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Barry L. Jackson

John M. Pogue

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# *Determining A Student Expense Budget: What Costs Students Incur in Higher Education*

*by Barry L. Jackson and John M. Pogue*

A major goal of financial aids is to facilitate access to and continuance in post-secondary education for those students who, without financial assistance, would be deprived of the benefits of such an educational experience. To achieve this goal, financial aid officers must determine family resources and student expense budgets. With the adoption of the Uniform Methodology of Need Analysis, consistency in determining family resources was achieved. However, no uniform system for the determination of student expense budgets has yet been developed.

Materials available on student expense budgets are minimal. Clark and Winkler (1977) found that the construction of student expense budgets has received very little attention in the last twenty-three years. Unlike most professions, financial aids has no common body of knowledge collected as a ready reference for student financial aid administrators (Bowman, 1976). And until recently the financial aid community had not seriously studied its impact on students within higher education.

When considering the topic of student expense budgets, one must be aware that there are two problems upon which financial aid administrators seldom agree. The first area of disagreement found by financial aid officers is determining which items belong in a student expense budget. The National Association of Student Financial Aid Administrators (NASFAA, 1977) and The National Association of College and University Business Officers (NACUBO, 1979) agree that items to be included should be not only direct cost for which the student is billed by the institution, but also other necessary educational expenses, such as off-campus room and board, books and supplies, transportation, medical coverage, clothing, recreation and other personal expenses. These factors must fit not only the particular institution's environment but also the individual student's situation within that environment (NACUBO, 1979). As a general proposition, institutional budgets should be developed separately for groups of students with similar types of expenditure. Where possible, student expense budgets at similar institutions should be comparable; they should reflect reasonable student cost regardless of where the student lives or attends school (U. S. Bureau of Labor Statistics, 1973). These divergent guidelines provide ample room for disagreement in the administration of financial aid.

A second area of disagreement in establishing a uniform method of determining student expense budgets is the population to be studied. Some institutions take little account of the many subpopulations of their enrollment. Others, however, consider an array of different groups. These include, but are not limited to: students living at home, students living in residence halls, students living off-campus, handicapped students, commuters, students with child maintenance and care needs, students with child support or alimony payments, students who have to bear at least in part a

Barry L. Jackson is Associate Professor of Counseling and College Student Personnel and coordinator of the College Student Personnel Program at Western Illinois University in Macomb, Illinois. John M. Pogue is a graduate student in the College Student Personnel Program at the same institution.

spouse's educational costs and students who have problems because of a spouse's employment. Each of the above categories needs to be considered when performing calculations for dependent and self-supporting students. It is necessary to determine each population within the institution since each population has different needs (NASFAA, 1977).

These crucial issues, no doubt, have contributed substantially to the current situation in which limited information is available on student expense budgets. Although budget research may need to be limited to local institutional settings due to the wide variety in types of postsecondary institutions, geographic locations, and the heterogeneity of the student population, it would provide information which may be generalized to similar settings. Furthermore, research can indicate what local financial aids considerations need to be explored.

#### *Method*

##### *Sample*

A random numbers table was used to select a stratified sampling of twenty students from each academic class ranging from freshman through senior status students. All undergraduate students attending the university were considered as the available population. Data was collected at a medium-size, public Midwestern university during the fall semester of 1981.

##### *Instrument*

After reviewing different survey forms used by other universities and colleges, a questionnaire consisting of eight areas was developed to determine student expense budgets. Each area included in the questionnaire was considered to be very important by most universities and colleges in the determination of their own student expense budgets. The first area consisted of student information: academic class, age, marital status, and class load. Tuition and fees, books and supplies costs comprised the second area. The cost of maintaining a car and travel to one's home made up the transportation area. The fourth area, personal expenses, included activities such as dates, concerts, reading material and health care items. Housing and the expenses related to board comprised the fifth area; and the amount spent on clothes, the sixth area of the survey. The seventh area included medical expenses which were paid for by the student. A final area, labeled miscellaneous, included unique expenses.

##### *Procedure*

The stratified random sample of students was contacted by mail and through personal interview. Initial correspondence with participants informed them of the nature of the research and asked their cooperation. In addition, they were told that a questionnaire would be mailed to them in the next few weeks. The questionnaire was mailed to the participants, and after two weeks those who had not returned the questionnaire were again contacted by mail and asked to return the questionnaire.

#### *Results and Discussion*

Seventy-two of the eighty students in the sample responded. Of the seventy-two respondents, 42 or 58.3% were female. The costs reported by students ranged from a total of \$1,416 to \$4,082 per year.

Means were determined for the educational cost of college attendance for males and females for each undergraduate class standing. Expenses were then determined for males and females in each of the cost areas. The data revealed significant differences between reported costs for males and females by academic class standing (Table 1).

