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[Why Princeton, Yale, Dartmouth Differ on Aid Awards](#)

Aug 1 (Bloomberg) -- Laura Valle, a high school senior from Maplewood, New Jersey, confronted a dilemma: She had been accepted at Dartmouth, Princeton and Yale and her family couldn't afford the tuition.

Although she wanted to go to Yale University and the school courted her by calling twice a week and visiting her home three times, it offered nothing in financial aid. Dartmouth College promised her \$10,000 and Princeton University \$19,000. In the fall, she'll be attending Princeton, where her aid is based on need and she won't have to take out loans.

The difference between the aid offers of these private colleges highlights some little-publicized facts concerning financial aid. Formulas for determining which families get the best packages are complex and often inconsistent.

Stuart Siegel, a certified college planning specialist in Erie, Pennsylvania, who advised Valle's family, found that even though all three are Ivy League schools, financial aid formulas varied from college to college.

Although college aid departments have guidelines in place, Siegel says they can be very flexible when trying to lure a desirable student. "Schools can do anything they want," he says. "There are no hard and fast rules."

Analyzing the Aid Package

In the case of Laura Valle, who scored 1480 out of a possible 1600 on her Scholastic Aptitude Test and wants to study molecular biology at Princeton, how the school regarded her parents' assets was a huge factor in determining aid.

Princeton didn't count home equity as heavily as Yale did. When an aid department includes this asset in its formula, that generally hurts a student's chances of getting aid since equity is one of the largest sources of wealth for most Americans.

In the Institutional Methodology, an aid formula sometimes used by Ivy League schools, items such as home and business equity are scrutinized closely, often more intensively than in the formula used by most universities, the Federal Methodology.

When Yale did its aid calculation, Siegel says, the college counted home equity by capping it at 2.4 times income minus mortgage debt. That meant the family was penalized by Yale for owning a certain amount

of home equity.

While neither Yale nor Princeton would comment on the specifics of how they measured the Valle's assets in their formulas, Yale spokesman Gila Reinstein confirmed the calculation the university used for home equity, also noting "our recruitment and admissions departments are completely separate. All of our admissions are need-blind."

Methods Are Key

In Princeton's final aid determination, Siegel said the family's contribution would be \$25,387 towards the college's \$43,000- plus annual bill. It also helped that Princeton replaced loans in its aid packages with grants, which don't have to be paid back.

Public universities may not be as generous. State colleges typically offer loans and work-study programs and reserve merit awards of a few thousand dollars for the top high school students.

A group of 28 private colleges that are members of the 568 Presidents' Working Group of financial-aid officers may employ a third aid method known as the Consensus Approach.

Consensus Approach

Seeking to promote fairness in the aid process, the Working Group treats money saved by students as a family asset that will only be penalized by 5 percent in their aid formula. That compares to a 25 percent aid tax in the Institutional method and 35 percent in the Federal formula.

While each participating college can be flexible in applying the Consensus Approach, this method may be more favorable for families with complex financial situations.

For example, the Consensus Approach also takes into account living expenses in different regions; business and real estate assets; and resources from divorced and separated parents. Colleges in the group include Columbia University, Duke University, Georgetown University, Massachusetts Institute of Technology, University of Chicago, University of Pennsylvania and Yale.

It's essential to match students with universities where they are likely to receive and retain aid.

Key Questions

Some key questions include:

- Asking which aid formula is used. The Federal Methodology, for example, excludes retirement assets and home equity while the Institutional Methodology may not. If you are house rich, you may want to avoid colleges using the Institutional formula.
- What kinds of students attend the colleges you favor? If your child is in the top 20 percent of his class and has above-average test scores, you might seek a school that favors superior academic rankings. They may be more inclined to dole out merit aid.
- Look at a school's retention rate, or the percentage of students who return after the first year. A rate of 85 percent or lower may indicate that academic standards are extremely tough. If students fall below a certain grade-point average, they can lose their aid packages.

A good college match combines a student's academic talents and record with the kind of environment where they are most likely to succeed.

"They want successful students," Siegel says of the schools most likely to offer aid. "They want to lose as few students as possible."

How do you get an appropriate fit? Talk to currently enrolled students and alumni, get a feel for the campus and do your homework by looking at average aid packages offered. See www.collegeboard.com for detailed school profiles.

In terms of family financial planning, the best college also means the least amount of debt for students and parents. That may be the toughest lesson to heed as schools keep raising tuition and aid gets harder to obtain.

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Last Updated: August 1, 2005 00:02 EDT

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