NASFAA

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Exploring How Institutions Build Their Cost of Attendance

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Executive Summary

The cost of attendance (COA) is a foundational element of federal student aid policy, central to determining financial need, packaging institutional aid, and shaping how students and families understand the price of college. The COA is intended to reflect all reasonable educational expenses a student is likely to incur; however, those amounts can vary greatly between institutions, even those located in close proximity to one another.

Institutions have historically had broad latitude in creating COAs that work best for their student populations because statute prohibited the Department of Education (ED) from regulating COA. This research effort was sparked by the FAFSA Simplification Act, part of the Consolidated Appropriations Act of 2021, which both added new statutory requirements for constructing the COA and expanded ED's authority to regulate elements of COA for the first time. In 2025, the urgency of this work was heightened when the House Education & Workforce Committee's portion of the reconciliation bill proposed capping federal student aid eligibility at a national median cost of college (MCOC), raising new concerns about whether COA figures would accurately reflect real student expenses and how such policies could affect affordability and equity. It should be noted, the MCOC provision was not included in the final bill text ultimately signed into law on July 4, 2025, as the One Big Beautiful Bill Act. No provisions in the law directly related to COA construction. However, some provisions — such as changes to federal student loans and Pell Grant eligibility — may indirectly impact COA, based on institutional response and behavior.

To inform this evolving policy conversation with timely, practitioner-sourced evidence, NASFAA undertook a mixed-methods study examining how institutions construct their COA. This work included a targeted survey of financial aid administrators, seven sector-specific focus groups, and 16 one-on-one interviews with institutional- and state-level experts. The project aimed to document current COA development practices, identify common challenges, and elevate the perspectives of financial aid professionals responsible for adhering to both federal and state policies. The findings offer timely insights for policymakers considering federal regulation of COA and provide practical guidance to improve COA development practices across diverse institutional settings.

Insights from these conversations made it clear that the financial aid administrators we interviewed are committed to providing COA information that reasonably reflects the typical costs students are likely to face. However, aid administrators are often overburdened and may lack sufficient time, resources, or training to ensure the COA components are based on reliable and up-to-date data. NASFAA's Statement of Ethical Principles affirms that "financial aid administrators shall … strive to ensure that cost of attendance components are developed using resources that represent realistic expenses." This standard guides aid administrators even amid operational challenges.

Key Findings

This research surfaced consistent patterns across institutions and sectors while highlighting variation based on institutional mission, capacity, and regulatory context. The findings below summarize major themes from the survey, focus groups, and interviews.

COA construction follows federal requirements, with variation in institutional collaboration: Institutions consistently follow federal statute and guidance in defining and publishing COA components. Within that framework, however, they differ in how they approach tasks such as sourcing data, setting timelines for review, and engaging internal stakeholders. Most institutions update their COA annually, particularly for direct costs like tuition, fees, and on-campus housing, while indirect costs, such as off-campus housing, transportation, and personal expenses, may be reviewed less frequently, often due to staffing or data constraints. Financial aid offices typically lead the process, though involvement from other departments varies depending on institutional structure and available resources.

Institutions face structural, data, and timing challenges: Common barriers include limited staff time, difficulty accessing reliable housing data, and misaligning tuition-setting timelines with aid packaging deadlines. Multi-campus institutions and those in large metropolitan areas reported additional complexity in reflecting cost variation across student populations. Institutions also noted that while potentially helpful, student-reported data often suffers from low response rates or underreporting of expenses.

Financial aid administrators prioritize flexibility and accuracy: Practitioners broadly support improving COA accuracy but emphasized the need for institutional discretion to account for regional variation, high-cost programs, and diverse student circumstances. While some welcomed optional tools or benchmarks, most expressed concern about federal overreach, particularly if new rules limit the ability to reflect actual costs on the ground.

State-level models highlight benefits of coordination and flexibility: Interviews with financial aid administrators from three different states indicated that guidance from state-level entities — such as state financial aid associations providing recommended COA figures or higher education boards setting components or reporting requirements — can improve consistency and reduce institutional burden. However, practitioners stressed that standardized figures must be adaptable to institutional and regional realities.

Practitioners express concern about the median cost of college proposal: Respondents were nearly unanimous in their concern about the House proposal to cap federal aid at a MCOC. They flagged risks to affordability for students in high-cost regions or programs, highlighting the potential mismatch between lagging federal data and current economic conditions. Many feared such a policy could reduce equity and limit access, even for otherwise eligible students.

Broad interest in supportive tools and guidance: Financial aid administrators consistently expressed a desire for additional resources to improve the accuracy and defensibility of their COA components while maintaining institutional flexibility. Requests focused on technical guidance, better data sources, and peer-based tools, not additional regulation.

NASFAA Considerations Related to Regulating COA

Considerations for the U.S. Department of Education

While ED has given no indication it plans to regulate COA in the near future, NASFAA provides the following considerations for any future plans related to regulating COA.

