

Financial Aid and the No-Loan Policy

Haverford College

December 2013

Financial Aid Policies Prior to Class of 2012

- Loans were included as a part of a student's financial aid package:

First Year \$2,500

Second Year \$3,350

Third Year \$4,200

Fourth Year \$4,200

4-Year Loan Burden = \$14,250

- All of Home Equity was concerned to be an “available asset” in the calculation of a family's ability to pay.

Haverford No Loans Policy

- Adopted at the December 2007 Board meeting.
- Eliminated loans as a component of a student's financial aid package; this money was replaced by additional Haverford College Grant funds.
- Also placed an income-based cap on the consideration of home equity.
- These policies were applied to the Class of 2012 and staged in with each subsequent class.

Cost of Financial Aid Policy Changes

Cost of the

No Loans policy (FY 13): **\$1,871,000**

Cost of the

Home Equity policy (FY13): **\$1,270,780**

History of No Loans Policies

- Princeton was the first institution to adopt a no loans policy , in 2001-2.
- Davidson announced they would adopt a no loans policy in 2006-7.
- Around a dozen institutions, including Haverford, adopted no loans policies in 2007-8 and a few followed suit in subsequent years.
- All of our peer schools made SOME adjustment to their loan policies – typically eliminating loans for lower income students and reducing loan burdens for students at higher incomes.

History of No Loans Policies

- Currently, there are 14 schools with full no loans policies.
- Beginning in 2010, a number of peers have walked back their policies to some degree.
- Two schools that initially had full no-loans policies – Williams and Claremont McKenna – have changed their policy to include loans for some or all of their students.

Assessment of the No Loans Policy

Access and Affordability

Competitive Standing

Budget Sustainability

Increases in Financial Aid

Total Grants FY 2005 - \$11,940,967

Total Grants FY 2009 - \$16,937,557

Total Grants FY 2013 - \$23,597,729

This is an increase of 98%

Grant as a % of Tuition Revenue (Discount Rate):

FY 2005 27.9%

FY 2009 32.4%

FY 2013 40.3%

School	Endowment per Student	Loan Policy
Princeton	\$2,181,998	No Loans, no income limit
Yale	\$1,641,563	No Loans, no income limit
Harvard	\$1,509,616	No Loans, no income limit
Pomona	\$1,072,622	No Loans, no income limit
Swarthmore	\$973,926	No Loans, no income limit
Amherst	\$916,061	No Loans, no income limit
Williams	\$828,061	Scaled limits, with no loans for lowest income
Wellesley	\$604,694	No loans under \$60k
Dartmouth	\$564,231	No loans under \$100k; Scaled limits \$100-200k
Bowdoin	\$508,374	No Loans, no income limit
Chicago	\$426,948	No loans under \$60k
WashU	\$411,690	No loans under \$60k
Northwestern	\$394,819	No loans for students with need >80% cost of attendance
Middlebury	\$353,431	\$1K/year for income under \$50k; \$2K for \$50-80k; \$3K for >\$80k
Vassar	\$341,209	No loans under \$60k
Haverford	\$325,411	No Loans, no income limit
Carleton	\$322,827	some level of loans for all students on aid
Columbia	\$316,627	No Loans, no income limit
Penn	\$300,247	No Loans, no income limit
Brown	\$293,222	No Loans under \$100k; Scaled limits up to \$150k
Cornell	\$222,866	No loans under \$60k; Scaled limits above \$60k
Wesleyan	\$192,601	No loans under \$40k
Tufts	\$129,795	No loans under \$40k
Georgetown	\$68,774	some level of loans for all students on aid

Current 4-year Loan Levels for Peers

Cornell	\$30,000	Northwestern	\$18,200
Wash U	\$27,000	Georgetown	\$17,500
Carleton	\$22,500	Williams	\$16,000
Wesleyan	\$19,000	Wellesley	
Chicago	\$18,950		\$15,200
		Middlebury	\$12,000

*Amherst, Bowdoin, Columbia, Harvard, Penn, Pomona, Princeton, Swarthmore, and Yale are at \$0. Brown and Dartmouth list \$0 on the COFHE report however they do assign loans at upper income levels.

Assumptions and Objectives

- We would retain the policies of being need-blind and meeting full demonstrated need.
- The home equity policy change should remain.
- We would preserve no loans for the lowest income students.
- We would preserve the existing special scholarship programs that include no-loans.
- Find a loan level that allows us to maintain some competitive advantage against peers that do include loans.
- Mindful of affordability for our “middle income” students.
- We would honor the current no-loan policy through the Class of 2018.

