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# Colleges grapple with merit-based aid

Can attract top students, but low-income applicants may be put in bind

By [Marcella Bombardieri](#) | GLOBE STAFF MAY 28, 2013



SUZANNE KREITER/GLOBE STAFF

**Laura Martinelli was accepted by the college of her choice, Emerson, but can't attend because she didn't receive a scholarship.**

Three high school classmates apply to Boston University, one at the top of the class, one an average student, and one below-average. Because it's a great high school, all three win admission.

Each student needs \$20,000 in scholarships to make freshman year affordable. But the university can afford only \$30,000 in total for all three. What does it do?

BU president Robert A. Brown, still an engineering professor at heart, seizes his fountain pen and tackles the math.

“You look at it, ‘Well, I’ve got to give \$20,000 to the top one, ’ ” he said. “Okay, I’ve only got \$10,000 left. Do I give five and five? Or do I give seven and three? Or do I give 10 and zero?”

That quandary over how to stretch limited funds is at the heart of a debate over whether some colleges are using too much of their money for merit scholarships, which are not based on student need, leaving too little for students who are unable to afford college without significant tuition help.

BU is among colleges around the country under fire for giving merit scholarships — awards based on SAT scores, athletic skill, or other achievements — to attract students who may not need the money, while at the same time offering many low-income students financial aid packages that fall far short of making tuition affordable.

With a year at many private colleges now approaching \$60,000, critics say a shift to more merit aid is leaving financially strapped students on their own, forced to take out hefty loans to pay their tuition. That, in turn, is fueling the nation's soaring student-debt burden, which is nearing \$1 trillion.

Yet hundreds of colleges, apart from only the wealthiest institutions, face limited budgets and a competitive landscape, where attracting the best students — or those who look best on paper — in turn drives up college rankings, faculty recruitment, and everything else that factors into their school's place in the world.

Brown admits that his scenario is simplistic, but it captures the dilemma faced by the vast majority of private university presidents: How to use an all-too-finite budget to do what's best for the institution without leaving deserving students out in the cold.

A recent study by the New America Foundation in Washington, a respected think tank, identified BU and a few other local colleges as among the worst offenders for enrolling low-income students without giving them sufficient financial aid.

On average, the study found, a student with family income of \$30,000 or less was forced to shell out almost \$24,000 for a year at BU, and \$21,000 at both Northeastern University and Stonehill College.

Among the schools that the study found were most generous to low-income students were Amherst College, Williams College, the Massachusetts Institute of Technology, and Wellesley College.

Many private colleges use merit scholarships “as a competitive tool to reel in the top students, as well as the most affluent, to help them climb in the US News & World Report rankings and maximize their revenue,” wrote the study's author, Stephen Burd.

It's clear why BU and Northeastern look so stingy with poor students. Both are institutions that vaulted from no-frills institutions with only local reputations into prestigious national brands. Merit scholarships helped them do that, as they helped other striving schools criticized in the study, such as George Washington University and the University of Miami.

And they've risen without great wealth. Only 3 percent of BU's financial aid budget and 4 percent of Northeastern's come from their endowments, compared with an average of 22 percent for research universities.

Northeastern, BU, and Stonehill officials argue that the New America study is misleading because it doesn't count subsidized federal loans or work-study jobs. It also uses the federal formula to calculate a family's income, which in some

cases overstates need. For example, it doesn't take into account the income of a divorced parent who doesn't have custody, though that parent may be paying for the child's tuition.

The colleges stress that they have been adding more need-based financial aid and tapping more donors to help.

Yet Brown also defends the value of merit scholarships, rewarding great achievement and often filling need at the same time, since only the wealthiest families can shell out \$58,530 — the full tab for next year — without hardship.

“I think it's a bad thing to say to our society, for the highest achievers not to have access to some level of a merit [scholarship]. It's easy for a place like a Harvard or Princeton to say ‘we don't believe in that,’ because they get such great kids anyway,” Brown said.

