



News, Views and Careers for All of Higher Education

Nov. 18

The Bubble That Didn't Burst

Jess H. Lord, dean of admissions and financial aid at Haverford College, says that “up until Friday I’ve been telling anyone who would listen to me to get ready because I assumed ED numbers would drop.” He said it was “absolutely my assumption that ED would be hit hard by the economy — that applying ED would be seen as a luxury and folks would hold off.” “ED” is admissions lingo for early decision, in which applicants apply early and pledge, if admitted, to enroll.

When his staff finished counting Monday morning, after the early deadline passed, Haverford’s early applications were up 13 percent.

Nanci Tessier, vice president for enrollment management at the University of Richmond, was more optimistic. She figured that the economic woes would translate into a flat year for early decision. The university’s numbers are up 14 percent.

Lord and Tessier were not alone in expecting declining interest in early decision, which for a decade now has been growing rapidly in popularity. Admissions experts predicted that the binding nature of early decision would discourage students and families in a year when many are uncertain about their personal finances and would want to consider public college alternatives or to weigh aid offers from a range of colleges before committing.

With numerous reports of public colleges experiencing surges in applications, some have gone so far as to predict, as [Forbes](#) put it recently in an article called “The Coming College Bubble?” that private colleges may be “the next industry to pop.” After all, critics of private higher education have said, parents are outraged by high tuition rates, so this is the year they will stay away from colleges (excluding Harvard and a few others perhaps) that cost a lot and expect applicants to pledge to enroll before even receiving a financial aid package.

But what’s happening this fall — even as applications do flood public institutions — is that many private institutions are reporting significant increases in those very ED applications that were expected to decrease. While application deadlines vary, many colleges use either November 1 or 15. So these ED deadlines are the first instances of students making potentially binding decisions after the stock market collapse — and early applications are up at numerous private colleges.

Union College in New York is up 8 percent. George Washington University is up 30 percent — although because last year the university numbers were off, the figure is up a more modest 10 percent over recent years. But officials saw so much interest they just extended the early deadline by two weeks. Nebraska Wesleyan is still counting, but is up. Roanoke College’s early decision applicants have more than doubled.

St. Olaf College — which moved its deadline for ED from the 1st to the 15th in the hope of keeping its applications level — is up more than 50 percent. Smith College is still counting but expects a modest increase. Dartmouth College is up 10 percent. Northwestern University is up 15 percent. New York University is up 1 percent. Hamilton College is up 8 percent. Dickinson College is level. Warren Wilson College is up 30 percent. The numbers vary, but the declines didn’t happen.

Views about why this is the case vary — and many admissions officials at these and other institutions are so surprised that

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they haven't had time to theorize. But many are saying that the idea that private colleges with high sticker prices were going to be uncompetitive this year has just not proven to be the case. And in an economic environment where [the loss of a few dozen students](#) can upend a college's plans, emerging from this juncture in the admissions process in good shape is huge news for many of these institutions.

It's important to know that this is likely to be an unusual year in admissions, with plenty of twists — and with any story on admissions trends, the colleges having miserable years tend not to rush to return a reporter's calls. And the early decision market place is just a part of higher education. To have a viable early decision program, you need competitive admissions, and many of the private colleges [struggling the most financially](#) don't. But admissions officials at these colleges and those still counting say that they consider it a sign of strength for their sector that institutions have held their own, let alone shown growth in early decision applications — especially since these applications have gone up so much in recent years, making the base higher than it once was.

All of this begs the question: Why?

One possibility is that colleges are focusing more on the applicants most likely to enroll — as opposed to everyone. This may be especially necessary in the Northeast, which isn't favored by population trends — and may explain why some of the colleges experiencing early decision increases may not see increases in their total applications for the year. “We've been preparing for a smaller top of the funnel for a couple of years,” said Monica Inzer, dean of admissions and financial aid at Hamilton, which saw an increase in early applications but is slightly behind last year's total for regular applications received to date.

With demographics shifting, she said it may be more important for colleges to focus on students with the right fit, and that means valuing different measures. For instance, Inzer said the college has had fewer inquiries about applications, but more visits from potential applicants and their families. Because of high “conversion” for those who visit, and enhanced financial aid efforts, Inzer said she was confident of attracting a great class. And for now, she said her admissions colleagues can relish their ED success, since she “never would have predicted” an increase this year.

Tessier said that the University of Richmond may have had success in a bad economic year by having a policy — and promoting it to families — of not treating financial aid applications from early decision applicants any less generously than those who apply without the pledge to enroll. Some colleges have been known to be less generous to students who pledge to enroll, saving aid dollars for those who will have other offers to consider. While there is some debate among admissions officials about how widespread (or reasonable) such policies are, families have heard that message.

