

Integrated Postsecondary Education Data System Institutional Characteristics and Student Financial Aid Concepts, Terms, and Definitions that May Cause Confusion: Is It A Price, Cost, or Charge? Tutorial Script 2023-24 Data Collection Cycle

Description: To clarify average net price, cost of attendance, student charges, and other concepts, terms, and definitions used synonymously that have different meanings for the purpose of reporting to the Integrated Postsecondary Education Data System (IPEDS).

On behalf of the Institute of Education Sciences' (IES) National Center for Education Statistics (NCES) and the Association for Institutional Research (AIR), welcome to this tutorial on concepts, terms, and definitions that cause confusion when reporting data to IPEDS.

The purpose of this tutorial is to review commonly misunderstood price, costs, and student billing concepts and definitions used within the Student Financial Aid (SFA) survey component, and between survey components where other data is collected and used to calculate IPEDS variables to help NCES minimize IPEDS reporting errors and increase the consistency, comparability, reliability, and validity of IPEDS data. After completing this tutorial, participants will be able to identify, define, and apply terms and concepts that describe how much students pay for college.

Is it a price, cost, or charge?

When students, parents, and other members of the campus community talk about money and payments for college, they may ask themselves the following questions:

- Price: How much do I have to pay? Or What is the sticker price?
- Institutional Costs: What is the value of the resources used to provide instruction and student services? Or How much does it cost the institution to provide this program and other services?
- Student Costs: What are the total expenses for the student for the period of enrollment? Or What is the total cost to my family?
- Student Charges: What amount is going to appear on my bill/student account? Or What charges and payments will be posted to my student account at the institution?

While there are some similarities, these terms sometimes represent different concepts in postsecondary education but are often used interchangeably by members of the education community. Sometimes, this creates confusion among IPEDS data reporters.

Some terms and definitions data reporters may erroneously use interchangeably include:

- Tuition and fees (published charges);
- Average tuition and fees;
- Cost of attendance components;

- Average cost of attendance;
- Average net price;
- Total cost of attendance; and
- Student charges.

This tutorial focuses on clarifying these concepts for IPEDS reporting purposes. Please contact the financial aid office if you have questions about how these terms are used at your institution.

The IPEDS Glossary defines *Tuition and fees (published charges)* as:

The amount of tuition and required fees covering a full academic year most frequently charged to students. These values represent what a typical student would be charged and may not be the same for all students at an institution. If tuition is charged on a per-credit-hour basis, the average full-time credit hour load for an entire academic year is used to estimate average tuition. Required fees include all fixed sum charges that are required of such a large proportion of all students that the student who does not pay the charges is an exception.

In summary, *Tuition and fees (published charges)* represent:

- What a typical student pays for the academic year;
- Per credit cost or average annualized program cost; and
- Fees charged to most students based on program level.

While *tuition and fees (published charges)* is clearly defined for IPEDS reporting purposes, this term is sometimes used interchangeably with the tuition and fees *cost of attendance component* used to compute *total cost of attendance*. *Cost of attendance* is the amount of tuition and fees, room and board, books and supplies, and other expenses used to determine a student's eligibility for financial aid. Since tuition and fees (published charges) represent the costs most frequently charged to students for the academic year for IPEDS reporting purposes, they may be the same as, or different from, the actual or average tuition and fees used by the financial aid office.

The IPEDS Glossary defines:

Cost of attendance as the amount of tuition and fees, , food and housing; books, course materials, supplies, and equipment; and other expenses that a full-time, first-time degree/certificate-seeking student can expect to pay to go to college for an academic year. Costs reported to IPEDS by the institution are those amounts used by the financial aid office to determine a student's financial need for the academic year, which is typically nine months;

and

Total cost of attendance as the sum of the cost of attendance components used to compute the average net price for first-time, full-time degree or certificate seeking students for IPEDS reporting purposes. This amount is typically based on a nine-month period for institutions using a traditional academic calendar. Program reporters provide one month of costs that are annualized in the system for IPEDS reporting purposes.

In IPEDS, the total cost of attendance issued to compute the *average net price* for first-time, full-time degree or certificate seeking students. For program reporters, the tuition and fees component is for the institution's largest program based on enrollment.

According to the IPEDS Student Financial Aid survey component instructions, the cost of attendance components for food and housing; books and supplies; and miscellaneous expenses reported to IPEDS and the cost of attendance used to determine eligibility for Title IV financial aid programs should be the same.

Because *cost of attendance* is used to calculate *average net price*, it is sometimes confused with the *average cost of attendance*.

What is the average cost of attendance and how is it used?

The Higher Education Act (HEA) of 1965, as amended, Section 472 (20 USC § 1087II), allows postsecondary institutions to use actual or average costs to determine a student's eligibility for Title IV aid. For a student enrolled at least half-time, *allowable costs* typically include:

- Tuition and fees;
- Books, course materials, supplies, and equipment;
- Food and housing (also called living expenses);
- Transportation;
- Miscellaneous personal expenses;
- Dependent care;
- Study abroad expenses;
- Disability-related expenses;
- Cooperative education costs;
- Federal student loan fees; and
- Professional licensure, certification, or first professional credential costs.

Note: Books, course materials, supplies, and equipment such as computer costs may be included in the tuition and fees component or the books, course materials, supplies, and equipment component. Also, the HEA of 1965, as amended, Section 472(a) (20 USC § 1087II) states institutions cannot make cost distinctions based on mode of instruction for students taking distance education courses or enrolled in distance education programs.

