

TRUE COSTS OF COLLEGE

a barrier to higher education for low-income, first-generation college-goers

National media in recent years has covered the fact that college costs are rising through headlines such as “College Costs out of Control” (Forbes) and “How the Cost of College Went from Affordable to Sky High” (NPR). Lost in these headlines is an examining of what college truly costs and how Tennessee students are meeting those costs.

The total cost of a college education includes both direct costs and indirect costs. Direct costs are things the student is billed for by their postsecondary institution such as tuition, fees, and on-campus housing, while indirect costs are items the student must pay for but is not directly billed for, such as textbooks, school supplies, food, and transportation. Both direct and indirect costs are included in each institution’s cost of attendance, which is used to determine maximum financial aid the student can be awarded.

Most middle and upper income families are concerned about rising direct costs, especially the rising cost of college tuition. In contrast, low-income students and families typically have their tuition costs covered by need-based financial aid such as the federal Pell grant. Instead, these students struggle to meet indirect costs that are not typically fully

covered by financial aid. For example, a student who received free breakfast and lunch in high school through the national school lunch program must now cover the costs of those meals on his own or use his financial aid to pay for two meals a day that he did not previously pay for. Similarly, an adult who returns to college must still cover these indirect expenses even though she may be working fewer hours or not at all to accommodate her school schedule. It’s important to note in the Jackson State example provided (above right) that indirect costs make up much more of the total cost of college than direct costs.¹

Cost of Jackson State Community College for One Year

	<i>Student Living at Home with Family</i>	<i>Student Living Off-Campus Independently (Adult)</i>
Direct Costs	\$4,029	\$4,029
Indirect Costs	\$5,870	\$16,694
Total	\$9,899	\$20,723

Why this Matters in Tennessee

Although our state’s financial aid programs do help students and families manage the cost of college, too many students find themselves unable to afford their full college costs and drop out. For example, Tennessee Promise and Tennessee Reconnect both only cover tuition and fees, and then only after other forms of financial aid have been taken into account.² Other forms of need-based financial aid such as the Tennessee Student Assistance Award, which can be used to cover indirect costs, have not always been fully funded from year to year and the amount students receive has remained stagnant as college costs and overall cost of living have risen, reducing the purchasing power of these types of financial aid awards. Nationally, half of community college students are food insecure; researchers point to the discrepancies between financial aid awarded and complete college costs as the culprit.³

Questions to Consider

- How are Tennessee’s college students paying for indirect college costs? How do rising indirect costs affect students’ ability to complete a certificate or degree?
- What opportunities exist for Tennessee state financial aid programs to keep up with increased college costs and cost of living?
- What innovative practices are Tennessee institutions adopting to address rising total costs?

¹ College cost information for the 2016-2017 school year for Jackson State Community College taken from the National Center for Education Statistics’ College Navigator tool.

² More information on Tennessee state financial aid requirements and awards available at <https://www.tn.gov/collegepays/money-for-college/state-of-tennessee-programs/>

³ Hungry and Homeless in College: Results from a National Study of Basic Needs Security in Higher Education (2017)