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College Admission Roulette: Ask for Financial Aid, or Not?

By PAUL SULLIVAN

THE decision by Grinnell College to continue — for now — to admit students regardless of their ability to pay raises a question that more and more parents are asking: how much does your financial situation matter in getting your children into college?

Parents have long used their wealth to try to sway admissions officers, of course. But that doesn't always work. And it isn't necessarily true that a needier student is passed up.

“The misperception is schools first look at all the kids who can pay full freight and then look at the kids who are left over,” said Kalman A. Chany, a financial aid consultant in New York and author of “Paying for College Without Going Broke.” “Parents like to use this as an excuse. They’ll say that if my kid didn’t have to apply for aid, he’d get in. It’s overblown. It’s a rationalization.”

Still, the vote by the board of trustees at Grinnell, a liberal arts college in Iowa, reflects a broader trend in financial aid. The college counselors I spoke to this week said the majority of colleges had already downgraded their policies to “need aware” — meaning that the colleges accept most of their students without looking at their need for aid but will consider financial need for some percentage of the applicants. Others are already considering a parent’s ability to pay in many of their admissions decisions.

These counselors also said that parents and, by extension, their children should start thinking strategically about what financial aid they might receive. This includes being realistic about how desirable their children are to top colleges since they may receive more aid from a less prestigious college.

Grinnell is among a select group of colleges to be both need-blind in admissions and able to meet 100 percent of that need for admitted students. But it is typical of most colleges that reported a drop in their endowments in 2008. Grinnell’s endowment is now \$1.5 billion, down from \$1.7 billion in 2008, and, the college has pointed out, it relies on the endowment for 50 percent of its operating budget.

“Grinnell is pretty unusual to be need-blind and to meet 100 percent of the need,” said Jon W. Tarrant, a certified educational planner in Carlisle, Pa. “Most colleges can’t afford to be need-blind.”

There is an argument, too, that need-blind admissions policies have not created greater socioeconomic diversity on campuses. “One of the ways colleges are need-blind is they are quite literally blind to the neediest students and the conditions they’re coming from,” said Shamus Khan, an associate professor of sociology at Columbia University and the author of “Privilege: The Making of an Adolescent Elite at St. Paul’s School.”

“Think about parents who invest \$50,000 a year or more in their kids,” Mr. Khan said. “You could be looking at \$1 million in investments in a kid over 18 years. What need-blind does is compare those students to every other kid who didn’t get that.”

Still, any talk about changing the way parents’ financial situations are factored into their children’s admissions prospects plays into worries about ever-increasing college tuition bills. A study last year by [The Princeton Review](#) found that most students and their parents said financial aid was either extremely or very necessary for them to go to college.

So how much does your financial situation matter in getting children into college? Both more and less than you think. Admissions officials can usually figure out fairly quickly who needs aid and who doesn’t.

“It will be obvious because they didn’t file a financial aid form,” Belinda Stern, an education consultant on Mercer Island, Wash., said. “Some people are a little more brazen and want to make it clear to the college that they are willing to pay the full ride and come right out and say it.”

A student she counseled was admitted to a prestigious college and its business program because his father owned a sports team. But Mr. Chany, the financial aid consultant in New York, said he knew of families who had donated seven figures and their child still did not get in.

“At some schools, there are development cases,” he said, using the industry term for likely donor. “But they compete against their own subcategory of students the way athletes compete against athletes.”

That is not to say the ability to pay does not work to students’ advantage. Mr. Tarrant said many colleges were trying to attract international students for budgetary reasons. “They get both international diversity and full pay,” he said.

Out-of-state students applying to state universities are in a similar situation because their tuition will be much higher than that of residents, Ms. Stern said. And the universities may use merit aid to attract them, knowing that even if these students get aid of \$5,000 or more, they will still be paying more than their in-state counterparts.

Where the advantage of wealth may seem unfair is for students who are marginal for a particular college and need a lot of financial aid. They might not be admitted over a similarly marginal student whose parents can pay.

This feeds into why some parents who could qualify for some aid think they will give their children a leg up by not ticking the box that says they want to be considered for it. One counselor who asked not to be named said she sometimes asked parents if they could afford to pay for the first year and apply for aid after that.

But this kind of strategy ultimately creates an untenable situation. What if they don't get aid the next year? Do they take on huge amounts of debt? Does the student transfer?

"You have to think long and hard about how long you can pay full freight," said Susan Beacham, chief executive of Money Savvy Generation, a consultant, who lives in Illinois.

Ms. Beacham said she and her husband told their two daughters that they would not pay more than \$40,000 a year for college for them. One is at Miami University of Ohio, which costs just under \$40,000 for out-of-state students. The other had wanted to go to New York University — at nearly \$60,000 — but went to the University of South Carolina instead, where the price tag is also about \$40,000. Next year, she is transferring to the University of Illinois, where she will get in-state tuition.

"It is such an emotional issue," Ms. Beacham said. "It's your child's happiness. But your child's happiness cannot be bought."

But many parents still want to be able to send their children to the best college they get into. The financial reality, made starker by the 2008 financial crisis that reduced savings and cost many people their jobs, makes this harder.

Joan Rynearson, an educational consultant on Bainbridge Island, Wash., said there were plenty of affluent parents receiving financial aid. [Pitzer College](#) in California said the families of 14 of its 198 students receiving financial aid last year had incomes above \$200,000, and at least one student received slightly more than the \$56,988 the college costs per year.

Ms. Rynearson is working now with a doctor who has one daughter in college and twins who are juniors in high school. "He will get financial aid even though he's a well-paid doctor," she said. "There is an advantage to having twins because your expected family contribution remains the same."

She is more concerned with what she calls the "disadvantaged middle class": families that make too much to qualify for financial aid but not enough to pay full tuition.

One of the things colleges do to this group is what consultants call “gapping.” The college may determine that a family needs \$20,000 a year in aid but will offer only \$10,000 and leave it up to the family to pay more — or go somewhere else. Or the college seems to meet the need but does so with a large portion of loans and campus jobs.

The main advice for parents caught in this trap is to aim their sights lower. Many second- and third-tier colleges will offer merit scholarships to attract smart students whose grades and test scores will increase their academic profile — and whose parents can pay some of the tuition.

“It’s a tough conversation to have with the students and their parents,” Ms. Stern said. “It’s still status to have your kid go to the big-name school.”

The other advice is to think now about your career ambitions and whether you can afford to pay off the loans later. Social workers, for example, may do a lot of good in the world but they do not earn enough money to pay off large loans.

“It’s almost a luxury of the past to be able to go off and enjoy this rich liberal arts experience with no regard to what it costs and what you’ll be doing,” Ms. Rynearson said. “My practice has changed in that I feel more responsibility as a consultant to assess student interest and attitudes toward a career.”