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COLLEGE 2005

DOES MERITOCRACY WORK?

Not if society and colleges keep failing to distinguish between wealth and merit

BY ROSS DOUTHAT

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For a parent drowning in glossy college mailings, a college admissions officer deluged with applications, or a student padding a résumé with extracurricular activities, it's easy to see applying to college as a universal American rite of passage—a brutal and ecumenical process that ushers each generation of stressed-out applicants into the anteroom of adulthood. But for many American teenagers the admissions process is something else entirely—a game that is dramatically rigged against them, if they even play it. In a country where a college degree is a prerequisite for economic and social advancement, rich and upper-middle-class students can feel secure about their chances. They may not have the grades or the good fortune to attend their first-choice schools, but they're still likely to be admitted to a college that matches their interests and ambitions reasonably well. For those further down the socioeconomic ladder, though, getting in is hard, and getting through can be even harder.

Native intelligence and academic achievement do lift many poor students into college. But especially where elite colleges are concerned, students from well-off families have a big advantage. The figures are stark. If you hope to obtain a bachelor's degree by age twenty-four, your chances are roughly one in two if you come from a family with an annual income over $90,000; roughly one in four if your family's income falls between $61,000 and $90,000; and slightly better than one in ten if it is between $35,000 and $61,000. For high schoolers whose families make less than $35,000 a year the chances are around one in seventeen.

This is not how the modern meritocracy was supposed to work. American higher education was overhauled in the middle years of the twentieth century to be a force for near universal opportunity—or so the overhaulers intended. The widespread use of the SAT would identify working-class kids with high "scholastic aptitude," as the initialism then had it (since 1994 the SAT has been for "scholastic *assessment*"), and give them the academic chances they deserved. Need-based financial aid and government grants would ensure that everyone who wanted a college education could afford one. Affirmative action would diversify campuses and buoy disadvantaged minorities.

Part of this vision has come to pass. Minority participation in higher education has risen since the 1960s, and college campuses are far more racially and ethnically diverse today than they were half a century ago. But the socioeconomic diversity that administrators assumed would follow has failed to materialize. It's true that more low-income students *enroll* in college now than in the 1970s—but they are less likely to graduate than their wealthier peers. Through boom and recession, war and peace, the proportion of the poorest Americans obtaining college degrees by age twenty-four has remained around six percent.

This is not something that most colleges like to discuss—particularly elite schools, which have long taken pride in their supposed diversity. But the idea that the meritocracy isn't working is gaining currency among observers of higher education. It's visible in recent high-profile changes in the financial-aid policies of such schools as Harvard, Princeton, and the University of Virginia; as a thread of disquiet running through the interviews this magazine has conducted with admissions officers over the past two years; and as the unpleasant but undeniable conclusion of a number of new studies.

The most prominent of these studies was headed by William Bowen, a former president of Princeton, who since leaving that office, in 1988, has produced a series of weighty analyses of college admissions—on the consequences of racial preferences, the role of athletics, and, most recently, the question of socioeconomic diversity. In the recently published book *Equity and Excellence in American Higher Education,* Bowen and his co-authors use detailed data from the 1995 entering class at nineteen selective schools—five Ivies, ten small liberal arts colleges, and four flagship state universities—to argue that elite universities today are as much "bastions of privilege" as they are "engines of opportunity." Only six percent of the students at these schools are first-generation collegians; only 11 percent of the graduates come from families in the country's bottom economic quartile. The picture is even worse in another recent study. The education expert Anthony Carnevale and the economist Stephen Rose surveyed 146 top colleges and found that only three percent of their students came from the bottom economic quartile of the U.S. population—whereas 74 percent came from the top one.

At the very least, the persistence of this higher-education gap suggests that the causes of the decades-old growth in economic inequality are deeper than, say, tax cuts or the ebb and flow of the stock market. Inequality of income breeds inequality of education, and the reverse is also true: as long as the financial returns on a college degree continue to rise, the upper and upper-middle classes are likely to pull further away from the working and lower classes.

The United States still leads most countries by a considerable margin in proportion of the population with a college degree (27 percent). But when the sample is narrowed to those between the ages of twenty-five and thirty-four, we slip into the pack of industrialized nations, behind Canada, Japan, and five others. Further, the U.S. college-age population is swelling (it will increase by about 3.9 million during this decade, according to one estimate), with much of the growth occurring among low-income Hispanics, one of the groups least likely to attend college. Educating this population is an enormous challenge—one that we are unprepared to meet.

The obvious culprits are the universities, which have trumpeted their commitment to diversity and equal access while pursuing policies that favor better-off students. Not only is admitting too many low-income students expensive, but it can be bad for a school's rankings and prestige—and in the long run prestige builds endowments.

The current arms race for higher rankings began in earnest in the early 1980s, when the post—Baby Boom dearth of applicants sent colleges, both public and private, scrambling to keep tuition revenue coming in. It has been sustained by anxious Boomer parents, by the increasing financial advantages of a college degree, by cutbacks in government aid, and by magazines eager to make money from ranking America's top schools. The rankings rely on statistics such as average SAT scores, alumni giving, financial resources, and graduation rates. Attracting students with high scores *and* high family incomes offers the biggest gains of all. (See Matthew Quirk's "The Best Class Money Can Buy," page 128.)

Meanwhile, the admissions process is strewn with practical obstacles for low-income students. Early-admissions programs, for instance, which James Fallows has discussed in these pages (see "The Early-Decision Racket," September 2001 *Atlantic*), offer many benefits to applicants, but they almost exclusively help wealthy students, whose parents and guidance counselors are more likely to have the resources to take advantage of them. Poorer students are also less likely to know about the availability of financial aid, and thus more likely to let "sticker shock" keep them from applying in the first place. And a poor student put on a waiting list at a selective school is less likely than a well-to-do student to be accepted, because often a school has exhausted its financial-aid budget before it turns to the list.

In this scramble selectivity is "the coin of the realm," as one admissions officer put it to *The Atlantic* last year. More and more schools define themselves as "selective" in an effort to boost their position and prestige, and fewer and fewer offer the kind of admissions process that provides real opportunities for poorer students. As a result, those disadvantaged students who do attend college are less and less likely to find themselves at four-year schools. Among students who receive Pell Grants—the chief need-based form of federal assistance—the share attending four-year colleges fell from 62 percent in 1974 to 45 percent in 2002; the share attending two-year schools rose from 38 percent to 55 percent.

