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Submitted by Scott Jaschik on August 30, 2021 - 3:00am

Cornell College has a variety of admissions challenges. It's a liberal arts college in Mount Vernon, Iowa, a very small city that most people haven't heard of (it's east of Cedar Rapids). It's not Cornell University, the better known Cornell. It is one of a small number of colleges that use the "block plan," in which students take one course at a time, for three and a half weeks.

Despite those realities, students enroll every year, but some are held back by another fact: tuition. The total cost of attendance (including everything -- tuition, room and board, personal expenses, travel) is \$63,135. And the norm for colleges is much less in the Midwest, where students generally go to large universities in their state's system. So Cornell will next year unveil the [Freeway Scholarship](#) ^[1] to students in five states that surround Iowa: Illinois, Minnesota, Missouri, Nebraska and Wisconsin. Any student admitted to Cornell from those states will receive a renewable scholarship of \$30,000. A similar program is in effect for Iowans. There is no income test. There is no academic test other than being admitted. Transfer students are eligible for \$25,000 a year.

Those six states typically produce about half of Cornell's students.

"The goal of our Freeway Scholarship is to ensure a private college experience is accessible to as many students as possible. Without a lot of experience in how college systems and financial assistance programs work, many families don't realize that a private college experience is within their reach financially," says [a webpage](#) ^[2] explaining the program.

Wendy Beckemeyer, vice president for enrollment management, said the program wasn't developed because of a weak year in admissions. The college

had a target of 330 freshmen for the year, and with students already on campus for the new semester, it expects about 400 will be the final number.

The main reason for the program, Beckemeyer said, is that Cornell is private. Strong students in the Midwest "don't see a private education as acceptable," she said.

"A lot of people are attracted to public institutions for their cost," she said. While private colleges have long had a tradition of giving aid, "people discover that too late."

To drive home that point, Cornell has prepared a chart showing its total costs (with the scholarship) compared to the flagship universities in the states where it is offering the aid. The chart shows that students would pay an average of just \$3,250 more to attend Cornell than their own flagships.

Cornell still plans to offer additional scholarships to those it considers "high-achieving scholars and students engaging in the fine arts or esports."

How did Cornell come up with the idea of starting in six states (plus Kansas City, Kan.)? Beckemeyer said she believes students wanted to be reasonably close to home in the pandemic and that these states send the most students to Cornell. If it succeeds financially, she said, she could see expanding the program.

While there will be some students who could have afforded Cornell without the scholarship, Beckemeyer said they might not have enrolled.

One thing Cornell won't release is its discount rate. Jill Hawk, a spokeswoman, said, "Even with our increased enrollment and commitment to diversity, our discount rate remained consistent or better than in recent years. We keep a close eye on the discount rate, but the college prefers not to share it publicly."

The Oglethorpe Idea

Beckemeyer said the idea was also inspired by Oglethorpe University's experience.

Oglethorpe will match public university tuition rates in every state for members of the freshman class who are from those states and who meet certain benchmarks. When the program was introduced in 2018, students had to have at least at a 3.5 grade point average, plus a minimum test score of 1250 combined SAT or a 26 as the composite score on the ACT. This year, with Oglethorpe like most colleges going test optional on admissions, the college changed the requirements to either a 3.8 (weighted) GPA or a 30 ACT or 1400 SAT.

Whitney Lewis, vice president of enrollment management and dean of admission and financial aid at Oglethorpe, said the program has been a clear success. Before the program, Oglethorpe enrolled around 330 freshmen. Every year of the program, the college has attracted more than 400 first-year students.

The discount rate, which is high, has gone up. It was 66 percent before the program and is now 69 percent.

But Lewis said tuition revenue has also gone up because of the increased enrollment. At colleges that have room for more students, like many smaller private colleges, that is more important than discount rate alone, she said.

"All colleges are cognizant of their discount rate," she said, but it's not the only factor.

Oglethorpe has seen GPA rise with the program. "We've continued to attract a high-quality academic student," she said.

At Seattle Pacific University, officials adopted more of an approach like Cornell. Students from Washington State, California, Hawaii and Oregon are eligible.

But the university also cut tuition by one-fourth ^[3] for all students last year, to \$35,100. With the cut and tuition matching, the university says ^[4] that "qualifying students' SPU tuition and fees will be equal to or less than that of their home state's flagship public university."

Nate Mouttet, vice president for enrollment management and marketing, said that the university started off looking at the Oglethorpe model. "But covering the gap between our private tuition price compared to the majority of flagship universities was going to drive up our discount significantly -- if we did it at our current tuition," he said.

"So, we modeled what it would look like if this concept was partnered with a tuition reduction," Mouttet said. "We wanted to see if it would make more sense if our price was lower when offering this level discount. And sure enough, when combined, both strategies projected a better outcome rather than if they were done independently. We first made the larger decision to reduce our price as that impacted how we would build all of our scholarship and aid schema. Then the price matching strategy became a core scholarship commitment that we made to top students from four primary states for us, Washington, Oregon, California and Hawaii."

