

High School Grades Could Be Worth \$100,000. Time to Tell Your Child?

Most colleges and universities now use a “merit” aid strategy to solicit teenagers. Your eighth grader probably ought to know how it works.



By Ron Lieber

Jan. 23, 2021

This article is adapted from “The Price You Pay for College: An Entirely New Road Map for the Biggest Financial Decision Your Family Will Ever Make,” by Ron Lieber. Harper, an imprint of HarperCollins Publishers, will publish the book on Jan. 26.

Financial aid is no longer just about what you earn and what you have. It’s also about your children and what they do — and that means that good grades can be worth a whole lot of money.

In the past quarter-century, an ever-growing number of schools — both public and private — have begun using aid as a weapon to try to increase their institutional prestige. In many cases, it is bait for students who can raise the school’s profile in the eyes of the rankings overlords at places like U.S. News & World Report. In others, it’s become so rampant that discounts are necessary just to keep heads in the beds and pay the light bill.

It goes by the name merit aid, and it’s not the same as the more limited academic scholarships of a generation ago. Now, admissions officers often report to bosses with the words “enrollment management” in their titles, and they can spread the money around much more broadly.

“Aid” is a bit of a misnomer, albeit one that we seem to be stuck with. It’s not a scholarship as much as it is a coupon in many cases, one whose value may depend on applicants’ traits ranging from their ZIP code (which can signal affluence) to how quickly they open an email invitation.

But the merit part — actual academic and leadership prowess — can also matter plenty. That means that grades aren’t just a factor in getting into a first-choice school, but also in what you might pay for a residential undergraduate education.

The result is an elaborate parallel financial aid system that can totally upend the psychology of picking a college.

And because **nearly all but the most selective schools now use merit aid at least a little**, list prices are increasingly irrelevant for most families. Classrooms at public institutions like the Universities of Delaware or South Carolina and private ones like **Occidental College** in Los Angeles or Syracuse in New York State have become more like airplane cabins, where people often pay many different amounts via extensive menus of possible prices.

Over several years on the road talking to scores of college presidents, faculty members, enrollment deans and families about what we all should be willing to pay for college, I've learned how much of a head trip the merit aid system has become.

And just like drugs, you should talk to your kid about it before someone else does.

A Family Chat About Vicious Math

Any eighth grader with a web browser can sniff out the stakes.

Georgia high schoolers might aim for the Hope Scholarship, where a 3.0 grade point average or above can lead to thousands of dollars per year off the price at the University of Georgia and other schools. At the University of Oregon, there is a range of discounts, and the school lists different tiers of grades as the “basis” for awards.

A few private colleges are daring enough to broadcast the possibilities on their websites.

Wabash College in Crawfordsville, Ind., is one. There, a 3.0 to 3.24 grade point average plus an ACT score of 20 to 22 yields a \$17,000 discount each year off the rack rate of \$60,000 or so for tuition, room and board. But the 3.9-or-above student who scores 29 or higher gets \$32,000 per year. That's \$128,000 over four years.

But how — and when — should you tell your child that their high school grades might be worth six figures?



If you haven't been talking about money all along, a basic conversation may be in order first, to prepare teenagers to take it all in. Roughly how much money have you saved for college, if any, and how much do you make? You would need to put this on financial aid forms, in any event.

Then, this: What are you *willing* to pay for college, and where? This is, alas, just as complex of a topic as the pricing system itself. Be ready to explain why you intend to limit it to a certain amount of money (if any) or particular types of schools (ditto).

Now, about the timing. It seems only fair that teenagers ought to know the rules of engagement at the beginning of the game. After all, many teens would be furious if you held this information back because you thought that they couldn't handle the truth.

So one possibility is this: Have a brief but deliberate merit aid conversation two months into the summer after eighth grade.

It does not have to be an extended chat if a child seems reasonably motivated already. You might simply explain that grades don't just count for admission these days — good ones can make many expensive schools more affordable. That way, rising high school freshmen can begin to consider what sort of marks they'll need to achieve and other extracurricular goals they might want to set.

