

NASFAA's "Off the Cuff" Podcast – Episode 342 Transcript

OTC AskRegs Experts: Unpacking Cost of Attendance

Speaker 1:

Financial aid is complex, but managing it doesn't have to be. That's why colleges and universities trust PowerFAIDS by College Board. Built with compliance at its core, PowerFAIDS helps aid offices stay ahead of regulations. With decades of expertise and tools designed for today's challenges, PowerFAIDS makes it easier to focus on what matters most, supporting students and their success.

Tim Maggio:

All right, welcome back to another episode of "Off the Cuff" this week. My name is Tim and I'm with the communications team.

David Tolman:

And I'm David Tolman with training and regulatory assistance.

Tim Maggio:

All right, David. This is the first time I think we're hosting "Off the Cuff" together. Are you excited?

David Tolman:

I am. I enjoy working with you. I told you you remind me of Nish Kumar.

Tim Maggio:

That's right.

David Tolman:

Which if anybody knows, you can comment, there's probably two or three people listening who Nish Kumar is. I don't think that you look alike necessarily. It's just your mannerisms, and your even tone, and your easygoing nature.

Tim Maggio:

Well, I appreciate that, David. And hopefully the thing we have in common is that we like to have a little bit of fun. And I did warn you a little bit about the fact that we have a game to play this week, and I'm so glad that this is going to be a little bit of a surprise for you.

But before we get to that, one thing I wanted to tell some of our members about is one thing that we do internally is we choose somebody to be our Ask Me Anything participant in our staff chat, and you recently got to be the person where you had to answer all the questions that NASFAA staff had about you, and type as fast as you can. How was it being on the hot seat for that experience?

David Tolman:

Yeah. I was asked to do it, I didn't volunteer, but I was happy to do it. But yeah, that 30 minutes really just flew by and it was a lot of fun.

Tim Maggio:

Awesome, awesome. So, David, with that being said, I do have a game to play and it does come into that Ask Me Anything where we learned a little bit more for you. Maria, cue the game music.

All right, David, it's time for this week's segment that tests whether we're still compliant or we're just hallucinating. Are you ready for FAFSA or Fantasy?

David Tolman:

Oh, jeez. I think I'm ready. I didn't listen to last week's yet, so I'm not prepared. But yes, let's do it.

Tim Maggio:

All right. Well, what we're going to do is we're just going to do one question this week. What I'll actually do is we'll pick a winner from our podcast comments. We're just like Wait, Wait, Don't Tell Me from NPR, I'll record a voicemail for that individual if they'd like.

But before we get to that, Maria, can you remind our listeners how they can comment or send us in feedback about the podcast?

Maria Carrasco:

Yeah. They can submit a comment on the "Off the Cuff" page once we publish the episode. There's going to be a link towards the bottom of the page, you can write suggestions, comments, how you're feeling, maybe stuff you want us to talk about. Yeah, really up to whatever our members want to say and tell us.

Tim Maggio:

Awesome, awesome. So many of you know, we'll publish this in Today's News, so go to that and check out that link, send us your comments. We love to read all of those comments.

So again, David, it's time for the segment that tests whether we're compliant or we're just hallucinating, FAFSA or Fantasy. So I took this from what people might not know about David is David loves British television, so here's our British binge trivia question. We're imagining a scenario that unfolded at Wernham Hogg University financial aid office, a place known for its painfully awkward, ego-driven manager. Which popular award-winning British comedy series features this office where its manager who would undoubtedly hold a mandatory televised meeting to celebrate the successful and timely mass mailing of 10,000 financial aid offer letters only to discover they accidentally awarded every single student a \$50,000 lifetime supply of paper scholarship, thus bankrupting the university? Is the show, A, The Crown, B, Ted Lasso, C, The Office, or D, Peaky Blinders?

David Tolman:

Well, first, it's fantasy. No financial aid office would make that kind of a mistake. I can't remember, C, The Office. That will be my guess, my final answer. The original Office.

