

Title	Affordability Symposium	
Staff lead	Rachelle Sharpe	Marc Webster
Position	Deputy Director	Senior Fiscal Policy Advisor
Email	rachelles@wsac.wa.gov	marcw@wsac.wa.gov
Phone	360-753-7878	360-753-7862
Synopsis	College affordability is a complex topic, and the Committee on Funding and Affordability has been developing an Affordability Framework to improve understanding. The Framework will help us develop a common definition, provides metrics, and clarifies roles in addressing affordability. It is also a tool to evaluate how different proposals will impact all students in all sectors. This Symposium will explore how the Framework—which has received input from national experts—can engage policymakers and leaders in considering whether or not Washington State should have maximum thresholds of student debt and work by sector.	
Guiding questions	<ul style="list-style-type: none"> • What should be included in the final Framework to support understanding? • How does affordability as an underlying theme connect to other areas of the Roadmap such as access and equity? 	
Possible council action	<input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Approve/Adopt <input type="checkbox"/> Other	
Documents and attachments	<input checked="" type="checkbox"/> Brief/Report <input checked="" type="checkbox"/> PowerPoint <input checked="" type="checkbox"/> Third-party materials <input type="checkbox"/> Other	

Affordability Framework Overview

VISION

Every Washington resident who desires and is able to attend postsecondary education should be able to cover educational costs.

PURPOSE & OBJECTIVES

The Framework is designed to improve understanding of affordability for all students in Washington. It illustrates how variations in postsecondary pricing and supports from all sources affect affordability. It will also describe how policy recommendations could impact all students by income level and sector.

The Framework helps us define and determine how to measure and assess current levels of affordability, establish the state's affordability goals, and develop parameters for reasonable levels of debt and work.

The Framework will help policy makers:

- Coordinate institutional appropriations, tuition, and financial aid.
- Understand the impact of funding and policy decisions on students.
- Evaluate whether new proposals help the state reach affordability goals.
- Account for and leverage partnerships with the federal government, institutions, state, and private funders.
- Connect and use affordability data from multiple sources.

FOUNDATIONAL PRINCIPLES – Paying for College is a Shared Investment

- Students and Families
 - Affordability is viewed from the perspective of students and families.
 - All students and their families are responsible for sharing in the cost for their education.
 - Families should receive early, high quality information about financing options.
 - The financing methods used differ by income level of students and families.
 - A reasonable amount of student work supports student success.
- State Policymakers
 - Ensure affordable access to high quality instruction through coordinated funding to public institutions.
 - Set stable and predictable tuition and financial aid policies.
 - Provide a variety of affordable educational pathways for students.
 - Consider the full cost of attendance for each sector when addressing affordability.
- Institutions
 - Play a critical role in addressing affordability, including through institutional aid.
 - Provide services that support student success.
 - Commit to serving a diverse student body, including low-income and first-generation students.

MEASURING AFFORDABILITY AND COMPARING TO TARGETS

The following affordability metrics highlight the current status of affordability in Washington, how it compares historically, and whether it meets a reasonable threshold of affordability. The metrics will be evaluated to set ranges of affordability targets. The full Framework includes historical data by sector. Where available, the data are provided by income and dependency status.

Measure	Metric	Status	Data Note	
Cost	Public Tuition/Fees	<u>FY 17</u> Research \$9,900 Regional \$6,300 CTCs \$3,800	<u>Change FY 08</u> +61% (\$6,200) +42% (\$4,600) +42% (\$2,700)	<u>% Median Wage</u> <u>FY 17</u> 22.6% 14.4% 8.7%
		<u>FY 17</u> \$11,811 Commuter	<u>Non-tuition Educational Costs</u> \$825 Books \$7,634 Room and Board \$1,485 Transportation \$1,867 Misc. Expenses	
		<u>FY 17</u> 43% Public Bacc. 64% CTCs	<u>Change FY 08</u> -19 pp. (62%) -11 pp. (75%)	<u>Change FY 90</u> -38 pp. (81%) -23 pp. (87%)
Aid	Net Price	<u>FY 14</u> \$11,100 Research \$10,400 Regional \$8,100 CTCs \$15,800 Private 4	Cost of attendance minus grant/scholarship aid for recipients (Unit Record Report, 2013-14).	
		<u>FY 13</u> \$1.8 B in total aid to needy students	61% federal, 20% state, 19% campus/other 60% grants	
Student/Family Options	Annual Student Debt for Borrowers	<u>FY 14</u> \$7,400 Research \$7,100 Regional \$5,600 CTCs \$8,300 Private Four	<u>Change FY 08</u> +54% (\$4,800) +61% (\$4,400) 100% (\$2,800) +17% (\$7,100)	
	Work Hours	<u>FY 14</u> <ul style="list-style-type: none"> 64% of students said they were working. Half of working students worked more than 20 hours per week. 	Per statewide survey with 7,000 respondents.	
	Time to Degree	<u>FY 14 Public Baccs</u> 4.13 years for HS direct students & 2.56 for transfer students	49% of CTC students attend part-time.	

COLLEGE AFFORDABILITY: WHAT IT IS AND WHY IT MATTERS

Sandy Baum

The Urban Institute and George Washington University

Washington Student Achievement Council

Higher Education Affordability Symposium

November 2015

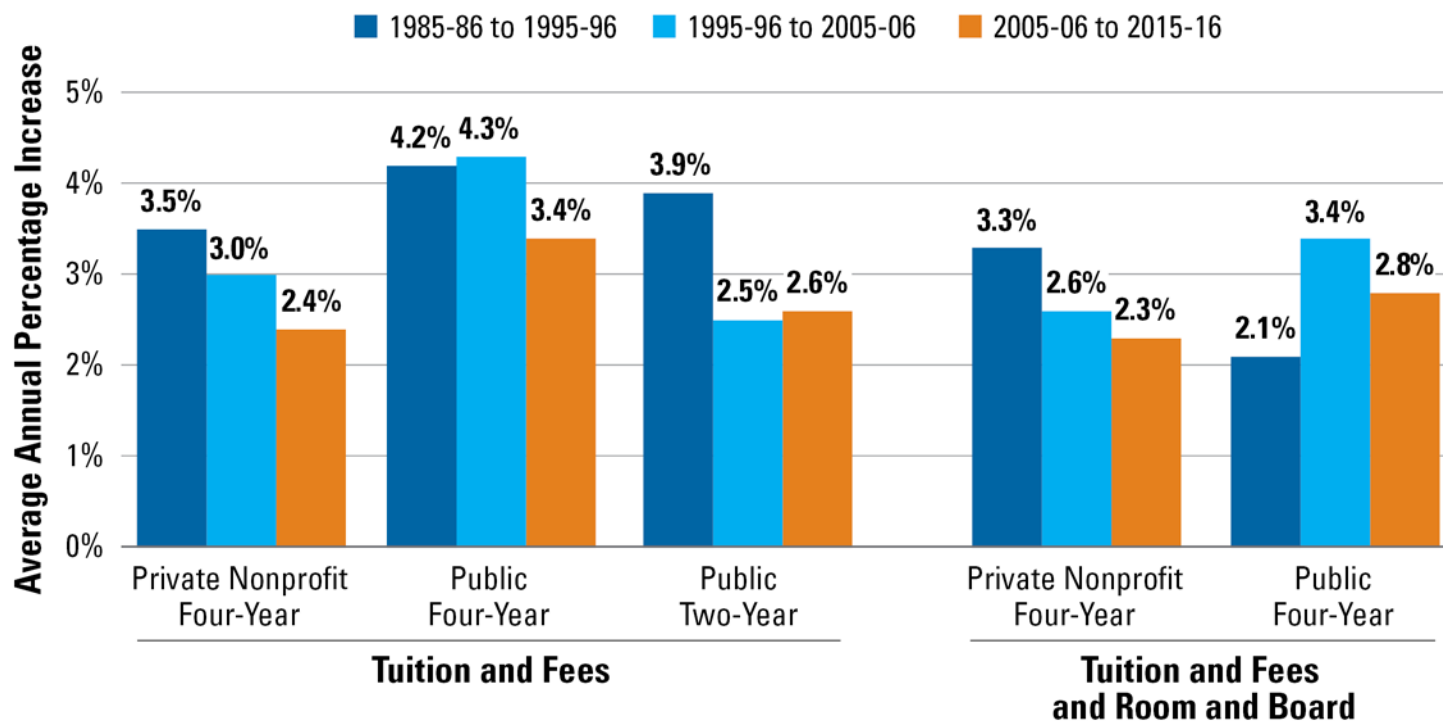
Is college affordable?

