HIGHER EDUCATION

A Glimpse Inside the Coffers:
Endowment Spending at Wealthy Colleges and Universities

AUGUST 2016

The Education Trust

TO THE POINT

- In 2013, 138 institutions each had over $500 million in endowment assets, and these institutions — roughly 3.6 percent of all colleges and universities — held 75 percent of all postsecondary endowment wealth.
- Institutions get tremendous benefits from endowment assets — including tax-exempt status and no minimum spending threshold — that are subsidized by all federal taxpayers. Increasingly, policymakers are questioning why wealthy institutions don't devote more of their wealth toward promoting upward social mobility for more low-income students.
- Despite what some institutional leaders say, dedicating more of their endowment assets toward supporting low-income students is doable. In some instances, increasing endowment spending by just a small fraction of a percentage point would generate enough revenue to enroll more low-income students and reduce the price these students pay.

“Despite what institutional leaders might have us believe, they are not powerless, passive actors when it comes to fundraising, receiving financial gifts, and determining how endowment funds are spent.”

A Glimpse Inside the Coffers:

Endowment Spending at Wealthy Colleges and Universities

BY ANDREW HOWARD NICHOLS AND JOSÉ LUIS SANTOS

In recent years, increasing attention has been given to the growing gaps in wages and wealth that separate the richest Americans from the rest, producing enormous income inequality and stratification. The top 1 percent of households now garner roughly one-fifth of all income in this country, while the bottom 20 percent collectively take home about 3 percent of the nation's income.[1] The top 1 percent also hold about twice as much wealth as the bottom 90 percent.[2]

It turns out that this story of wealth inequality and stratification isn't just a story about individuals: The same patterns are playing out among institutions of higher education, too.

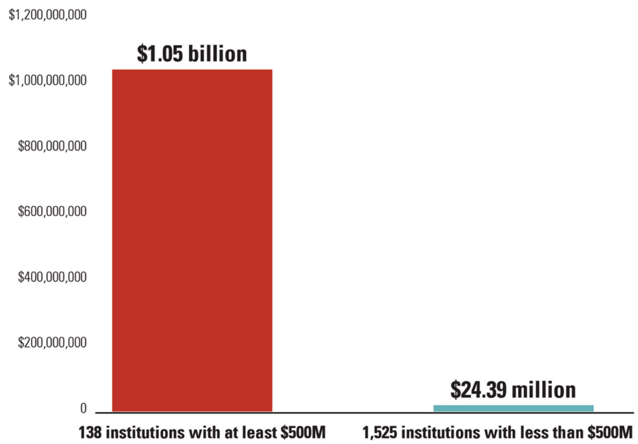
In 2013, 138 institutions each had over $500 million in endowment assets — what we call the "$500 million club."[3] These institutions (roughly 3.6 percent of all colleges and universities) held 75 percent of all postsecondary endowment wealth. Compared with other four-year institutions, the colleges and universities in the $500 million club have vastly more wealth, overall and on a per-student basis. In 2013, their median endowment was valued at more than $1.05 billion, with a per-student value slightly above $137,000. By contrast, the 1,525 four-year, public and private nonprofit institutions with less than $500 million in endowment assets had a median overall value of roughly $24 million and a median per-student endowment value of approximately $9,600 (*see Figure 1a and Figure 1b*).

These wealthy endowments afford institutional leaders a breadth of choice — about who to hire, what salaries to pay, which facilities to build or modernize, and importantly, who to educate — that is denied to almost all other universities, which are largely dependent upon tuition revenues and whatever public resources they receive. And because endowment funds and the earnings they generate are all tax-exempt, all of this choice is subsidized by federal taxpayers — all taxpayers, not only the wealthy.

These broad subsidies might be more palatable if leaders at these institutions were choosing to return that favor by educating Americans from all walks of life, thus, contributing to the larger public good — one of the many goals intended by broad public subsidies. But too many super wealthy colleges are playgrounds for the children of the wealthiest in our country and the world. And the leaders at too many of these institutions have mostly chosen not to prioritize educating students from low-income families.

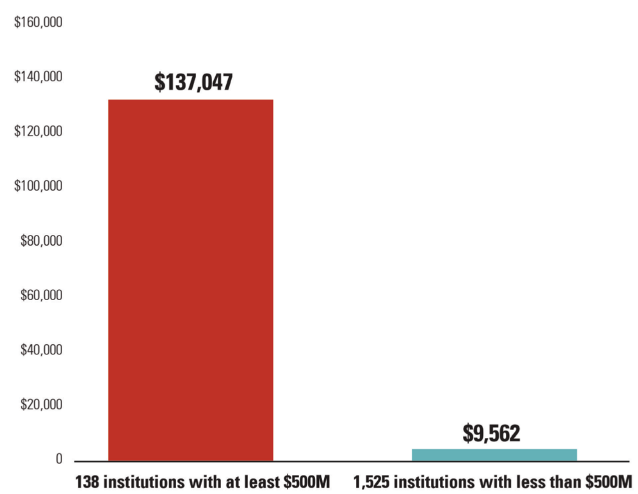
Nearly half of the members of the $500 million club enroll so few Pell Grant recipients that they are in the bottom 5 percent nationally. And nearly 4 in 5 of these wealthy institutions have

Figure 1a: Median Endowment Assets in High-Wealth Institutions Versus All Others



Note: Analysis includes 1,663 four-year public and private nonprofit institutions with endowment funds (138 institutions with at least $500 million and 1,525 institutions with less) in fiscal year 2013. Excluded are institutions with Carnegie Classifications as schools of law or medical schools and medical centers (codes 25 and 31), as well as institutions without first-time, full-time undergraduates. Source: Education Trust analysis of IPEDS endowment data.