Provide Resources, Not Regulation

Many interviewees from the focus groups and one-on-one interviews conducted by NASFAA expressed concern over federal overreach into COA construction; however, most welcomed additional resources or guidance. Rather than implementing new regulations related to COA construction, ED should consider providing the following:

- **Clear, nonbinding federal guidance on COA construction practices,** such as recommended methods for estimating housing and personal expenses, and documentation expectations for audit purposes.
- **Access to a vetted list of standardized data sources,** particularly for components like housing, food, and transportation, that could reduce guesswork and improve consistency across institutions.
- **Assistance with survey methods and data analysis,** including providing vetted student survey templates for institutions to customize, and training on how to distribute surveys and interpret results. Practitioners especially wanted help ensuring data collection is statistically sound and actionable. While we acknowledge this would presumably require additional resources at ED, it would still be preferable to having thousands of institutions each undertake the work individually.
- **Access to peer methodologies and calculation rationales,** such as anonymized examples of how institutions estimate components like housing or transportation, to support internal review and promote more consistent practices across institutions and sectors. While institutional COA figures are public, administrators expressed interest in better understanding the underlying assumptions and data sources that drive them.

Utilize Existing Data Whenever Possible

While additional tools and resources would help institutions in their construction of COAs, these should not require any additional institutional reporting or create added burden on financial aid offices. If ED wishes to use institutional data to create resources, it should use currently available data, such as the Integrated Postsecondary Education Data System (IPEDS), the Federal Student Aid (FSA) Data Center, financial value transparency reporting, or publicly available COA information that is required to be published by schools already. Regardless of what source is used, ED should note any potential lags in the data, as many federal sources would contain data that is always a year or more out of date.

Allow for Institutional Flexibility

In any guidance or regulations proposed by ED, there should be a level of flexibility available for institutions. Nearly all interviewees NASFAA spoke with emphasized the need to preserve flexibility to accommodate specific student populations and regional or institutional differences. Practitioners from states where there is state-level involvement with COA construction expressed the importance of retaining flexibility at the institutional level. It is clear a "one-size-fits-all" approach would not accurately reflect all students' actual costs. If ED decides to provide COA parameters or regulations, it should be explicitly stated that schools may deviate from the prescribed COA when necessary to accurately reflect certain populations' costs.

Considerations for Institutions

Institutions can demonstrate through self-regulation that prescriptive federal rules for COA construction are unnecessary. Institutions can consider the following as they evaluate their COA policies.

- **Create a collaborative process:** COA construction does not have to fall solely on the financial aid staff. Institutions should solicit broader campus engagement in COA discussions, particularly among institutional leadership. COA is more than just a determinant for aid eligibility; it is often also a reflection of institutional philosophy. This necessitates collaboration between financial aid and senior leadership to ensure that the COA accurately reflects students' costs but also complements institutional priorities.
- **Leverage the wealth of resources on your campus:** Institutions likely employ experts from a range of fields that could better inform COA development, from economic trends to survey design. Utilizing these areas of expertise when possible will help financial aid staff ensure COA construction is based on reliable data sources and accurate data collection.
- **Aim for accuracy as the primary driver of cost estimates:** Students rely on institutional estimates for indirect COA components like housing, food, and books, and institutions are in the best position to develop the most accurate estimates. It is important that indirect costs are not set arbitrarily but are instead based on reliable, accurate data. Institutions can control their overall COA through their direct costs, like tuition and fees, to align with institutional goals.

Considerations for Professional Associations

Professional regional and state financial aid associations can help their member institutions with self-regulation by developing COA construction tools. These could range from a set of principles, a compilation of reliable data sources, or even actual cost estimates schools can use in their own COAs. Regional and state associations should consider taking the following actions.

- **Review existing association models:** Several state financial aid associations already provide their members with various tools for COA construction. Associations should review existing models when deciding what types of resources they may be able to provide to their member institutions.
- **Consider and account for cost-of-living variations across the state:** It is important to recognize geographic cost variances even within one state, or a region of a state, when providing COA estimates or tools. For example, if using a high-cost city for the COA estimates, the association could provide alternate numbers for other areas or provide information about how a school can account for their specific area's cost of living.
- **Use reliable models/methodologies:** Any time an association provides its members with COA estimates, it is vital that the numbers are based on accurate data and sound methodologies.
- **Document the process:** Associations should provide members with background information on the data sources used and data collection processes whenever providing COA estimates or resources. Schools must be able to justify their COA construction, so it is helpful to provide documentation that may be used in that justification.

Appendix A: Methodology

Online Survey: In March 2025, NASFAA distributed a survey to our Rapid Response Network, which is a group of 165 NASFAA-member financial aid practitioners who volunteer to quickly respond to a variety of requests, including surveys, policy questions, advocacy questions, and other ad-hoc needs. The survey closed with 96 responses (including completions and partial completions) resulting in a 58% response rate.