“The class [at those colleges] is so small and their applicant base is so large, that it's meritorious just to get in. That's why meeting full need works for an institution like that. They don't actually have this quandary,” he said.

Critics of merit scholarships say the students who look most meritorious on paper often come from more educated families and better high schools, giving them a sharp competitive edge. Advocates for low-income students also question the point of a college admitting students it can't or won't support, tempting them to take on tens of thousands of dollars in debt. BU students who borrow graduate with an average of \$36,000 in debt.

“I think colleges in some sense are need-blind as a marketing [tool,]” Burd said in an interview.

Charlene Reyes, a student at the John D. O'Bryant School in Boston, didn't understand the kind of debt she might be facing at her dream college. She was enamored of Rhode Island College, a public institution in Providence, but out-of-state tuition and an inadequate aid package left her facing a \$17,000 gap for freshman year.

If it weren't for a Jamaica Plain nonprofit, Bottom Line, that helps disadvantaged students make smart decisions about college, Reyes, who wants to study child psychology, says she would have signed up without realizing that she would face potentially crippling debt.

After Bottom Line's counselor helped her do the math on her financial aid package, Reyes recalled, they "had a moment of silence" to absorb the gulf between her resources and her bill. "It was heartbreaking."

Now, she's excited to go to the University of Massachusetts Dartmouth instead.

Some colleges, including Northeastern, do consider ability to pay in some of their admissions decisions. BU doesn't. Officials said it would be presumptuous to deny students the chance to make their own decisions, especially because in some cases, however rare, they may have grandparents who can afford to help or other resources invisible to the financial aid office.

BU says it counsels families to avoid heavy borrowing. It is also blunt on its website, presenting a table showing a much greater likelihood of getting financial aid for students with very high class rankings and SAT scores.

Many educators wrestle with how to do the right thing. "I need to be able to look myself in the mirror every day," said Jane B. Brown, vice president for enrollment management at Northeastern, who talked about the imperative to build an educationally rich environment and stretch the school's funds.

S. Georgia Nugent, the outgoing president of Kenyon College, a small, prestigious college in Ohio, acutely feels the tensions. She has led discussions among small college presidents about whether they can collectively decrease merit aid without reducing competitiveness.

Yet her own college, disappointed a few years ago with the crop of students who accepted admission, then boosted its merit aid budget. "How embarrassing is this for me?" she said, laughing. "That's what's happening, the system just keeps ratcheting up,"

Laura Martinelli, a budding videographer, has seen the best and the worst of the financial aid game. The high school senior from Rhode Island fell in love with Emerson College at age 10. She even transferred to a career-oriented public high school 90 minutes away by bus because its curriculum included internships, which she believed would impress Emerson.

“I did it all for Emerson,” Martinelli said.

And she got in. What she didn’t get was scholarship money, even though her mother, who supports her financially, noted that tuition is “almost what I make a year.”

“It felt like a tease to me,” Martinelli said. “I almost wish they hadn’t accepted me.”

Martinelli was getting used to the idea of going to a state school and then transferring to Emerson in her junior year. And then came April 10, when her high school held a business plan competition. Hers was a video production company, and she showed the sleek promotional video she shot for a local ice cream shop, with alluring close-ups of grasshopper pie ice cream and peanut butter cups.

She won. In the audience was an unexpected visitor, the president of Southern New Hampshire University. He came up to her afterward and offered her a full scholarship. A merit scholarship, of course.

It is a fairy tale ending that few students can hope for, perhaps, but for the vice president for enrollment at Emerson, MJ Knoll-Finn, it also shows that the students who don’t get what they need from their dream school will usually be OK somewhere else.

Many years ago, Knoll-Finn said, she was the student who didn’t get enough financial aid from her own dream school, BU.

“I went to the University of New Hampshire, and it was the best thing that ever happened to me,” she said.

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