

2010 NASFAA Fall Training

**An Institutional Approach to
Developing and Revising
Cost of Attendance
Components**

Participant Handout



 N·A·S·F·A·A

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September 2010



Budget Construction Purposes and Principles

Purposes of the Budget Construction Process

- Develop realistic budgets:
 - Reflect what it typically costs to attend a particular school for a given period of time; and
 - Take into account the local cost of living, also known as localization.
- Accurate projection of costs:
 - Combines reasonable educational costs for the time period covered by the COA;
 - Allows students to better budget their resources; and
 - May prevent requests for budget adjustments.
- Equity:
 - Allows financial aid offices to differentiate students according to various degrees of financial aid eligibility.
- Enrollment management is **not** a purpose of budget construction.
 - Institutions should not manipulate the value of COA components to attract students by suggesting low costs or ration financial aid through understated costs.
 - It is inappropriate to increase financial aid eligibility with inflated costs.
- Separate budgets for different categories of students are:
 - Established at the institution's discretion; and
 - An appropriate use of the purposes of the budget construction process.

Principles of Budget Construction

- Comprehensiveness:
 - Budgets should reflect any goods and services necessary to permit a student to concentrate on his or her educational pursuits in addition to any direct institutional costs.
- Reasonableness:
 - Budgets should allow students to maintain a moderate standard of living.
 - Title IV aid is not intended to support students' lifestyle choices.
- Systemic development:
 - Develop and implement a policy which details approach for the regular review and updating of component values.
 - Policy should include:
 - ◆ Frequency of the review and update process;
 - ◆ The offices or staff responsible for the review and updating process;

- ◆ How the institution will collect data to set component values; and
- ◆ How current and incoming students are notified of updated COAs.
- Documentation:
 - Documenting the process used to construct student budgets is important because it:
 - ◆ Provides a history of the budget construction process which may be used for future research and analysis;
 - ◆ Allows new staff to reconstruct the process;
 - ◆ Allows the financial aid office to explain the budget to students and their families; and
 - ◆ Justifies the validity of student budgets in audits and program reviews.
 - Possible forms of documentation include:
 - ◆ Data indicating average living expenses for the state or area in which the institution is located;
 - ◆ Survey instruments used to collect data from students and the results of such surveys;
 - ◆ Reports of trends for the cost of books and supplies;
 - ◆ Budget comparisons with peer institutions; and
 - ◆ Notifications of tuition and fees increases.
 - Contextual documentation is also helpful.



Budget Construction Purposes and Principles Exercise

Justanother College is a private liberal arts college located in a large Midwestern state. It offers both undergraduate and graduate degree programs. On-campus housing is available for undergraduate students; approximately 75 percent of its students live off campus. Approximately 80 percent of Justanother College's students enroll full time each term; the College offers a number of academic programs with classes in the evenings and on weekends which are popular with nontraditional students. Currently, Justanother College has two standard budgets, one for undergraduate students, and one for graduate students.

The College just hired a new financial aid director. In the records left by his predecessor, he located a file marked "Budgets." It contains copies of the standard budgets for the last five award years and printouts of e-mails from Student Accounts announcing tuition and fees charges for the past three academic years. Reviewing the information in the folder, the new director thinks the values of components other than tuition and fees were adjusted by approximately three percent to update the standard budgets for the next academic year.

Justanother College's standard budgets for the most recent nine-month academic year appear below.

Undergraduate Budget

Component	Value
Tuition and Fees	\$28,000
Room and Board	\$4,500
Books and Supplies	\$500
Personal Expenses and Transportation	\$2,500
Total	\$35,500

Graduate Budget

Component	Value
Tuition and Fees	\$32,000
Room and Board	\$6,000
Books and Supplies	\$1,000
Personal Expenses and Transportation	\$2,500
Total	\$41,500

Exercise:

Evaluate Justanother College's approach to budget construction using the purposes and principles of the budget construction process.