The *cost of attendance* used for IPEDS reporting discussed previously, particularly Other Expenses, might include some allowable costs listed here such as, dependent care, study abroad, and/or disability expenses. Many postsecondary institutions average these costs for distinct categories of students to determine financial aid eligibility. Some examples of student categories used to compute the *average cost of attendance* are:

- Enrollment status;
- State residency; and
- Academic program.

Recall *cost of attendance* as defined by IPEDS is used to calculate *average net price*—the average yearly price actually charged to first-time, full-time undergraduate students receiving student aid at an institution of higher education after deducting such aid.

The IPEDS Glossary definition of *Average net price* reads:

The Higher Education Act, as amended (2008), defines institutional net price as "the average yearly price actually charged to first-time, full-time undergraduate students receiving student aid at an institution of higher education after deducting such aid." In IPEDS, average institutional net price is generated by subtracting the average amount of federal, state/local government, or institutional grant and scholarship aid from the total cost of attendance. Total cost of attendance is the sum of published tuition and required fees (lower of in-district or in-state for applicable institutions), books and supplies, and the weighted average for food and housing and other expenses. Cost of attendance data are collected in the Institutional Characteristics (IC) component of IPEDS, and financial aid data are collected in the Student Financial Aid (SFA) component of IPEDS.

Here is the formula NCES uses to calculate *average net price*:

Total cost of attendance - Average federal, state, local, and institutional grant and scholarship aid = Average net price

Note *Total cost of attendance* has a different definition for the average net price calculation. Here it is defined as the sum of published tuition and required fees (lower of in-district or in-state for applicable institutions), books and supplies, and the weighted average for room and board and other expenses.

The important take away here is the definition of *total cost of attendance* for determining financial aid eligibility may be different from the definition used to calculate *average net price* for some institutions. It may vary if an institution uses average costs for different categories of students; or a combination of actual tuition and fee costs and average costs for the remaining cost of attendance components to determine financial aid eligibility. However, there are some similarities since the same *cost of attendance components* are used even though different methods may be used to determine the amounts.

After NCES calculates *average net price* for institutions, the data is posted on College Navigator to help students and parents compare average net price across postsecondary institutions. College Navigator provides the *average net price* for students beginning college who attend full time also known as first-time, full-time students.

How is the average net price on College Navigator different from published tuition and fees; total cost of attendance; allowable costs; and student charges?

Let us take a closer look at the IPEDS data items that make up published tuition and fees and the other cost concepts discussed and compare them to the data items used to calculate average net price.

Cost of Attendance Component Comparison Chart

IPEDS Data Item ¹	IPEDS Total COA ²	Allowable costs (actual or average) per HEA of 1965, as amended	Average net price (IPEDS calculated) ¹³
Tuition	✓	✓	Average published tuition
Fees	✓	✓	Average published fees
Food	✓	✓	Weighted average
Housing	✓	✓	Weighted average
Books	✓	✓	Average
Supplies	✓	✓	Average
Other expenses	✓	✓	Weighted average
Transportation		✓	Weighted average
Miscellaneous personal expenses		✓	
Dependent care expenses		✓	
Study abroad expenses		✓	
Disability expenses		✓	
Cooperative education costs		✓	
Loan fees		✓	
Professional licensure, certification, or first professional credential costs		✓	
Federal, state, local, and institutional grant and scholarship aid			Average

IPEDS Total Cost of Attendance



- All data items listed in Column 1 are included in the IPEDS COA even though the definitions are different from the law.

¹ Transportation, miscellaneous personal, dependent care, study abroad, disability, cooperative education, federal loan fee, and professional licensure, certification, or first professional credential costs are included in IPEDS other expenses when applicable.

² Tuition and published fees are the lower of in-district or in-state for public institutions. What a typical student pays—the most frequently charged amount—for IPEDS academic reporters. The amount charged for the institution’s largest program based on enrollment for IPEDS program reporters.

³ Average net price does not include grant or scholarship aid from private or other sources, or student and parent education loans.

- Column 2 shows the data items included in IPEDS Total COA listed in the survey materials and defined in the IPEDS Glossary.
- Allowable costs defined under the HEA of 1965, as amended are listed in Column 3.
- The NCES calculated values used for average net price are described in Column 4.

Note average net price does not include grant or scholarship aid from private or other sources, or student and parent education loans.

On the other hand, parents and students often think of student charges as the amount the family must pay that appears on the student's bill. They often ask:

How much is my bill?

What amount do I have to pay?

When will financial aid be credited to the student's account?

They want to know what the bottom line is, or total charges, after all financial aid is deducted from the student's bill, which may include loans and other types of financial assistance.

This concludes our tutorial on *price, cost, and charge concepts* and terms used synonymously that have different meanings for the purpose of reporting data to IPEDS. You should be able to identify and discuss price, costs, and student billing concepts frequently misunderstood by IPEDS data reporters. Please contact the financial aid office on your campus if you have questions about how the concepts and terms discussed apply at your institution.

If you have questions about reporting your institution's data to IPEDS or the IPEDS Data Collection System, contact the IPEDS Data Collection Help Desk at (877) 225-2568 or send an email to Help Desk staff at ipedshelp@rti.org. For assistance using IPEDS data tools, contact the IPEDS Data Use Help Desk at (866) 558-0658 or ipedstools@rti.org.