

# Los Angeles Times

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From the Los Angeles Times

## Harvard to slash tuition for upper-middle-class families

Those earning \$180,000 a year or less will pay 10% of income, thanks mostly to the university's endowment.

By Jason Song

Los Angeles Times Staff Writer

December 11, 2007

Harvard University unveiled a financial aid program Monday that will let students from upper-middle-class families pay less than half the school's tuition starting next fall.

The move lessens the financial burden on families that make \$180,000 a year or less, a group that is increasingly unable to afford to send their children to Harvard, according to university officials.

Any family that makes less than \$180,000 annually will, on average, pay 10% of its income for tuition. That means any student that comes from such a family will pay less to attend Harvard than most flagship public universities, including UCLA, where tuition, room and board can be nearly \$20,000 annually.

At Harvard the combined cost is \$45,620 a year.

"We understand that families are feeling distress in a way they haven't felt before," said Bill Fitzsimmons, Harvard's dean of admissions and financial aid. "We want to make Harvard accessible and affordable to all Americans."

California produces the most Harvard students of any state. There were 232 Californians in last year's freshman class of 1,660, Fitzsimmons said.

Harvard began picking up the entire bill for any student whose family income was less than \$40,000 in 2004. Two years later, the university did the same for students from families that made less than \$60,000.

But Harvard officials said they noticed that many middle- and upper-middle-class families could barely afford the school's fees. Such families struggled to pay tuition while absorbing the rising costs of housing, insurance and, in some cases, the care of aging grandparents.

Harvard also eliminated all financial aid loans.

"We lost touch with the non-discretionary funds of these families," said Sally C. Donahue, Harvard's director of financial aid.

University officials estimate that the new program will cost an additional \$22 million a year.

Some groups praised the move.

"Even if schools cannot go as far as Harvard did, many more can and should take steps in the same direction. With college costs escalating and more and more students graduating with unmanageable debt, there is no time to waste," said Robert Shireman, executive director of the Project on Student Debt.

Several other schools, such as the University of Pennsylvania, began waiving fees for students from low-income families after Harvard began its program in 2004. But it will be difficult for other colleges to follow Harvard's lead this time. The university's \$34.9-billion endowment is the largest in the country.

"There will be a limited ripple effect," said USC professor William G. Tierney, director of the university's Center for Higher Education Policy Analysis.

"They're bringing to light that financial aid is an issue to the middle class, not just the poor. That's to be applauded, but in terms of having an effect to the vast majority of higher education, the effects are negligible," Tierney said.

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## Today's News

Tuesday, December 11, 2007

# Harvard U. Announces More Financial Aid for Middle-Income Families

By [ERIC HOOVER](#)

Flexing its financial muscles, Harvard University announced on Monday a plan to help more students from middle- and upper-middle-income families afford the \$45,000 annual cost of studying at the institution, in Cambridge, Mass.

The decision reflects the growing concern that all but the wealthiest families need more help paying for college.

Under a new [policy](#),

Harvard will ask families that make up to \$180,000 to pay no more than 10 percent of their annual income each year. So a family making \$180,000, which now pays \$30,000 per year, would pay \$18,000. A family making \$120,000, which now pays \$19,000, would pay \$12,000.

Parents with incomes below \$120,000 would pay smaller percentages of their salaries, with the expected family contribution declining to zero for those making \$60,000 or less.

Harvard also announced that it would eliminate loans from all financial-aid packages and stop considering home equity in calculating a family's ability to pay, something some colleges have already stopped doing.

"We're trying to reconfigure our whole approach to what affordability and access means," said Drew Gilpin Faust, Harvard's president.

With its \$35-billion endowment, Harvard can afford to make moves that most of its competitors can only daydream about. The university plans to increase its spending on student aid to \$120-million from \$98-million annually to finance the new policy.

That boost should allow Harvard to accomplish two things at once: improve its accessibility to students from a wide range of economic backgrounds and raise the academic profile of its entering classes. In other words, the university can help itself with its own generosity.

