



## Creating Your Cost of Attendance Allowances

Institutions are required to have living allowance budgets for cost of attendance (CoA) purposes regardless of whether it provides on-campus housing or not. Federal aid can be used for both direct educational expenses (tuition, fees, books) as well as for indirect educational expenses (living costs while attending school). Institutions may have as many CoA budget categories as it wishes, but a minimum of two are required by the U.S. Department of Education:

- **Expense Budget for Students With No Dependents, and Living With a Parent**
- **Expenses Budget for All Other Students**

Also, effective beginning with the 2023-2024 award year, institutions are required to publicly disclose their cost of attendance budgets wherever the institution publicly discloses its tuition and fee charges for its programs. This guide includes a suggested format and text for inclusion in your website and other publications involving program charges and required cost of attendance disclosures. First, let us begin with guidance on determining your cost of attendance budgets. This publication is an example of how you might determine your living expense budget amounts. These expenses should be based on your geographic area, so this publication is intended to be a guide for developing your own allowances and not to be construed as providing required amounts.

For simplicity we advise institutions to create *monthly* allowances for cost of attendance budgets. A monthly allowance can be used universally for both full-time and part-time students as well as for students enrolled in programs of different lengths. Federal rules require that your allowances be **reasonable** and **documented**. It is permissible to survey your students about their living expenses and use an average of those amounts as your allowances. We do not recommend that approach because it is unnecessarily burdensome, and students may inadvertently add expenses to their surveys that should not be included in an acceptable cost of attendance allowance. For example, allowances should reflect expenses for the student, not for the entire family. An easier and more controllable way to determine these allowances is described below.

### Living Expenses – Part 1 Housing

Perform an online search of rental properties in your area. Using a sample of properties, determine the average monthly rent expense. That provides you with both a reasonable and documented monthly housing allowance. We further recommend that you consider taking a multi-tenant approach much like university dormitory housing. Using that approach, obtain the average monthly rent expense for 2- or 3-bedroom properties and divide that amount by 2 or 3, respectively. The result will be a more conservative monthly housing allowance, while continuing to be both reasonable and documented.

Housing allowances for students who reside with their parent(s) are more difficult to determine and document. Some adult students pay market value rent to their parent(s), while others may incur no housing expense at all. A simple approach can include using 50% (or other percentage determined to be reasonable by the institution) of the monthly allowance determined for students not living with their parents. Although arbitrary, it results in a lesser housing allowance for these students and provides a reasonable amount that is not zero, the use of which is prohibited by ED rules.

### Living Expenses – Part 2 Food

The IRS publishes annual national standards for monthly food and miscellaneous personal expenses. You can determine your own monthly food allowance if you wish, but there is no better, or easier, way to have a reasonable and documented allowance than obtaining it directly from a government agency. See the attachment to this publication for a copy of the most recent IRS publication.

### **Miscellaneous Personal Expenses**

The same IRS publication described above also provides a national standard for miscellaneous expenses. Once again, you can determine your own monthly miscellaneous expense allowance if you wish, but we recommend using this IRS national standard.

### **Transportation**

Your transportation allowance can include reasonable transportation expenses the student might incur for transportation between school and home or between school and the student's place of employment. The allowance is not intended to include the price of a vehicle or the monthly payment amount for the purchase of a vehicle. If your campus is in an area serviced by public transportation, a reasonable and documented monthly transportation allowance would be the cost of a monthly bus/train pass. Remember that your allowances do not have to reflect a student's actual expense. You are just determining a reasonable and documented allowance. If your campus is not serviced by public transportation, then arriving at a transportation allowance will require more effort.

Whether you use IRS mileage allowances or other amounts researchable from numerous sites on the Internet, be sure to follow the two main rules. Allowances, in any category, must be reasonable and documented. The 2023 IRS allowance for business transportation deductions is 65.5 cents per mile. One approach would be to determine the average miles per month driven by the student to/from school and use an allowance of no more than the 65.5 cents per mile IRS allowance to determine your monthly transportation expense allowance.

