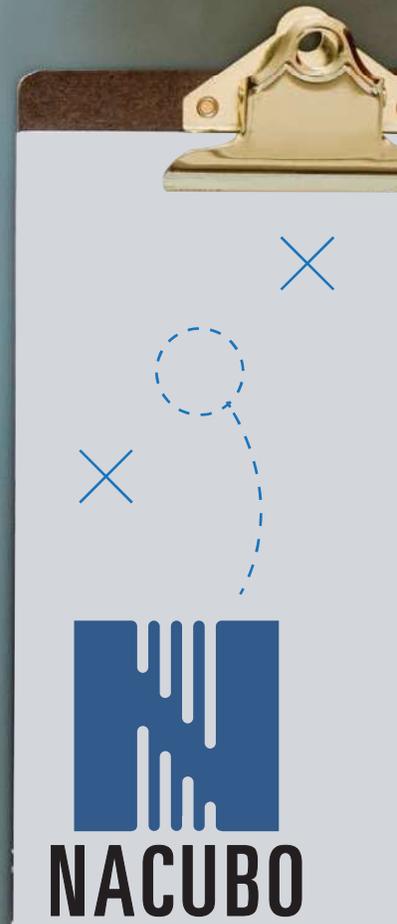
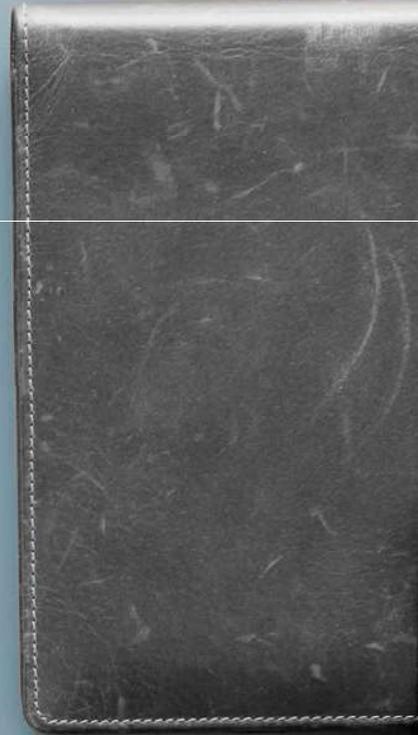


NACUBO Advisory 19-02

Revenue Recognition (Topic 606) Education and Residential Contracts



NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

Introduction	2
Issue	2
Combining Contracts Technical Guidance.....	2
Superseded Guidance (Accounting Standards Codification 605)	2
ASC 606: Criteria for combining contracts	3
Single Commercial Objective	3
Applicability to Higher Education.....	4
Criteria a and b analysis.....	4
Cost of attendance information.....	4
Conclusion and guidance.....	5
Residential requirements.....	5
Service distinction.....	5
Analysis of 606-10-25-19 and 20.....	6
Residential services required for degree attainment.....	6
Analysis.....	7
Conclusion and guidance.....	7
Higher Education Question and Answer Examples.....	7
1. Education with optional housing services.....	7
2. Education with an on-campus living requirement for at least two years.....	9
3. Education with on-campus living requirement for entire degree period with allowed exemptions	10
4. Education with an on-campus living requirements for degree attainment.....	10
APPENDIX.....	12
Pricing education and residential services	12
Residential services.....	12
Educational services.....	12
Cost of Attendance.....	13

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

Introduction

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014–09, *Revenue from Contracts with Customers (Topic 606)*, which applies to transactions involving a reciprocal transfer of good or services to a customer. NACUBO Advisory 19-01 (February 2019) addressed general requirements for applying Topic 606 to tuition revenue and provided accounting entries and disclosure considerations.

This Advisory delves deeper into agreements (contracts or similar) between institutions and students that should be understood when recognizing revenue for delivering education (tuition) and providing residential services (housing and dining). It provides campus examples and assists with analyzing Topic 606's requirements for when contracts must be combined for application of the standard.

