

**November 5, 2008**

**To Our Community,**

**The recent student petition about financial aid policies and practices has been brought to my attention. Although the signed petition will likely be presented to others at a later date, it appears that some immediate answers and explanations may be helpful now for our worried students and their parents. Our sharing this information, much of which is already available, will also help to inform our later conversations about Swarthmore's financial aid program--a most important topic.**

**Attached you'll find the student petition and some responses about current Swarthmore College financial aid policies and practices.**

**With the national economy so uncertain, I'll also take this opportunity to assure the community that the College is committed to continuing our policy of meeting students' demonstrated financial needs.**

**I look forward to and welcome future conversations.**

**Sincerely,**

**Laura Talbot  
Director of Financial Aid**

November 5, 2008

To our concerned students:

The student petition entitled “Reconsidering Financial Aid: Detrimental Effects of our current Financial Aid System,” raises concerns about several important topics. Let’s talk more about those topics.

The following summarizes the Swarthmore financial aid policies and practices that play a vital role in the College’s efforts to ensure that a Swarthmore education remain within the reach of our students and their families. This summary may be helpful to inform future conversations about the College’s financial aid program, as well as to answer students’ and parents’ worries right now.

For the sake of clarity, the information that follows is organized into sections that correspond to the five groups of concerns noted in the students’ petition. They are:

1. Transparency of Swarthmore financial aid decisions
2. Requests for reconsideration/appeals
3. Concerns about the financial aid timeline
4. Influence of outside scholarships in Swarthmore financial aid awards
5. Some students are not comfortable approaching our financial aid office to discuss their financial aid concerns.

Additional concerns voiced by the petition signatories are also addressed at the end of this summary.

I look forward to and welcome more conversation about Swarthmore’s financial aid program.

Laura Talbot  
Director of Financial Aid

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## **SECTION 1: TRANSPARENCY OF SWARTHMORE FINANCIAL AID DECISIONS**

### **THE STUDENT PETITION STATES THAT:**

- “Currently, students and families are not offered an explanation for how their financial aid awards were calculated;
- “Consequently, families who cannot meet their expected contributions are powerless to appeal to the financial aid office (FAO).”

### **RESPONSE FROM THE FINANCIAL AID OFFICE:**

Swarthmore’s “Financial Aid Handbook” includes details of all the expenses a student should expect to face, and offers a general explanation of how families’ fair share contributions are determined.

[Click here to see Swarthmore’s “Financial Aid Handbook”.](#)

Swarthmore College financial aid award are calculated to fill the gap between the cost of a year at Swarthmore and the amount the family is expected to pay. Students and their parents are always welcomed to contact our office—for conversation, guidance, or appeal.

**More about the assessment of families' fair shares of educational expenses:**

**We assess parents' capacities to contribute—their fair share—add it to the student's expected contribution from summer earnings and from assets, and then subtract that total from the student's Swarthmore expenses for the year. The difference is the student's demonstrated financial need, and that is the amount of financial aid we award.**

**How do we assess the parents' fair share?**

**Briefly, family income, asset strength, and standard demands on family resources, such as costs for maintaining a family your size (such as housing, food, clothing, transportation, health care, and utilities) are considered. So that we may collect the details of a family's income and assets, applicants for Swarthmore College financial aid complete a CSS/PROFILE form on-line. In that same website, applicants can find an explanation of the need-analysis principles and practices Swarthmore and 600 other schools helped to create and now use to help make their decisions about distributing their own funds—a uniform need-analysis system called the “institutional methodology”. In an effort to make fair and equitable decisions, the same methodology is used for every aid applicant—when the College first makes our decisions as well as when we reconsider a decision that has already been reached. This uniform system is employed so that families in similar circumstances are treated similarly in our reviews. [Click here for more about the “institutional methodology”.](#)**

