



THE **hope** CENTER

For College, Community, and Justice

The Real Price of College:  
Estimating and Supporting Students' Financial Needs

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# EXECUTIVE SUMMARY

The real price of college keeps rising, and it often surprises students and their families.<sup>1</sup> People know tuition is expensive. They also usually account for books and supplies, even if they might cost more than expected. Still, they don't always expect or fully understand how the price of housing, food, and transportation factor in.<sup>2</sup> It's not their fault—colleges and universities often grossly understate these costs too.<sup>3</sup> Yet incomplete understanding has consequences. Not understanding the real price of college contributes to lower graduation rates and basic needs insecurity.<sup>4</sup>

The following report explores how colleges can better estimate and support students' non-tuition expenses. Over a year, we worked with financial aid and student affairs administrators and staff at six colleges and universities in Texas. We offered the administrators and staff training and resources related to college costs. We also tested whether a light-touch intervention at Temple University increased students' knowledge of college costs.

We learned that informational barriers affect both students and college staff:

- Students struggle to get information about the real price of college.
- Financial aid staff tend to know about emergency aid and food pantry programs at their college, but tend to know less about other non-tuition supports.
- Staff who are not very knowledgeable about non-tuition supports are not comfortable referring students to these supports.

We also learned that informational interventions can help students and staff overcome these barriers:

- A short video and presentation can help students understand the cost of attendance (COA), non-tuition supports, and the financial aid appeals process.
- A presentation and resources on negative Expected Family Contribution (EFC) can shift administrators' understanding of key financial aid concepts and help them make better use of financial aid data.

The recently announced Student Aid Index (SAI) helps colleges better understand students' needs by allowing them to see negative values, but it does not fix everything. To help students meet their financial needs, colleges should calculate and use students' negative EFC, train staff on non-tuition supports, and help students understand financial aid processes. Federal policymakers must also do their part by sharing full negative SAI values with colleges and re-evaluating current COA policies.

This report is part of [The Real Price of College Toolkit](#). Readers are encouraged to review this report before exploring the other toolkit resources.

# INTRODUCTION

College prices are now between three and four times higher than they were 50 years ago.<sup>5</sup> While tuition at four-year colleges was just \$2,500 per year in 1974 (adjusted for inflation), it is now about \$10,000 a year.<sup>6</sup> In comparison, median family income rose just \$2,000, from \$62,000 to \$64,000, between 1974 and 2015 after adjustment.<sup>7</sup> As college prices rise, students' ability to cover college costs diminishes. Since 1995-96, the percent of financial aid applicants with an Expected Family Contribution (EFC) of \$0 has doubled. A \$0 EFC signifies that the student is estimated to have no financial ability of their own to pay for college. Today, two in five students fall into this category.<sup>8</sup>

At the same time, students do not receive enough financial aid to cover their costs. Many experience basic needs insecurity. Nearly three in five college students lack adequate access to food or housing.<sup>9</sup> Students at public two-year colleges had an average unmet need, the amount of financial need grants and scholarships do not cover, of \$4,920 in 2015-16.<sup>10</sup> Students of color experience more unmet need and higher rates of basic needs insecurity.<sup>11</sup>

2 Research conducted at The City University of New York (CUNY) indicates that students' inability to cover non-tuition expenses hinders their persistence through college.<sup>12</sup> A statewide survey of California students found that nearly one in three students were unsure of their ability to pay for housing and utilities. Other work suggests that more than half of students pay more for non-tuition expenses than they anticipate.<sup>13</sup> One report estimates that older adults spend about \$30,900 per year on costs beyond tuition.<sup>14</sup>





Colleges often underestimate the cost of non-tuition expenses like food, housing, and healthcare. As many as one in three colleges list (in their sticker price) living costs that are 20% or more below the actual cost of living in the region.<sup>15</sup> One review of college websites found that 39% of college websites report no living expenses at all.<sup>16</sup> Estimates can also vary by thousands of dollars across colleges in the same region.<sup>17</sup>

Insufficient transparency about the high cost of college impedes college completion. Many students and their families do not accurately estimate college costs and often misunderstand the student's eligibility for financial aid.<sup>18</sup> Complicated financial aid formulas, variable sticker prices, and confusing terminology make understanding the real price of college difficult.<sup>19</sup>

The Hope Center's [The Real Price of College](#) project aimed to address these issues. The project had two research questions:

- How can **college administrators** and **staff** better estimate and support students' financial need?
- How can **students** better understand college costs, particularly non-tuition costs, and financial aid processes?

3 This report summarizes our efforts. We begin by describing a core component of financial aid, EFC, and a more nuanced alternative to it. Next, we share results from a study of six colleges and universities in Texas where we offered college administrators and staff specific trainings on college costs and financial aid calculations. Then, we explore how a light-touch presentation on the real price of college may help students better understand their costs. Finally, we offer recommendations for college leaders and policy-makers.

Resources from this project are available in [The Real Price of College Toolkit](#). We encourage readers to explore the toolkit after reading this report.






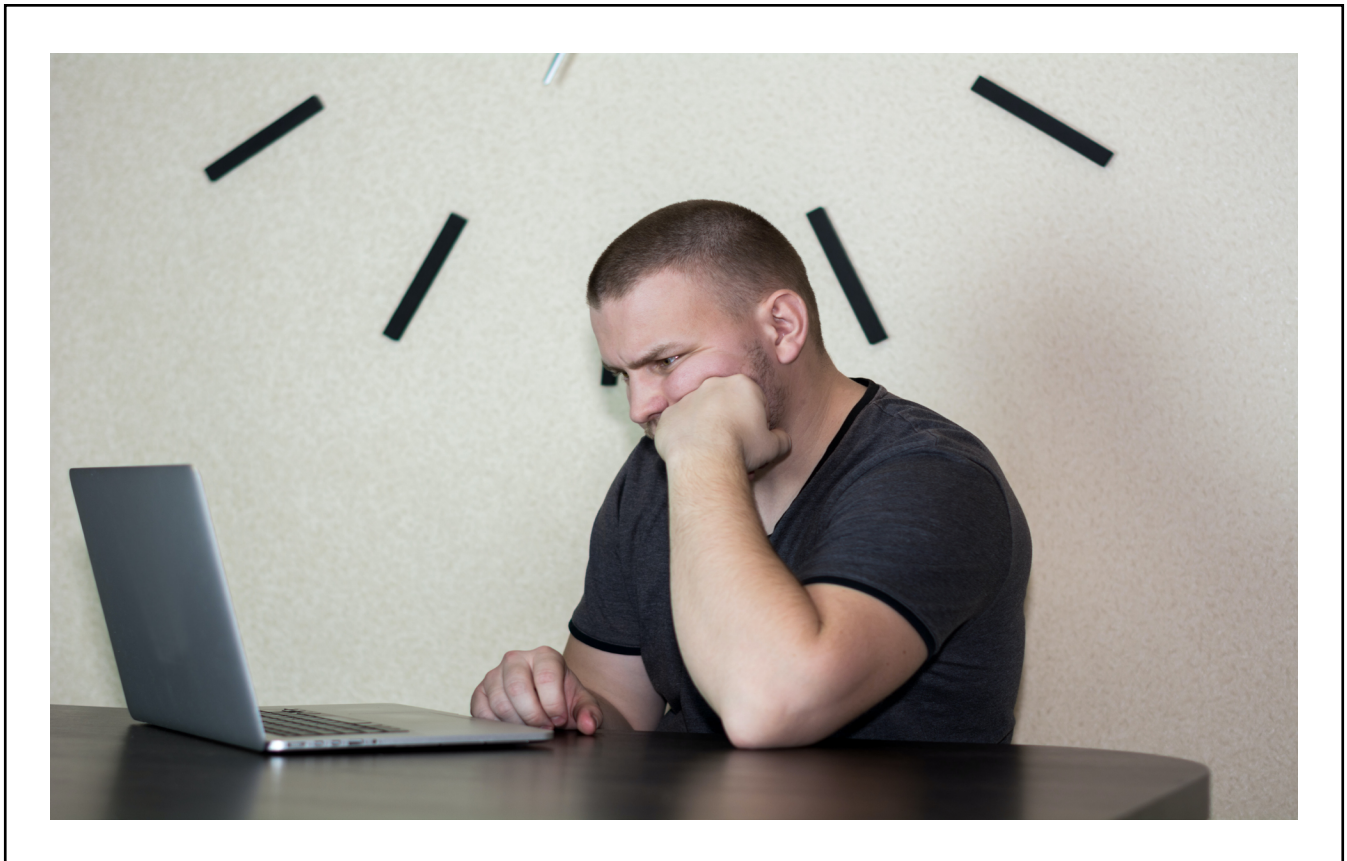
# ESTIMATING STUDENT NEED

## The Current Calculation of Expected Family Contribution (EFC)

Currently, the Free Application for Federal Student Aid (FAFSA) determines the amount of money a student “needs” to pay for college with an index number called EFC. A student’s EFC shapes what amount and mix of federal financial aid they may receive. The difference between the Cost of Attendance at the college the student plans to attend and the student’s EFC determines a student’s demonstrated financial need.


$$\text{FINANCIAL NEED} = \text{COST OF ATTENDANCE} - \text{ESTIMATED FAMILY CONTRIBUTION}$$

- 4 The Department of Education calculates EFC using the student’s financial data provided on their FAFSA.