Issue

During implementation of Topic 606, colleges and universities presumed that separate accounting would be required for education and residential revenue because they are separate contracts and Topic 606 would not require that those contracts be combined. However, in February, following the issuance of NACUBO Advisory 19-01, several colleges and universities informed NACUBO that some audit firms were expecting that the contracts for education and residential services would be combined because they fulfill a single commercial objective.

Combining contracts, under the single commercial objective assumption, into one contract results in the transaction price *after reduction for scholarship allowance (tuition discount)* being allocated between the separate performance obligations of education and residential services in accordance with the fourth revenue recognition step under Topic 606 (allocate the transaction price to the performance obligations in the contract). Therefore, a portion of aid intended for education (the tuition discount) is distributed to residential services.

Reclassifying financial aid from tuition to housing could result in a material change to both tuition and auxiliary services revenue for some colleges. Further, there would be reporting disparities between audited financial statements, NACUBO's *Tuition Discounting Study*, and the Integrated Postsecondary Education Data System (IPEDS) (maintained by the National Center for Educational Statistics, which is part of the Department of Education). The annual submission of revenue and expense information by institutions to IPEDS is required under the Higher Education Act.

Combining Contracts Technical Guidance

Superseded Guidance (Accounting Standards Codification 605)

605-25-25-3 In applying the guidance in this Subtopic, separate contracts with the same entity or related parties that are entered into at or near the same time are presumed to have been negotiated as a package and shall, therefore, be evaluated as a single arrangement in considering

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

whether there are one or more units of accounting. That presumption may be overcome if there is sufficient evidence to the contrary.

ASC 605 had a lower threshold for combining contracts, yet the vast majority of colleges and universities did not combine education and residential contracts under ASC 605. There was a rebuttable presumption under ASC 605 that does not exist in ASC 606. Rather, under 606, criteria must be examined in order to assess if contracts must be combined.

ASC 606: Criteria for combining contracts

606-10-25-9 An entity shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

- a. The contracts are negotiated as a package with a single commercial objective.
- b. The amount of consideration to be paid in one contract depends on the price or performance of the other contract.
- c. The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation in accordance with paragraphs 606-10-25-14 through 25-22.

Single Commercial Objective

Per 606-10-25-9a, contracts must be negotiated as a package for there to be a single commercial objective. Paragraph 9b mentions price dependency, with a specification that the consideration paid in one contract be dependent on the price or performance of the other contract. There are no examples of criteria a or b other than the following specific reference in the basis for conclusions:

BC 73 The Boards decided that in addition to entering into contracts at or near the same time, the contracts should satisfy one or more of the criteria in paragraph 606-10-25-9 for the contracts to be combined. **The Boards observed that when either criterion (a) or (b) in paragraph 606-10-25-9 is met, the relationship between the consideration in the contracts (that is, the price interdependence) is such that if those contracts were not combined, the amount of consideration allocated to the performance obligations in each contract might not faithfully depict the value of the goods or services transferred to the customer.** The Boards decided to include the criterion in paragraph 606-10-25-9 (c) to avoid the possibility that an entity could effectively bypass the guidance for identifying performance obligations depending on how the entity structures its contracts. [emphasis added] (Note: Boards include members of the FASB and the International Accounting Standards Board.)

Board deliberations during the exposure draft phase of the revenue recognition project (in a June 2009 Board memo) provide an example as follows:

Consider an entity that sells equipment and services related to that equipment. As part of a marketing campaign, the entity might offer “free” services with the purchase of equipment. Of course, the services would not be free but would be priced in

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

contemplation of the equipment sale. If those two transactions are structured and accounted for as separate contracts, the entity would inappropriately accelerate revenue and profit recognition upon delivery of the equipment.