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Allowable Cost of Attendance Components

Overview of Cost of Attendance Components

- Higher Education Act of 1965 (HEA), as amended, specifies a single set of cost of attendance (COA) components for all Title IV programs [HEA Part F, Section 472]
- For most students, the statutory COA includes three basic components:
 - Tuition and fees;
 - Books and supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for documented personal computer costs; and
 - Room and board.
- Additional allowances are available to qualifying students for:
 - Dependent care expenses;
 - Disability-related expenses;
 - Cooperative education program expenses;
 - Study abroad expenses;
 - Cost of first professional credential, at school's option; and
 - Educational loan fees.
- U.S. Department of Education (ED) is prohibited from regulating COA [HEA Part F, Section 478(a)(1)].
- Financial aid administrators have some flexibility to establish school policy within allowable cost components when determining the COA for Title IV purposes.
 - Once institutional policy is established, it must be *consistently applied* when determining student eligibility.
 - All exceptions to school's policy must be clearly documented.
- Student's COA can include only his or her own educational costs.
- Federal Pell Grant COA is **always** based on full-time attendance for a full academic year.
- For other Title IV programs, COA calculations:
 - Typically based on expenses for a full-time student for a full academic year;
 - Take into account any costs difference for summer sessions; and
 - Are adjusted appropriately for student who are:
 - ◆ Enrolled less than full time, or
 - ◆ Attending or receiving financial aid for less than a full academic year.
- For students simultaneously enrolled at multiple schools under consortium agreements, including study abroad, the values of like budget items and charges must be:
 - Combined into single amounts for each COA component to prevent double counting of student expenses;
 - Applied on a full-time, full academic year basis when awarding Title IV funds;
 - Budget components adjusted as appropriate for less-than-full-time enrollment; and
 - Awards are adjusted accordingly for less-than-full-time enrollment.

- HEA specifies more restrictive COA parameters for students who are:
 - Attending less than half time;
 - Studying by correspondence; and
 - Incarcerated.

Basic Cost of Attendance Components

TUITION AND FEES	COMMENTS
<p>Tuition and fees normally assessed a student carrying the same academic workload, as determined by the school, and including the costs for the rental or purchase of any equipment, materials, or supplies required of all students in the same program of study.</p>	<ul style="list-style-type: none"> • If the student is charged tuition and fees, even if the charge is eventually paid by someone besides the student (e.g., a scholarship agency or other source), that amount is included in the COA. • If the student is never charged tuition and fees, the COA may not include the tuition and fees component. • Average or actual tuition charges may be used, but must be applied consistently. <ul style="list-style-type: none"> ➢ If using average amounts, the school may use one overall average or establish separate averages for various categories of students. ➢ Tuition average categories may address such variations as enrollment levels, academic programs, undergraduate versus graduate, in-state versus out-of-state, etc. ➢ If an overall average is used, as opposed to separate categories of averages, it must be a weighted average. The weighted average is calculated in three steps: <p>Step 1: Calculate the total amount of tuition charged for each category by multiplying the tuition charge by the number of students subject to that rate.</p> <p>Step 2: Add the results from Step 1 to get the total amount of tuition charged and the total number of students charged for all categories.</p> <p>Step 3: Calculate the weighted average by dividing the total amount of tuition charged by the total number of students.</p> • If the student is enrolled less than full time: <ul style="list-style-type: none"> ➢ For the campus-based, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent (SMART) Grant, Teacher Education Assistance for College and Higher Education (TEACH) Grant, and Federal Direct Student Loan (Direct Loan) programs, use less-than-full-time tuition charges actually incurred or a proration of the full-time average amount. ➢ For Federal Pell Grants, always use tuition costs based on full-time enrollment for a full academic year. • Fees may only be included in the COA if required for: <ul style="list-style-type: none"> ➢ All students; ➢ All students in a particular program of study; or ➢ A broad category of students (e.g., undergraduates, graduates). • Fees paid to third parties (e.g., insurance fees paid directly to the insurance company, or paid to the school and then passed on to the insurance company) generally may not be included in the COA.