Figure 1b: High-Wealth Institutions Versus Others: Median Endowment Assets Per Full-Time Equivalent Student, 2013



Note: Analysis includes 1,663 four-year public and private nonprofit institutions with endowment funds (138 institutions with at least $500 million and 1,525 institutions with less) in fiscal year 2013. Excluded are institutions with Carnegie Classifications as schools of law or medical schools and medical centers (codes 25 and 31), as well as institutions without first-time, full-time undergraduates. Source: Education Trust analysis of IPEDS endowment data.

Andrew Howard Nichols, Ph.D., is the director of higher education research and data analytics, and José Luis Santos, Ph.D., is vice president of higher education policy and practice at The Education Trust.

an annual net price for low-income students that exceeds 60 percent of their annual family income.[4] This effectively prices out many low-income students, funneling them to institutions that are less selective and have far fewer resources.

A college diploma is the surest path to socioeconomic mobility, and the overwhelming majority of low-income students want to earn one. But at every step, our system of higher education makes attaining that aspiration harder, not easier. Fortunately, there's been increasing attention on endowments — including among policymakers, some of whom have been questioning whether these wealthy colleges and universities could be spending more on paving the path upward for more low-income Americans without diminishing the principal value of their endowments. In 2008, Sen. Chuck Grassley led a charge to pressure universities to use more of their wealth for financial aid.[5] And more recently, the House Ways and Means Committee held a hearing on "The Rising Costs of Higher Education and Tax Policy," where endowments were discussed at length.[6]

This report adds to this ongoing conversation by using available data to offer a glimpse inside the coffers of wealthy institutions. We examine institutional-level endowment spending and growth. Our purpose is to shed light on how much endowment wealth these institutions have, how much they are spending on education-related activities, and whether gains in the value of their endowments might allow for additional spending that could be used to either enroll more low-income students or reduce the price low-income students are asked to pay.

ENDOWMENTS: WHAT ARE THEY? WHY ARE THEY TAX-EXEMPT?

Endowments are financial investments maintained by universities and other charitable institutions to support various mission-related activities — in this case, typically, teaching, research, student aid, and capital projects. Endowments generally consist of an array of individual investment funds; many are restricted by donors for a specific purpose, which is determined by a combination of suggestions from institutional leaders and the donors themselves.

Like those of other nonprofit entities, college and university endowments are not taxed.[7] Unlike private foundations, however, they are not subject to a minimum spending threshold (currently 5 percent).[8] Universities are afforded these benefits because of their charitable and educational contributions.[9] But, especially as the cost of college has increased, those benefits are not without controversy.

ENDOWMENT SPENDING IN THE $500 MILLION CLUB

Leaders at wealthy institutions typically say that endowment spending restrictions make these financial assets a difficult resource to leverage. But difficult doesn't mean impossible. Granted, many donors restrict their financial gifts for specific purposes.[10] However, despite what institutional leaders might have us believe, they are not powerless, passive actors when it comes to fundraising, receiving financial gifts, and determining how endowment funds are spent.

For instance, they could more aggressively prioritize gifts for the support of low-income students or even ask donors to set aside portions of all new gifts to be specifically earmarked toward this purpose. If necessary, they might even revisit and renegotiate existing endowment agreements with donors in order to free up funds to make their institutions more accessible and affordable for low-income students. Even new capital campaigns could include a focus on more low-income students.

Understanding both the complexities surrounding endowment spending and the tremendous amount of resources these funds could potentially generate, we dug into the endowment data to see if some institutions could potentially increase spending and do more to support low-income students without compromising the long-term health of their endowments.

It turns out that it's not so easy to find publicly available data on endowments. The Internal Revenue Service (IRS) Form 990 that nonprofit entities are required to file is the best available source, but these don't include much detail. Moreover, many institutions consist of various nonprofit entities and file under different tax identification numbers and names, further complicating the ability to comprehensively assess the totality of an institution's endowment and spending practices. This challenge, along with many others, limited our analysis to 67 nonprofit, private institutions among the 138 in the $500 million club (*see The Trouble With Endowment Data*).

What Did We Learn?

First, endowments at these 67 wealthy institutions are growing. Between 2010 and 2013, new contributions added an average of 3.1 percent annually to the size of their endowments accounting for investment gains and spending. And growth didn't stop there. During this same time period, their endowments generated an average annual return on investment of 11.1 percent.

Second, among the 67 institutions, the median spending rate was 4.6 percent and 4.9 percent in fiscal years 2012 and 2013, respectively.[11] Individually, these universities spent between $11.5 million to $1.4 billion in 2013. Collectively, they spent more than $9.3 billion.

THE TROUBLE WITH ENDOWMENT DATA

For such a significant financial resource, it is astonishing how few detailed and easily accessible institution-level data on endowment spending are available. Institutions report their endowment value to the U.S. Department of Education, which is available in the Integrated Postsecondary Education Data System (IPEDS), but do not detail how these funds are spent. The National Association of College and University Business Officers provides some insight on endowment spending rates as part of the annual NACUBO-Commonfund Study, but these data are presented in the aggregate and not for individual institutions. Similarly, through the Council for Aid to Education's Voluntary Support of Education Survey, aggregate data tell us that more than 40 percent of restricted endowment gifts are financial aid-related, but there is no differentiation between need-based versus merit-based aid.[12] To date, the most comprehensive, publicly available data on individual institutions lie within the IRS Form 990. However, these data are limited in significant ways.

First, 990 forms are often difficult to find. The IRS provides no way to easily download 990 forms for specific or related groups of tax-exempt organizations (e.g., colleges, churches, private foundations).[13] As a result, we purchased the information from Citizen Audit, an organization that collects the 990 forms and provides the data for specific organizations upon request. However, even after considerable effort, we could not identify the correct tax identification number for some institutions and were unable to request the 990 forms for those colleges.