In addition to determining a student’s eligibility for federal student aid like the Pell Grant and subsidized federal loans, college staff use demonstrated financial need to allocate state and institution-specific aid. Emergency aid programs, scholarship organizations, and similar entities also reference students’ EFCs when awarding funds.

The EFC formula has confused students and their families for a long time.<sup>20</sup> The use of the term “expected” in EFC gives students and families the false impression that they must pay the number listed as their EFC toward their higher education costs. For instance, if a student’s EFC is \$5,000, they may believe they must pay \$5,000 toward their college expenses—regardless of whether the student and/or their family can afford it.

Limitations in the current EFC formula mask some students’ need.<sup>21</sup> The formula truncates negative values to \$0 for between three and 11 data elements provided on the FAFSA.<sup>22</sup> For example, if the difference between income protection allowance and a student’s gross income results in a negative number, the formula sets the value to 0. Determining an EFC of \$0 for so many students results in a “plane of need” with very little variation.<sup>23</sup> As a result, colleges struggle to distinguish financial need across a very large group of students, and some students receive insufficient financial support. Many are left with unmet need, or remaining financial need after grants and scholarships. Moreover, those students with the least financial resources are the most impacted; students whose EFCs are restricted to \$0 are more likely than their peers with higher EFCs to have unmet need.<sup>24</sup>

$$\text{UNMET NEED} = \text{FINANCIAL NEED} - \text{GRANTS/SCHOLARSHIPS}$$



## A More Nuanced Alternative: Negative EFC

The problems with current financial aid formulas are increasingly driving colleges and policymakers to recognize the need for accurate understanding and representation of students' financial needs.<sup>25</sup>

Negative EFC is one method for providing more accurate and nuanced information about students' financial needs. Rather than truncating negative data elements from the FAFSA to \$0, negative EFC formulas take negative values into account. For example, under current EFC calculations, a student with a \$0 EFC and a COA of \$13,545 has an officially recognized need of \$13,545 (Figure 1). If the student receives a full Pell Grant of \$6,345 and no other grants or scholarships, they have an unmet need of \$7,200.

Running that same student's financial information through a formula that allows for negative values will often yield a negative EFC of \$4,000 or more. Using negative EFC shows that the student's true need is \$17,545. Meanwhile, their unmet need is \$11,200, much greater than the current formula would suggest.

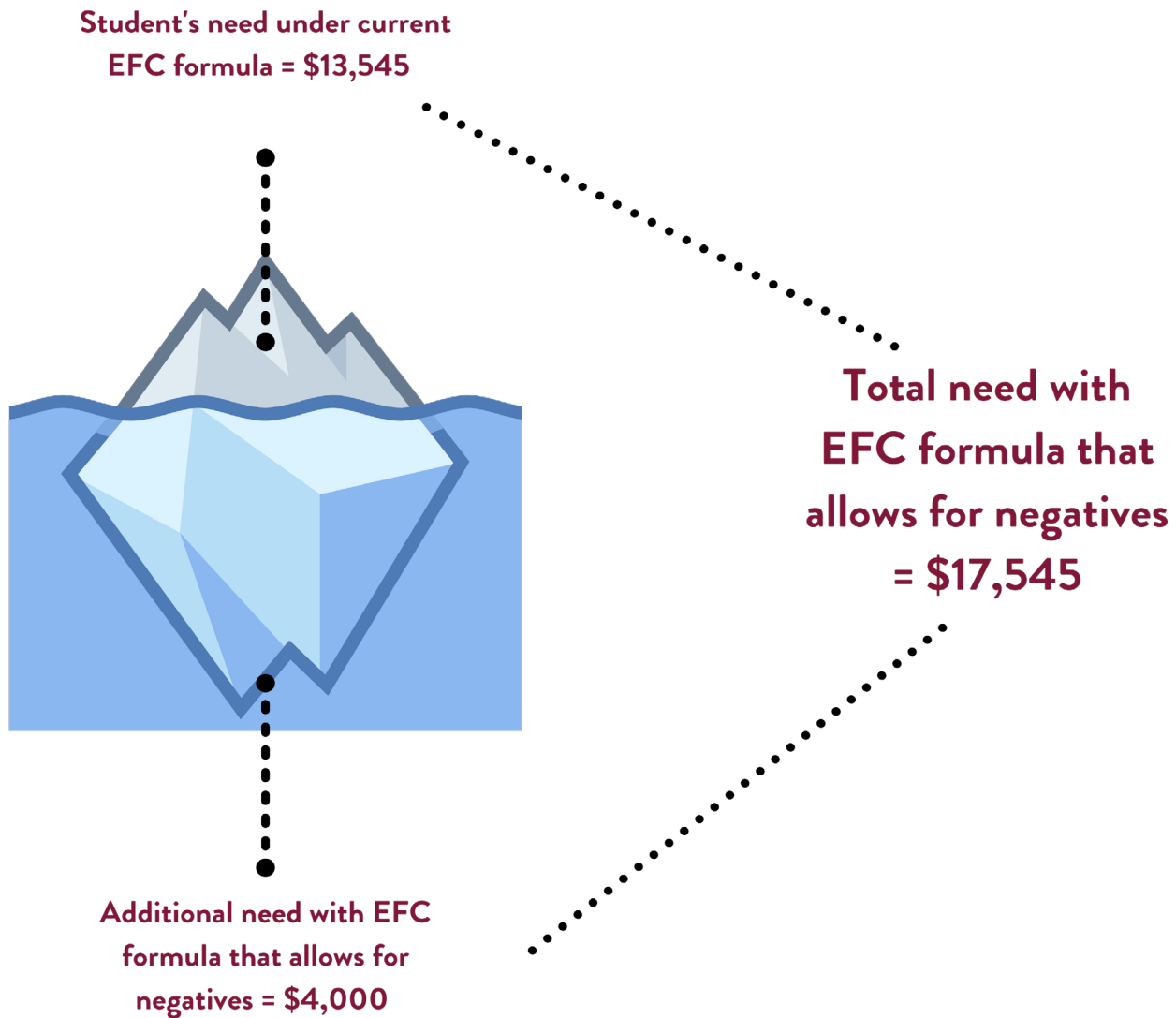
**Figure 1: Need and Unmet Need, by EFC Formula**

	CURRENT EFC FORMULA (\$)	EFC FORMULA ALLOWING NEGATIVES (\$)
COA	13,545	13,545
- EFC	0	-4,000
= Need	13,545	17,545
Need	13,545	17,545
- Grants/ Scholarships	6,345	6,345
= Unmet Need	7,200	11,200



An EFC formula that allows for negative values reveals financial need normally hidden under the surface by current EFC formulas (Figure 2).

**Figure 2: Negative EFC and Hidden Need**



Colleges and policymakers could gain a more accurate picture of students' ability to pay for college if need-formulas utilized negative EFC. Previous work shows that approximately 95% of students receiving an automatic \$0 EFC would qualify for a negative EFC if federal guidelines allowed it.<sup>26</sup> Calculating negative EFC is also relatively easy; it requires the same data (provided on the FAFSA) used to calculate EFC.

For more information on how to calculate negative EFC, see our [Guide to Calculating Negative EFC](#) and the accompanying spreadsheet.

## A Note on the Student Aid Index (SAI)

Colleges will have a better understanding of student need when SAI replaces EFC in 2023.<sup>27</sup> The removal of “expected” from the name should make it clearer that the index’s purpose is to determine how much aid a student is eligible for, not how much they will be expected to contribute. Instead of capping students’ EFCs at \$0, SAIs can be as low as -\$1,500. While allowing for negative SAI helps, the change will still not account for all student need. Because many students have much lower EFCs than the -\$1,500 SAI allows for, the index will still not allow colleges to see the complete picture of their students’ financial need.

### The New York Times

YOUR MONEY

## *FAFSA’s Expected Family Contribution Is Going Away. Good Riddance.*

The dollar figure that the federal financial aid form spits out has long left families confused and despondent. And then there are those great expectations.



# HELPING COLLEGES BETTER UNDERSTAND STUDENT NEED

Tools like negative EFC offer colleges the opportunity to better understand students' financial need. Even if federal guidelines do not change, college staff can greatly help students understand the real price of college.

