

# THE CHRONICLE OF HIGHER EDUCATION

## STUDENTS

### Harvard's New Aid Policy Raises the Stakes

By Eric Hoover

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Harvard University flexed its multibillion-dollar muscles last week. Many observers marveled, but not everyone applauded. After all, how many other colleges could offer giant tuition breaks to middle- and upper-middle income families?

With its \$35-billion endowment, Harvard can afford its bold financial-aid program. Next year the university plans to eliminate loans, ask families with salaries between \$120,000 and \$180,000 to pay no more than 10 percent of their income, and charge its neediest students nothing. The university says it will raise its spending on student aid to \$120-million from \$98-million annually. "We're trying to reconfigure our whole approach to what affordability and access means," said Drew Gilpin Faust, Harvard's president.

The move reflects the growing concern that all but the wealthiest families need more help paying for college. This month Duke University said it would reduce loans for students with family incomes up to \$100,000, and cap loans for wealthier ones. Last week, Pomona and Swarthmore Colleges said they would replace loans with grants for all students.

Harvard's new policy should accomplish two things: improve its accessibility to students from a wide range of economic backgrounds and enroll even more top students. So in the competitive sphere of elite admissions, Harvard can help itself with its own generosity.

#### 'Not Just About Harvard'

The new policy also could have far-reaching implications elsewhere in academe. "It's not just about Harvard," one admissions dean said last week. "It's about a system of education."

That system includes the widening endowment gap between a handful of superwealthy institutions and their many competitors. The growing disparity in student-aid policies puts poorer private colleges and public universities in a bind, says Ronald G. Ehrenberg, director of the Cornell Higher Education Research Institute. "They do not have the resources to compete across the board in the financial-aid-package game with the richest" private colleges, Mr. Ehrenberg said in an e-mail message. "So they will have to make hard choices."

Mr. Ehrenberg speculates that some colleges may try to compete by putting more money into merit aid. A decision to spend more on student aid, though, would force colleges that rely heavily on their operating budgets to make cuts elsewhere.

That's one reason several admissions professionals expressed mixed feelings about Harvard's announcement. Robert J. Massa, vice president for enrollment management and college relations at Dickinson College, shares the view that tuition is pinching more middle-income families, so he applauded Harvard's intentions. "My only concern is that institutions like Harvard have the resources to act unilaterally," Mr. Massa said.

The entire needs-analysis system, he believes, needs an overhaul, one that would allow colleges with smaller endowments to offer students more "realistic" aid packages.

The time seems ripe. Concern about rising tuition has led some in Congress to consider proposals that would require universities to spend more of their endowments or risk losing their tax-exempt status. Last week, Sen. Charles E. Grassley of Iowa, the senior Republican on the Senate Finance Committee, praised Harvard's decision. "This could inspire other expensive colleges to make tuition more affordable," Mr. Grassley said in a written statement.

The more affordable colleges are, the more rewarding experiences students will have. So believes William R. Fitzsimmons, Harvard's dean of admissions and financial aid, who said many students had a "diminished experience" in Cambridge because of debt.

**Some observers, however, did not buy Harvard's line that middle-class families were in financial "pain," at least compared with those several rungs down the income ladder. John Maguire, chairman of Maguire Associates, an education-consulting firm, thinks Harvard and other elite institutions should devote even more of their student-aid dollars to lower-income students.**

**And how might Harvard's new policy affect diversity in its future classes? "I could see a perverse outcome," Mr. Maguire says, "where they freeze in place the current socioeconomic distribution of the class."**