Consultants Help Families Pay Less for College

A new breed of planners shows parents how to win more student aid

By ELIZABETH F. FARRELL

There were many stressful, soul-searching days. But the day that Beth Bumbarger recalls as the worst is the one when her husband, Daniel, wondered aloud, "What if I hadn't gotten sick?"

The Bumbargers were trying to figure out how they were going to pay for college for their son, Danny. Homeowners in Hudson, Mass., they own and manage an engineering business. Their income fluctuates from year to year, but it is generally below $100,000. Since Danny's infancy, they had been saving for what they knew was going to be a huge expense: college.

Like most families, they realized the actual cost would be much higher than they had expected. Mr. Bumbarger had undergone a year of chemotherapy treatments for a rare form of lymphoma five years earlier, which "almost destroyed us" financially, according to Mrs. Bumbarger. With his cancer in remission and the prospect of college bills piling up, even necessary medical expenses were open to second-guessing.

At their wits' end, the Bumbargers enlisted a certified college financial planner. Making that decision, and acting on the advice they received, has already saved them more than $81,000 off the total $120,000 bill they expect for Danny's four years at Assumption College.

Five years ago, the National Institute of Certified College Planners, an organization that licenses college-planning professionals, did not exist. This year the organization has 1,200 registered members.

Even that figure underestimates the growth of the field, as many more public accountants and financial planners without official certification are specializing in dispensing education-related financial advice. College Assistance Plus, a company that combines admissions and financial consulting, has expanded from one office in upstate New York to 38 across the country in three years.

Professionals in college financial planning say business is booming, and the bulk of demand for their services is coming from families with annual incomes between $50,000 and $150,000. Like the Bumbargers, many of those families are finding that they need more handholding and guidance in figuring out how to pay for college than they can get from college financial-aid offices and high-school guidance counselors.

Even though these families tend to be financially savvy, they have discovered that working with a specialized professional can mean the difference between qualifying for financial aid and being expected to pay the full sticker price.

"Before we met with Tim, I had no idea how we were going to do this," says Mrs. Bumbarger. "I didn't realize how much money was out there for the average parent."
Forms and Finances

Every family has its unique snowflake of finances, and each college its own policy for gauging what families should contribute to the overall bill. While college financial-aid professionals are loath to generalize about their procedures, they go to great efforts to convince families that they are making careful and fair assessments about their ability to pay. Ditto for representatives of the federal financial-aid system.

But the main yardsticks they use to make those decisions are standardized forms. The four-page Free Application for Federal Student Aid, designed by the U.S. Department of Education, is used by every college that participates in Title IV programs. A group of 350 (mostly private and selective) institutions supplements that information with the CSS/Financial Aid Profile, a more detailed form created by the College Board.

Both the Education Department and the College Board are constantly challenged by advocates for low-income students to minimize any needless complexity in these forms that might deter an underprivileged family from even considering college. They are also, however, under growing pressure to ensure that the forms are detailed enough to minimize loopholes that richer families could use to obscure their ability to pay.

Those two objectives are increasingly at odds as escalating college costs drive families with more sophisticated finances to apply for financial aid, according to Michael S. McPherson, a former president of Macalester College, in Minnesota, and one of the authors of *The Student Aid Game: Meeting Need and Rewarding Talent in Higher Education* (Princeton University Press, 1998).

"The more you try to be thorough in gaining a true picture, the more complicated the forms become," says Mr. McPherson. "And that's discouraging and confusing for families."

It can also be financially damaging, as Mrs. Bumbarger can attest. As chief executive of Nemonix Engineering, she is more comfortable than the average parent at crunching numbers. Looking over the federal and CSS forms, however, was enough to make her head spin.

"And I'm not an easily intimidated woman," she adds.

She had assumed, based on the questions on the forms, that her family would not qualify for aid. Tim Higgins, her certified college financial planner in Marlborough, Mass., convinced her otherwise. Mr. Higgins also walked the Bumbargers through some simple changes they could make in restructuring their finances to qualify for the most aid. Often middle-class families can make such changes to affect their financial-aid packages, he says.

Mr. Higgins recommended they put more of their savings into retirement accounts (neither the federal nor the College Board formulas count those as savings) and advised the Bumbargers to reduce their son's own personal savings for college from his job at a CVS drugstore. (Another quirk in the formulas is that they typically expect students to contribute 20 percent of their savings but expect parents to contribute only 5.6 percent of savings annually.)

After making those changes and filling out the forms, the Bumbargers qualified for between $15,000 and $20,000 in grants, loans, and work-study programs from the small, private colleges where their son was accepted. Although the Bumbargers still have to cut back on personal expenses and take out $21,000 in loans for Danny's first two years of college, making the changes Mr. Higgins suggested, and just knowing that they should apply for aid, saved them from taking more desperate measures.

"We would have found some way to pay for it," says Mrs. Bumbarger. "Even if it meant borrowing against retirement, asking my mother for money, and getting a second job."

Is That Your Final Offer?
Just as some families incorrectly assume that they will not qualify for aid, many also miss an opportunity to receive more money by failing to ask a college to take a second look at its award decision.

At Michigan State University, in East Lansing, about 4,000 of the 25,000 families who applied for financial aid appealed their decisions last year, according to Richard Shipman, director of financial aid for the institution. Every year the number who appeal increases, he says. Of those 4,000 families, about 3,300 received new, more-favorable aid packages. Most of those were based on changes in a family's income that came after the student-aid forms were due.