To explore whether colleges can use tools like negative EFC to help students, we worked with financial aid and student affairs administrators (“project leads”) and frontline financial aid staff at six colleges and universities in Texas. Participating colleges included:

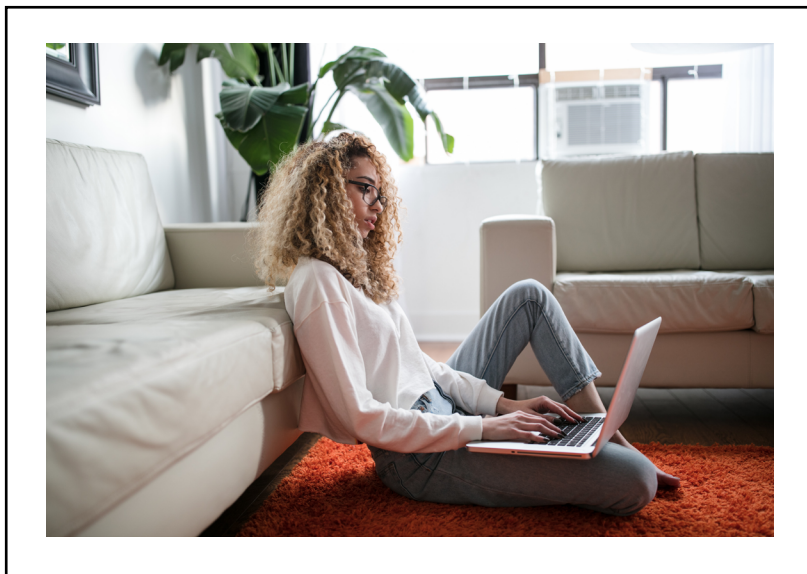
## TWO-YEAR INSTITUTIONS

- Amarillo College
- Dallas College
- El Paso Community College
- San Jacinto College

## FOUR-YEAR INSTITUTIONS

- The University of Texas at El Paso
- West Texas A&M University

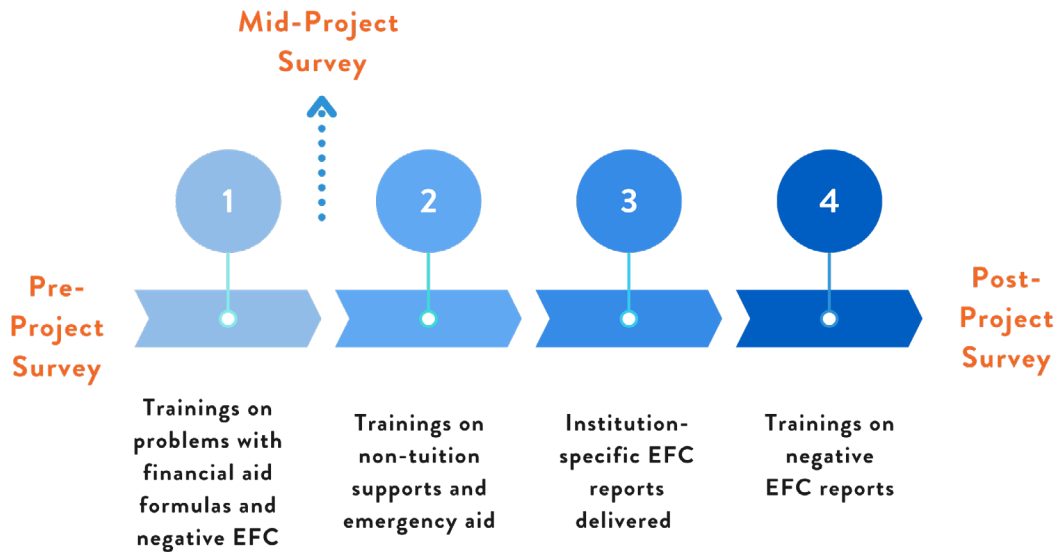
Project leads participated in information sessions focused on calculating negative EFCs, the underlying problems in financial aid formulas, emergency aid, and non-tuition supports. Midway through the project, we provided them with short reports summarizing their students' negative EFCs (see “Negative EFCs at Six Colleges in Texas” pullout below). We presented these reports, as well as ideas for leveraging the report findings, at an additional information session.





To gauge whether and how our training sessions changed project leads' financial aid knowledge and practice, we surveyed them at the start of the project, again after participating in the initial information sessions, and at the end of the project (Figure 3).

**Figure 3: Project Lead Interventions and Surveys**



We offered all financial aid staff at the six colleges two webinars: one on emergency aid and another on non-tuition supports like public benefits, free transit passes, and free tax preparation. We chose these supports because they provide lifelines for students with unmet financial need and because students often learn about these supports from financial aid counselors. To measure the impact of our training, staff completed pre-training and post-training surveys (Figure 4).

**Figure 4: Financial Aid Staff Interventions and Surveys**



More information about data collection and our sample can be found in the [web appendices](#) for this report.

## Negative EFCs at Six Colleges in Texas

To improve understanding of student financial need among the project leads and financial aid staff at the six colleges, we re-calculated their students' EFCs, allowing for negative values. In total, we re-calculated EFCs for nearly 130,000 students.

These data provide us with a snapshot of the limitations of current EFC guidelines. Across our six participating colleges and universities, between 35% and 70% of students had negative EFCs. As many as seven in 10 students' original EFCs did not accurately represent their financial situation. Moreover, students at participating colleges had EFCs well into the negatives. Average EFCs ranged from -\$4,005 to \$1,716 (depending on students' dependency status) after re-calculating students' EFCs to account for negative values (Table 1). Dependent students' average EFC decreased nearly \$9,000 when using a formula allowing for negative EFC.

**Table 1: Mean EFCs and Negative EFCs at Six Texas Colleges, by Dependency Status**

Dependency Status	Mean EFC, not allowing for negatives	Mean EFC, allowing for negatives
Dependent (\$)	4,975	-4,005
Independent, no dependents (\$)	4,036	1,716
Independent, with dependents (\$)	1,717	-1,742

Source | FAFSA data provided by partner colleges.

Notes | Results are among all currently enrolled financial aid applicants at the six colleges. Mean EFC, not allowing for negatives, is the average EFC of students at partner colleges using an EFC formula that does not allow for negatives. Mean EFC, allowing for negatives, is the average EFC of students at partner colleges using an EFC formula that allows for negative values. See [web appendices](#) for more information.

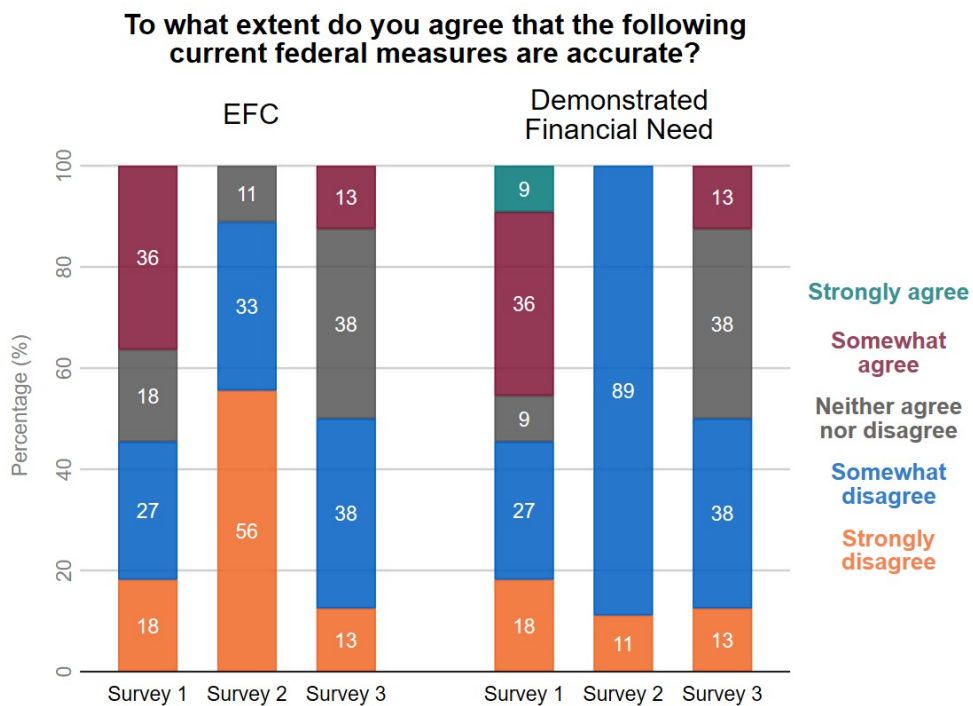
Dependent students, students at two-year colleges, and students with an original EFC of \$0 more often had a negative EFC than their peers. Students with lower original EFCs showed larger negative EFCs than their peers.