Second, in many cases, institutions file 990 forms under several different tax identification numbers. This is particularly problematic for public institutions, which have different reporting requirements as instrumentalities of government. For example, the University of Virginia has 17 different tax identification numbers listed on its website.[14] One of these organizations, the Rector and Visitors of the University of Virginia, is classified as an instrumentality of government and, therefore, files a different form (the 990-T) that does not contain information on endowments. Yet, compared with the total that the university reports to the U.S. Department of Education and NACUBO, total endowment funds held across the other 16 entities indicate that the vast majority of endowment wealth is unaccounted for.

Third, in some instances, the total value of endowments across sources (IPEDS, NACUBO, and 990 forms) didn't match because of differences in reporting purposes and deadlines. Therefore, we only examined endowment spending for institutions with endowment assets — derived from the 990 forms — that were within 5 percent of all endowment assets reported in each college's IPEDS submission. A discrepancy within this range provided us with confidence that we were able to account for the vast majority of each institution's endowment assets.

SPENDING RATE =

$$\left(\frac{\text{GRANTS OR SCHOLARSHIPS (1D)} + \text{OTHER EXPENDITURES FOR FACILITIES AND PROGRAMS (1E)}}{\text{BEGINNING OF YEAR BALANCE (1A)}} \right) \times 100$$

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

		(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance	6,444,598,397	6,383,343,071	5,340,685,012	4,920,742,718	6,351,854,688
b	Contributions	109,051,302	162,550,384	167,659,430	135,156,367	104,550,162
c	Net investment earnings, gains, and losses	725,521,322	177,082,485	1,115,963,818	525,883,589	-1,298,974,803
d	Grants or scholarships	90,722,736	85,386,397	80,194,525	75,825,598	71,071,937
e	Other expenditures for facilities and programs	229,397,578	192,991,146	160,770,664	165,272,064	165,615,392
f	Administrative expenses	0				
g	End of year balance	6,959,050,707	6,444,598,397	6,383,343,071	5,340,685,012	4,920,742,718

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ▶ 38 700 %

b Permanent endowment ▶ 21 400 %

c Temporarily restricted endowment ▶ 39 900 %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Although the median endowment spending rate approaches the 5 percent minimum-spending threshold that private foundations are required to disburse, approximately two-thirds of the institutions in the group of 67 had spending rates under 5 percent in 2012, and approximately half had spending rates under that level in 2013 (*see Figure 2*).

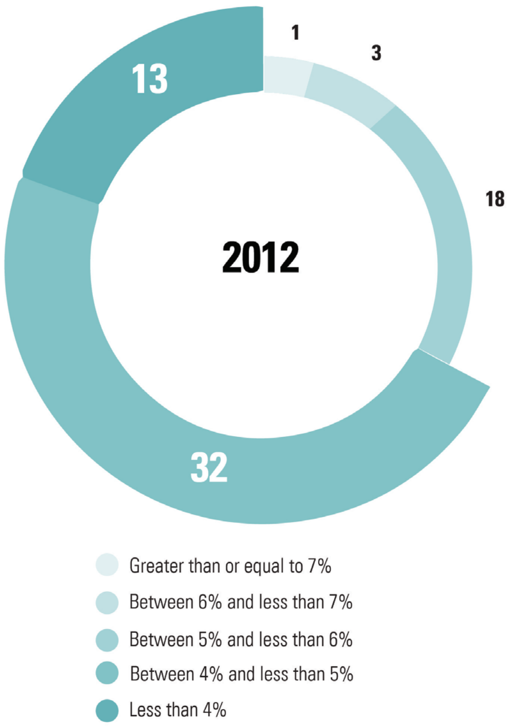
Finally, even after accounting for all spending, additional contributions and net investment gains powered an increase in the average endowment wealth of about 8.8 percent annually over our four-year study period. At the beginning of fiscal year 2010, the collective wealth of these 67 institutions totaled \$149.5 billion; four years later, it totaled \$202.3 billion.[15]

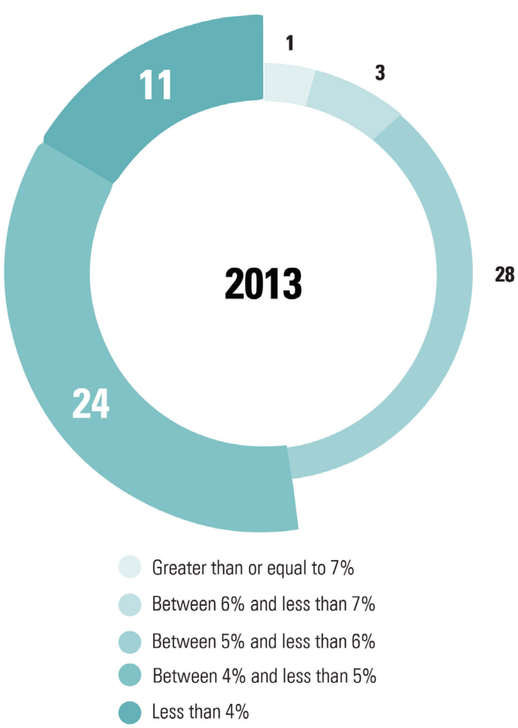
Using Endowments to Support Low-Income Students

To determine if endowment funds could be used to enroll more low-income students (from families with incomes of \$30,000 or less), we calculated the additional revenue that could be generated simply by increasing the spending rate to 5 percent for the 35 institutions that were below that spending threshold in 2013. For this analysis, our calculations assume additional low-income students would pay what their low-income peers currently pay at these institutions for a period of four years.

