



## **Comparison and Analysis of Financial Aid Pledges** *How Much Would Families Actually Have to Pay?*

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Since Harvard University's December 2007 announcement of a major increase in its financial aid commitments, a number of colleges and universities – including Yale, Cal Tech, Haverford, Pomona, and others – have announced similar programs. However, the terms of each institution's policies vary, and the way they are described can obscure the bottom line: *the total amount a qualifying student and her family will have to pay.*

This analysis calculates the *actual net cost* of attending each of the private and public colleges that have made detailed “no-loan” or “low-loan” pledges to date. The net cost reflects how much students and parents must contribute from sources including income, savings, loans, and work. We also summarize the basic eligibility guidelines and provisions of pledges made by over 30 institutions.

When a student applies for financial aid, the aid office determines how much it expects the family to be able to contribute towards the total cost of attending the school. This amount is called the “Expected Family Contribution” (EFC). When the EFC is not enough to cover the full cost of attendance, many colleges will offer some combination of grants, work, and loans to help bridge the gap. This gap is what colleges typically refer to as “financial need.”

Each institution takes a somewhat different approach to determining who has to pay, what they can afford, what costs are covered by financial aid, and how to fill the gap between EFC and full need. To conduct apples-to-apples comparisons, we have made certain assumptions that do not represent actual aid offers. Our methodology is described in detail below. Complete information on each pledge included in this analysis is available at <http://projectonstudentdebt.org/pledges>.

## Summary of Pledges: Eligibility Guidelines and Basic Provisions

Pledges Covering Entire Cost of Attendance		
Institution	Maximum Family Income	Role of Loans in Covering <b>Calculated Need*</b>
Amherst College	No Income Limit	No Loans
Bowdoin College	No Income Limit	No Loans
Brown University	\$100,000 / No Income Limit	No Loans / Loan Limits
California Institute of Technology	\$60,000	No Loans
Claremont McKenna College	No Income Limit	No Loans
Colby College	No Income Limit	No Loans
College of William and Mary	\$40,000 <sup>†</sup>	No Loans
Columbia University	No Income Limit	No Loans
Cornell University	\$75,000 / \$120,000	No Loans / Loan Limits
Dartmouth College	No Income Limit	No Loans
Davidson College	No Income Limit	No Loans
Duke University	\$40,000 / No Income Limit	No Loans / Loan Limits
Emory University	\$50,000 / \$100,000	No Loans / Loan Limits
Georgia Institute of Technology	\$30,000 <sup>†</sup>	No Loans
Harvard University	No Income Limit	No Loans
Haverford College	No Income Limit	No Loans
Indiana University, Bloomington	185% of Federal Poverty Level <sup>‡</sup>	No Loans
Lafayette College	\$50,000 / \$100,000	No Loans / Loan Limits
Lehigh University	\$50,000 / \$75,000	No Loans / Loan Limits
Massachusetts Inst. of Technology	\$75,000 / No Income Limit	No Loans / Loan Limits
North Carolina State University	150% of Federal Poverty Level <sup>‡</sup>	Loan Limits
Northwestern University	EFC Less than 20% of Cost of Attendance / No Income Limit	No Loan / Loan Limits
Pomona College	No Income Limit	No Loans
Princeton University	No Income Limit	No Loans
Rice University	\$60,000	No Loans
Stanford University	No Income Limit	No Loans
Swarthmore College	No Income Limit	No Loans
Tufts University	\$40,000	No Loans
University of California System	No Income Limit <sup>†</sup>	Loan Limits
University of Chicago	\$60,000 / \$75,000	No Loans / Loan Limits
University of Florida	\$40,000 <sup>†</sup>	No Loans
U. of Maryland, College Park	EFC of 0 by Federal Methodology / No Income Limit	No Loans / Loan Limits
University of Michigan, Ann Arbor	EFC of 0 by Federal Methodology <sup>†</sup>	No Loans
U. of North Carolina, Chapel Hill	200% of Federal Poverty Level <sup>‡</sup>	No Loans
University of Pennsylvania	No Income Limit	No Loans
University of Virginia	200% of Federal Poverty Level <sup>‡</sup> / No Income Limit	No Loans / Loan Limits
Vassar College	\$60,000	No Loans
Washington University, St. Louis	\$60,000	No Loans
Wellesley College	\$60,000 / No Income Limit	No Loans / Loan Limits
Wesleyan University	\$40,000	No Loans
Williams College	No Income Limit	No Loans
Yale University	No Income Limit	No Loans