Practitioner Focus Groups: To better understand the institutional challenges associated with constructing COA, NASFAA conducted seven virtual focus groups with financial aid administrators from various colleges and universities. Focus group participants were solicited from NASFAA's Rapid Response Network.

Participants represented various sectors and were selected to reflect diversity in enrollment size, geographic region, urbanization, housing status, and Minority Serving Institution designations. Using a semi-structured discussion guide, participants shared perspectives on COA practices, data limitations, and regulatory concerns. Sessions were recorded, transcribed, and analyzed thematically using an inductive approach to identify common challenges and sector-specific considerations. Insights from these discussions complement survey findings and highlight opportunities to improve COA development across higher education. In total, 33 institutions participated across seven focus groups.

Practitioner Interviews: To ensure well-rounded representation in our COA research, NASFAA conducted 16 one-on-one interviews with financial aid administrators in May 2025. Interview participants were selected to fill demographic and institutional gaps identified in the earlier focus groups, with attention to the institutional sector.

Participants were recruited through multiple channels, including direct outreach to members in NASFAA's membership database, individuals who had expressed interest in joining a focus group but could not attend, and practitioners from states where we sought to learn more about specific state-level efforts. These semi-structured interviews allowed for deeper exploration of themes raised in the survey and focus groups and offered additional practitioner insights into COA construction practices, data sources, and institutional decision-making.

Appendix B:
Findings From an Online Survey of Financial Aid Practitioners

Some tables may not add up to 100% due to rounding.

Survey Question: How frequently do you complete a comprehensive review of your COA components for purposes of updating them?[a]

	Annually	Every 2 years	Every 3-5 years	Less than every 5 years	Never[b]	Unsure / don't know	*n*
Tuition	98%	2%	0%	0%	0%	0%	96
Fees	97%	2%	1%	0%	0%	0%	95
Housing (on-campus)	98%	1%	0%	0%	1%	0%	82
Housing (off-campus)	73%	14%	8%	2%	3%	0%	96
Food (on-campus)	99%	0%	0%	1%	0%	0%	81
Food (off-campus)	74%	15%	7%	1%	2%	1%	95
Books, course materials, supplies, and equipment	59%	20%	13%	3%	3%	2%	94
Transportation	66%	19%	11%	2%	1%	1%	96
Miscellaneous personal expenses	63%	18%	16%	2%	2%	0%	96
Federal loan fees	79%	3%	8%	2%	8%	0%	92
Costs associated with obtaining a license, certification, or first professional credential	68%	8%	6%	0%	11%	8%	80
Dependent care expenses	32%	8%	16%	3%	31%[c]	11%	75
Disability-related expenses	25%	4%	10%	3%	35%[c]	23%	71
Costs associated with work experience under a cooperative education program	33%	10%	3%	7%	20%	27%	30
Costs associated with study abroad	81%	1%	1%	1%	12%	3%	67

[a] Respondents were also offered "N/A (this COA component does not apply to our students)," which was excluded from the analysis, leaving only data from those who utilized the COA complement listed.
[b] The full answer choice to this survey question specified "We use this COA component but do not review or update it."
[c] When asked during focus groups why respondents so highly selected "never" for this component, most schools expressed this item is handled on a case-by-case basis.

Survey Question: Of the following standardized data sources, please specify whether and why you use them in constructing your COA:

	My institution uses this data source	My institution was not aware this data source existed or could be used for COA construction purposes	My institution does not think this data source accurately represents costs for our student population	My institution believes this data source is too complicated for my institution to use	My institution does not use this data source for reasons not listed here	I don't know whether my institution uses this data source	*n*
Student surveys	40%	0%	13%	15%	29%	4%	96
The College Board's living expenses estimates	46%	6%	9%	0%	33%	5%	95
Consumer Price Index (CPI)	65%	3%	2%	3%	23%	4%	96
Peer institutions	35%	0%	21%	2%	39%	3%	95
State higher ed agencies/systems	26%	6%	10%	2%	48%	7%	96
Professional association data	23%	9%	7%	2%	53%	5%	95
Bookstore/housing vendors	51%	2%	4%	1%	36%	6%	95
Local market trends data	67%	2%	1%	7%	21%	2%	96
Academic and policy research	20%	5%	3%	9%	53%	9%	96
Other (please list)	38%	0%	0%	0%	38%	24%	29

Survey Question: Please share how your institution discloses details about your institution's COA with students:

	Website	Provided on or with financial aid offer	Student portal	Email or other direct outreach to students other than aid offer	Multiple places	*n*
Total COA broken down by individual components	88%	76%	73%	9%	38%	95
Description of COA components and what expenses they include	84%	48%	43%	10%	25%	87
Information on how institution determines COA components	81%	10%	11%	13%	16%	62
Opportunity to add non-standard COA items (e.g., disability expenses) to COA	80%	13%	14%	24%	19%	84
Opportunity to request PJ for COA components	83%	16%	19%	31%	20%	90

[a] This survey question allowed respondents to "check all that apply," so percentages may not add up to 100%.