The advantage to well-off students is particularly pronounced at private colleges and universities. Over the course of the 1990s, for instance, the average private-school grant to students from the top income quartile grew from $1,920 to $3,510, whereas the average grant to students from the lowest income quartile grew from $2,890 to $3,460. And for all the worry of the middle class over rising tuition, increases in grant dollars often outstrip increases in tuition costs for middle- and upper-income students—but not for their poorer peers. In the second half of the 1990s, a study by the Lumina Foundation (a higher-education nonprofit) found, families with incomes below $40,000 received less than seventy cents in grants for every dollar increase in private-college tuition. All other families, including the richest, received more than a dollar in aid for every dollar increase in tuition.

It isn't just schools that have moved their aid dollars up the income ladder. State and federal governments have done the same. Since the 1980s public funds have covered a shrinking share of college costs, and with entitlements claiming an ever growing chunk of state and federal budgets, the chance of a return to the free-spending 1970s seems remote. But even when higher-education outlays have increased—they did during the 1990s boom years, for instance—government dollars have been funneled to programs that disproportionately benefit middle- and upper-income college students. Both colleges and states have increasingly invested in "merit-based" scholarships, which offer extra cash to high-performing students regardless of need; these programs are often modeled on Georgia's HOPE scholarship, established in 1993 and funded by a state lottery, and thus amount to a form of regressive taxation. The federal government, meanwhile, has used tax credits to help parents defray the cost of college—a benefit that offers little to low-income families. Pell Grants have been expanded, but the purchasing power of individual grants hasn't kept pace with rising tuition.

Overall, American financial aid has gradually moved from a grant-based to a loan-based system. In 1980, 41 percent of all financial-aid dollars were in the form of loans; today 59 percent are. In the early 1990s Congress created a now enormous "no-need" loan program; it has been a boon for upper-income students, who can more easily afford to repay debts accrued during college. At the same time, the federal government allowed families to discount home equity when assessing their financial circumstances, making many more students eligible for loans that had previously been reserved for the poorest applicants. The burdens associated with loans may be part of the reason why only 41 percent of low-income students who enter four-year colleges graduate within five years, compared with 66 percent of high-income students.

All these policy changes have been politically popular, supported by Democratic and Republican politicians alike. After all, the current financial-aid system is good for those voters—middle-class and above—who already expect to send their kids to college, and who are more likely to take the cost of college into consideration when they vote. And though Americans support the ideal of universal educational opportunity, they also support the somewhat nebulous notion of merit and the idea that a high SAT score or good grades should be rewarded with tuition discounts—especially when it's their children's grades and SAT scores that are being rewarded.

But it's not enough to blame the self-interest of many universities or the pandering of politicians for the lack of socioeconomic diversity in higher education. There's also the uncomfortable fact that a society in which education is so unevenly distributed may represent less a failure of meritocracy than its logical endpoint.

That the meritocracy would become hereditary was the fear of Michael Young, the British civil servant who coined the term. His novel *The Rise of the Meritocracy* (1958)—written in the form of a dry Ph.D. thesis that analyzed society from the vantage point of 2034—envisions a future of ever more perfect intelligence tests and educational segregation, in which a cognitive elite holds sway until the less intelligent masses rise to overthrow their brainy masters. A scenario of stratification by intelligence was raised again in 1971, in these pages, by the Harvard psychologist Richard Herrnstein, and in 1994 by Herrnstein and Charles Murray, in their controversial best seller *The Bell Curve*. That book is now remembered for suggesting the existence of ineradicable racial differences in IQ, but its larger argument was that America is segregated according to cognitive ability—and there's nothing we can do about it.

Today Young's dystopian fears and *The Bell Curve*'s self-consciously hardheaded realism seem simplistic; both reduce the complex questions of merit and success to a matter of IQ, easily tested and easily graphed. The role that inherited intelligence plays in personal success remains muddy and controversial, but most scholars reject the "Herrnstein Nightmare" (as the journalist Mickey Kaus dubbed it) of class division by IQ.

It doesn't really matter, though, whether our meritocracy passes on success genetically, given how completely it is passed on through wealth and culture. The higher one goes up the income ladder, the greater the emphasis on education and the pressure from parents and peers to excel at extracurricular achievement—and the greater the likelihood of success. (Even the admissions advantage that many schools give to recruited athletes—often presumed to help low-income students—actually tends to disproportionately benefit the children of upper-income families, perhaps because they are sent to high schools that encourage students to participate in a variety of sports.) In this inherited meritocracy the high-achieving kid will not only attend school with other high achievers but will also marry a high achiever and settle in a high-achieving area—the better to ensure that his children will have all the cultural advantages he enjoyed growing up.

Powerful though these cultural factors are, change is possible. The same studies that reveal just how class-defined American higher education remains also offer comfort for would-be reformers. Certainly, policies that strengthen families or improve elementary education undercut social stratification more effectively than anything colleges do. For now, however, numerous reasonably prepared students—300,000 a year, by one estimate—who aren't going to college could be. And many students who are less likely than their higher-income peers to attend the most selective schools would thrive if admitted.

The obvious way to reach these students is to institute some sort of class-based affirmative action—a "thumb on the scale" for low-income students that is championed by Bowen and by Carnevale and Rose in their analyses of educational inequality. Many elite universities claim to pursue such policies already, but Bowen's study finds *no* admissions advantage for poor applicants to the selective schools in the sample simply for being poor. In contrast, a recruited athlete is 30 percent more likely to be admitted than an otherwise identical applicant; a member of an under-represented minority is 28 percent more likely; and a "legacy" (alumni child) or a student who applies early is 20 percent more likely.

As an alternative Bowen and his co-authors propose that selective schools begin offering a 20 percent advantage to low-income students—a policy with "a nice kind of symbolic symmetry" to the advantage for legacies, they point out. By their calculations, this would raise the proportion of low-income students at the nineteen elite schools in their sample from 11 to 17 percent, without much impact on the schools' academic profiles.

Class-based affirmative action has an obvious political advantage: it's more popular with the public than race-based affirmative action. (Bowen envisions socioeconomic diversity as a supplement to racial diversity, not a replacement.) Increasing socioeconomic diversity might offer something to both sides of the red-blue divide—to a Democratic Party rhetorically committed to equalizing opportunity, and to a Republican Party that increasingly represents the white working class, one of the groups most likely to benefit from having the scales weighted at elite universities.

But however happy this may sound in theory, one wonders how likely schools are to adopt class-based preferences. As Carnevale and Rose put it, doing so "would alienate politically powerful groups and help less powerful constituencies"; Bowen notes that it would reduce income from tuition and alumni giving. A selective school might court backlash every time it admitted a poor kid with, say, a middle-range SAT over an upper-middle-class kid with a perfect score. It's doubtful that many colleges would be willing to accept the losses—and, for the more selective among them, the possible drop in *U.S. News* rankings.