Consistent with past work on negative EFC, this data reveals the extent to which current financial aid formulas underestimate students' financial situations. Many students experience higher unmet need than official estimates suggest.

As a group, project leads' perception of financial aid measures appeared to change as a result of our trainings, particularly following our training on negative EFC (when survey two was administered). While fewer than half of respondents did not think the EFC was an accurate measure on survey one, nearly nine out of 10 respondents felt this way at the time of survey two (Figure 5). We observed a similar shift in beliefs about the accuracy of demonstrated financial aid.

Twelve months after the training on negative EFC, we administered survey three, at which point project leads (who completed survey three) exhibited slightly more positive perceptions of current measures than it did on survey two. The number of respondents that say they "strongly disagree" that EFC accurately measures student need sharply declined, and the percentage that responded they "somewhat agree" grew. The group demonstrates a similar pattern in their beliefs about demonstrated financial need. Still, respondents showed a meaningful difference in the way they viewed the accuracy of current financial aid measures compared to at the start of the project.

**Figure 5: Changes in Project Leads' Perception of Key Financial Aid Measures**

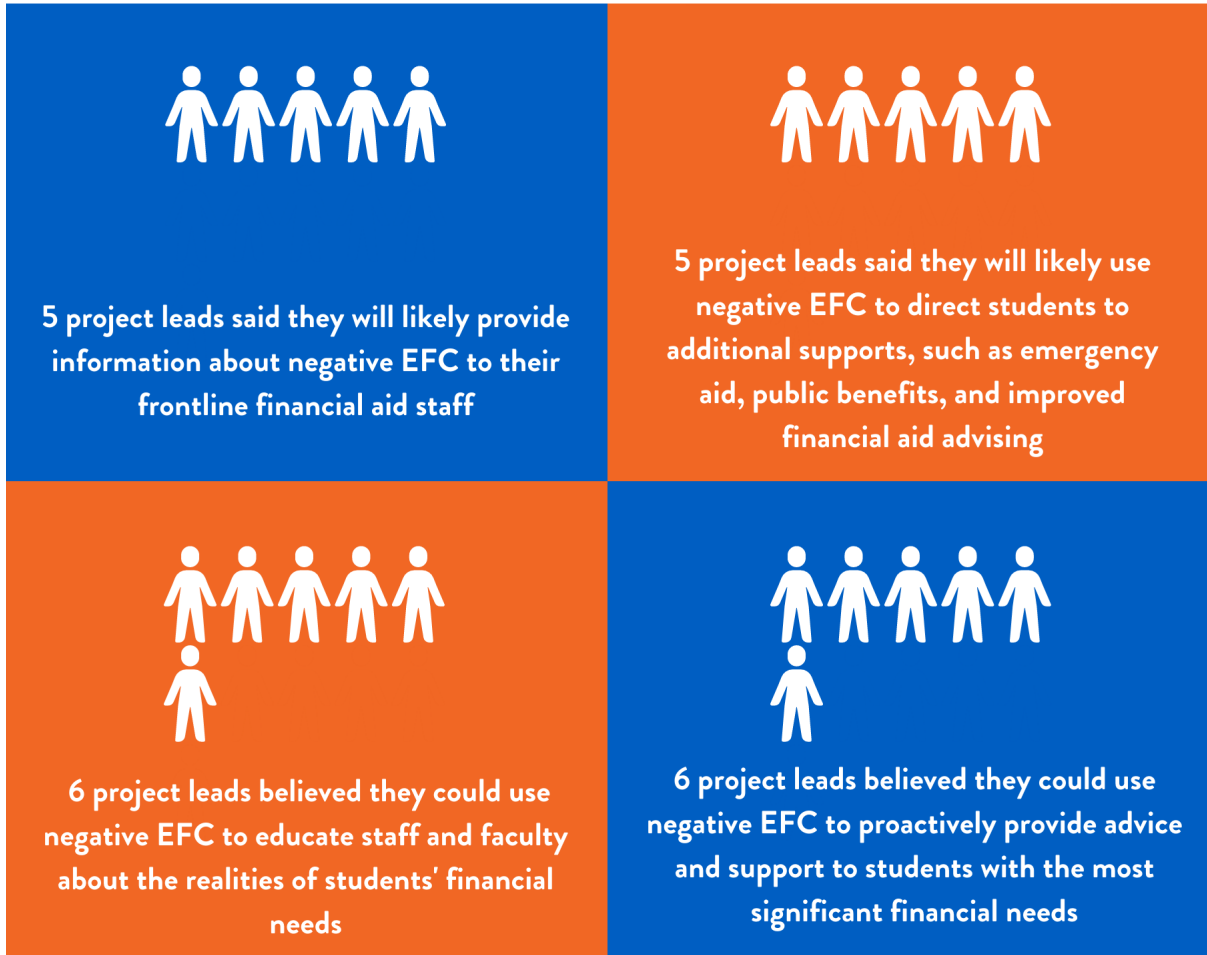


Source | Project Lead Surveys 1, 2, and 3

Notes | Eleven project leads responded to survey 1, nine responded to survey 2, and eight to survey 3. While most project leads responded to at least two surveys, only two responded to all three. No project leads from San Jacinto Community College or Dallas College completed survey 3. Cumulative percentages may not add up to 100 due to rounding. See [web appendices](#) for more details.



In our final survey of project leads, we asked if they would use negative EFC in their day-to-day work. Most project leads intended to use negative EFC to some extent.

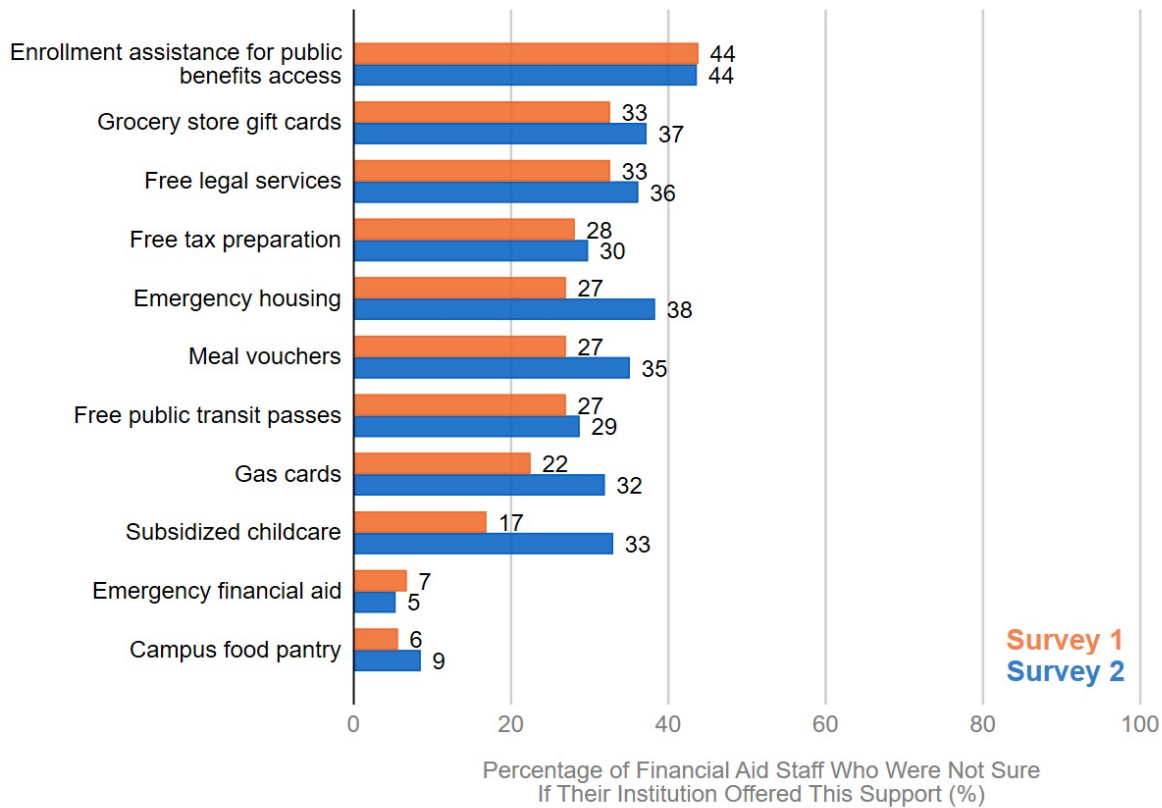


Project leads who did not intend to provide their frontline staff with negative EFC information said a lack of approval from the Department of Education and an inability to easily calculate negative EFC stopped them from using negative EFC in their work. The introduction of the SAI, which includes a negative component, will hopefully provide confidence in using more nuanced information to support students.

Our work with financial aid staff appeared to make less of an impact than our work with project leads. Financial aid staff said they were unsure as to whether their college offered specific non-tuition supports, even after being offered our training on this topic (Figure 6).