Basic Cost of Attendance Components

TUITION AND FEES	COMMENTS
<i>(continued)</i>	<ul style="list-style-type: none"> • Costs for the rental or purchase of equipment, materials, or supplies may be included under the tuition and fees component if required for all students in the same program of study, such as: <ul style="list-style-type: none"> ➢ Laboratory fees for health professions programs; ➢ Musical instruments for music majors; ➢ Tools for an auto mechanics program; ➢ Cosmetology kits and supplies for cosmetology majors; and ➢ Equipment costs for distance education instruction. • If the school charges the total tuition and fees up-front for an entire program that is longer than an academic year in length, the total tuition and fees amount: <ul style="list-style-type: none"> ➢ Applies only to the program's very first period of enrollment when calculating campus-based, and Direct Loan awards; and ➢ Is prorated to reflect the full-time, full academic year COA for awarding Federal Pell Grants. • If away in a cooperative education job during the first term of the program's academic year, the student's tuition and fees for that first term are prorated and applied on a full-time, full academic year cost basis when awarding Title IV funds.
BOOKS AND SUPPLIES	COMMENTS
An allowance determined by the school for books and supplies.	<ul style="list-style-type: none"> • A school may use a single books and supplies allowance for all students or separate allowances for different categories of students. • If separate allowances are established: <ul style="list-style-type: none"> ➢ They should be sensitive to program-specific needs (e.g., art, medicine, nursing, law, engineering, automotive mechanics, or other programs for which the purchase of expensive books, tools, or supplies is recommended); and ➢ The school's written policy should specify the considerations and limitations for any allowance variations.
TRANSPORTATION	COMMENTS
An allowance determined by the school for transportation.	<ul style="list-style-type: none"> • The transportation allowance must be reasonable and may include: <ul style="list-style-type: none"> ➢ Transportation between the student's residence and the school; and ➢ Travel necessary to complete a course of study. • If public transportation is not available, the standard transportation allowance may include the costs of operating and maintaining a car (for example, gas, oil, license, insurance, and repair). <ul style="list-style-type: none"> ➢ A school may use the prevailing mileage costs in the region where it is located. ➢ Payments for the purchase or lease of a car may not be included.

Basic Cost of Attendance Components

MISCELLANEOUS PERSONAL EXPENSES	COMMENTS
<p>An allowance determined by the school for miscellaneous personal expenses.</p>	<ul style="list-style-type: none"> • Allowable personal expenses include items such as clothing, personal up-keep, grooming aids, and recreation. • The allowance should permit a reasonable student standard of living.
PERSONAL COMPUTER	COMMENTS
<p>An allowance determined by the school for the documented reasonable cost of a personal computer for a student attending on at least a half-time basis.</p>	<ul style="list-style-type: none"> • The computer does not have to be required by the student's program. • The computer may be purchased in the summer for use during the following fall enrollment period. • The school's policies and procedures should include the conditions under which the allowance is permitted, the amount permitted, and the documentation required.
ROOM AND BOARD	COMMENTS
<p>An allowance determined by the school for room and board incurred by a student for the following categories of students:</p> <ul style="list-style-type: none"> • Students without dependents living at home with parents—an allowance based on room and board expenses reasonably incurred by such students; • Students without dependents living in school-owned or operated housing—a standard allowance based on the amount normally assessed most of the school's residents for room and board; • Students living in on-base military housing or in housing for which the military provides a basic housing allowance—an allowance for board, but not for room, expenses reasonably incurred by such students (effective July 1, 2010); and • All other students—an allowance based on the expenses reasonably incurred by such students for room and board. 	<ul style="list-style-type: none"> • Although the law establishes specific categories, the school also may establish COA subcategories. • The "all other students" category includes: <ul style="list-style-type: none"> ➤ Students with dependents living at home or in campus housing; and ➤ All students living off campus, but not with parent(s). • The allowance must include only the student's room and board expenses for room and board and not those of other household members. • If room and board is supplied by the school at no charge, that component of the COA is zero. • If the student is charged for the room and board and the charge is then waived, the value of the room and board is included in the COA. • Schools are not required to monitor the COA components used by other institutions attended by the student.