If these 35 institutions increased their spending rates to 5 percent, that would generate an additional \$418 million, which could pay the tuition for an additional 2,376 low-income students (if funds were unrestricted and entirely used for

Figure 2: Number of High-Wealth Institutions by Endowment Spending Category





Note: Analysis includes 67 institutions. Source: Education Trust analysis of IRS Form 990.

financial aid). This represents a nearly 67 percent increase in enrollment based on first-time, full-time low-income students enrolled in these institutions in 2012-13.

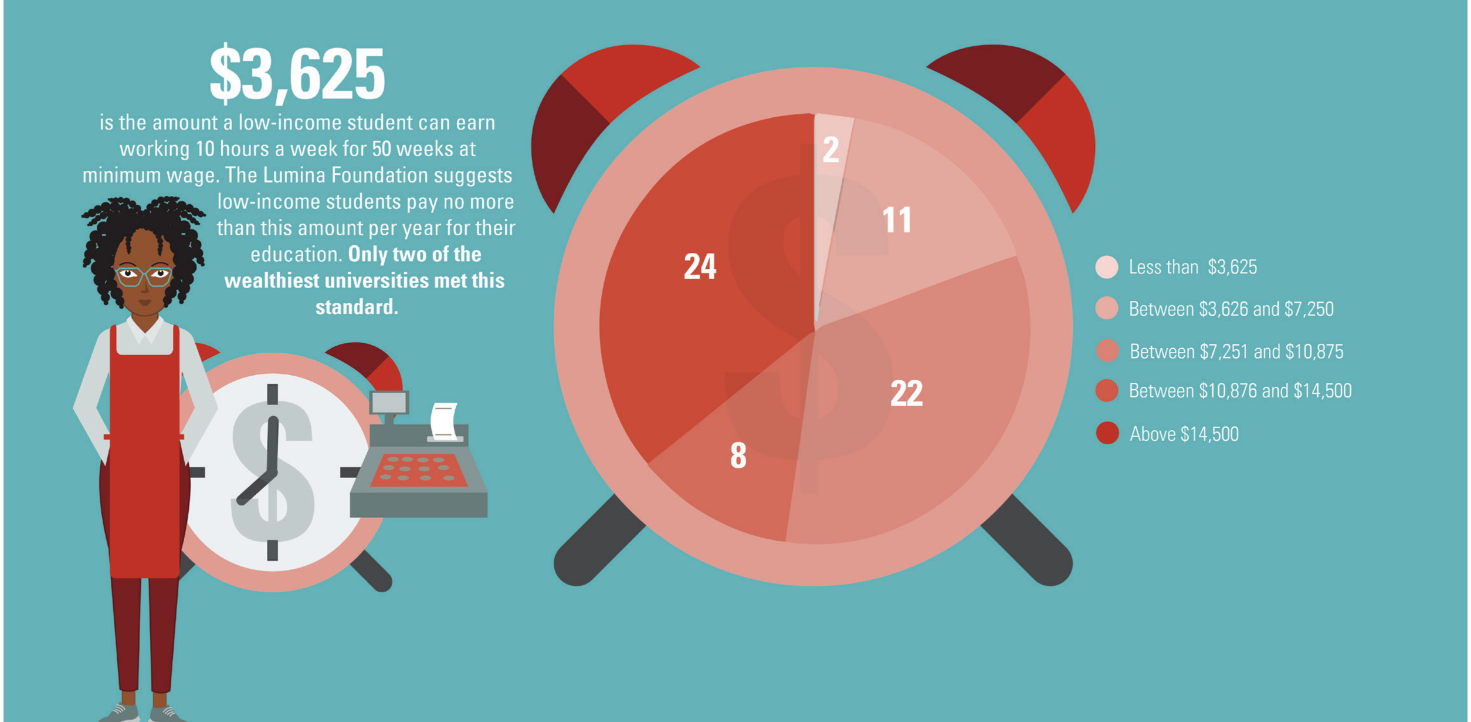
Obviously some institutions have more room to improve than others (*see Table 1 in the Appendix for specific institutional data*). For example, Brown University could only generate an additional $1.78 million by increasing its spending rate to 5 percent, while the University of Pennsylvania — which had a spending rate of 4 percent in 2013 — would have an additional $64.62 million.[16] With this, the University of Pennsylvania could afford not only to double the enrollment of entering low-income students from 109 to 218 students, but also to cover costs for all 218 students for four years. And still, the University of Pennsylvania would have nearly $37 million left to spend on other priorities.[17]

But enrolling more low-income students isn't the only way institutions can better serve these students: Endowment funds could also be used to lower the price these students pay, thus reducing the size of their eventual debt or need to work while enrolled. Given the current net price for low-income students at many of these institutions, this may be critical to attracting more low-income students. Attending these institutions is not as inexpensive as some institutional leaders claim. Even after all federal, state, and institutional grant aid, low-income students at nearly half of these institutions must find a way to pay more than $10,000 a year for a college education.

Certainly, there are institutional leaders who argue that a degree from their university is a bargain at that rate. And compared with the cost paid by many other students, this amount might seem affordable to some. But one must consider that the average net price for low-income students at these institutions (roughly $12,000 per year) is equivalent to the average annual family income of students in the lowest income quintile.[18] This is a far higher percentage — and thus, a larger burden — than it is for families at any other income level. According to the Lumina Foundation's Rule of 10 Affordability Benchmark, low-income students should not have to pay more than what they can expect to make working 10 hours a week for 50 weeks at the federal minimum wage, which is about $3,625 per year.[19] As Figure 3 shows, just two of these institutions currently charge low-income students a net price that satisfies this benchmark, and only 11 charge double the benchmark ($7,250).

