

# Gates Scholarships: Philanthropy and Access to Higher Education

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As the gap between rich and poor grows, due partly to differences in educational attainment, a new breed of millionaires popping up across the American landscape may target their philanthropy toward access to higher education. But will their largesse make much difference?

This past April, I spent four days with about 70 other people at a conference center in rural northern Virginia reviewing applications for the first round of the Gates Millennium Scholarships.

Last year, the Bill & Melinda Gates Foundation pledged \$1 billion over 20 years to provide financial assistance to minority students in college and graduate school. To be eligible, scholars must: be African-American, American Indian/Alaska Native, Asian Pacific Islander or Hispanic citizens or permanent residents of the United States; have attained a cumulative grade point average of 3.3; have enrolled or been accepted as full-time undergraduates at an accredited college for the 2000-2001 academic year or as graduate students in mathematics, science, engineering, education or library science; have significant financial need; and have demonstrated leadership through participation in community service or other extracurricular activities.

The objective of this enterprise is not only to help minority students at U.S. colleges and universities reach their full potential in an increasingly diverse society, but also to help develop leaders from the ranks of minority students. Philanthropy is not easy to do well. And the more money involved, the more difficult it becomes. While \$1 billion over 20 years is not a large share of the foundation's assets, it is a lot of money.

The Gates Millennium Scholarship Program has the potential to do much good, but one wonders how much it can really accomplish in terms of broadening access to higher education.

The foundation appointed the United Negro College Fund (UNCF) to administer the program, thereby setting both tone and priorities. With assistance from the American Association of Collegiate Registrars and Admissions Officers (AACRAO), the UNCF began this sizable endeavor last winter. The first scholarships were awarded on May 1. (At the Gates's request, the Millennium Scholarships were distributed among students in all levels of postsecondary education during this inaugural year in an effort to realize the effects of the program sooner than waiting for a cohort to finish. After this year, they will go to applicants entering college.)

## Distributing funds

By the time application reviewers arrived at the Virginia conference center, the UNCF and AACRAO had set up a large database containing the complete applications of the 20,000 high school and college students (out of 50,000 total applicants) who were eligible for scholarships and designed a system in which every application was randomly assigned to two independent readers for evaluation.

We spent the four days and most evenings in a single large room containing banks of computers. The first

day we were trained in how to read and evaluate the applications (as were subsequent waves of readers in Denver and San Francisco that same week). We were taught how to search each applicant's materials for an interesting and enlightened combination of cognitive skills and non-cognitive student characteristics not revealed by tools such as test scores and grades. The basis of this approach is the research of William Sedlacek and others on what personal qualities are related to a student's ability to succeed in college. Thus, we found ourselves looking for evidence of a student's ability to self-assess or to reach out for support from others, for example, rather than for the more traditional criteria often used by admissions staff. (We were asked to leave the specifics of the evaluation forms and the forms themselves at the site only.)

Once everyone got working, the room was quiet, save for the occasional short discussion with a colleague at a neighboring terminal or clarification questions for the staff. It was absorbing work.

Readers came from all over the country, even from as far as Hawaii and American Samoa. My demographic characteristics (white, female, middle-age) clearly put me among the outliers (except, perhaps, for the middle-age). We came from all kinds of institutions, prestigious and not-so-prestigious, large, small, and mostly somewhere in between. We were academics, administrators, researchers, public sector employees, adults with and without agendas, parents, mentors and citizens. I don't think that a single one of us got through those days without an occasional involuntary intake of breath at what we read.

Every applicant had a story to tell, and sometimes the stories were stunning.

A particularly thoughtful aspect of these scholarships, which now have been awarded to 4,000 students for the 2000-2001 academic year, is that they are structured so they do not replace federal, state or institutional aid except for loans. The recipients will continue to receive financial assistance from the foundation until they finish their formal education, even through graduate school. This means the Gates Scholars can pursue as much postsecondary education as they choose and complete their education without debt.

I came away from this intense experience both cheered and puzzled. I felt cheered in some fundamental way because reading the applications and seeing those young people in an oddly intimate context left me with a more immediate and real confidence in the breadth and depth of the many varied and wonderful young minority people who are part of our national community. They are a rich and wonderful resource for our common future. But I am still puzzled by why we are left trying to realize this through a philanthropic base that is by definition idiosyncratic and based on extremes of wealth. Is this the best way for us as a society to accomplish what this program seeks to do?

Indeed, what is the relationship between access to higher education and philanthropy? And what should it be? Can we, as a society, look to private gestures of largesse to help young people, especially the disproportionately large numbers who are minority and/or the first generation to consider college but for whom the expenses of college and beyond are daunting?