“We've stressed to students that if they are worried that they may be disadvantaged in aid [by applying early], they won't be. We'll meet full need, if you apply early or regular,” she said. While that's not a new policy, it has received more emphasis, she said.

The aid issues matter in part because of concern that early decision tends to favor families — generally white and wealthier — who are more familiar with the college application process. Notably, both Dartmouth and Northwestern said that they saw significant gains this year in their minority early applicant pools. They, along with other colleges reporting ED increases — Haverford and Union, for example — also made improvements to aid policies in the last year.

While conventional wisdom has held that parents would be scared off by price this year (even at colleges that have generous aid packages), some say that families are reacting to the recession in ways that extend beyond sticker price.

Robert J. Massa, vice president for enrollment and college relations at Dickinson College, said he is just back from a program on New York's Long Island for prospective students and families. When he brought up the economic mess, Massa said that the questions were “not what I thought” they would be. “They were mainly concerned that colleges would cut back significantly in program support in the next several years, so that the college that their child agreed to attend could be significantly altered during their student's enrollment time.” Massa said he is able to answer such questions with confidence that Dickinson wouldn't make such cuts.

Another admissions official, who asked not to be quoted by name as he didn't want to offend his state university, offered a possible explanation for Massa's experience. Public university leaders in this state are telling anyone who will listen — repeatedly, and backed up by student and faculty groups — how budget cuts anticipated for this year and next will lead to the state's colleges having larger class sizes, fewer sections, overcrowded dormitories, more buildings in disrepair, and so forth. The barrage of such statements, intended to preserve a quality public system, may be having the unintended consequence of raising questions about the system's quality in the next few years.

Many others said that they were stunned by the increases, happy and still uncertain about why they took place. Derek

Gueldenzoph dean of admissions at St. Olaf, said, “We braced for very different scenarios” and now that the numbers are in, “whatever the reason was for the increase, I’d love to bottle it.”

Early decision is, of course, only part of the equation and many private colleges operate without it. Many of those institutions also are reporting healthy admissions increases — although some see the possibility that fewer of these students will eventually enroll.

Westminster College, in Utah, is up 38 percent in applications over this point last year. Wartburg College, in Iowa, is up 4.5 percent. Some colleges have early action programs — similar to early decision in that students apply early and find out if they are admitted, but different in that they make no pledge to enroll if accepted. Several report significant increases in these programs’ popularity, likely related to the economic uncertainty.

Mary Grondahl is vice president for enrollment management at the College of Saint Rose, in New York, which has a December 1 deadline for early action. To date, the college has received 1,560 early action applications, up from 1,395 at this point last year. By the end of the year, these students will not only know if they have been admitted, but how much aid the college will offer. Students are “very eager” to get the scholarship information, Grondahl said, and that is encouraging early applications. “It could not be more clear this year that students and their parents are extremely concerned about the bottom line and how that equates to overall value,” she said.

At Goucher College, early action is also up. Last year, 66 percent of all applications in at this time were early action. This year, the total is 77 percent. And applicants are focused early in the process — visits to the campus are up 10 percent from last year.

Michael J. O’Leary, vice president for enrollment management at Goucher, said that the “jury is still out” on whether the students will apply to more colleges, given that application fees add up. But he said that it’s clear that “families want more information sooner,” and that explains his college’s early action spike. “Come April, families will have had additional time to review offers of admission, offers of financial assistance, [and] their own personal financial situations,” he said.

Augustana College, in Illinois, was prompted by such concerns to [announce its tuition rates for next year in October](#), several months earlier than is the norm for private colleges. The early announcement “has taken one of the unknowns out of our conversations with families,” said W. Kent Barnds, vice president for enrollment and communication. To date, applications are running 30 percent ahead of where they were a year ago.

Several admissions deans said that they expected those considerations to involve more colleges than in the past as students who don’t apply (or gain admission) early seek to have more options. Tessier of Richmond said she would advise students worried about aid to submit more applications than they might have in the past. This will, of course, complicate life for Tessier and her colleagues as “yield” — the percentage of admitted applicants who enroll — may be more difficult to predict.

Barnds said that he expects many students to “be applying all over the place to hedge their bets in this difficult time.” He envisions more students coming up with a “top three list,” rather than a “top choice” as they consider their applications. As a result, an application surge for non-early decision “is unlikely to mean that you are truly more popular,” but rather “probably means you and two or three other college are going to need to compete programmatically and financially more than ever before for the attention of the same student who is more willing to shop around and decide later in the process.”

Of course, that’s why the healthy early decision numbers are so encouraging to many colleges. The reality, many college officials said, is that this admissions year will be difficult and unpredictable. Massa of Dickinson said that at his college, total applications submitted (regular) are down from the point last year, but total applications started online and not yet completed is up. That means this isn’t time for panic, he said, but for continuing to do what colleges do. “This year — in spite of the volatility in the economy — is more like last year than something completely different,” he said.