The Board memo noted that the principle is: The rights and performance obligations of two or more contracts should be combined into a single net contract position when the prices of those contracts are interdependent. [emphasis added]

Applicability to Higher Education

Criteria a and b analysis

- a. The contracts are negotiated as a package with a single commercial objective.
- b. The amount of consideration to be paid in one contract depends on the price or performance of the other contract.

A single commercial objective means price interdependence related to a negotiated bundle of services. As such, revenue would not be faithfully recognized for each performance obligation unless the bundled transaction price was allocated to each performance obligation in the combined contract (using appropriate stand-alone selling prices as a basis for allocation).

At most higher education institutions, education and residential services are functionally independent and priced separately based on uniquely appropriate inputs and mission objectives (see “Pricing education and residential services” in Appendix). Colleges typically don’t offer price incentives for early acceptance or residential decisions, nor do they offer free residential services with the price of tuition. The norm in higher education is separate price information for education and residential services published on institutions’ websites and in separate contracts, agreements, or web-portal communications with students. (Institutions should review their practices for setting and communicating tuition and residential pricing. In rare circumstances of price dependency or packaged services, some may reach a different conclusion.)

Education and residential services are performed over the same revenue recognition period—the academic term. There is no opportunity to accelerate or defer revenue recognition based on less-than-transparent performance and price information or dependencies. The amount of consideration that the university expects to be entitled to, and subsequently recognizes, for education services and residential services faithfully depicts performance of these separate services.

Cost of attendance information

Some have questioned whether the provision of cost of attendance (COA) information reinforces a single commercial objective for education and residential services.

Although institutions publish COA information on their websites, the information is provided to help consumers evaluate options alongside possible all-in budget considerations. COA includes costs beyond services provided by the institution (such as transportation, personal expenses, etc.) and is a federally required disclosure that is not part of contractual agreements with students (see additional discussion of COA in Appendix). Accordingly, COA information is not linked to the contracts with customers and is not a consideration when evaluating the contract combination guidance.

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

Conclusion and guidance

Given the Board's intent as discussed in the basis for conclusions (BC73), the example provided in the June 2009 memo, and separately published prices and contracts (or similar) for education and residential services, **in most instances higher education institutions' education and residential service contracts with students will not meet criteria a and b. Contracts do not have to be combined with the aggregate transaction price allocated between education and residential performance obligations.** [emphasis added]

Board members affirmed the above interpretation of ASC 606 guidance during a [public July 17 meeting of the Financial Accounting Standards Board](#).

Residential requirements

Some have questioned whether offering residential services only to enrolled students, and not the public at large, reinforces the perception of a bundled or packaged product, despite separate contracts and pricing. Others have questioned whether residential requirements imply a single commercial objective. Additional questions surround residential requirements as degree requirements.

Many colleges and universities require that students live in campus housing for a designated time over their four years of study. These institutions frequently require that first or first and second year students live on campus. Some institutions require the purchase of residential services beyond the second year. A key to evaluating such requirements are whether exemptions can be granted for commuters, students living with immediate or extended family, married students, and so forth.

Requirements to live on campus do not themselves constitute evidence of a single commercial objective (criteria a) or a performance or price dependency (criteria b). However, **when residential requirements exist, and there are no price interdependencies, colleges and universities must analyze whether education and residential services are capable of being distinct or are a single performance obligation as described in criteria c of paragraph 606-10-25-9.** [emphasis added]

Service distinction

Analyzing service distinction is requisite for evaluating criteria c in 606-10-25-9:

- c. The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation in accordance with paragraphs 606-10-25-14 through 25-22.

Paragraphs 606-10-25-19 and 25-20 are used to assess the distinctness of performance obligations and paragraph 606-10-25-21 provides indicators that services lack distinction. When separate contracts are for services that are not separate performance obligations within the context of 606, contracts must be combined. However, when contracts are combined under criteria c, there is only one performance obligation and therefore no requirement to allocate the transaction price (606-10-32-30).