Additional Cost of Attendance Allowances

DEPENDENT CARE	COMMENTS
<p>For a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that:</p> <ul style="list-style-type: none"> • The allowance shall not exceed the reasonable cost in the community in which the student resides for the kind of care provided; and • The period for which dependent care is required includes, but is not limited to, class time, study time, field work, internships, and commuting time. 	<ul style="list-style-type: none"> • A “dependent” may include persons other than children (such as elderly dependent parents). • The allowance is based on typical costs for care in the student’s community. • The school may not use state or other standards in determining the amount of the allowance. • An average allowance may be used if it does not exceed the costs for dependent care in the student’s community, or costs actually incurred by the student. • If the student’s actual costs are lower than the average cost, actual costs must be used. • To include the allowance, the school must determine and document that the student: <ul style="list-style-type: none"> ➢ Has a dependent who is included in the household size, for whom care is required for the student to attend school; and ➢ Incurred or will incur dependent care expenses. • The school determines what documentation is required as long as it is collected in a reasonable way (e.g., a student’s written statement or dependent care invoices). • The allowance may include the maintenance expenses of dependents when the family’s income is insufficient to cover basic subsistence costs (e.g., food and shelter). <ul style="list-style-type: none"> ➢ Income less than the income protection allowance in the formula used to calculate the expected family contribution (EFC) is an indicator that the family’s income is insufficient to cover basic subsistence costs. ➢ If the school chooses to include maintenance expenses of dependents in the dependent care allowance when the family’s income is insufficient, it may do so either on a case-by-case basis using professional judgment or as a standard approach to budget construction.
DISABILITY-RELATED COSTS	COMMENTS
<p>For a student with a disability, an allowance determined by the school for those expenses related to the student’s disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided by other assisting agencies.</p>	<ul style="list-style-type: none"> • Disability-related expenses paid by another organization may not be included in the COA. • The school must document any disability-related expenses included in the student’s COA on a case-by-case basis.

Additional Cost of Attendance Allowances

COOPERATIVE EDUCATION	COMMENTS
<p>For a student placed in a work experience under a cooperative education program, an allowance determined by the school for reasonable costs associated with such employment.</p>	<ul style="list-style-type: none"> • Examples of such costs may include an allowance for additional travel to and from work, an allowance for work clothes or uniforms, etc.
STUDY ABROAD	COMMENTS
<p>For a student enrolled in a study abroad program approved for credit by his or her home school, reasonable costs associated with such study, as determined by the study abroad school.</p>	<ul style="list-style-type: none"> • An example of such a cost may include an allowance for travel to and from the study abroad location. • If under a consortium or contractual agreement, the student's home institution must accept the coursework the student completes while enrolled in the study abroad program for credit. • The study abroad program need not be a requirement of the student's home school degree program, but the home school must approve the study abroad program for academic credit.
FIRST PROFESSIONAL CREDENTIAL	COMMENTS
<p>For a student in a field requiring professional licensure or certification, the one-time cost of obtaining the first professional credential in that field, at the option of the school.</p>	<ul style="list-style-type: none"> • The credential cost must be incurred while the student is still enrolled even if the credentialing activity occurs after enrollment period ends. • This allowance may only be provided one time per student per eligible academic program. • Examples may include: <ul style="list-style-type: none"> ➤ The cost of obtaining the teacher certification required for teaching in the state; ➤ The license required for a health sciences major to begin practice in the field as a physical therapist; and ➤ The examination fee for taking the bar exam necessary to practice law in a given state.

