

Graduate Student Cost of Living Report 2002-2003

MIT GRADUATE STUDENT COUNCIL

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Introduction

In order to set stipend levels at a reasonable level, it is necessary to have an accurate measure of the cost of living for MIT graduate students. This was one of the primary goals of the Graduate Student Life Survey, which was conducted in Fall 2002. The survey yielded a large response rate of 44% (2,609 graduate students of the 5,924 invited filled out the survey), and the demographics of the respondents (in terms of gender, ethnicity, school, and housing location) matched closely with Institute-wide demographics.

The set of survey questions designed to give general information regarding income and expenses for graduate students are given below.

- ❖ *Rounded to the nearest \$1000, what is your income after taking out taxes (and after taking out tuition, if you pay for it)?*
- ❖ *Is MIT tuition paid for you (i.e. through TA, RA, fellowship, company/ country support, etc.)?*
- ❖ *Do you have any of the following sources of support? Research Assistantship, Teaching Assistantship, MIT Fellowship, Outside Fellowship*
- ❖ *Do you have a job/ source of support outside of an RA/TA/Fellowship?*
- ❖ *Do your expenses exceed your income?*
- ❖ *If so, what is the primary method you use to resolve the gap between your expenses and your income?*
- ❖ *Do you pay MIT fees (insurance/ Student Life Fee/ etc) out of the income reported above?*
- ❖ *How much do you (and your spouse or partner, if you have one) spend monthly on transportation expenses? (car bills, T, parking, bike, etc.)?*
- ❖ *How much do you spend on food monthly (including both groceries and eating out)?*
- ❖ *How much is your monthly rent/ mortgage payment + utilities? Please include only your portion of the expenses if you share with roommates. [this question asked of off-campus students only]*

The responses to these questions give us information regarding:

- How much money do graduate students have left to spend after taxes and tuition?
- Which groups of students have little disposable income?
- Where do graduate students receive funding from?
- How many graduate students have expenses that exceed their income?
- Which groups of students find it most difficult to get by on the income they receive?
- To what extent does rent contribute to the cost of living for those who live off campus?
- How much do students spend on transportation and food?
- How many graduate students have to pay for institute fees?

The first three questions listed above deal with graduate students' income, while the remaining questions pertain to expenses and how they relate to income levels. This information combined with information regarding the cost of on-campus housing and medical insurance costs provides a reasonable description of graduate students' cost of living.

Income and Funding

Figure 1 plots the distribution of respondents' disposable income (defined as income after paying for taxes and tuition, if applicable). This distribution has two modes (roughly speaking) - one at approximately \$18,000 and the other at No Income.