In part, this may be because low attendance at the trainings. An alternate explanation, since the trainings did not cover most of the supports we asked about in the survey, could be that beyond our intervention, knowledge about these supports is spread unevenly across institutions and does not reach financial aid staff. Staffs' knowledge of supports beyond traditional financial aid is crucial to helping students succeed, yet absent intentional training, many staff are uncertain about all of the resources the institution offers to students. Notably, financial aid staff showed the least uncertainty about the existence of emergency aid and campus food pantries both before and after the trainings.

**Figure 6: Financial Aid Staffs' Uncertainty Regarding Availability of Non-Tuition Supports**



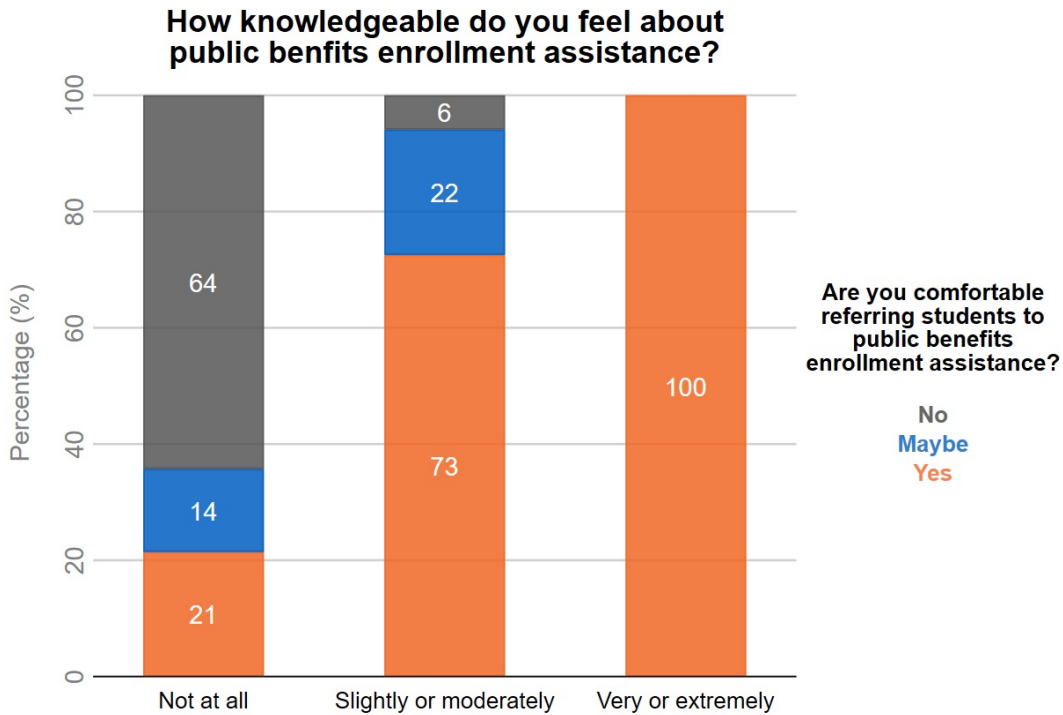
Source | Financial Aid Staff Surveys

Notes | Data are from surveys of financial aid staff (N(Survey 1)= 89, N(Survey 2)= 121), which project leads distributed to all financial aid staff at participating institutions. The survey asked financial aid staff if each of these supports were offered at their institutions, and they could answer “yes,” “no,” or “not sure.” This figure shows the percent who said, “not sure.”

See [web appendices](#) for more details.

Nevertheless, surveys of financial aid staff revealed a relationship between their depth of knowledge about non-tuition supports and their comfort in referring students to those supports. Among staff who knew their institution offered public benefits enrollment assistance but were “not at all” knowledgeable about the assistance, nearly two in three (64%) were uncomfortable referring students to this support. Conversely, all staff who felt “very or extremely” knowledgeable about public benefits enrollment felt comfortable referring students to that support. This finding demonstrates the importance of offering financial aid staff training on non-tuition supports. When staff know more about these resources, they are more likely to refer students to them.

**Figure 7: Relationship Between Financial Aid Staffs’ Knowledge and Comfort Making Non-Tuition Support Referrals (Public Benefits Enrollment Assistance)**



Source | Financial Aid Staff Surveys

Notes | Data are from surveys of financial aid staff, which project leads distributed to all financial aid staff at participating institutions. Respondents only answered these questions if they knew their institution offered this support; 72 responses from both surveys are included in this figure. Responses for the question about comfort making referrals were collapsed from a five-category scale. “Definitely not” and “probably not” are coded as “no,” “might or might not” is coded as “maybe,” and “probably yes” and “definitely yes” are coded as “yes.” Cumulative percentages may not add to 100% due to rounding. See [web appendices](#) for more details.

Moreover, we can use our survey results to identify areas of growth for financial aid staff. At the six colleges in our sample, staff were most familiar with emergency aid programs and campus food pantries. They were least familiar with public benefits, emergency housing, grocery store gift cards, and free legal services. Future trainings should focus on these supports.



## HELPING STUDENTS BETTER UNDERSTAND COLLEGE COSTS

In addition to helping college administrators and staff better understand students' financial need, we sought to help students understand the financial aid system. A better understanding of the real price of college can help students navigate the financial aid system more successfully.

Students who overestimate college costs enroll in and persist through college less frequently. Students who underestimate costs may not realistically plan for expenses and face emergencies as a result.<sup>28</sup> Ideally, students should know which expenses their COA includes so they can accurately plan for college costs.

To that end, we provided students with a short animated video and an accompanying presentation to test the extent to which these tools could improve students' understanding of key financial aid concepts. The video gave an overview of COA and non-tuition supports, while the presentation provided more detail on these topics as they pertained to the students' institution. While reviewing the information, the presenter also communicated care towards students watching the video, making it clear that supports are available to help them earn a college credential.<sup>29</sup>

16 In spring 2021, we delivered the informational tools to students in two upper-level undergraduate classes at Temple University. We used pre- and post-surveys to assess how the intervention changed students' knowledge of financial aid concepts and their attitudes about the price of college. We also conducted focus groups with students to get feedback on the video, the presentation, and their experiences paying for college. In total, 48 students completed the pre-survey, watched the video and presentation, and completed the post-survey.

More information about the video and presentation can be found in [The Real Price of College: Communicating with #RealCollege Students Video and Practitioner Guide](#), a part of [The Real Price of College Toolkit](#). Information about data collection and our sample can be found in the [web appendices](#) for this report.



## Which Expenses are Included in Cost of Attendance (COA)?

COA is the estimated cost of attending a college for an academic year or term.

COA includes the following expenses:

- Tuition and fees
- Housing
- Food
- Books and supplies
- Transportation
- Personal expenses

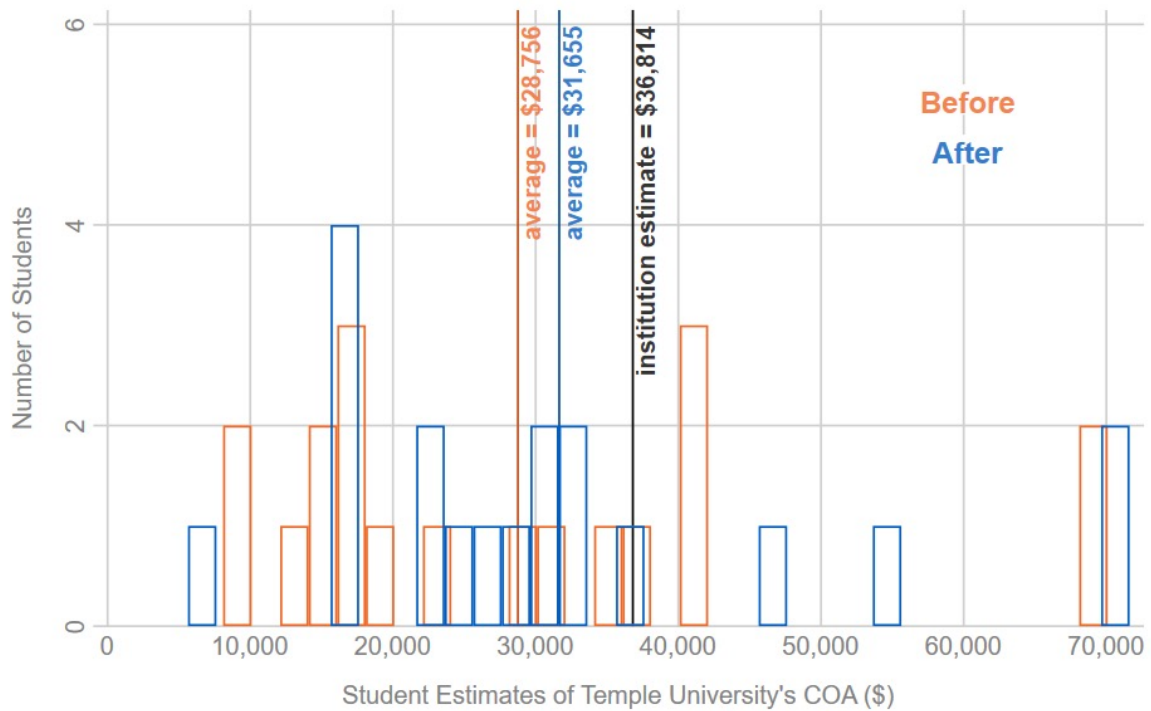
Students can also request that colleges include expenses like childcare, technology, or costs related to disability accommodations in their COA.