Additional Cost of Attendance Allowances

EDUCATIONAL LOAN FEES	COMMENTS
<p>An allowance for the actual cost of any loan fee, origination fee, or default fee charged to the student or parent, or the average cost of any such fee charged by ED or the lender.</p>	<ul style="list-style-type: none"> • This allowance is required for all federal educational loans; it is optional for nonfederal educational loans. • For federal educational loans, the school may use the actual loan fee amount or an average based on the same type of loan borrowed for attendance at the school. • If the school opts to include a nonfederal educational loan, it must use the actual loan fee amount. • Methods to calculate the average loan fee: <ul style="list-style-type: none"> ➤ Method One: Calculate a single average by multiplying the average loan amount borrowed by the school's students by the loan fee percentage. ➤ Method Two: Calculate separate loan fee averages for undergraduate and graduate students. This is the recommended method. ➤ Method Three: Calculate an average loan fee amount for each annual loan limit (e.g., freshman, sophomore, graduate, etc.). • If an estimated average or actual fee allowance is used and the loan is declined, the school must ensure the allowance does not mask an overaward. • If an estimated actual fee allowance is used and a lower loan amount is requested, the school is not required to recalculate fees but must ensure the allowance does not mask an overaward.

Cost of Attendance Restrictions

LESS-THAN-HALF-TIME STUDENTS	COMMENTS
<p>COA components are restricted to:</p> <ul style="list-style-type: none"> • Tuition and fees; • Books, supplies, and transportation; • Room and board; and • Dependent care. 	<ul style="list-style-type: none"> • The definition of half-time status is determined by the school within regulatory parameters. • The allowance for room and board is at the school's option and is included for not more than 3 semesters or the equivalent, of which not more than 2 semesters may be consecutive. • Disability-related expenses may be included as a professional judgment adjustment, if warranted, and properly documented.
CORRESPONDENCE PROGRAM STUDENTS	COMMENTS
<p>COA components are restricted to:</p> <ul style="list-style-type: none"> • Tuition and fees; • Required books and supplies; and • Transportation, room, and board costs only if incurred during required periods of on-site residential training. 	<ul style="list-style-type: none"> • The tuition, fees, books, and supplies cost components must be calculated on an individual case-by-case basis to reflect the program's actual contract prices paid by each student. • A distance education (formerly "telecommunications") course is one offered principally through television, audio, or computer transmission, and is not considered a correspondence course for Title IV purposes. <ul style="list-style-type: none"> ➤ While distance education courses do not have COA restrictions, a student's COA must be adjusted using professional judgment, if the financial aid administrator determines distance education study results in substantially reduced educational costs for that student.
INCARCERATED STUDENTS	COMMENTS
<p>COA components are restricted to:</p> <ul style="list-style-type: none"> • Tuition and fees; and • Required books and supplies. 	<ul style="list-style-type: none"> • A student incarcerated in a federal or state penal institution may not receive a Federal Pell Grant. • A student incarcerated in any type of institution is not eligible to receive loans under the Direct Loan or Federal Perkins Loan programs.

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Collecting Data to Set Cost of Attendance Component Amounts

U.S. Bureau of Labor and Statistics Tutorial

U.S. Bureau of Labor Statistics tutorial provides an example of how to use a one screen-data search to get the consumer price index (CPI) for all urban customers

Access the U.S. Bureau of Labor Statistics tutorial at: http://www.bls.gov/tutorial/one_screen/

- Turn off all pop-up blockers or select allow pop-ups for this site only.
- Turn up the volume.
- Select the play button on the media player.
- Listen to the tutorial, which takes approximately two minutes.

Example: Adjusting Off-Campus Housing Costs Data Collected in 2008 to Reflect 2010 Costs

The Financial Aid Director at University located in the greater Baltimore – Washington D.C. metro area worked collaboratively with the University's institutional research office to develop the student budget questionnaire in the *Cost of Attendance Survey Template* handout several years ago. The institutional research office conducted a Web survey; collected, compiled, and analyzed the data; and provided the financial aid office with an average annual cost of \$6,742.40 for off-campus housing for the local area in 2008. To obtain the CPI information needed to adjust the off-campus housing amount:

Access the Bureau of Labor Statistic website at: <http://www.bls.gov/>

- Click on the Databases and Tables tab.
- Scroll down to the *All Urban Consumers (Current Series)* database under *Inflation and Prices*.
- Click on the one-screen data search icon.
- The default view is automatically set to *View items within an area*. We will use this setting for our example. If the view is set to *View areas within an item*, change it by selecting the *View items within an area* radio button.

