

# Statement of

**Dr. Claire L. Gaudiani**

**President of Connecticut College  
To the United States Senate  
Committee on Governmental Affairs  
To be delivered February 9, 2000**

Thank you Mr. Chairman and distinguished Committee Members for this opportunity to speak to you today.

The American dream says that if you are smart and work hard you will have the same opportunities as any other American, regardless of your family's wealth or influence. As president of a highly selective liberal arts college, my role in the American dream is to promote broad and equitable access to, literally, the best education money can buy. But this broad access is now being endangered by a fundamental shift in the way colleges and universities award financial aid.

At Connecticut College, we accept the best students who apply. High-quality education is expensive. If students cannot afford to pay, we figure out a way to meet their full financial need. That practice is called need-based financial aid, and it is the only kind of financial aid we award at Connecticut College.

Over the last three decades, need-based distribution of financial aid has been highly successful from a public policy point of view. It has provided greater access to higher education for disadvantaged individuals and the growing number of middle-income students whose families cannot afford the full price of a top private college or university. The great prosperity this country is now experiencing is directly related to the skills of our workforce. This workforce was educated in an era when we, as a society, tried very hard to give all Americans an equal shot at the best possible education they deserved by virtue of their ability and achievement.

At Connecticut College, our commitment to need-based financial aid puts us in a small and shrinking minority of institutions. The trend, particularly among private colleges and universities, is increasingly toward something called merit aid. Merit. It sounds pretty benign. But, this so-called merit aid is already reducing access to education for poor and middle-income students. And the problem is getting worse.

The term "merit aid" covers a variety of financial aid practices, many of which are predicated on the best of good intentions. First, let us talk about what most parents and students perceive as merit aid. That is, if you are an outstanding student with great potential to achieve, a college will reward you with a merit scholarship regardless of your family's financial resources. Why do colleges give merit aid? It helps them attract students who are deemed highly desirable and will enhance the reputation and quality of the college in academics, or sports, or some other category. What is the harm in merit aid? Simply put, financial aid resources are finite. If we give aid to students who can afford to pay, we have less to give students with real financial need. In that case, they may not be able to go to college or have to settle for a lower-quality college choice.

At Connecticut College, we believe colleges should attract students by offering them outstanding academic programs, not merit awards. Our applications have risen 40 percent over the past five years, 18 percent this year alone. The profile of student we attract is exceptional in terms of class rank and SATs and other measures of merit. We have built a strong curriculum, hired a diverse faculty, and strengthened academic programs such as international study and internships and opportunities for student research. Strong academic programs attract strong students—without the financial carrot of merit aid.

Even the most straightforward kind of merit aid creates real problems from the point of equity. The problem grows if you begin using your institutional financial aid not just to yield better quality students, but to bolster your bottom line. Many colleges are doing this. Suppose I have one full-need student who will require financial aid of \$30,000 a year. Now suppose that instead of accepting that student, I parcel out the same \$30,000 to six no-need students. To make sure that they will choose my college over my competitors, I offer each one a “merit grant” of \$5,000. Abracadabra! I have spent the same \$30,000 in financial aid. But now, instead of using it for one student who brings the college zero revenue during her four years, I have used it to secure six students, each of whom pays the college \$100,000 over four years. Not only have I filled six dormitory beds with good credit risks, but I can approach their parents for contributions to my annual fund and maybe even my capital fund. So who loses? Academically capable students with the bad luck to come from poor or middle-income families.

Colleges and universities are even hiring consultants who will come in and design a system to pinpoint exactly how much financial aid you need to offer to which students in order to maximize the number of high-quality, low-need students who accept your offer of admission. This is called financial aid leveraging and it is extremely effective. They build a matrix of students based on all kinds of sophisticated statistical research. They can even cross-reference with credit bureau data about applicants’ families. So they can say, for example, this student visited the campus three times. He obviously wants to come here very badly, so if we shortchange him on financial aid, he will stretch and come up with the money somehow. But this other student, she comes from a very fancy prep school that historically has not sent many students here. Her family can pay the bill, but we will give her this “merit scholarship” to make sure she brings her academic potential—and her family’s money and connections—to our school.

It is easy to understand why more and more institutions are using merit aid. In a pure business, bottom-line-oriented universe, it makes perfect sense. But I believe that when we start treating higher education like any for-profit business, then we have lost sight of our reason for existence. The purpose of higher education is not to maximize revenue. The purpose is to produce compassionate, productive, effective citizens, who will make society a better place. That full-need student who produces no revenue might, if she matriculated at the college, become a prize-winning physicist, a successful corporate lawyer or an inspirational fifth-grade teacher. But without need-based financial aid, we will never know what she might have become. Not just the student has lost something, but also society as a whole.

How many offices here in Washington, D.C., or on Wall Street, or throughout the nation would be empty if the recipients of need-based financial aid were not there? I know that I would not be in the position that I am so privileged to hold if I had not received need-based aid to attend Connecticut College more than 30 years ago.

As a college president, I am very aware of the financial pressures my peers are under. It costs a lot of money to provide a top quality education and you are competing with many fine institutions, including private schools with bigger endowments and public schools with state subsidies. You have to pay for all sorts of things like salaries for brilliant professors, nuclear magnetic resonating spectrometers for your science programs, black box theaters for your arts program, and state-of-the-art dining facilities so students will not miss their parents’ home cooking too much.

