

*Access and Affordability:  
A Commitment to Need-Based  
Financial Aid*

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*Excerpts from Testimony to the National Commission on the  
Cost of Higher Education, November 7, 1997*

ALLOW ME TO TRY to address, directly, the question that led to the convening of this Commission: how do we ensure that college education remains accessible and affordable to students from across the economic spectrum?

I want to talk about Harvard's approach, not because it represents some sort of platonic ideal, or a model that is workable for all institutions of higher education – but because it is one model, and one that illustrates a systematic effort to address a serious problem.

Let me begin with the number that all too often serves as not just the beginning, but the end, of discussions about college access. What might be called our comprehensive fee – the total of tuition, room, board, and other charges – is now around \$30,000 a year. It is not quite the highest in the nation, but it is still very

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steep. Yet, based on our estimates, it is still only about two-thirds of what it actually costs to provide our students with an undergraduate education in a residential setting. The remaining third is underwritten largely by endowment and annual gifts. In this sense, all of our undergraduates – even those who pay the full comprehensive fee – receive a significant subsidy or implicit scholarship.

As a private college and university committed to a very broad set of programs in education and research, Harvard has for many decades had high fees which, if viewed in isolation, would place a Harvard education well beyond the reach of the great majority of students and families in the United States. But there is, of course, more to the story. Back in 1854, Harvard's President Walker summarized the problem and the solution very succinctly: "There is no objection," he said, "which weighs so heavily against an education in Cambridge as the expense; and the only practicable way of reducing it would seem to be by the institution of scholarships."

As this suggests, Harvard's approach to college access has long been rooted in a simple insight: given that it is inherently expensive to provide an excellent residential college education, and given that a great many families are not able to afford the full price, financial aid based on need is the most direct, effective, cost-effective, and economically practicable way to reduce the net cost of college for many students – while also maintaining a steady flow of tuition revenue from those students whose families can afford to pay the total sum.

The modern version of this philosophy has been with us for several decades now. We have made it a cardinal principle that students should be considered for admission without regard to their financial need. We want our doors to be open to the most able and promising students – rich, poor, or in between.

That's only half the principle. The other half – the one that converts ideal into reality – is that students who are admitted, and who choose to come to Harvard, are provided with a package of financial aid that is sufficient to enable them to attend.

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We advertise the nature of this program widely, and we recruit students vigorously. As a result, we are able to attract a wide range of applicants from literally all income groups, and from an enormous variety of backgrounds. The number of applicants to our first-year class has grown, over the past five or six years, from 12,000 to more than 16,500 – essentially ten applicants for every place in the class – and over three-quarters of the students who are offered admission choose to enroll.

Our commitment to need-based aid is expensive. Two-thirds of our undergraduates receive some form of financial aid, and they will together receive some \$80 million in aid this year – in the form of scholarships, loans, and work-study jobs. More than half of that aid – \$42 million – takes the form of scholarships; and nearly nine out of every ten of those scholarship dollars come from our institutional funds.

Almost half of all our undergraduates qualify for scholarship grants, averaging \$14,000. Added to that are a loan and a job that cover another \$6,500. That combined total – around \$20,500 – is roughly two-thirds of our full comprehensive fee. In other words, for about half of our students, the average amount remaining to be paid, on a current basis, for a year at Harvard College is roughly \$9,500.

I want to emphasize that the figures I've given are averages: some students receive over \$20,500; others receive less, depending on their own level of need. And the aid reaches students from a very broad band of family incomes. Our scholarship students include, for example, some 375 students whose family incomes are less than \$20,000 a year, as well as some 250 whose family incomes are greater than \$120,000 a year; the others fall between.

Over time, as our comprehensive fee has steadily increased, we have tried to make sure that the families of our scholarship students not be asked to bear an increasing share of the students' budgets. In 1980–81, for instance, the typical parental contribution for students on scholarship was 26 percent of the total student budget. Seventeen years later, the figure is still 26 percent.

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Meanwhile, the portion of the total student budget covered by scholarship funds has grown, on average, from 43 percent to 49 percent.

We have also tried, by investing heavily in need-based scholarships, to avoid leaving our students with huge debts when they graduate. In our most recent graduating class, almost half our seniors managed to leave Harvard without any outstanding student loan debt at all. And only 8 percent of all our seniors graduated with debt burdens of more than \$20,000.

In fact, as the real value of federal scholarship grants has eroded in recent years, and as the balance of federal aid has shifted strongly in the direction of loans, colleges and universities have reached deeper into their own funds to provide scholarship aid. At Harvard, while tuitions have continued to rise faster than inflation, our own undergraduate scholarship budget has risen at a significantly faster rate than tuitions: more than twice as fast, when measured in constant 1997 dollars over the last decade.

Having said all this, I do not at all underestimate the severe problems and real anxieties faced by many students and families struggling to pay for college. And I do not propose that strong need-based aid is the be-all and end-all of an effective approach. We need to keep up the effort to moderate the growth of tuition and fees, as we have been doing. At Harvard, we have lowered the rate of tuition growth each of the last five years. The increase from last year to this – 4.1 percent – was the lowest in percentage terms since 1969. Our intention is to continue this trend, although it will require even more intensive efforts to raise endowment and other sources of revenue, to budget systematically, to control our expense growth, and to make sensible cuts and economies that do not compromise the fundamental quality of our academic programs. It will also require some help from the national economy.

All in all, however, we need to be realistic in our expectations. Whatever the exact percentage increase in next year's tuition and fees, the full price of attending Harvard will still be

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high – higher than a great many students and families can reach on their own. We will be left to do what I believe it is absolutely essential for us to do: reaffirm and redouble our commitment to a program of need-blind admissions and strong need-based student aid.