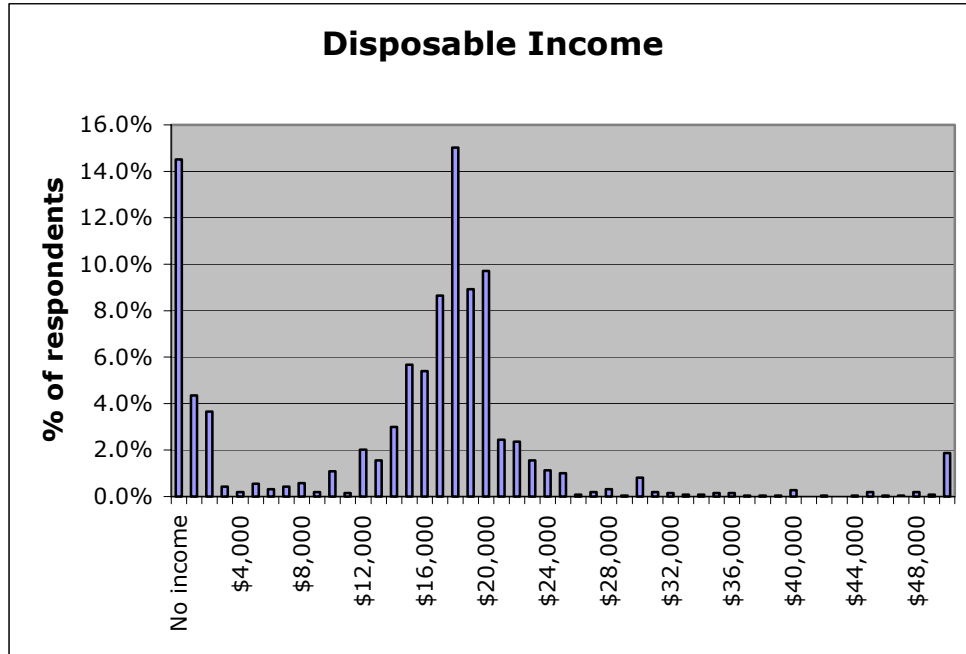


Figure 1: Disposable income for graduate students

Let us consider three groupings of students based on disposable income levels:

Bracket A: those with a yearly disposable income of \$10,000 or below

Bracket B: those with a yearly disposable income above \$10k and below \$25k

Bracket C: those with a yearly disposable income of \$25k or above

Table 1 gives the distributions among these three disposable income brackets for the graduate student population as a whole as well as a number of subsets of this group.

Demographic Group	Disposable Income Bracket		
	A	B	C
All Grad Students	26.3 %	67.6 %	6.1 %
U.S. Citizens	23.6 %	69.8 %	6.7 %
Int'l / Perm. Res.	30.0 %	64.8 %	5.2 %
Male	25.8 %	67.1 %	7.1 %
Female	27.3 %	68.9 %	3.8 %
Architecture	50.8 %	44.4 %	4.8 %
Engineering	19.9 %	73.8 %	6.3 %
Humanities	14.5 %	73.6 %	11.8 %
HST	24.4 %	72.1 %	3.5 %
Science	7.3 %	91.8 %	1.0 %
Sloan	69.0 %	18.5 %	12.5 %

Table 1: Distribution of students in disposable income brackets by demographic

Five general categories were used in this survey to describe possible sources of funding for graduate students: Teaching Assistantship, Research Assistantship, MIT Fellowship, External Fellowship, and Other Job or Source of Support. Each of these categories has a binary classification: a student has a given source of funding or they do not. Therefore, there are $2^5 = 32$ possible funding classifications. Many of these classifications are not very significant and so can be grouped together. Figure 2 illustrates the sources of funding for students after performing these groupings. The figure illustrates that a very large proportion of students rely on research and/or teaching assistantships for either all or some of their funding.

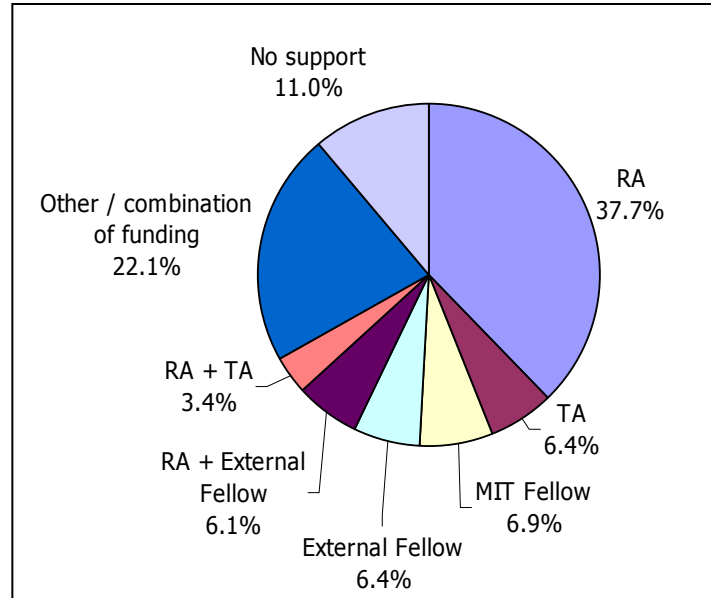


Figure 2: Sources of funding for graduate students

Ability to Meet Expenses

The income level for graduate students has more meaning when examined in the context of the level of expenses. 53.6% of graduate students report that their expenses exceed their income. The ability of students to meet their expenses based on their demographic group is presented in Table 2.

