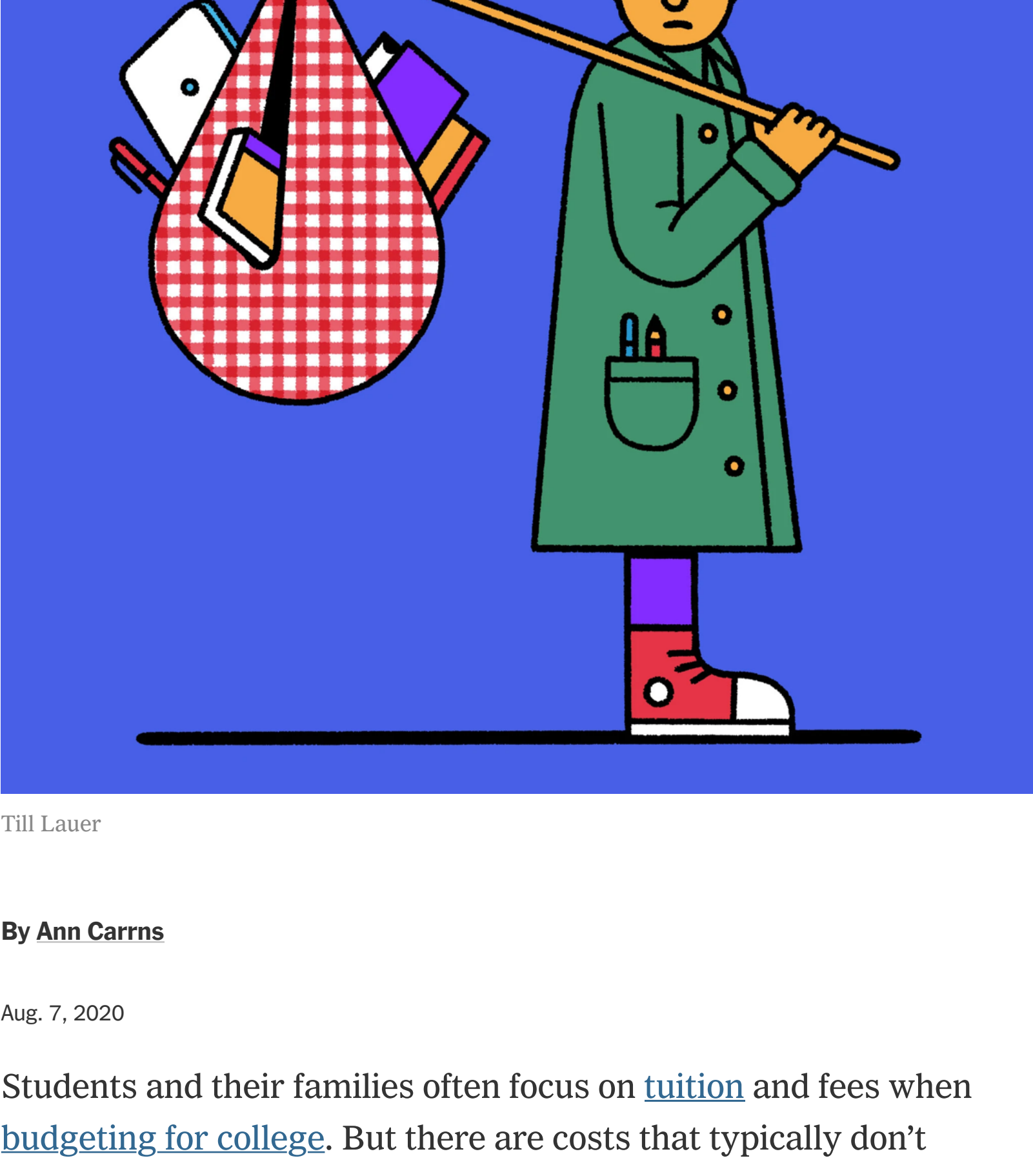


The ‘Indirect’ Costs at College Can Involve Nasty Surprises

Expenses for books, transportation and food outside a meal plan may be a problem for poor and moderate-income students, a new report finds.



