



October 24, 2025

The Honorable Bill Cassidy
Chairman
Senate Committee on Health, Education, Labor and Pensions
Washington, DC 20510

Re: Request for Information on Increasing College Cost and Value Transparency for Students and Families

Dear Chairman Cassidy:

We appreciate the opportunity to provide feedback on how the federal government can deliver more transparent and accurate information to students about the price and value of higher education. At The Hope Center for Student Basic Needs at Temple University (“The Hope Center”), we share the Committee’s goal of ensuring that students and families are aware of the total cost of their degree or credential and can access all resources for which they are eligible to finance their education.

Our comments focus on ways the federal government can ensure that institutions accurately calculate and communicate their “cost of attendance” (COA), as defined and required under Section 472 of the Higher Education Act of 1965 (“HEA,” 20 U.S.C. 10871l). Accurate and reliable COA measures are crucial to helping students and families understand, prepare for, and manage the high price of college.

Across the country, millions of students struggle with both the direct costs of their degree program and non-tuition, or indirect, costs, which are often much larger and can be difficult to plan for and decipher. Our survey data shows **that 3-in-5 students in higher education struggle to meet basic needs such as food and housing** while enrolled in their degree program, while millions more struggle with costs related to child care, transportation, technology, and more.¹

Students’ ability to reliably meet these costs depends on reliable and accurate estimates that are clearly communicated *before* and *during* enrollment. Reliable and transparent COA calculations (referred to by some as “sticker prices”) are essential for determining the amount of financial assistance students will need and receive to finance their higher education expenses and enabling students to make informed decisions about where to enroll.

COA estimates also have significant implications for federal expenditures, including Title IV financial aid, the availability and delivery of which is often dictated or tied to the student’s COA. These implications are amplified by the recent change under the *One Big Beautiful Bill Act* that modified Pell Grant eligibility, making a student ineligible for a Pell Grant if their other non-

¹ The Hope Center for Student Basic Needs (2025), *2023-2024 Student Basic Needs Survey Report*, <https://hope.temple.edu/research/hope-center-basic-needs-survey/2023-2024-student-basic-needs-survey-report>

federal financial aid and scholarships exceed COA. Accurately determining and communicating the cost of a degree program can also help students access the full suite of resources, including public and tax benefits, that they may need to pay for college.

Currently, institutional methods for determining the total COA and the individual estimates therein **lack meaningful federal oversight** and create widespread variation that leaves students and families understandably confused.² The federal government has largely outsourced the calculation of COA to colleges, trusting them to produce fair and reliable estimates.

Unfortunately, COA calculations are often opaque and woefully inaccurate. For example, a foundational analysis of institutions' cost estimates found that nearly half of all colleges' estimated living costs are at least 20 percent above or below the actual living costs for a student living modestly with a roommate in their county.³ As many as one in three colleges estimated those living expenses at least 20 percent lower than the actual cost of living, meaning students who enrolled at those schools would face unexpectedly high costs when they got to college, which may force them to exhaust their financial aid eligibility.

Underestimating the total cost of college is both more common and potentially more damaging to students than overestimating the cost, as it forces them to exhaust aid eligibility, find alternative financing, work longer hours, or drop out. Still, overestimation of costs can also be damaging. Students seeing artificially high prices may change their college-going behavior, opt for a different institution, or choose a different living situation or enrollment pattern than would otherwise be beneficial to their success.

Widespread inaccuracy of college costs could also negatively affect federal and state accountability, affordability, and transparency efforts. For example, net price calculators are less effective if the underlying COA is underestimated, since students and families are not calculating an accurate or reliable net price. Additionally, the federal investment in Pell Grants is undermined if students' total costs are higher than advertised due to hidden expenses that were not reflected in the COA estimate.

Develop Clear and Transparent Cost of Attendance Calculations

The *FAFSA Simplification Act* (FSA Act)⁴ that went into effect during the 2023-2024 award year, thanks to the bipartisan work of the HELP Committee, increased transparency for students and expanded available federal, state, and institutional aid. These changes include the FSA Act's removal of the prohibition on regulating the non-tuition components of COA and new requirements on how institutions calculate and communicate these costs to students, including food, housing, transportation, child care, and other necessities. New requirements for COA from the law include:

² McKibben, B. (2024, December). *How Colleges Set Their Prices: The Need for Federal Oversight of Cost of Attendance in Higher Education*. The Hope Center for Student Basic Needs at Temple University.

³ Kelchen, R., Goldrick-Rab, S., and Hosch, B. (2017, March). *The costs of college attendance: Examining variation and consistency in institutional cost allowances*. The Journal of Higher Education.