	% in category whose expenses exceed income
Category: Disposable Income Bracket	
Income Bracket A	77.9 %
Income Bracket B	45.9 %
Income Bracket C	35.4 %
Category: Housing Location	
On - campus	48.0 %
Off - campus	57.8 %
Category: Spouse / Partner Status	
Single	47.8 %
Have spouse / partner	60.9%
Category: Dependand Status	
Have dependand(s)	74.2 %
No dependands	52.0 %
Category: Gender	
Male	53.0 %
Female	54.7 %
Category: Citizenship	
U.S. Citizen	53.3 %
Int'l or Perm. Res.	53.9 %

Table 2: Proportion of students in various demographics whose expenses exceed their income

The data shows that, as expected,

- (1) gender and citizenship do not play any significant role in whether or not a student is able to support themselves on their income, and
- (2) differences in how much income a student receives, where a student lives, and how many people the student is supporting play a very significant role in how well they can support themselves on their income.

Childcare expenses can prove to be a very large contributor to a students' expenses (with many students paying upwards of \$1,000 per month for it). The survey shows 7.2% of the graduate student population has dependands.

Cost of Living

Rents

The most significant expense for students is housing, either on campus or off. Figure 3 shows the distribution of housing costs for students living off campus (for the 2002 / 2003 academic year). The median rent is \$850 and the mean is \$1,024.

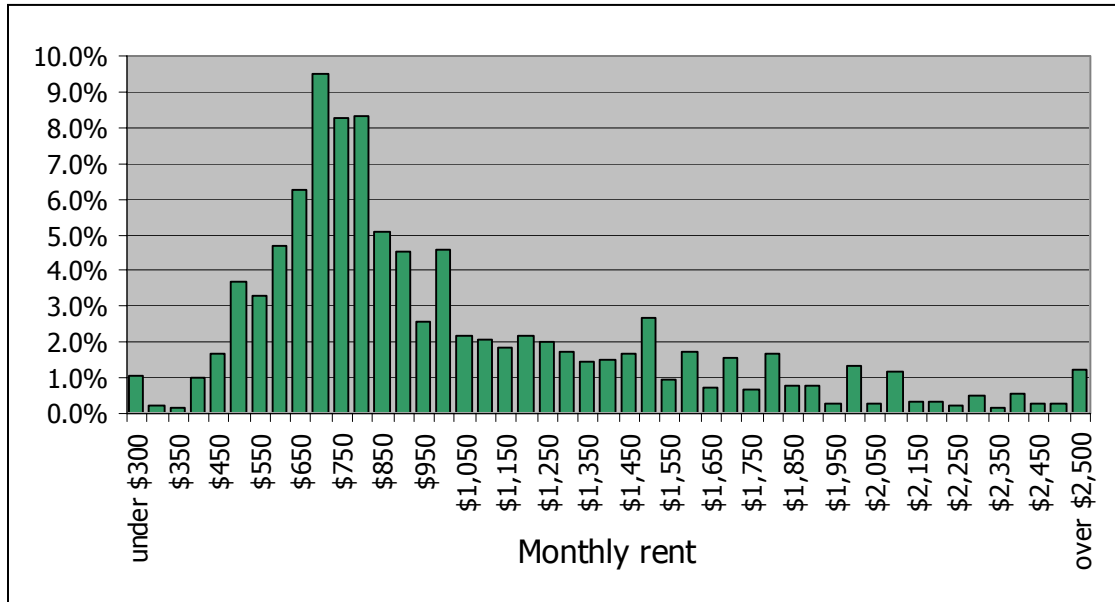


Figure 3: Off campus rent distribution for 2002/2003

The housing market in Cambridge and Boston has remained relatively flat and rents are expected to stay at approximately the same level next year as they currently are. Rents on campus, however, will be increasing in the coming academic year. Table 3 lists the number of beds on campus and their rents for the current academic year as well as the best current estimate of rents next year (these numbers have not yet been finalized). Note that the number of rooms in Ashdown and Sidney-Pacific were adjusted after the start of the current academic year, and the information listed in Table 3 for 2002/2003 is from the start of the year before these changes were made.

