

Beyond the College Bill: The Hidden Hurdles of Indirect Expenses

Executive Summary

Indirect expenses are rarely taken into account when considering the cost of college. With the focus on tuition and fees, students and families are often left unaware of the additional expenses they will encounter beyond the college bill. These indirect expenses encompass school supplies, laptops, off-campus housing, transportation, food outside of a meal plan, and more. Indirect expenses can create hardships for students, especially those from lower income backgrounds and communities of color who face significant affordability gaps nationwide.

Covering indirect expenses is essential for college success, yet many students do not receive and cannot access clear information about what constitutes indirect expenses, when and how often they need to be paid, and what resources can be used to pay for them. Using primary and secondary research along with data from colleges and students, this study examines how indirect expense estimates are calculated and communicated by colleges, how students struggle to understand the costs beyond tuition, and the resulting impact on students. The study's key findings are the following:

Indirect Expenses are Hard to Find

Colleges do not communicate about indirect expenses in a transparent, consumer-friendly way. We were unable to locate any indirect expense information on 39 percent of the college websites reviewed for this study.

Estimates Don't Add Up

Large discrepancies exist between estimates of indirect expenses provided by different campuses located within the same city, raising questions about how colleges determine which expenses to include. We found differences of over \$8,000 in the estimates from colleges only miles apart.

Complexity for Financial Aid Administrators

Setting cost of attendance, particularly indirect expenses, is a complex process that requires assessing many living scenarios, using multiple data sources, and engaging many campus offices. Institutions receive minimal guidance from government agencies. As a result, colleges use a wide variety of approaches which leads to inconsistencies in their estimates.

Challenges for Students

Students face numerous hidden hurdles to their college success when tripped up by unexpected expenses. Fifty-one percent of students surveyed paid more for indirect expenses than they anticipated. Managing the high cost of food, course materials, or transportation puts strain on students to meet their basic needs. Fifty-three percent of students shared that they changed food shopping or eating habits when they encountered unexpected expenses.

Institutional Strategies Can Ease the Burden

Some institutions develop evidence-based strategies to reduce the burden of indirect expenses—from subsidizing public transportation and replacing textbooks with Open Education Resources to establishing on-campus food pantries and partnering with local housing authorities to provide subsidized apartments. Innovative stopgap supports such as emergency aid programs and on-campus social service centers help students navigate unexpected financial challenges.

Supporting the millions of students across the country burdened by indirect expenses requires systems-level solutions. Federal, state, and higher education leaders need to provide direction and resources to incentivize broadscale changes that enable students with limited financial means to cover the true cost of college. The report offers ten policy recommendations to achieve this goal.

Policy Recommendations Summary

To support the success of millions of college students burdened by indirect expenses, urgent federal, state, and system leadership is required. uAspire offers the following policy recommendations, further detailed in *Beyond the College Bill*, to provide systems-level solutions to this systems-level problem.

Increase Funding of Need-Based Aid

Students currently pay a disproportionate share of increasing college costs and still can't make ends meet. Policymakers must increase need-based aid by increasing the purchasing power of the Pell Grant, extending lifetime eligibility of need-based aid, and allowing a negative EFC.

Allow Need-based Aid to Cover Indirect Expenses

All state governments should ensure that every aid dollar offered to Pell-eligible can be leveraged to pay for indirect expenses by authorizing need-based grants to cover costs beyond tuition and/or distributing need-based grants as first-dollar scholarships.

Improve Guidance on How to Calculate Indirect Expense Estimates

Improving guidance on how to calculate indirect expense estimates will increase consistency and transparency while allowing necessary flexibility for institutions.

Direct Federal Work-Study (FWS) Funding to the Neediest Students

Congress should increase FWS funding and better direct it to low- and moderate-income students by updating the FWS formula to allocate funding to institutions based on the percentage of Pell Grant recipients they enroll.

Simplify Student Access to Benefits

Policymakers should increase and simplify postsecondary student access to federal and state means-tested benefits (e.g., TANF, SNAP) as they offer additional aid for students struggling to pay indirect expenses.

Require Transparency and Accessibility of Indirect Expense Information

All institutions that receive Title IV funding should post their current cost of attendance (COA) on their website including an itemized breakdown of estimated indirect expenses.

Standardize Indirect Terms and Definitions

Conduct consumer testing to inform increased specificity of indirect expenses and their components. Use the results to establish standardized, student-centered indirect expense terms and definitions.

Consumer Test "Net Cost"

Given the inconsistencies of how indirect expenses are calculated, the reliability of "net cost" as a tool to prepare for the costs of college is questionable. The federal government should consumer test "net cost" with students to assess whether this term effectively provides the clear consumer information students need.

Incentivize Innovation to Reduce Indirect Expenses

Government dollars should be leveraged to motivate institutions, state systems, and vendors to cut costs and employ innovative strategies to reduce students' indirect expenditures, particularly for transportation and required course materials.

Advance Federal Data Collection on Costs Beyond Tuition

Given non-tuition expenses account for the majority of college costs, additional government-sponsored research, and more precise information (e.g., books, food, housing) would better direct federal investment and policy solutions.