



Report on Financial Aid Leveraging

Financial Aid Leveraging is a completely foreign term to families getting ready to send their children to college. However, this completely foreign term is having a vast impact on the amount of money that students are able to receive in help from colleges.

Make no doubt about it... college is big business, and you are their customer. Like any business, colleges and universities are trying to maximize their revenue and minimize their expenses.

If you look around material available on the World Wide Web about financial aid leveraging; you will encounter many terms such as *yield rate*, *targeted discount rate*, *strategic use of financial aid*, and *net revenue model*. Many consulting firms such as *GDA Integrated Services* and *Noel-Levitz* market to colleges all across the country. These firms use their expertise to strengthen colleges' cash-flows through financial aid leveraging and similar strategies. These are the practices of big business, not an altruistic agency seeking ways to give you more money.

Kalman Chany, another respected college adviser, reports in his 2005 edition of Paying For College Without Going Broke that currently 65% of private colleges and 27% of public colleges are using financial aid leveraging. When I first read about this practice five years ago, only 25% of the private colleges and 12% of the public colleges were utilizing this. Therefore, financial aid leveraging is making inroads into higher education very quickly.

So what is financial aid leveraging? In a nutshell, financial aid leveraging is a statistical process by which a college tries to determine how little money they need to give a student and still get that student in the doors of their school. They are effectively trying to figure out how little they can buy you for. This process has very little to do with how much money your student deserves.

"By developing a true financial aid leveraging strategy, each group [college department] can see how the strategic use of financial aid improves the academic and fiscal well-being of the institution." ("The Proper Mix", by Thomas Wilson {Noel-Levitz Inc.}, pg. 3). Financial Aid Leveraging is all about serving the best interests of the college, not the best interests of your student!

Now is financial aid leveraging a bad thing? Not necessarily. Is it bad that you go into a courtroom and face the opposing party's attorney? No, but it will go very badly for you if you go into a courtroom anticipating that the opposing party's attorney is looking out for your best interests.

The bottom line is this... colleges and universities are great institutions, but colleges and universities are not looking out for your best interests.

Be Prepared! College Financial Strategies can help. Contact us at scott@cfstrategies.com, or call us at (563) 359-1104, or (888) 359-1104. Get the information you need so you will not be a victim of someone else's interests.

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