

COLLEGE FEES:

THE SECOND STICKER SHOCK

How Michigan State Free Tuition Programs Still Leave Students With Substantial College Bills



OVERVIEW

While rising tuition is often in the spotlight when it comes to explaining the high cost of college and rising levels of student debt, a wide range of additional fees make up a consequential and often unexamined share of college costs. Sticker shock based on known tuition and fee costs can be profound for college students, and clear communication about how available financial aid will help cover those costs is critical. Often overlooked however, is the second shock of unanticipated charges in the form of additional fees, and the effects they have on affordability and even enrollment and completion.

These fees can be especially problematic for students who have received a free tuition grant and were reasonably expecting minimal additional out-of-pocket direct expenses. In conjunction with the Michigan Student Financial Aid Association, we examined the mandatory fees that students face at community colleges across Michigan to shed light on the need to improve financial aid programs to better help low-income students cover their full costs and, ultimately, complete the program they enroll in.

This analysis was spurred by questions about three state grant programs: The Tuition Incentive Program (TIP), a need-based state grant program that provides full tuition and mandatory fees up to \$250 per semester to students who received Medicaid for two consecutive years between 6th and 12th grade; Futures for Frontliners (F4F), a new, time-limited state grant program that provides free tuition to essential workers who served during the pandemic; and Michigan Reconnect, a new state program that provides free in-district community college tuition for those over 25 years old. While these programs purport to pay for a college education with marketing messages such as “it feels so good to have my education paid for¹,” anecdotal reports suggest that students are receiving substantial college bills after the grants are applied, in part because of substantial fees that are not covered by the grant programs.

The F4F handbook provides multiple billing examples that illustrate this issue, detailing that a typical student

who is eligible for F4F would still owe \$1,445 to the college after the full grant is applied. These costs are on top of indirect costs each community college student still faces to cover books and supplies (\$1,319, on average), room and board (\$6,432, on average), and other expenses (\$2,904, on average)², not to mention lost wages from going to school when a student could be working.

Courses in high demand fields, such as engineering and healthcare, often have the largest fees associated with them that are not covered by state free tuition programs, even though encouraging students to enroll in these fields is a state priority.³

Significant and unexpected fees could mean the difference between students being able to attend, and stay in college or not. In fact, someone earning the Michigan minimum wage of \$9.45 per hour would have to work 150 hours, or almost a month full-time, to earn enough to cover \$1,445 in fees. As a result, low- and moderate-income students may have to borrow, or work more, to meet additional costs, factors that are associated with lower rates of persistence and completion.⁴ Those who are eligible for a federal Pell grant may have to dedicate a portion of the grant to covering fees, thus decreasing the aid available for their indirect/living expenses.

MANDATORY FEES NOT COVERED ENTIRELY BY STATE FREE TUITION PROGRAMS

We analyzed mandatory fees across all Michigan community colleges to measure how large a financial barrier they may be posing for low-income students across the state even after state free tuition grants are applied. Our analysis revealed that fees are substantial and vary widely by institution. The average mandatory fees by institution, fees that every student enrolled in the institution must pay, add up to \$766 per student, per academic year, at community colleges, making up 17% of the total average tuition and fees of \$4,416 for in-district students at community colleges, and 11% of total tuition and fees of \$6,797 for students

SUMMARY

	By Institution	By Student
Average Fee	\$766	\$598
Minimum Fee	\$0	\$0
Maximum Fee	\$ 1,613	\$1,613
Tuition & Mandatory Fees In-District Total	\$4,416	\$4,064
Tuition & Mandatory Fees Out-of-District Total	\$6,797	\$6,564
% of Total Cost Fees Constitute In-District	17.3%	14.7%
% of Total Cost Fees Constitute Out-of-District	11.3%	9.1%

who attend out of district community colleges. The minimum mandatory fee is \$0, but that is the case at only one institution, which is a clear outlier. When that institution is removed from the analysis, the average mandatory fee rate rises to \$794. Seven institutions charge more than \$1,000 in mandatory fees, and all but four charge \$300 or more. The average community college student statewide pays \$598 in mandatory fees.

For a student who is TIP-eligible, the \$250 cap per semester on fees presents clear affordability challenges. On average, students will pay \$266 in yearly mandatory fees above the cap, and that difference rises to as much as \$1,113 at one institution.

It is important to note that these fees likely accurately reflect the cost of providing a quality education, but because they are in excess of what state free tuition programs cover, may still present a barrier to college persistence and completion.