In 2022, ACCT Now (The Association of Community College Trustees) published that the average full-time community college student pays \$1,760 per year in transportation expenses for college. Assuming a traditional, 9-month school year, that would result in a monthly transportation allowance of just under \$200.

Different approaches can yield far different results. We continue to recommend conservatism to keep your costs of attendance allowances low while remembering that results must be reasonable and documented.

**Expense allowances for the previous three categories (Living Expenses, Miscellaneous Personal Expenses, and Transportation) are required for use with all students' financial aid needs analyses. The following categories include additional expenses that may be included in a cost of attendance calculation. These categories, however, will likely not affect all students so any allowances to follow should only be included in cost of attendance calculations affecting those students.**

### **Dependent Care or Disability Care**

Reasonable monthly expenses for the care of a student's dependents, or due to a disability of the student, may be included in this expense category. Schools may elect to add these expenses to a student's cost of attendance calculation on a student-by-student basis or may establish a unique budget category that includes a reasonable allowance for these expenses. Any such budget category should only be used for students that incur dependent or disability care expenses, respectively.

### **Federal Loan Fees**

Federal Direct Student Loan origination fees may be included in the cost of attendance for loan recipients. Any fees for non-federal/private student loans may not be included. Unlike the previous categories discussed, these fees are one-time fees as opposed to recurring monthly expenses. Schools may elect to add these expenses to a student's cost of attendance calculation on a student-by-student basis or may establish a standard allowance for this one-time expense in its other budget categories. Origination fees for 2023-2024 are approximately 1% of the gross loan amount. Accordingly, a maximum allowance for students obtaining full loans would be \$95 for independent students or \$55 for dependent students for a first academic year of a program of study.

### **License Fees**

An allowance may be included for expenses incurred by the student relating to licensure or certification required to enter the occupation for which the program of study prepares students. As with federal loan fees, this allowance should be a fixed amount and not a recurring monthly expense.

### **Study Abroad, Correspondence Study, or Distance Education Expenses**

Allowances, as determined by the school, related to expenses involved with study abroad, correspondence study, or distance education.

## Suggested Public Disclosures for Cost of Attendance Allowances

Financial aid eligibility is limited by the cost of attendance for the student's program of study, or for each academic year of a program longer than one year in length. As required by law, the cost of attendance includes both institutional charges, such as tuition and fees, and institutionally determined expense allowances for living costs, transportation, and other allowable expenses. Living costs are required to be included in cost of attendance calculations regardless of whether housing is provided by the institution or if students reside off-campus. **These expense allowances do not represent fees assessed to students by the institution.** The only fees for which students are liable are the tuition and other fees outlined in your enrollment agreement. These estimated expense allowances are only used for compliance and financial aid eligibility purposes.

The following monthly expense allowances are used by *[institution name]* in the student's total cost of attendance determination:

**Category 1** includes students who have no dependents and who live with a parent.  
**Category 2** includes all other students.

	Category 1	Category 2
<b>Monthly Living Expenses (Housing &amp; Food)</b>	\$nnnnn	\$nnnnn
<b>Monthly Miscellaneous Personal Expenses</b>	\$nnnnn	\$nnnnn
<b>Monthly Transportation</b>	\$nnnnn	\$nnnnn

Additional amounts may be included for dependent care or disability care for students who incur and document such expenses. See a financial aid advisor for assistance.