Tim Maggio:

That is correct. The answer is The Office, the original UK version. Only the manager from that show could turn the core function of a financial aid office, sending award letters, into catastrophic university-wide liquidation event. You are correct. So that's all we've got for this week. Then, Wernham Hogg University, that was actually, in the show it's called the Wernham Hogg Paper Company.

David Tolman:

Oh, okay.

Tim Maggio:

So that was your hint. But maybe that's a little too popular culture. You like more of the niche British shows, right?

David Tolman:

Well, most of my streaming is done on PBS, BritBox, and Acorn TV. So yeah, many of the shows that I watch are only to people who have a subscription to one of those. But Christine on our staff is one of those, and she arranges who gets to do the Ask Me Anything, and I think that connection is why she asked me to do it.

Tim Maggio:

Oh, okay. Interesting. As much as I'd love to keep talking about British television with you, David, I know we've got some things to talk about in the financial aid world, but that's all for FAFSA and Fantasy. Thanks again for playing with me. So what are we talking about today?

David Tolman:

Well, today we're going to talk about cost of attendance. And we have a course coming up in NASFAA U about cost of attendance, it starts on January 5th. But one nice thing, I'm involved in all the NASFAA U courses in some way, is we, over a period of four or five weeks, get to interact with students or participants in that class, and then find out what challenges, misconceptions, and things they have about cost of attendance. So I'm not going to try and take four weeks of material and boil it down into 10 minutes, but we're going to hit some of the highlights about cost of attendance in areas that surprisingly or not are areas where there's some common misconceptions about what to do.

Tim Maggio:

Okay, David. I do have to admit, I'm starting to feel like when I was asked to be a cohost of "Off the Cuff," this might just be a sneaky way of trying to keep me up to date and train me on financial aid information since I'm no longer in an aid office and I'm actually on the comm team here at NASFAA.

But that aside, I'm going to ask you a little bit about cost of attendance. But before we get to that, I know that on a previous episode, we had some stuff going on about FSEOG work study and how it was related to the shutdown. I know you wanted to maybe clear up a few things for our listeners?

David Tolman:

Yeah. At the time, there were a couple of communications from the department regarding the shutdown, and one was an electronic announcement and one was just more of a general letter. But the sense we got from that letter in preparation for the shutdown was that work study and FSEOG awarding would have to be put on halt starting October 1st. We thought if it had been previously awarded, you can still disperse. Well, that generated a lot of discussion in the Slack forums and we had an AskRegs article that basically said the same thing. And that was our understanding, as well as a couple other higher ed association understandings.

But fortunately, even though there was a shutdown, there was a negotiated rulemaking going on and policy had a team member there who was able to pull aside one of the Department of Ed staff involved

in that rulemaking and say, "Can you clarify what this meant in that letter?" And the clarification was, "No, this is just the Department of Ed is not going to be awarding to schools starting October 1st if they hadn't already received notification." And where we are in the timeline, I don't know if there are any schools who wouldn't have received their allocations for ... We're not talking draw down, but their notification of allocation.

So it turned out to almost be a non-issue. Of course, then we immediately updated the AskRegs article, David Futrell did that, but the podcast still said something different, so there was a lot of confusion. It all turned out nothing to worry about, but I'm glad that we've got the NASFAA team who can get the answers so quickly, even the during the first few days of a shutdown.

Tim Maggio:

Right, right. Thanks so much for that, David. It just shows the power of our community combined with our staff really being able to get to the bottom of things, and prove that having our voice at negotiated rulemaking and other venues really has some value and importance. So really, really great to hear that. Thanks for clearing that up. And we'll make sure that any resources that are relevant, we'll make sure those are linked in the show notes.

But getting back to the topic of cost of attendance, I know we want to dive into that a little bit. So what is cost of attendance, what's its purpose? Can you help us get started so we're speaking the same language?