Survey Question: What barriers does your institution face when constructing your COA? (Select the top three barriers.)

Not enough staff/time/other resources to devote to COA construction	35%
Lack of expertise in research methods/best practices for survey construction and/or survey data analysis	27%
Lack of student response to surveys	25%
Not enough direction from the Department of Education on non-mandatory COA best practices	9%
Not enough prescriptive guidance from the Department of Education on how institutions must construct COA	10%
Lack of knowledge of which standardized data sources exist/how to use them to construct COA	12%
Lack of faith in accuracy of available standardized data sources	10%
Institutional pressure to keep COA from appearing too high	43%
Institutional pressure to keep COA from appearing too low	6%
Institutional pressure to keep student borrowing as low as possible	11%
No barriers	22%
Other (please specify)	13%
Unsure/don't know	1%
n	93

Twelve respondents left open-ended comments. Their responses included:

- The timing of tuition and fee setting by the institution (or its board, state legislature, or whatever entity sets tuition and fees) can also be challenging, impacting the ability to construct COA accurately and on time.
- Managing multiple COAs for different enrollment levels is complicated by students frequently adding and dropping classes.
- Institutions with unique circumstances — such as large metropolitan campuses with fluctuating living costs and multi-campus setups — face additional hurdles in ensuring their COAs reflect actual student expenses.
- A few cited as a challenge the lack of reliable data sources for housing and living expenses, with some institutions relying on Veterans Affairs (VA) housing rates or state-mandated components that may not align with the rules for what is permitted in the COA. Additionally, some raised concerns about the accuracy of student-reported costs, as underreporting, especially for room and board, can lead to artificially low estimates that do not truly reflect student needs.
- Some respondents expressed a need for clearer guidance, particularly on setting living expenses for online programs, and more tailored resources on survey research methods specific to financial aid.

Survey Question: Do you review the COAs of peer institutions (even if you do not use peer institution COA data to construct your COA)?

Yes	65%
No	33%
Unsure/don't know	2%
n	94

Survey Question: What would help your institution improve how it constructs its COA? (Check all that apply.)

Direction from ED on COA construction best practices (but which does not require institutions to adhere to any particular practice)	48%
Prescriptive guidance from ED dictating how institutions must construct their COAs (requiring institutions to adhere to whatever practices are specified in guidance)	14%
Training on survey best practices and/or survey data analysis	50%
List of standardized data sources institutions can use to construct COA	73%
Other resources (please specify)	13%
n	90

Twelve respondents left open-ended comments. Five comments did not offer suggestions for improvement or indicate satisfaction with the current process. The remaining comments included suggestions such as the following:

- **Desire for less oversight:** Some institutions do not want additional regulatory guidance, fearing it could limit flexibility in accurately reflecting student costs, especially in high-cost regions.
- **Need for better data sources:** Institutions struggle with reliable COA components data, particularly housing and living expenses.
- **Consistency in survey terminology:** Standardized terminology across financial aid surveys would improve comparability and data accuracy.
- **Challenges with housing costs in COA:** Housing options are often unknown; suggestions include adding housing status to the FAFSA or reconsidering the requirement for multiple housing COAs.

- **Training and resources:** Interest in training on evaluating institutional data for COA accuracy, such as analyzing student commuter distances.
- **Guidance on COA development:** Some institutions would appreciate recommended cost categories and best practices, including guidance on student focus groups to assess expenses.

Survey Question: Rate your level of confidence in your institution's COA to accurately estimate typical expenses your students incur:

Very confident	43%
Somewhat confident	54%
Somewhat not confident	2%
Not at all confident	0%
Unsure/don't know	1%
n	95

Survey Question: Do you think your institution's total COA is[a]:

Too high as compared to typical expenses my students incur	9%
Too low as compared to typical expenses my students incur	45%
Unsure/don't know — I just don't think it's accurate as compared to typical expenses my students incur	45%
n	22

[a] This question was only displayed to respondents who answered, "Not at all confident," "Somewhat not confident," or "Somewhat confident" to the prior question.