If they wanted to lower the burden on low-income students and their families, the 35 institutions with spending rates below 5 percent could increase their endowment spending and use the additional $418 million for that purpose. Assuming low-income students would receive the same level of aid for four years, we estimate that each of the 35 institutions in our analysis could reduce its net price for low-income students by an average of $8,000 each year. In full, this would lower the price for 3,500 first-time, full-time low-income students enrolled at these 35 institutions with an endowment spending rate under 5 percent.[20] Using endowment funds in this way

Figure 3: High-Wealth Institutions: What Do Low-Income Students Have to Pay?



Source: Education Trust analysis of IPEDS financial aid data.

would set the net price for low-income students below the Lumina Foundation's Rule of 10 Affordability Benchmark ($3,625) at 25 of the 35 institutions.

THE PATH FORWARD

When pressed about their use of endowment resources, many institutional leaders respond by saying that they must preserve the excellence of their institutions for generations of students to come by spending wisely from their endowments and ensuring long-term growth. While we understand their future orientation, we believe that the data presented here suggest that most could easily afford to do more to educate low-income students without compromising that future in any way.

Even if we set aside Berea College — which has an institutional mission squarely focused on low-income students, who constitute 90 percent of its enrollment — some large endowment institutions are doing a better job than others in both enrolling low-income students and keeping the cost for them low. Two of those, Vassar and Williams colleges, have net prices for low-income students below $7,500 and enrollments of low-income freshmen at about 20 percent. Though the price low-income students pay at Smith College is slightly higher, it too serves more low-income students — 21.2 percent — than most of its large endowment peers.

Having more of these institutions step up is critically important. Right now, students from high-income families are roughly three times as likely as students from low-income families to obtain a bachelor's degree eight years after leaving high school. While 54 percent of young people from the highest-income quartile are able to earn a bachelor's degree, only 17 percent of young people from the bottom-income quartile are able to do so.[21]

In past decades, those without degrees could work hard and still climb the ladder of opportunity in America. But today, those rungs are further apart than ever before, and those without postsecondary degrees are only rarely able to climb them.

For many years, America's colleges and universities helped fuel the ascent of young people from low-income families into the middle class and were a critical part of honoring the social compact with American families. Some still are, but others — especially the wealthiest — have instead become engines of inequality by enrolling too few low-income students. Increasing endowment spending won't, by itself, turn current patterns around. But our estimates suggest that increasing spending rates to 5 percent could finance large improvements in both enrollment and affordability for low-income students, increasing these institutions' collective contribution to repaving the path of opportunity in America. ■

KEY QUESTIONS TO ASK ABOUT ENDOWMENTS

Whether you're a student, advocate, policymaker, or institutional leader, these guiding questions can help you make sense of an institution's endowment and how it could be better used to improve access and affordability, particularly for low-income students.

What percentage of expenditures from endowment funds go toward financial aid and support services for low-income students? Endowments can support a wide range of services, so it is important to know where students — and the services that support them — fall among an institution's priorities.

What percentage of the endowment is restricted for specific purposes? Even if an institution has a high endowment, much of it can be tied to an agreed-upon cause or initiative, which limits the institution's ability to spend where it's needed.

What other types of projects and activities do endowment funds support? To some extent, this can illustrate what institutional leaders find important. True, some financial gifts are restricted by donors for specific purposes, but remember that institutional leaders are not passive actors in determining priorities.

What is the annual growth rate? This shows how much the endowment continues to grow, generating additional revenue to both support campus programs and maintain the stability of the endowment. This also indicates whether the institution has the capacity to spend more while still preserving for the future.

What is the institution doing to use other financial resources and/or raise funds to support more low-income students and financial aid? If institutional leaders claim that additional endowment funds can't be used to support low-income students, ask how they are using other resources from their annual operating budget or whether they are seeking out additional funds to invest in low-income students.