⁴ 20 U.S.C. 1087II

- Food allowances must reflect the cost of three meals a day to ensure students get adequate nutrition, regardless of whether the student lives on or off campus;
- Dependent students living at home or with family will receive a food and housing allowance (an amount that greater than \$0, as some colleges had often estimated it), reflecting the reality that students living off-campus with family still have living costs and often contribute to groceries and rents/mortgages with their parent(s) or guardian(s);
- Students with dependents who wish to live on campus will receive a separate on-campus housing allowance, given the higher costs for family housing;
- Transportation will always receive a separate allowance, which must now include costs for a student coming and going to their place of work;
- Tuition and fees will always be separately listed from required equipment, materials, or supplies to avoid bundling and increase transparency for students;
- Each COA element must be publicly disclosed on the institution's website anywhere that it discusses tuition and fees, including the dependent care allowance;
- The phrase "room and board" transitions to the more commonly understood phrasing "housing and food;"
- Students attending less than half-time can still receive an allowance for the purchase of a personal computer;
- Costs for incarcerated students are expanded to include other required expenses; and
- Any student who must obtain a license, certification, or a first professional credential, to work in their program will receive an allowance for such cost.

While these provisions continue to provide clearer information to students, and ensure they qualify for sufficient financial aid, there is far more that the federal government can do to increase price transparency and encourage accurate COA measures. Crucially, **the FSA Act removed a longtime ban on regulating aspects of COA beyond tuition and fees, but this authority has not yet been utilized.**

Properly regulating COA could serve as a win-win for students and colleges' financial aid administrators, who currently have limited guidelines for calculating COA. For example, the Federal Student Aid (FSA) handbook simply states that "each school must determine the appropriate and reasonable amounts to include for each eligible COA category," with minimal guidelines or support beyond claiming that financial aid administrators can use a "... variety of methods... such as conducting periodic surveys of your student population, assessing local housing costs or other pertinent data, or other reasonable methods you may devise which generate accurate average costs for various categories of students."⁵

More specific COA requirements and guidelines can also better align incentives among institutions of higher education, which must meet revenue and expenditure requirements and, like other business entities, are prone to mistakes and human error, conflicting incentives, and even fraud and abuse. For example, when estimating the difference between off- and on-campus housing, institutions can face a potential conflict of interest given that residence halls and dining services are auxiliary enterprises that typically generate revenue for the school.⁶ These potential

⁵ U.S. Department of Education. (2024). [*2024-2025 Federal Student Aid Handbook, Vol. 3, Ch. 2: Cost of attendance \(budget\).*](#)

⁶ Goldrick-Rab, Sara and Kendall, Nancy. (2016, March). [*The Real Price of College.*](#) The Century Foundation.

conflicts could cause a distortion in how colleges estimate charges, pushing students to incur costs that they may otherwise be able to avoid in order to lower their overall financial burden.

Recommendations for Improving COA Transparency

Both Congress and the Administration play a role in ensuring consistency, transparency, and reliability for COA estimates. **Best practices for calculating COA estimates should be established through technical assistance, guidance, regulation, and—ultimately—further improvements to the HEA statutory language.**

Mandate data-driven calculations and accuracy:

Institutions typically employ a wide range of formal and informal methods of calculating the non-tuition elements of COA—from using government or administrative datasets, to surveying students, to inquiring with housing and child care providers—but they are not required to choose a source based on objective data.

The Department or Congress should require institutions to use **data-driven methods** to calculate each COA component. The NASFAA guide for constructing COA already states that *“explaining detailed breakdowns of items included in each COA component as well as underlying assumptions is essential for consistency over time, for justifying estimates, for making professional judgment decisions, and for deriving consumer information.”*

For housing costs for off-campus students, institutions should establish whether their calculation is based on whether the student shares costs (i.e. has one or more roommates) or lives alone (i.e. efficiency or studio apartment) and justify their decision as reasonable and appropriate based on the availability of local housing options and student demographics.

Institutions are also not currently required to report or disclose the methods they use to construct COA. Congress could mandate that each college report its method(s) directly to the Department with the appropriate reference or citation. The method should be externally verifiable, particularly by the Department and state authorizing agencies for oversight purposes.

When a student survey is used as a data source, the institution should maintain records of the survey instrument, the raw survey data, and any data analysis or conclusions. And institutions should disclose their method(s) of COA calculation directly to students and families on the website where COA is required to be listed or, at a minimum, be required to produce the requisite documentation upon request.

Maintain transparency and ensure information is clear, accessible, and standardized:

The price of attending an institution of higher education is a basic element of consumer information, but it is often difficult to discern for students and their families. In addition to the existing statutory requirement to post COA on the website, the Department or Congress should additionally require that each element of COA be accessible from the institution's homepage and **included on all financial aid offers**, with each element clearly displayed in plain language. COA should always be referred to as “cost of attendance” and not other terms, such as “sticker

price” which may confuse students if the term is not comparable across institutions. The institution may choose to offer a net price calculator on such a website to contextualize the COA. Estimates related to student housing should clearly disclose the assumptions made by the institution (i.e. living alone or with roommates).