Till Lauer

By Ann Carms

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Students and their families often focus on [tuition](#) and fees when [budgeting for college](#). But there are costs that typically don't appear on college bills, and they can add up — costs like books, laptop computers, transportation, and off-campus housing and meals.

These so-called indirect costs — expenses not paid directly to the institution, including rent for off-campus housing and payments for food outside a meal plan — can make up half or more of the cost of attending some colleges, and may trip up students from lower- and moderate-income families who aren't anticipating them to be so expensive, concluded [a report](#) from uAspire, a nonprofit group that promotes college affordability.

Even students who borrow the maximum allowable amount of federal student loans face significant gaps to cover the true cost of attending college, said Laura Keane, chief policy officer at uAspire.

“It creates considerable stress for students,” Ms. Keane said. The financial burden on students has been growing over the past decade, she said, and will be compounded by the economic impacts of the pandemic.

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After all federal student loans and grants are applied to the cost of college, uAspire found, students face an average shortfall of about \$12,000, leaving them struggling to make ends meet. Schools apply funds first to their own bill, and money left over may fall short of what's needed to cover other, ongoing expenses. As the costs rise, it's increasingly difficult for students to [make up the gap by working](#).

“So much attention is paid to tuition, but students also need to have money to live on while in college,” said Robert Kelchen, an associate professor of higher education at Seton Hall University who has [studied indirect college cost estimates](#). “The biggest surprise,” he added, “is how much of the cost it can be.”

Students are often unaware of indirect costs until they find themselves struggling to pay them, according to the report, which used focus groups and surveys of more than 150 students, as well as federal statistics and interviews with college financial aid professionals. Nearly 80 percent of students surveyed for the report said they had encountered an unexpected indirect expense at least once in the last school year.

The average annual published cost of tuition and fees, plus room and board (typically on-campus housing and meals plans, which are considered a direct cost), was about \$22,000 for four-year public colleges, \$50,000 for private colleges and about \$13,000 for public two-year colleges, according to [College Board](#) figures for the 2019-20 academic year.

But many students live off campus, either on their own or with their families, and commute to class. Despite the persistent image of a college student as a young adult supported by parents, college students are increasingly older and independent, with families of their own to support while they earn a degree, so they may have child care costs to cover as well.

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Researchers reviewed 820 college websites and found that more than a third included no information on indirect costs. Those that did mention them used dozens of different terms to describe them, adding to confusion. More than half the students in the study said they paid more than expected for those costs.

Ruby Portillo, an advocacy fellow at uAspire, is a rising junior at the University of California, Santa Cruz, where students are guaranteed on-campus housing for just one or two years. (The college is [not offering housing guarantees](#) for the coming year because of uncertainty around the coronavirus, according to its website.)

Off-campus housing and groceries are both expensive in Santa Cruz, said Ms. Portillo, 20, and some classmates have had to choose between paying for meals and paying rent. Ms. Portillo said she hadn't gone hungry, but often settled for cheap fast food rather than eating more nutritious meals. She has borrowed the maximum amount, she said, but still struggles to make ends meet.

It would help, Ms. Portillo said, if colleges were clearer about how they arrive at cost estimates so students can take that into account. Being open about high housing costs may push some students to attend college elsewhere, she said, but it could also help others who do attend to budget more accurately. Ms. Portillo recommended talking to students who were already enrolled at a school — student or family groups on social media can be helpful, if you don't know anyone — to ask questions and seek advice before making a choice.

Scott Hernandez-Jason, a spokesman for the Santa Cruz campus, said in an email that “affordable and reliable housing is critical to the success of our students,” and that the college aimed to expand on-campus housing. Housing “is a complicated issue for the university and the broader community of Santa Cruz, but we are committed to finding additional ways to address it,” he added.

Colleges vary in how they calculate the cost of attendance, which can result in inconsistent estimates. The report found, for instance, a difference of more than \$8,000 in estimates for annual indirect costs provided by colleges just a few miles apart in the same city.