David Tolman:

Yeah. The purpose of a cost of attendance is to reflect the cost that the student in the family should reasonably expect to incur over a specific time period, and that time period would align with the time that the student's enrolled in classes. That's the purpose of the cost of attendance. And the primary authority for cost of attendance, it's important to know it's in the Higher Education Act rather than a regulation. Although the department is now allowed to issue regulations on cost of attendance and it's only done so on a very limited basis, so we're still referring back to the Higher Education Act, the statute as the authority, except in those cases where the department will choose to regulate.

Tim Maggio:

Okay. So you're saying we're getting this mostly from the HEA, but sometimes regulation. For folks who maybe are a little bit newer, don't really understand what that means, can you maybe peel that onion for us a little bit? So if the department is able to issues rules on COA, how would schools keep track of this? I know we're going to dive into this a little bit deeper and maybe we can give people some good sources where, if they want to dive into this deeper, what those would be like. I know we put out a self-study guide, you mentioned the NASFAA U course. But what other things can our members use or look for to understand, one, the HEA, but also any regulations that the department puts out?

David Tolman:

Well, the regulations would go through the same process as any other regulatory change. So there would be the discussions, the negotiations, the committees that would get together to propose the regulations and discuss those. And then the department would issue, in the federal register, a notice of proposed rulemaking and then accept comments on that, and then would issue the final rules. All of that in the federal register for those two, proposed and final rules. NASFAA covers those things, so you can stay tuned to NASFAA's news about changes that are upcoming.

And the department did do that a few years ago, when they were given that authority, primarily on the housing and food portion.

Tim Maggio:

Okay.

David Tolman:

And using the average versus the median, and the different components, the divisions, the categories within housing and food that needed to be covered. So it went through that lengthy process.

Now if statutes changed, they just need to change the law, pass the House, pass the Senate, and then get the president's signature. That can happen much more quickly and sometimes without that same amount of warning. But Today's News is a good source to track it, but then we have the policy and procedures tool and all that, that we keep updated to help schools stay on track.

Tim Maggio:

Okay, okay. That's good to know. But it sounds like for the most part with regulations, we'd have a little bit of leeway or time to lead up to understanding what those changes are through that whole process, but the law side, maybe it just depends on how that shakes out, but NASFAA will make sure that we're keeping folks up to date on that so that's great.

I was hoping too that we could maybe dive into maybe what are some of the basics of a cost of attendance, but then start diving a little bit deeper. I know that there's different categories and then there's things under each of those categories. Could you go over those and help paint that picture for us as we have this conversation?

David Tolman:

Yeah. Well, there's two types of allowances. There's basic allowances and then additional allowances. Basic allowances I think everyone's familiar with. It covers tuition and fees, the living expenses, which are primarily housing and food. Then there's a longer category which used to just be books and supplies, statute changed the name of the category to books, course materials, supplies, and equipment. That is the name of that category now. That also includes a personal computer within that category, that's where you would put it if a student has that expense. But then also, the other categories have been around for a while. Transportation, miscellaneous personal expenses. Within those, sometimes it's important to differentiate institutional costs, such as return of Title IV funds and other purposes. And institutional costs, tuition fees, and then institutionally contracted housing food, if somebody's living on campus.

Then in addition to the basic allowances, there's the additional allowances. We'll talk later in more detail, but these are allowances that if the student incurs them, then the financial aid administrator should put them in. So those are study abroad, disability related expenses, federal educational loan fees, dependent care costs, cooperative education costs, and the professional licensure exam costs.

Tim Maggio:

Okay. So you've got these different categories and then these bullet points that are essentially under each category. But for additional allowances, I just wanted to ask a little bit of a clarifying question there. Are these required or not required? You said that students might have to ask for these or they're maybe more on an as-needed basis. Could you walk us through an example of how that might work?

David Tolman:

Well, for the basic allowances, just about every students' going to, except for those that are less than half-time, they're going to have an amount in every one of those basic categories. The additional allowances, the financial aid administrator might not know the student is experiencing it, such as a disability related expense. That might know that the student's planning on going on a study abroad. So the student often needs to inform them about those.

