The New York Times https://www.nytimes.com/2025/05/01/business/college-tuition-price-consultants.html

Colleges Know How Much You're Willing to Pay. Here's How.

Schools turn to little-known consultants, owned by private equity firms, to find applicants and calculate scholarships. Here's how that affects the price you pay.

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By Ron Lieber
Ron Lieber's experience with financial aid and college pricing dates back to 1988.

May 1, 2025

Last month, four Republicans from the House and Senate sent letters to the presidents of Ivy League schools demanding years of data about how they decide what to charge.

These institutions, the letters said, "establish the industry standard for tuition pricing, creating an umbrella effect for all colleges and universities to justify higher tuition costs than they could otherwise charge in a competitive market."

In fact, no more than a few dozen other schools can command Ivy League prices from a high percentage of their students and their families. Every other private institution — and most public ones — compete brutally on price up until the May 1 reply date each year (and sometimes afterward). The average tuition discount among private colleges is now over 56 percent for first-time, full-time students.

Those discounts — which often come in the form of merit scholarships — can make a six-figure difference in what families pay over four years. This aid is different and often less predictable than the need-based kind that depends on a family's income and assets.

The driving force behind college pricing is not some evil genius at Harvard or Penn. Instead, it's a series of algorithms developed quietly over decades by consulting firms operating just out of sight. The two biggest — EAB and Ruffalo Noel Levitz, or RNL — are owned by private equity firms.

To understand how all this happened — and how things really work today, for families and the financiers hoping to make money off this opaque system — we need to turn the clock back 50 years to when an unlikely character took over the admissions department at Boston College and upended everything.

Leveraging Teenagers

Boston College, once a struggling commuter school, has a $4.1 billion endowment and rejects 87.5 percent of applicants. Charles Krupa/Associated Press

Jack Maguire attended Boston College as an undergraduate and stuck around for a Ph.D. in physics. Not long after earning the degree, he took up a post as an assistant professor in 1968.

Today, Boston College has a $4.1 billion endowment and rejects 87.5 percent of applicants. But when Mr. Maguire started working there, it was a struggling commuter school running a deficit.

A young physics professor was an unlikely person to turn to when the college was having trouble finding a new dean of admission. Still, the school asked Mr. Maguire, now 85, to take a look. “They couldn't find anyone else,” he said in a recent interview.

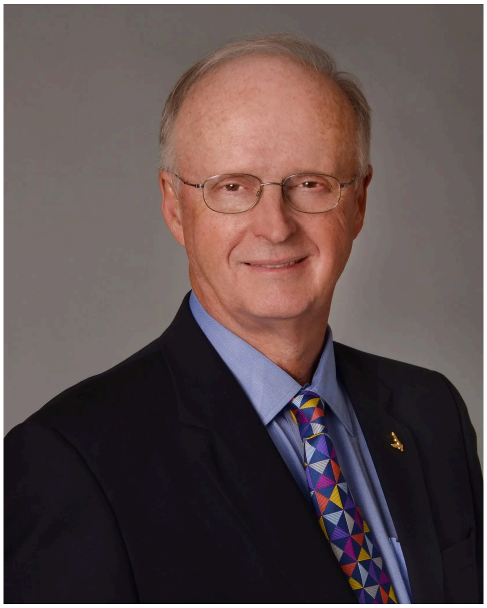
Calling on him made a certain amount of sense. He was on the schools committee in Lexington, Mass., where he lived, so he was plugged into one community feeding students to the college.

When Mr. Maguire examined the college's data, he smelled opportunity. What if the school gave out precision-guided discounts based on the quality of the applicant even more than it did based on what students could afford? Turns out, when you do that, more of the above-average students say yes to the offer.

As new patterns emerged, Mr. Maguire fed data into computers. The machines had additional suggestions. Experiment and iterate, repeat until solvent.