**Applicants can also find an on-line calculator on that same CSS/PROFILE website. The on-line calculator allows the applicant to enter family financial data and then to receive a preliminary assessment of the family's capacity to pay for college. [Click here to see the CSS/PROFILE calculator.](#) We caution applicants not to use the on-line calculator to anticipate Swarthmore's decision, however. Why is the on-line calculator not fully useful for a Swarthmore student? Because Swarthmore uses that calculation as a starting point in our decision-making. Further, the calculator cannot handle the complications when parents have an interest or involvement in a business, or when income is derived from rental property, or when parents maintain separate households (whether because they are divorced, separated, or were never married), Only after our experienced and knowledgeable aid administrators carefully read each applicant's file can Swarthmore make the corrections and the extra allowances we find so appropriate to our reaching fair and equitable aid decisions for our families. The automatic answer from the on-line calculator doesn't include any of the more generous approaches Swarthmore employs when assessing families' need for our support.**

**What does Swarthmore's financial aid office do once an aid applicant's CSS/PROFILE data arrives and the aid application is complete?**

**We combine the PROFILE information with data provided in the applicant's “Swarthmore Financial Aid Request” form, parents' federal income tax returns, W2 wage statements, year-end paycheck stubs, and documentation of untaxed income. We then read each file carefully, completely, and sensitively. Where appropriate, additional considerations, not a part of the PROFILE calculations of “institutional methodology”, are made in Swarthmore's reading. The “Swarthmore Financial Aid Request” form encourages applicants to provide us much of the information we need to make our more generous and responsive decisions. Although no simple list of Swarthmore's special considerations is possible--since they are not simply applied--here are some examples:**

**~Elder care expenses are given special consideration in Swarthmore's review but we first determine whether the grandparents are in nursing care, or are supported in their own homes by parents, or they are living with parents. Are other relatives helping with grandparents' care or the parents the only support? Do the grandparents have their own financial resources or are they fully dependent on parents?**

**~Child care expenses of up to \$5,200 a year for younger siblings are considered in Swarthmore's review but those expenses might be covered by a parent's untaxed flexible spending account or cafeteria plan, or they might be paid by parents from their taxable income.**

**~ Home equity—the difference between the current market value and the outstanding mortgage debt—is a standard part of the analysis but Swarthmore works to reduce the influence of home equity. Rather than including the reported home equity, we might instead base the equity on purchase date and purchase price or we might instead cap the home equity to equal family income—whichever way allows us the greatest reduction of the influence of home equity.**

**~ Parents' ages and the details of their retirement resources may allow us to be more responsive to parents' future needs. A parent who doesn't have any retirement protection beyond that offered from Social Security or otherwise doesn't have sufficient protection for retirement will be expected to contribute far less from non-retirement investments or other assets when Swarthmore assesses that parent's ability to pay for educational expenses. This extra protection of assets is often needed for our self-employed parents or for our lower income parents.**

**~Capital gains or asset rollovers are most often not viewed as income in Swarthmore's review although those amounts are taxable income for IRS purposes and in the institutional methodology. If a capital gain is the manner in which a parent's business provides him compensation, however, then including the gain as income may be appropriate.**

**~ Allowances are made in Swarthmore's review for the repayment of principal on mortgage loan debt for rental properties that provide income to parents.**

**~Allowances for medical expenses in Swarthmore's review are not tied to income (as is done by the IRS and the "institutional methodology") but instead our allowances are tied to family size--a far more generous approach. Further, all medical expenses are considered—including those paid for health insurance premiums.**

**~Extra consideration is given in Swarthmore's review for families in high cost-of-living areas. Our allowances are based on regional information collected by the Bureau of Labor Statistics through the Consumer Expenditure Survey. Parents' zip codes guide this allowance.**

**~Younger sibling's private school tuitions up to \$7,900 are allowed in Swarthmore's review but the cost of tutoring for siblings with learning differences who attend public school are also considered if explained in our "Swarthmore Financial Aid Request" form.**

**~Students' previous year incomes are excluded in Swarthmore's review--we include only what they may have saved from those earnings—since the "institutional methodology" double counts that resource.**