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

606-10-25-19 A good or service that is promised to a customer is distinct if **both** of the following criteria are met:

- a) The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer.
- b) The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

606-10-25-20 A customer can benefit from a good or service in accordance with paragraph 606-10-25-19(a) if the good or service could be used, consumed, sold for an amount that is greater than scrap value, or otherwise held in a way that generates economic benefits. For some goods or services, a customer may be able to benefit from a good or service on its own. For other goods or services, a customer may be able to benefit from the good or service only in conjunction with other readily available resources. A readily available resource is a good or service that is sold separately (by the entity or another entity) or a resource that the customer has already obtained from the entity (including goods or services that the entity will have already transferred to the customer under the contract) from other transactions or events. Various factors may provide evidence that the customer can benefit from a good or service either on its own or in conjunction with other readily available resources.

Analysis of 606-10-25-19 and 20

Education and residential services are individually valued by institutions based on a combination of market conditions and the institution's cost to fulfill each service. Students (customers) can benefit from education with or without purchasing residential services when there are exemptions available from on-campus living requirements. Similarly, students can benefit from residential services either alone (because they are capable of being sold separately) or in conjunction with other readily available resources—such as education. Therefore, housing can be required and only sold to students and not affect the distinctness of either service.

This conclusion is further supported in BC100, which explains that it is the characteristic of the service that drives the distinction and not how the customer may use the service:

BC100. The Boards observed that the assessment of whether the “customer can benefit from the good or service on its own” should be based on the characteristics of the goods or services themselves instead of the way in which the customer may use the goods or services. **Consequently, an entity would disregard any contractual limitations that might preclude the customer from obtaining readily available resources from a source other than the entity.** [emphasis added]

Residential services required for degree attainment

Some colleges and universities do not offer housing exemptions and require that students live on campus in order to earn a degree. Such colleges either have separately published prices for education and residential services, and separate contracts, or have one bundled price and contractual agreement.

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

When four-year residential requirements are necessary for degree completion, the criteria in 606-10-25-21 are evaluated to assess if service distinction is compromised.

606-10-25-21 Factors that indicate that an entity's promise to transfer a service to a customer is separately identifiable (in accordance with 606-10-25-19 (b)) include, but are not limited to, the following:

- a) The entity does not provide a significant service of integrating the good or service with other goods or services promised in the contract into a bundle of goods or services that represent the combined output for which the customer has contracted. In other words, the entity is not using the service as an input to produce or deliver the combined output specified by the customer.
- b) The good or service does not significantly modify or customize another good or service promised in the contract.
- c) The good or service is not highly dependent on, or highly interrelated with, other goods or services promised in the contract.

Analysis

When residential requirements are in the critical path of degree attainment, residential service participation is as much of an educational requirement as coursework. Essentially, residential services are integrated and interrelated with education (606-10-25-21a and 21c) and are modifying education (21b). Consequently, education and residential services are no longer distinct; they are one performance obligation.

Conclusion and guidance

Per criteria c in paragraph 606-10-25-9, institutions with separate contracts and residential requirements for degree completion should combine contracts and recognize revenue for a single performance obligation. Institutions with similar degree fulfillment requirements but only one contract would also recognize revenue for a single performance obligation. As mentioned previously, there are no transaction price allocation requirements (606-10-32-30) for single performance obligations. In these circumstances, the college or university would generally present only one revenue line on the Statement of Activities for revenue from the combined contracts.

Higher Education Question and Answer Examples

1. Education with optional housing services

A student applies for early admission and receives an early acceptance from Top Choice University on December 1, 2019. The student is bound to accept admission on that date for the fall semester 2020. Top Choice University agrees to contact the student by March 2020 with housing options. Top Choice University does not require that undergraduates live on campus, but students must make housing decisions by March 30. The student is pleased to have several months to explore housing alternatives and decide.