"We really don't have the flexibility to give a family more than the Fafsa formula allows," says Mr. Shipman. "But we can talk them through how they should change the information they enter in the federal form."

When those changes are made, if the new calculation changes the amount of money the family has to contribute (according to the federal formula), Michigan State can grant more financial aid.

Other institutions often claim to have a strict policy against appealing decisions and say they are constrained by the federal financial-aid formula. Many college financial planners say those rules are nothing more than empty rhetoric.

"I've yet to find one college that won't consider an appeal," says Reecy Aresty, author of How to Pay for College Without Going Broke (Palm Beach Press, 2007). "All valid claims are paid if you push them enough."

Mr. Aresty's advice came in handy for Walt Porterfield in Bend, Ore. Mr. Porterfield and his wife (now separated) had a combined annual income of about $60,000 after taxes. They did not take vacations, his car was 10 years old, and hers was five. After a $2,000 mortgage, $700 in car payments, and a $400 health-insurance premium, they had $1,900 a month to pay for groceries, utilities, and everything else.

When their daughter, Ellary, was accepted at Duke University last spring, it came as a shock that the college also decided they could foot the total annual $48,000 bill. Much of that estimation came from Ellary's income as an actress — she had earned about $200,000 in some movies and television shows. After taxes and fees to her agent and manager, that amounted to $90,000. Mr. Porterfield did not want to deplete all of his daughter's savings, and even using that money would not have covered her full cost for two years.

So he hired Mr. Aresty and paid him a few hundred dollars to help him draft a request that Duke reconsider their financial situation. The college responded by knocking $12,000 off the family's annual bill.

"It's a bureaucratic system, and you need to have an expert on your side," says Mr. Porterfield. "I never would have dreamed it was negotiable, and he saved us $48,000 so far."

According to Rick Darvis, president of the National Institute of Certified College Planners, planners should advise families to appeal their decisions only in cases where they have a legitimate claim, like an unexpected medical expense, a baby on the way, or a lost job.

Although most planners say they do not recommend that their clients file frivolous claims, they do deviate from Mr. Darvis's philosophy. That's because they see more colleges giving preference in their student-aid packages based on how much they want a given student to attend, especially at private institutions that compete fiercely for the brightest students.

"Today colleges are much more into systematically allocating their aid to get the students they want," says Mr. McPherson, formerly of Macalester College. "They are encouraging families to bargain with them by the way they have structured their policies."
Informing families of the appeals option is just one part of the process. College financial planners are also coaching families through the unspoken etiquette of appeals. Among their suggestions: Make all requests in writing, not over the phone. Parents should have their son or daughter sign the letter. Be grateful and courteous. Offer to participate in work-study programs.

**The Reality Check**

College is a huge expense for all but the richest families. Paul Celuch, who co-founded the admissions and student-aid consulting company College Assistance Plus, often compares college shopping to house hunting. Home buyers rely on real-estate brokers to help them make their purchasing decisions, and families with college-age children should rely on a seasoned expert when picking a higher-education institution, he says.

Mr. Celuch and many of his colleagues consider it their role not only to help families figure out how they will pay for college, but also to give them a reality check on the actual costs.

"So many parents have this intrinsic feeling that college is going to provide their son or daughter with a magnanimous income stream," says Mr. Celuch. "And that's not always the case."

Mr. Higgins, who advised the Bumbargers, often holds separate meetings with students and with their parents. He asks the students about their career goals: Will they need to go to graduate school? Do they know the average salary for the field they want to pursue?

He performs calculations based on where the students plan to live after graduation and what their loan payments and projected salary will be, to paint a picture for them of how much their educational costs will affect their future financially. That way, at least the student who has his heart set on the pricey private college goes into that purchase with full knowledge of the gravity of that choice.

"Nobody else is talking to them about those things, or how few students graduate in four years," says Mr. Higgins. "They need to know those facts, so they are making an informed decision."

Although many parents say they are willing to do whatever it takes to send their child to the best college possible, consultants like Mr. Celuch encourage families to think about cost before they even begin making a list of colleges to consider.

One of the cornerstones of his recommendations is that students avoid the lure of the "name brand" expensive colleges, and instead apply to colleges where their qualifications exceed the admissions standards. That way, he says, a student will most likely receive generous aid packages and can use them to get more money out of the financial-aid offices at the other colleges where he or she applied.

Mr. Celuch explains his strategy like this: "We like to get a bidding war started at three or four colleges, and then see where we can get you the most money."

Is the idea of finding a college that can best enrich a student's educational experience completely irrelevant? To most parents, the answer is no. But as more baby boomers eye retirement at the same time their children enter college, bottom-line considerations have become a larger factor.

John J. Ruman, vice president of My College Planning LLC, a business similar to Mr. Celuch's, says the tactical approach many colleges take to buying more students with aid packages makes the parents he advises more skeptical about claims of "educational values," and more likely to seek deals. The disparity between the sticker price and actual price of college, and the confusion over reconciling the two, is driving more middle-class families into the offices of these independent advisers.

"Unless they do some major reform with the federal laws," Mr. Ruman says, "we're going to be in business
for a long time."