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Help for the Not So Needy

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MIDDLE-INCOME parents are being squeezed more than ever these days — higher property taxes and cost of living, lower home equity, frozen salaries. Many no longer have enough savings and borrowing power to keep up with rising education costs.

Consider this run-through of the federal financial-aid form: a family making \$75,000 a year might have to pay about \$10,000 a year toward the cost of college before qualifying for need-based aid. With income of \$150,000, the expected family contribution is \$35,000 to \$40,000. [Student loans](#) loom.

“We certainly have found that with the recession in recent years, many middle-income families and even some higher-income families are looking for more aid,” says Earl D. Retif, vice president for enrollment management at Tulane University in New Orleans.

Rather than lose bright students to less-expensive public colleges, universities like Tulane offer sizable amounts of aid based mainly on academic promise.

While there are no national statistics post-recession, an Education Department study released last fall showed that the percentage of students receiving merit aid grew so rapidly from 1995 to 2008 that it rivaled the number of students receiving need-based aid.

Recent College Board data from more than 600 nonprofit colleges and universities show that some are giving fewer students more money or stretching their dollars by handing smaller amounts to more students. But others are expanding the number of recipients as well as the amount of their awards.

“Merit aid is one of the few bright lights in college financing now,” says [Bonnie Kerrigan Snyder](#), a college counselor in Lancaster, Pa., whose new book is titled “The New College Reality: Make College Work for Your Career.” She describes how students are allowed to fall in love with a campus, and only later do parents figure out how they will pay for it, if they can. She advises putting financials in the forefront, sprinkling schools that offer generous merit aid on your college wish list. “Consider the schools that will want you,” she says. “That’s how you will uncover the best deals.”

Advocates for low-income students have long criticized merit aid, contending that money is more fruitfully spent on those who wouldn’t otherwise be able to afford college.

The most exclusive colleges and universities — the Ivy League, Massachusetts Institute of Technology, and liberal arts colleges like Amherst — don't offer merit aid at all. Grants go only to those deemed to have "need."

"Need," of course, can be defined in various ways. Last year, families making \$180,000 to \$200,000 got an average \$23,750 in need-based financial aid from Princeton. Harvard is almost as generous.

But for those not getting into Princeton or Harvard (and most of you are not), it's useful to review how much a college awards in average merit aid, and your chances of getting it.

The biggest scholarships come from the most expensive schools, where tuition and fees hover around \$40,000 and other costs can add \$15,000 or more. But just as critical is the number of recipients. Only about 1 percent of freshmen at Boston College, Skidmore and Johns Hopkins, for example, get merit aid.

The University of Miami, however, awards merit scholarships averaging more than \$23,000 a year to almost a quarter of its freshmen, while Tulane promises an average of more than \$20,500 annually to a third of its new students. The University of Southern California offers 100 full-tuition scholarships, more than 200 half-tuition scholarships and more than 250 awards equal to one-quarter of its tuition to freshmen each year. The University of Chicago, which often competes with the Ivies for students, gives scholarships that average \$10,600 to 16 percent of its freshmen.

Even public universities, despite state budget cuts, continue to offer merit aid to try to build an accomplished student body. Though it is awarding fewer small scholarships, the University of Alabama still provides automatic full-tuition scholarships to both in-state and out-of-state students who hit high levels on their standardized admission tests.

"A lot of it is done by computer programs to calculate how much aid they need to offer to each student so they can get the maximum number of desirable students without going over their financial aid budget," says [Mark Kantrowitz](#), the publisher of [FinAid.org](#) and [FastWeb.com](#).

Many regional and religious colleges, he says, also try to "optimize their revenue" by offering partial scholarships to the students who can pay the rest of the tuition — even "B" students with an SAT verbal and math score of 1200 or less. Caution: You'll have to maintain a grade-point average of about 2.7 to 3.0 to renew most scholarships after your first year.

Searching with cost in mind means students can't set their hearts on just any college.

“They need to be more realistic in some respects,” says Deanna L. Voss, the executive director of admissions at the University of Miami, “and this is so tough for somebody who is 17 years old.” But, she notes, graduating with less debt will certainly make students happier in the long run.