In service of these aims, **we strongly support Congress passing the bipartisan *Understanding the True Cost of College Act* to standardize financial aid offers.** While we certainly appreciate the steps that many institutions have taken on a voluntary basis under the College Cost Transparency Initiative (CCT), this effort at self-regulation has fewer than 1 in 5 degree-granting institutions of higher education in the United States currently participating, and the recommendations of the CCT still allow for a considerable degree of customization of the aid offers. Only an enforceable federal requirement will lead to full standardization for most financial aid applicants.

Support parenting students in meeting their unique costs:

COA’s shortcomings lead to significant shortfalls in COA estimates for students who have dependent children of their own, are older, married, or otherwise cannot live with one or more roommates in the same way that younger students can. Inaccurate COA estimates deny these students critical access to financial aid—even the ability to borrow through federal student loans. For example, non-tuition expenses exceed COA by an average of \$8,800 per year for all older students and by \$10,900 for older students with dependent children.⁷ This gap can lead to basic needs insecurity and parenting students already face substantial obstacles to succeeding in higher education.

The Department or Congress should require that colleges publish a **separate COA estimate for all parenting students**, if their parenting status is known to the college (including all independents with dependents as determined by their FAFSA filing status). And the rules should describe which dependent care expenses must be included, including all expenses that occur during school-related activities and the cost of providing food and housing to such dependent(s).

The statute indicates that dependent care allowance “includes, but is not limited to” costs that occur during class time, study time, fieldwork, internships, and commuting, which clearly requires support for the child’s food, housing, and other basic needs.⁸ These rules will also support the FSA Act’s adjustments to the federal methodology to enhance financial aid eligibility for single parents.

Mandate regular updates to COA estimates to reflect price changes over time:

Living costs often change rapidly for students and other households due to shifts in supply, demand, or inflation rates. To ensure that COA estimates accurately represent the current housing price burden on students, **colleges must be required to update their COA regularly and, at a minimum, every other year.**

⁷ Palacios, V., Goldvale, C., Geary, C., & Tatum, L. (2021, April). [*Obstacles to Opportunity: Increasing College Success by Understanding & Addressing Older Students’ Costs Beyond Tuition*](#). Georgetown Center on Poverty and Inequality.

⁸ HEA, Section 472(a)(9)(B).

The Department should establish by guidance or regulation a standardized update calendar for all institutions to facilitate comparability, oversight, and the ability to provide timely technical assistance to financial aid professionals. Congress could also require the Department to produce such a calendar for COA updates through statutory amendments to the HEA.

Ensure accurate and comprehensive housing allowances:

When institutions create their housing allowances, they must be required to include all related expenses required of students, per the statutory reference to “rent or other housing costs.” Some institutions may mistakenly calculate only rent for off-campus housing estimates, but students are still likely to face down payments, renters’ insurance, maintenance, and utility costs, which have skyrocketed in recent years and can be difficult to budget for ahead of time.⁹

Some of these costs are also likely to be incurred before the student begins an academic year to ensure their housing is secured by the beginning of the term. When calculating on-campus allowances, institutions should be required to include any related costs or fees typically assessed to students. Congress could assist in this effort by expanding the types of housing costs that are listed under HEA Sec. 472.

Clarify misunderstandings regarding health care and insurance:

Existing statutory language under HEA Sec. 472 and current Department guidance allows institutions to include all health care costs for students, including health insurance premiums, out-of-pocket or uninsured costs, and any mental and behavioral health care. And students who use the school-provided health insurance (when available) typically have their premiums added to their COA, as they are a direct charge. However, many institutions do not include any health-related expenses in any COA estimates, and students who are older and working, with their own health insurance coverage, or are paying to remain on a parent’s or spouse’s plan, often have to appeal for that cost to be included as a “miscellaneous” expense. They sometimes are not even aware it is not excluded from their COA estimate.

The confusion of why health insurance is not always included in COA appears to stem from institutions’ misunderstanding of the Income Protection Allowance (IPA), as well as misleading FSA Handbook language. The FSA Handbook states that *“in general, a school can assume that 30% of the income protection allowance amount is for food, 22% for housing, 9% for transportation expenses, 16% for clothing and personal care, 11% for medical care, and 12% for other family consumption.”*¹⁰

However, this language is based on an outdated version of the *Higher Education Act* and does not reflect more recent updates to the IPA and COA. The IPA intends to protect a student or family’s maintenance of a basic standard of living by not basing all financial aid eligibility on income that cannot be flexibly directed by the applicant. This does not mean that items that

⁹ Huelsman, M. (2024, October). [*The Looming Utilities Crisis Facing Students, and What We Can Do About It*](#). The Hope Center for Student Basic Needs at Temple University.