Appendix C: Summary and Findings from Virtual Focus Groups of Financial Aid Practitioners

Key Findings and Cross-sector Themes

Across seven focus groups with financial aid administrators from diverse institutional sectors, participants described a COA construction process profoundly shaped by institutional context, resource constraints, and federal policy uncertainty. While approaches to collecting and using data sources and frequency of updates vary, five cross-cutting themes emerged:

- **Wide variation in methodology and oversight:** Some institutions use centralized, system-wide processes, while others develop COA in-house with limited external review. Final authority typically resides in the financial aid office, but system-level mandates are increasing.
- **Persistent housing data and categorization challenges:** Housing remains the most complex COA component. Participants cited volatility in local rental markets, lack of student-reported data, and difficulties accommodating hybrid and distance learners.
- **Mixed views on data sources:** Institutions rely heavily on College Board budgets, local surveys, and CPI adjustments, but many question the accuracy or applicability of standard tools. Several participants described creative or locally tailored approaches to address data gaps.
- **Strong demand for guidance:** Across sectors, there was consistent support for optional tools, recommended practices, and peer benchmarks to help improve COA accuracy without undermining institutional autonomy.
- **Concerns about potential federal regulation:** Participants were divided. Some welcomed clearer guardrails and consistency; others feared that rigid federal rules could reduce flexibility or fail to reflect local cost realities.

The sections below organize focus group findings around each protocol question, with anonymized quotes by sector and attention to shared and sector-specific patterns.

Process for Constructing or Updating a COA

Most institutions begin COA planning in the fall or early winter to finalize figures before aid packaging timelines. The financial aid office leads the process and retains final authority at many institutions — particularly private and smaller public colleges. Others, especially large public and community colleges, operate under system-level coordination or state-level recommendations.

- A community college participant described a statewide COA committee under their state financial aid association: “They break it down by enrollment level and housing status, and most of our colleges use that.”
- A graduate/professional school reported using weighted ZIP-code analysis to estimate local rent: “We mapped where students live and pulled rent averages from Zillow and Craigslist, then weighted them by enrollment.”

Final decision-making varied. Some institutions needed approval from enrollment management or system offices; others operated with complete autonomy. Financial aid was the lead actor in nearly all cases, sometimes coordinating with housing, finance, institutional research, or academic departments.

Frequency of COA Component Review and Updating

Institutions overwhelmingly review COA annually, though indirect components may only be updated every two to three years unless a significant change occurs. Some use automatic CPI adjustments or benchmarking against peer institutions or regional standards.

- At a public 4-year institution, a participant noted: "We evaluate the COA yearly, even if tuition is frozen. Some items don't change, but we still review them."
- An administrator at a private 4-year institution added: "We review all direct costs annually and indirect costs every other year by policy."

However, institutions with limited data access or staffing resources often defaulted to older COA values, with some reporting that specific components — such as personal or transportation costs — had not been updated in three to five years. In particular, schools facing housing data challenges or uncertainty around student behaviors (e.g., commuting patterns or hybrid enrollment) noted difficulty justifying more frequent updates, even when they believed such updates might be warranted to reflect current student costs.

Usage and Helpfulness of Data Sources

Most institutions triangulate data from multiple sources. Commonly used inputs include:

- College Board moderate budgets
- CPI or regional inflation data
- Local rental listings or ZIP code-based rent surveys
- Vendor-provided book cost averages
- Student surveys (often with concerns about reliability)

Many flagged concerns about student-reported data, especially underreporting of living costs: "Students share costs for room and board, which can perpetuate an artificially low budget," one community college participant noted.

Other administrators described using creative or locally tailored approaches to fill data gaps when standard sources were insufficient. One graduate school, for example, used U.S. Department of Agriculture (USDA) meal plan guidelines and SmartAsset utility estimates to build more accurate components of living expenses. A public 4-year institution referenced a system-mandated student survey that yielded stronger response rates than previous campus-led efforts, enabling more robust benchmarking of student-reported costs.

Every sector reported misalignment between standardized tools and actual student costs, particularly for housing and transportation.

- A private 4-year participant shared: "We've had students ask for additions like support animals' food and vet bills. That's not in any standard model."
- A graduate/professional school noted: "Rent varies dramatically depending on where you live and whether you have roommates."

Community colleges and public four-year colleges especially noted the difficulty of adjusting for multiple campus locations, commuter students, and rural versus urban cost differences. Online and hybrid program formats also complicate budgeting, as students increasingly live farther from campus, move more frequently, or face variable lease arrangements and utility expenses, shifting the traditional assumptions about fixed, location-based living costs.

Challenges Faced During COA Construction and Updating

Key barriers included:

- **Timing:** Tuition and fee schedules are often finalized after COAs are needed to package student aid.
- **Data limitations:** Few reliable sources exist for local housing, transportation, and personal costs.
- **Student survey issues**: Low response rates and underreporting of expenses can compromise data quality.
- **Cross-campus consistency:** Multi-campus systems struggle to apply one COA model across diverse student experiences.

One 4-year public participant said: "We're caught between wanting realistic numbers and political pressure to keep the sticker price low."

Others cited administrative bottlenecks or lack of staffing as obstacles to conducting research or validating COA estimates.

Feedback on Potential U.S. Department of Education Regulation

Views on potential federal regulation were split. A few participants supported prescriptive standards, particularly those frustrated with internal debates over COA levels. More often, though, administrators expressed concern about inflexible rules that wouldn't reflect regional cost differences or populations beyond traditional undergraduate students' needs.