U.S. higher education received \$20.4 billion in private philanthropic support in 1999—about 9 percent of the \$190 billion given to all causes. This sounds like a lot of money, and it is. But consider the context. Philanthropic support accounts for under 10 percent of what is spent in higher education. And only a very small proportion of that goes to students in the form of financial assistance for the personal expenses of a college education and beyond.

Data from the New York City-based Council for Aid to Education give some

indication of how few of the philanthropic dollars contributed to higher education find their way to students in the form of financial aid. More than half of donations to colleges and universities go directly to capital accounts for physical facilities or for building endowments. About 35 percent of donation dollars are earmarked for restricted endowments, which generate roughly 5 percent to 15 percent in annual returns. An estimated 34 percent of that endowment *income* (not the principal) is spent on student financial aid. Additional funds for financial aid may come from donations for operating expenses, but their impact is difficult to estimate because the funds are spent idiosyncratically based on the preferences of individual institutions. And what operating funds are used for financial aid are often geared to students who have particular qualities such as academic prowess, athletic talents, minority status as well as financial need.

Considering the intricacies of endowment management and the vagaries of operating budgets, it would not be unreasonable to suggest that only about 5-8 cents of every \$1 given to higher education goes toward financial aid.

A college degree has become a prerequisite for social and economic mobility, particularly for members of minority groups, and enrollment of minority students is projected to increase. But college participation among these traditionally underserved students will actually decrease in proportion to their populations.

Can surging philanthropy make a difference? Yes, but only for a relatively small group of individual students, much as it has in the past. The Gates Millennium Scholarship Program is visible because it is so large relative to other individual philanthropic initiatives. Indeed, it is the largest single private donation to higher education in U.S. history by a factor of three and one of only two among the 20 largest donations to higher education to be earmarked for scholarships. (The other is restricted to students at a single institution.) But even the Gates program's impact is hardly noticeable in the broader context of the \$64 billion in federal, state and institutional stu-

dent aid in 1998-99 (three-quarters of the total being federal dollars, and three-quarters of that coming in the form of loans).

Is there enough philanthropic support to take pressure off public sources of aid funding? Not in a systematic way. Even if institutional aid—which is often awarded to attract certain types of students such as scholars or athletes rather than based on financial need—is counted as philanthropy, philanthropic donations account for less than \$1 out of every \$5 received by students, and they tend to be generally limited to the very small proportion of colleges and universities that have sizable endowments relative to their numbers of students.

So while there may be cases in which the availability of institutional and philanthropic funds for financial support of need-qualified students affected the amount and composition of individual student aid packages at particular institutions, the idiosyncrasies of both institutional and outside philanthropic support for students dominate the distribution of these forms of aid so that there is no real impact of these funds on public (state and federal) student financial assistance. The number of these cases and the amount of aid are so small relative to the larger picture that they have a negligible impact on access to higher education overall.

I hope the Gates program will be effective in helping more minority students move into and through a postsecondary education. This particular philanthropic effort is being thoughtfully and carefully done. But private philanthropy is still private and thus subject to the tastes, preferences, interests and beliefs of the individual donors. Our society is diverse and our philanthropy reflects that. But even if giving expands dramatically, there is no reason to think that philanthropy can be counted upon to express and support those fundamental social goals, that reflect our collective ideals and well-being. Even Bill Gates cannot meet the financial needs of most young minority students and our collective need for those young people to flourish.

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Some higher-education observers say Gates has shown little interest in supporting higher education for its own sake, aside from the Gates Millennium Scholars program, which provides scholarships to 1,000 new students each year. These observers say Gates treats grantees like contractors and is less interested in supporting innovation at the campus level than in investing in intermediary organizations like Complete College America, state systems of higher education, or upstart off-campus innovators like the Khan Academy. While Ford and Pew had a broad goal to build a body of research on access and completion, Gates has a more narrowly defined strategy and is intent on supporting change that can be measured. The Bill and Melinda Gates Foundation established the Gates Cambridge Scholarships in 2000 with a \$210 million donation to support outstanding graduate students' study at the University of Cambridge. The scholarship is one of the most competitive and prestigious scholarships in the world, with 0.3% of applicants receiving an award. The gift is the largest single donation to a British university and the University's most prestigious programme for postgraduate students. Each scholarship covers the cost... The new effort, called the Gates Scholarship, has a shorter life span of 10 years and will provide tuition support for 3,000 students. It will be administered by the Hispanic Scholarship Fund, although the scholarships won't be limited to Hispanics. In addition to posting high grades, successful applicants will need to show they are leaders among their peers. One of the things Bill and Melinda are interested in doing is cultivating a generation of leaders, because we still don't see as many people of color in leadership positions, particularly in higher education, said Travis Reindl, a spokesman for the foundation. In addition to administering the scholarships, the Hispanic Scholarship Fund will develop a marketing strategy and design new technology tools to assist scholars.