And while laptops are generally considered essential for college classes — especially now, when many classes will be taught online because of the pandemic — just four of the 444 colleges that itemized indirect expenses on their websites listed a laptop.

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Students are aware that they will have to buy textbooks, but are often caught off guard when they learn they also must pay for accompanying digital [access codes](#), which allow them to submit homework assignments and tests online. One student told the uAspire researchers that expenses for taking certain lab courses — like a lab coat and goggles — weren't revealed until after registration for the class was completed. Another cited an unexpected \$100 ticket to attend a Broadway play as part of a class.

Even if students plan to live off campus and cook meals for themselves, they may be invited to grab pizza or snacks after class as part of informal study sessions. That may lead them to overspend, so as not to miss out on academic and social connections that are an important part of college. That may seem obvious, but students who are the first in their family to attend college may not have a full understanding of all the costs that college can entail.

“It's obvious if you've done it before,” Professor Kelchen said, “and know what to expect.”

A brief explanation of how estimates are calculated can help, said Brendan Williams, a co-author of the uAspire report. Some colleges, for instance, may include an amount for “transportation,” but not a list of what makes up that total. Students need to know: Does it include a local bus or subway pass? Airline tickets home from school? On-campus parking? With those details, they can compare their situation with the estimated costs.

Transportation costs are especially important for students who commute to campus, the report said.

“Not knowing what's included is a large issue,” Mr. Williams said. “If they can't cover transportation, they can't get to class.”

Justin Draeger, president and chief executive of the National Association of Student Financial Aid Administrators, said compiling cost estimates was complex because students' circumstances varied and colleges might use different sources to compile the information. Some colleges may conduct their own surveys, for instance, while others use federal statistics or rely on outside vendors to compute estimates.

“It's hard to write a hard-and-fast rule,” he said, but acknowledged that colleges “can do better.”

This year, in particular, Mr. Draeger said, students may want to budget more than usual for moving expenses, if they move into a dorm but are then required to move out again if cases of coronavirus spike.

Here are some questions and answers about managing indirect college costs:

What if I can't afford supplies and food while attending college?

If you are worried about paying for basics, contact your school's financial aid office and explain the situation, Ms. Portillo suggested. Schools may have emergency funds that they can make available to students in need or may work with local transit systems, for instance, to help with commuting costs. “Don't suffer in the darkness,” she said.

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Colleges are increasingly aware that some students struggle with adequate nutrition, so some have arranged campus food pantries or other forms of aid. The University of Houston-Downtown, for example, [teamed up with the Houston Food Bank](#) to open a campus food market where students can get up to 120 pounds of free groceries each month.

Ms. Keane said that while she applauded institutions for being creative in helping students, on-campus food pantries should be considered a Band-Aid fix to a larger college affordability problem, rather than a permanent solution. UAspire advocates an increase in need-based aid, like federal Pell grants for low-income students, to help them cover costs.

How can I learn what different college cost terms mean?

To help students decode college cost jargon, uAspire enlisted students to create [a glossary](#) of terms. The term “books” was once self-explanatory. But the category has expanded to encompass new technology. So the preferred student version relabels them “required course materials” and includes in the category not only textbooks but also printed materials, software, access codes, clickers and additional course requirements included in a course syllabus.

Expenses for “personal needs” may include extracurricular activities, laundry, self-care/hygiene products, uniforms, security clearances, collegiate clubs, social activities, and internet and cellphone service.

To help create a detailed budget, try the online college [financial aid tool](#) from the Consumer Financial Protection Bureau, which works best if you already have a financial aid offer. It includes line items for additional costs, including helping family members out with bills.

What can I do to reduce the cost of textbooks and related tools?

The cost of textbooks and related class materials has long been a concern. Increasingly, schools are offering “[open source](#)” digital books at no cost to students, so it's worth asking about availability on your campus. OpenStax, an initiative based at Rice University, says that its free digital textbooks are being used at more than half of American colleges and universities and that demand has surged during the pandemic.