NOTES

1. Emmanuel Saez and Gabriel Zucman, "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data," *The Quarterly Journal of Economics* 131, no. 2, May 2016, http://eml.berkeley.edu/~saez/SaezZucman2016QJE.pdf; and US Census Bureau, "Income Distribution Measures Using Money Income and Equivalence-Adjusted Income: 2013 and 2014," https://www2.census.gov/programs-surveys/demo/tables/p60/252/table2.pdf.
2. Emmanuel Saez and Gabriel Zucman, "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data," *The Quarterly Journal of Economics* 131, no. 2, May 2016, http://eml.berkeley.edu/~saez/SaezZucman2016QJE.pdf.
3. This only includes Title IV-receiving public and nonprofit institutions. For-profit institutions do not have tax-exempt endowments. Data are from 2012-13. In 2014, the most recent data available, there were 149 colleges and universities in the $500 million club. See edtrust.org for a complete list.
4. The average annual family income for students in the lowest income quintile is $12,783. Education Trust analysis of NPSAS:12 using PowerStats, http://nces.ed.gov/datalab.
5. Karen W. Arenson, "Senate Looking at Endowments as Tuition Rises," *New York Times*, January 25, 2008, http://www.nytimes.com/2008/01/25/education/25endowments.html; and Goldie Blumenstyk, "Grassley: Colleges' Endowment Spending is Still on the Front Burner," *The Chronicle of Higher Education*, March 9, 2010, http://chronicle.com/article/Grassley-Colleges-Endowment/64572.
6. Michael Stratford, "Endowments Under Fire Again," *Inside Higher Ed*, October 8, 2015, https://www.insidehighered.com/news/2015/10/08/house-republicans-question-university-endowment-spending-executive-compensation.
7. Tax Reform Act of 1969, Public Law 97-34, Section 823, 26 U.S. Code §4942. See: https://www.irs.gov/irm/part7/irm_07-027-016.html.
8. Private foundations are also subject to a 2 percent excise tax on net investment income of 2 percent. This can be reduced to 1 percent if the foundation's distributions exceed a historical average. IRC Section 4940(a). See: https://www.irs.gov/Charities-&-Non-Profits/Private-Foundations/Tax-on-Net-Investment-Income.
9. Internal Revenue Code Section 501(c)(3); https://www.law.cornell.edu/uscode/text/26/501.
10. In fiscal year 2014, 90 percent of the $7.7 billion in new financial contributions to endowments were restricted for a specific purpose by the donors. Source: Liz Clark, "How Do College Endowments Work?" PowerPoint presentation for the National Association of College and University Business Officers, October 2015, https://www.youtube.com/watch?v=09MuFaAvDI0.
11. Spending rates are based on the dollar value of expenditures (less administrative expenses) as a percent of the market value of the endowment in the beginning of the fiscal year. Many institutions have spending policies that determine expenditures by using a rolling average over several years in order to prevent large fluctuations in the dollar amount distributed. For the sake of comparability across institutions in our analysis, we used the same method to calculate the spending rate for all institutions. The average spending rate was 4.8 percent in both 2012 and 2013.
12. Liz Clark, "How Do College Endowments Work?" PowerPoint presentation for the National Association of College and University Business Officers, October 2015, https://www.youtube.com/watch?v=09MuFaAvDI0.
13. IRS 990 forms are available for purchase in bulk as unsearchable electronic images that will be provided in a DVD format. https://www.irs.gov/Charities-&-Non-Profits/Copies-of-Scanned-EO-Returns-Available.
14. University of Virginia, "Giving to UVA: Federal Tax ID Numbers," http://giving.virginia.edu/federal-tax-id-numbers/.
15. Our findings are in line with long-term trend data from the NACUBO-Commonfund Study of Endowments, but new data from this study show spending rates increased and endowments had lower rates of returns during 2015.
16. In 2013, the University of Pennsylvania reported $6.75 billion in endowment assets in the Integrated Postsecondary Education Data System. However, we were only able to account for $6.43 billion using IRS 990 data, which we used to calculate the 4.0 percent spending rate. This difference of $317 million (or 4.47 percent) between the IPEDS and IRS 990 data was less than the 5.0 percent threshold that was required for inclusion in this study. It is possible that the $317 million and the related spending from those endowment assets could have an impact on the institution's overall spending rate. However, despite having a low net price for low-income students, it is clear that — regardless of the actual endowment spending rate — the university could do more to increase the percentage of Pell Grant recipients among freshmen, which currently sits at 15 percent.
17. The cost for additional low-income students is estimated using the difference between the price of attendance and net price for low-income students (from families with incomes up to $30,000) in 2012-13. We multiplied this number by four in order to account for multiple years of financial support. These estimates are extremely conservative since we are assuming that only aid from institutions (and not other sources — federal, state, or private) will be used to pay for additional students. It should be noted that in Table 1 we reported that the University of Pennsylvania could enroll an additional 290 low-income students (for four years) if it increased its spending rate to 5 percent, assuming these new students would pay (for four years) what the current low-income freshmen pay. However, the 218 figure represents what the institution could do if it wanted to double its current enrollment of Pell freshmen and ensure these 218 students pay nothing for four years. Even while doing this, the university would have $37 million left over to spend on other priorities.
18. Education Trust analysis of NPSAS:12 using PowerStats.
19. Lumina Foundation, *A Benchmark for Making College Affordable: The Rule of 10*, August 2015, https://www.luminafoundation.org/files/resources/affordability-benchmark-1.pdf.
20. The new net price for current low-income students is estimated using the additional per-student subsidy generated by dividing additional endowment dollars by the number of low-income students ($0-$30,000) in 2012-13. We divided this number by four in order to account for multiple years of financial support.
21. José Luis Santos and Kati Haycock. "Higher Education's Critical Role in Increasing Opportunity in America: What Boards Should Know and 10 Questions They Should Ask," *Trusteeship*, Jan/Feb 2016, http://agb.org/trusteeship/2016/januaryfebruary/higher-educations-critical-role-in-increasing-opportunity-in.

APPENDIX

Table 1: Institutions in the $500 Million Club (With Spending Rates *Below* 5 Percent)

