

STUDENT EXPENSE SURVEY AND ITS RAMIFICATIONS FOR BUDGET CONSTRUCTION

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Student budgets have always been a major concern to financial aid administrators. The financial aid profession has an obligation to manage public resources carefully and effectively, to combine the quest for efficiency with compassion for vulnerable and disadvantaged students, and to restore the public's trust for the integrity of the financial aid profession and the programs. Those of us who have the responsibility to spend the taxpayer's dollars must ensure that those resources are not misused, and should also strive to provide each student with the financial aid resources to which he or she is eligible.

The main purpose of financial aid programs is to assist students who would otherwise be unable to continue their education in meeting the costs of their education. Increasing public awareness of financial aid programs produces more applicants, generally exceeding the amount of available funds. This necessitates and reinforces the need for efficient use of financial aid funds. In this era of accountability, and with expanding student financial aid programs, the U.S. Office of Education and financial aid administrators have an increasing concern about the development of proper methods of determining educational costs and student budget construction. Unless these costs are clearly stated in a consistent manner, the whole process of budget construction, determining need, and awarding financial aid may not necessarily be the most efficient way of spending public resources. Unrealistic budgets can have a profound effect on the federal funding of student aid to institutions as well as on individual student aid applicants through the packages of aid awarded to them in their local campus environments.



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To address these concerns, and to conceptualize issues related to student expense budgets, a two-day workshop was held in Evanston, Illinois (MASFAA-USOE Conference Report, 1976). It was suggested that student expense budgets should use consistent methods in determining reasonable educational costs. Financial aid administrators are expected to identify the expenses a student incurs while attending a postsecondary institution. To determine student expenses accurately is a complex process because the student population is diverse and has a variety of needs. The budget that provides for reasonable expense associated with the cost of education should include the costs incurred by individual students and should also be responsive to the costs common to particular groups of students. For example, certain groups of students have similar costs because of their curricula, residency and dependent status. In addition, variables such as age, marital status, academic level, and family size greatly influence financial status. Therefore, these variables must be taken into consideration while developing student budgets.

With the number and diversity of aid applicants increasing throughout the United States, it is becoming more and more difficult to construct realistic budgets, whether individual or standard. An individual budget is defined as a budget tailor-made to each student and his or her unique expenditure pattern. A standard budget assigns expenses to a category of students which apply to all students in that category without any consideration for individual differences. Individual as well as group expense differences dictate that a systematic cost determination must be responsive to individual student needs. Realistic student budgets should: reflect educational costs accurately, serve as devices for administering aid efficiently and responsibly, and insure equity among members of defined groups (MASFAA-USOE Conference Report, 1976).

Although guidelines for budget standards have been suggested and established by or on behalf of the federal and state governments, individual institutions now must play a significant role in the development and implementation of budgets for the campus-based aid programs as well as for state and institutional funds. The wide variety in postsecondary institutions, geographic locations and the heterogeneity of student populations within these institutions, such as location of residence, age, marital status, academic level, dependency status and family size, warrant the necessity of conducting a student expense survey. Students are the primary source of data collection at the institutional level. Secondary sources of data collection such as institutional administrative staff, faculty and the local community may also provide accurate data, sensitive to the actual expenses of the institution's students. Although both primary and secondary sources have unique advantages, the student-reported data provide the most effective means of determining what specific kinds and amounts of expenses are actually incurred by the students.

Another advantage of conducting a student expense survey at the local campus is that the aid administrator not only knows what kind of costs different categories of students incur, but her/his credibility with students, faculty and the administration is also strengthened. When students have problems managing budgets with their financial aid, the aid administrator is in a much better position to

answer their questions confidently and counsel them about how to plan their budgets and manage their expenses. With this insight and experience in dealing with student expense budgets, the aid administrator can become a local expert or authority on student budgets. The institutional administrators may seek his or her expertise involving decisions to raise room and board expenses for students living on-campus.

Purpose of the Study

The primary objective of this study was to assess the adequacy of the standardized budgets used by the Financial Aid Office, Iowa State University (ISU), Ames, by comparing them with the self-reported budgets of a selected group of aid recipients. A realistic and accurate estimate of student expense levels for the students of ISU could then be established.

Definition of Terms

Student Expense Budget

The Final Report of the National Task Force on Student Aid Problems (1975) defines a student expense budget as "... All expenses which are reasonably related to a specific student's attendance at a specific postsecondary institution for a specific period of time..." These expenses are further divided into two general groups: (1) Direct educational expenses are those costs directly related to attending a specific institution, such as tuition, fees, books and supplies; (2) indirect expenses are all those costs associated with attendance at any institution, such as room and board, transportation, clothing, personal and medical care, child care, unusual expenses, etc.