## Weighing the Effects

Though Harvard operates in rarefied air, its new policy may have far-reaching implications for academe. "It's not just about Harvard," one admissions dean said of Monday's announcement. "It's about a system of education."

That system is defined by a widening endowment gap between a handful of superwealthy institutions and their many competitors. How will less wealthy rivals choose to compete with Harvard and other elite colleges, such as Princeton University, that recently have eliminated loans or enhanced their financial-aid programs for low- and middle-income families?

Ronald G. Ehrenberg, director of the Cornell Higher Education Research Institute, believes poorer private and public institutions are in a bind. "They do not have the resources to compete across the board in the financial-aid-package game with the richest privates," 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 for top students by putting more money into merit-aid awards. A decision to spend more on financial aid, though, would force colleges that rely heavily on their operating budgets

to make cuts elsewhere.

On Monday, several admissions professionals expressed mixed feelings about Harvard's announcement.

Robert J. Massa, vice president for enrollment management and college relations at Dickinson College, applauded Harvard's intentions. "My only concern is that institutions like Harvard have the resources to act unilaterally," Mr. Massa said. "I don't begrudge them that. But what I would prefer is that they and other wealthy institutions take the lead nationally in helping all of us develop a system of needs analysis that better recognizes the decreased ability to pay at increased income levels."

Harvard's announcement won instant praise in Washington, where concern about rising tuition has led some lawmakers to consider proposals that would require universities to spend a greater percentage of their endowments or risk losing their tax-exempt status.

On Monday, Sen. Charles E. Grassley of Iowa, the senior Republican on the Senate Finance Committee, praised Harvard's decision. "This is big news," Mr. Grassley said in written statement. "This could inspire other expensive colleges to make tuition more affordable."

The more affordable colleges are, the more rewarding experiences students will have, said William R. Fitzsimmons, Harvard's dean of admissions and financial aid. About half of Harvard's 6,600 undergraduate students receive need-based financial aid. Recently, the university found that many of them had passed up experiences, such as unpaid internships or study-abroad trips, because they needed to work in paying jobs. Mr. Fitzsimmons worried that there was an "upstairs-downstairs" dichotomy among students. "Half the population," he said, "were having a diminished experience."

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December 11, 2007

## Harvard to Aid Students High in Middle Class

By [SARA RIMER](#) and [ALAN FINDER](#)

BOSTON, Dec. 10 — [Harvard University](#) announced on Monday that it would significantly increase the financial aid it offered to middle-class and upper-middle-class students, seeking to allay concerns that elite colleges are becoming too expensive for even relatively well-off families.

The move, to go into effect in the next school year, appears to make Harvard's aid to students with household incomes from \$120,000 to \$180,000 the most generous of any of the country's prestigious private universities. Harvard will generally charge such students 10 percent of their family household income per year, substantially subsidizing the annual cost of more than \$45,600.

Officials said the policy would cut costs by a third to 50 percent for many students and make the real costs of attending Harvard comparable to those at major state universities.

They said the initiative would increase financial aid spending by the university to \$120 million annually from \$98 million. A little more than half of Harvard undergraduates get some form of aid, including many from families earning \$120,000 or more.

The new aid policy is part of a broader effort by elite universities to ease the financial burden of rising tuition and ward off the perception that they have become unaffordable. Amherst, Williams, the [University of Pennsylvania](#) and Princeton are among those that have increased aid and substituted grants for loans to some students in recent years.

The move also comes as members of Congress, concerned that tuition has outpaced inflation, have been discussing whether universities should be required to spend a minimum amount of what their endowments earn on student aid. Harvard has a \$35 billion endowment, the highest of any university.

Harvard officials said they had been considering the aid change for some time.

"We've all been aware of increasing pressures on the middle class," said Harvard's president, Drew Gilpin Faust. "We hear about this in a number of ways — housing costs, both parents working, the difficulty of amassing any kinds of savings, just the increasing pressures as middle class lives have become more stressed."

Three years ago, under [Lawrence H. Summers](#), the president at the time, Harvard decided that families whose income was less than \$40,000 would no longer have to pay for undergraduate education, although students would still have to make some contribution through programs like work-study. It then raised the income level eligible for the waiver to \$60,000.