Pledges Covering <i>Partial</i> Cost of Attendance			
Institution	Maximum Family Income	Role of Loans in Covering <b>Calculated Need*</b>	<b>Expenses Not Covered</b>
Appalachian State	Federal Poverty Level <sup>‡</sup>	No Loans	Transportation and Personal
Arizona State University	\$25,000 <sup>†</sup>	No Loans <sup>†</sup>	Transportation and Personal
Michigan State University	Federal Poverty Level <sup>‡</sup>	No Loans	Transportation and Personal
University of Arizona	\$42,400	No Loans	Transportation and Personal
U. of Illinois at Urbana-Champaign	Federal Poverty Level <sup>‡</sup>	No Loans	Transportation and Personal
University of Louisville	150% of Federal Poverty Level <sup>‡</sup>	No Loans	Transportation and Personal
University of Tennessee	150% of Federal Poverty Level <sup>‡</sup>	No Loans	Transportation, Personal, Books and Supplies

<sup>†</sup> 2007 HHS Poverty Guidelines

Persons in Family or Household	48 Contiguous States	Alaska	Hawaii
1	\$10,210	\$12,770	\$11,750
2	13,690	17,120	15,750
3	17,170	21,470	19,750
4	20,650	25,820	23,750
5	24,130	30,170	27,750
6	27,610	34,520	31,750
7	31,090	38,870	35,750
8	34,570	43,220	39,750
For each additional person, add	3,480	4,350	4,000

\* All of the institutions listed require some student contribution of earnings from academic year work, usually a federal work-study job or summer work. Also, some families may need to borrow to cover any expected family contribution (EFC), even if the institution does not include loans in the financial aid package.

<sup>†</sup> In-state students only

**Estimated Net Cost of Attendance by Family Income (assuming typical assets)**

Institution	Family Income							Total Cost of Attendance <sup>s</sup>
	\$20,000	\$40,000	\$60,000	\$80,000	\$120,000	\$160,000	\$200,000	
Amherst College	\$3,500	\$5,302	\$11,306	\$19,731	\$37,558	\$48,352	\$48,352	\$48,352
Appalachian State University	\$4,700	n/a	n/a	n/a	n/a	n/a	n/a	\$13,281
Bowdoin College	\$3,700	\$5,502	\$11,506	\$19,931	\$37,758	\$48,260	\$48,260	\$48,260
Brown University*	\$4,750	\$4,750	\$8,440	\$20,095	\$38,346	\$48,660	\$48,660	\$48,660
California Institute of Technology	\$2,250	\$3,966	\$9,776	n/a	n/a	n/a	n/a	\$46,560
Colby College	\$3,200	\$5,002	\$10,056	\$18,481	\$36,308	\$47,700	\$47,700	\$47,700
College of William and Mary	\$20	n/a	n/a	n/a	n/a	n/a	n/a	\$19,349
Columbia University	\$4,500	\$4,500	\$6,350	\$12,800	\$36,845	\$49,260	\$49,260	\$49,260
Cornell University	\$3,800	\$5,343	\$10,835	\$21,917	\$39,145	n/a	n/a	\$48,151
Dartmouth College	\$4,900	\$6,788	\$12,462	\$21,520	\$38,801	\$48,263	\$48,263	\$48,263
Davidson College	\$3,900	\$5,702	\$11,706	\$20,131	\$37,958	\$43,520	\$43,520	\$43,520
Georgia Institute of Technology	\$2,520	n/a	n/a	n/a	n/a	n/a	n/a	\$16,633
Harvard University*	\$3,700	\$3,700	\$4,000	\$8,000	\$16,000	\$20,000	<i>varies</i>	\$48,550
Haverford College	\$3,900	\$5,791	\$11,970	\$20,520	\$38,546	\$48,392	\$48,392	\$48,392
Indiana University, Bloomington	\$0	n/a	n/a	n/a	n/a	n/a	n/a	\$19,093
Lafayette College	\$3,050	\$4,941	\$13,620	\$22,170	n/a	n/a	n/a	\$46,038
Lehigh University	\$3,200	\$5,091	\$14,270	n/a	n/a	n/a	n/a	\$43,960
Massachusetts Inst. of Technology	\$440	\$2,922	\$9,577	\$17,694	\$40,721	\$48,200	\$48,200	\$48,200
Michigan State University	\$4,402	n/a	n/a	n/a	n/a	n/a	n/a	\$18,758
North Carolina State University	\$4,020	n/a	n/a	n/a	n/a	n/a	n/a	\$15,197
Northwestern University	\$4,500	\$6,311	\$12,570	\$26,120	\$44,146	\$49,779	\$49,779	\$49,779
Pomona College	\$3,800	\$5,516	\$11,326	\$19,655	\$37,283	\$47,580	\$47,580	\$47,580
Princeton University*	\$2,551	\$3,887	\$6,829	\$11,055	\$17,792	\$26,171	\$31,169	\$47,975
Rice University	\$1,800	\$5,364	\$12,430	n/a	n/a	n/a	n/a	\$41,775
Stanford University	\$4,200	\$4,200	\$4,200	\$13,292	\$37,683	\$49,227	\$49,227	\$49,227
Tufts University	\$3,000	\$4,802	n/a	n/a	n/a	n/a	n/a	\$48,990
Univ. of California System	\$9,160	\$10,306	\$13,815	\$19,828	\$25,039	\$25,039	\$25,039	\$25,039
University of Florida	\$20	\$1,510	n/a	n/a	n/a	n/a	n/a	\$14,437
Univ. of Maryland, College Park	\$2,020	n/a	n/a	n/a	n/a	n/a	n/a	\$20,872
University of Michigan	\$2,520	n/a	n/a	n/a	n/a	n/a	n/a	\$21,657
Washington University	\$3,800	\$5,691	\$11,870	n/a	n/a	n/a	n/a	\$49,796
Wellesley College	\$3,350	\$5,152	\$12,756	\$21,181	\$40,033	\$47,870	\$47,870	\$47,870
Wesleyan University	\$4,350	\$6,066	n/a	n/a	n/a	n/a	n/a	\$49,346
Williams College	\$3,500	\$5,302	\$11,306	\$19,731	\$37,558	\$47,140	\$47,140	\$47,140
Yale University	\$4,300	\$4,300	\$4,300	\$6,048	\$13,946	\$22,878	\$31,810	\$50,350