While federal guidelines ensure colleges include the same expenses in their COAs, costs differ immensely across and even within colleges. COAs vary according to a student's living arrangement, enrollment level, and at public institutions, in-state tuition eligibility. For instance, Temple University lists a COA of \$24,475 for students paying in-state tuition and living with their parents or another family member. The COA comes to \$36,814 for students paying in-state tuition and living off-campus, but not with family. At some colleges, tuition rates can fluctuate according to a student's program of study.

Colleges typically estimate non-tuition expenses by surveying students or averaging costs gathered online. As a result, estimates can vary widely. Prior work on this issue has shown large variations in COA for colleges located close to each other.<sup>30</sup> Research also indicates colleges often inadequately explain estimates of non-tuition costs, and those estimates rarely match students' actual expenses.<sup>31</sup> Students living with family may experience underestimation at higher rates because colleges often incorrectly assume those students pay little to no rent. Taken together, variations and underestimations of COA make it difficult for students to understand the real price of college.

The video and presentation appeared to somewhat strengthen students' knowledge of COA.<sup>32</sup> Before the intervention, students living off-campus but not with family underestimated Temple's COA by about \$8,000 on average compared to official estimates (Figure 8). After the intervention, students' average estimate was nearly \$3,000 closer to the institution's estimated cost but still more than \$5,000 too low. Both before and after the intervention, students' estimates of COA varied widely.

**Figure 8: Student Estimates of Temple University's Cost of Attendance Before and After Intervention, Among Students Living Off-Campus Not with Family**

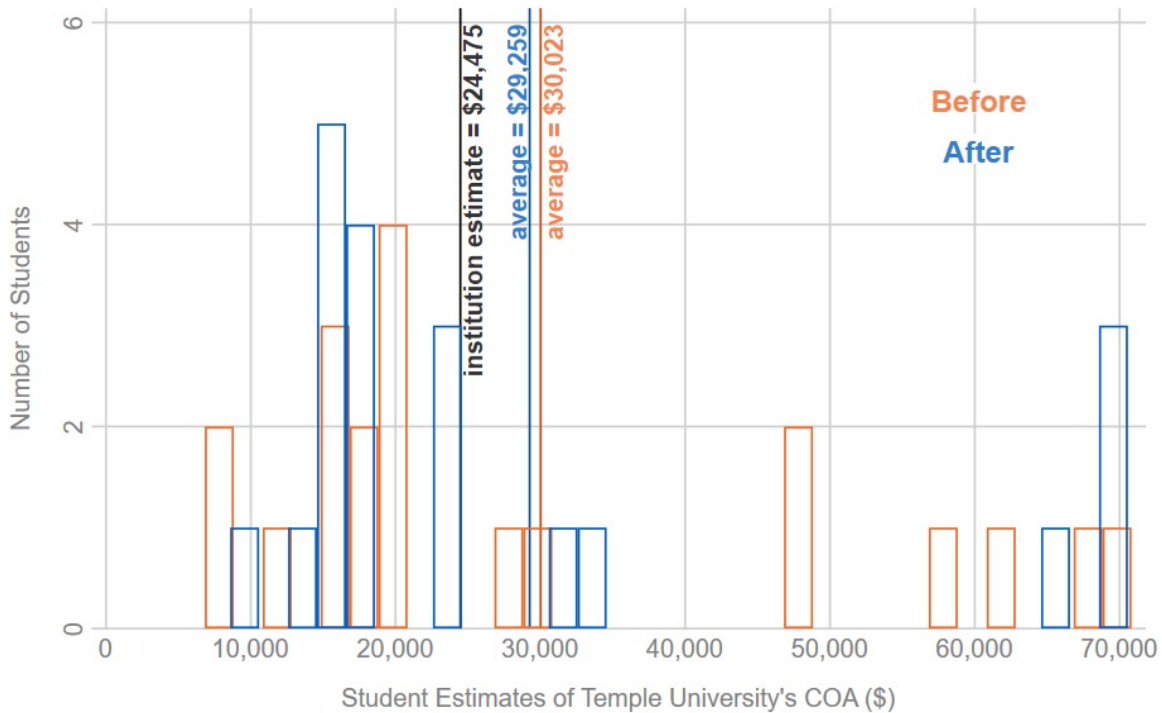


Source | Student demonstration questionnaires

Notes | Students were asked to estimate the total cost of attending Temple University full-time without financial aid, for “students like you.” Results are among 19 students who a) answered this question in both surveys, b) reported that they lived off-campus alone or with friends, and c) reported that they paid in-state tuition. The line for “institution estimate” represents Temple’s official COA. Data are drawn from [Temple University’s Financial Aid Page](#). See [web appendices](#) for more details.

Students who lived with family overestimated Temple’s published COA more often. Before the intervention, students living with family overestimated the published COA by about \$5,500, on average (Figure 9). After the intervention, they overestimated COA by about \$4,700. While students’ inaccurate estimates could reflect the limitations of our intervention, it could also indicate the published COA underestimates the real cost of attendance.

**Figure 9: Student Estimates of Temple University’s Cost of Attendance Before and After Intervention, Among Students Living with Family**



Source | Student demonstration questionnaires

Notes | Students were asked to estimate the total cost of attending Temple University full-time without financial aid, for “students like you.” Results are among 20 students who a) answered this question in both surveys, b) reported that they lived off-campus with family, and c) reported that they paid in-state tuition. The line for “institution estimate” represents Temple’s official COA. Data are drawn from [Temple University’s Financial Aid Page](#). See [web appendices](#) for more details.

Additionally, many students expressed uncertainty as to which non-tuition expenses COA includes. For example, one student thought using student loans to pay rent was against financial aid rules:



*“I always thought I was cheating the system using my loans to pay for my rent and so hearing that [it is okay to use loans for rent during the presentation], is like a huge relief. I never actually talked to my financial aid office or my financial aid advisor about it because I thought that I wasn’t supposed to be doing it.”*

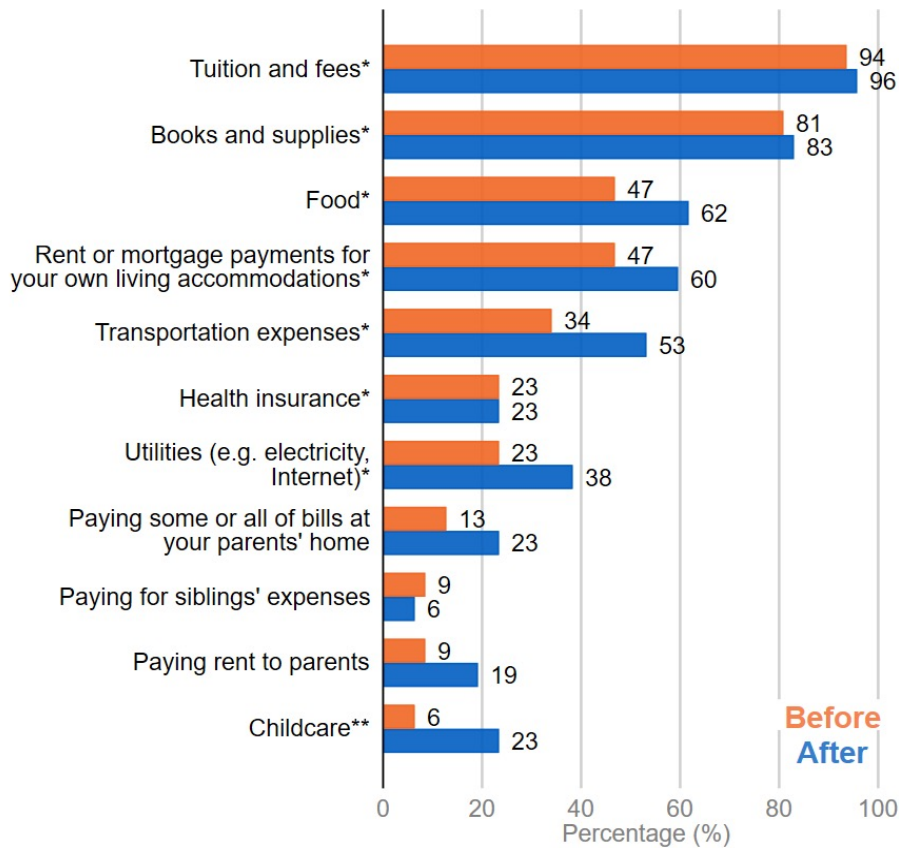
Another student who lived off campus thought Temple charged them for all the expenses listed in the COA, not realizing that some of the expenses (like food and housing) were merely university estimates:



*“I was kind of confused because I don’t stay on campus and I don’t stay in Temple housing, so for me to get charged for room and meals was kind of strange because I also don’t have a meal plan for when I am on campus...I didn’t understand why I was getting charged for room and meals.”*

However, students’ understanding of the components of COA appeared to improve following the intervention. After the presentation, nearly two in three students correctly indicated that COA includes food and rent costs, up from fewer than half before the intervention (Figure 10). The number of students that understood that COA includes transportation increased from about a third of students to over half.

