

FAMILY FINANCE COLLEGE

# What Your College Isn't Telling You About Costs

Sara Goldrick-Rab | Robert Kelchen | April 2, 2015

**One-third of colleges give students unrealistically low estimates of their living expenses, a new study finds.**

It's an exciting time of year for families and their college-bound students. Acceptance letters arrive, celebration ensues, college visits get scheduled. Now your biggest college worry switches to how you're going to afford it.



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As professors who study college affordability, we know that rising tuition is of real concern to parents and students.

But our research has uncovered a surprising and previously little-known source of unnecessary confusion, worry, and heartbreak for students and parents: About one-third of colleges are providing families with cost of attendance estimates that are at least \$3,000 less than the amount we estimate the school will really cost.

These are the findings of our [recent study](#), in which we took a close look at what colleges estimate it costs to live off-campus, and what other sources say it really costs. We focused on the off-campus living costs because only 13% of today's college students fit the traditional stereotype of living on campus. Fully 50% live off-campus on their own. (The rest live with their families and so tend to have lower living costs.)

We found wide variation in off-campus living allowances among colleges and universities located in the same area. For example, colleges in Milwaukee reported living allowances ranging between \$5,180 and \$21,276 for nine months. And as our chart below documents, we believe all colleges in Washington, D.C., a city with one of the nation's highest housing costs, underestimate living expenses—in one case by more than \$7,000 a year.

You may not realize how important such living costs, and the colleges' estimates of them, are.

The [College Board](#) reports that the average student attending an in-state public university paid \$9,140 in tuition in the 2014-15 academic year. But that was just 40% of the total cost of college for public college students who didn't live at home during their studies. The typical undergraduate who isn't living with family pays about another \$10,000 for nine months of housing and food. Overall, undergraduates at public universities typically paid \$14,200 in housing, food, transportation, textbook, and miscellaneous costs, bringing the total cost of a year at the average state university to \$23,400.

The federal government requires colleges to provide students and their families with estimates of the costs of living on and off campus. The college's estimates can be reached through many different approaches, and can be more or less accurate—it's up to the school.

The “cost of attendance” (COA) estimate is crucial because it determines how much financial aid the family can receive. The federal government caps its aid at a school’s COA, so students who receive outside scholarships may see other aid eligibility reduced. Federal parent PLUS Loans, for example, allow parents to borrow up to—but no more than—their child’s full COA [less any other aid](#).

In addition, families need accurate estimates of these living costs to make smart choices about which colleges they can really afford. The 33% of estimates that we believe are too low can cause students and families to make the heartbreaking discovery during the school year that the college they chose was much more expensive than they had budgeted for. When the money runs out, some students could have to drop out.

The 11% of estimates that are too high can lead families to mistakenly cross some schools off their list as unaffordable.

In order to assess the accuracy of the living allowance schools create, we constructed [a standardized approach](#) using publicly available data for each region and community in the country.

We found that nearly 45% of the living allowances reported by colleges and universities were off by more than \$3,000. Most of the errors understated the likely cost of living. The underestimators include colleges as diverse as the Bryant & Stratton College, Holyoke Community College, Chapman University, and Eastern Michigan University.

Even among public four-year colleges, which we found to be the most accurate sector, 30% of colleges reported living expenses that differed from our estimates by at least \$3,000.

Having accurate information matters for people making college choices. Schools, states, or even the federal government could use the approach we developed to make the process of estimating living expenses and the COA simpler. This will also relieve colleges and universities of the time and effort required to make the computations, potentially saving even more money. Most importantly, it will help families get a truer sense of what college really costs and enable them to make wise college choices.

COLLEGE	WASHINGTON, D.C., LIVING COST ESTIMATE*
George Washington University	\$12,828
Corcoran College of Art and Design	\$14,000
American University	\$15,359
Trinity Washington University	\$15,705
Gallaudet University	\$16,788
Catholic University of America	\$16,876
University of the District of Columbia	\$18,913
National Conservatory of Dramatic Arts	\$20,342
Goldrick-Rab & Kelchen	<b>\$20,394</b>

\*The living cost estimate covers the cost of housing, food, transportation, books, supplies, and miscellaneous living costs such as laundry in Washington, D.C.

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