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Princeton Will Eliminate Loans for Undergraduates and Make Graduate Stipends More Generous

By [FLORENCE OLSEN](#)

Princeton University announced Saturday that it would eliminate the loan component of undergraduates' financial-aid packages and replace it with grants. The university also announced a series of changes in its policies on graduate students that will result in many of them receiving significantly more support from the university.

Beginning this fall, Princeton undergraduates who receive financial aid will no longer be required to take out loans to help pay for their education and will instead receive larger grants from the university. Under the new policy, incoming students could graduate debt-free, instead of owing \$15,000 to \$20,000 or more at the end of four years. Officials expect the policy change, which they say may be the first of its kind, will affect nearly 25 percent of Princeton's undergraduates.

Princeton officials said that they would be pleased if other institutions followed their lead. "We don't hope to gain a competitive advantage, and I don't think we will," said Harold T. Shapiro, Princeton's president.

The financial-aid news provoked a mixed reaction from Morton Owen Schapiro, president of Williams College. "There are going to be a lot of schools out there saying, 'Oh, my God, do I have to match this?'" he said. "It could very well set off a further price war."

On the other hand, he said, "getting rid of loans is an interesting thing. I'd be curious to follow up and see if it affects people's career choices."

The money to replace loans with grants for financial-aid students was earmarked by Princeton's trustees, who voted on Saturday to add \$57-million from endowment income to the university's 2001-2 operating budget. About \$16-million of that amount will pay for substantial increases in undergraduate aid and graduate-student fellowships.

Next year Princeton undergraduates will pay tuition and fees of \$33,613, a 3-percent increase over last year. Graduate students will see their tuition rise 2.87 percent, to \$26,160.

For the first time, all first-year Ph.D. students in science and engineering will be awarded full-tuition fellowships and stipends for living expenses. In the past, two-thirds of all first-year Ph.D. students in those disciplines received financial support through research grants and teaching assignments, both of which required them to work long hours in laboratories or classrooms rather than focus on their own studies.

Princeton officials say they want science and engineering graduate students to explore their disciplines for a year before they choose a research adviser or join a specific laboratory. Officials also say that an extra year will give international students time to improve their English-language skills before they get their first teaching assignments.

Under a new policy approved by the trustees over the weekend, Princeton will admit undergraduate international

students on the same basis as it now admits American and Canadian students, for whom a student's ability to pay is not a factor. Only three universities have such policies for undergraduate admissions: Harvard and Yale Universities and the Massachusetts Institute of Technology.

The trustees also approved an additional \$1.8-million to extend stipends for doctoral students in the humanities and the social sciences through the summer. John Wilson, dean of the Graduate School, said the university wanted to give graduate students more financial help so they can study without interruption and complete their degrees more quickly. The summer stipends for 2001 will be \$3,000 to \$4,500 each.

Other endowment income will be used to build additional housing for graduate students, provide them better medical coverage, and pay for a new writing program for freshmen. Beginning this fall, all freshmen will take a mandatory writing seminar in classes of no more than 12 students each.

The remaining \$41-million of the \$57-million endowment income will help pay for library acquisitions, building renovations, and interest on outstanding debt.

For the fourth time in a decade, the trustees decided to adjust spending of the university's endowment income. With fund-raising efforts and the strong financial markets of recent years, Princeton's endowment has grown to \$8-billion.

Under university rules, the trustees can decide to spend more than 4 percent of endowment income if total returns on the endowment have pushed the rate of spending below that proportion.

"In general, 4 to 5 percent is a right balance between current and future generations," Mr. Shapiro says. "Right now, we prefer to be toward the lower end of that band because we think capital markets are a bit uncertain, and we don't want to do things that we'll have to reverse later."

With the additional income from the endowment, Princeton will have an operating budget of about \$760-million for the next fiscal year.

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