



INSIDER'S GUIDE TO COLLEGE LIFE ADMISSIONS

Admissions 103: Big Bucks, Small Print

You've undoubtedly heard the news that Harvard, Stanford, and a host of high-priced, super-selective colleges are giving a huge discount to middle-class families earning less than \$100,000–\$140,000 and a free ride to families making less than \$40,000–\$70,000/year. Good news—but there's a downside. These grants-replacing-loans programs have spurred a flood of additional applications, many families taking the bait and saying, "Heck, it's only \$70 to apply...why not buy this lottery ticket!" This greatly lowers your chances of getting into one of these schools. In the end, the line of despondent, highly qualified students has gotten a lot longer.

Truth be told, in this new world of college financing, while some colleges are reducing costs, others are moving in the opposite direction. There is no discernible pattern. A handful of private liberal arts colleges in the Midwest—Blackburn, Muskingum, and Eureka Colleges, for example—have lowered their sticker prices and spurred increases in applications, all the while cutting back on student aid. At the same time, some colleges, such as Grinnell and Ursinus, have raised their prices to give the impression of "higher quality," aiming to capitalize on the psychological strategy: "If it costs more, it must be better."

Another approach, which Tulane has adopted, is to "discount" tuition for most applicants by offering formulaic "scholarships" but simultaneously awarding fewer extra merit grants—a gambit that has improved the college's bottom line but made it tougher for lower-income families to afford the lower tuition. Still another increase-the-total-applicant-pool strategy, in effect at Washington University in St. Louis and



other colleges, is pumping up aid to students expressing interest in less sought-after departments while decreasing aid to those competing for the popular ones.

With so many factors at play, college financing can be perplexing. That's why the operating principle for the applying student and family should be **BUYER BEWARE.**

1 Beware of the gap. When discussing the college's financial offer, ask for a full disclosure of the gap, meaning the difference between the expected family contribution (EFC) in the Free Application for Federal Student Aid (FAFSA) formula and the cost of attendance. Keep in mind that many colleges do not meet 100% of need, leaving significant expenses for families to absorb. And if you're counting on loans to help, consider that many banks are trying to clean up their balance sheets in the aftermath of the sub-prime mortgage debacle, offering borrowers fewer dollars at higher rates. In short, loans are harder to find.

2 Ask for the whole truth and nothing but the truth. Colleges do not always disclose the full costs—namely tuition, fees, room and board—for which the family will be billed. Nor do they volunteer whether the college financial-aid office has any specific relationship with the lending institution

it recommends, a scandalous practice that recently came to light which steered some students to more costly loans.

3 Find out the formula. Clarify with the college which formula is being used to determine the cost of attendance, FAFSA (based on custodial family contribution) or CSS Profile (which takes into account the biological parents' income and

assets, regardless of whether they are together, divorced, or separated). For some FAFSA families, students living with the "poorer" parent can expect to receive more need-based aid. The CSS formula takes into account non-custodial parents' income and assets, regardless of their willingness to help their child with college costs.

4 Curb your enthusiasm. Some colleges are finding that students who have visited the college or otherwise showed exuberance for the school may need less enticement (i.e., less generous aid offers) to enroll and as a result offer them lower packages. This can mean having to find the right balance between expressing "demonstrated interest" and protecting self-interest by rejecting a less than acceptable financial aid package.

5 Stay informed about the bigger picture. Seek guidance from the National Association for College Admission Counseling (www.nacacnet.org) and qualified counselors at accredited higher education institutions.

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