- Expensive \neq unaffordable
- Affordable for whom?
- Focus on available resources before *and* after college

Focus on the student

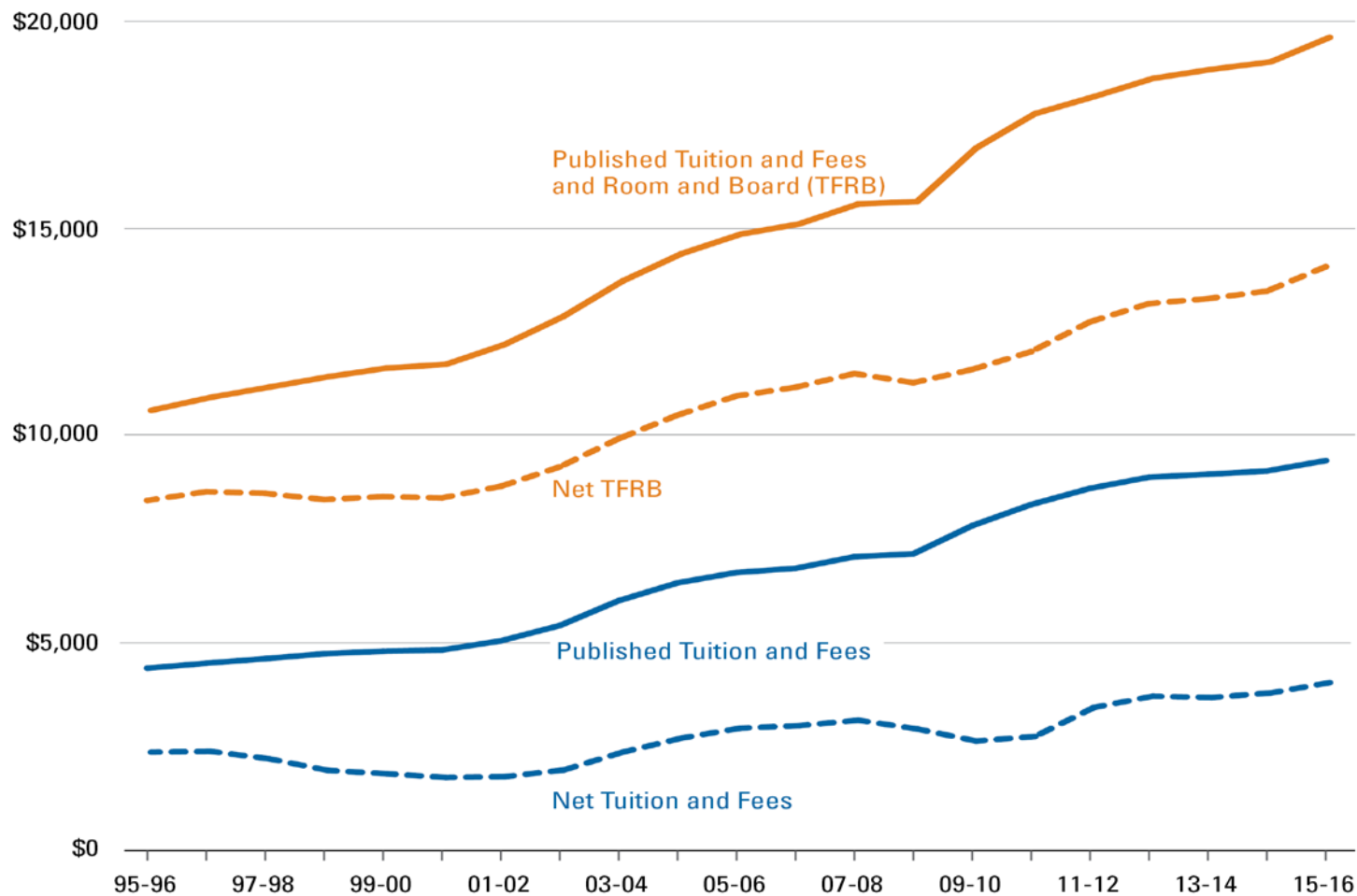
- Some students receive a subsidy from parents.
- Other students depend on subsidies from other sources.
- Will long-term standard of living be higher after paying for college?

Average Annual Percentage Increase in Inflation-Adjusted Published Prices by Decade, 1985-86 to 2015-16



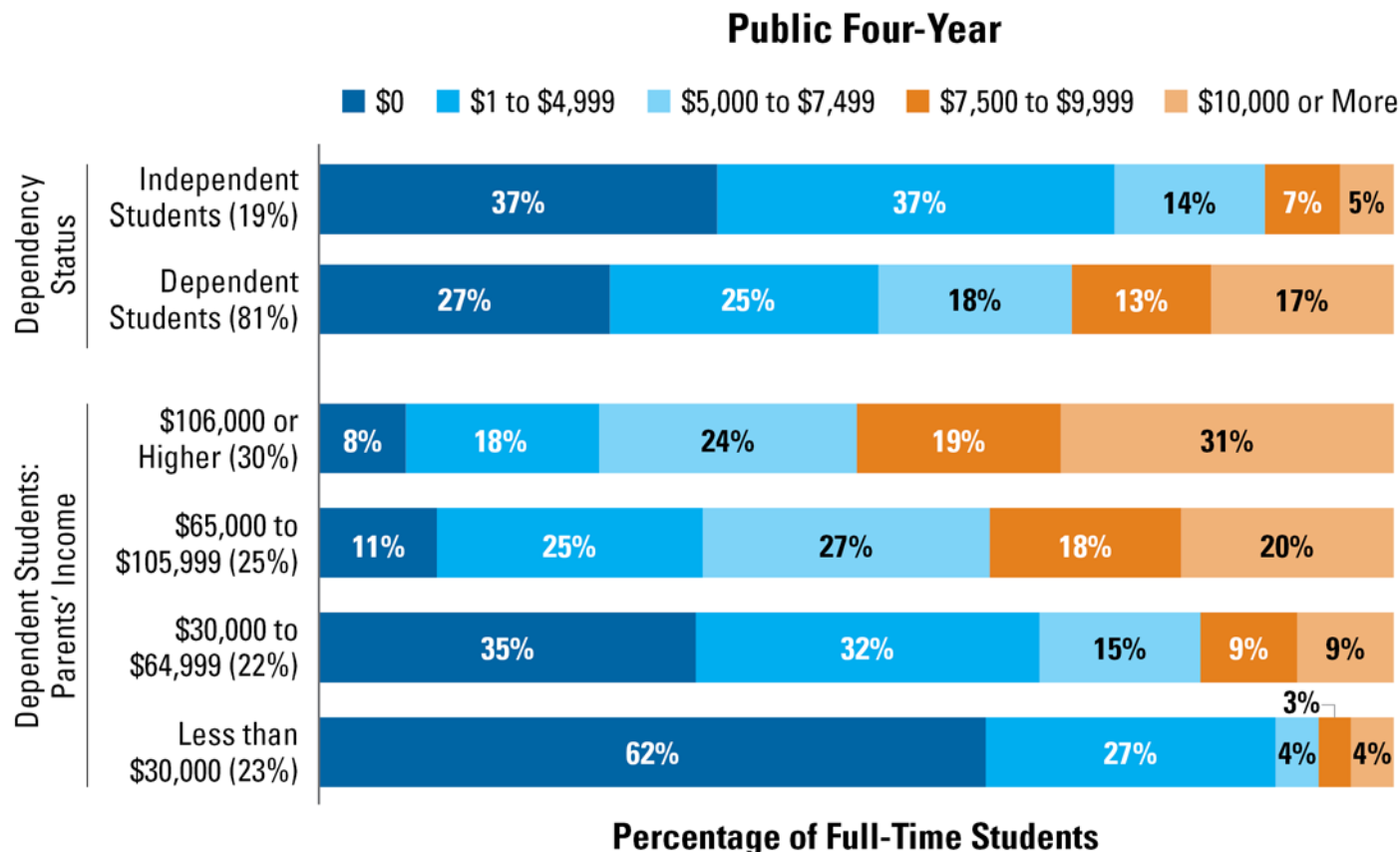
SOURCE: The College Board, *Trends in College Pricing 2015*, Figure 5

Average Published and Net Prices in 2015 Dollars, Full-Time In-State Undergraduate Students at Public Four-Year Institutions, 1995-96 to 2015-16



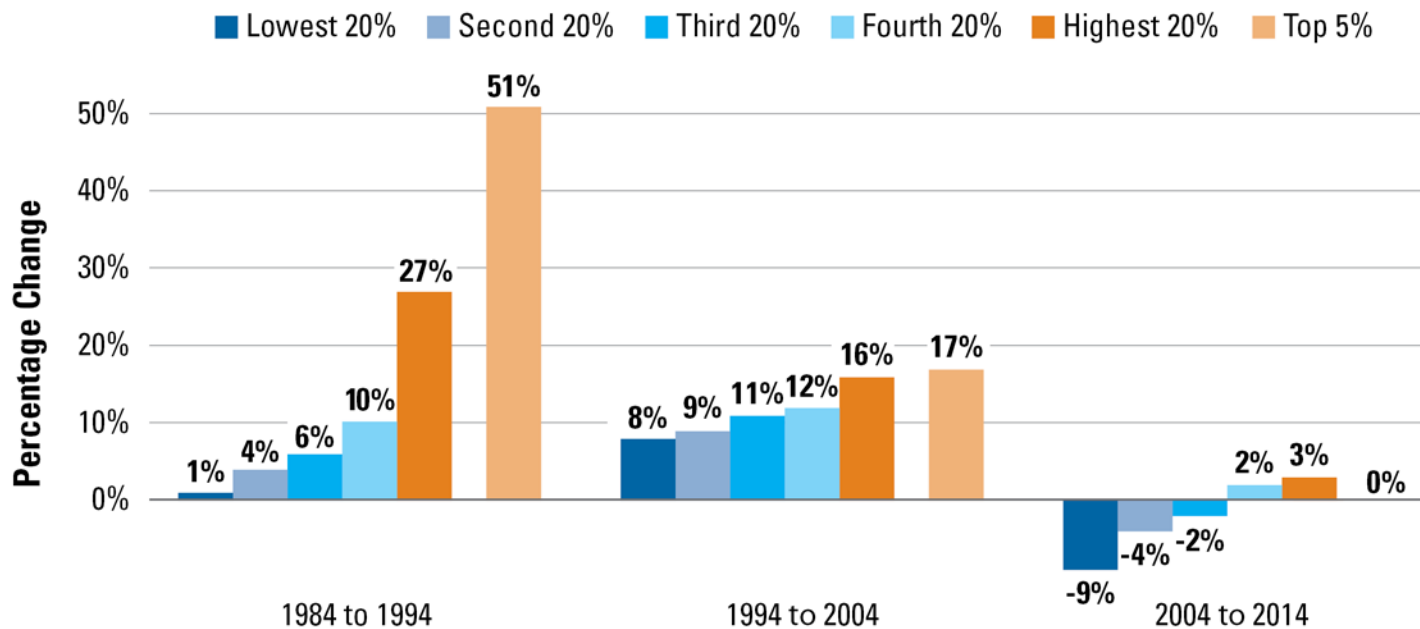
SOURCE: The College Board, *Trends in College Pricing 2015*, Figure 12

Distribution of Net Tuition and Fees at Public Four-Year Institutions by Dependency Status and Family Income, 2011-12