- A private 4-year administrator said: "Part of me would welcome prescriptive guidance, but I worry ED wouldn't take into account our high-cost region and grad students."

Participants broadly preferred optional tools and guidance over regulation. Many called for:

- Sample methodologies or data sources
- Best practice toolkits
- Sector-specific case examples
- Greater transparency around peer institution COAs, such as access to more detailed breakdowns of how other schools calculate and justify their COA components (e.g., housing assumptions, data sources used, update frequency), to better benchmark and align practices across similar institutions

Conclusion

Participants appreciated the opportunity to share practices and expressed a strong interest in continuing sector-specific conversations about COA. They urged NASFAA and its partners to facilitate future resource sharing and collective problem solving, particularly around housing data, student engagement strategies, and benchmarking.

As one community college administrator summarized: "We're doing our best with what we have, but having a better set of tools — and knowing what others are doing — would go a long way."

Appendix D: Summary and Findings From One-on-one Interviews With Financial Aid Practitioners

Institutional Perspectives on COA Construction

To supplement the survey and focus group findings, NASFAA conducted 10 one-on-one interviews with financial aid administrators at various postsecondary institutions. Interviewees were selected to fill gaps in sector and geographic representation from the focus groups. They included administrators from public and private nonprofit four-year institutions, community colleges, proprietary schools, and a graduate/professional institution. These interviews offered more profound insight into how institutions approach COA construction, where they encounter challenges, and how institutional context shapes both philosophy and practice.

Annual and Flexible Timelines

Most institutions conduct a formal COA review annually, typically beginning in the fall or early winter and finalizing in time for packaging in the spring. However, the scope and sequencing of the update process vary. Several institutions update all components annually; others use multi-year cycles for indirect costs unless inflation or other factors prompt earlier review. A few institutions described streamlined timelines, finalizing COA updates in about one to two weeks. Across sectors, staff capacity and data availability influenced the rigor of updates.

Most institutions conduct a formal COA review annually, typically beginning in the fall or early winter and finalizing in time for packaging in the spring. However, the scope and sequencing of the update process vary by sector and institutional capacity. Several institutions — particularly public four-year and graduate/professional schools — aim to update all components yearly. In contrast, others — especially smaller or under-resourced colleges — follow multi-year cycles for indirect costs, unless inflation or other pressures prompt an earlier review. A few institutions described streamlined or abbreviated processes, finalizing COA updates in one to two weeks.

Practitioners across all sectors noted that tuition setting, COA review, and aid packaging are rarely synchronized. COA figures for fall 2025, for example, are typically reviewed in fall 2024, before tuition and fee amounts are finalized, and often use standardized or locally sourced cost data from the 2023–24 academic year. This sequencing means institutions may rely on lagging indicators when building aid offers, particularly for indirect costs. Several administrators emphasized that while the annual timeline supports predictability and regulatory compliance, it can limit their ability to fully capture students' real-time expenses or respond to emerging economic changes.

Authority and Structure

In most cases, the financial aid office holds final authority over COA development, particularly at private nonprofit institutions. Community colleges and public four-year institutions described more variable structures, ranging from full autonomy to system-driven coordination or enrollment management review. Proprietary institutions often involved senior leadership in tuition and fee decisions, but left indirect COA components largely to financial aid administrators. Multiple interviewees desired broader campus engagement in COA discussions, particularly among leadership and academic departments.

Data Sources and Validation Strategies

Institutions reported using a mix of national, state, and local data sources to inform indirect COA components. The most commonly cited resources included USDA food budgets, Internal Revenue Service mileage rates, local apartment listings, and the College Board's moderate budgets. Some schools, particularly community colleges, also used military housing allowances or VA rates as a starting point. While administrators did not focus heavily on the accuracy of these standardized sources, several described combining or adjusting them using local information — such as ZIP-code-level data or student input — to better reflect their institutional context. A few institutions mentioned triangulating costs across multiple tools.

Several interviewees raised concerns about data reliability, particularly when using online consumer sources or attempting to compare across sectors. One community college administrator noted: "It's one thing to research housing in my area … but if I were in a much more rural area, I don't think I'd find anything credible."

Many institutions avoided student surveys due to concerns about low response rates and inaccurate reporting, though one noted strong participation when a student government association co-sponsored the effort.

Navigating COA Adjustments for Distinct Student Groups

Students with dependents were the most frequently mentioned population requiring cost adjustments, often related to dependent care expenses. While some institutions applied a standard allowance amount based on averages of estimated expenses, others handled such cases individually by collecting additional information or documentation of actual costs from the student.