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

Top Choice University has separate prices published on its website for housing and educational services. Top Choice does not provide price incentives to early decision students. The university also has separate contracts for each service that indicate the applicable transaction price. The university publishes cost of attendance estimates (as required by the federal regulation) for living on and off campus. The estimates include tuition, housing, food, transportation, books, and lab fees.

The early decision student is offered financial aid from Top Choice that is approximately 20 percent of the published tuition price. Although off-campus and on-campus housing prices are comparable, the student decides to live in campus housing during their first year (perhaps longer, but no decision is required) in order to save money on transportation expenses.

Q: Is the four-month time period between the student's education service agreement and housing contract a factor when assessing if the contracts were negotiated as a package with a single commercial objective?

A: Paragraph 606-10-25-9 indicates that an entity shall combine two or more contracts entered into at or near the same time with the same customer if at least one of the paragraph's criteria are met. Whether the four-month window is "at or near the same time" is a matter of judgment. However, since the contracts were entered into within months and apply to services to be delivered over the same time period (the fall semester), it is recommended that the three criteria in the paragraph be evaluated. If one or more of the criteria are met, Top Choice University may need to combine the two contracts for revenue recognition assessment.

Q: Is there a single commercial objective that would require housing and education contracts to be combined?

A: Criteria a (the contracts are negotiated as a package with a single commercial objective) is not met because there are separate prices and corresponding contracts for education and residential services, whose terms are not interdependent or negotiated in tandem.

Q: Will the amount of consideration that the student pays Top Choice University vary depending on their housing selection or early academic decision?

A: Criteria b (the amount of consideration to be paid in one contract depends on the price or performance of the other contract) is also not the case. Despite the fact that the student participated in a contractually binding early decision process, the university price is the same for early-acceptance and traditional-acceptance-date students. Although it's fair to assume that early-decision students are desirable students for the college, there is no relationship between the early guarantee and the price for tuition or price for housing.

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

Q: Does an analysis of criteria c apply to this scenario (goods or services promised in the contracts are a single performance obligation in accordance with paragraph 606-10-25-14 through 25-22)?

A: Top Choice University has no residential requirements. The University separately prices education and housing services and negotiates separate contracts for those services with its students. The services are capable of being distinct (606-10-25-19 and 25-20 and BC100): Students can benefit from education with or without purchasing housing and students can benefit from residential services if purchased from the university or another entity. Consequently, education and housing revenue are separate and distinct performance obligations and criteria c does not apply.

2. Education with an on-campus living requirement for at least two years

A student applies to three colleges and gets accepted at Safe School University on March 15, 2020 for fall admission. Safe School University is 1,000 miles from home and the student happens to have extended family who live within 15 miles of the institution. Upon acceptance, Safe School mentions that first- and second-year students are expected to live on campus but that exemptions are possible for married students, students living with family, or students in the military reserves. Campus life participation is not a requirement for degree attainment. The university also offers housing to weekend seminar participants, post-doc students, and summer camp attendees. Safe School provides housing options and pricing to the student on April 1 with an agreement deadline of April 21.

Safe School University has separate prices on its website for housing and educational services. The university also has separate contracts for each service that indicate the applicable transaction price. The university publishes cost of attendance estimates (as required by the federal regulation) for living on and off campus. The estimates include tuition, housing, food, transportation, and books.

The student is offered financial aid from Safe School that is approximately 25 percent of the published tuition price. Although off-campus and on-campus housing prices are comparable and the student could choose to live with family, the student selects a triple housing dormitory option because it is a low cost alternative that allows a campus life experience.

Q: Is there a single commercial objective that would require housing and education contracts to be combined?