SOURCE: The College Board, *Trends in College Pricing 2015*, Figure 14

Percentage Change in Inflation-Adjusted Mean Family Income by Quintile, 1984 to 1994, 1994 to 2004, and 2004 to 2014



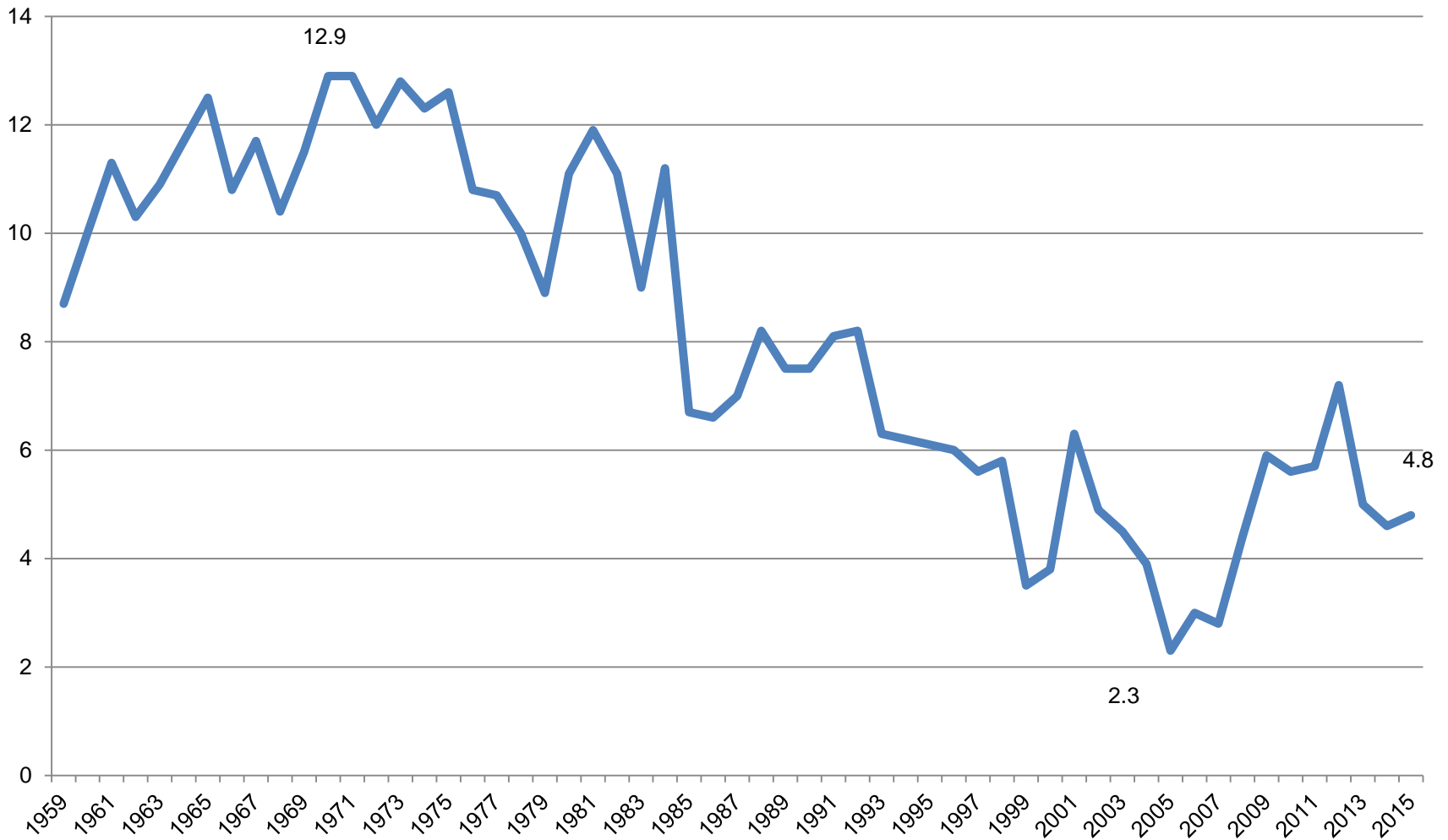
SOURCE: The College Board, *Trends in College Pricing 2015*, Figure 22A

Rising tuition, stagnant family incomes

Year	Lowest fifth	Second fifth	Third fifth	Fourth fifth	Highest fifth	Top 5 percent	Public Four-Year TF	Average Net TF
2004	\$17,800	\$42,400	\$68,000	\$101,600	\$211,400	\$368,300	\$6,500	\$2,600
2009	\$16,900	\$40,900	\$66,100	\$100,400	\$209,100	\$358,600	\$7,800	\$2,600
2014	\$16,100	\$40,700	\$66,900	\$103,100	\$217,000	\$370,100	\$9,100	\$3,700
10 yrs	-10%	-4%	-2%	1%	3%	0%	40%	42%
	-\$1,700	-\$1,700	-\$1,100	\$1,500	\$5,600	\$1,800	\$2,600	\$1,100
2009-2014								
	-5%	0%	1%	3%	4%	3%	17%	42%
	-\$760	-\$195	\$796	\$2,745	\$7,937	\$11,446	\$1,314	\$1,160

Source: U.S. Census Bureau 2014; The College Board, *Trends in College Pricing 2013*

Personal savings rate in the U.S., 1959-2015



Source: Bureau of Economic Analysis, 2015 (data as of September 1)

Defining expenses and resources

- Tuition and fees
- Books and supplies
- Living expenses
- Foregone wages
- Which postsecondary options?

- Subsidies available (including parents)
- Future earnings

Complications

- Uncertainty
- Perceptions vs. reality
- Net price vs. sticker price
- Incomes / assets
- Prices of other goods and services

Developing affordability metrics

- Define affordability
- Does college leave people better off financially?
- To what extent does the system compensate for differences in pre-college financial circumstances?
- How do peoples preferences and choices interact with the system?
- What has changed over time?

Lumina: The Rule of 10

- What can students reasonably contribute out of family resources, student work, and debt?
- Based on education as a consumption expenditure, not an investment
- Save 10% of discretionary income for 10 years, work 10 hours / week while in school
- Debt only to replace absence of expected parental savings

Lumina benchmark

- Family of four,
- \$50,000 income

- \$1,500 for all of postsecondary education for all children

- Who will pay?
- Multiple children?
- Years / level of education?

Loan payments: a fraction of extra earnings of college graduates

	Median earnings	Annual premium	Monthly premium	50% of monthly premium	Debt at 5%
High School	\$26,500				
Associate Degree	\$30,900	\$4,400	\$370	\$185	\$17,400
Bachelor's degree	\$44,200	\$17,700	\$1,470	\$735	\$69,300
BA or more	\$47,300	\$20,800	\$1,730	\$865	\$81,500

Source: U.S. Census Bureau, 2014;

College is an investment for the state and for the student

- Integrating financial benefits to students into concept of affordability
- Providing an insurance policy
- Encouraging and supporting constructive choices

From the state's perspective

- In an ideal world, would students not borrow?
- Who would pay?

- How much can costs go down without seriously harming quality?
- Higher appropriations?
- Higher state grant aid?
- Both require more tax revenues

- Use the available resources to maximize equity and efficiency



Welcome

Maud Daudon, Council Chair

Matt Steuerwalt, Policy Director for Governor Inslee

An affordable college education is critical to increasing educational attainment in Washington State.



Highlights of Affordability in Washington

Rachelle Sharpe, Deputy Director
Marc Webster, Senior Fiscal Policy Advisor



But paying for college is complex, and the costs can be daunting.