Tim Maggio:

Okay.

David Tolman:

So financial aid administrators don't need to go seeking out every one of those students. But if a student's incurring that cost, then there shouldn't really be a question about whether or not we're going to add it to that student's cost of attendance. Once its known, it should be added.

Tim Maggio:

Okay, gotcha. Awesome. Thank you for that. And then here's my favorite question. How does schools get to these numbers? I imagine some things like housing or food costs might be highly specific because cost of living might vary just based on where you live.

David Tolman:

Yeah, that's a good question. We spend a lot of time talking about compilation of it. We go into general things, this is where you can go for sources, but it usually falls into sets of data. One is primary data. And primary, for those of you who took statistics remember surveys, you're getting this information directly from the students. So when you were on campus, you might have sent out a survey to students or do interviews with certain students, questionnaires, or expenditure diaries are some of the methods that schools can use to get it directly from the students, primary data. It's not required to do it that way, but that is one method.

But it's important to know this is one of those areas of not completely understanding, but if you are using a survey or some other primary data method, the sample needs to be drawn from the entire student body, not just from the students who are receiving financial aid. Back in the days of the old award letter, some schools would send out the award letter to the student and attach a survey and say, "Please send this back." And that would be their source of data, but they're ignoring the whole population of the school that might not have applied for financial aid that year.

You also don't want to get it just from students who are enrolled in one payment period or term, such as the fall. You also don't want to limit it to just one type of student group, like we're only going to survey those who are full-time. So it needs to be representative of your student body.

Tim Maggio:

Okay.

David Tolman:

Then there's secondary data sources. And I have to be honest, this is what I used when I was a director in compiling, but that's going to depend on what kind of data you can access from a third party source, community sources or Bureau of Labor statistics. I like the Bureau of Labor Statistics and I could find

data that was published more specific to my demographic area. If you live in a big city, you'll definitely have access to Bureau of Labor statistics data. There will be information on all kinds of costs.

But anyway, I could spend a lot of time on that, but I'm not. But if you are using a survey or whatever method, reviewing that cost of attendance should be an annual occurrence, not just do a survey once every five years and we're going to leave it alone. So that does not mean that a new survey is required annually.

Tim Maggio:

Okay. I just have a follow-up question too about this. You use all this information to come up with numbers. This shows us that people aren't just pulling numbers out of thin air. So do financial aid administrators have to document this somewhere and be able to answer how these numbers came to be?

David Tolman:

Yes. And those requests can come from surprising areas, such as your state legislators who are looking at, "We've got two colleges that are in the same town and they've got very different numbers. Can you explain this?" Sometimes it's really easily explained because you've got different types of students and different tuition amounts. But yeah, you need to document all these costs.

Tim Maggio:

Understood. Okay. What about tuition and fees?

David Tolman:

Okay, so we can't dive into every category. We'll talk a little bit about tuition and fees. But tuition and fees, the statutory language is basically it should reflect the amount normally assessed students carrying the same workload.

Tim Maggio:

Okay. What does workload mean?

David Tolman:

Well, workload is the term used in statute, but it generally refers to a student's enrollment status. It could cover other things, like students in this program have to do a lot more traveling, or lab work, or incur other types of costs. But in general for the purposes of today, we'll say enrollment status.

Tim Maggio:

Okay, okay. I think I get it, but any chance you have an example handy to help us illustrate the point?

David Tolman:

Yeah, so here's another area. So if tuition amounts differ according to a students' enrollment status, be it students who attend full-time pay higher than the students who attend part-time, then the students' tuition fee allowances should differ by those different enrollment statuses.

So if a student's being assessed 3000 in tuition for the term or the payment period because they're either attending part-time or they are in a lower cost program, but that student whose assessed \$3000

has been granted \$10,000 in their cost of attendance for the tuition and fees component, that wouldn't meet the principle of reasonableness. Is that reasonable? And it could work in either direction, assigning \$3000 to somebody whose assessed \$10,000. So that allowance wouldn't reasonably reflect the cost the family would incur.