Even the elite of the elite—schools like the nineteen examined in Bowen's book, which are best able to afford the costs associated with class-based affirmative action—seem more inclined to increase financial aid than to revamp their admissions policies with an eye toward economic diversity. In the past several years schools like Harvard, Princeton, and Brown have shifted financial-aid dollars from loans to grants, helping to ensure a free ride for the neediest students once they get in. Such gestures make for good public relations, and they do help a few students—but they don't make it easier for low-income students to gain admission.

The benefits and the limitations of moving from loans to grants can be observed in the "AccessUVa" program at the University of Virginia, one of the schools in Bowen's sample. In 2003 it had a typical entering class for an elite school—58 percent of the students came from families with annual incomes above $100,000—and in 2004 fewer than six percent of students came from families with incomes below $40,000. In 2004 Virginia announced that for students with family incomes below 150 percent of the poverty line it would eliminate need-based loans and would instead offer grants exclusively (the school has since raised the threshold to include families of four making less than 200 percent of the poverty line, or about $40,000). It would also cap the amount of debt any student could accrue, funding the rest of his or her tuition through grants. The school publicized its increased affordability, with large-scale outreach to poorer parts of the state. It's too early to judge the program's success, but the first year's results are instructive: the number of low-income freshmen increased by nearly half, or sixty-six out of a class of about 3,100. This is a praiseworthy if small step: those sixty-six brought the low-income total to 199, or about six percent of the class. But it does not solve the problem of unequal access to higher education.

Significant improvements in access, if and when they come, will probably have little to do with the policies at the most elite schools. In America access ultimately rests on what happens in the vast middle rank of colleges and universities, where most undergraduates are educated—in particular, in state schools.

One thing that's unlikely to happen is a sudden increase in funding for higher education, along the lines of the post—World War II surge that made college possible for so many young people. The budgetary demands of swelling entitlements and military spending, the wariness of voters who perceive schools (sometimes rightly, usually wrongly) to be growing fat off their high tuition, and the cultural chasm between a Republican-controlled government and a lefter-than-thou academy—all this and more ensures that spending on higher education will not leap to the top of the nation's political agenda. Instead, schools and legislators must be willing to experiment.

The good news is that there's no shortage of ideas. Bowen, for instance, points out that state schools might consider rethinking their relatively low tuition, which amounts to a subsidy for wealthy in-state parents. (Indeed, upper-income parents are increasingly choosing to send their children to state schools, presumably with just this advantage in mind.) These schools could keep their official tuition low while charging premiums for better-off applicants. Or they could follow the lead of Miami University, in Ohio, which recently raised in-state tuition to the same level as out-of-state tuition (from $9,150 to $19,730).

What should be done with the extra money? State governments might consider tying funding for schools more tightly to access—either directly, by rewarding those colleges that graduate larger numbers of low-income students, or indirectly, as Bowen and his co-authors suggest, by shifting funding from flagship universities to regional schools, which are more likely to enroll disadvantaged students.

More radically, states might ask how well they are serving their populations by funding public universities directly and allowing the universities to disburse the funds as they see fit. If the point of a public university is to hire superstar faculty members, build world-class research facilities, and compete with Harvard and Yale, then perhaps this way of funding makes sense. (It's worth noting that since the 1970s public schools have spent an increasing share of their funds on research and administration rather than on instruction.) But if the point is to make higher education more accessible, it doesn't.

The Ohio University economist Richard Vedder has suggested that states might consider offering less money to schools and more money to students, in the form of tuition vouchers redeemable at any public institution in their home state. These could be distributed according to financial need: if the average tuition in a state university system were $15,000, a poor student might receive a voucher for $15,000 and a wealthy student one for $3,000. Schools would have less of a financial incentive to admit mostly rich students. Vouchers might also simplify filing for financial aid; the economist Thomas Kane has argued that the sheer complexity of this process deters many low-income students.

Like class-based affirmative action, a voucher program might be able to command support from both sides of the political aisle. The system's market-based efficiency would delight free marketeers (Vedder is affiliated with the conservative American Enterprise Institute), and its potential for increasing access might win the support of egalitarian liberals. And a voucher approach to funding state schools would mean less direct state involvement in higher education, which would please academics and administrators tired of having cost-conscious legislators looking over their shoulders.

Governments and public universities may also have lessons to learn from for-profit schools, which increasingly attract the students shut out of American higher education. Driven by bottom-line concerns, some of these schools enroll students who can't do the work, or promise job opportunities that never materialize. But many are oriented toward the needs of low-income populations. In New York State, for instance, some commercial schools set tuition at around $9,000—exactly the amount that a needy student can expect to receive from a Pell Grant combined with the state's tuition-assistance program. And they tend to serve the kind of students that traditional universities are failing—working adults, for instance, looking for the economic advantages that come with a college degree.

What gives the for-profit schools a leg up is their ability to "unbundle" a college education from its traditional (and costly) campus environment—something made possible in large part by the spread of the Internet. Some for-profit schools are entirely Web-based. Many others have put their reading lists, class registration, and even advising online. This is obviously not a model that a flagship state university is likely to emulate. But it may no longer make sense to spend a vast amount to sustain a traditional campus experience for the few when the same amount can provide an education for the many.

All these experiments—and that's what they are—have drawbacks. Public universities that spend more to improve access and graduation rates could make up for the expense by cutting, say, faculty salaries. Public schools already have a hard time keeping sought-after teachers from jumping to private colleges; if more money were spent enrolling and graduating poorer students, the problem would only worsen.

And the more that market efficiency was brought to bear on higher education, and the more that degree-granting and graduation rates were emphasized over the traditional academic experience, the more the liberal arts would be likely to suffer. Computer classes would crowd out Shakespeare, management courses would replace musical instruction, everyone would learn Spanish and no one Greek. Who would speak up to save liberal education?

The most obvious drawback is that a more egalitarian system, in which a college degree is nearly universal and therefore a less exclusive pathway to later success, would run counter to the interests of upper-middle-class parents—the people who wield the most influence in the politics of higher education. It's elite Americans who would lose out in class-based affirmative action. It's elite Americans who would pay more if state schools raised their tuition and state governments handed out income-adjusted vouchers. And it's elite Americans who would lose some of their standing if educational opportunity were more widely distributed. Why should they give it up? *It's not as if our child doesn't deserve his advantages*, parents might say, after helping that child rack up not only high grades and SAT scores but also a sterling record of community service.

What, really, does an eighteen-year-old high achiever "deserve"? A good college education, certainly—but surely not the kind of advantage that college graduates now enjoy. As Nicholas Lemann put it in *The Big Test*, his history of the American meritocracy, "Let us say you wanted to design a system that would distribute opportunity in the most unfair possible way. A first choice would be one in which all roles were inherited … A second unfair system might be one that allowed for competition but insisted that it take place as early in life as possible and with school as the arena." Students should be rewarded for academic achievement. But twelve years of parentally subsidized achievement should not hand them an advantage for the next fifty years of their lives.

