

Dear President Bollinger, Dean Quigley, and Dean Galil:

We write to you on behalf of the Columbia College and the Engineering Student Councils. As you will recall from conversations with members of both councils, financial aid has been a concern and priority of ours since the beginning of this academic year. Our purpose in writing this letter is to urge you to make reducing the student self-help component of undergraduate financial aid packages a priority in Columbia's next capital campaign. More specifically, we hope that the University will take steps to replace all need-based student loans with additional scholarship grants, as well as reduce the work-study and student contribution components of financial aid packages. The implementation of these changes will improve student life, result in greater degree of socioeconomic and racial diversity, improve Columbia's competitiveness vis-à-vis its peer institutions, and bolster the link between young alumni and their alma mater.

Four years ago, Princeton University initiated a program committed to reducing the financial burden experienced by low- and middle-income students. That program eliminated loan requirements for students from families earning less than \$40,000 a year, and substantially reduced loan requirements for students from families earning between \$40,000 and \$57,000 a year.<sup>1</sup> Last year, Princeton extended the program, replacing loan requirements with grants for all students on financial-aid. In response, several of Columbia's peer institutions reduced the self-help component of their financial-aid programs. Currently, the self-help component of Princeton's undergraduate financial-aid packages averages \$2,500 a year; the self-help component of Harvard's undergraduate financial aid packages averages \$3,250 a year; and the self-help component of Yale's undergraduate financial-aid packages averages \$3,900 a year. At Columbia, however, the average self-help component of the financial-aid packages made available to undergraduates averages \$7,500 a year, and graduating seniors average \$16,000 of loan-debt.<sup>2</sup>

Numerous studies have shown that the cost of education is "negatively related to student demand for public and private postsecondary education."<sup>3</sup> Low-income groups in particular are "more sensitive to changes in tuition than are upper-income groups."<sup>4</sup> For this reason, financial-aid is central to the successful enrollment and retention of low-income students in institutions of higher education.<sup>5</sup> Given that loan support has been shown to be negatively correlated to the application, matriculation, and persistence rates of low-income students, it stands to reason that the size of the self-help component of Columbia's financial-aid program deters some prospective low-income students from

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<sup>1</sup> "New Financial Aid Policy Makes More Students Pick Princeton." *The Chronicle of Higher Education*

<sup>2</sup> Board of Visitor's Financial Aid Sub-Committee: Report on Financial Aid.

<sup>3</sup> Michael Tierney, "The Impact of Financial Aid on Student Demand for Public/Private Higher Education." *Journal of Higher Education*, Vol. 51, Issue 5. (Sep.- Oct., 1980), pp. 527-545.

<sup>4</sup> Tierney, 529.

<sup>5</sup> Amaury Nora and Alberto F. Cabrera, "The Role of Perceptions in Prejudice and Discrimination and the Adjustment of Minority Students to College." *Journal of Higher Education*, 67(2) March-April 1996, 119-148.

applying, some admitted low-income students from matriculating, and some enrolled low-income students from persisting.<sup>6</sup>

In a 1996 article published in *The Journal of Higher Education*, researchers showed that “declines in minorities’ college participation rates [over the last three decades] correlated with the growth of student loans at the expense of grants”; more specifically, “African-American and Hispanic students were less willing to go into debt to finance their college education than were white students.”<sup>7</sup> By comparison to national averages, African-American and Latino students are underrepresented at Columbia: whereas according to the 2000 census, African-Americans make up 12.3% of the American population, they represent 6.8% of Columbia undergraduates; and whereas Latinos make up 12.5% of the American population, they represent 6.7% of Columbia’s undergraduates.<sup>8</sup> Given that racial minorities tend to be disproportionately poor, it may be the case that by dissuading low-income students from attending Columbia, the prospect of high loan-debt results in less racial diversity on campus.