So, yes, I would be very happy if my Vice President for Enrollment told me that the 450 absolute best applicants for next year’s class just happened to be no-need. But I would also be very suspicious, because I do not believe that excellence and ambition follow income lines. That is why 50 percent of Connecticut College students receive some form of financial aid. That is also why Connecticut College’s institutional financial aid has grown 64 percent over the last ten years—compared to a 30 percent increase in the federal grants we administer. For me, as president of a college with an 80-year-old honor code, one litmus test of my financial aid policy is whether I would feel comfortable explaining to any parent group the criteria on which we make our awards. If our commitment to need-based aid means that we as an institution have to dip more deeply into our endowment or lean more heavily on our alumni and donors, so be it. Access and equity are part of my college’s soul. I believe in an elite of ability, not of bank account.

Equality of opportunity is one of the basic principles on which this country was founded and has prospered. It is also a very strong glue that holds together our increasingly diverse society. When we

use a spreadsheet mentality to award financial aid, we are turning our back on the American dream. I urge you to support an aid system that helps every child to attend the best college or university for which he is suited by virtue of ability and achievement. Where I come from, that is what we call merit.

**Claire L. Gaudiani**

**President, Connecticut College**

Claire L. Gaudiani is president of Connecticut College, a position she has held since 1988. She was a 1966 graduate of Connecticut College and is its first alumna president. She earned her M.A. and Ph.D. in French literature from Indiana University.

As president of Connecticut College, she leads the 14th most selective liberal arts college ranked among the top 25 in the nation. During her tenure, the college has established four interdisciplinary, academic centers in the sciences, arts and technology, international studies, and community action and public policy that are considered models in their fields; increased its endowment from \$32 million in 1988 to \$145 million as of October 1999; exceeded a \$125 million campaign goal nearly five months ahead of schedule; and completed more than \$60 million in new construction and renovation.

She also is leading higher education to a new level of college-community partnerships. In September 1997, she was elected president of the New London Development Corporation, or the NLDC, where she helped catalyze the decision of Pfizer Inc. to locate a \$280 million global research facility in the college's host city of New London. The facility is the cornerstone of a comprehensive, \$715 million development plan for the city's downtown and waterfront supported by federal, private and state funding. The city has a tax base of \$900 million. Grounded in Dr. Gaudiani's philosophy that economic development and social justice are two sides of the same coin, the goals of the NLDC are to create jobs, increase the New London tax base and improve the quality of life for all citizens.

The plan operates under the principle that economic development must be advanced concurrently with benefits to all socio-economic levels of the community. Furthering its links to the city, the college is marshalling the resources of its academic community, area businesses, and government, civic and educational organizations to provide nearly \$19 million in social justice programming, scheduled for completion by 2002. Areas targeted include K-12 education; arts, humanities and public space; economic opportunity; early childhood development; and health and wellness. The plan also includes opportunities for student interns from Connecticut College to be part of the development process.

Dr. Gaudiani has shared her vision through teaching, speaking and publishing in the United States and abroad. The author of six books and more than 80 chapters, articles and op-eds, Dr. Gaudiani is writing a seventh book, on the Wisdom Tradition. Each spring, she teaches "Literature, Service and Social Reflection," a service learning course that integrates academic coursework with volunteer community service. She holds honorary degrees from seven institutions, including Purdue University and most recently the University of Notre Dame. In 1996, Dr. Gaudiani was selected as one of 25 distinguished Americans to celebrate the Fulbright Foundation's 50th anniversary and toured Morocco where she engaged leaders in discussions on global ethics. She is also a Fellow of the American Academy of Arts and Sciences and a member of the Century Association and Phi Beta Kappa.

Dr. Gaudiani is a member of the national Council for a Civil Society based at the University of Chicago. She has been an articulate spokeswoman for the importance of a civil society, for the role of philanthropy in promoting civic engagement and in leading us toward that model of a civil society which, in her words, "is marked by freedom and responsibility, respect for diversity, a striving for justice and equality, a passion for human dignity, and an abiding commitment to the common good."

Active on boards in the private and independent sector, Dr. Gaudiani is a former chair of Campus Compact, the organization of more than 500 colleges and universities that takes a leadership role in their communities. She is a director of the National Charities Information Bureau and the National Service Commission, a trustee of the Eugene O'Neill Theater, and a national advisory committee member of the Woodrow Wilson National Fellowship Foundation. She served for many years as a trustee of the Hazen Foundation and is active in nonprofit work in her hometown of New London. Her corporate board memberships include MBIA, Inc. and Citizens Bank, and she has been a member of the Council on Foreign Relations since 1992.

Before becoming president of Connecticut College, Dr. Gaudiani taught French literature at Purdue University and the University of Pennsylvania where she was part of the academic team that founded the Joseph H. Lauder Institute for Management and International Studies at the Wharton School. While at Penn, she also founded two national programs: Academic Alliances, in which college and high school teachers mentor one another in their subject areas; and the Rockefeller Foundation-National Endowment for the Humanities fellowship program for high school foreign language teachers.

Dr. Gaudiani is a leader in the important effort to help us understand the nature of civic space and the role of a civil society as we begin a new millennium. This effort will put resonance and meaning back into the word "citizen" and will help an informed people build on those liberties that are our cherished inheritance.