** **NEXT ARTICLE BEGINS on FOLLOWING PAGE** **

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COLLEGE 2005

THE BEST CLASS MONEY CAN BUY

*The rise of the "enrollment manager" and the cutthroat quest for competitive advantage.
The secret weapon: financial-aid leveraging*

BY MATTHEW QUIRK

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I asked Bob Bontrager what he thought about eating other people's lunches. "I personally prefer kicking their ass," he replied. "It's a zero-sum game. There's a finite number of prospective students out there. Are you going to get them, or is your competitor going to get them? You face the pressure and say, 'That feels burdensome to me; I don't want to deal with that.' Or you say, 'That's a pretty interesting challenge; I'm going to go out there and try to eat their lunch. I'm going to try to kick their ass.' That defines people who are more or less successful and those who stay in the position."

Bontrager, who works at Oregon State University, is the school's head of enrollment management—a relatively new but increasingly essential post in higher education. Three quarters of four-year colleges and universities employ an enrollment manager to oversee admissions and financial aid. The position is standard at private schools, and is spreading quickly across public institutions.

Eating the other guy's lunch is one of several turns of phrase (most involving some sort of predatory snacking) used to evoke the competition for prestige and revenue that has led to the rise of the enrollment manager. If you've snatched up another school's top prospects or leapfrogged it in the *U.S. News* rankings, you've eaten its lunch.

Over the past twenty years, often under cover of the euphemisms with which the industry abounds, enrollment management has transformed admissions and financial aid, and in some cases the entire mission of a college or a university. At its most advanced it has a hand in every interaction between a student and a school, from the crafting of a school's image all the way through to the student's successful graduation. Any aspect of university life that bears on a school's place in the collegiate pecking order is fair game: academic advising, student services, even the curriculum itself. Borrowing the most sophisticated techniques of business strategy, enrollment managers have installed market-driven competition at the heart of the university.

With their ever-expanding reach, enrollment managers are inevitably dogged by controversy. But it's the way they have changed financial aid—from a tool to help low-income students into a strategic weapon to entice wealthy and high-scoring students—that has placed them in the crosshairs of those who champion equal access to higher education. Adopting data-mining and pricing techniques from the airline and marketing industries, they have developed a practice called financial-aid leveraging that allows a school to buy, within certain limits, whatever class it wants. Often under orders from a president and trustees, enrollment managers direct financial aid to students who will increase a school's revenues and rankings. They have a host of ugly tactics to deter low-income students and to extract as much money as possible from each entering class.

All this, understandably, has given the enrollment-management industry a black eye. "It's a brilliantly analytical process of screwing the poor kids," says Gordon Winston, an economist at Williams, and an article last year in *The Chronicle of Higher Education* included a warning that "enrollment managers are ruining American higher education." But some in the industry use its techniques responsibly—to guarantee enough revenue to support the academic mission, or even to expand low-income access to higher education. Indeed, the sophisticated methods of enrollment management may be the only way for schools to hang on to their principles while surviving in a cutthroat marketplace.

Bob Bontrager offered his paean to ass-kicking over drinks at the annual meeting of the American Association of Collegiate Registrars and Admissions Officers, which over the past ten years has made itself the center of the enrollment-management industry. AACRAO publishes how-to guides for enrollment managers, and hosts national conferences at which they plot strategy, while consulting firms offer promises of greater profits and prestige.

I had met Bontrager the day before, at a session of his Enrollment Management 101: The Basics in Best Practices, where the industry's troubled conscience was very much in evidence. The first person I spoke with was there because her school was considering "being more strategic with institutional aid"—a euphemism for financial-aid leveraging. When I asked for her name, she flipped over her badge and hid it against her chest.

At another session Cliff Sjogren, a well-respected former director of admissions at the University of Michigan and the University of Southern California, had packed a room for a presentation in which he called for an end to financial aid that isn't based on a student's need—merit aid, as it is called, which goes largely to higher-income families. It's wrong to give money to people who don't need it, he said, if that means turning away students who do.

Then the audience started pushing back.

"A lot of us would agree with most if not all of the things you said," said Rob Seltzer, the director of admissions at the University of Wisconsin at Madison. "But as a director of admissions I have a hard time with unilateral disarmament. I'm really concerned, even if I could talk my institution into doing these items, that I can't do it without losing serious competitive advantage."

Roger Thompson, the associate vice-president for enrollment management at the University of Alabama, which has jumped twelve spots in the *U.S. News* rankings of public universities over the past four years, stood up. "Merit scholarships," he said. "I hate it. It's almost like buying a car. But the rankings are driving so much of that. You have to have X number of National Merit Scholars and all that. The rankings thing is out of the barn."

Financial-aid leveraging is the enrollment manager's secret weapon. It has become highly sophisticated since it was first developed, in the 1980s, but the underlying logic remains simple: targeting financial aid will further the interests of a school, typically by bringing in more net revenue or higher-scoring students. Take a $20,000 scholarship—the full tuition for a needy student at some schools. Break it into four scholarships of $5,000 each for wealthier students who would probably go elsewhere without the discounts but will pay the outstanding tuition if they can be lured to your school. Over four years the school will reap an extra $240,000, which can be used to buy more rich students—or gifted students who will improve the school's profile and thus its desirability and revenue.

In the early 1990s, when merit aid first began to flourish, the rule of thumb was that $1,000 could tip the decision for a student on the fence between two institutions; $4,000 would get him to accept his second choice, and $6,000 his third choice. (Colleges can determine students' preferences from the questionnaires that all students fill out before taking a College Board or ACT test.) Armed with this knowledge, private schools went on a spending spree, buying up "meritorious" students (defined as gifted or rich, but ideally both). And public schools jumped at the technique as well: from 1992 to 2000 the proportion of state aid based on merit rose from just under 10 percent, where it had hovered throughout the 1980s, to 25 percent. Since 1990 the average discount on "sticker-price" tuition has risen from 26.5 percent to just under 40 percent, and the proportion of students not paying full price has grown from 62.5 percent to 80 percent. The resulting confusion about the actual cost of college gives the enrollment manager a free hand to manipulate prices for individuals.

