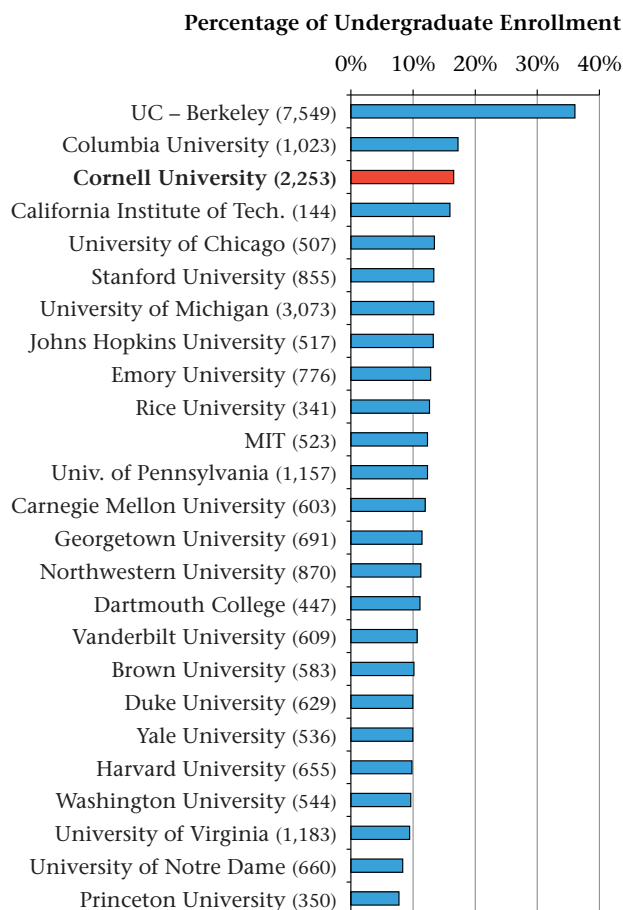
**Sources of Support for Grant Aid  
Cornell Undergraduates**  
(in inflation-adjusted, 2003-04 dollars in millions)



Cornell students whose families have adjusted gross incomes of \$40,000 or less and reducing such loans for families with incomes between \$40,000 and \$60,000 would cost approximately \$9.7 million in 2004-05 dollars.

- *Loans and Debt Burden* – Cornell’s self-help expectation—the combination of loans and work-study employment offered to students with demonstrated financial need that totals \$10,580 for a typical student in 2004-05—is high. A private study conducted in 2004 showed that Cornell’s typical self-help level for endowed Ithaca freshmen is almost twice as large as the average of Ivy League and selected research university peers. Self-help levels for upper-class students are about one and one-half times above the average for these institutions.

**Number and Percentage of Undergraduates Per Institution Who Receive Federal Pell Grant Awards for Low-Income Students**  
(fall 2001; ranked in descending order of percent)



The primary difference between Cornell and this set of peers is the loan component of the self-help package. Decreasing this component of Cornell’s self-help packages for endowed Ithaca students to equal the median of these institutions would cost approximately \$10 million in 2004-05 dollars.

The growth in the use of debt to finance higher education is part of a national landscape where personal debt is used increasingly to access a variety of goods and services. Personal debt now exceeds \$10 trillion nationally, of which \$7.5 trillion is home mortgage debt. Educational loans remain a small fraction of that total, as students and their families borrow about \$49 billion annually through federally subsidized and unsubsidized loan programs. (The use of commercial debt to finance educational costs adds only marginally to this total.) Nationally, the average undergraduate debt for students who attended private doctoral institutions was \$28,000 in 1999-2000. In 2001, those borrowers were repaying their student loans at an average of \$260 per month.

Of the 3,630 undergraduates who graduated from Cornell in 2003, 1,892 (or 52 percent) had some amount of packaged student debt. As the following table shows, the debt level at graduation averaged \$16,402, which was a decrease from the average of \$16,651 in 2002. Debt levels varied widely for graduates in 2003, ranging from \$190 to \$59,273.