After you have selected the correct view, complete the following steps:

Step 1 - Select the geographical location for your school. For example, if your school is located in Washington, D.C., you would select *Washington-Baltimore, DC-MD-VA-WV*, which is what we will use for the purpose of our example.

Step 2 - Select *Housing*.

Step 3 - *Both Seasonally Adjusted* and *Not Seasonally Adjusted* are the defaults for *Select Seasonal Adjustment*. We will use this default for our example. If one or both items are not selected by default, select them now.

Step 4 - Select *Get Data*.

When the results appear, change the output date range to reflect *From: 2008 To: 2010*.

You should get the following results:

Consumer Price Index - All Urban Consumers Original Data Value

Series Id: CUUSA311SAH,CUURA311SAH

Not Seasonally Adjusted

Area: Washington-Baltimore, DC-MD-VA-WV

Item: Housing

Base Period: NOVEMBER 1996=100

Years: 2008 to 2010

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	145.925		147.801		148.653		152.356		151.671		150.305		149.648	147.993	151.304
2009	150.681		151.674		152.349		153.811		152.940		151.131		152.120	151.828	152.411
2010	151.224		151.484		151.863		153.215							151.689	

Step 5 - Calculate the change in the CPI for the first half of 2008 to first half of 2010 as follows:

$$151.689 - 147.993 = 3.696 \text{ or } 3.696\%$$

Step 6 - Adjust our housing amount from 2008 to reflect 2010 as follows:

$$\$6,742.40 \times 3.696\% = \$249.20 \text{ adjustment amount for inflation}$$

$$\$6,742.40 + 249.20 = \$6,991.60$$

Sample Cost of Attendance Survey

The Office of Financial Aid is conducting this survey to obtain an accurate estimate student expenses.

Participation in this survey is voluntary; all responses will be anonymous. Your financial aid will not be affected by your answers. We appreciate your assistance. Thank you.

1. Please list you program of study: _____

2. My program is: _____

3. My residency status is: _____

4. How many credits do you normally take EACH TERM? _____

5. Did you purchase a computer/laptop while enrolled at this institution? Yes No

If yes, how much did you pay for it? \$_____.00

How much do you pay for software used to complete class assignments each term? \$_____.00

6. How much do you pay EACH TERM for books and educational supplies? \$_____.00

7. How much do you pay PER MONTH for cell phone service? \$_____.00

8. Where are you living during the school year?

- Off-Campus with Parent(s)
- Off-Campus, not with Parent(s)
- On-Campus Residential Hall
- On-Campus Apartment

If you live ON-CAMPUS, please skip to question 11.

9. IF YOU LIVE OFF CAMPUS, how much do you pay for the following EACH MONTH?
IF YOU SHARE A HOUSE OR APARTMENT, include only YOUR share of each expense.

Rent/mortgage: \$_____.00

Home/renters insurance: \$_____.00

Cable TV and Internet: \$_____.00

Telephone - land line: \$_____.00

Other utilities (heat, electricity, water & sewer): \$_____.00

Food: \$_____.00

10. How many roommates live with you? _____

11. Are you covered by medical/dental insurance?

- Yes, I am covered under my parent's or spouse's insurance
- Yes, I have insurance through my employer
- Yes, I have student insurance through my college
- Yes, I purchased insurance on my own
- No, I do not have health insurance

12. How much do you pay PER YEAR for each of the following?

(Enter 0 if your parents pay these expenses)

Medical insurance premiums: \$_____.00

Dental insurance premiums: \$_____.00

Doctor visits: \$_____.00

Dentist visits: \$_____.00

Medications: \$_____.00

13. About how much do you spend PER TERM on transportation **excluding car expenses** (plane, train, bus passes, etc.)? \$_____.00

14. Do you have a car at school? Yes No

15. IF YOU HAVE A CAR at school, please estimate your MONTHLY expenses for car payments, insurance, gas, maintenance, parking, etc. \$_____.00

16. During the months you are enrolled in classes, how much do you spend per month on entertainment and personal items (contact lens supplies, toothpaste, haircuts, and other personal grooming items)? \$_____.00

17. Please provide any other monthly expenses you incur not requested in this survey. Please type the **EXPENSE DESCRIPTION** and the **AMOUNT PAID PER MONTH**.