To decide how to parcel out financial aid, the enrollment manager puts admitted students onto a grid with need on one axis and academic ability on the other. This is called "segmenting the class" or "table analysis." The school then adjusts financial aid for students by group, with the goal of increasing the "yield rate" for the most desirable prospects—typically academic stars and those willing to pay most or all of the tuition ("full-pays"). A school with a revenue problem puts its money toward rich students; a school that's going after prestige pushes it toward students with high SAT scores. Where the school might be paying more than is necessary to attract a candidate (for a wealthy student with low grades, for instance, or an in-state student with few other options), aid is cut accordingly. Some schools are content to fine-tune their financial-aid packages for different groups by trial and error from year to year. But more-advanced enrollment managers, and all the major consulting companies, use a statistical method called logistical regression to determine how each group will respond to a different award, based on how students have behaved in the past.

One of the basic texts of enrollment management recommends a book about pricing techniques developed by the airlines: *Revenue Management: Hard-Core Tactics for Market Domination*. Using the logic of the Saturday-night stay and the fourteen-day advance purchase, advanced financial-aid leveraging goes beyond general categories to forecast how much each student is willing to pay, and guarantee the best class at the lowest price. Schools and consultants combine test scores, grades, and class rankings from the testing services and students' high schools with demographic and financial data purchased from a credit-reporting agency such as Equifax. All this information is eventually reduced to the seven or eight variables that best predict a student's responsiveness to price.

In the least desirable categories (usually poor students with lower test scores) accepted students are often "gapped"—given a fraction of what they would need to attend, even after the maximum possible contribution from their families. (A school interested mainly in revenue might even give more money to a wealthy student with lousy scores than to a better-qualified poor student.) Some schools leave gaps as high as $34,000 a year. From 1995 to 1999 the average unmet need for families earning over $60,000 either stayed constant or narrowed slightly; for families earning $40,000 to $60,000 it grew by three percent; and for families earning under $40,000 it grew by 27 percent. Some schools have no choice but to gap students once they've exhausted their aid budgets. Others will intentionally gap poor students so severely that they decide not to attend in the first place—or, if they enroll, the long hours of work-study and mounting debts eventually force them to drop out. Called "admit-deny," this practice allows a college to keep poor students out while publicly claiming that it doesn't consider a student's finances when making admissions decisions.

"Admit-deny is when you give someone a financial-aid package that is so rotten that you hope they get the message: 'Don't come,'" says Mark Heffron, a senior vice-president at Noel-Levitz, one of the largest enrollment-management consulting companies. (His financial-aid division currently has 140 clients.) Unfortunately, "they don't always get the message." When consulting for a school that gaps students to a point where they are likely to drop out, Heffron encourages schools to call students and tell them that unless they can find an additional source of money—such as a generous relative—they should decline the offer of admission.

However nasty, admit-deny allows schools to avoid the controversy associated with publicly abandoning need-blind admissions. That students are rejected on the basis of income is one of the most closely held secrets in admissions; enrollment managers say the practice is far more prevalent than most schools let on.

"Good luck getting any institution to tell you exactly how they handle ability to pay as a driver in their admit decision," said one enrollment manager who requested anonymity. "What they will say is 'We're need-blind.' That's bullshit. They would never tell you exactly how they do it, but they do it all the time."

Schools also use detailed data to systematically cut aid to students whose behavior shows they are likely to accept admission anyway. A student who lists a school first when asked where to send test scores, files for financial aid with that school, and then visits campus has tipped his hand, and some schools will figure, why waste money to attract a sure thing? Understandably, schools don't publicize this practice: in 1996 Johns Hopkins found itself on the front page of *The Wall Street Journal* for even considering it. The incident remains notorious in enrollment-management circles.

"I think that's self-defeating, and first of all I don't like the morality of it," Heffron told me. "It's one of those things where if anyone finds out you're doing it, you're dead." The demand for revenue and prestige also increasingly controls the earlier, mass-marketing and recruitment stages of the admissions "funnel," by which a student goes, in the industry lingo, from "suspect" to "prospect" to "admit" to "matric." The ACT and the College Board don't just sell hundreds of thousands of student profiles to schools; they also offer software and consulting services that can be used to set crude wealth and test-score cutoffs, to target or eliminate students before they apply.

At the AACRAO conference two members of the University of Alabama's enrollment-management team demonstrated how, in their campaign for out-of-state prospects, they overlaid income data from the U.S. Census on maps of high schools in Texas to target wealthy students. (Alabama's data-mining strategies are inspired by the success of the credit-card company Capital One.) After the presentation I sat down with Roger Thompson and asked him how he approached recruiting at rich private secondary schools.

"Oh, if you're in enrollment management, those schools are fantastic!" he said. "There are some kids there that we'll buy. The National Merit kids, they're going to get a full ride. But if you're sitting at a private high school in Florida, where they pay twenty grand to go, we don't even bring financial-aid material. What's the point? You don't even need to talk about cost."

SAT and ACT scores, both because of their importance in determining college rankings and because the testing services are the main sources for "leads," carry special weight in this process, although their value in predicting a student's ultimate success at college is highly questionable. Brian Zucker, the head of Human Capital Research, an enrollment-management consulting firm, measures the correlation between SAT score and freshman GPA for his clients and typically gets results between .03 and .14 on a scale from 0 to 1. ("I might as well measure their shoe size," he says.) Nevertheless, because the enrollment manager pursues hundreds of thousands of purchased leads rather than waiting for students to come to him (the "gatekeeper" model of admissions has been dead for some time), schools make thousands of decisions based largely on test scores long before students even apply, locking some students out of colleges where they might have thrived.

"It's made schools lazy and stupid at the same time," Zucker says of these tactics. "It's a blunt object, a pre-sorting mechanism, and it's a great labor-saving device. What a convenience! I can look and say you're an 1150, you're going to be all right—instead of having to pore over this thing and wring my hands and justify taking a chance because this kid's got an average of X but I'm seeing things that make the case as an individual. That takes work.

"The real opportunity costs are not the billions we're throwing out in marketing. It's the opportunity cost of looking past literally millions of kids who would do a great job."

Enrollment management has spread so quickly across American higher education because it gives many college presidents and trustees exactly what they want. The major enrollment-management consulting firms tout "before" and "after" profiles of satisfied colleges. Maguire Associates, by shifting from need-based aid to merit aid, has bumped up a school's average SAT score from 1350 to 1380 while increasing revenues by 162 percent. Noel-Levitz has increased an average SAT by fifty points, raised an average GPA from 3.48 to 3.62, and dropped the acceptance rate by 13 percent; it has boosted the number of "no-need" students—those who don't even request financial aid—by 60 to 70 percent, and the number of minority students by 20 to 40 percent; it even expanded one college's freshman class by 3,000 students.