**Figure 10: Student Estimates of Temple University’s Cost of Attendance Before and After Intervention, Among Students Living Off-Campus Not with Family**



Source | Student demonstration questionnaires

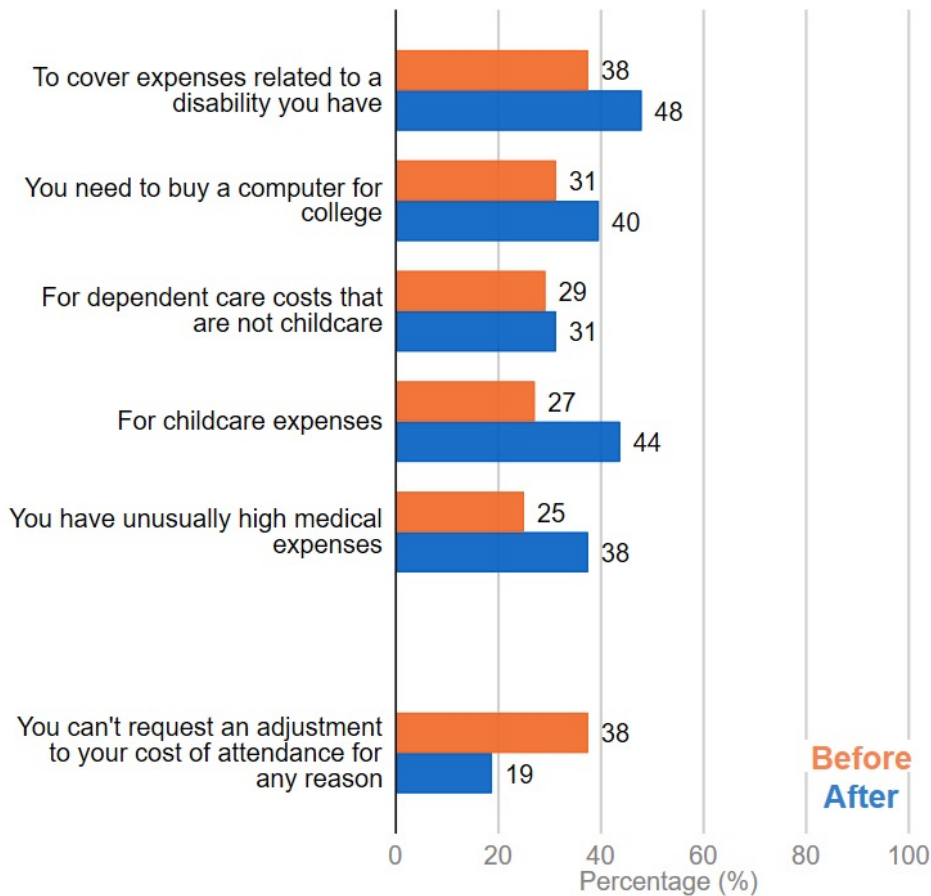
Notes | \* = item is always included as part of COA. \*\* = item is included in COA if the student formally requests it. Results are among students who answered the question about elements of the COA in both surveys (N=47). See [web appendices](#) for more details.



Our presentation also covered the financial aid appeals process, which allows students to have their COA adjusted for specific expenses or a change in financial circumstances like a job loss. Colleges should ensure students know additional support exists. Students often do not ask for support because they do not know they can.<sup>33</sup>

Following our presentation, students' knowledge of the financial aid appeals process seemed to improve. While nearly two in five students incorrectly believed they could never request an adjustment to their COA before the intervention, only one in five responded that way after the intervention (Figure 11). More students also recognized legitimate reasons for financial aid appeals after the treatment. For instance, following our presentation, students were 17 percentage points more likely to correctly identify childcare expenses as a justification for an appeal.

**Figure 11: Student Understanding of Financial Aid Appeals Before and After Presentation**



Source | Student demonstration questionnaires

Notes | Results are among students who answered the question about reasons one could request a financial aid appeal in both surveys (N=48). See [web appendices](#) for more details.

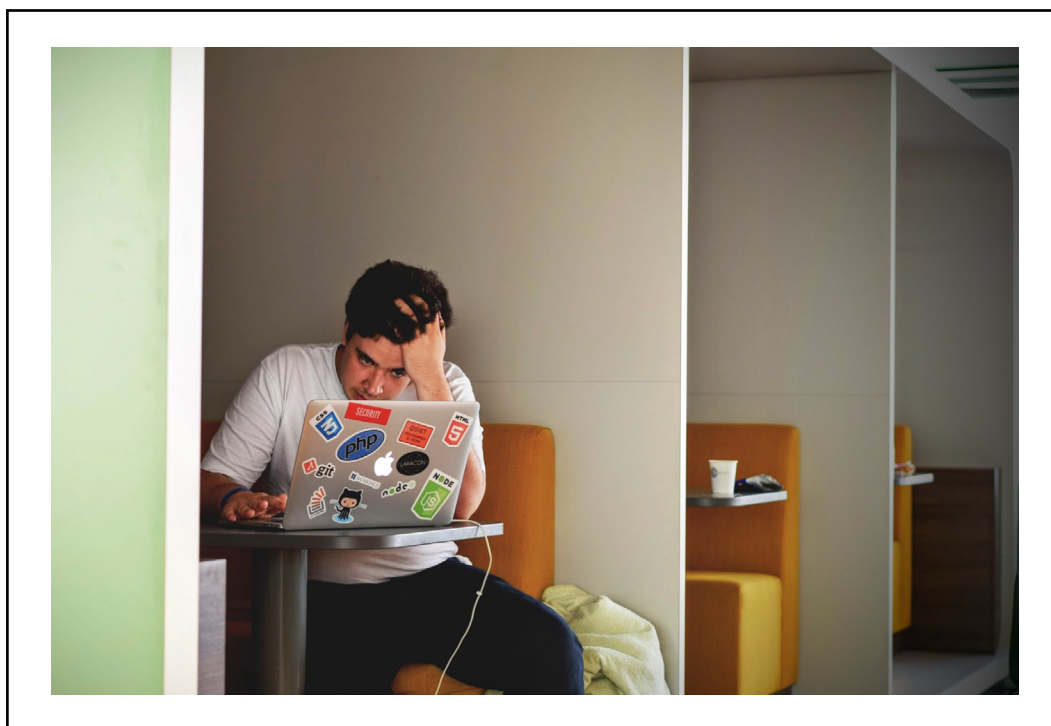
## CONCLUSIONS AND RECOMMENDATIONS

Incorrect estimates of college costs prevent make it difficult for students to enroll in and complete college. While financial aid staff can help students understand college costs, they are also often working with incomplete information. Current federal guidelines truncate negative EFC values to \$0, and some staff have limited knowledge about non-tuition supports like public benefits and emergency aid.

The Real Price of College project sought to address some of the shortcomings of the current financial aid system. We provided information about negative EFC to financial aid and student affairs administrators at six colleges in Texas. Our efforts appeared to change their perception of the accuracy of current financial aid measures.