Word of Mr. Maguire's results spread quickly in the clubby world of admissions. In 1983, having helped turn Boston College around, he and his wife, Linda Cox Maguire — then the director of admissions at nearby Simmons College, now Simmons University — started their own consulting firm, Maguire Associates.

When Boston University was contemplating what might happen to market demand if it did away with its N.C.A.A. football team, Maguire Associates found that applicants were more likely to have attended an opera than a game. Goodbye, football.



Decades ago, Jack Maguire took over the admissions department at Boston College and was able to increase enrollment after examining the college's data.
Maguire Associates

Within 10 years of the founding of Maguire Associates, the predecessor firms for Ruffalo Noel Levitz and EAB were getting off the ground. They did what Mr. Maguire had done at Boston College, but they developed other tools, too, and became soup-to-nuts school whisperers.

One or both can help a college buy hundreds of thousands of names of teenagers who have taken the ACT or SAT, market to them across various media, improve retention once they arrive on campus and raise money from alumni more effectively.

For many years, the firms described the Maguire-esque part of their offerings as "financial aid leveraging." Eventually, worried that the term might evoke images of the firms using money as a crowbar to wedge themselves into teenagers' brains and parents' pocketbooks, they rebranded their service as the more benign "financial aid optimization."

Maguire Associates never grew anywhere near as big as EAB and RNL, and those two juggernauts have not been shy about the zealousness with which they made their industry more like the Wall Street firms that invest in them.

"I actually think of financial aid optimization as a form of arbitrage," Madeleine Rhyneer, whom EAB refers to as its "dean" of enrollment management, said on a company podcast about how admissions offices "actually" work. "Really, it is. It's like working in the financial markets."

EAB provided a more tempered framing of its work in a statement from Ms. Rhyneer. "EAB partners with a variety of schools to help them fulfill their missions and educate broader populations of students," she said. "In today's rapidly evolving higher education landscape, that means engagement and scholarship strategies that raise awareness about college options and make college accessible to as many students as possible."

This work is a relatively small chunk of both firms' revenues, but it's the thing that raises parental eyebrows the highest.

Politicians have noticed, too. Those letters last month suggested that "nonpublic algorithms for admissions and financial aid" could indicate that the schools are able to "engage in algorithmic collusion."

Financial Aid Arbitrage

The optimization process begins with the hoovering up of more data about teenagers and their families than one might think possible.

The process starts with demographic, socioeconomic, geographic, academic, curricular and extracurricular information — anything and everything you tell a school when requesting information or applying.

Once a school has a good-sized target list, the pitches begin. Families know this routine; one mother in Ohio sent me a 63-pound box of all the mail her daughter received from collegiate suitors.

If the targeted individuals show interest, then the consultants offer colleges tools to track teenagers' digital interactions with clients in real time.

Brian Zucker, 68, runs a consulting firm that competes with the larger firms owned by private equity companies. Taylor Glascock for The New York Times

Brian Zucker, 68, founder and chief executive of Human Capital Research Corporation, has been competing with EAB and RNL for years. He and his colleagues refer to this real-time data as footprints in the sand.

“It changes minute by minute,” he said. “It’s texts, visits, clicks, opens, number of seconds on a particular webpage using a particular URL, monitoring forms, of which there are many.”

EAB, in a presentation called “Strategic Use of Grant Aid 101,” discusses up to 200 variables that schools can use when setting an individual admitted student’s price, drawing from data on over 350 clients and 1.5 billion “student interactions.” RNL has over 1,900 clients feeding the tweaking of its various models, from financial aid to fund-raising.

“You have to know how to manage these data and aggregate them, because if they’re presented as individual variables, they just look like vomit,” Mr. Zucker said. “Any individual click doesn’t mean diddly.”

The output from the data gathering often manifests as a matrix, according to Brad Pochard, a former vice president of enrollment management at Furman University who is now an adviser to Moore College Data, which helps colleges sort and view large amounts of information. Imagine two axes — one that measures ability to pay and another that rates academic accomplishment.