The consultants say they never tell schools what to do—they only present options. After they've worked up a model of how students will respond to different aid packages, the next step is to create a menu of sorts, detailing the different entering classes a school could have if it adopted their techniques. One option will almost always maximize net revenue; others might emphasize total enrollment, academic quality, ethnic diversity, or the enrollment in a specific program, such as engineering. Each potential class on the list comes with tradeoffs; generally, academic quality, revenue, or diversity can each be increased, but only at the cost of the other two attributes. In the business these costs are known as "the price of your principles."

Low-income students often suffer in this process. They drag on both revenue and academic profile, and it's hard for outsiders to tell when their numbers are reduced. Although universities are required to report gender and racial diversity to the Department of Education, their income data can be gauged only through rough proxies—for example, the number of Pell Grant recipients. When David Kalsbeek arrived at DePaul University, where he is the vice-president for enrollment management, he wanted to measure how the school—founded by Vincentian friars—was living up to its mission of educating poor and first-generation college students. He called all the major consulting firms, and none had a satisfactory response.

Though they may dislike cutting the number of poor students, presidents and trustees are held accountable for a school's place in the pecking order. "There's pressure for rankings," says Tom Green, the associate vice-president for enrollment services at Seton Hall. "There's no doubt about it. Presidents get pressure from board members, from alumni. They'll say, You're number eighty-seven. How are you going to get to be number eighty-five?" Eugene Trani, the president of Virginia Commonwealth University, a Tier III school in the *U.S. News* rankings, carries a laminated card in his pocket to remind him of the school's strategic goal of making it to the next tier. For every year the school stays in the higher tier he will receive a $25,000 bonus—a fact first reported by *AGB Priorities*, an industry newsletter. A vice-president at Hobart and William Smith was fired when she failed to report current data to *U.S. News* and the school's ranking dropped from Tier II to Tier III. The incoming president spent the early part of his tenure repairing the damage.

Trustees also bring their own values to the table. "There are trustees who think that scholarships will make a kid's mind turn to mush—after all, they worked their way through school," Mark Heffron says. "On the other hand, they're incredibly rich and can't understand why anybody would think forty thousand dollars a year is a lot to send your kid to school."

Several of Seton Hall's trustees attended the school in the 1960s, when it served blue-collar "good Catholic families from New Jersey," as Tom Green puts it. The school has since become far more selective, and more expensive. "Today we're a top-tier, national, major Catholic university in the United States," Green says. "They love that. But they hate the fact that we're now too expensive and too selective to serve working-class blue-collar New Jersey families who are first-generation. I'm happy to do either, because I see the benefit of both, but there's not enough money to field both teams."

Stanley Henderson, a former AACRAO president and currently vice-chancellor at the University of Michigan—Dearborn, says that even tempting the leadership with these tradeoff tables is unethical. "It's the charlatans who will present this in a way that says, 'We can give you whatever you want and here are the data that show you what we can do,'" he told me. Instead, Henderson argues, the enrollment manager should balance the demands of the marketplace against the values of the institution and go to the president and trustees as an advocate for the best possible compromise.

But enrollment managers are often effectively ordered to squeeze more money out of poor students—"to nickel and dime these families making $48,000 a year," as Zucker puts it. Their continued employment depends on meeting specific goals. "You're only as good as your last fall's enrollment," Kalsbeek says. "You're wanting people to take this grand, principled, big-picture perspective on their work, but holy shit, you miss your target and you're gone."

The enrollment managers I spoke with weren't blind to where this was all heading, and the populations they were leaving behind—North Jersey's blue-collar families, Alabama's blacks and rural poor—were very much on their minds. Roger Thompson's university isn't yet so selective that he has to cut off poor but able students—and, he told me, "I don't really want to get there. I still want that kid from Jackson, Alabama. His father's a truck driver making seventeen grand a year, and no one's graduated from high school in the family, and the kid's got a twenty-four, or let's say a twenty, ACT. I want that kid to have a chance."

Only the most ruthless single-mindedly pursue profits or prestige at the expense of low-income and minority students. "It's really up to the institutions," Heffron says. "Many schools will tell us, Even though we can get fewer needy students to come, that's not what we're going to do. We're not cutting everyone until they squeak." Many schools mix the merit and need-based approaches, using the techniques simply to guarantee that they have enough students and revenue to stay afloat. And although competition increasingly threatens a university's principles, the most innovative work in the profession comes from enrollment managers who attempt to align market with mission.

David Kalsbeek, for instance, has an impressive record: DePaul is now the largest Catholic and the eighth largest private school in the country, and it's home to a top-ranked M.B.A. program. But those successes, built by Kalsbeek's formidable corporate tools and overseen from his corner office high above downtown Chicago (his 175-person division resembles a small consulting firm), allow the Vincentians to underwrite the school's commitment to educating poor first-generation Chicago students, rather than scrambling up the *U.S. News* rankings.

"No margin, no mission" is the watchword at DePaul. By expanding its profitable professional programs and slowly improving its faculty, campus, and marketing to attract more students, especially full-pays, the school has brought in enough revenue to enroll more low-income students. As a result, 26 percent of undergraduates have family incomes below $36,000, and 38 percent are the first in their families to attend college.

Tally Hart, a veteran advocate of need-based aid at the national level, is another enrollment manager who has found that the demands of ethics and the marketplace can pull in the same direction. When she joined the enrollment-management team at Ohio State University, she says, "My friends thought I just checked my morals at the border. I honestly don't think that many people thought about how enrollment management might be used for optimization of other things, like needy students." OSU was one of the first public schools to adopt the financial-aid leveraging (Hart prefers "management") techniques developed for private schools, but it retooled them to improve economic diversity and academic quality, not just revenue. Even merit aid can make college more accessible to the poor, if the additional revenue it generates is funneled back into need-based aid. When I asked which tradeoffs she faced, Hart replied, "None." Precise recruiting lets her find students who will increase socioeconomic diversity and academic quality, and also bring extra revenue in the form of state grants for low-income students. With those additional funds (which vary enormously from state to state) low-income students can actually bring more net revenue than their richer peers.

More-advanced enrollment managers also tend to focus as much on retaining admitted students as on deciding whom to recruit and accept. They smooth out administrative hassles, guarantee at-risk students the advising and academic help they need, and ensure that the different parts of the university's bureaucracy work together to get students out the door with a degree. The more schools consider how students will fit in and succeed, the less likely they are to gap them excessively or bribe them to come—practices that tend to hurt graduation rates (and rankings).

Admittedly, using enrollment management responsibly—finding the right students for each school and graduating them successfully—requires more hard work than simply hiring consultants to chase wealthy and high-scoring students. But the challenge is what people like Kalsbeek and Hart find appealing. "All the acclaim in law goes to the lawyer who wins the unwinnable case, in medicine to the doctor who cures the incurable disease," Kalsbeek says. "In higher education it's the people who enroll the best and the brightest and then manage to graduate them? "I had a conversation with an institution not too long ago that was interested in having me come on board, top tier. They wanted a larger share of their freshman class to have them as first choice, rather than as a second choice to an Ivy-caliber competitor. Why would you even get out of bed in the morning?

