The Rich-Poor Gap Widens for Colleges and Students.Jeffrey Selingo and Jeffrey Brainard. ***The Chronicle of Higher Education*** 52.31 (April 7, 2006)(1561 words) From *General Reference Center Gold*.

Full Text:

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As in the country as a whole, class distinctions have always existed in higher education.

The Harvards, Michigans, and Grinnells have long snagged the big gifts, posted large endowment gains, hired star professors, and attracted top-notch students, mostly from well-off families and elite suburban high schools. The Clarkes, Keukas, and Mansfields have labored for attention and money, kept a tight rein on expenses, and worried about filling beds each fall with students, many of them from working-class and low-income families with plenty of financial need.

There have been exceptions, of course. Miniature American dreams, you could call them. Inner-city kids have ended up at Ivy League universities, and sizable donations have put striving colleges into the ranks of the elite.

But with each year of the past decade, those success stories have been dwarfed by the already-large endowments ballooning at wealthy colleges and by significant tuition increases, coupled with cuts in state appropriations, that have discouraged the college plans of many students on the lowest rungs of the economic ladder.

The result? By almost every statistical measure, the divide between the haves and the have-nots in higher education -- among students as well as institutions -- is growing. This widening gap comes at a time when class divisions, whether between colleges or among students on the campuses, play an ever growing role in life.

Never before has a college degree meant more in determining social class in America. Yet the nation's wealthiest and most selective colleges are failing to enroll large numbers of poor students. Never before have American colleges been asked to play a more crucial part in educating a generation of students for a global economy. Yet rich colleges are putting many more dollars toward classroom instruction than their poorer counterparts can, while both spend like crazy on campus amenities, like fitness centers and wireless-Internet hot spots, raising students' expectations and diverting resources away from instruction and financial aid.

Take several announcements made by colleges just last last month as an example. In the course of two days, New York University and Columbia University each announced a gift of $200-million, larger than the endowments of 80 percent of the 746 colleges surveyed last year by the National Association of College and University Business Officers. The University of Pennsylvania, Stanford University, and the Massachusetts Institute of Technology all unveiled pricey new financial-aid policies, and in doing so, acknowledged that they needed to work harder to enroll more poor students.

During the next year, The Chronicle will publish a series of articles on the growing divide in higher education. The occasional series, which begins this week, is not designed to look at every aspect of social class on campuses or among institutions, but rather to examine the broad issues as the United States prepares for a time when the student body will look a lot different, and have much more financial need, than those of today.

"The key is really how rich institutions decide to use their resources," says William G. Bowen, president of the Andrew W. Mellon Foundation, who has argued that selective colleges should consider giving admissions preferences to low-income applicants because they are likelier to graduate and go on to accomplish more in life than if they attend less-selective institutions.

Mr. Bowen, a former president of Princeton University, says the burden of bringing a little more balance to the class system in higher education rests on the shoulders of the nation's wealthiest institutions.

"If they use their vast resources for the system as a whole, and not just their own benefit, we're better off," he says. "But if they use them just to up the ante for everyone else, and continue not to adequately serve low-income students, then the consequences are great."

More Spending

Class differences among students have been well documented by public-policy researchers. Few experts, though, have taken on the issue of the growing gap among institutions. The Mellon Foundation embarked on such a study several years ago, says Mr. Bowen, but it stalled for various reasons. "It's a study that needs to be done," he says.

Differences in institutional wealth as defined by two common measures, spending on instruction and endowment assets per student, are widening, according to a Chronicle analysis of data reported to the federal government and the National Association of College and University Business Officers:

* In the past 10 years, average spending on instruction per student at the wealthiest baccalaureate colleges -- those in the top quartile, public and private -- increased by 37 percent; at the same time, spending by those in the bottom quartile grew by only 6 percent. Not only is teaching the central mission of most undergraduate colleges, but higher levels of spending on instruction have been found in numerous studies to correlate with higher graduation rates.

* In the past 10 years, endowment assets per student at the richest baccalaureate institutions grew by nearly $127,000, an amount more than 10 times greater than the growth among the bottom quartile, where assets increased by only $8,600.

Although colleges of varying types and wealth saw roughly the same percentage increase in their endowment assets per student during those 10 years, the institutions at the top received many more actual dollars to support their educational mission directly, says Ronald G. Ehrenberg, director of the Cornell Higher Education Research Institute.

"The actual gap gets larger even if their endowments grow by the same percentage," Mr. Ehrenberg says. "That only exacerbates the differences between the rich and poor."

Also, he says, compared with poor institutions, wealthy ones tend to raise more money annually, plow more of it into their endowments, spend a smaller portion of their endowments, and take more risks in investing, which can earn them larger returns over the long run.

What's more, vast endowments allow colleges more flexibility in how they spend money. To keep up, poor institutions are often forced to borrow. A report released by Moody's Investors Service last month found that the median level of debt for private colleges in 2004-5 was $62.3-million, more than 7 percent higher than in the previous year.

"To the extent that wealthy institutions add amenities of one kind or another, it puts a lot of pressure on schools that have fewer resources," Mr. Bowen says. "And then resources get diverted from more-central purposes."

More Needy Students

The moves last month by Penn, Stanford, and MIT to provide additional financial aid to needy students followed announcements of similar policies in recent years by the University of Virginia, the University of North Carolina at Chapel Hill, and Princeton, among others. While the plans' particulars differ, the goals are the same: to enroll a greater number of needy students.

At Princeton, Pell Grant recipients made up only 7.5 percent of the undergraduates in 2004-5. At Harvard University and Virginia, they accounted for 8 percent, a Chronicle analysis has found. By comparison, they made up 26 percent at Smith College; 22 percent at Berry College; and 39 percent at the University of Cincinnati.

The number of needy students on the campus is not just a concern at wealthy colleges, however. By age 24, only 10 percent of students from the lowest socioeconomic quartile have earned bachelor's degrees, compared with 71 percent from those in the top quartile, says Thomas G. Mortenson, a senior scholar at the Pell Institute for the Study of Opportunity in Higher Education.

Despite those figures, in the past decade it was the nation's wealthiest families that enjoyed the biggest increases in financial-aid packages.

Average student-aid packages for the top quartile of families, ranked by income, more than tripled from 1990 to 2004, growing by $4,555 after adjusting for inflation. But for families in the bottom quartile, the packages rose by just 55 percent, or $3,328. At the same time, average unmet financial need for families in the bottom quartile -- with incomes of less than $34,000 -- grew by 80 percent, to $5,527. Unmet need was effectively zero for the top quartile, in which families earned more than $95,007 in 2004.

"For the bottom half of the income distribution," says Mr. Mortenson, "that [financial aid] is much more important in determining whether they go to college and whether they succeed once they get there."

Indeed, whether a student earns a bachelor's degree is largely determined by class. Since 1996 most of the growth in the proportion of young adults with bachelor's degrees has come from gains among students in the highest income group. That has important implications for low-income students hoping to move up the economic ladder: Recipients of bachelor's degrees make significantly more money over their lifetimes than do those with associate degrees or high-school diplomas.

In a way, says Colleen O'Brien, director of the Pell Institute, the intense focus on the private benefits of higher education over the last decade, specifically on lifetime earnings, has helped change the financing system of higher education from one in which the federal government and states picked up most of the tab to one in which students and their families are increasingly responsible for the bill.

"It's a flaw that we have focused so much on the economic benefits of education," says Ms. O'Brien. "If we're really worried about being competitive, we are only going to move forward as the lowest income levels move forward."

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