But one thing that few schools do but shouldn't is averaging the tuition assessed across all enrollment levels and using that single average to assign to all students regardless of their enrollment status. That wouldn't meet the reasonableness standard and it wouldn't meet the statutory requirement to reflect cost of students carrying the same workload. Unless all those students are paying the same flat rate-

Tim Maggio:

Okay.

David Tolman:

... regardless of their enrollment status.

Tim Maggio:

Understood. What about students who are not charged tuition at all?

David Tolman:

Yeah. If they're not charged at all, then that tuition and fees component should be removed from the cost of attendance. And that's different than if they're assessed and then they have a waiver that applies to their account and wipes out that tuition. If that's the way its handled, then you leave tuition and fees in the cost of attendance, but place an offsetting amount in the student's other financial assistance to net it out. Same result, but it is important to treat them differently.

Tim Maggio:

Understood, understood. I know that we wanted to maybe talk about health insurance as well, and that's pulling from the recesses of my brain. When I was in aid office, I worked at a school where we required health insurance, so you had to prove that you had coverage in the DC area in order to get that waived. That was just always a headache around August time to get all of those types of phone calls. But that aside, I know we want to talk about that for a COA. How does health insurance play into the COA?

David Tolman:

Yeah, and that's a good question. I've got kids in college too and they're mostly covered by my insurance. So in general about fees, to be included in the students' cost of attendance or budget, the fee needs to be at least initially assessed to all students, whether that's in a particular course of study or students in a broad category, such as all undergraduate or graduate students. And then the second one is the fees must be paid directly to the institution.

So if it's something that's optional, then you can only do it on a case-by-case basis. So with health insurance, it needs to be charged to all students or a category of students. So if it's charged to all undergraduate, but not graduate students for example. That would meet undergraduate students, that first criteria. For graduate students, you wouldn't go any further, you wouldn't include it initially.

Tim Maggio:

Understood. And what about if I'm a student and I'm paying that health insurance fee directly to an insurance company, would my school be able to cover that in the cost of attendance?

David Tolman:

Not initially. So the second requirement after being charged to all students in a category is that it's paid to the institution. Even if the institution is not the insurer, they take that money and give it to the third party, that's still okay. But if it's paid directly to an outside party for insurance then you would not put that in there. You wouldn't put it in there, yeah.

Tim Maggio:

Okay. All right. And then I know we've got some other components that we might want to be talking about, like loan fees for example. So this is for students who are borrowing a loan, they get a loan fee. What if a student has those included and then declines the loans?

David Tolman:

Yeah. So first, loan fees need to be included for all students who borrow a loan. It's not optional, so that's one of those additional components. But if they decline the loan, the school's not required to remove it, but it can't mask an over-award. So if a student is fully packaged and they've got a loan fee in there and their aid package matches that loan fee, then you need to reduce their package. So the way most schools do it, they just remove the loan fee to avoid that masking.

Tim Maggio:

Understood, understood. And then we've got things like disability, study abroad, dependent care that we talked a little bit about. Can you go a little bit more into detail with those?

David Tolman:

Yeah. So in general, these additional allowances, they need to be educationally related. But adding expenses for these, when they meet the conditions, it's not a professional judgment decision. If they meet it, then it needs to be put on there. We talked about it earlier, it might be case-by-case. Such as when a student notifies you of those expenses, such as dependent care. But it's not a decision that should be denied when a student qualifies.

And the reason not to look at it as a professional judgment decision is these are costs that can be applied to a whole category of students. So for example, every student in the Greek and Latin language program needs to experience a study abroad in Greece. The expenses for that apply to all students in the program. But PJ would prohibit you from blanket approval for every student in the program, you'd have to do it a different way. But this isn't PJ, they are incurring it, so it can be done more easily without an appeal, without a committee. You just have the documentation that you asked about earlier and you approve it. You add it and approve it.

