

# [***How Rich Colleges Like Harvard And Princeton Can Afford To Ignore The Supreme Court s Affirmative Action Ruling***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:68PC-3601-DXVP-502X-00000-00&context=1516831)

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**Highlight:** The Supreme Court outlawed affirmative action in college admissions in June, but many elite super-wealthy schools wouldn t have to comply if they simply refused federal funds.

**Body**

**The Supreme Court outlawed affirmative action in college admissions in June, but many elite super-wealthy schools wouldn t have to comply if they simply refused federal funds.**

**By Hank Tucker, Forbes Staff**

Elite college presidents reacted to the Supreme Court s decision banning affirmative action in college admissions on June 29 with near-universal disapproval. Princeton president Christopher Eisgruber said in a statement that the court s opinion was unwelcome and disappointing and would make the school s work to sustain and improve the diversity of its student body more difficult. Yale president Peter Salovey said he was deeply troubled in his statement. Other Ivy League schools and elite liberal arts colleges like Amherst, Williams and Pomona echoed those sentiments.

For all the hand-wringing, there is a simple way for institutions to legally refuse to comply with the Court and thus have the freedom to shape their incoming freshman classes using race as a factor, as they have in the past: Don t take any of the government s money. The Supreme Court only has jurisdiction over colleges that take federal funds, so the government couldn t go after them for maintaining the status quo if they refused aid.

If you can make it so the institution is not understood as a place of public accommodation and it s all private, completely insulated from public moneys, then in theory, it s possible, says Osamudia James, a UNC School of Law professor and an expert in civil rights and discrimination law.

Though higher education experts consider the idea of colleges refusing federal funding unrealistic, the fact is, many of the nation s richest colleges those with multibillion dollar endowments could afford to forgo the small fraction of federal money they take in each year. The total federal funding at 17 of the 50 richest schools by endowment per student in 2021, the latest year for which comprehensive data is available from the Department of Education, amounted to less than 1% of their total endowment assets (see table). At 38 of these 50 wealthy schools, federal funding was less than 2.5%.

What do colleges use federal funding for? Much of the funding goes to the faculty in the form of research grants from federal agencies, students receive Pell Grants for financial aid or take out Stafford loans a type of federal student loan that can be subsidized or unsubsidized the Federal Work-Study Program provides funds for part-time employment for students, and more.

But for some schools these amounts are a pittance compared to the returns they can generate on their burgeoning endowments. Amherst and Pomona College, two of the top liberal arts colleges in the U.S., each have upwards of $3 billion in their endowments, amounting to roughly $2 million per full time student. Each of these schools received less than $10 million in federal funding in 2021, amounting to just 0.26% of the endowment at both colleges. Harvard and Yale each received close to $800 million from the government, with far more expansive graduate research programs and top medical schools, though Harvard s funding represented only 1.4% of its $53.2 billion endowment as of 2021, and Yale s was 1.9% of its $42.3 billion endowment. Princeton had the most endowment assets per student of any school at $4.7 million, and its more modest $218 million in federal funds amounted to 0.6% of its $37 billion endowment it has fewer graduate programs than its peers. During the fiscal year ending June 2021, Princeton s endowment gained 47%, and last year, a dismal year for stocks, the Ivy League school s endowment was only off by 1.5%. Given Princeton s history of strong returns, forgoing federal handouts to support a more diverse student body seems like a reasonable, attainable mission.

Declining federal money and increasing spending from the endowment is easier said than done. Many colleges limit endowment spending to 4% or 5% per year with a portion of each school s endowment already earmarked for certain programs. Experts caution that taking a radical stand like this could scare away researchers who work on federally-sponsored projects and confuse students who are told they wouldn t be eligible for Pell Grants, but would need to receive all of their financial aid in the form of an institutional grant. Other methods of improving diversity, without running afoul of the Supreme Court ruling, could be more fruitful.

What if they spent money on sending out recruiters to more high schools that have lots of Black and Latinx students? They have not made all the efforts that they could make to draw in those students, says Sandy Baum, senior fellow in the Urban Institute s Center on Education Data and Policy. They need more applicants from this demographic, and you don t get applicants through affirmative action, you get applicants through other things.

But alternative methods of improving diversity have seen lackluster results thus far in the nine states that already banned racial preference in admissions for their public universities. The percentage of Black students at the University of California-Berkeley and the University of Michigan fell sharply after those states outlawed affirmative action in 1996 and 2006, and the two schools said in amicus briefs to the Supreme Court last fall that numbers had only partially recovered despite costly outreach programs.

There is also some precedent for private schools rejecting federal funding. Hillsdale College, a Christian school in Michigan with a healthy $950 million endowment supporting its 1,500 students in 2021, proudly trumpets its independence from Uncle Sam, and several smaller religious schools like the Southwestern Baptist Theological Seminary and Grove City College do the same. Hillsdale has its own financial aid form for applicants to fill out separate from the federal FAFSA Application and covers students needs entirely from its private funds.

Hillsdale is a unique institution among selective private colleges. Its website says it values the merit of each unique individual, rather than succumbing to the dehumanizing, discriminatory trend of so-called social justice and multicultural diversity, and it attracts money from more than 600,000 donors a year, including conservative billionaires Charles Koch and Richard and Elizabeth Uihlein. Its lack of federal funding permits the college to evade Title IX reporting requirements that protect students at other institutions from discrimination on the basis of their gender or sexual orientation.

Hillsdale is not where most of America goes to school, says David Feldman, a professor of economics at William & Mary specializing in higher education finance. There's a combination of capacity and desire that has to come together to do this. A school like Hillsdale is incredibly motivated to be out from under federal rules that they think are ungodly.

While a select few wealthy colleges may have the capacity to reject federal funding, it would be a risky move especially if their alumni don t see diversity as an important mission. Celebrating limited government has always been a hallmark of the political right, of course, while liberal arts schools with more left-leaning faculties and student bodies often consider federal aid an entitlement. But with progressives rapidly becoming disenchanted with the current ***politics*** of the Supreme Court, all it takes might be one liberal billionaire donor to take a stand in the other direction.

It would be hard to grow your way out of taking federal funding quickly, says Jim Hundrieser, vice president for consulting and business development at NACUBO, an organization that has college CFOs as its members, unless you have a mega-donor say diversity is more important than anything else, so therefore I m going to give you another $100 million, and that will be your bridge process to get out of the [federal] financial aid business.

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