The following one-time expense allowances are used by *[institution name]* in the student's total cost of attendance determination:

	Category 1	Category 2
<b>Federal Student Loan Origination Fees</b> <i>May vary by Academic Year</i>	\$nnnnn	\$nnnnn
<b>Occupational Licensing/Certification Fees</b> <i>May vary by Program</i>	\$nnnnn	\$nnnnn
<b>Study Abroad, Correspondence Study, Or Distance Education Expenses</b> <i>May vary by Program</i>	\$nnnnn	\$nnnnn

***The above is a sample of how an institution might disclose its cost of attendance budget allowances. Institutions should edit the content as desired, eliminating allowances that are not applicable or adding categories, as necessary.***

## 2022 Allowable Living Expenses National Standards

Expense	One Person	Two Persons	Three Persons	Four Persons
Food	\$431	\$779	903	\$1,028
Housekeeping supplies	\$40	\$82	74	\$85
Apparel & services	\$99	\$161	206	\$279
Personal care products & services	\$45	\$82	78	\$96
Miscellaneous	\$170	\$306	349	\$412
<b>Total</b>	<b>\$785</b>	<b>\$1,410</b>	<b>1,610</b>	<b>\$1,900</b>

More than four persons	Additional Persons Amount
For each additional person, add to four-person total allowance:	<b>\$344</b>

## Cost of Attendance Budget Data Form

Accurate Cost of Attendance information is necessary for proper determination of students' federal awards. A student's Cost of Attendance includes tuition, fees, books, supplies, as well as allowances for living expenses (housing & food), miscellaneous personal expenses, and transportation to/from school. The tuition, fees, books, and supplies component will be calculated based on the institutional charges recorded in the Academic Program Record in GEMCOR's Web TEAM Application. The allowances for living expenses, personal expenses, and transportation will be calculated by the TEAM system based on the length of a student's award/loan period, and the monthly allowances identified below.

Schools are required to have separate budget estimates for living expenses for two categories of students; students who have no dependents and who live with their parents, and all other students.

Please provide your monthly expense allowances in the categories below which will be used as your standard living expense budget for students' needs analysis determinations.

<b>Budget Category #1</b>	<b>Budget Category #2</b>
<b>Students with no dependents &amp; who live with their parents</b>	<b>All Other Students</b>
\$	\$
Monthly Housing & Food Allowance	\$
\$	\$
Monthly Personal Expense Allowance	\$
\$	\$
Monthly Transportation Expense Allowance	\$
\$	\$
Monthly "Other" Expense Allowance	\$
\$	\$
"Other" One-Time Expense Allowance	\$
EFFECTIVE DATE FOR THE ABOVE ALLOWANCES	
<div style="border: 1px solid black; display: inline-block; width: 150px; height: 20px; text-align: center; vertical-align: middle;">             /   /           </div>	

Your budgets should represent reasonable expense allowances for the student, not the entire family, and should not reflect a higher standard of living than one would reasonably expect. Excessive budgets can result in unnecessary over-borrowing on the part of your students. Budgets should be reviewed periodically and may be adjusted to reflect significant changes in economic conditions. At your discretion you can also modify any individual student's Cost of Attendance when packaging

**Housing & Food:** This allowance should represent basic housing and food expenses. To avoid excessive housing expenses, we recommend that you consider a "roommate" scenario similar to university dorm housing where rents for a 2-bedroom, or 3-bedroom unit can be prorated for each cohabitant.

**Personal Expenses:** These include non-rent and non-food expenses including but not limited to utilities, clothing, insurance, etc.

**Transportation:** This should represent a reasonable expense allowance for transportation between the institution and the student's residence or place of employment. It should not include car payments, the purchase price of a vehicle, or insurance. It should only be reflective of educationally related transportation expenses. The monthly cost of public transportation may be appropriate if the institution is serviced by public transportation routes.

**One-Time Expenses:** May include federal loan origination fees or the costs of any licensing/certification required to enter the occupation for which the program prepares the student.

By signing below, I certify that I am an authorized official of the institution listed below and I authorize GEMCOR, Inc. to create the cost of attendance living expense allowances based on the information provided for purposes of packaging Title IV federal student aid.

\_\_\_\_\_  
**School Name**

\_\_\_\_\_  
**School Official's Signature**

\_\_\_\_\_  
**School Official's Name and Title**

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
**Date**