Student expense budgets are based on the philosophy of a moderate but adequate standard of living rather than being relative to the average standard of living evidenced in a particular locale or in a particular institutional setting.²

Materials and Methods

A sample of 464 students was selected from the population of 4000 financial aid recipients at ISU by using a sequential sampling procedure. On the basis of their demographic data, such as family size, marital status, residency, and dependency status, they were grouped into six categories. Further consideration was given to their location of residence in Ames, i.e., whether the student was living in on-campus housing or off-campus rentals. Each category, with the population, sample size, and the number of students on whom data were available, is described as follows:

1. Single dependent resident. A sample of 228 students was selected from the population of 2287 students. For the purpose of this research, data were available on 200 students.
2. Single dependent non-resident. A sample of 106 students was selected from the population of 424. Data were available on 74 students.
3. Single independent resident. A sample of 126 students was selected from the population of 507. Data were available on 102 students.
4. Single independent non-resident. In this category, 69 students were available, but data were available on only 37 students.

² The definitions used in this paper are based on the philosophy and principles approved in *A Handbook for Use in the Preparation of Student Expense Budgets* (1977).

5. Married independent resident. A sample of 94 students was selected from the population of 377 students. Data were available on 35 students.

6. Married independent non-resident. In this category, 44 students were available. Data were available on only 16 students.

Students were listed alphabetically in all the categories. In the first category, every tenth student was selected, and in the second, third, and fifth categories, every fourth student was selected. All the students in the fourth and sixth categories, for whom data were available, were included in this study.

Entering freshmen and transfer students were not included in this study. The rationale for their exclusion was to sample only those students who presumably knew what they had spent during the previous year at this institution.

In order to save money and time in conducting this research, the Institutional Data Sheet (IDS) was utilized to collect data. The IDS, which has been developed by The American College Testing Program, collects data typically requested on financial aid applications and provides demographic as well as financial information about the student. Under the financial information, the student lists resources available to meet expenses and itemizes expenses for the upcoming academic year at a particular institution. The IDS also provides the local addresses of the students which enabled classification of their residence as on-campus or off-campus.

Since all the students sampled in this study had attended ISU for at least one year, it was assumed that these students would be in a position to estimate their expenses realistically and accurately. However, during the process of data collection, it was observed that 4% of the students listed cost figures which appeared unrealistic. These students were contacted by telephone to make sure there was no error in the information they provided.

Analysis of the Data

Data collected from all categories demonstrated a wide variation in the distribution of scores for all budget items. Considering the non-symmetric distribution of scores, it was considered appropriate to use the median as the measure of central tendency, rather than the mean.

Results

Students projected their expenses for 1977-78 on the basis of their actual expenses for the same variables for the academic year 1976-77. Expenses listed for a 12-month period were converted proportionately into nine-month budgets. Ten variables listed in the IDS for data collection are as follows:

- 1) Tuition and fees
- 2) Housing
- 3) Food
- 4) Books and supplies
- 5) Clothing, linen and laundry
- 6) Personal care
- 7) Medical care
- 8) Transportation
- 9) Child Maintenance and Care
- 10) Unusual expenses.

These variables will be discussed in the light of their importance to different categories of this study. Some of the variables, such as tuition and fees, child care, and unusual expenses, either were related as a constant factor to the sample or no direct provision existed for such an allowance in the standardized budgets. Therefore, only these three variables will be discussed separately as follows:

Tuition and Fees

Financial aid administrators know the rates for tuition and fees for the different categories of the students in a particular institution. Thus, this information was not analyzed for the purpose of this research.

Child Care

Since child care expenses are not applicable to the majority of ISU students, this variable was analyzed only for married and single parents. The sample size was too small to produce meaningful results and, therefore, will not be discussed any further in this research.

Unusual Expenses

Since students had the opportunity to list expenses associated with unusual circumstances, they included expenditures which were not supported by our standard budget, such as current debt repayment, charge accounts, car payments, life insurance, and high dental or medical bills. The number of students listing unusual expense was too small to be considered for further analysis.

Single Dependent Resident or Non-Resident

As mentioned earlier, students in each category were further divided into two sub-categories, i.e., those residing in institutional housing (on-campus) and those living in private rental units (off-campus). Room and board figures for these categories of students (Table I) reflect the differences between the school-allocated allowance and the student-reported expenses. The data indicate that room and board expenses are even higher for off-campus non-resident students.

Table I. Categories 1 and 2: Single Dependent Resident or Non-Resident Expense Budgets (median values reported).

	Resident		Non-Resident		ISU Allocation for 1977-78
	Off-Campus (N=59)	On-Campus (N=141)	Off-Campus (N=30)	On-Campus (N=44)	
Room & Board	\$1300	\$1180	\$1570	\$1180	\$1185
Room	700	490	900	400	495
Board	650	690	600	690	690
Books	200	200	230	200	250
Clothing	170	150	180	150) 530
Personal	100	100	100	100	
Medical	50	30	50	20	
Transportation	30	20	200	200	
Unusual ^z	0	0	0	0	
TOTALS ^y	\$2780	\$2640	\$4120	\$3730	\$2700 Res. \$3666 Non-Res.

^z 98% spent \$0.

^y Tuition and fees for all the students are included in the totals.

Where other variables such as books, clothing, personal, medical and transportation are concerned, the school-allocated allowances for these variables are equal to or higher than the student-reported expenses.