There might be 40 or more “cells” in the matrix, with a different price for each one.

So a school makes an opening bid. For lower-income families, it might refer to the discount off the school’s list price as need-based aid. Or for a more affluent family, it could call the discount a “presidential scholarship” — or anything, really, that it thinks will get in a student’s head and sway their decision.

But it is only an opening bid, and each year, more families realize that and delay coming to a decision until days before the deadline, when they ask for a better deal. Often, they get one.

Round-the-Clock Shift Work

At College of Charleston, a public university in South Carolina, just 12 percent of admitted students to the Class of 2028 said yes to its offers of admission.

Larger public schools in the state, like the University of South Carolina and Clemson, have big rah-rah energy and are fearsome competitors. But they can lack intimacy, and they're not in one of the most beautiful cities in America.

College of Charleston brought in EAB to help market those advantages. It has paid the firm roughly $500,000 per year for its help (and for all the names on its prospect lists).

At various points each year, new names and the data on those individuals become available from the entities that administer the SAT and ACT.

"We have developed systems and processes (including round the clock shift work) that ensures our partners are consistently first in the inbox and in the mailbox," the company said in a written pitch to College of Charleston, which I obtained through a public records request.

One of the best ways for a public school to maximize revenue is to attract more students paying out-of-state tuition. The playbook goes something like this:

1) Buy a pile of names of students from appropriately affluent ZIP codes and pitch them relentlessly with a gripping case for going far from home.

2) Upgrade the admissions staff, adding people with corporate sales experience, as the College of Charleston did.

3) Set a high tuition price, creating the perception of value.

4) To make prospects feel especially exalted, offer a fat academic scholarship — but not so much that they aren't still paying more than in-state students.

"We shifted from awarding top scholars to those who were not receiving merit-based scholarships, and that helped increase our yield quite a bit," said College of Charleston's president, Andrew T. Hsu.

Andrew Hsu, president of College of Charleston, said in a Q&A that the school had "shifted from awarding top scholars to those who were not receiving merit-based scholarships." Cameron Pollack for The New York Times

That quote comes from a Q&A that appeared on EAB's website last August, then disappeared around the time I contacted the college to ask about it. A College of Charleston spokesman said that the school requested the removal because the quote made it seem like it was an either-or proposition. The best students still do get merit aid, he said.

So how does the school decide how much to award and to whom?

"There's a limit to how much I think I can go into detail," Jimmie Foster Jr., the vice president of enrollment planning at College of Charleston, said when I pressed the question in an interview. Better to keep that sort of thing out of the hands of competitors, after all. EAB hasn't helped the school with financial aid optimization, so it couldn't say either.

Whatever the pricing strategy, the financial results have been impressive. For out-of-state students in one recent year, the school offered three times the discount off the list price per student compared with what South Carolina students received while still extracting double the net price from those out-of-state students.

In the space of five years, the school has gone from having three outside states each send it 75 or more first-year students to nine outside states doing so.

According to the school's 2024-25 common data set, the statistic-stuffed form that colleges and universities send to U.S. News & World Report and other such entities, 1,127 of the 1,249 students in the first-year class who could afford to pay the full price (including both in-state and out-of-state students), received grants. The average annual amount was $12,572.

In other words, College of Charleston has good reason to believe that the vast majority of its most affluent students wouldn't come without a hefty discount.

A Slippery Slope

College of Charleston is not alone in giving scholarships to people who don't need them.

It is, after all, the model Mr. Maguire helped pioneer at Boston College, a Jesuit university. Nobody looked over his shoulder back then questioning the ethics of big discounts for people who could afford full price, he told me last month.

He has never been silent about inequities in the system, though. In a 2003 interview in an industry journal, he suggested that Princeton, and the like, should hand over $100 million from its multibillion-dollar endowments to a college that has nothing and help it educate more struggling students.

That hasn't happened. But he's not alone in considering the fate of the applicants who have the least money.