Several administrators identified challenges in aligning the COA with the living expenses of particular student populations. For students enrolled in high-cost academic programs, such as nursing, engineering, and allied health, COA construction was complicated by licensing fees, program-specific materials, and varying costs between cohorts. Institutions often relied on program offices to flag these expenses, but not all had formal mechanisms to ensure accuracy or consistency. Older students and those with dependents frequently request COA adjustments for childcare or nontraditional living situations. Yet, most institutions addressed these requests on a case-by-case basis rather than through standardized budgets or proactive identification.

While not always associated with additional costs, distance education created housing and transportation estimate complexities. There is variation in how institutions approach COA for online or hybrid students, especially in the absence of formal guidance. Some institutions applied the same COA across all formats (in-person and online), particularly if tuition and fee amounts were equivalent. Others noted that distance learners sometimes triggered more requests for COA adjustments, suggesting that the standard COA may not reflect their actual costs — especially housing or transportation. A few institutions described uncertainty about how to handle students who live locally but enroll remotely, being unclear whether to include transportation at all.

Many institutions acknowledged that students with dependents, disabilities, or other special circumstances were often underserved in budgeting and outreach, not because they were overlooked, but because support structures were informal and staff capacity was limited. Several administrators noted that these students make up a visible and growing portion of their institution's enrollment, particularly in adult learner or online programs. However, outreach often occurs informally, through individualized counseling or financial aid appointments, rather than systematized communication. One public four-year institution described relying on appeals to account for childcare expenses and indicated conversations during regular advising often surface these needs. A private nonprofit institution echoed this, noting that capacity constraints and a focus on one-on-one service mean these issues are addressed on a case-by-case basis rather than through broad outreach.

COA Complexity and Internal Pressures

Administrators described balancing a range of internal and external considerations when constructing their COA. Institutional decisions are often shaped by local context, public expectations, and operational realities. Some institutions, particularly those in competitive markets or with tuition-dependent budgets, reported being mindful of how COA figures are interpreted by prospective students, families, or external stakeholders. In one case, an institution shared that it adjusts published totals slightly to remain under psychologically significant pricing thresholds — reflecting a broader sensitivity to how cost figures are perceived, not a departure from actual costs.

Other institutions shared philosophical approaches to budgeting that reflect their student demographics. One public institution with a large commuter population noted that it historically aligned its budgets with a student's existing living situation, reasoning that if no lifestyle change occurred, limited COA allowances may be sufficient. At the same time, the administrator acknowledged that this practice may require reexamination.

In several interviews, participants reported that institutional infrastructure also played a role in shaping COA practices. At one community college, a long-standing student information system required COA components to be calculated on a per-credit-hour basis, which made accurate housing status data important for building individualized budgets, but collecting and maintaining that information from students was often difficult. Across all examples, administrators emphasized that COA development is guided by policy, but also by institutional priorities, technological systems, and the changing needs of students.

Institutional Philosophy and COA as Messaging

While COA is fundamentally a determinant of student aid eligibility, several administrators emphasized its role as a broader institutional signal. Interviewees noted that COA figures are closely scrutinized by students, families, the media, and ranking organizations, and that their presentation can influence perceptions of affordability and value. Some institutions described internal collaboration between financial aid and senior leadership to ensure that COA updates reflect accurate costs, institutional priorities, and strategic positioning.

Other administrators framed COA as a tool for student advocacy, aiming to benchmark against peer institutions and align budgets more closely with actual living expenses. A graduate/professional institution noted that comparing COAs to those at nearby medical schools helped validate their assumptions and support students' needs. These varying approaches highlight COA's dual role — as an eligibility index and a reflection of institutional philosophy.

Desire for Targeted Guidance, Not Regulation

As in the focus groups, institutional interviewees were wary of federal overreach into COA construction. While most welcomed shared tools, best practices, and templates, nearly all emphasized the need to preserve flexibility to accommodate their specific student population.

Institutional Perspectives on State-level COA Construction Initiatives

To further explore variation in how states engage with the development of COA figures, NASFAA conducted six one-on-one interviews across three states, each representing a distinct model of state-level involvement. These interviews revealed important structural and operational differences in how COA components are developed, disseminated, and used by institutions, as well as surfaced practitioner perspectives on the benefits and trade-offs of each approach.

Model 1: Centralized Tuition Setting with Institution-defined Indirect Costs

In one state, tuition rates for public institutions are centrally defined by a coordinating board or board of regents and must be used by public institutions when constructing their COA. These tuition rates are typically set per credit hour and may involve multiple layers, such as state-mandated tuition, designated tuition set by institutional boards, and additional institutional charges. Institutions are required to report these figures annually, and reporting is tied to state funding eligibility.

In contrast, each institution develops indirect COA components (e.g., housing, transportation, food) independently. Practitioners described this model as relatively low burden from a reporting standpoint, despite being required to report all COA components back to their state department of education. Still, they noted tensions between the credit-hour assumptions used for state reporting (e.g., 30 credits per year) and actual student enrollment patterns (e.g., 24 credits at community colleges). While the state does not require approval of institutional COA calculations, it may flag large year-over-year variances and request explanations. Given the wide variation in student demographics and cost of living across regions, administrators emphasized that maintaining local control over indirect costs is essential.