ADDITIONAL FEES NOT COVERED BY STATE FREE TUITION PROGRAMS

Mandatory fees are not the only fees students must pay to pursue a degree, and in fact, the additional fees students are charged based on the course of study they pursue may actually be the bigger barrier to college affordability. Many specific programs of study require additional fees, often in the form of lab, material or general course fees, above and beyond those charged to all students. We were not able to obtain comparable

information on the average or typical fees charged by each institution in Michigan, but a quick exploration of several community college fee structures makes clear these charges can be substantial. None of the state free tuition programs cover these fees. In fact, the federal Pell grant is the only source of state or federal grant aid that could offset these costs. Using Pell to cover these significant fees cuts into students' ability to pay for books and other living expenses and could drive a student to work more hours and reduce their chance of persisting and graduating on time.

Here are a few examples of the types and magnitude of fees that institutions charge that are not covered by state free tuition programs:

- [Henry Ford College](#) charges course fees, lab fees, and excess contact hour fees "at the rate of \$101.50 per excess contact hour for in-district students and \$177 per excess contact hour for students that are not in-district, with a maximum of five excess contact hours charged per course." Therefore, a single course could cost an out-of-district student \$885 above and beyond tuition and the \$990 in mandatory fees applied to all students. A quick examination of the [fee schedule](#) for the 2021 winter session shows that a per course fee is assessed in all but 4% of courses offered, and these fees range from \$10 to \$515 per course.
- [Grand Rapids Community College](#) charges \$117 per contact hour for all in-district students and \$247 per contact hour for all out-of-district students. This [structure](#) translates into a \$585 charge for an in-district student in a Biology 101 course, for example, which requires five contact hours, but awards four credit hours, leaving students with a \$117 excess fees not covered by state free tuition programs. In-district students enrolled in culinary or dental programs are charged \$151 per contact hour, or \$170 for a five-contact hour course above and beyond the rate that is reimbursed by the state grant programs. Out-of-district students face fees that are twice as high as those of students who live in-district.
- [Mott Community College](#) charges an additional fee of \$1.75 to \$500 per class for courses using specialized equipment or laboratory supplies. That means a student taking 30 credits, or ten courses a year, could face up to \$5,000 in additional out-of-pocket fees.

- [Bay College](#) charges courses-specific fees that range from \$5 to \$496 in nursing courses alone. Welding courses cost an additional \$20 per contact hour, which translates into a \$100 fee for a five-contact hour class. It's not just courses with labs, machinery, or materials that cost extra. Even Accounting Principles costs \$119 extra; Taxation is close behind at \$111.
- The F4F handbook student billing example illustrates how a typical STEM student could expect to face \$1,112.25 in tech and lab fees for three courses.

These examples were pulled at random from large and small schools in the North, East, Southeast and West regions of Michigan. Similar fee structures exist in almost every institution throughout the state and nation. The fees are consistent, and would more accurately be described as tuition, since they represent the cost of taking these courses and are not optional.

TRANSPARENCY ABOUT FEES

While the amount of the fees a student faces that are not covered by state free tuition programs are barrier enough, equally problematic is how hard it can be for students to determine them in advance. Like the fine print on a credit card statement, the terms and conditions of a college bill can be complicated and ascertaining the total cost can require a lot of foresight and multiple calculations. It is easy to imagine a student, particularly a first-generation student who is navigating college without support from someone who has been through the process themselves, accidentally committing to thousands of dollars in unexpected fees. [Jackson College](#), for example, lists student service fees, textbook access fees, and online course fees, all assessed by contact rather than credit hour, suggesting they vary by the specific courses in which a student is enrolled. These fees are in addition to class fees, which vary by course. The very term "excess contact hours," which, according to Henry Ford College, [means](#) "when a course meets for more hours than those generally reflected by the credit hours associated with that course," might be an unfamiliar one to a student or their parent, since "credit hour" is federally defined for the purpose of awarding federal student aid, while contact hour is more opaque, and defined differently by different institutions.

Even a sophisticated consumer would have to know precisely which courses they intend to take and when, and whether a differential and higher contact hour fee and/or course fee is applied, in order to understand

before registering for classes how much they would be billed. [North Central Michigan College](#), for example, has a clear cost calculator that explains contact hours and allows users to input the number of contact hours they will be taking and add them, but refers users to the "schedule of classes" to determine course-specific fees, and that schedule is not easily accessible.

CONCLUSION

Looking at the average as well as the range of mandatory fees students face, and accounting for the reality that many students face course specific fees on top of that, it is clear that neither F4F, TIP, nor Michigan Reconnect provide adequate coverage of college fees. All three programs provide a disincentive for low-income students to enroll in STEM or technical fields. As long as this remains the case, none of these programs can live up to their promise of increased college affordability and completion. The \$250 cap on fees per semester in TIP, in particular, limits the program's effectiveness, and likely dissuades some members of this vulnerable population from going to or staying enrolled in college. High course-specific fees compound the challenge of affordability, and contribute significantly to the second sticker shock.