**Table 1**  
**Student Costs By Expense Category**  
**Fall, 1981 Semester**

	Tuition & Fees	Books & Supplies	Transportation	Personal	Room & Board	Medical	Clothing (YR)	Misc.
<b>SENIOR</b>								
Male	487.50	119.54	309.06	239.67	1171.06	64.56	125.00	30.14
Female	483.50	93.00	334.10	193.07	1407.29	38.62	233.57	36.23
Area Mean	485.50	106.27	321.58	216.37	1289.18	51.59	179.29	33.23
<b>JUNIOR</b>								
Male	487.50	109.80	348.33	135.58	1097.17	31.67	208.00	26.67
Female	483.50	99.78	145.27	125.39	1199.83	35.56	250.33	21.22
Area Mean	485.50	104.79	246.80	130.49	1148.50	33.62	229.17	23.95
<b>SOPHOMORE</b>								
Male	666.00	122.41	202.00	220.21	1307.29	41.14	138.43	56.14
Female	483.50	80.86	94.18	157.25	1116.73	34.82	372.72	27.64
Area Mean	574.75	101.64	148.09	188.73	1212.01	37.98	255.58	41.89
<b>FRESHMAN</b>								
Male	483.50	111.37	150.00	137.11	1221.62	40.25	120.00	16.69
Female	483.50	115.60	92.10	134.93	1077.26	3.82	136.46	17.87
Area Mean	483.50	113.43	121.09	136.02	1149.44	22.04	128.23	17.28

In the freshman class significant differences were found in the area of room and board, with males spending approximately \$150 more than females. Most of this difference is due to the amount of groceries purchased each week. There was a significant difference between freshman males and females in the area of transportation. Freshman females spent, on the average, \$60 less than their male classmates. Females tended to be less likely to have an automobile on campus than males.

Many differences between male and female expenses were reported in the sophomore class. In the area of transportation, males spent approximately \$110 more during the fall semester. No satisfactory explanation can be made based on the available data. Sophomore males also spent \$190 more on room and board during the semester. Once again, the amount is attributable to the number of meals purchased outside the residence hall. Female sophomores spent approximately \$250 more on clothes than did their male counterparts.

The only area of cost difference in the junior class was once again in transportation. Junior class males spent \$200 more than females. This was due to the number of junior males having cars on campus and the maintenance of those vehicles.

Female seniors spent approximately \$230 more than their male classmates for room and board. This difference can be attributed to the amount of rent paid and meals purchased outside of their place of residence. There appears to be a tendency, at the sample institution, for women to remain in university residence halls until their senior year. When a woman lives off campus, she is apt to seek more expensive accommodations than her male counterpart. In addition to this sharp increase in room and board costs, clothing costs for senior class women are also appreciably higher than clothing costs for senior male students. Senior females spent \$107 more than senior males.

Examination of the data reveals that each academic class has areas of expenses which are more important to students at different times in their college career. These changing needs greatly influence a student's expense budget. If it is known that the difference in financial need is substantially greater in the sophomore year, the data base used in calculating a sophomore's need can be adjusted upward. An adjustment which raised the amount of financial aid given to sophomore students might be of significance in retaining a higher percentage of that class. Research has demonstrated that one of the most frequently stated causes of attrition in the sophomore year is financial difficulty (Beal and Noel, 1979). Furthermore, students enrolled for their junior or senior year of college are less likely to interrupt their education for financial reasons than are freshmen and sophomores. Additional financial support in the sophomore year could delay or prevent withdrawal from the institution. Local institutional research could justify higher levels of aid to different class standings. Increased aid from institutional funds would actually prove a savings if a student continued to matriculate until graduation. Recruitment of new students is more expensive than the increased assistance required.

A problem may arise if a downward adjustment is made when a decrease in cost occurs as in the sophomore to junior year. When one examines Table 2, a decrease of \$150 between sophomore and junior expenses is seen. Many juniors undoubtedly would protest any decrease in the amount of assistance awarded. However, if students can be made aware of expense fluctuations during their freshman year the amount of disenchantment could be lessened. If students know that expenses could possibly vary by \$510 (see Table 2) from the freshman to senior year in college, it could help them understand why they receive the assistance they do. Such a situation provides financial aids officers the opportunity to be more directly involved in the educational process. By offering students seminars on budgeting related to actual college expenses, financial aids officers would enhance their image and curtail the inevitable questions and complaints regarding the level of aid received.

Table 2  
Total Average Cost Per Academic Class

	Male	Female	Class Average
FRESHMAN	2280.54	2061.54	2171.04
SOPHOMORE	2753.62	2367.70	2560.66
JUNIOR	2444.72	2360.88	2402.80
SENIOR	2546.53	2819.38	2682.96

Over a four year period men tended to spend approximately \$400 more than women (Table 3). Only in the senior year did women report spending more than men. A large portion of the men's additional costs are found in the tuition and fees, and book cost areas. This may be related to sex differences in curricular enrollment patterns. The males' costs for books fluctuated in a correlative manner with tuition and fees.

#### Conclusion

The research described in this article was conducted to examine what costs students actually incur so that the student expense budget could be designed to reflect more accurately these costs during any one semester. Results of the survey indicated that each academic class had an area in which costs were more than usual. In addition substantial differences were found to exist between male and female reported expenses. Because of this variation it seems important to establish a single in-

**Table 3**  
**Total Average Cost for Male-Female Undergraduates**

	Tuition & Fees	Books & Supplies	Transportation	Personal	Room & Board	Medical	Clothing	Misc.
Male	531.13	115.78	252.35	183.14	1199.29	44.41	147.86	32.41
Total Mean	2506.37							
Female	483.50	97.31	166.41	152.66	1200.28	28.21	248.27	25.74
Total Mean	2402.38							
Average Total Cost Per Undergraduate Fall Semester					<b>\$2454.38</b>			

stitutional standard for all classes. This practice tends to overfund some students while underfunding others.

Clearly there is a need for further inquiry. Studies could consider the impact of the local community standard of living, institutional accessibility and the viability of plans to increase differentiation in assistance. Finally, it seems advisable to develop a system for the annual revision of student budget analysis which would allow for greater accuracy in cost estimation.

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