The rents on campus are projected to increase from an average of \$661 and a median of \$667 to an average of \$735 and a median of \$788. This corresponds to an 11% increase in average rents and an 18% increase in the median rent. The large increase in rent affects over a third of the graduate student population (37% of the current student population will be able to live on campus using the 2003/2004 estimated number of beds).

<i>House</i>	<i>Room Type</i>	<i>'02-'03 # Beds</i>	<i>'02-'03 Rent</i>	<i>'03-'04 # Beds (Estim.)</i>	<i>'03-'04 Rent (Estim.)</i>	<i>Final \$ Change</i>	<i>Final % Change</i>
Ashdown	single	121	\$499	155	\$515	\$16	3.1%
	corner double	44	\$494	44	\$499	\$5	1.0%
	double	222	\$472	176	\$446	-\$26	-5.5%
	triple	33	\$483	0	\$0		
Edgerton	efficiency	2	\$893	2	\$919	\$26	2.9%
	1-bed	17	\$1,083	17	\$1,124	\$41	3.7%
	2-bed	76	\$667	76	\$788	\$121	18.1%
	3-bed	75	\$576	75	\$630	\$54	9.4%
	4-bed	20	\$512	20	\$578	\$66	12.8%
Green	single	32	\$494	32	\$515	\$21	4.1%
	double	14	\$446	14	\$420	-\$26	-5.8%
Sidney-Pacific	efficiency	193	\$755	198	\$840	\$85	11.3%
	doubled eff	10	\$520	0	\$0		
	2-bed	396	\$675	436	\$788	\$113	16.7%
	quad	140	\$520	60	\$499	-\$21	-4.1%
	2-bed	10	\$755	10	\$840	\$85	11.3%
Tang	2-bed	88	\$450	88	\$546	\$96	21.3%
	3-bed	132	\$501	132	\$578	\$77	15.3%
	4-bed	184	\$495	184	\$578	\$83	16.7%
Warehouse	efficiency	120	\$840	120	\$919	\$79	9.4%
Eastgate	1-bed corner	84	\$1,029	84	\$1,080	\$51	5.0%
	1-bed center	94	\$956	94	\$1,004	\$48	5.0%
	2-bed	19	\$1,227	19	\$1,288	\$61	5.0%
Westgate	efficiency	90	\$830	90	\$872	\$42	5.0%
	1-bed	60	\$977	60	\$1,026	\$49	5.0%
	2-bed	60	\$1,103	60	\$1,158	\$55	5.0%

Table 3: Rents and number of rooms of on campus room types for 2002/2003 and 2003/2004 (projection)

Other Expenses

A distribution of transportation costs (including parking fees, public transportation costs, etc.) for on campus and off campus students is given in Figure 4. For students living off campus, the average monthly cost of transportation is \$98 and the median cost is \$50. For students living on campus the average cost is \$70 and the median is \$30.

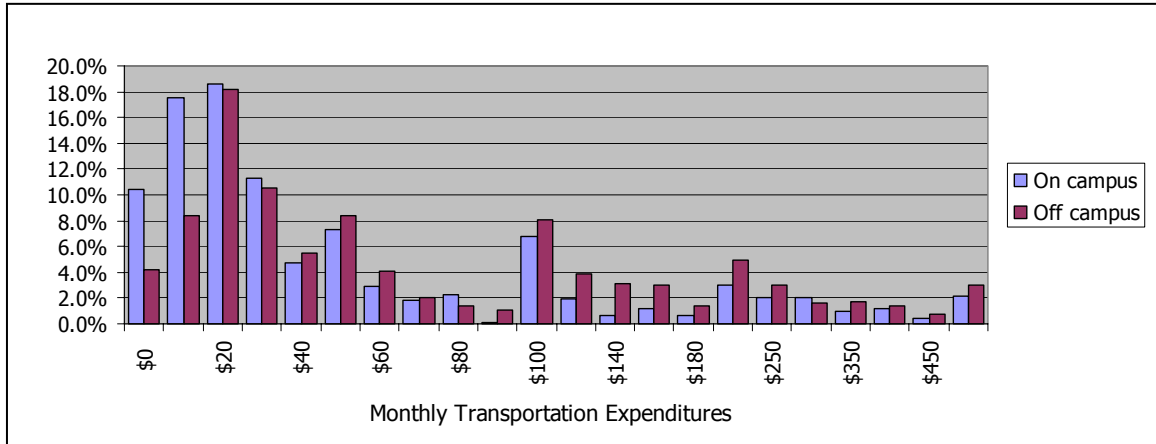


Figure 4: Monthly transportation expense distribution for off campus and on campus students

The average amount spent on food by graduate students every month is \$394, and the median amount spent is \$400. Figure 4 shows the distribution of these food expenditures.