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Office of Financial Aid
Michigan State University
Lansing, Michigan

Susan Kadir
University Director of Financial Aid
Virginia Commonwealth University
Richmond, Virginia

Cost of Attendance Survey

Please provide the information requested below and submit it to the Financial Aid Office. The information collected will be used to develop financial aid student budgets for the 2011–12 award year. **Expenses should be for you, the student, and should not include other members of your household.** This form should be returned by fax, e-mail or in person at the addresses listed below by March 31, 2011.

Please circle your program type:

Certificate

AA

AAS

AA-Transfer

Please indicate what your monthly expenses were for January and February 2011:

		January 2011	February 2011
Education	Books/Related supplies (Spring Term)		
Equipment	Required Equipment (Spring Term)		
	Computer and Software (if purchased while attending OCC)		
Housing	Rent		
	Mortgage		
Utilities	Electricity		
	Cable		
	Natural Gas		
	Land Phone		
	Cell Phone		
	Water Bill		
	Cable Modem/DSL/Other Internet		
Food	Monthly food expenses		
Transportation	Total miles traveled to/from class		
Health Care	Expenses not covered by Insurance		
Clothing	Monthly clothing expenses		
Other - Personal	Laundry – Dry Cleaning		
	Personal Hygiene		
	Entertainment		
	Misc. – (specify) _____		

Please submit this form to the Financial Aid Office by March 31, 2011. You may:

Mail or e-mail this form to:

Fax this form to:

Or hand deliver this form to:



An Institutional Approach to Developing and Updating Cost of Attendance Components

National Association of Student
Financial Aid Administrators Presents ...

2010 Fall Training

**An Institutional Approach to
Developing and Updating
Cost of Attendance
Components**



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Rationale for Training

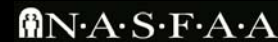

- No prescribed rules on setting cost of attendance (COA)
- Standards of Excellence (SOE) program findings
- Changing economy
- Desire for accurate student consumer information

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**Purposes and Principles of
Budget Construction**

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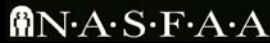


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Purposes of the Budget Construction Process

- Realistic budgets
- Accurate projection of costs
- Equity

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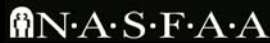


What is Not the Purpose of Budget Construction

Enrollment management

- Inappropriate to use inflated or deflated costs

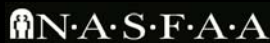
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Separate Budgets for Different Categories of Students

- Use at the institution's discretion
- Appropriate application of the purposes of budget construction

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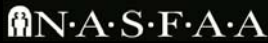


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Small Group Discussion

- Are your institution's current budgets an accurate reflection of a student's typical costs? Why or why not?
- What is the time period covered by your school's standard budgets? Is it the same across all academic programs or does it vary by program? Is this time period a reflection of students' typical enrollment patterns?
- Do the values of the various budget components provide a reasonable projection of educational costs at your institution? Why or why not?
- Do your standard budgets, as currently constructed, promote equity among financial aid recipients?
- What do you hope to gain from today's workshop?

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Principles of Budget Construction

- Comprehensiveness
- Reasonableness
- Systematic development
- Documentation

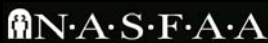
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Budget Construction Purposes & Principles Exercise

- Are Justanother College's standard budgets realistic?
- Do the budgets help students realistically project their costs?
- Is the College using its standard budgets to accomplish enrollment management goals? If yes, how?
- Should Justanother College consider developing additional standard budgets? Why or why not? If the college develops additional standard budgets, what categories of students should the additional budgets address?