TUITION



TRANSPORTATION



PERSONAL EXPENSES



ROOM &
BOARD



BOOKS &
SUPPLIES

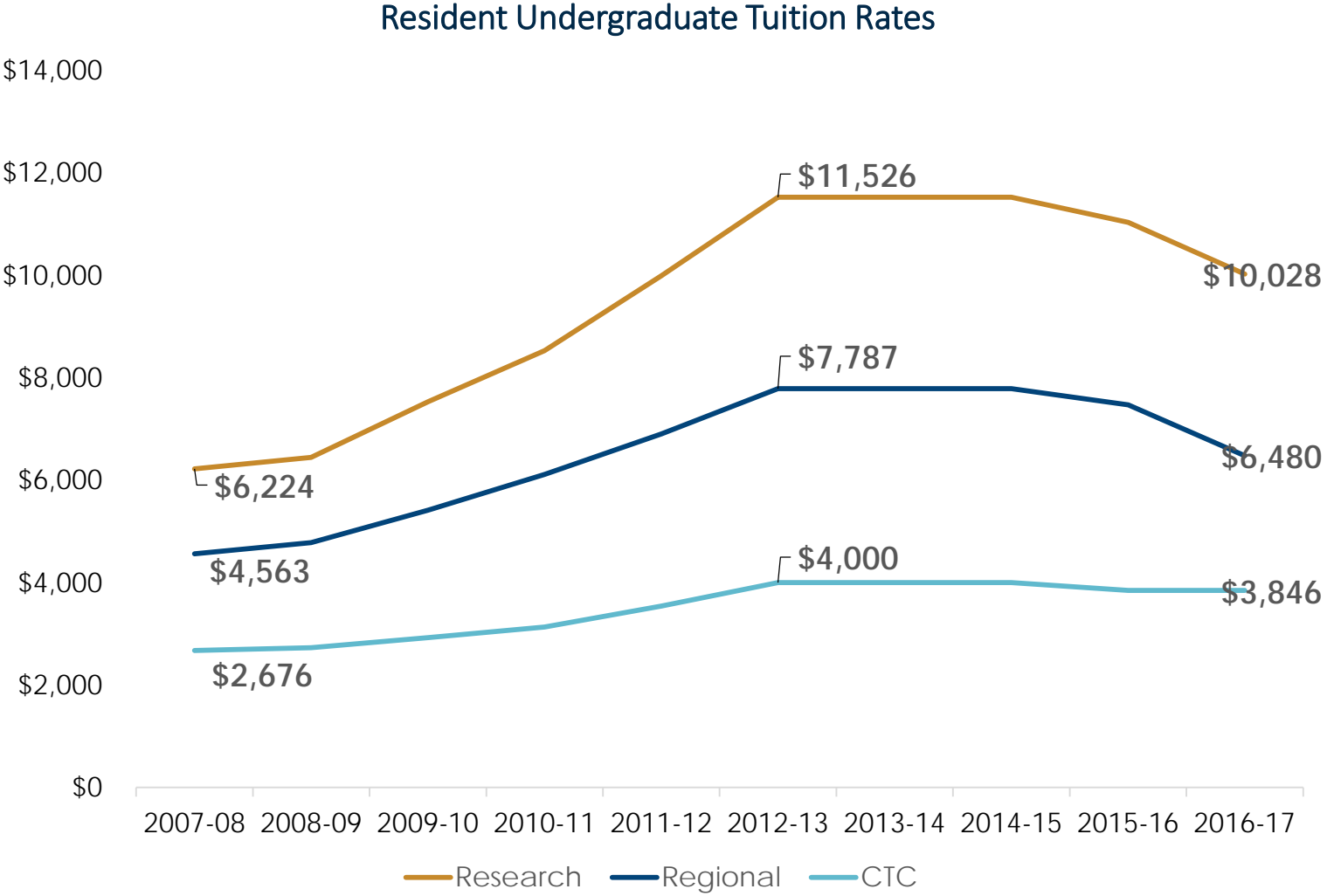


OPPORTUNITY
COST

2015-16 Commuter Budget

\$	Tuition
\$825	Books
\$7,600	Room & Board
\$1,500	Transportation
\$1,900	Personal Exp.

Following steep increases during the recession, tuition was flat and decreased.

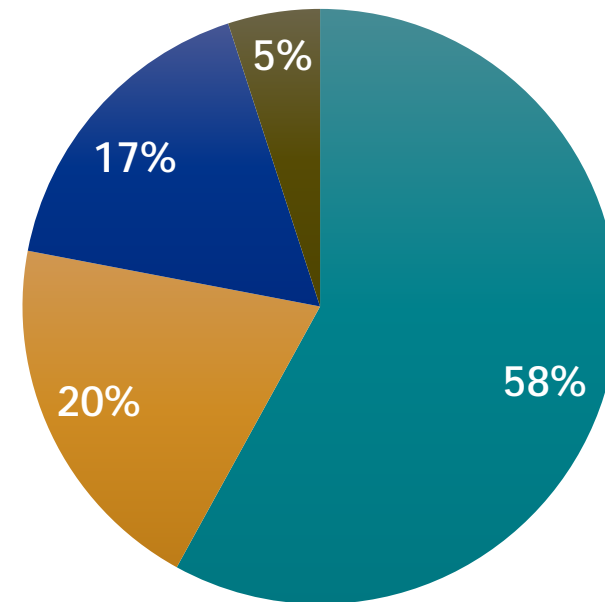




Students must find ways to pay for college.

Aid by Source 2013-14

Over **\$1.89 Billion** in Aid was provided to over 159,700 students



■ Federal ■ State ■ Institutional ■ Other

Note: Resident undergraduate need-based recipients as reported on the Unit Record Report by 68 institutions to WSAC.

STUDENT LOANS



During the great recession, annual debt doubled for students attending community colleges and increased by up to 61% for those in the public four-year system.*

Annual Student Loan Debt



Washington Student Achievement Council. *Annual Unit Record Reports*. [WA resident undergraduate need-based recipients, borrowed student loans without PLUS].

FAMILY'S SHARE

- 20% Discr. income annually during college
- 10 Years of saving
- 5% Discretionary income saved annually
- 1.0% Interest on savings

STUDENT'S SHARE

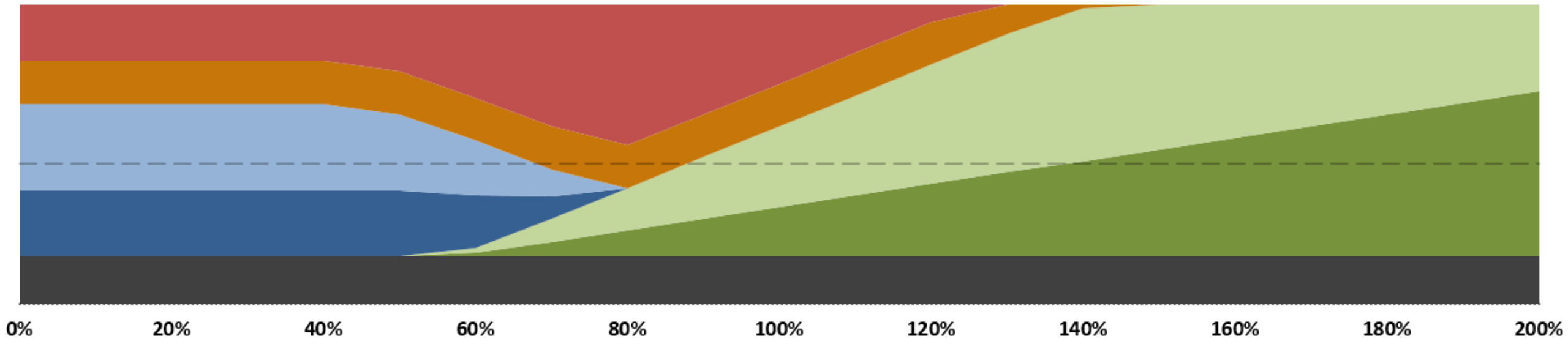
- 500 hrs worked
Annual take-home pay is \$3,681
- 9.26 \$/hr base pay

POLICY CHANGE

- 0.0% Tuition change
Tuition is \$8,053
- 0.0% SNG served change

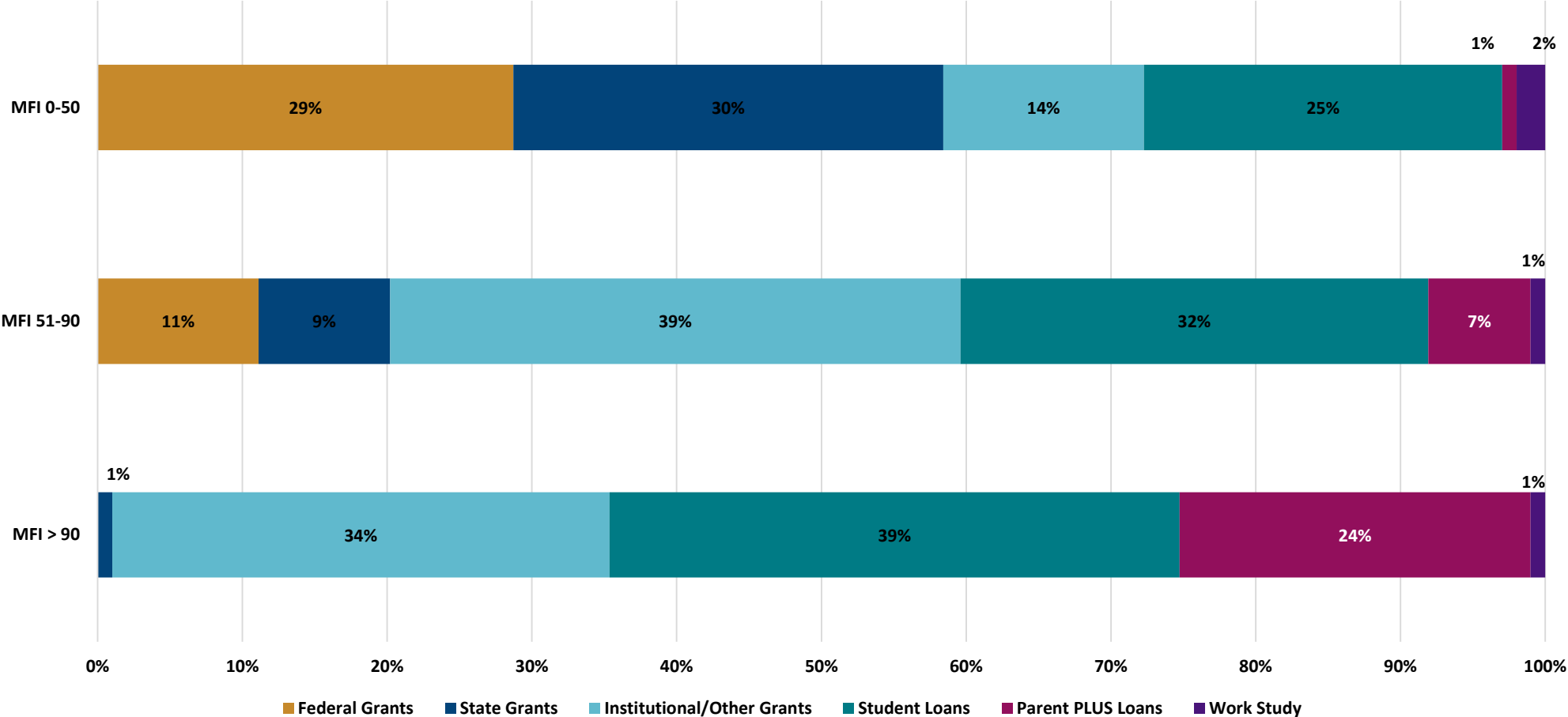
Regional 2013-14 (tuition \$8,053)

- State Appropriation
- Funds from Pell
- Funds from Work
- Funds from Family College Savings
- Funds from SNG
- Implied College Debt
- Funds from Family Income During College
- Funds from Inst. Aid & Scholarships
- Tuition and Fees