A: Both criteria a (the contracts are negotiated as a package with a single commercial objective) and criteria b (the amount of consideration to be paid in one contract depends on the price or performance of the other contract) are not met because there are separate prices and corresponding contracts for separate services whose terms are not price or performance interdependent or negotiated in tandem. Additionally, contracts do not have to be combined and considered one performance obligation per criteria c. Although on-campus housing is only offered to matriculating undergraduates, exemptions are allowed and the housing requirement for

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

first- and second-year students is capable of being distinct (606-10-25-19 and 25-20) and is not a degree requirement.

Q: What should the controller's office do to support Safe School's position that the contracts are properly treated as separate contracts under Topic 606?

A: The controller should summarize their analysis of policies, correspondence, and agreements with students within the context of Topic 606, supported by the following documentation, as applicable:

- Education and residential contracts (or similar), including signed agreements or web-portal communication steps with electronic sign-off.
- Documentation that explains pricing, both structure and process.
- Housing exemption policies and an example of a granted exemption.
- Student financial aid communications/policies and an example of an aid package that remained unchanged when a student moved into off-campus housing.

Q: Safe School University's financial aid office has informed the controller's office that at least 95 percent of financial aid provided to students is for education. What actions should be taken to ensure that institutional aid (consideration payable to students per Topic 606 that determines transaction price) is appropriately applied to education and residential service contractual amounts?

A: The controller's office should consider the materiality of aid provided for housing and if material, address operational processes, policies, and general ledger coding to reflect aid for housing as a reduction to the housing revenue (e.g., Auxiliary Services) presented in the Statement of Activities.

3. Education with on-campus living requirement for entire degree period with allowed exemptions

Same scenario as #2 (Safe School University) but residential requirements are throughout a conventional four-year degree period. Exemptions are allowed.

The answers are the same; exemptions to campus living are allowed and residential and education services are capable of being distinct. The controller's office should have documented analysis with supporting policies, procedures, and examples available.

4. Education with an on-campus living requirements for degree attainment

A student accepts enrollment at One Stop University. The institution has separately published prices and contractual agreements for education and residential services but requires on-campus housing participation in order to earn a degree from the university. Residential services include

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

room and board; however, students living in campus apartments with kitchens do not have to purchase meal plans. Campus apartments comprise only 20 percent of housing and are competitive; typically, seniors, older students, and married students live in the apartments.

Q: How is revenue recognized and displayed for One Stop University?

A: Although the university has separate housing and residential agreements with its students, residential requirements for degree completion are part of the institution's educational requirement. Consequently, per 606-10-25-21, the services lack distinction and the contracts should be combined in accordance with 606-10-25-9 c and accounted for as a single performance obligation.

One Stop University would recognize revenue over the course of the academic term as the performance obligation is satisfied. The university would have one revenue amount on its Statement of Activities representing revenue from students.

Q: One Stop University provides financial aid to three-quarters of its students for tuition. Less than five percent of its students receive aid for housing. How can the institution disclose institutional aid so that financial statement readers understand the purpose of aid?

A: One Stop University has flexibility in how it can present and describe financial aid for financial statement readers. The institution can indicate (if there is room) that revenue includes a scholarship allowance of \$xx,xxx and \$yy,yyy on the Statement of Activities (SOA); however, only one revenue amount per line item category is permitted under ASC 606. For example:

	<u>2019</u>	<u>2018</u>
Student service revenue (includes discounts of \$xx,xxx and \$yy,yyy)	\$XXX,XXX	\$YYY,YYY

Alternatively, the university can choose to display revenue without notation about the discount on the SOA and disclose institutional aid granted (discount) for student service revenue in the notes. Finally, although not required, the university can choose to elaborate on the purpose of institutional aid and disaggregate amounts granted for tuition and amounts granted for housing in the notes.

APPENDIX

Pricing education and residential services

In higher education, establishing prices for academic (tuition and fees) and residential (housing and dining) programs begins with the budget process. The budget is typically based on a three- to five-year financial plan that reflects the institution's strategic objectives and includes projections of academic, residential, and other revenues, student aid, salaries, benefits, and other expenses. Changes in the prices charged for the academic and residential programs are guided by the institution's mission, board policies, and market analysis.