Lord of Haverford also said it was important to remember — perhaps especially in a volatile year — that there’s so much that’s not known. Even with the healthy increases, did some students opt not to apply early for economic reasons? With the economy and colleges’ policies changing, he said that admissions officials need to remember both “our ability or lack thereof to predict or control these outcomes.”

— [Scott Jaschik](#)

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Comments

Let me take a stab at why numbers are up: 1) in times of uncertainty people look for certainty. Parents will have their kids apply early to lock in...will they go come next fall? Will they defer? 2) The roller coaster that is the stock market is also their kids college saving for some...To spend the 100 or so dollars to apply now and figure out where finances are at later seems prudent to a family trying to figure it out. 3) Private colleges are perceived at having deeper pockets. Much focus has been paid last year in "better aid packages for low income." They are getting the message. 4) opportunities: Oh the economy sucks people cannot afford these colleges, but we can...they will want us (or at least our money). 5) In times of economic uncertainty, people seek education.

Is it a perfect storm of divergent variables? The question is not why they are applying, but rather will they come in the fall and how much can they pay?

[Shaunigan](#), HS Counselor, at 5:00 am EST on November 18, 2008

I don't know why anyone should be surprised about ED applications rising at private institutions — the evidence has been staring us in the face since August and public institutions, with all their poor-mouthing about the dreadful impact of state budget cuts, have been shooting themselves in the foot for at least that long.

A studentPOLL report we published with the College Board two months ago indicated quite clearly that in the current climate — economic distress coupled with anxiety about the poor odds of admission to selective colleges — students will be hedging their bets this year, applying to more institutions and applying early.

The much more important question is what will happen to enrollment decisions. Again, the evidence suggest that yield rates will fall and discount rates will climb. I also suspect that more students will back out of ED commitments when they and their families have to face financial realities. The alarming class divide on the campuses of elite institutions is also likely to widen even further. But we shouldn't be surprised by any of this.

Richard Hesel, Principal at Art & Science Group, at 6:50 am EST on November 18, 2008

I wouldn't be surprised if early admissions rates are up because so many pundits have predicted (very publicly) that there would be a surge in applications for public schools because of the economy. Public university officials are commenting in the press almost daily that they foresee turning down applicants because they could not meet the increased demand.

Another message that has been trumpeted to parents and students is that, "Private schools have more money to give and that students rarely pay the sticker price for tuition."

Families are more tuned in to these messages and new developments because of the economic uncertainty. I'm sure that the fact that Parent PLUS loans can now be deferred until after graduation, also plays a role in the increase in early applications. It is looked at as a safety net because families know they can come up with the money for these expensive schools, even if scholarships and grants do not amount to as much as they hoped for. And, of course the economy may improve before payment is due.

Parent college loans

[collegeloanconsultant](#), at 8:45 am EST on November 18, 2008

Early admissions up

Community colleges and other "working people's colleges" have known for many years that a poor job market means a boost in enrollments. The reasons are many, but it almost always works out that way.

CC fan, at 8:50 am EST on November 18, 2008

Times have changed

This may also be the case of how people react to potential problems — they panic. During economic crises people yank their money out of the market after it is too late and miss economic swings that lead to recovery. Rushing to apply to schools they simply cannot afford is bizarre behavior at best.

We counsel students and families on choosing a college that is a good fit. People are now coming to realize that the cost of an education can vary widely. All along, people should have looked at the value they get in some of these colleges and understood that the bill would have to get paid at some point. Borrowing against their homes in hopes of getting an education at a selective, prestigious college was a recipe for future problems. Drops in home prices have ended this habit, and probably done a lot of these families a great favor. It is time to assess what is best for the family and choose a school that makes sense.

As for the private schools who raised their prices at well over the rate of inflation for the past 10 years, get ready to really help the students of the future and stop abusing your non-profit status. Dig into those endowments and lower the cost of education and stick to education, your core product, instead of trying to become fancy hotels with gourmet food bars and “free” laundry services.

[D.B. Breton](#), at 10:30 am EST on November 18, 2008

The jury is still out as to whether the bubble will burst or it won't.

While the number of ED applicants may be up, I know from counseling families privately that more and more ED applicant families are now asking the question: “Can out get out of the ED commitment if the aid package is not acceptable”?

So it seems that more families are now willing to pull the plug on the ED school if it is not workable financially. (And they are more savvy about that provision of the ED contract.) In years past, the families were asking more about what loans were available if the grant aid was not enough.

k.c., at 10:30 am EST on November 18, 2008

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