Types of aid offered differ by income category

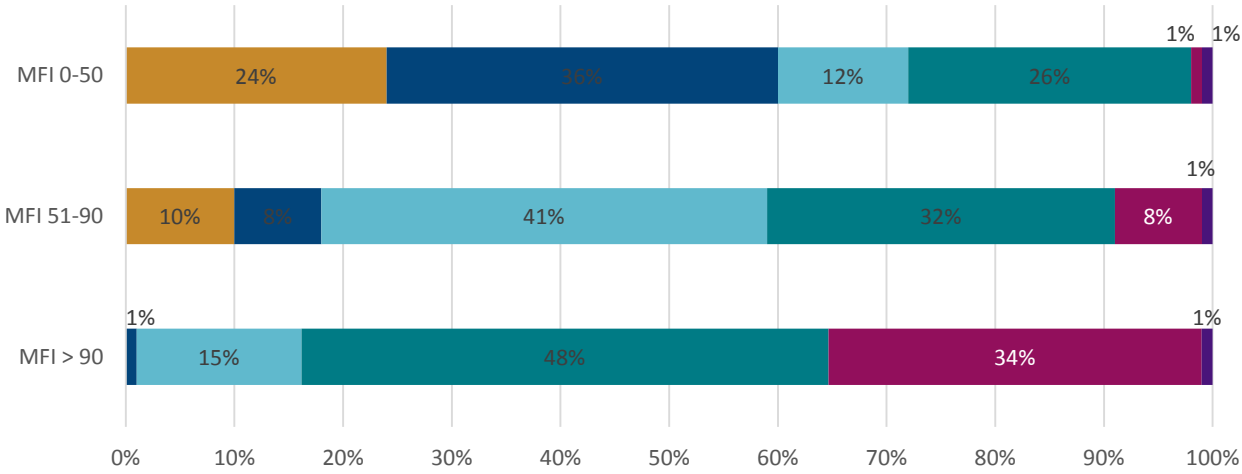
Portion of Financial Aid by MFI 2013-2014



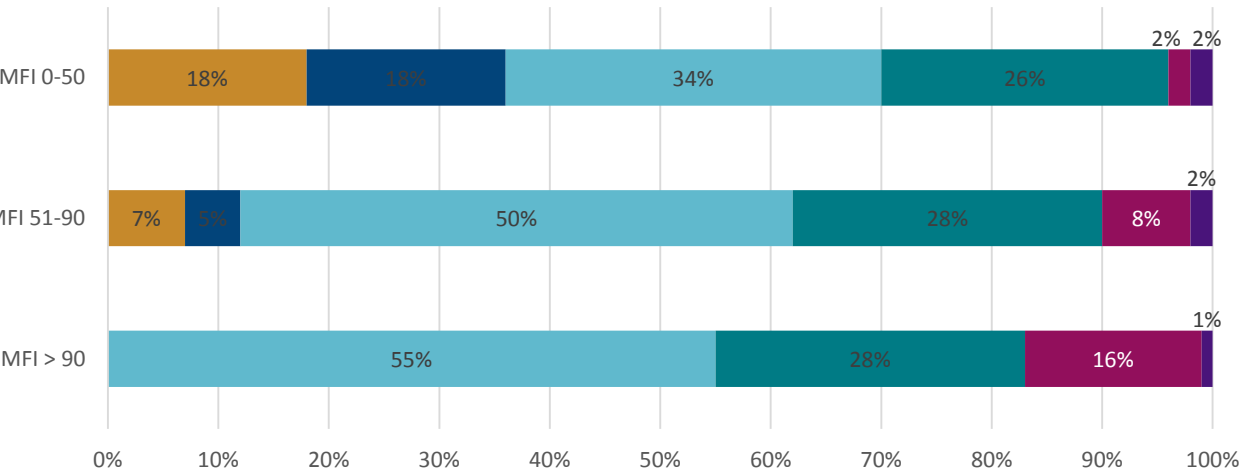
Washington Student Achievement Council. *Annual Unit Record Reports*. [WA resident undergraduate need-based recipients].

Institutional aid is critical for middle income students – yet capacity varies by sector.

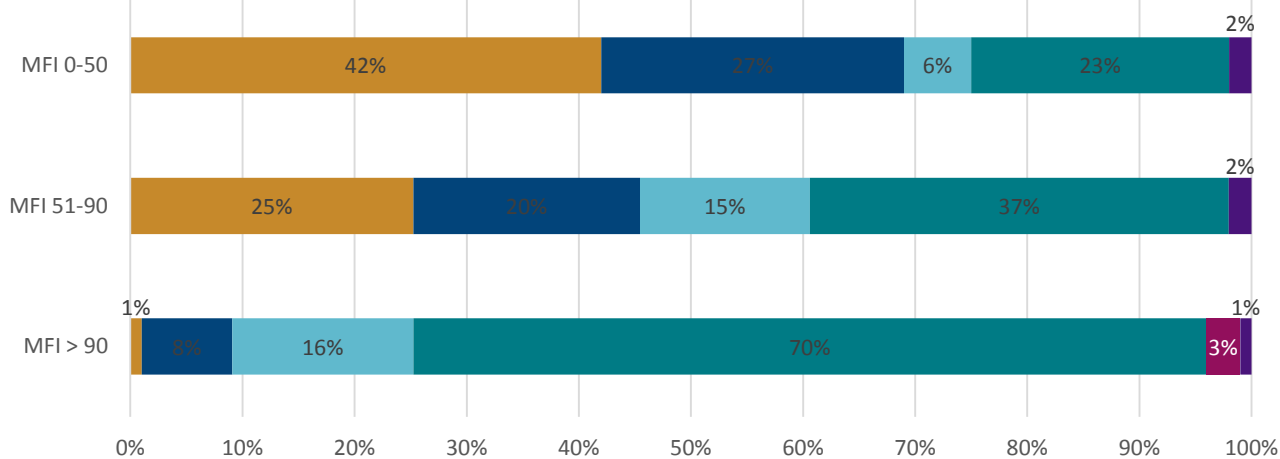
Public 4-Year



Private 4-Year



CTC



■ Federal Grants
 ■ State Grants
 ■ Institutional/Other Grants
 ■ Student Loans
 ■ Parent PLUS Loans
 ■ Work Study

A perennial issue

If the University of Washington is to be what it was intended to be, a state institution where the poor can get higher education as well as those who can afford to go to private colleges, then this countless number of fees. . . Must positively be reduced.

Tacoma Times, 1915

It is the responsibility of the community, at the local, State and National levels, to guarantee that financial barriers do not prevent any able and otherwise qualified. . . Person from receiving the opportunity for higher education.

President's Commission on Higher Education, 1947

FEE SYSTEM AT UNIVERSITY DISGRACE

Ten dollars tuition fee a semester, \$5 entrance fee, \$10 matriculation fee (for freshmen), \$10 chemistry laboratory fee, \$2 or \$3 engineering laboratory fee, \$15.50 for a cadet uniform (compulsory for freshmen and sophomores), \$5 student registration fee—these and class fees to face, are the formidable array facing students, particularly freshmen, entering the University of Washington this year.

Figure it up for yourself. Here's an expense of over \$60 before a freshman can enter the university. Upper classmen escape the \$10 matriculation fee. They also can get along with last year's cadet suit. So they can get off with something over \$40.

AND THAT DOES NOT INCLUDE THE COST OF BOOKS.

In other words, it's an exceptional case that ANY student at the state university can get off with less than \$50 in various entrance fees.

The \$20 annual tuition fee imposed by the last legislature was too much of a wall for a lot of would-be students to surmount, but the \$10 matriculation fee, imposed on all freshmen this year for the first time, takes the cake.

The matriculation as well as the tuition fee became law at the hands of the notorious last legislature.

There is another feature that should be mentioned. If, for some reason, a student fails to register the first two days, HE IS SOAKED \$1 EXTRA.

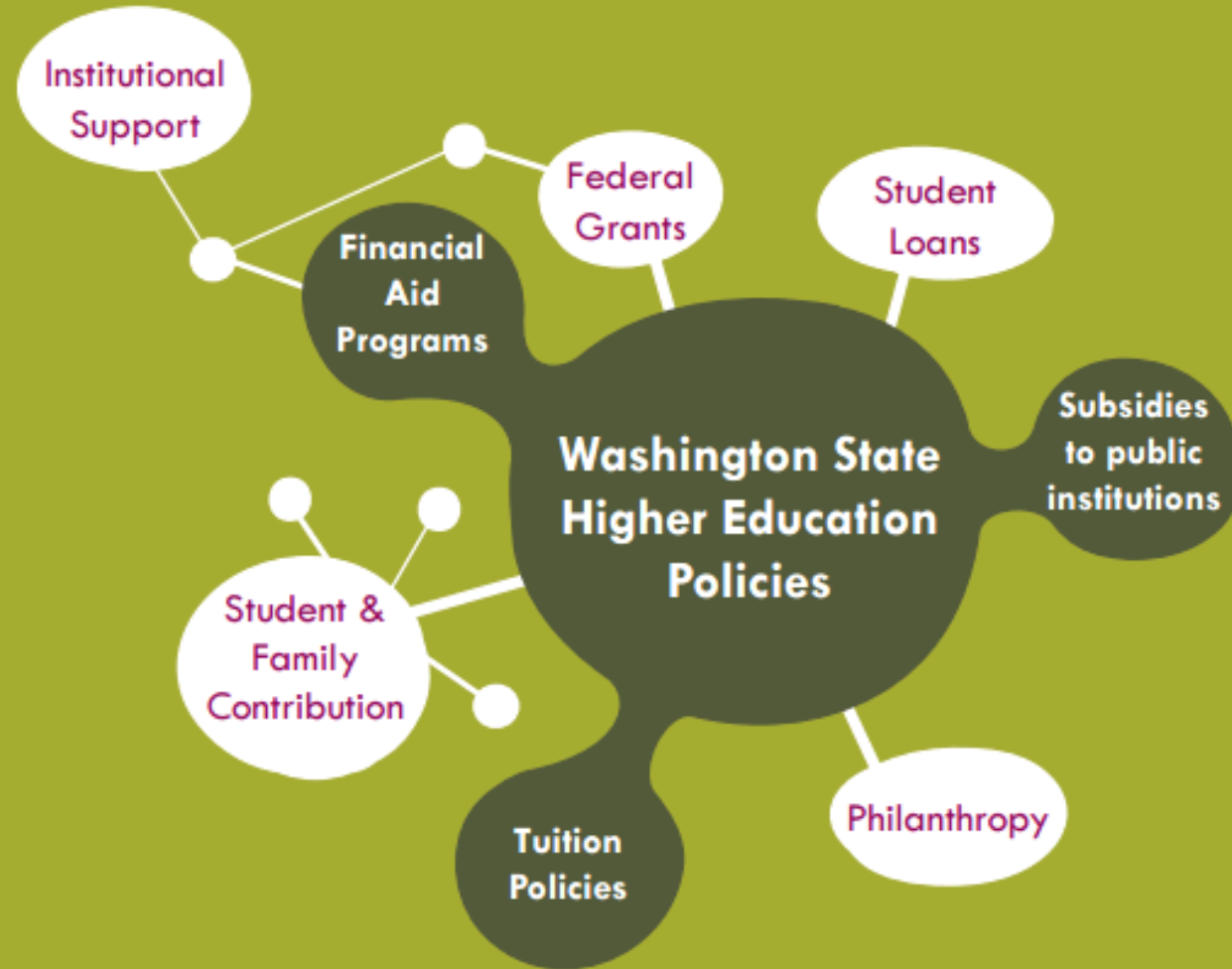
If the University of Washington is to be what it was intended to be, a state institution where the poor can get higher education as well as those who can afford to go to private colleges, then this countless number of fees and their amounts must positively be reduced.