Institution Name	State	Percent of Pell Grant Recipients Among Freshmen, 2012-13	Price of Attendance 2012-13	Net Price for Low-Income Students 2012-13	Number of First-Time, Full-Time Low-Income Students 2012-13	Total Endowment Assets Fiscal Year 2013 ^	Endowment Spending Rate Fiscal Year 2013	Additional Dollars Generated if Spending Rate Increased to 5%	Option 1: Additional Low-Income Students Enrolled at Current Net Price †	Option 2: New Net Price for Current Low-Income Students ‡	Option 2: Unused Endowment Dollars
American University	DC	18.8%	$55,353	$24,281	141	$466,234,000	2.48%	$11,729,410	94	$3,484	$0
Soka University of America	CA	26.2%	$41,274	$9,312	11	$1,035,512,125	3.07%	$20,020,086	157	$0	$19,610,358
Howard University	DC	46.9%	$40,129	$20,770	365	$464,305,000	3.17%	$8,509,250	110*	$14,942	$0
Fordham University	NY	20.2%	$61,073	$22,577	219	$491,584,850	3.22%	$8,767,720	57	$12,568	$0
Tulane University of Louisiana	LA	10.1%	$59,000	$22,003	106	$946,176,000	3.38%	$15,321,800	104	$0	$5,992,528
Swarthmore College	PA	13.5%	$58,481	$10,832	24	$1,498,775,000	3.73%	$19,080,750	100	$0	$18,040,878
Santa Clara University	CA	11.9%	$57,681	$22,527	87	$666,356,803	3.80%	$8,015,315	57	$0	$175,919
College of the Holy Cross	MA	15.3%	$56,730	$13,791	55	$589,769,388	3.81%	$7,024,075	41	$0	$3,990,055
Pomona College	CA	18.5%	$57,014	$4,712	24	$1,679,640,364	3.84%	$19,464,333	93	$0	$19,011,981
Grinnell College	IA	22.3%	$53,318	$10,120	43	$1,383,856,130	3.93%	$14,792,807	86	$0	$13,052,167
University of Pennsylvania	PA	15.0%	$59,600	$3,847	109	$6,437,618,627	4.00%	$64,619,931	290	$0	$62,942,639
Saint Louis University	MO	19.2%	$53,448	$26,163	136	$852,841,749	4.01%	$8,448,992	77	$10,632	$0
Rochester Institute of Technology	NY	31.3%	$46,083	$20,818	481	$628,328,362	4.10%	$5,666,693	56*	$17,873	$0
Colby College	ME	12.2%	$57,300	$4,903	35	$599,557,000	4.11%	$5,358,850	26	$0	$4,672,430
University of Richmond	VA	15.6%	$56,010	$8,599	61	$1,874,291,569	4.19%	$15,109,640	80	$0	$13,011,484
Bowdoin College	ME	13.8%	$58,200	$4,754	22	$902,364,000	4.22%	$7,027,200	33	$0	$6,608,848
Cooper Union for the Advancement of Science and Art	NY	14.8%	$53,895	$12,772	16	$640,535,544	4.28%	$4,600,986	28	$0	$3,783,578
Johns Hopkins University	MD	15.5%	$58,980	$11,547	95	$2,593,316,000	4.30%	$18,198,800	96	$0	$13,810,940
Lafayette College	PA	9.2%	$57,688	$9,747	24	$681,536,166	4.35%	$4,454,213	23	$0	$3,518,501
Vanderbilt University	TN	13.2%	$59,890	$7,411	102	$3,360,035,514	4.48%	$17,444,915	83	$0	$14,421,227
Carnegie Mellon University	PA	13.4%	$59,710	$23,362	101	$985,941,144	4.49%	$4,994,368	34	$11,000	$0
Furman University	SC	13.8%	$55,750	$13,167	49	$550,265,504	4.52%	$2,661,217	16	$0	$80,485
University of Southern California	CA	18.4%	$59,883	$16,403	292	$3,322,631,891	4.53%	$15,740,248	91	$2,927	$0
Davidson College	NC	12.7%	$54,930	$9,479	24	$511,392,612	4.56%	$2,239,429	12	$0	$1,329,445
Wesleyan University	CT	18.5%	$61,167	$5,736	37	$616,195,000	4.61%	$2,424,750	11	$0	$1,575,822
Pepperdine University	CA	22.4%	$58,772	$17,229	84	$607,953,000	4.62%	$2,303,650	14	$10,373	$0
Harvard University	MA	15.0%	$57,050	$3,897	65	$29,733,245,000	4.74%	$75,908,250	357	$0	$74,895,030
Southern Methodist University	TX	12.8%	$58,689	$19,647	78	$1,162,415,320	4.76%	$2,772,983	18	$10,759	$0
Berea College	KY	90.8%	$30,396	$169	204	$942,618,000	4.77%	$2,209,056	18*	$0**	$2,071,152
Colgate University	NY	12.0%	$57,745	$7,134	21	$699,409,112	4.77%	$1,574,253	8	$0	$974,997
University of Miami	FL	17.6%	$58,782	$20,783	189	$678,694,294	4.81%	$1,267,105	8	$19,107	$0
Massachusetts Institute of Technology	MA	16.2%	$57,010	$5,554	57	$10,308,273,000	4.84%	$16,113,650	78	$0	$14,847,338
Brown University	RI	17.4%	$58,140	$5,234	69	$2,462,538,000	4.93%	$1,781,900	8	$0	337316
Denison University	OH	18.6%	$54,490	$9,498	52	$646,081,840	4.94%	$402,538	2	$7,563	0
University of Notre Dame	IN	10.8%	$57,805	$12,176	84	$6,444,598,397	4.97%	$2,109,606	12	$5,897	0

Table 1 (continued): Institutions in the $500 Million Club (With Spending Rates *Above* 5 Percent)