**~Parents' savings held in their children's names are shifted back to parents in Swarthmore's review (shifted on paper, of course) so that family assets are treated less harshly.**

**~Parents who are repaying the debt for their own educations are given allowances for that loan repayment—since we are all benefiting from the higher income that parent now earns.**

## **SECTION 2: REQUESTS FOR RECONSIDERATION/APPEALS**

### **THE STUDENT PETITION STATES THAT:**

~“In fact, a formal appeals process is not offered to families who cannot meet their expected contributions;”

~“This fact is confirmed by the director of financial aid, who stated: "Once the financial aid package is issued, the FAO is in no way obligated to reconsider that package."

### **RESPONSE FROM FINANCIAL AID OFFICE:**

A formal appeals process is available to all, and we have always been willing to take another look. As is stated in the “Financial Aid Handbook” and the cover letter that accompanies our award letters, students and parents are welcome to contact us with any concerns. Our “Financial Aid Handbook” provides the names and contact information for staff members who can help with families’ concerns. For those who contact us but haven’t read about the reconsideration/appeal process, that is explained. Instructions for requesting reconsideration are also provided in those publications. Those requesting reconsideration are asked to provide details of any new information or corrected information, for those are the only factors that can affect our decision. Since our original decision is so thorough and already includes all of the special Swarthmore considerations, unless new or corrected information is provided a change in our decision is unlikely. Each time we take another look, we make certain that all of our special allowances have been made and that we have done all that we can.

We do not employ a different set of processes or procedures when a student says that he will be taking time off or transferring for financial reasons. Of course, we all hope that a student won't leave but, after we have done all that we can to help, it is the family's decision. We follow established Swarthmore policies for need-analysis, and we employ the same approach in every case. Similarly situated families are treated in the same way and, in fairness to all, there is no room for bias or preference even though a student may be leaving. A student who says that he will take a leave or transfer, thus doesn't receive a different decision based just on his possibly leaving. We always do whatever we can for any student.

We take another look at any student's file whenever a family asks if additional aid is possible or if a family tells us that the family share is difficult. A short note or conversation or a long, involved letter receives the same sort of review from us. However, as we state in the "Financial Aid Handbook", given our careful reading of aid applications, it is unlikely that additional aid will be possible unless we are provided new or corrected information.

### **SECTION 3: CONCERNS ABOUT THE FINANCIAL AID TIMELINE**

#### **THE PETITION STATES THAT:**

- “Even when families submit the necessary paperwork by late April, families may not receive their financial aid package until as late as mid-late July.”
- “This policy differs from other schools such as Yale University, who facilitates discussions concerning financial aid as early as May and who officially issues the financial aid packages in June”;
- “This forces families into an unfair position: either a family pays more than it had expected to contribute, or the Swarthmore student is unable to continue her/his education”;
- “Even in instances where students choose not to matriculate the following semester, their options are severely limited. By the time the family resolves to withdraw the student from Swarthmore, students may not even be eligible to enroll in community colleges.”

#### **RESPONSE FROM FINANCIAL AID OFFICE:**

As is stated in the aid application instructions, aid decisions for continuing students who complete their applications by the end of April will be made by the end of June. Why not earlier? We are working with students in the prospective class between January and March, then students in the admitted new class in April into early May. We read continuing students’ aid applications in May and June. This year, our financial aid office received 5,229 applications, a 50% increase in the number of aid applicants over the past 4 years but our first wave of aid decision letters for continuing students were ready on June 20. Some of those whose aid applications were received later than the end of April heard from us on June 20 as well, but many whose aid applications were completed late, heard from us later—as we alerted aid applicants would be the case. Just as Yale does, Swarthmore, too, provides an early review to those who let us know that they are especially worried that a change in the family’s situation might have a great affect on our aid decision (for example: a great increase in parents’ income; a younger sibling’s starting college). We are eager to help when we can. In the cover letter that accompanies our continuing student aid decisions, we also alert aid recipients that requests for reconsideration/appeals will be considered late in August, after other students have received first decisions.