As matters stand now, **THE FEE SYSTEM AT THE STATE UNIVERSITY IS A SHAME AND A DISGRACE TO THE PEOPLE OF THE WHOLE STATE, WHO OWN THE INSTITUTION.**

Tacoma Times, 1915



State legislatures have key policy levers to make college affordable for all students.



Paying for College is a Shared Investment

Students &
Families

State
Policymakers

Institutions

Every Washington resident who desires and is able to attend postsecondary education should be able to cover educational costs.

Students and Families

Affordability is viewed from the perspective of students and families.

- All students and their families are responsible for sharing in the cost for their education.
- Families should receive early, high quality information about financing options.
- A reasonable amount of work supports student success.

State Policymakers

Ensure affordable access to high quality instruction through coordinated funding to public institutions.

- Set stable and predictable tuition and financial aid policies.
- Provide a variety of affordable educational pathways for students.
- Consider the full cost of attendance for each sector when addressing affordability.

Institutions

Play a critical role in addressing affordability, including through institutional aid and packaging policies.

- Provide services that support student success
- Commit to serving a diverse student body, including low-income and first-generation students

A Washington State Affordability Framework will help us:



Understand how funding sources interact and impact affordability for students.



Define affordability goals.



Measure affordability.



Agree on limits for reasonable levels of student debt and work.



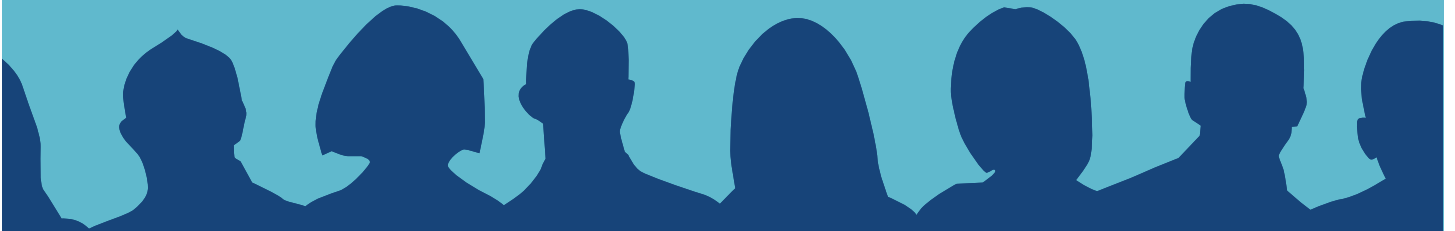
Adjust policy levers to make college affordable for all students.

Coordination is key.



Policymakers, administrators,
and advocates need an
Affordability Framework
to understand the complexities of
college affordability for
Washington students.

An affordable college education is critical to increasing educational attainment in Washington State.



**But paying for college is complex,
and the costs can be daunting.**

TUITION



TRANSPORTATION



PERSONAL EXPENSES



ROOM &
BOARD



BOOKS &
SUPPLIES



OPPORTUNITY
COST

And yet...



Students must find ways to pay for college.

STUDENT LOANS

During the great recession, annual debt doubled for students attending community colleges and increased by up to 61% for those in the public four-year system.*



WORK

A recent statewide survey revealed that nearly 2/3 of students are working while in college. Half of working students work more than 20 hours per week.

SAVINGS

According to a 2012 study by the U.S. GAO, families with 529 plans or Coverdells had median incomes of about \$142,400 per year.



FAMILY SUPPORT

Nearly 1/3 of students at community colleges and 2/3 of students at four-year colleges rely on parental support.*

GOVERNMENT GRANTS

Over \$798 million in federal and state grants was provided to students, which amounted to 42% of students' total financial aid.*



INSTITUTIONAL SUPPORT

Public and private institutions provided \$313 million in funding to needy students, which amounted to 17% of students' total financial aid.* The state also provided \$1.2 billion in funding to public institutions to keep tuition low.

PHILANTHROPY

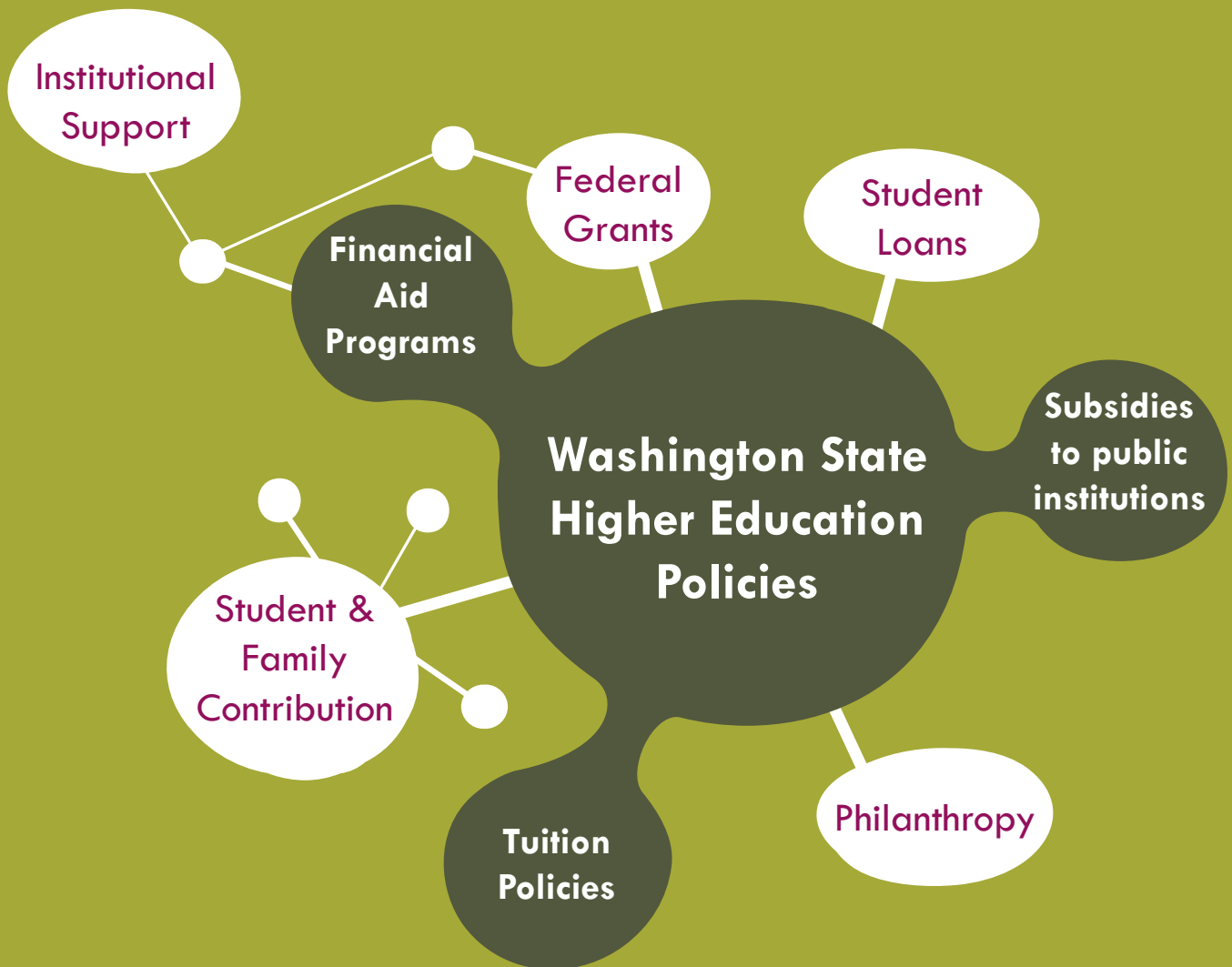
Businesses and private donors awarded nearly \$54 million in scholarships, which amounted to 3% of students' total aid.*



*Washington State 2013-14 Unit Record financial aid dataset for resident undergraduate need-based recipients.



State legislatures have key policy levers to make college affordable for all students.



How can the state use its tools to improve affordability?