While last year is a poor comparison because of the pandemic, Seattle Pacific saw a 5 percent increase in yield rates for students from the states in the program.

What the Experts Said

Mike Keane, a senior enrollment consultant at Maguire Associates, said via email that "institutions often execute a strategy like this for at least two reasons -- to increase prospective student interest in the institution (especially in target markets), and to improve yield and enrollment outcomes sufficiently to outpace any loss of average tuition revenue that comes with a more aggressive grant and scholarship strategy. Whether they're successful in achieving those outcomes is very context-dependent (on the institutional type, on the programs being offered, on the peer and competitive set, on the institution's recent history of applications and enrollment outcomes, etc.). For instance, if the institution is already offering average grant and scholarship assistance to prospective students at about the same amount as the new commitment, it may be relatively low risk on the revenue side."

Keane added, "Because these decisions (and their outcomes) are so context-dependent, we are cautious about applying lessons learned from one

institution or one context more broadly, without the opportunity to do both quantitative and qualitative research and dig into price sensitivity and perceptions and behaviors among students in the affected populations. But to the extent that programs like this improve transparency for students, improve outcomes for institutions, and provide more case studies for new approaches to pricing and aid, we're always interested in learning from them and helping other institutions decide if this sort of approach is right for them."

Nanci Tessier, senior vice president of Art & Science Group, said that what her colleagues have seen "is that while sticker price and financial aid awards are important in the college selection process, what primarily drives most student decision making is the value proposition: the lived experience -- academic, co-curricular and social. In other words, at the end of the day, students are driven to apply to and enroll at an institution because they highly value the experience they are going to receive each year more than that at other institutions: the academic program and how it plays out, academic and career advising and outcomes, opportunities for experiential learning (e.g., research with faculty, internships), community service and engagement, study abroad opportunities, and the social milieu. That's not to say that sticker price and financial aid are not important -- they are. Each institution needs to set price and aid levels that are optimal for it in its markets. But we've seen through rigorous research that how the institution's value proposition positions it competitively is almost always a stronger driver of student's decision of where to apply and attend than is the sticker price or financial aid."

Tessier stressed, however, that "what is true for one institution is not true for another. Just because an initiative -- a substantial change in pricing, a guaranteed job or grad school placement, or funding for an internship, for example -- works for one institution doesn't mean it will work for another, because every institution operates within its own unique market."

Donald Hossler, the Distinguished Provost Professor Emeritus at Indiana University at Bloomington (who co-authored an opinion piece for *Inside Higher Ed* ^[5] today), said, "Regional private institutions are in very difficult market positions at the moment. There is a broad consensus amongst policy analysts and scholars that the high-cost and high-aid model (and aid that comes from

discounted dollars) is unsustainable. Nevertheless, precisely what to do is unclear."

He urged the colleges leaders to ask questions such as:

- "Is this part of a long-term plan? If yes, boards of trustees and senior campus administrators need a clear understanding of the plan. If the institution has a strong system of faculty governance, then the plan needs to be explained to faculty as well. Is the institution leading towards a permanent price reset or do they plan to continue this aid strategy? Do they fully grasp the long-term financial consequences of this strategy?"
- "Is this a thoughtful (not panicked) short-term approach to the combined effects of demography and COVID? I would not be critical of this approach. For regional institutions -- public and private -- no one is certain as to the long-term impacts of these developments. Indeed, if any administrator or consultant asserts that they clearly understand the long-term effects, this is someone whose credibility should be in serious question. However, if this is a short-term approach, the institution needs to commit the resources to an ongoing careful study of parent and prospective student attitudes, and of market position over the next three to five years, possibly longer."

Added Hossler: "At no time in the modern era have so many institutions faced this much uncertainty about the future direction of postsecondary enrollment trends."

Admissions ^[6]

Source URL: <https://www.insidehighered.com/admissions/article/2021/08/30/colleges-offer-large-scholarships-students-certain-states>

Links

[1] <https://news.cornellcollege.edu/2021/08/cornell-college-guarantees-30000-admitted-midwest-students/>

[2] https://www.cornellcollege.edu/financial-assistance/scholarships-awards/freeway-scholarship/index.shtml?_ga=2.173208355.1293989174.1630148152-56802010.1629818322

[3] <https://spu.edu/about-spu/press-room/Press/tuition-reimagined>

[4] <https://spu.edu/student-financial-services/matching-scholar-award>

[5] <https://www.insidehighered.com/admissions/views/2021/08/24/proposal-bridge-partisan-divides-college-completion-opinion>

[6] <https://www.insidehighered.com/news/focus/admissions>