Harvard's dean of admissions and financial aid, William R. Fitzsimmons, said those changes had increased

the number of low-income students by 33 percent in three years. But Harvard officials said they had become increasingly concerned about higher-income families.

Many Harvard officials, Dr. Faust said, feared that cost was driving the choices students made about graduate school and careers and that it had created what amounted to a two-class system among Harvard undergraduates. Mr. Fitzsimmons referred to it as “the upstairs downstairs syndrome.”

The officials said, for example, that often only the wealthy students can afford to pursue highly valuable but unpaid research opportunities with professors, take unpaid summer internships, study abroad or even spend time with their friends.

Under the new financial aid rules, the university said, a family making \$120,000 would have to pay about \$12,000 for a child to attend Harvard College, compared with more than \$19,000 under current policies. A family making \$180,000 would pay \$18,000, down from \$30,000.

The university also plans to substitute grants for loans in all financial-aid packages and will no longer consider home equity in calculating aid. The change in home equity considerations alone will mean, on average, a reduction of \$4,000 a year in cost for those families whose home equity would previously have been a part of the financial aid calculation.

Harvard officials say they do not want families borrowing against their homes — or selling their homes — in order to send their children to the university. “If you had an oil well in the backyard, you could sell the oil,” Mr. Fitzsimmons said. “But you need to live somewhere.”

Currently, 763 students whose family incomes are between \$120,000 and \$180,000 receive some financial aid from Harvard, which has a total of 6,600 undergraduates. The new policy will apply to them next year, officials said.

Only a handful of universities have anything even remotely close to Harvard’s financial resources, and it was not clear how many could afford to follow. [Yale](#) tersely said in response only that it was planning an announcement next month on expanded financial aid.

Still, some university officials said they thought Harvard would have followers.

“They are the first; they’re not going to be the last,” said Robert J. Massa, vice president for enrollment at Dickinson College. “My concern is that we are squeezing middle- and upper-income students out of the picture.”

While Yale, Princeton and Stanford all give aid to students from middle- to upper-middle-class families, Harvard’s initiative goes much further.

Richard Kahlenberg, who is a senior fellow at the Century Foundation, a nonprofit public policy group and has written extensively about income inequality and higher education, called Harvard’s new initiative “a very positive step.”

“The bottom line is that you want the best and the brightest from all economic backgrounds to apply to a place like Harvard,” Mr. Kahlenberg said. “And to the extent that Harvard can send a message that ‘we will

make it work for you,' that's important as a political matter. It's important to take care of the middle class because you don't want a backlash against programs for low-income students."

While tuition and other college costs have soared over the last decade, many highly selective private universities have been taking actions to help students from low-income and working-class families.

Princeton was among the first universities to alter its financial aid formulas to help low-income and middle-income students. In 2001, Princeton made the shift to grants from loans for all students receiving financial aid. It also removed a family's home equity from the calculations, said Robin Moscato, Princeton's director of financial aid.

"We share Harvard's concern about the pressures on middle-income families," she said.

Just last Saturday, [Duke University](#) announced several changes intended to make the college more affordable. It said it would eliminate parental contributions for families making less than \$60,000 and give students from families making less than \$40,000 grants so they could graduate without loans to repay.

Yale, Pennsylvania, Columbia and other [Ivy League](#) universities have also increased the overall amount of aid they dispense and expanded eligibility. Beginning this semester, Columbia is substituting grants for loans for students from households with incomes below \$50,000.

Both Williams and Amherst announced recently that they would substitute grants for loans as part of their financial-aid packages to reduce debt. And Stanford added \$5 million in financial aid this school year for students with family incomes between \$60,000 and \$135,000.

Dr. Faust said Harvard's decision to go further was meant to ensure that all income groups had access to higher education. "Education is the engine that makes American democracy work," she said. "And it has to work, and that means people have to have access."

She added, "At the heart of this is a commitment to redefining the terms of access."

*Sara Rimer reported from Boston, and Alan Finder from New York.*

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