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Wait any longer than the start of high school, and the vicious math of grade point averages may not allow them to catch up if they are aiming for merit aid at more selective institutions. And grades and curricular choices — unlike ZIP codes or other demographic information — are something that is mostly within a teenager's control.

They Can Handle the Truth

Any conversation with your child about what is, in effect, payment for performance, is a matter of obvious delicacy.

It is a heady stew of money and feelings and whatever angst hormonal children might experience if you try to make them responsible for a six-figure discount. The college application process is unpleasant enough; why pile on with more pressure?

One reason to try to at least break the news gently: The colleges are determined to put this information in front of your children whether you want them to or not. Have you been in your teenager's inbox lately? You really ought to take a peek.

A dispatch from Pennsylvania: **“Muhlenberg: A College That Pays You Back.”** The savings there can be up to \$30,000 a year, based on your prowess as a high school student and leader. **Clark University** — which offers merit aid up to the full cost of attendance, baked scrod and extra-long twin bed included — sent out an email in 2019 with the subject line “Show me the money.”

It is tempting to hide the money instead, to assume that your child can’t make sense of all of this heavy breathing. But plenty of parents already have conversations with middle school children about excellence and its financial benefits — it just happens to be about athletics instead of academics.

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Ashley Darcy-Mahoney, an associate professor of nursing at the George Washington University school of nursing, has reviewed many high school applications over the years. She also played Division I soccer at Georgetown on a partial scholarship.

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In the realm of youth sports and the travel-team culture that surrounds them, parents and children understand well how colleges can reward teenage achievement with big piles of money.

“In seventh grade, you knew which teams you had to make,” Dr. Darcy-Mahoney said. “You just knew.”

She and her husband, Kevin Mahoney, a financial planner, told me that they would probably have no hesitation talking honestly about the financial stakes of athletics with their own small kids someday. “Most teenagers want to be treated like adults,” she said. “And treating them that way, in giving them information about adulthood and adult decisions, is also what they want.”

Intro to Psychological Warfare

OK, but why is this happening to me?

It’s the most natural, childlike question of all, and any even halfway curious teenager deserves a full explanation.

It started innocently enough, with private colleges seeking a bit more prestige a few decades ago. They hoped extra money for high-achieving students might attract others who wouldn’t need inducements.

Instead, a full-on arms race broke out, slowly, and then seemingly all at once. If one school started offering a discount, similar colleges vying for the same kids had to do the same.

A few savvy families began to realize that they could ask for a better deal — and reject offers from schools that would not play along. And so on, up the food chain, until tonier brands like **Oberlin** and **Connecticut College** had to hold their noses and enter the game too.

Students with straight-A averages were surprised to find themselves the subject of occasional outright bidding wars. A big merit award could nudge an ace high school senior toward New Orleans and Tulane instead of heading to, say, Ann Arbor and the University of Michigan. A full-tuition offer from the University of Southern California just might pull others away from Cornell and Williams.

Then, the public universities got into the act. The University of Alabama threw so much money at so many students around the country that the Illinois legislature had to create a special \$25 million fund to stem the teenage brain drain to places like Tuscaloosa.

All along, an elaborate bit of machinery buzzed and whirred in the background, mostly out of sight. Consulting firms brought their algorithms, and software kept meticulous track of teenagers’ interest in a school by measuring things like how quickly they respond to text-message come-ons.

Robert Neubecker

Nowadays, applications come in, and the firms feed all the data — plus plenty of historical information about how area students reacted to discounts in earlier years — into proprietary databases. At the end of the process, those algorithms suggest “scholarship” amounts.

When these firms sell their skills to colleges, they refer to this process as financial aid “optimization” — hinting at ways to spread the discounts around so people get just what they need. But eventually, they use other words, like “leveraging” — as in brute force, using crowbars made of green cash money.

The result is the same kind of low-grade psychological warfare present in any standard marketing scheme. Only the product on offer isn’t some Amazon trinket or even an S.U.V. discounted for a holiday “salebration.” Instead, it is perhaps the biggest and most important purchase your family will ever make.