Model 2: State-Parameters Indirect Costs With Institutional Control Over Tuition

In one state, the ED annually provides parameters for indirect COA components, including housing, food, transportation, and personal expenses. These parameters are intended to promote consistency across public institutions and are published in a standardized format each year. However, institutions are not required to use the figures as provided. If an institution chooses to use different amounts, typically to reflect the needs of graduate students or cost variations in specific regions, they must submit documentation to the state explaining their rationale. No formal approval process exists for these changes, but they are recorded for accountability and audit purposes.

Tuition and fees, by contrast, are set independently by each institution. Practitioners emphasized that while the state does not dictate tuition levels, it may impose overall caps or guidance on allowable increases. Some administrators appreciated the predictability and baseline structure provided by the state's indirect cost estimates and noted concerns about the fit of a single statewide figure for diverse institutional contexts. For example, several interviewees pointed out that housing estimates were based on the most expensive county in the state, which may overstate costs in rural areas. Nonetheless, most agreed that the state-provided figures were a helpful starting point and that the ability to modify them preserved necessary flexibility.

Model 3: Profession-led, Voluntary COA Guidance

In a third state, indirect COA components are developed and shared by the state's financial aid administrators association as a service to member institutions. The association uses publicly available data to estimate reasonable expenses for major COA categories and publishes the figures annually. The suggested figures are voluntary, and institutions may modify or disregard them without notification or oversight. Interviewees noted that the association does not formally track how often or in what ways institutions adopt the recommendations. Because this approach is practitioner-driven and entirely voluntary, it was viewed as responsive to institutional needs and aligned with how financial aid administrators approach COA development. However, the absence of tracking or required reporting means it is difficult to know how often institutions adopt or modify the suggested figures, limiting opportunities for consistency or cross-institutional comparisons.

Cross-cutting Themes and Policy Implications

Across all three models, interviewees acknowledged the value of state-level coordination but emphasized the need for flexibility to reflect institutional and regional variation. Practitioners appreciated when state-developed COA figures were well documented and grounded in reasonable data, and several emphasized the resource-saving benefits of having baseline figures available. However, they also raised concerns about the appropriateness of "one-size-fits-all" budgets, particularly in states with significant urban-rural divides, large graduate student populations, or varying credit-hour norms. Notably, in two of the models, public institutions must report COA figures alongside other data, as a condition of receiving state financial aid, creating an additional layer of accountability beyond federal requirements. Despite this, practitioners generally felt the trade-off was worthwhile, especially considering the consistency and administrative relief of receiving state-developed or system-coordinated figures. While most participants expressed skepticism about federal regulation of COA, several supported encouraging states to adopt or adapt common frameworks, especially if informed by practitioner input and sensitive to local variation.

Practitioner Concerns About the Median Cost of College Cap

In every one-on-one interview, whether institution- or state-focused, participants were asked to reflect on the potential impact of capping federal aid at the MCOC, as proposed in the House Education & Workforce Committee's portion of the reconciliation bill. Nearly all respondents expressed concern about the risk of disconnecting federal aid limits from real, institution-specific student costs.

Practitioners working at institutions in high-cost urban areas feared that MCOC could artificially constrain students' access to aid, especially in cities where rent, food, and transportation costs outpace national averages. Others worried about how MCOC would account for institutional diversity — not just between regions, but also between student populations. One administrator noted that a federally set rent allowance "would be way too low for what the cost of living would be in the area," and warned that without flexibility, institutions "would have to get an appeal from everybody" just to ensure students could afford adequate housing.

Respondents also voiced practical concerns about data quality, administrative burden, and timeliness. Several flagged the challenge of calculating and validating COA figures at a level of granularity such as the six-digit CIP code level that would be required for the MCOC provisions if they became law. While financial aid administrators support efforts to improve clarity and consistency in COA practices, many expressed concern about relying on federal data sources — such as IPEDS, the FSA Data Center, or financial value transparency tools — that are often a year or more out of date. These sources may not capture the full range of costs faced by students, particularly in areas with volatile housing or transportation markets. As one administrator noted, if nationally applied caps don't reflect local conditions, institutions may face an increased number of individual requests for adjustments. These concerns highlight the need for any federal approach to balance consistency with flexibility, ensuring that students' real costs remain at the center of policy design.

Overall, administrators across sectors — public and private, two year and four year — shared a common view: that federal aid limits should remain tied to COA, not MCOC. They argued that COA is more responsive to student needs and grounded in the local context. While a few interviewees acknowledged the appeal of national consistency or transparency, most viewed MCOC as a blunt policy tool that could unintentionally reduce access and equity in financial aid. The MCOC cap was not included in the final version of the reconciliation bill that was signed into law on July 4, 2025.