"We need places like that—we just don't need any more."

Nevertheless, competition draws a growing number of schools to the ugly side of enrollment management. "If you're sitting out there, you're not Harvard, and your competitors are offering merit-based aid, you've got to compete," Heffron says. "If you don't, you're going to fall on your moral sword."

The process only gets more intense each year. In April, as students are making their decisions, admissions officers grow anxious about whether they will hit their numbers. Kalsbeek relates an anecdote about a colleague, Jim DiRisio, the director of admissions at St. Bonaventure, who was serving in Iraq as a major in the Army Reserves. Being stationed in Baghdad, DiRisio said, provided the first time in ten years he had gotten a good night's sleep in April.

The most elite schools, cushioned by their wealth and the huge number of applications they get each year, have remained somewhat above the fray, maintaining strictly enforced firewalls between admission and financial aid. But they, too, use "preferential packaging" to give larger grants to more-desirable students. And the commitment to meeting need at some of these schools is under threat.

"The dilemma is you have this small number of institutions committed to need-blind admissions and need-based financial aid only," says Ronald Ehrenberg, an economist and a former vice-president at Cornell who studies higher education. "There can't be any more than twenty or thirty. Now we have these institutions that are a little below us in the prestige pecking order aggressively pursuing a merit-aid strategy. And the question is, How long will places like Cornell be able to continue to maintain these sets of principles?"

USC, Carnegie Mellon, Tulane, Washington University in St. Louis, NYU, Syracuse, Boston College, and Boston University are among the highest-profile schools committed to ambitious enrollment-management strategies. Other schools are being forced to adopt enrollment-management practices to hold their position, or just to survive. Gordon Winston receives pleading calls from colleges: A small, well-known liberal arts school finds that its best prospects are being poached by other colleges' enrollment managers, so it parries by adopting the same tools. A Catholic school in Brooklyn also finds that students are being lured away, but it is simply too poor to do anything about it.

More and more, schools are chasing the small number of students who have the money or the test scores that help an institution get ahead. As those students command higher and higher tuition discounts, they leave a smaller and smaller proportion of the financial-aid budget for poor students, who are increasingly at risk of being left out of higher education.

"This '05—'06 cycle, it's brutal," Brian Zucker says. "I can't believe the ridiculous competing offers that I'm seeing out there. The arms race has gone completely unchecked. Institutions are still not getting it. I'm seeing it from all kinds of schools. Schools that really surprise me that they're playing these games, because I thought they were better than that and I thought they had the bigger picture. But I guess not."

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COLLEGE 2005

IS THERE LIFE AFTER RANKINGS?

A report card from one college president,
whose school now shuns the U.S. News ranking system—and has not only survived but thrived

BY COLIN DIVER

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Three years ago I experienced a form of liberation denied to most of my peers in higher education. I left the University of Pennsylvania, where, as dean of its law school, I had lived under the *U.S. News & World Report* ranking system for ten years, and assumed the presidency of Reed College, one of a handful of American institutions of higher education that refuse to cooperate with that system.

For ten years Reed has declined to fill out the annual peer evaluations and statistical surveys that *U.S. News* uses to compile its rankings. It has three primary reasons for doing so. First, one-size-fits-all ranking schemes undermine the institutional diversity that characterizes American higher education. The urge to improve one's ranking creates an irresistible pressure toward homogeneity, and schools that, like Reed, strive to be different are almost inevitably penalized. Second, the rankings reinforce a view of education as strictly instrumental to extrinsic goals such as prestige or wealth; this is antithetical to Reed's philosophy that higher education should produce intrinsic rewards such as liberation and self-realization. Third, rankings create powerful incentives to manipulate data and distort institutional behavior for the sole or primary purpose of inflating one's score. Because the rankings depend heavily on unaudited, self-reported data, there is no way to ensure either the accuracy of the information or the reliability of the resulting rankings.

When Reed's former president Steven Koblik decided to stop submitting data to *U.S. News*, he asked the magazine simply to omit Reed from its listings. Instead the editors arbitrarily assigned the lowest possible value to each of Reed's missing variables, with the result that Reed dropped in one year from the second quartile to the bottom quartile. After the predictable outcry, *U.S. News* purportedly began to rank Reed based on information available from other sources. In subsequent years that procedure usually placed the college somewhere in the middle of the second quartile, with a footnote stating that we "refused to fill out the *U.S. News* statistical survey," and claiming to base the ranking on data from published sources. But since much of the information needed to complete the magazine's ranking algorithm is unpublished, one can only guess how the editors arrive at a value.

Reed's experience has not gone unnoticed. In a recent conversation with me the president of a leading liberal arts college lamented the distortions and deceptions that the ranking process engenders. When I suggested that he follow our example, he replied, "We can't. They will just plug in their own data, and we'll drop ten places in the rankings!" Criticism of the rankings is nearly unanimous, but so is compliance with them. According to the latest statistics supplied by *U.S. News*, only five percent of surveyed colleges and universities fail to submit the statistical questionnaire. In the words of another of my fellow presidents, "The rankings are merely intolerable; unilateral disarmament is suicide."

Far from committing suicide, Reed College has survived. Indeed, it has thrived. Over the past ten years the number of applicants has increased by 27 percent, and the quality of entering students, as indicated both by conventional SAT and GPA measures and by Reed's internal "reader rating" system, has steadily increased—it is far higher than suggested by our nominal place in the *U.S. News* pecking order. More important, Reed continues to offer an academic program widely recognized for its uncommon rigor, intellectual structure, and theoretical depth. Its students continue at unusually high rates to participate in faculty research and to earn competitive prizes and fellowships. The college continues to set the pace in the percentage of its graduates who go on to earn a Ph.D.

At professional meetings my colleagues often ask, "What is life like outside the rankings rat race?" and "How has Reed survived?" Not cooperating with the rankings affects my life and the life of the college in several ways. Some are relatively trivial; for instance, we are saved the trouble of filling out *U.S. News*'s forms, which include a statistical survey that has gradually grown to 656 questions and a peer evaluation for which I'm asked to rank some 220 liberal arts schools nationwide into five tiers of quality. Contemplating the latter, I wonder how any human being could possess, in the words of the cover letter, "the broad experience and expertise needed to assess the academic quality" of more than a tiny handful of these institutions. Of course, I could check off "don't know" next to any institution, but if I did so honestly, I would end up ranking only the few schools with which Reed directly competes or about which I happen to know from personal experience. Most of what I may *think* I know about the others is based on badly outdated information, fragmentary impressions, or the relative place of a school in the rankings-validated and rankings-influenced pecking order.