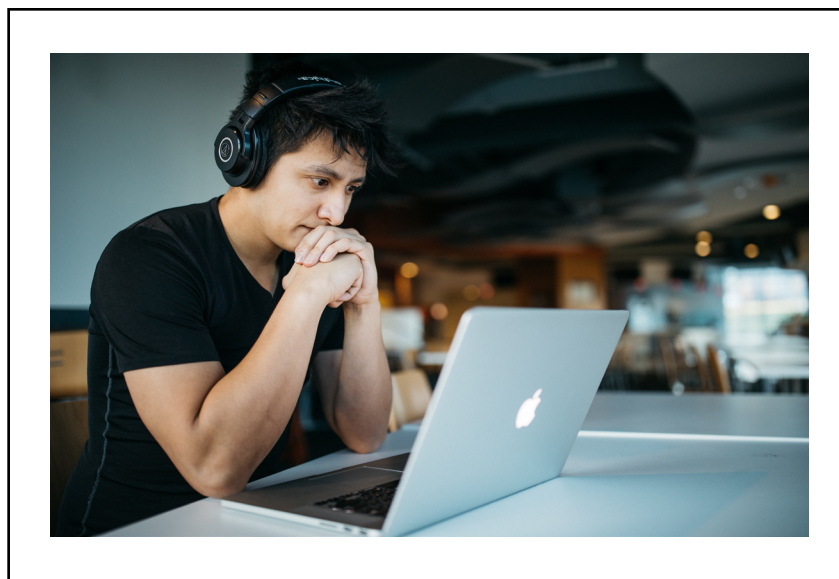
We also provided trainings for financial aid staff on public benefits access and emergency aid. While offering these trainings did not seem to influence staff's awareness of the availability of supports, they showed that financial aid staff feel more comfortable referring students to non-tuition supports when they know more about the supports. Finally, we shared a short video and presentation about college costs with students at Temple University, increasing their knowledge of COA and financial aid appeals.

22 These results suggest small interventions can improve financial aid professionals' and students' knowledge of the financial aid system. They also highlight a lack of transparency in current financial aid systems. Many financial aid staff we surveyed did not know if their college offered non-tuition supports like meal vouchers and transportation supports. Similarly, before our presentation, only 23% of students understood that COA estimates include utility bills, and only 6% realized they could request an increase in their COA based on their childcare expenses. Our research indicates that everyone involved in the financial aid process—financial aid staff, college administrators, students, families—needs better information about how the financial aid system works. We offer the following recommendations for college staff and federal policymakers.



## Recommendations for Colleges:

- **Calculate students' negative EFC.** Colleges can easily calculate students' negative EFC using data provided on the FAFSA. For guidance on how to calculate a student's negative EFC, see our [Guide to Calculating Negative EFC](#).
- **Train financial aid staff on how to use negative EFC data.** Using re-calculated negative EFCs, financial aid staff can target aid and non-tuition supports at students with the most need. In early 2022, watch for a Hope Center report on how ["nudging" students](#) with negative EFCs at Dallas College changed their use of non-tuition supports.
- **Enhance professional development on non-tuition supports.** Financial aid staff familiar with non-tuition supports refer students to those supports more often. Colleges should cross-train all staff, from financial aid staff to faculty to advisors, so they feel comfortable referring students to non-tuition supports.
- **Effectively communicate with students about non-tuition supports and financial aid appeals.** Students ask for help more often when they know help is available. [Text messages](#) allow colleges to simply and quickly connect with students. Communication that includes stigma-reducing language also [increases uptake of resources](#).
- **Talk to students about financial aid early and often.** Demystifying the cost of college is critical to ensuring that students enroll in and persist through college. Colleges are welcome to use [our video](#) to start a conversation about college costs with students early in their college careers. As students matriculate through college, staff should continue to ensure that students understand the price of college.
- **Avoid [scholarship displacement](#).** Colleges can support students by eliminating policies that reduce or displace institutional grants and scholarships when a student receives funds from an outside scholarship (apart from where necessary to meet federal regulation requirements.) Avoiding scholarship displacement helps ensure students can utilize all the financial resources available to them.



## Recommendations for Policymakers:

- **Re-evaluate COA policies.** Students and families have a hard time accurately estimating college costs when COA estimates do not reflect the real price of college. Inaccurate estimates lead to greater unmet student need. In December 2020, Congress passed a law allowing the Department of Education to regulate how colleges calculate COA and made small improvements to acknowledge the true cost of food and housing. We encourage policymakers to go further and ensure that COA calculations provide a realistic picture of all student costs. In particular, policymakers should ensure students get realistic estimates of the cost of housing and transportation.
- **Go beyond -\$1,500 in the SAI calculation.** The new SAI caps negative EFC values at -\$1,500, yet many students' negative EFC is far greater. Congress should go further and allow full negative values to be calculated and provide funding to federal student aid programs to ensure that students with particularly high levels of financial need are properly supported.
- **Provide colleges with the full negative SAI for all students who submit a FAFSA.** The U.S. Department of Education should provide institutions with the full negative SAI for all students. The SAI formula already calculates the full negative value, so providing that value to colleges presents minimal additional work. With a fully accurate negative EFC, colleges can direct additional support to students with the greatest financial need, above and beyond the newly created -\$1,500 SAI.
- **Provide guidance that encourages colleges to connect students with financial aid and other supports.** Even with a greater understanding of student need, federal policymakers must make certain eligible students can access their full array of benefits. Federal policymakers should leverage Title IV aid and encourage colleges to proactively inform students with \$0 or negative SAI about the financial aid appeals process, the ability to receive and non-tuition supports like emergency aid, Supplemental Nutrition Assistance Program, and other public benefits like subsidized childcare and free public transit programs.
- **Collect data on basic needs insecurity among students with negative SAI.** The Department of Education should work across agencies to collect data on basic needs insecurity for students with low or negative SAI. In addition to reporting a student's full negative SAI, data on basic needs insecurity can help colleges target outreach and supports.

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## 25 About Lumina Foundation

Lumina Foundation is an independent, private foundation in Indianapolis that is committed to making opportunities for learning beyond high school available to all. We envision a system that is easy to navigate, delivers fair results, and meets the nation's need for talent through a broad range of credentials. Our goal is to prepare people for informed citizenship and for success in a global economy.

The views expressed in this publication are those of the authors and do not necessarily represent those of Lumina Foundation, its officers, or employees.

## About The Hope Center

[The Hope Center for College, Community, and Justice](#) at Temple University is redefining what it means to be a student-ready college, with a national movement centering #RealCollege students' basic needs. Food, affordable housing, transportation, childcare, and mental health are central conditions for learning. Without those needs being met, too many students leave college in debt and/or without a degree.

To learn more about the report authors, visit [hope4college.com/team/](https://hope4college.com/team/). For information about our technical assistance services, visit [hope4college.com/realcollege-technical-assistance/](https://hope4college.com/realcollege-technical-assistance/).

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# NOTES AND REFERENCES

<sup>1</sup> Between 1990–91 and 2020–21, the average published tuition and fees at public four-year institutions increased from \$3,800 to \$10,560 after adjusting for inflation. In the early 1974, public four-year colleges cost around \$2,500 a year (figure adjusted to current dollars). See: Ma, J., Pender, M., & Libassi, C.J. (2020). [Trends in college pricing and student aid 2020](#). College Board; Davidson, A. (2015, September 8). [Is college tuition really too high?](#) The New York Times Magazine.

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<sup>3</sup> Goldrick-Rab & Kendall, 2016.

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<sup>5</sup> Average costs at public four-year colleges have increased more drastically than average costs at private four-year colleges and public two-year colleges; while average costs at public four-year colleges are now about four times higher than they were in the early 1970s, they are about three times higher at private four-year colleges and public two-year colleges. See: Davidson, 2015; Ma, Pender, & Libassi, 2020; Urban Institute. (2017). [Understanding college affordability: How students, institutions, and the public pay for higher education – tuition and fees](#).

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<sup>12</sup> Center for an Urban Future, 2021.

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<sup>15</sup> Goldrick-Rab & Kendall, 2016.

<sup>16</sup> Coles, Keane, & Williams, 2020.

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<sup>21</sup> Kelchen, 2015; Kelchen, 2020; Goldrick-Rab, S. (2016). *Paying the price: College costs, financial aid, and the betrayal of the American dream*; Conroy, E., Goldrick-Rab, S., Kelchen, R., Welton, C.R., & Huelsman, M. (2021, April). [The real price of college: How using the negative expected family contribution can better support students.](#) The

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<sup>22</sup> The number of elements that is trimmed to \$0 depends on a student's dependency status and household type. To see the negative values that are trimmed to \$0 on the FAFSA, see: Kelchen, 2020.

<sup>23</sup> Kelchen, 2020.

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<sup>25</sup> Burd, Fishman, Keane, Habbert, Barrett, Dancy, Nguyen, & Williams, 2018.

<sup>26</sup> The exact percentage of students who would qualify for a negative EFC would depend on the students' dependency statuses and on the negative EFC formula. Some negative EFC formulas account for negative income and assets, while others only account for negative income. See: Kelchen, R. (2017, April 3). [The distributional and cost implications of negative Expected Family Contributions.](#) *Journal of Student Financial Aid*, 47(1), 4–24.

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<sup>31</sup> Burd, Fishman, Keane, Habbert, Barrett, Dancy, Nguyen, & Williams, 2018; Coles, Keane, & Williams 2020.

<sup>32</sup> COA varies according to students' living arrangement and whether they qualify for in-state tuition. As such, students' knowledge of COA estimates are disaggregated by living arrangement. Analyses are also limited to students who pay in-state tuition.

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