In addition, 87.3% of graduate students report that they pay the Student Life Fee of \$200 per year out of their disposable income.

Finally, the majority of MIT graduate students have medical insurance through the universities Extended Health Plan. This currently costs approximately \$900 per year. The price of insurance is expected by the Medical Services Center to increase by 10 to 20%, likely going beyond \$1,000.

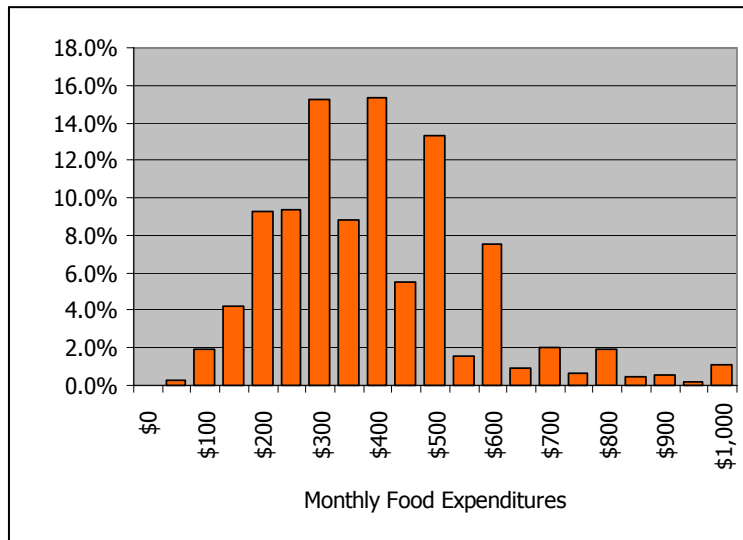


Figure 5: Monthly food expense distribution

Further information regarding students' expenses can be obtained from MIT's Financial Aid Office, which states:

In addition to tuition, fees, room and meals, you will need to purchase books and supplies, and you will have personal expenses for clothes, laundry, toiletries, phone bills, entertainment and snacks. You will purchase all these items on your own, ordinarily using your summer or term-time earnings. Actual costs will vary by student, but we use a standard allowance of \$3,000 for all students to determine their financial need. The experience of MIT students is that this allowance is a reasonable figure.

-http://web.mit.edu/finaid/tuition_fees/

The \$3000 amount quoted here has not been independently verified and can be taken as a minimum for graduate students.

Total Cost of Living

All of the information presented above can be combined to obtain an estimate of the total cost of living for MIT graduate students. Table 4 below gives the cost of living for off campus and on campus students for both 2002-2003 and a projection for 2003-2004. Median values are used for rent, food and transportation since they are not skewed by outliers as mean values are, and are therefore presumed to provide a better description of the cost of living. In addition, a 3% inflation rate is assumed in projecting the cost of food and other expenses.

	'02 – '03 Expenses	'03 – '04 Expenses
<i>Off Campus Students (63% of population)</i>		
Rent	\$850x12 = \$10,200	\$850x12 = \$10,200
Health Insurance	\$900	\$1,000
Student Life Fee	\$200	\$200
Food / Groceries	\$400x12 = \$4,800	\$4,800x1.03 = \$4,944
Transportation	\$50x12 = \$600	\$50x12 = \$600
Other	\$3,000	\$3,000x1.03 = 3,090
Total Off-Campus Expenses	\$19,700	\$20,034
<i>On Campus Students (37% of population)</i>		
Rent	\$667x12 = \$8,004	\$788x12 = \$9,456
Transportation	\$30x12 = \$360	\$30x12 = \$360
Total On-Campus Expenses	\$17,264	\$19,050

Table 4: Cost of living for off campus and on campus students