

Higher Education

Former students sue Georgetown, Columbia and other elite universities over financial aid practices

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Georgetown University. (Sarah L. Voisin/The Washington Post)

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Georgetown University, Columbia University and the California Institute of Technology are among 16 elite schools accused of conspiring to limit financial aid for admitted students in a class-action lawsuit brought by former students.

The complaint, filed Sunday in a federal court in Illinois, claims the universities use a shared methodology to calculate financial need in a way that reduces institutional dollars to students from working- and middle-class families. Attorneys estimate that more than 170,000 students who received partial financial aid in the past 18 years have been harmed by the practice.

The schools named in the complaint are: Georgetown, Columbia, Caltech, Northwestern University, Brown University, the University of Chicago, Cornell University, Yale University, Dartmouth College, the University of Pennsylvania, Duke University, Emory University, Vanderbilt University, the Massachusetts Institute of Technology, the University of Notre Dame and Rice University.

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By law, colleges can create common guidelines to determine financial aid if they engage in “need-blind” admissions, accepting students without regard for their financial circumstances. Students who can afford to pay full price are attractive to institutions managing the cost of doling out scholarships and grants. Need-blind policies are meant to create economic and racial diversity at prestigious schools that have long been bastions of wealth and privilege.

Some top universities are known for their substantial aid to low-income students, with promises to eliminate the need for loans.

But attorneys for the former students say at least nine universities — including Georgetown, Penn and Duke — still favor the wealthy by maintaining admissions policies that give a leg up to the children of past or potential donors. Some also consider a students’ ability to pay when admitting them to certain programs or off the waiting list, the lawsuit alleges.

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“These elite universities are gatekeepers to the American Dream, and they are closing the gate more than they should,” said Robert D. Gilbert, managing partner at Gilbert Litigators and Counselors, which is representing the former students along with the firms Roche Freedman, Berger Montague and FeganScott.

Karen Peart, a spokeswoman for Yale, wrote in an email Monday that “Yale’s financial aid policy is 100% compliant with all applicable laws.”

Brian E. Clark, a spokesman for Brown, wrote in an email that the university had not been served with the lawsuit and was aware of it only from media reports.

“Based on a preliminary review, the complaint against Brown has no merit and Brown is prepared to mount a strong effort to make this clear,” Clark wrote. “Brown is fully committed to making admission decisions for U.S. undergraduate applicants independent of ability to pay tuition, and we meet the full demonstrated financial need of those students who matriculate. If we are served with the complaint, we will conduct a full review and respond as appropriate through the legal process.”

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Representatives of Penn, Northwestern, Emory, Dartmouth, Duke, Rice, the University of Chicago and Notre Dame declined Monday to comment on pending litigation. Abby Butler, a spokeswoman for Cornell, said it did not have anything to share at this time. Kimberly Allen, a spokeswoman for MIT, said the university is reviewing the filing and will respond in court in due time.

A spokeswoman for Caltech said the university is reviewing the lawsuit and cannot comment on the specific allegations. “We have confidence, however, in our financial aid practices,” Kathy Svitil wrote in an email.

Financial aid practices among selective schools have long been a source of legal contention. In 1991, the Justice Department charged all eight Ivy League schools and

MIT with violating antitrust laws by restraining financial aid. The schools allegedly shared aid offers for candidates who were admitted to multiple schools, a practice that prosecutors said stifled price competition.

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MIT agreed to a [settlement](#), while the eight other schools inked a [separate consent decree](#) ending the practice. That order set the stage for federal legislation in 1994 granting universities that practiced need-blind admissions an exemption from antitrust violations. Colleges could develop and use common financial aid standards without discussing or comparing individual student awards. The goal was to promote equal access, particularly for students from low-income households.

In the wake of the legislation, 28 highly selective schools in 1998 formed the 568 Presidents' Group to collaborate on aid formulas through what they call a consensus approach. According to the group's [website](#), the schools work together to maintain a financial-aid system that "will bring greater clarity, simplicity, and equity to the process of assessing each family's ability to pay for college."

The lawsuit alleges that methodology significantly weighs an applicant's ability to pay in determining the net price — what students pay after taking grants, scholarships and tax credits into account. And members who adopt the approach have artificially inflated the net price of attendance for financial aid recipients for years, the complaint argues.

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Attorneys are seeking an end to the practice and compensation for the potentially hundreds of thousands of students affected by these policies over the past two decades. It's not unusual for elite colleges to face scrutiny and criticism over their admissions policies. In 2019, an admissions bribery scandal — nicknamed [Operation Varsity Blues](#) by federal prosecutors — tarnished the reputation of schools including Georgetown and the University of Southern California. The cases, involving [dozens](#) of wealthy parents and some coaches and other college officials, cast a spotlight on the influence that money could have on admissions to sought-after colleges and added to the public perception that top schools can give an unfair edge to affluent applicants. Those cases generated headlines and outrage. But the complaint argues that, "unlike prior admissions scandals, such as Varsity Blues, the 568 Cartel's systematic suppression of financial aid is the official policy of its participants."

Two other prominent universities are facing legal challenges to their admissions processes. [Harvard University](#) and the [University of North Carolina](#) have defended their race-conscious policies against lawsuits brought by opponents of affirmative action.

Jennifer Jenkins contributed to this report.