### **SECTION 4: INFLUENCE OF OUTSIDE SCHOLARSHIPS IN SWARTHMORE AID AWARDS**

#### **THE PETITION STATES THAT:**

- “Currently, students dependent on financial aid do not benefit from receiving scholarships. Once students dependent on financial aid reach their expected student contribution (capped at \$3,650), every dollar of outside aid is reduced from the aid they receive from Swarthmore”;
- “This system is inherently unjust, only benefiting those who pay the cost of a Swarthmore education without receiving aid”;
- “This system is not universal. Institutions such as Yale and Princeton allow students to use outside scholarships to pay off their contribution, not capped at \$3,650”.

#### **FINANCIAL AID OFFICE RESPONSE:**

Yale, Princeton, and Swarthmore all provide aid to fill the gap left when a family doesn’t have the capacity to cover a student’s educational expenses. Swarthmore, too, expects that aid applicants will do all that they can to find outside sources of scholarships. Outside, merit-based scholarships do benefit our students whose aid awards include self-help—the student’s contribution from summer earnings and a campus job. To make room for the additional resource—the outside merit-based scholarship—we first reduce the student’s contributions (from summer earnings and the campus job) and then we reduce the College’s scholarship. The assessed share from parents, however, is not reduced at Yale, Princeton, or Swarthmore.

**SECTION 5: SOME STUDENTS ARE NOT COMFORTABLE APPROACHING OUR FINANCIAL AID OFFICE TO DISCUSS THEIR FINANCIAL AID CONCERNS**

**THE PETITION STATES THAT:**

--“Within the school setting, because students are uncertain of how their financial aid packages are calculated, many express discomfort in discussing financial aid for fear that their financial aid will decrease.”

**FINANCIAL AID OFFICE RESPONSE**

The financial aid office staff is a caring and experienced group of professionals. Aid decisions are affected by the facts of the family’s financial situation and by our policies and practices. Equity and fairness is a guiding principle in Swarthmore’s efforts to help our families. Our judgments would never be adversely affected just because a student or parent speaks up! Again, throughout our website, brochures, application instructions, handbook, and correspondence, we welcome families to let us know about their concerns.

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**Responses to some of the comments from the petition signatories**

**CONCERN:**

“As a working class student, I realize that the financial aid policy at Swarthmore mostly benefits either extremes, leaving middle class students to fend for their own, and this is unjust.”

**FINANCIAL AID OFFICE RESPONSE:**

Our financial aid policy is in place to provide for any student in need. Middle-income students are well represented in our aided population. About 50% of Swarthmore students demonstrate financial need, so about 50% receive the College’s financial support. Income is only one of many factors in our assessment of a student’s need for our support but here are some income-related facts about aid recipients this year:

- 15% of aided students’ family incomes are below \$40,000
- 12% of aided students’ family incomes are between \$40,001 and \$60,000
- 12% of aided students’ family incomes are between \$60,001 and \$80,000
- 14% of aided students’ family incomes are between \$80,001 and \$100,000
- 10% of aided students’ family incomes are between \$100,001 and \$120,000
- 17% of aided students’ family incomes are between \$120,001 and \$150,000
- 20% of aided students’ family incomes are above \$150,001

Further, although income is only one of many factors, here is the experience of middle-income students—however that may be defined for you—in our 2008-09 aided population:

<u>For aided families with incomes between:</u>	<u>The average contribution expected from parents is:</u>	<u>The average Swarthmore financial aid award is:</u>
up to \$20,000	\$ 0	\$50,105
\$ 20,001 to \$40,000	327	49,282
40,001 to \$60,000	3,536	45,679
60,001 to \$80,000	6,585	42,272
80,001 to \$100,000	10,978	37,322
100,001 to \$120,000	16,931	31,311
120,001 to \$140,000	22,061	25,672
140,001 and above	28,866	20,198

Figures above are shared with the community each year in the College website maintained by our institutional research office and in the financial aid office’s brochure for prospective students. Keep in mind that this is not an aid eligibility “look up chart” but rather is the average experience of our aided Students in 2008-09. No one family is average, however.