To realize the full promise of these state free tuition programs, we recommend policymakers lift the cap on mandatory fees in TIP and provide an additional allowance for non-mandatory, course-specific fees in TIP and Michigan Reconnect. Since F4F is a time-limited program, changes to the design cannot be implemented in time to help covered students, but we recommend that policymakers collect and study the fees assessed to participants directly from participating colleges or from a student survey to document and better understand the impact that fees may have had on the success of ongoing state efforts to increase enrollment and completion. Finally, we recommend that institutions continue to provide greater transparency in how fees are calculated, and enable students to clearly assess the full out-of-pocket cost of each program of study prior to enrolling. These changes would provide the greatest boost to students from low-income households pursuing degrees in STEM and other technical fields, which would help Michigan meet the pressing demand for a more skilled workforce.

	In-District			Out-of-District			
	Total Cost of Tuition and Fees	Tuition	Fees	Total Cost of Tuition and Fees	Tuition	Fees	Fees Owed Above TIP Cap
Alpena Community College	\$4,710	\$4,110	\$600	\$7,110	\$6,510	\$600	\$100
Bay de Noc Community College	\$5,250	\$4,050	\$1,200	\$8,130	\$6,930	\$1,200	\$700
Delta College	\$4,220	\$3,510	\$710	\$6,680	\$5,970	\$710	\$210
Glen Oaks Community College	\$4,680	\$3,780	\$900	\$6,660	\$5,760	\$900	\$400
Gogebic Community College	\$4,290	\$3,810	\$480	\$5,880	\$5,400	\$480	0
Grand Rapids Community College	\$3,969	\$3,510	\$459	\$7,869	\$7,410	\$459	0
Henry Ford College	\$3,955	\$3,045	\$910	\$6,220	\$5,310	\$910	\$410
Jackson College	\$6,284	\$4,904	\$1,380	\$8,736	\$7,356	\$1,380	\$880
Kalamazoo Valley Community College	\$3,670	\$3,420	\$250	\$6,160	\$5,910	\$250	0
Kellogg Community College	\$4,463	\$3,653	\$810	\$9,270	\$5,933	\$810	\$310
Kirtland Community College	\$4,260	\$3,630	\$630	\$6,090	\$5,460	\$630	\$130
Lake Michigan College	\$4,763	\$4,763	\$ -	\$6,743	\$6,743	\$ -	0
Lansing Community College	\$3,830	\$3,330	\$500	\$7,160	\$6,660	\$500	\$0
Macomb Community College	\$3,330	\$3,060	\$270	\$5,970	\$5,700	\$270	0
Mid-Michigan College	\$4,990	\$3,960	\$1,030	\$7,630	\$6,600	\$1,030	\$530
Monroe County Community College	\$4,265	\$3,435	\$830	\$6,935	\$6,105	\$830	\$330
Montcalm Community College	\$4,680	\$3,390	\$1,290	\$7,710	\$6,420	\$1,290	\$790
Mott Community College	\$5,170	\$4,307	\$862	\$6,364	\$5,502	\$862	\$362
Muskegon Community College	\$4,915	\$3,645	\$1,270	\$8,080	\$6,810	\$1,270	\$770
North Central Michigan College	\$4,710	\$3,870	\$840	\$7,260	\$6,420	\$840	\$340
Northwestern Michigan College	\$4,265	\$3,270	\$995	\$7,805	\$6,810	\$995	\$495
Oakland Community College	\$3,110	\$2,910	\$200	\$5,840	\$5,640	\$200	0
Schoolcraft College	\$4,556	\$3,690	\$866	\$6,176	\$5,310	\$866	\$366
Southwestern Michigan College	\$5,378	\$3,765	\$1,613	\$6,555	\$4,943	\$1,613	\$1,113
St. Clair County Community College	\$5,215	\$4,080	\$1,135	\$8,845	\$7,710	\$1,135	\$635
Washtenaw Community College	\$3,150	\$2,850	\$300	\$5,220	\$4,920	\$300	0
Wayne County Community College	\$3,778	\$3,273	\$505	\$4,054	\$3,549	\$505	\$5
West Shore Community College	\$3,780	\$3,180	\$600	\$5,700	\$5,100	\$600	\$100
Average	\$4,415	\$3,650	\$766	\$6,888	\$6,032	\$766	\$266

ENDNOTES

1. Michigan Reconnect [homepage](#) retrieved February 27, 2021
2. Michiganders encouraged to explore high-demand, high-wage career pathways” Press release. December 2, 2020. Retrieved March 4, 2021 <https://www.michigan.gov/whitmer/0,9309,7-387-90499-546571--,00.html>
3. Averages calculated from net price calculators on each institution’s website
4. Anthony P. Carnevale and Nicole Smith. “Balancing Work and Learning: Implications for Low-Income Students.” Georgetown University Center on Education and the Workforce. 2018. <https://bit.ly/2NMJQaP>.