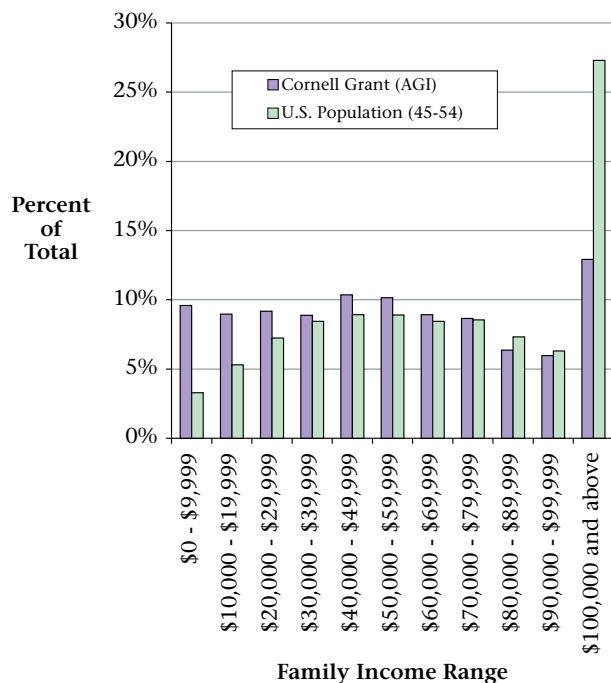
<u>Years Borrowed</u>	<u>Count</u>	<u>Average Debt</u>
1	168	\$3,849
2	273	\$10,795
3	375	\$14,150
4	959	\$19,949
5	66	\$26,876
All	1,892	\$16,402

While a debt of \$16,402 for Cornell’s recent graduates is not insignificant, it remains less than a new car loan, which averaged \$23,939 as of January 2005. Although the university’s graduates appear capable of handling this level of college debt,<sup>†</sup> the university continues to monitor overall debt levels of students and graduates.

<sup>†</sup> Cornell’s undergraduate default rate was 2.5 percent for Perkins Loans in 2003 compared with a national average of 8.9 percent and 1.1 percent in 2002 for Federal Direct Loans versus a national average of 5.2 percent.



**Distribution by Family Income Range of The Cornell Grant-Aid Population and The U.S. Population at Large (age 45 to 54)**



- Middle-Income Students* – The graph above uses family income to compare the distribution of Cornell’s grant recipient population with the population of U.S. families where the head of the household is between 45 and 54 years old (the age range of the typical undergraduate’s parents.) The university’s grant-aid population has a higher percentage of low-income students than this segment of the U.S. population. In addition, Cornell awards grant aid to students whose families have a wide variety of incomes (measured by adjusted gross income—AGI—as reported on federal tax returns). Such distributions occur because Cornell’s determination of a student’s financial need takes into account circumstances such as a family having more than one dependent in college simultaneously or a significant loss suffered by a family-owned business. Recently, Cornell adopted the “consensus approach,” which changed the treatment of student and family assets (such as a family residence) in a way that is more favorable to middle-income families. The university remains sensitive to the fact that middle-income families

face significant challenges in paying for a Cornell education, often borrowing substantially to meet that cost.

- International Students* – Although the university is need-blind with respect to the admission of international students, it does not assist all such students in meeting the full cost of attendance. (See page 18.) As international students are not generally eligible for federal or state financial-aid programs any aid that they do receive, over and above that which they bring from their home countries, must come from Cornell’s resources. The university budgets about \$1.4 million annually for international students excluding those from Canada and Mexico. In 2003-04, aid was provided to 41 individuals at an average grant of \$31,872 per aided student. It has been estimated that the cost of extending Cornell’s current financial aid policy to the full international student population would exceed \$10 million annually.

## BY DESIGN, BY DESIRE

Cornell University was founded on the premise that students from all backgrounds and situations should have access to a rich and varied educational experience. The mode by which that access is provided has changed over the decades, modified to react to governmental policy changes and enhanced to remain sensitive to the gradual transformation of American culture and society. From its beginning, Cornell has been in “cooperative competition” with its peers, as the higher education community redefined and enhanced admissions and financial-aid approaches. Future changes will come as the university addresses the access challenges discussed above, employing recruiting and admissions strategies and awarding financial aid to shape the undergraduate student body. Ensuring the ability of *any student* to gain access to Cornell requires active enrollment management, effective recruitment and admissions strategies, and sufficient financial-aid resources. As these processes evolve and are refined, the ideal of *any student* remains a core institutional value, by audacious design in 1868 and by continued desire in 2005, as the only right and fair course.

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