**CONCERN:**

“I myself have a couple friends who have either taken a leave of absence for a semester or are graduating early in order to not incur more debt.”

“I also believe that at a school with as much economic wealth as Swarthmore no student should ever have financial reasons prevent them from returning to the school that they love. Perhaps by changing the process we can prevent this from happening.”

**FINANCIAL AID OFFICE RESPONSE:**

Swarthmore’s strong financial aid program is in place to help students to stay with us. If parents or students do not pay their assessed shares, however, the College does not employ a different system of need-analysis or offer them additional scholarship to support the family decision about how they will spend their money.

Our need-analysis assesses parents’ capacity to pay but we are not looking just at current income. Rather, we are looking to see what parents have the capacity to pay over time: from the past—their assets—from current income, and from future income. Parents who have decided to take on burdensome consumer debt will likely need to draw from assets or from the future—long term loans—to pay their assessed shares. The federal PLUS Loan allows parents to borrow now but to repay over a period of 10 years using their future income. The repayment obligation on a federal PLUS Loan is about \$12 a month for every \$1,000 borrowed. Again, Swarthmore doesn’t reduce the parents’ assessed share to consider the amount parents would like to pay but federal PLUS Loan can help parents to meet their obligations without disrupting a student’s enrollment.

**CONCERN:**

**“My major concern here is the abuse of outside scholarships, something I take to be inexplicable. I could understand not allowing students to "cash out" any excess scholarship money, but to deduct merit scholarships from aid because of an institutional bias against meritocratic systems seems excessive.”**

**“I applied for and received many outside scholarships during high school which covered a significant portion of my student loans. However, following the move to "loan free" at Swarthmore, the college now simply reduces the grant aid that they award me because of my scholarships. As such, not only is my financial burden not reduced but the hard work I put towards applying for scholarships also has gone to waste.”**

**FINANCIAL AID OFFICE RESPONSE:**

**We expect that students will do all that they can to find such resources. Each year, our aided students bring about \$600,000 of merit-based scholarships from national or community groups. To make room in our need-based aid awards for these additional resources, we first reduce the self-help portions of the student’s aid award. That is the summer earning contribution--\$1,450 for income first years or \$1,890 for continuing students-- and the academic year campus job of \$1,760. When a student is able to find outside funding—most incoming students do so-- that additional resource doesn’t affect the parents’ assessed capacity to pay, however. The College works to make certain that students’ demonstrated financial needs are met—but no more than that. We are all in this together. No “bias” on the College’s part. Nor can we see a “waste” in the effort a student might exert to find those outside scholarships. The assessed parents’ share has to do with their resources—from the past, from current income, or from future earnings. Swarthmore intends only to fill the gap between what families have the capacity to pay and the expenses a student faces. If less of our scholarship support goes to a particular student then it makes it more possible for us to support more students.**

**CONCERN:**

**“I have not had problems with financial aid so far, but I fear the day that I might. It would be impossible for me to return to Swarthmore if their aid decreased drastically. I am sure that all of this news is not reassuring to lower-middle class and working class families.”**

**“the international students need more help from Swarthmore College in case their family financial condition goes down and really needs refinance.”**

**FINANCIAL AID OFFICE RESPONSE:**

**Swarthmore is committed to meeting our students’ demonstrated financial needs. Our policies and practices have not changed. When families’ financial situations change, so also will our aid change. Those who need more will receive more. Those who need less will receive less. As stated in Swarthmore’s financial aid brochure, our website, and “Financial Aid Handbook”, we will make every effort to see that you are financially able to complete your education. You can expect to receive our financial support as long as you demonstrate need for it. Renewal aid applications are evaluated annually so that we may assess changes in your family’s financial situation. Our aid decisions will reflect changes in family’s capacities to pay as well as increases in our charges.**