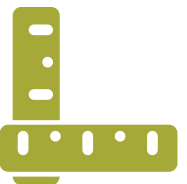
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WASHINGTON STUDENT
ACHIEVEMENT COUNCIL
EDUCATION · OPPORTUNITY · RESULTS

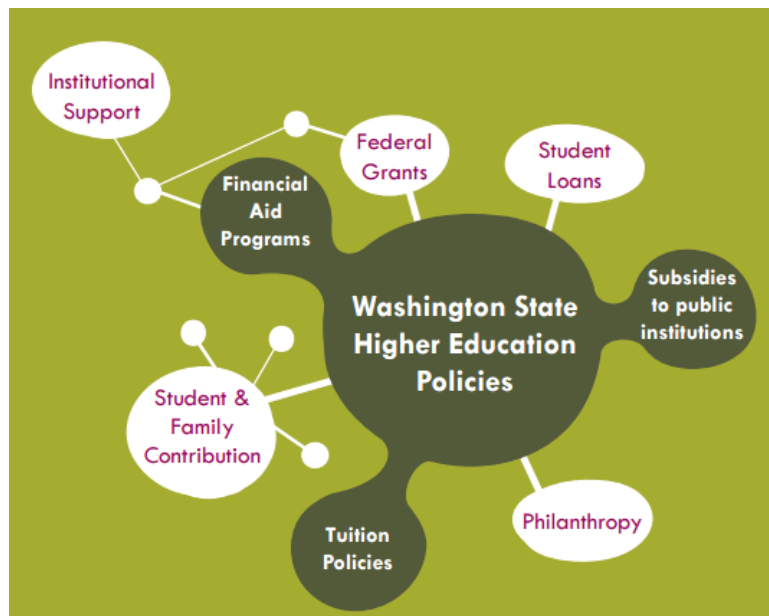
Rachelle Sharpe, Deputy Director
360-753-7872 | rachelles@wsac.wa.gov

Marc Webster, Sr. Fiscal Policy Advisor
360-753-7862 | marcw@wsac.wa.gov



AFFORDABILITY FRAMEWORK

*Understanding, measuring and improving
higher education affordability for Washington students.*



DECEMBER 2015

Rachelle Sharpe, Deputy Director

Marc Webster, Senior Fiscal Policy Advisor

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A COMMON DEFINITION OF AFFORDABILITY

Higher education affordability often appears in the media and is frequently a topic of concern for the public, policymakers, school counselors, and higher education administrators. At its core, the term reflects whether students and their families have the financial means to cover the costs associated with attending higher education. There are many factors that influence affordability. Many issues complicate our ability to understand affordability: values about the benefit of higher education, the complexities of how to measure affordability, the role of various partners, and perceptions about underlying factors affecting costs.

The Council approached evaluating affordability from the perspective of students and families in a 2013 briefing paper. The topic had emerged as a critical challenge to increase educational attainment.ⁱ The briefing paper identified trends related to the state and student share of costs, the ability of families to cover total costs, as well as increases in student debt and demand for financial aid. In this context, the roles of institutional aid, philanthropy, and savings were also explored.

DEVELOPING AN AFFORDABILITY FRAMEWORK

The Council submitted a review of the State Need Grant program which included recommendations from a national consultant to develop an Affordability Framework.ⁱⁱ

In order to make sure that policies are effective and focused, and that the state's multiple investments in higher education are well-coordinated and understood by stakeholders. . . [Washington should] consider development of a framework that brings together all the elements of the state's approach to affordability (Johnson, 2014).

This Framework is designed to improve our understanding of affordability for all students in Washington. It illustrates how variations in postsecondary pricing and support (federal, state, institutional, private and familial) affect affordability from the perspective of students and families. The Framework is a tool to define and measure affordability in order to coordinate state appropriations with other sources, understand the impact of policy decisions on students, and evaluate new proposals. As fluctuations occur in the state budget, economic cycles, and federal policies, the Framework will provide a yardstick to measure whether various educational pathways are more or less affordable for students.

To further the understanding of affordability, the Council collaborated with Dr. Jim Fridley to develop an interactive model that explores the way various financing components interact for students across the income scale and by sector (see Appendix

A for more detail). The proposed Framework builds on this work, exploring additional metrics to measure affordability, developing foundational principles and defining affordability.

FOUNDATIONAL PRINCIPLES

The concept of affordability is also affected by perceptions, preferences, and priorities of students and families. While students and families may be concerned about the cost of college, they may not be considering the increase to the student's earning power over time.

It is possible that education would seem more affordable if people thought about it as a fundamental need and as an investment to be paid for over time, much as they think of housing.ⁱⁱⁱ

The state has asked the Council to propose strategies to increase educational attainment because it recognizes the associated societal benefits. And the individual benefits are clear—students and their families are responsible for sharing in the cost for their education. A central tenet of affordability is that paying for college is a shared investment.

The student is at the center of this Framework. In order for students to understand the true costs of college and the variety of educational pathways available, they need early, high quality information about financing options. How students finance their education differs depending on their family income. In the end, students and families will make choices including whether to save, pay out of current parent income, borrow funds, or work while in school. Research has shown that a reasonable amount of student work, up to 20 hours per week, supports student success.^{iv}

Costs vary by campus, and institutions play a critical role by offering grants, tuition discounts, emergency funding, and campus employment. Student support services, including individualized advising and academic interventions, shorten the time to degree completion, which makes college more affordable. Institutions are committed to serving a diverse student body, including serving low-income and first-generation college students.

The state plays a key role in providing affordable access to a variety of high quality educational pathways for students. Appropriations to public institutions and tuition policy will determine the "sticker price" for families, while financial aid policies directly affect the ultimate "net price" paid by students. These policies consider the full cost of attendance including non-tuition expenses such as room and board and books. Tuition

and aid policies that are stable and predictable enhance system coordination and also help students and families plan ahead for how to pay for college.

HOW AFFORDABLE IS HIGHER EDUCATION IN WASHINGTON?

Vision

Every Washington resident who desires and is able to attend postsecondary education should be able to cover educational costs.

To understand affordability, we must measure it carefully. To know whether higher education is affordable for all students, we must evaluate how much it costs, the level of resources provided to offset those costs, and the remaining options for students and families to “make ends meet”.

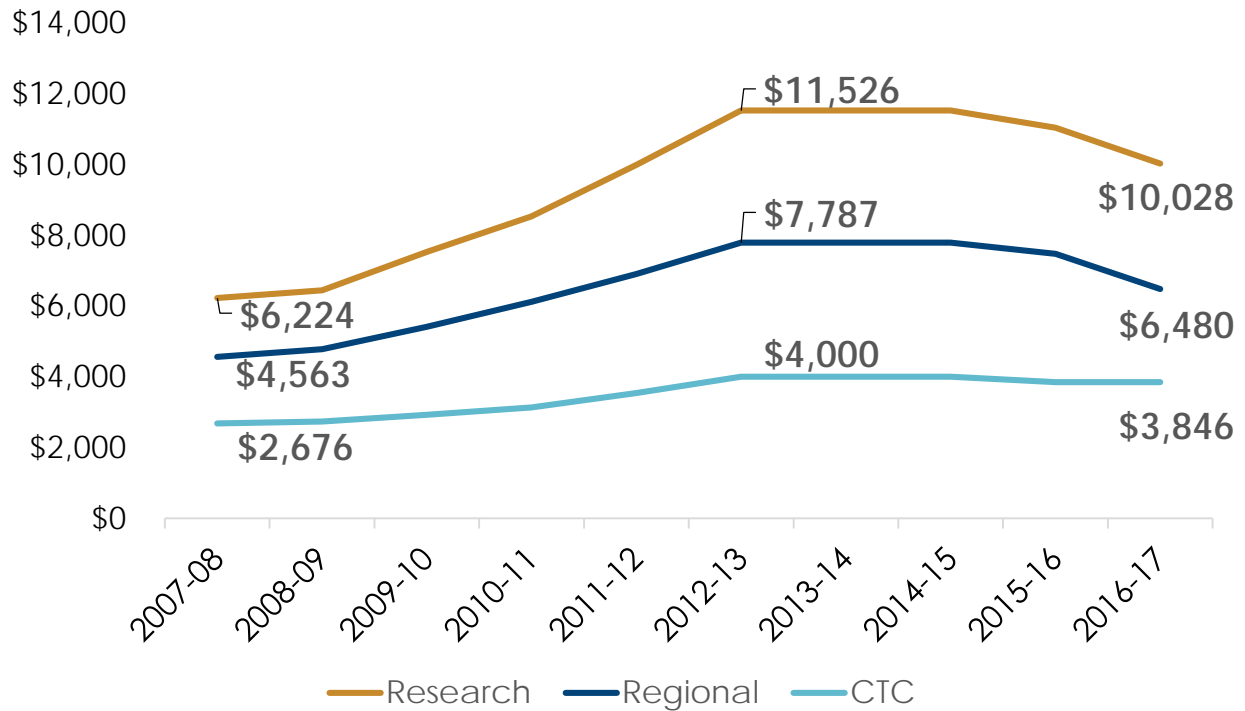
Costs

Public Tuition and Fees

During the 2015 Legislative Session, Washington took an unprecedented step to reduce tuition by up to 20 percent for the 2016-17 academic year. Following the increases in tuition during the great recession, this reverted tuition rates to the levels of 2012, as shown in Figure 1.

Since Fiscal Year (FY) 2008, tuition has increased 61 percent at research institutions. The policy established during the 2015 Legislative Session ties tuition increases to increases in the state’s median wage. Under this policy, the proposed tuition for FY 2017 at research institutions would be nearly 23 percent of the median wage.

Figure 1
Resident Undergraduate Tuition Rates



State Share of Total Cost (public institutions)

In 2015, state subsidies to public institutions replaced lost tuition revenue. This allowed institutions to maintain the level and quality of campus services. Yet, the state share of the total revenue, often referred to as the “cost of instruction”, had been 81 percent for the public baccalaureates in FY 1990 and fell to 43 percent in FY 2017. In the community and technical colleges, the state share had been 87 percent in FY 1990 and fell to 64 percent in FY 2017.

