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Business

Colleges Can Avoid Shutting the Door on Financial Aid Knowledge

We review Whitman College's financial aid guarantee and Muhlenberg College's refreshing explainer.

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YOUR MONEY

This month, scores of applicants to Muhlenberg and Whitman Colleges received offers of admission. Perhaps they were a pleasant surprise for students who had sleepZoomed their way through junior year.

But what should not be a surprise for most of them is the price that the institutions will ask them to pay — or discounts that are available, even for families who are wealthy.

That's because Muhlenberg and Whitman are in the vanguard of a movement toward transparency about the price of college and the process for lowering it. Many others, like Northeastern University, are laggards, on purpose. Others don't seem to have given much thought to the need for upfront clarity.

That's a problem.

"When the variable of finance is put off to the end, it's not transparent, and it's really frustrating," said Adam Miller, Whitman's interim vice president for admission and financial aid. "And it can lead to really terrible outcomes where families are having excruciating conversations where a student has fallen in love with a college and it's not going to be financially affordable."

Colleges have two primary ways of determining any discount you might get on the price. The first, need-based financial aid, is a process by which the federal government and the institutions assess your income — and some of your assets — to determine what they think you ought to be able to pay, even if their expectations don't match yours. The second, merit aid, is much less

predictable and describes everything from highly competitive scholarships to discounts that everyone is offered.

If you can't get true clarity on either one ahead of time, you're shopping and applying in the dark. And an unfortunate truth underscores the need for clearer explanations: Only a small number of universities are wealthy enough to be able to accept every student they want and then give all of them enough grants to make attending affordable.

The rest face tough choices. Some institutions admit every student they want without taking into account their ability to pay — a process called need-blind admissions — but without giving all of them enough discounts to make it affordable.

Others aim their aid budget at a smaller group and reject some otherwise worthy applicants because their need will be too great. That process is generally known as need-aware. Some need-aware colleges meet the full need of everyone they accept, while many others do not.

Few colleges will explain this to you in plain English or lay out their own process in detail. But Muhlenberg, in Allentown, Pa., stands out for a little known, ought-to-be-mandatory-reading essay called "The Real Deal on Financial Aid" on its website. The college has decided that there is a virtue to just telling it like it is.

"Money has become a means to enrolling the particular students that an institution most wants," the Muhlenberg essay explains. "This phenomenon is called 'preferential packaging.'"

The essay points out an unfortunate consequence: "Some students nearer the bottom

of the admitted student group are 'gapped,' meaning that they have a financial aid package, but it does not meet their full need."

That means Muhlenberg (and scores of other institutions like it) will almost certainly disappoint some of its accepted students with price quotes that are unaffordable. Given the refreshing straight talk in the essay, however, they shouldn't be surprised that such an outcome is possible.

As useful as Muhlenberg's words are in describing how colleges quote prices, other institutions just go ahead and tell applicants how their specific grades and scores might influence their discounts.

At the University of Alabama, out-of-state first-year students have nine (nine!) scholarship qualification levels, depending on test scores and grade point averages. The University of South Carolina provides average test-and grade levels for its many different amounts of merit aid, and Wabash College has a clear guide, too. (All colleges must offer a net price calculator that allows you to input your financial data and estimate what you might be charged, but the calculators have to reckon with only need-based aid. Oberlin College & Conservatory is one exception among the more selective colleges that includes merit aid in its calculator.)

Whitman, in Walla Walla, Wash., goes even further to help prospective students weigh the costs. Its early financial aid guarantee invites potential applicants to request a price quote by submitting academic information for merit aid and financial data for need-based aid. Then it comes back with a number.

Whitman might give you a bigger discount

than what it promises upfront — once it does a more thorough review of your full application file — but not a smaller one. The College of Wooster, in Ohio, also offers a personalized estimate and a similar guarantee, as long as people submit accurate information.

To Whitman, the lack of upfront clarity on pricing was a basic market inefficiency that it could fix. “Some colleges may benefit from a lack of financial transparency,” Mr. Miller, the Whitman interim vice president, said. Indeed, far too many colleges keep things opaque, and one has actually doubled down on withholding useful information.

In a column about early decision applicants in January, I cited Northeastern as an example of an institution that made it difficult for many students to figure out what it might ask them to pay when making an offer of admission that is theoretically (but not really) binding.

Late last year, Northeastern’s site offered confusing language: “Students who are in the top 10-15% of our applicant pool are considered for competitive merit awards.”

I asked about this unhelpful word salad, and eventually, Northeastern changed it. But it made an error — and then removed the figure altogether. Here’s the right one, by the way: In the 2020-21 entering class, 59 percent of people who had no financial need got merit aid anyhow.

Why not just say that, then? “The university is placing much more emphasis on need-based aid these days,” Michael Armini, a university spokes-man, said in an email. “That is what I want the focus of our messaging to be.”

So how does Northeastern think about an applicant’s need when deciding whether to

let them in? Are its admissions need-blind, or need-aware?

Northeastern meets the full need of students from the United States who manage to get in, a fact it rightfully boasts about on its site. But when I asked Mr. Armini if ability to pay could play a role in whether applicants are accepted, he wouldn’t tell me.

So I did what any parent would do and contacted the admissions and financial aid offices myself — and initially got conflicting answers. This compounds Northeastern’s clarity problem: If it’s going to keep vital, basic information off its website, whoever answers its phones ought to be able to find the right answer to the resulting questions.

It wasn’t until I got an email back from a senior member of the admissions office that I was certain: Northeastern is need-aware. (Mr. Armini told me later that they had run the reply by him.)

“Different schools will choose to provide different levels of transparency regarding financial aid,” Mr. Armini said in an email. “The overwhelming demand for a Northeastern education continues because we’re the global leader in experiential learning, a model that leads to superior outcomes for our students.”

But what if you value not being left in the dark?

Oberlin offers a humane explanation on its website of its “need sensitive” policy. Tufts puts it all plainly in a blog post. Wesleyan doesn’t mention being need-aware on its “Affording Wesleyan” webpage, but its president wrote about it elsewhere — in 2013.

Improving your messaging is pretty easy.

After I hunted for American University’s need-aware explainer and couldn’t find one, a spokeswoman told me that the “website is being updated to include that information.”

That’s a reminder that colleges have a choice here — even if some make the wrong one. Take it from the person who first alerted me to the fact that Northeastern had given me bad information: Debbie Schwartz, a satisfied customer who is a parent of one of its undergraduates.

“Just be more transparent,” Ms. Schwartz, who runs the Paying for College 101 Facebook group, said. “It builds trust and confidence.”

If you’ve suffered from any lack of transparency this admissions season, it’s not too late to ask for more money. I explained how in a 2014 column and updated the advice in the early months of the pandemic in 2020. Be polite and explain any change in circumstances — whether financial, to the negative, or academic, to the positive.

And if you’re dreading having to do this dance in the future, go ahead and ask for help, at the front end, no matter where you’re applying. Fill out the net price calculators, and then, if you need to, check in with institutions that you’re considering and ask for a merit-aid pre-read. Mention Whitman or Wooster by name, in case the person you’re speaking with doesn’t believe that others could possibly be doing something like this.

“It never hurts to ask,” said Megan Ryan, vice president for enrollment management at Muhlenberg, whose office will also do a pricing pre-read upon request. “The worst-case scenario is that you’re back exactly where you started.”