**Notes:**

1. Not all institutions with pledges are listed above, because some have not made information public about how they package student work, both during the academic year and the summer.
2. Net cost of attendance is not listed for some institutions at higher income levels, where institutions have made not public their aid packaging policies for families at those levels.

\* Figures for Brown, Harvard, and Princeton Universities have been provided directly by the institutions; unlike others, these have not been arrived at using the methodology described below.

<sup>s</sup> Cost of attendance figures are for the 2007-08 academic year, as reported by institutions to the U.S. Department of Education.

## Calculating Net Cost of Attendance

### What is **total** cost of attendance?

We use the combined total of tuition and fees, room and board, books and supplies, and transportation and personal expenses, as reported by the campuses to the U.S. Department of Education for the 2006-07 academic year. In actual practice these amounts can vary to account for different academic programs and individual student circumstances.

### What is **net** cost of attendance?

We define net cost of attendance as the sum of the family's contribution from income and assets, and a "self-help" amount contributed separately by the student.

**Family contribution** is the total of what the parent and student are expected to contribute from their respective income and assets. All institutions use a formula to calculate the parent contribution; this formula, which is not the same for every school, uses parents' income, certain assets, and other information to determine what they can afford to pay. Some institutions calculate student contributions with a similar formula, while others set a minimum student contribution of income through summer earnings.

**Self-help** consists of student loans and academic year work.

### What formula is used to calculate net cost of attendance?

Save for the exceptions noted on the previous page, we use the "Streamlined Expected Family Contribution (EFC) Calculator" available at [FinAid.org](http://FinAid.org) to calculate expected parent contribution and, as discussed above, student contribution where applicable. Institutions use one of two formulas to calculate financial need – Federal or Institutional. The Federal Methodology (FM) is the same regardless of the college the student is applying to; the Institutional Methodology (IM) is different from FM *and* allows campuses to deviate from the standard IM formula. For example, an institution might limit the amount of assets it considers. The figures here use the standard IM formula.

### Don't family characteristics impact financial need?

Yes. Features like household size, state of residence, and parent age can affect the calculation of EFC. See below for assumptions made about our sample student's circumstances.

### What assumptions are made about a family's financial position?

- 1) Two parents earning equal salaries contribute to the cost of attendance. The older parent is 45.
- 2) The student is in-state, and has a sibling not yet in college.
- 3) The amount of federal tax paid is calculated automatically by the calculator at [FinAid.org](http://FinAid.org).
- 4) Eligible families claim all available earned income and child tax credits.
- 5) The HOPE tax credit is claimed by families earning up to (and including) \$80,000.
- 6) Families contributed 2% of income to retirement accounts.
- 7) An incoming freshman earned \$1,000 from part-time or summer work as a high school senior.
- 8) We consulted the Federal Reserve's *Survey of Consumer Finances* to create the following representation of typical assets by income :

Typical Assets by Family Income			
Family Income	Liquid Assets	Home Equity	Other Assets
\$20,000	\$1,600	\$25,000	\$5,700
\$40,000	\$3,400	\$58,000	\$9,300
\$60,000	\$10,300	\$91,000	\$20,400
\$80,000	\$15,400	\$105,000	\$38,000
\$120,000	\$27,700	\$165,000	\$62,700
\$160,000	\$40,700	\$199,000	\$113,000
\$200,000	\$57,600	\$238,000	\$174,000