Eileen K. O'Leary, the former director of financial aid at Stonehill College, said she felt a growing pressure to offer bigger discounts to students who didn't need them. Sophie Park for The New York Times

Eileen K. O'Leary spent 34 years in the financial aid trenches at Stonehill College, outside of Boston, before retiring in 2017. There, she purchased consulting services from Mr. Zucker.

Over time, she felt a growing amount of pressure to offer bigger discounts to more people who didn't need them. After all, there were usually competitors down the road with a different consultant whispering in their ears, urging them to cut the price further. Then, more families realized they could play schools against one another.

"I was old school, and I thought financial aid was for improving access, but it no longer was," she said. "It was a business model."

The Matchmaking App

If you're a private equity firm, all of this looks a lot like a reason to invest in the consultancies.

After all, most colleges can't afford to hire their own algorithm-twirling data scientists, and one quick way to draw scrutiny from your boss or your board is if enrollment and revenue decline. American University's first-year class last fall came up 350 people short of the school's goal of 2,250 students, contributing to a revenue gap that was over $20 million.

The fact that American is a reasonably selective school is a reminder of just how hard it is to win over students if you're not one of the Ivy League schools that elected representatives seem so obsessed with. Hiring a name-brand enrollment consulting firm and keeping it on retainer to manage the data flow now feels more like defense than offense.

The private equity firms that own EAB and RNL will make money, or not, based on several factors, including what they paid initially to buy the companies and what they received in dividends (if anything) along the way.

But the big score comes when they eventually sell the companies.

As the college enrollment industry becomes ever more data-driven, you can watch EAB and RNL in real time billing themselves more like tech operators than some kind of direct-mail sweatshop. They possess "enrollment intelligence assets" that they deploy on "immense data sets" using "new capabilities to perform advanced analysis."

Software companies come with larger valuations than consulting firms, after all.

In 2023, EAB introduced Appily, a consumer-facing college portal with a sunny vibe. At its heart, it's matchmaking software. "Think about it as a dating app," Tisleen Singh, an EAB director, said on a company podcast.

Students set up a profile or conduct a search, and schools can respond right away or invite people to virtual tours. They can also instantly offer admission — and a discount — without a formal application.

Swipe right and get a $50,000 merit aid award in no time flat! Appily does not actually match you with romantic prospects in your entering class though — at least not yet.

It's a game effort, and EAB already claims three million Appily users. But neither EAB's private equity owners nor RNL's overlords have been able to sell their stakes, even though they have all been investors for several years. Some of them wouldn't comment, and others didn't reply to requests for comment.

You can understand why. With many universities under fire from the Trump administration, EAB and RNL salespeople have to work even harder to get schools to part with their money. One thing that may help: If international students are afraid to come to the United States — or are not allowed to — the colleges will need more firepower and data savvy to fight for any applicants who still want to pursue higher education.

None of this is Jack Maguire's problem anymore. By 2022, he and his wife were ready to plan for retirement. They sold their company to Carnegie, a marketing-focused consultancy backed by New Heritage Capital, a private equity firm.

Mr. Maguire, a longtime American Legion baseball coach who has had five former players signed to professional contracts, still gets out and throws batting practice. The couple recently returned from a trip through all the British Isles.

And by last year, New Heritage was done with being an enrollment whisperer, too. Another investment firm, Shamrock Capital, is now the money behind the ongoing efforts to extract one more dollar from one last family each and every spring.

Dylan Freedman contributed reporting.

***A correction was made on May 1, 2025**: An earlier version of this article misstated the name of Brian Zucker's company. It is Human Capital Research Corporation, not Human Capital Resource Corporation.*

When we learn of a mistake, we acknowledge it with a correction. If you spot an error, please let us know at nytnews@nytimes.com. Learn more

Ron Lieber has been the Your Money columnist since 2008 and has written five books, most recently "The Price You Pay for College."