A somewhat more important consequence of Reed's rebellious stance is the freedom from temptation to game the ratings formula (or, assuming that we would resist that temptation, from the nagging suspicion that we were competing in a rigged competition). Since the mid-1990s numerous stories in the popular press have documented how various schools distort their standard operating procedures, creatively interpret survey instructions, or boldly misreport information in order to raise their rankings. Such practices have included failing to report low SAT scores from foreign students, "legacies," recruited athletes, or members of other "special admission" categories; exaggerating per capita instructional expenditures by misclassifying expenses for athletics, faculty research, and auxiliary enterprises; artificially driving up the number of applicants by counting as a completed application the first step of a "two-part" application process; and inflating the yield rate by rejecting or wait-listing the highest achievers in the applicant pool (who are least likely to come if admitted). Rumors of these practices and many others like them were rampant in education circles in the early years of formulaic ranking. I was struck, however, in reading a recent *New York Times* article, by how the art of gaming has evolved in my former world of legal education, where ranking pressure is particularly intense. The *Times* reported that some law schools inflate their graduate-employment rates by hiring unemployed graduates for "short-term legal research positions." Some law schools have found that they can raise their "student selectivity" (based in part on LSAT scores and GPAs for entering students) by admitting fewer full-time first-year students and more part-time and transfer students (two categories for which data do not have to be reported). At least one creative law school reportedly inflated its "expenditures per student" by using an imputed "fair market value," rather than the actual rate, to calculate the cost of computerized research services (provided by LexisNexis and Westlaw). The "fair market value" (which a law firm would have paid) differed from what the law school actually paid (at the providers' educational rate) by a factor of eighty!

Gaming the peer evaluations is harder, but some survey responders are not above "dumping" their schools' closest peers into the bottom tier so as to undermine the competition. Perhaps the most common tactic is simple self-promotion. When I was a law-school dean, my mailbox would begin to fill up about a month before *U.S. News'*s annual "beauty contest" questionnaire arrived—with glossy admissions brochures, alumni magazines, lists of faculty publications, and breathless announcements of new buildings and academic symposia, all accompanied by bland cover letters from my counterparts expressing the thought that I might find the enclosures interesting and illuminating. In my ten years as dean I only once received a cover letter that came right out and said what every other letter wanted to say: "When the *U.S. News* opinion survey comes out next week, please keep our law school in mind."

By far the most important consequence of sitting out the rankings game, however, is the freedom to pursue our own educational philosophy, not that of some newsmagazine. Consider, for example, the relative importance of standardized tests. The SAT or ACT scores of entering freshmen make up half of the important "student selectivity" score in the *U.S. News* formula. Although we at Reed find SAT and ACT scores useful, they receive a good deal less weight in our admissions process. We have found that high school performance (which we measure by a complex formula that weighs GPA, class rank, quality and difficulty of courses, quality of the high school, counselor evaluation, and so forth) is a much better predictor of performance at Reed. Likewise, we have found that the quality of a student's application essay and other "soft variables," such as character, involvement, and intellectual curiosity, are just as important as the "hard variables" that provide the sole basis for the *U.S. News* rankings. We are free to admit the students we think will thrive at Reed and contribute to its intellectual atmosphere, rather than those we think will elevate our standing on *U.S. News*'s list.

U.S. News also gives very substantial weight (25 percent of its overall formula) to student-retention and graduation rates. But it is far from clear that high student retention is the unmixed blessing implied by that formula. Rewarding high retention and graduation rates encourages schools to focus on pleasing students rather than on pushing them. Pleasing students *can* mean superb educational programs precisely tailored to their needs; but it can also mean dumbing down graduation requirements, lessening educational rigor, inflating grades, and emphasizing nonacademic amenities. At Reed we have felt free to pursue an educational philosophy that maintains rigor and structure—including a strong core curriculum in the humanities, extensive distribution requirements, a junior qualifying examination in one's major, a required senior thesis, uninflated grades (not reported to students unless they request them), heavy workloads, and graduate-level standards in many courses. We have also felt free to resist pressure to provide an expensive and highly selective program of varsity athletics and other nonacademic enticements simply for their marketing advantages. Not surprisingly, our attrition rates, though declining steadily, are higher than those at the highest-ranked schools.

As a rankings holdout Reed is free to appoint talented young teacher-scholars, even if they are still completing their dissertations, without worrying about impairing the college's "proportion of professors with the highest degree in their fields" (a significant component of the *U.S. News* "faculty resources" index). We are also free to set academic policy without worrying about optimizing a "class size" ranking. (*U.S. News* gives positive weight to the percentage of classes with fewer than twenty students, and negative weight to the percentage with more than fifty.) Reed's average class size is, to be sure, very small (just below fourteen), reflecting agreement with the educational philosophy implicit in the *U.S. News* formula. But unlike many of our rankings-sensitive peers, we feel no pressure to use part-time adjunct faculty or teaching assistants as an inexpensive but educationally dubious technique for even further increasing the percentage of small classes. Conversely, we can embrace the educational benefits of combining large lectures with small laboratory sessions in some disciplines.

What lesson can be derived from the fact that Reed continues to thrive despite its refusal to cooperate with the *U.S. News* rankings? Some of my peers speculate that Reed's success has little application to their schools. Only a college as iconoclastic and distinctive as Reed, they argue, could pursue such a strategy and survive. I disagree. To me, our success says something important about the market for higher education as well as about Reed College. Participants in the higher-education marketplace are still looking primarily for academic integrity and quality, not the superficial prestige conferred by commercial rankings. They understand that higher education is not a mass-produced commodity but an artisan-produced, interactive, and individually tailored service of remarkable complexity. Trying to rank institutions of higher education is a little like trying to rank religions or philosophies. The entire enterprise is flawed, not only in detail but also in conception. This is not to say that schools should not be held accountable. Like its peers, Reed submits reams of data to the National Center for Education Statistics, to our accrediting agency, and to a consortium of commercial college guidebooks. The college publishes large amounts of information and descriptive material in its literature and on its Web site. Most important, it articulates its academic requirements in exquisite detail, and focuses on those measures of institutional performance that are most germane to its mission. At Reed these measures include the quality of senior theses, the amount of student research activity, the percent of graduates earning Ph.D.s, and the number of competitive prizes and awards received by students and graduates.

Before I came to Reed, I thought I understood two things about college rankings: that they were terrible, and that they were irresistible. I have since learned that I was wrong about one of them.