										Option 2	
Institution Name	**State**	**Percent of Pell Grant Recipients Among Freshmen , 2012-13**	**Price of Attendance 2012-13**	**Net Price for Low-Income Students 2012-13**	**Number of First-Time, Full-Time Low-Income Students 2012-13**	**Total Endowment Assets Fiscal Year 2013 ^**	**Endowment Spending Rate Fiscal Year 2013**	**Additional Dollars Generated if Spending Rate Increased to 5%**	**Additional Low-Income Students Enrolled at Current Net Price †**	**New Net Price for Current Low-Income Students ‡**	**Unused Endowment Dollars**
Yale University	CT	12.7%	$59,320	$7,596	78	$19,606,479,000	5.01%	Not Applicable			
Rice University	TX	18.7%	$52,242	$7,799	71	$4,448,069,000	5.01%	Not Applicable			
Northwestern University	IL	14.0%	$60,840	$15,841	141	$5,574,319,000	5.02%	Not Applicable			
Carleton College	MN	11.4%	$58,275	$10,300	22	$651,655,398	5.04%	Not Applicable			
Smith College	MA	21.2%	$57,913	$8,438	38	$1,409,755,120	5.08%	Not Applicable			
Texas Christian University	TX	10.4%	$48,360	$18,556	83	$1,110,867,981	5.10%	Not Applicable			
California Institute of Technology	CA	10.2%	$56,382	$9,110	18	$1,811,497,000	5.11%	Not Applicable			
Syracuse University	NY	26.0%	$55,600	$18,699	425	$916,521,664	5.15%	Not Applicable			
Macalester College	MN	17.2%	$55,393	$12,117	40	$597,674,972	5.17%	Not Applicable			
Mount Holyoke College	MA	12.7%	$55,496	$13,169	16	$594,045,152	5.22%	Not Applicable			
George Washington University	DC	12.0%	$58,985	$19,079	175	$1,305,891,938	5.23%	Not Applicable			
Duke University	NC	13.7%	$59,528	$6,871	106	$5,537,135,706	5.31%	Not Applicable			
Bucknell University	PA	10.7%	$59,090	$19,934	56	$599,215,781	5.33%	Not Applicable			
Stanford University	CA	14.1%	$58,846	$3,516	76	$17,035,804,000	5.40%	Not Applicable			
Williams College	MA	18.8%	$59,412	$7,478	50	$1,716,033,537	5.41%	Not Applicable			
Wellesley College	MA	19.5%	$57,164	$10,495	56	$1,468,582,412	5.44%	Not Applicable			
DePauw University	IN	21.3%	$51,050	$19,227	99	$483,049,622	5.47%	Not Applicable			
Vassar College	NY	22.5%	$59,320	$4,456	45	$804,912,006	5.49%	Not Applicable			
University of Chicago	IL	11.7%	$62,425	$8,112	56	$5,701,419,000	5.51%	Not Applicable			
Dartmouth College	NH	12.1%	$61,398	$9,858	44	$3,486,383,419	5.51%	Not Applicable			
Baylor University	TX	18.1%	$49,038	$26,425	302	$964,161,044	5.58%	Not Applicable			
Washington University in St Louis	MO	5.2%	$60,345	$7,781	37	$5,303,196,330	5.64%	Not Applicable			
Brandeis University	MA	17.6%	$59,050	$13,644	74	$674,521,865	5.67%	Not Applicable			
The Juilliard School	NY	15.7%	$51,756	$19,212	12	$778,535,715	5.73%	Not Applicable			
Lehigh University	PA	16.9%	$55,515	$16,142	86	$995,284,369	5.76%	Not Applicable			
Tufts University	MA	10.1%	$58,800	$10,325	66	$1,386,696,958	5.78%	Not Applicable			
Yeshiva University	NY	16.8%	$53,825	$22,878	79	$905,758,809	5.93%	Not Applicable			
Columbia University in the City of New York	NY	15.1%	$61,540	$8,086	49	$7,654,152,000	5.95%	Not Applicable			
Georgetown University	DC	14.0%	$59,900	$10,197	101	$1,140,486,026	6.05%	Not Applicable			
Middlebury College	VT	12.2%	$59,200	$7,357	20	$879,690,062	6.19%	Not Applicable			
Rensselaer Polytechnic Institute	NY	15.3%	$59,470	$23,115	96	$568,821,134	6.70%	Not Applicable			
New York University	NY	20.3%	$61,407	$25,441	583	$2,765,755,897	7.56%	Not Applicable			

Notes: "Low-income" includes students from families with annual incomes of $30,000 or less.

* Compared with the other wealthy institutions on this list, Berea College, Howard University, and Rochester Institute of Technology have much higher enrollments of Pell Grant recipients. Although we simulated how many additional Pell students they could enroll by increasing their spending rate to 5 percent, it should be noted that these institutions ARE NOT engines of inequality and are enrolling their fair share of students from low-income backgrounds.

** Compared with the other wealthy institutions on this list, Berea College is significantly more affordable for low-income students. Although we simulated how much the college could lower its net price for low-income students by increasining its spending rate to 5 percent, it should be noted that their current net price for these students is more than sufficient.

† The number of additional low-income students is estimated using the difference between the price of attendance and net price for low-income students in 2012-13. We multiplied this number by four in order to account for multiple years of financial support.

‡ The new net price for current low-income students is estimated using the additional per-student subsidy generated by dividing additional endowment dollars by the number of low-income students in 2012-13. We divided this number by four in order to account for multiple years of financial support. Our estimates on reducing the net price would only reduce the net price for the entering cohort of low-income students for four years.

^ Endowment data are from the Internal Revenue Service Form 990.

Source: IPEDS data from the Pricing and Tuition survey component and the Student Financial Aid survey component, as well as an Education Trust analysis of IRS Form 990.

ABOUT THE EDUCATION TRUST

The Education Trust promotes high academic achievement for all students at all levels — pre-kindergarten through college. We work alongside parents, educators, and community and business leaders across the country in transforming schools and colleges into institutions that serve all students well. Lessons learned in these efforts, together with unflinching data analyses, shape our state and national policy agendas. Our goal is to close the gaps in opportunity and achievement that consign far too many young people — especially those who are black, Latino, American Indian, or from low-income families — to lives on the margins of the American mainstream.

ACKNOWLEDGEMENTS

We would like to express our gratitude and thanks to our former research analyst, Meredith Welch, whose invaluable research and writing contributions made this publication possible. We would also like to thank Michael Dannenberg, director of strategic initiatives for policy at Education Reform Now, for recommending we explore this topic and providing feedback on draft versions of this report. In addition, we would like to thank Sara Garcia, higher education research analyst, for her support on this project.

The Education Trust

1250 H STREET, NW, SUITE 700, WASHINGTON, D.C. 20005

P 202-293-1217 F 202-293-2605 WWW.EDTRUST.ORG