Residential services

College and university housing and dining are operated as auxiliary services that are in support of, but not central to, the delivery of educational services. By definition, auxiliary services are expected to be self-supporting, so pricing for those services is set to meet a mission / commercial objective of at least "breaking even." Prices for auxiliary services offered by an institution vary based on characteristics of the service provided (e.g., single, double, or triple occupancy rooms, apartments; number of meals/weeks, etc.). Prices also vary based upon the location of the university and housing costs in the surrounding community.

The design of residential services is focused much more on consumer preferences than are educational services. For example, as students demand more spacious housing or healthier dining choices, institutions have responded with revised options. Some colleges note that as students have become more cost conscious, requests for triples (three students per room) has increased. Colleges make conscious decisions to re-tool space to meet demands and price residential and dining selections accordingly. Institutions are also mindful of local market considerations when pricing housing; in most cases, housing is at least at market or higher

Educational services

Tuition rates for educational services are not established with the same "break-even" commercial objective as auxiliary services, since the institution utilizes other sources of revenue such as annual fund gifts and endowment distributions to offset some expenses of providing educational services. Independent institutions set tuition prices based on numerous factors, balancing the need to limit increases and achieve a sustainable financial plan.

Although new academic majors are added based on market demand, the educational services are less influenced by consumer preferences. Faculty and other experts design curricula and degree requirements to meet accreditation standards, and these requirements do not vary to meet different price-point demands from consumers.

Guided by the institution's strategic plan and multi-year financial projections, the annual budget process includes the following:

- Refining enrollment projections
- Estimating other sources of revenue
- Compiling programmatic requests from executives, deans, and department chairs
- Analyzing and modifying programs

NACUBO ADVISORY 19-02
Topic 606: Education and Residential Contracts

- Allocating positions based on enrollment and other factors, such as new regulatory requirements, information technology improvements, or development initiatives
- Assessing capital needs
- Quantifying the financial impact of other changes to programs or new initiatives

Cost of Attendance

The intent behind the cost of attendance (COA) disclosure on institutions' websites is to assist students and parents with all-inclusive budget estimates for attending college so that they can make informed decisions. The COA disclosure is not evidence of hidden costs within a bundle of services, but to the contrary has an objective of transparency.

As dictated by Congress, the COA is the average cost to attend for one academic year (fall through spring). It includes tuition and fees, books and supplies, room and board, transportation, and personal expenses. Colleges adjust the COA yearly to reflect changes to these costs. The COA is defined in section 472 of the Higher Education Act of 1965 [[20 USC 1087II](#)] and is posted on an institution's website so that it is useful to current and prospective students and families.

Awards for each of the Federal Student Aid (FSA) programs are based on some form of financial need, beginning with COA. Unlike scholarship programs that may award funds based on academic merit or the student's field of study, "need-based" grants, loans, and work-study are based on the family's need for assistance. The COA is the cornerstone of establishing a student's financial need, as it sets a limit on the total aid that a student may receive for purposes of the campus-based programs and Stafford/PLUS loans and is one of the basic components of the Pell Grant calculation.

A college's COA is the total direct and indirect costs of a year of college. The cost of attendance may also be called the student budget.

Direct costs are costs that are paid directly to the college, such as tuition and fees, and in some cases room and board. Tuition and fees are normally assessed for a student carrying an average academic workload, as determined by the institution.

Indirect costs are not paid to the college and can include the following charges:

- Books, Supplies and Equipment
- Room and Board (can also be a direct cost)
- Transportation
- Miscellaneous/Personal Expenses

The cost of attendance may also include:

- Cost of a Personal Computer, Software, and Internet Access
- Dependent Care and Elder Care
- Loan Fees
- Disability-Related Costs
- Costs for Approved Study-Abroad Programs
- Costs for Obtaining a Professional License or Certification