We recognize that the issue of socioeconomic and racial diversity in higher education is an immensely complicated matter, and that while the reduction of the self-help component of financial aid packages may help remedy the symptoms of inequality, it cannot serve as a solution. Nevertheless, amending Columbia’s financial-aid policies is likely to improve the socioeconomic and racial diversity of its undergraduates. Recent changes in the student body of Princeton University serve as proof. Since Princeton began reducing loan requirements in 1998, its admissions yield has increased by 22.6%; during the same period, the percentage of enrolled students on financial-aid has increased by 31.5%; and between the years 2000 and 2001, the percentage of minority undergraduates increased by 10%.<sup>9</sup>

Replacing need-based student loans with additional scholarship grants will also afford seniors a greater degree of occupational opportunity after graduation. The average loan debt upon graduation of a Columbia undergraduate is \$16,358, a sum that students must begin repaying just six months after leaving the university.<sup>10</sup> Currently, students burdened by the obligation of repaying loans find it difficult to pursue a career in relatively low-paying fields such as liberal arts and public service. For some students, this may mean giving up the career of their choice or the opportunity to attend graduate school. Replacing loans with grants will afford such students more post-graduation options.

A study conducted by researchers affiliated with the Williams Project on the Economics of Higher Education found that alumni donations are more closely correlated to the type of financial aid received than to the size of the award. The study concluded that students

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<sup>6</sup> Eric Jensen, “Student Financial Aid and Persistence in College.” *Journal of Higher Education*, 52(3) May-June 1981, 280-294.

<sup>7</sup> Nora and Cabrera, 120.

<sup>8</sup> Available at: <http://www.columbia.edu/cu/opir/2003EnrIRaceIntl.htm>

<sup>9</sup> Daniel Lipsky-Karasz, “For First Time, Half of Freshman Class Receives Financial Assistance.” 12 September 2002. And: <http://www.studentaffairs.columbia.edu/finaid/cost/>.

<sup>10</sup> U.S. News & World Report 2003 Edition: America’s Best Colleges.

who receive more aid “in the form of grants instead of loans” tend to be more generous in alumni giving.<sup>11</sup> For this reason, too, it is critical that Columbia invest in the reformulation of its undergraduate financial aid program.

In addition to eliminating need-based student loans, we also urge the administration to reduce the size of the work-study component of the financial aid packages made available to Columbia undergraduates. On average, work-study students spend 10 hours each week earning money for tuition and other expenses. In the life of an already busy Columbia undergraduate, this commitment can become an overwhelming burden—work-study students have less time to spend on school work, to participate in extracurricular activities, and to socialize with friends.

Lastly, we urge the administration to begin efforts to reduce the student contribution component of financial aid packages. This yearly contribution, which ranges from \$1,000 to \$3,000, anticipates that undergraduates will secure relatively well-paying summer employment. For this reason, it is especially difficult for students on financial-aid to participate in low-paying or non-paying summer internship opportunities. Because students should be able to pursue the summer opportunities of their choosing, it is important for student contribution requirements to be lowered or eliminated.

We realize that the changes proposed above will be costly. A number of universities unable to afford the elimination of student loans altogether have endeavored to reduce the burden for low-income students first. If Columbia’s current financial situation makes the replacement of all need-based student loans prohibitive, we hope you will consider implementing a program similar to Princeton’s initial model. We strongly believe that no student should have to pass up the opportunity to attend college here because of financial hardship. By replacing loans with grants, we can help ensure that this does not happen.

Respectfully Yours,

Wayne Ting  
President, Columbia College Class of 2006

Seth Caffrey  
Vice President of Policy, Columbia College Student Council

Michael Novielli  
Student Body President, Columbia College Student Council

JaMel Nelson  
President, Engineering Student Council

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<sup>11</sup> Jennifer Yachnin, “Students Who Get Grants Tend to Give More as Alumni, Study Suggest.” *The Chronicle of Higher Education: Daily News*, November 28, 2000.