¹⁰ U.S. Department of Education. (2024). [*2024-2025 Federal Student Aid Handbook, Application and Verification Guide, Chapter 3*](#).

originally informed the IPA (such as food and housing) are to then be excluded, reduced, or modified from the COA estimate. Other non-tuition expenses clearly remain as separate line-items in COA estimates as students need to meet these expenses in order to survive. Therefore, there is no reason for colleges to specifically exclude health or medical care expenses from the calculation of “miscellaneous” expenses. **All students should have their health insurance expenses included in COA, as it is essential for students to be able to take care of their physical and mental health needs** while enrolled in higher education. Congress should refine the COA statute (or the Department should regulate COA) to ensure health care is always included in miscellaneous personal expenses for each institution.

End the surprise tax on Pell Grants:

Today, non-tuition expenses like food, housing, and transportation make up the majority of the cost of attendance at both two- and four-year public colleges.¹¹ Yet the portion of grants and scholarships that students spend on non-tuition expenses like food, housing, and child care is often treated as “income” for tax purposes, triggering a surprise tax bill for students who are already struggling financially.

Not only does this approach overcomplicate the tax code, but it also penalizes students who receive need-based aid for basic expenses. For the majority of students who work, it can result in a larger tax burden, undermining the Pell Grant as well as other federal, state, and institutional aid. Approximately three million students now have their grants and scholarships taxed each year. Congress should repeal the taxability of Pell Grants and provide relief to working students with low and middle incomes and allow them to keep more of the aid they need to succeed in higher education, as proposed by the bipartisan *Tax-Free Pell Grant Act*, to provide relief to working students with low and middle incomes and allow them to keep more of the aid they need to succeed in higher education.¹²

Congress should also remove tax liability from state and institutional financial aid, scholarships, and any other grant aid. Further, Congress should introduce legislation to consolidate, reform, and enhance education tax benefits like the American Opportunity Tax Credit and Lifetime Learning Credit, the full benefits of which are unable to be claimed by low-income households and disproportionately favor wealthier tax filers. *The American Opportunity Student Tax Relief Act* serves as one model to streamline education tax benefits.¹³

Encourage greater use of professional judgment for unique circumstances:

Students can receive an adjustment of their COA or Student Aid Index on a case-by-case basis to accommodate certain costs that may differ from the allowances set by the institution, known as Professional Judgment (PJ). However, PJ is rarely used by students, and many may not be aware of the option.

ED or Congress should build upon recent statutory improvements under the FSA Act to require that all students applying for financial aid be made aware of the opportunity for professional

¹¹ The College Board (2024). [*Trends in College Pricing*](#).

¹² See S.2920 - Tax-Free Pell Grant Act (118th Congress)

¹³ See: H.R.6749 - American Opportunity Student Tax Relief Act of 2020 (116th Congress)

judgment and be provided with the relevant procedures and contact information. Additionally, Congress should encourage the Department to remove unhelpful and disincentivizing language in its materials and guidance around PJ. Within the 2024-25 FSA Handbook, the current guidance for PJ specifically includes harmful language that suggests any PJ for “recurring costs” may be “unreasonable” while specifically mentioning adjustments for “standard living expenses” (e.g. utilities, credit card expenses, children’s allowances, etc.).”¹⁴ The FSA Handbook then again repeats the language about IPAs already covering “modest living expenses.” This language is not aligned with the *Higher Education Act* and should be removed.

Many of the statutorily cited examples of PJ circumstances are recurring, such as tuition expenses at an elementary or secondary school; additional family members enrolled in college; and severe disabilities of the student or other member of the student’s household. Adjustments for living expenses under PJ should not be limited by the U.S. Department of Education simply because they are recurring.

Conclusion

Inaccurate or unreliable COA estimates that do not reflect the true costs of students attending a given year of higher education have profound implications for the cost, management, and oversight of Title IV programs. It also deeply impacts students’ and families’ experiences with higher education.

When students decide to pursue their dreams of higher education, they should have a clear sense of the total price that they will be required to pay, and the full resources for which they are eligible to lower their total financial burden. Federal policymakers should use every tool at their disposal to ensure that students are not denied opportunity or forced to curb their ambitions because of unexpected costs.

Thank you for the opportunity to respond to this request for information. We look forward to working with the HELP Committee to advance bipartisan solutions that bring greater transparency to these often-opaque costs and build a more affordable higher education system.

Sincerely,



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¹⁴ U.S. Department of Education. (2024). 2024-2025 Federal Student Aid Handbook, Application and Verification Guide, Ch. 5: Special Cases