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Budget Construction Purposes & Principles Exercise

- *Are Justanother College's budgets comprehensive and reasonable?*
- *Did the College develop its budgets systematically? How could it improve its budget construction process?*
- *What documentation does Justanother College have of its budget construction process? What additional documentation, if any, should it keep?*

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Setting Costs

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Institutional Costs

- Fixed
- Examples:
 - Tuition
 - Fees
 - Institutional room and board

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Tuition

- Actual versus average
- If use overall average, it must be weighted
 - Accounts for the number of students subject to each of the school's different tuition charges

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Fees

To be included in COA, fees must be necessary for:

- All students;
- All students in a particular course of study; or
- All students in a broad category

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Room and Board

For students without dependents in school-owned or operated housing, room and board is an allowance

- Determined by the school
- Based on the amount normally assessed most residents

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Noninstitutional Costs

- Not set by the school
- Can vary based on the school's location
- Examples
 - Books, supplies, and personal expenses
 - Transportation
 - Off-campus housing
 - Utilities, food, dependent care, and medical expenses

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Collecting Data to Set Cost of Attendance Component Amounts

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Why Collect Data?

Because costs vary from one location to another, financial aid administrator (FAA) should work with institutional research office to periodically make an assessment of current living costs.

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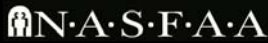
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Primary Sources of Data

Primary sources of data come directly from the student. They include but are not limited to student surveys such as:

- Personal interviews;
- Budget questionnaires; and
- Expenditure diaries

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Primary Sources of Data

- The best approach is to use a combination of methods
- Sample should be drawn from school's entire student body

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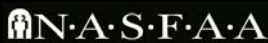


Secondary Sources of Data

Use data from secondary sources to validate student data and increase confidence in amounts established

- Secondary data sources are any source other than students

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Secondary Sources of Data

Secondary data can be obtained from:

- Published institutional resources;
- Institutional faculty and staff;
- The local community; and
- Local, state, regional, and national indices

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2010–11 College Board Expense Budgets

- Moderate (Prevailing) Budget
 - 12-Month = \$24,080; and
 - 9-Month = \$18,060
- Low Budget
 - 12-Month = \$16,130; and
 - 9-Month = \$12,100

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2010–11 College Board Expense Budgets

The breakdown of the base amounts are as follows:

- Housing = 48%, of which
 - 28% is for food, and
 - 72% is for housing (including utilities);
- Transportation = 18%; and
- Miscellaneous = 34%

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2010–11 College Board Expense Budgets

Additional information is available on the College Board website at:

<http://professionals.collegeboard.com/data-reports-research/trends/living-expense>

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2009–10 College Board Report on Student Expenses

Reports are located at:

http://www.trends-collegeboard.com/college_pricing/2_3_regional_variation_charges.html?expandable=0

http://www.trends-collegeboard.com/college_pricing/1_2_total_student_budgets_b.html?expandable=0

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Bureau of Labor Statistics

Resources, including data tools are located at:

<http://www.bls.gov>

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Consumer Price Index

- Measures day-to-day consumer inflation
- May be used to adjust cost of attendance cost components
- Collaborate with institutional research office to determine the correct index to use
- To access the tutorial, go to:
http://www.bls.gov/tutorial/one_screen/

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School Budget Comparisons

Tuition, fees, on-campus housing, and board may vary from one school to another; however the following local areas cost should be comparable:

- Off-campus housing
- Food
- Transportation
- Childcare

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Frequency of Data Collection


- Frequency of data collection may vary based on the economy
- Seasonal changes in cost are also a factor

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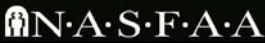

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Question and Answer Segment



Your Questions, Please!

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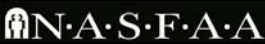



Evaluation!

Did you find today's training valuable?
Tell NASFAA what you think so we can do a better job next time.

Go to http://www.nasfaa.org/public/2010/PDFs/2010FallTrainingEvaluationinteractive_090810.pdf to complete a brief evaluation.

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Thank you for attending!

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