Colleges do not ask applicants to apply separately for merit aid in many instances. That way, when a bucket of money arrives alongside an acceptance notification, it feels like a freebie.

It’s so alluring that plenty of schools give merit aid to everyone. Some, like Guilford College in North Carolina, have even taken to reminding college counselors of it in their emails: “100 percent of the fall 2017 class received a merit scholarship!” read a 2018 missive.

When everyone gets a trophy, it can smack of desperation, and the pandemic has hurt financially hard-up schools even further. But many parents fail to see it that way.

Instead, these discounts can be intoxicating. No one loves your children as much as you do, so it’s hard not to look favorably upon a suitor with the largest dowry. But these feelings can lead to temporary lapses in mathematical judgment.

As the acceptances roll in, charmed parents often come to guidance counselors with a list of offers from schools. On a sheet of paper, they order the aid packages according to which merit awards are the biggest, instead of ranking them by the bottom-line cost to the family.

You may recognize this dynamic from, well, any kind of shopping you've ever done. Discounts can always make the more expensive choice seem like the better deal. It works with clothes and cars, so why not college?

At unguarded moments, experts occasionally call the whole thing out. Zakiya Smith Ellis, a former Obama White House staffer who also did a stint as New Jersey's secretary of higher education, lamented the entire state of affairs on the podcast *Bad With Money With Gaby Dunn*.

"There were whole colleges who had their strategy as being, "We are going to artificially increase our price, even if we don't expect people to pay it," she said. "And then what they did was they gave people bogus scholarships to make them think that they got a discount on the price."

Plenty of parents who see through the bogosity often seek to beat the system, since they can't very well burn it down on their own. And as ever, those with time and knowledge to spare have the advantage.

Lara Mordenti Perrault and her daughter visited over 30 schools. Her daughter wrote around 90 essays in pursuit of a full-tuition merit scholarship, which she eventually landed at Tulane.

Ms. Mordenti Perrault, who lives in Bel Air, Md., told me that the irony was not lost on her that her research skills and relative affluence were a big part of what helped her family. "If you have money, you can get money," she said.

This Is Very Uncomfortable

If you are raising your eyebrows now, administrators feel for you. They do not like the equity implications of merit aid either, even if affluent families who get \$20,000 discounts may well be helping to cross-subsidize lower-income ones at many schools.

Yet these managers of enrollment also wonder why you're so shocked that they use merit aid in the first place. After all, it is awfully hard to fundamentally change a college's character — its location, the tenured faculty, the type of students who come year after year, what the brand stands for in the market for entry-level employment and 22-year-old law school students.

But price? That's something administrators can change on a dime.

"I get impatient with people who think it's an easy decision or that schools that give much more merit aid than we do are somehow being morally corrupt," said Brian Rosenberg, the former president of Macalester College in St. Paul, Minn. "They're trying to keep their schools open."

Indeed, it's just business, or something like it.

"The better the student — and this includes curricular choice as well as grades — the more money it will take to change a student's enrollment choice," said Robert Massa, a longtime admissions, financial aid and communications administrator, when he was working at Drew

University in New Jersey before becoming a consultant.

But when I pointed out to Mr. Massa that it stands to reason, then, that students ought to know how this works — so they can take harder classes and aim for better grades if they so choose — he winced a little. “Take a strong course load because you want to,” he said. “Not because you think I want you to.”

If this all sounds rather fraught, you should know that the experts in the field haven’t quite figured out what they’re going to say to their own kids, either. Maureen McRae Goldberg is the former executive director of financial aid at Occidental College and now has a similar role at Santa Barbara City College. She seemed both resigned and exasperated when I asked her what she intended to tell her daughter when the time comes.

Would explaining that her high school performance could be worth a six-figure discount be an absurd amount of pressure? Is it even fair to bring it up when many schools — private colleges, especially — don’t reveal what mark a teen will need to hit to get merit aid at all?

“I am dreading it,” she said. “These are the same questions I’ve been asking for 20 years, and in my naïveté, I thought we’d have some of this fixed by now.”