Tim Maggio:

That makes a lot of sense. I know this from speaking with many of our members and I know our team who looks at AskRegs, we get questions that talk about this stuff sometimes and this is a really good clarification because this is hopefully preventing people from doing unnecessary work or making things harder than they need to be. So really appreciate that clarification.

What about something that we always hear people talking about when it comes to financial aid, maybe in the non-financial aid community at least, is purchasing a car with financial aid. How does that fall into the cost of attendance conversation?

David Tolman:

Yeah. Purchase of a car is one of the few things that's actually prohibited. You cannot include the purchase of a car in the students' cost of attendance.

Tim Maggio:

Gotcha. I think in popular culture, that's what people talk about with, "I got my refund and I spent it on a car," and that's just a completely different conversation, right?

David Tolman:

That is. Don't tell me. Don't tell me what you've done. What you probably did is you purchased the car and then you used the refund to reimburse yourself so you could go out and use that for educational purposes. But yeah, we don't need to track what students do with their credit balances.

Tim Maggio:

Right, right. But how about maintenance for a car? So we can't include purchase of a car in the cost of attendance, but could we include maintenance?

David Tolman:

Yeah, we can, which means maybe financial aid is partly responsible for keeping clunkers on the road with bad emissions and poor gas mileage. We can for maintenance, and that includes maybe including it in the allowance up front or doing it on a case-by-case basis with professional judgment. So yeah, it's going ... Be reasonable. If it's going to be \$10,000 to purchase a decent used car and it's going to cost \$20,000 to fix this, you might deny that. But yeah, you can.

That reminds me of that. How do you tell the difference between the faculty parking lot and the student parking lot?

Tim Maggio:

I don't know.

David Tolman:

The student parking lot is where the better cars are parked. So it's mindset, it's mindset.

Tim Maggio:

Okay. Well, this is really helpful, David. I know you talked about an online course that's coming up where people can dive into these topics a little deeper. But any last things that our listeners should know about cost of attendance before we end out this episode?

David Tolman:

Yeah, one more thing about health insurance. If it is paid to a third party directly, you can't include that up front. This is one area where you can actually use professional judgment.

Tim Maggio:

Okay.

David Tolman:

You can't just do it because they qualify for the waiver because many students might qualify for the waiver. You've got to treat it like professional judgment. And that's one thing that we will talk about in the cost of attendance course is, well, if all these additional components are allowable, when are we exercising professional judgment? We talk a lot, in detail about all of the components. It starts January 5th, so I'm just going to put that little plug in there now. For many schools, that is the Monday after returning from the winter break.

Tim Maggio:

Okay.

David Tolman:

And our courses tend to fill up. I think professional judgment is just about to sell out. So if it's a course that you're interested in or any of the other courses, we can give you the link to the online course registration page and we can also include the link to the FSEOG federal work study shutdown article that is up-to-date as well.

Tim Maggio:

Okay. Thanks so much. And yeah, I think it's Thursday, October 30th, and we still are in a shutdown. So as that continues, if there is any updates or things that our members need to know, just make sure you're constantly monitoring Today's News or our social media. That's where we'll put updates generally. But if there's anything that's really critical for you to know, we'll make sure that we get that information to you as soon as possible. But please send us, again, your comments and let us know what you thought of the episode. If you have questions for David or any of the time, we're happy to hear those. Any feedback about the podcast, please feel free to send those in.

But thanks again for another episode of "Off the Cuff." David, thanks for playing a game with me at the top of the show for FAFSA or Fantasy. And we'll see you all next time. Make sure you like, subscribe, and give us five stars on Spotify.

Speaker 1:

Financial aid is complex, but managing it doesn't have to be. That's why colleges and universities trust PowerFAIDS by College Board. Built with compliance at its core, PowerFAIDS helps aid offices stay ahead of regulations. With decades of expertise and tools designed for today's challenges, PowerFAIDS makes it easier to focus on what matters most, supporting students and their success.