

Frequently Asked Questions about Harvard's Middle Income Access Financial Aid Initiative

- ***What is the new financial aid initiative?***

Students from middle-income families may feel they will not qualify for financial assistance and worry that they will not be able to pay for college, particularly at private institutions. The Office of Admissions and Financial Aid has listened carefully to middle-income families, and has helped them manage rising college costs. However, the conventional needs analysis systems are increasingly out of touch with these families' financial capabilities. Many parents do not allow their sons and daughters to apply to private colleges, while other families experience real hardship in paying their contributions.

Thus, during the past few years, we conducted a number of studies internally and talked with families about their needs. Although these studies are proprietary, they clearly indicated that many middle income families were struggling to meet our expectations of their ability to contribute to educational expenses. We worked with Clayton Spencer, Vice President of Policy, and her colleagues. The combined research efforts of our two teams led to a clear conclusion – we need a new model of financial aid. The resulting program asks families earning between \$60,000 and \$180,000 to contribute between 0 and 10 percent of their total income, unless they have unusually substantial family wealth outside of home equity. Families earning less than \$60,000 will contribute 0 percent of their total income. Only 7 percent of US families earn more than \$180,000. The Harvard program will enable the vast majority of US families to send a child to Harvard for less than the cost of an in-state flagship public university.

- ***Can students really expect to graduate from Harvard with no debt now?***

Yes. For the past decade, as we have increased our scholarship program, we have seen our median graduating student debt decline from over \$16,000 to just \$6,700 for the Class of 2007. We are particularly pleased with this result because median debt upon graduation from private colleges nationally is greater than \$20,000. But, given the increasing expenses that our recent graduates face in their first years out of school, and the significant loans that they will often be asked to assume to finance graduate school expenses, we have become increasingly concerned that students might be turning away from less lucrative careers and be less likely to go to graduate school later because of their loan debts. Therefore, we are pleased to be able to eliminate student loans entirely from our financial aid awards, thus reducing the “self-help” component of all financial aid awards to \$2,500 for freshman and \$3,000 for returning students for next year. Students can choose from a wide variety of jobs, including research with faculty members and a range of community service opportunities, to meet their term-time work expectations.

- ***Do I qualify for these programs as an international student?***

Yes. Like Harvard's need-blind admissions policy, all of Harvard's financial aid is citizenship-blind. Thus, any student who is admitted is eligible to receive the most generous aid package possible.

- ***With this focus on middle and upper-middle income affordability, is Harvard diminishing its commitment to access for lower income students?***

Absolutely not. In recent years, Harvard has made a systematic effort to increase affordability and widen access for qualified students from across the economic spectrum. In the winter of 2004, under the leadership of former President Lawrence H. Summers, Harvard adopted a policy that parents with annual incomes below \$40,000 would not be expected to pay for their sons or daughters to go to Harvard. The zero-contribution threshold was raised to \$60,000 in 2006, with further reductions in parental contributions for families with incomes up to \$80,000. Over the past three years, the number of students in these income ranges has increased by 33 percent, representing a quarter of the entering class of 2011.

In the fall of 2006, Harvard announced the elimination of its early action program – a form of non-binding early admissions – and moved to a single admissions deadline of January 1, beginning in the 2007-2008 academic year. Harvard is using the time and capacity freed up by the move to a single admissions cycle to intensify its outreach and recruiting efforts.

- ***What is considered “income”?***

Simply put, income is defined as all sources of support available to a family, both taxed and untaxed. Thus, income in many cases is not the same as adjusted gross income. Since each family's circumstances are unique, we are always willing to discuss special cases with parents and students.

- ***How are assets considered in determining need?***

We have not considered retirement assets in our financial aid calculations for many years. And, with our new initiative, we now no longer consider home equity. All other assets are considered in determining the parent contribution, but only after an additional amount is protected to ensure the financial safety of the family. In cases where a family has little or no retirement and/or home equity, a larger amount of other assets may be protected.

- ***Is it true that families with incomes of between \$60,000 and \$180,000 will have an average expected parent contribution of 10% or less of their income, regardless of the number of children or of other extenuating circumstances?***

While students from families in these income ranges will typically find that their expected parent contributions are roughly 10 percent or less of their family's total income, we will continue to take individual circumstances into consideration in our assessment of their financial need. Our financial aid policy is to scrutinize all sources of income and expenses for all families applying for financial aid, and those families with unusually high medical or sibling educational expenses may find that they are expected to contribute less than this percentage of their income, while those with extraordinary wealth will find that they are expected to contribute a higher percentage. Factors such as family size, health care costs, sibling educational expenses, and other non-discretionary expenses that place a drain on family finances are considered carefully in our assessment of a family's need for assistance, and there is no income cut-off for our need-based scholarship eligibility. Currently there are over 100 families with incomes greater than \$200,000, who because of extenuating circumstances, receive need-based financial aid.