Single Independent Resident or Non-Resident

These categories again reflect the same concern regarding expenses for room and board as indicated in Categories 1 and 2 (Table 1). The independent residents and non-residents spent more on room and board compared to their counterparts who lived in institutional housing. When a comparison was made for room and board expenses between resident and non-resident off-campus students, the data show that room, board, and transportation cost more for non-resident students (Table II)."

Table II. Categories 3 and 4: Single Independent Resident or Non-Resident Expense Budgets (median values reported).

	Resident		Non-Resident		ISU Allocation for 1977-78
	Off-Campus (N=84)	On-Campus (N=18)	Off-Campus (N=29)	On-Campus (N=8)	
Room & Board	\$1490	\$1180	\$1650	\$1180	\$1650
Room	900	490	980	490	900
Board	600	690	720	690	750
Books	180	220	250	200	250
Clothing	150	150	130	100	480
Personal	100	70	100	120	
Medical	70	50	50	20	135
Transportation	120	50	200	200	375
Unusual ^z	0	0	0	0	
TOTALS ^y	\$3310	\$2720	\$4340	\$3470	\$3625 Res. \$4591 Non-Res.

^z 83% spent \$0.

^y Tuition and fees for all the students are included in the totals.

For all other expense components, with the exception of room for non-residents, school-allocated allowances for these variables were higher than the expenses reported by the students for the same variables (Table II).

Married Independent Resident or Non-Resident

In Categories 5 and 6, room and board and transportation expenses were again higher for non-resident students than for residents.

In all other variables as well as the totals of the budgets for room and board, school-allocated figures were equal to or higher than expenses reported by the students for all these variables (Table III).

Discussion

Housing in Ames is expensive compared to non-university towns in the state. University housing (dorms and residence halls) is limited and thus cannot accommodate all the students who wish to stay on campus. Consequently, students have to look for private rental units, which are not only more expensive compared to University housing but also scarce in availability. Monthly rental costs span a wide range.

Table III. Categories 5 and 6: Married Independent Resident or Non-Resident Expense Budgets (median values reported).

	Resident Off-Campus (N=35)	Non-Resident Off-Campus (N=16)	ISU Allocation for 1977-78
Room & Board	\$2520	\$2700	\$3090
Room	1500	1350	1800
Board	900	1120	1200
Books	220	220	250
Clothing	250	250	720
Personal	150	250	
Medical	150	200	270
Transportation	180	300	480
Unusual ^z	0	0	0
TOTALS ^y	\$4970	\$5900	\$5545 Res \$6511 Non-Res.

^z 56% spent \$0, 20% spent \$1-520, 25% spent \$1350-3400.

^y Tuition and fees for all the students are included in the totals..

The data reflect that the off-campus non-resident students spend more money on room and board than they do on any other variable. It may be that by the time non-resident students arrive for the academic year, University housing and less expensive rental units are already occupied. Thus, students have little choice but to stay in more expensive rental units. Recently, one of the ISU Residence Hall personnel remarked, "We have lots more applicants than we have places for people to live. I expect a big crunch the last week in August when people are coming back to town and realizing they don't have anywhere to live" (*The Iowa State Daily*, 1978)

Conclusion and Recommendations

Results of this study indicate that it costs considerably more for rooms and board for students who live in off-campus housing. Non-resident students living off-campus spend more on room and board than resident students living off-campus. If the institution's housing cannot accommodate all students, it is suggested that more than one standard budget item for room and board expenses be used for students living off-campus.

This study is one approach for establishing realistic student expense budgets. There are various other ways of collecting data and conducting research for this purpose. Chapter IV of the *Handbook for Use in the Preparation of Student Expense Budgets* (1977) can be very helpful in designing the survey instrument methodology most suitable for your student population and institutional needs. Staff time and dollar costs of conducting a student expense survey can be quite high. But these costs may be reduced by using a packaged survey, mailing questionnaires with registration materials or distributing them on campus (in classes or at registration).

The IDS expenditure survey method suffers from the inaccuracies associated with the requirement of students to recall and estimate their expenses from their previous experiences. Further, students might inflate their estimates in anticipation of securing a larger financial aid package. In order to select a representative sample of the student body from all categories of students, it is necessary first to

know the demographic profile of all students. This will assist in determining categories of student budgets to be developed and in identifying the size of samples necessary to produce statistically significant budget data. Since data for this research were collected only from financial aid applicants, this limitation makes it very difficult without additional information to develop realistic expense budgets for all students.

Further research should be conducted not only on aid recipients, but also on non-aid recipients. Data should be collected from all categories of students with a sample large enough to produce statistically significant results. It is also recommended that a student expense diary be a part of the data collection in conjunction with the IDS or other such instrument. In addition, verification of the expense data should include contacting institutional and non-institutional sources.

Student expense items should be updated to the year in which they are used and at least some type of research on costs should be conducted annually. Student budget research should be considered as a fundamental part of responsible administration of federal, state and institutional aid funds. Institutions which have not analyzed student expenses on their campuses may wish to consider the approach used in this study.

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