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## Memorandum

To: Members of the MIT Faculty  
From: Cynthia Barnhart, Provost  
  
Date: March 14, 2024  
Subject: Tuition and Financial Aid Update

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For Fiscal 2025, the Executive Committee has approved a 3.75% increase in the tuition rate. The 3.75% increase is in line with recent years' tuition rate increases. Only those undergraduates who can afford the increase are required to pay it. For the ~60% of undergraduates who receive financial aid based on calculated need, their aid increases to fully offset the tuition rate increase.

The increase is in the range of recent measures of annual change in consumer prices (there was a 4.1% average change in national CPI for calendar year 2023, and a 3.1% year-over-year change in January 2024) though our tuition rate increases have lagged CPI changes over a two-year period. MIT's total tuition rate is also currently at the lower end of that of peers.

Alongside the increase in the tuition rate, we enhanced our undergraduate financial aid to make an MIT education even more affordable for certain students with significant need. Parents with incomes at or below \$75,000 will now pay nothing for their children to attend MIT (*i.e.*, they will not owe tuition or have to pay any element of what we calculate as the "total cost of attendance"). Previously, under our financial aid formula, only parents earning approximately \$45,000 or less would pay nothing. Others above this income might avoid owing tuition but would still face other charges for costs such as housing, food, books, and other personal expenses.<sup>1</sup> This change brings us more in line with our peers (Yale and Stanford similarly draw the line at \$75,000, Harvard is at \$85,000, and Princeton is at \$100,000). This will help us recruit and enroll talented low-income students, including through the QuestBridge<sup>2</sup> program, a national non-profit that connects high-achieving low-income students with 50 partner schools including MIT.

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<sup>1</sup> Students will still owe \$5,400, but this could be covered by outside scholarships or Pell Grants.

<sup>2</sup> QuestBridge connects low-socio-economic status and first-generation college applicants with 50 partner schools through a ranked binding match, helping MIT identify, evaluate, and enroll talented under-resourced students who would not otherwise be in our applicant pool (MIT being the sole school whose offers are not binding). As QuestBridge policy requires that matches have \$0 parental contribution, implementing the new family income threshold of \$75,000 for parental contributions allowed MIT to match with 56 students through QuestBridge, up from 13 last year.

We have also agreed to fund transportation costs to admissions yield programs (general and targeted) for all aided students. Our yield programs are valuable for newly admitted students and increase their likelihood of enrolling at MIT.

### **Additional background on MIT's approach to tuition and financial aid, and our yield**

#### *Tuition*

Our approach to tuition and financial aid is driven by two main objectives. First, we establish our tuition rate such that the full cost of attendance is comparable to that of the universities with whom we are most likely to compete for undergraduate students. These schools are Harvard, Yale, Princeton, and Stanford (HYPS). The objective is to be aligned with our peers for families who can afford to pay the full cost of attendance.

#### *Financial Aid*

We have recently increased investments in financial aid because we were seeing signs that our aid packages were not keeping up with those of our peers, who were increasing their financial aid budgets significantly. We have made several modifications to our financial aid policies since 2014, and our financial aid funding has increased to support these changes, resourced from designated gifts and endowment distribution, as well as the General Institute Budget (GIB).

Financial aid changes during the last decade include:

- Reduced academic year self-help from \$6,000 to \$3,400, and summer expectations to \$2,000 (2015 & 2017);
- Reduced all parental contribution expectations (2014 & 2016 & 2022);
- Increased support for U.S. veterans (2018 & 2020);
- Added new first-year grant of \$2,000 and covered extended health insurance if needed for families with \$65,000 income or below (2019);
- Provided scholarships at least covering tuition, and in most cases more, for any family earning \$140,000 or less annually; this represents ~1/3 of our students (2017 & 2022);
- Implemented a change mandated by the FAFSA Simplification Act to provide the equivalent of three meals per day (2024); and
- Set the income threshold for parents to pay nothing toward the full cost of attendance for their child at \$75,000 (2025).

Under MIT's policies for undergraduate admissions and financial aid:

- Admissions is need-blind (it does not consider the ability to afford an MIT education);
- Financial aid is awarded based solely on need (not merit, since all are meritorious, and need-based aid focuses aid on those who need it);
- We meet the full financial need of all students (as much grant aid as they need to afford MIT; the median grant-aid scholarship in Academic Year 2022-2023 was \$63,729);

- We are currently one of only 7<sup>3</sup> US colleges and universities that can say these three things for all students; and
- We also offer no legacy or donor preferences, putting us in a class of our own.

#### *Yield*

- Our yield is strong, reaching record levels over the last few years, and the admit rate has continued to trend downward.
- We have seen a steady increase over time in the yield for African American and LatinX-admitted students.
- We strive to have a yield that is relatively constant across all income levels, and we adjust our financial aid strategy as necessary to accomplish this.

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<sup>3</sup> 8 as of next year, as Brown becomes need-blind for international students, joining MIT and Harvard, Yale, Princeton, Dartmouth, Amherst, and Bowdoin.