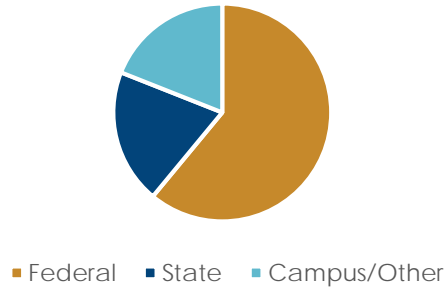
Cost of Attendance

Financial aid programs include provisions for costs of tuition, books and supplies, room and board, transportation, and personal expenses. These are collectively referred to as the cost of attendance, and financial aid administrators consider these costs when determining the level of eligibility. Students who live with family have different budgets than those who commute to campus or live in residential housing. An average budget for non-tuition expenses for a “commuter” student in FY 2017 is \$11,800.^v

Financial Aid

In 2013-14, over \$1.8 billion was provided in total aid to students.

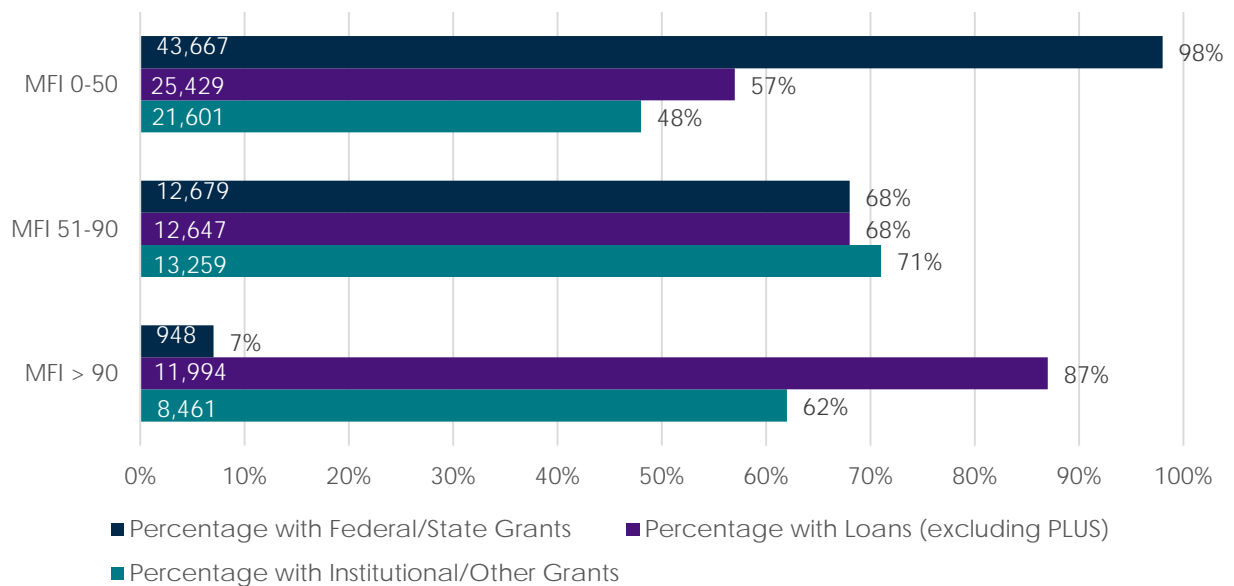
Figure 2
Total Aid by Type, 2013-14



Source: Unit Record Report, 2014. Resident, undergraduate need-based recipients.

The majority of aid to undergraduate students was in the form of grants made by federal and state government, postsecondary institutions, and private sources. While low-income students have access to most federal and state grant aid, institutional aid is often targeted to those students from lower middle-income families without access to those sources.

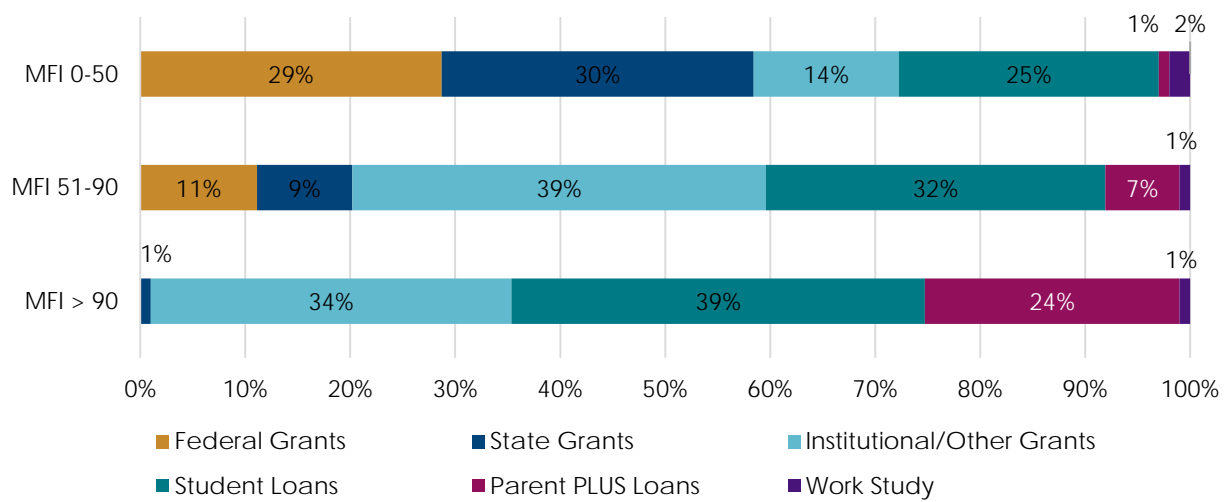
Figure 3
Percentage of Students with Financial Aid by MFI
2013-2014



Source: Unit Record Financial Aid Report, 2013-14. Full-time, full-year, resident undergraduate need-based recipients.

Sixty-two percent of mid to upper income students received institutional aid in 2013-14. For these students, institutional aid accounted for one-third of the total aid they received, as shown in Figure 4. There is variability by sector and by type of student, as shown in additional data tables in Appendix B.

Figure 4
Portion of Financial Aid by MFI 2013-2014



Source: Unit Record Financial Aid Report, 2013-14. Full-time, full-year, resident undergraduate need-based recipients.

Even for students who receive grants or scholarships, there is often a gap remaining to cover their full costs, as shown in Figure 5.

Figure 5
Net Price (Cost of Attendance – Grant/Scholarship Aid for recipients)

Research	\$11,100
Regional	\$10,400
Private 4	\$8,100
Community and Technical Colleges	\$15,800

Student and Family Options

Affordability affects whether students can pursue postsecondary education and where they will choose to attend. When considering their options, students and families must make decisions about whether to take on loans, get a job, or attend college part-time.

As noted in Figures 3 and 4, borrowing differs by income level. Students are borrowing across the income scale. About half of low-income students are borrowing, and loans comprise one-quarter of their total aid. Upper income students, who do not qualify for need-based aid, may rely entirely on loans if they do not receive scholarships, institutional aid, or support from their families.

Many students work to help pay expenses. Statewide data on student work are not readily available, but 64 percent of respondents to a recent survey of 7,000 students said they are working. Half of these students reported working more than 20 hours per week.^{vi}

For families, a dedicated savings account can help defray expense later. Yet, setting money aside for college can be difficult. For aid recipients, the median level of assets (excluding retirement or home value) is \$600 for the lowest income group, \$2,000 for the middle income group and \$8,500 for the upper income group. Families with college savings plans had median incomes of about \$142,000 per year.^{vii}

Other Student Support Policies

The preceding data show the complexities of covering the annual costs of pursuing higher education. Yet, whether a student completes their educational goal and how long it takes also affect affordability. Students are in a better position to repay educational loans with higher levels of attainment. There are a variety of other policies, programs and services that improve students' overall success and timely progress toward a credential. Examples include individualized support services, retention intervention services, dual-credit programs, and incentives to enroll full-time.

WHAT'S NEXT — SETTING AFFORDABILITY INDICES

Setting maximum thresholds for family contributions through savings, contributions from income, work and debt can help determine whether current and future proposals are affecting affordability for students. These thresholds can be used as a yardstick to measure how policies impact affordability.

Several organizations have developed thresholds to measure affordability (see resources in Appendix C for additional literature regarding affordability).

- For a proposed federal/state partnership, the State Higher Education Executive Officers Association (SHEEO) proposes using percentage of tuition covered by aid for two income bands for both two and four-year sectors.^{viii}
- Lumina has developed new student finance models to inform policymakers and higher education leaders. Their proposed benchmark includes 1) students should not have to pay more than the amount their family can save in ten years; 2) students and families can reasonably afford to contribute ten percent of discretionary income for a period of time; and 3) students can reasonably work an average of ten hours per week while in school.
- During higher education stakeholder meetings throughout the 2015 Legislative Session, affordability was discussed and one suggestion was to use “5-10-15” as a benchmark. This translates to students at two-year colleges taking out no more than \$5,000 in student loans, students at four-year colleges taking out no more than \$10,000 in student loans, and students working no more than 15 hours per week.
- In addition, metrics are used to set tuition caps. The College Affordability Program (SB 5954) limits tuition growth to the average increase in the state’s median wage.

The next step with the Affordability Framework is to collectively set thresholds that could be used as affordability indices by sector. Although state-level policy does not affect several components of cost, affordability indices can measure the impact of policies and funding so policymakers can understand the overall effects on affordability. Notably, this evaluation is valuable whether the state is reducing funding for higher education or making new investments in the system. An updated Framework will provide a measuring tool that withstands economic cycles.

The final version of this Framework will propose affordability indices for savings, income, student work, and debt. These indices will measure progress on affordability. The Framework will continue to provide data on college costs, aid (state, federal, institutional and private), and student options. By focusing on how affordability changes over time, we get a sense of the relative importance of state-level policy, how to coordinate with other sources, how actions impact affordability, and how to target our efforts. Analyzing data by student type and sector will help us identify which students are served best in our system and which students still face challenges accessing postsecondary education.

The goal of this work is not to create a new finance system, tuition policy or financial aid paradigm. We know reasonable people may disagree on how to address affordability and on how to apportion responsibility for it between the state and the family. However, coming to a shared understanding of the challenges surrounding affordability will improve the effectiveness of our higher education policies.

CONTACT THE AUTHORS

For more information about this report, contact:

Rachelle Sharpe, PhD
WSAC Deputy Director
rachelles@wsac.wa.gov 360.753.7872

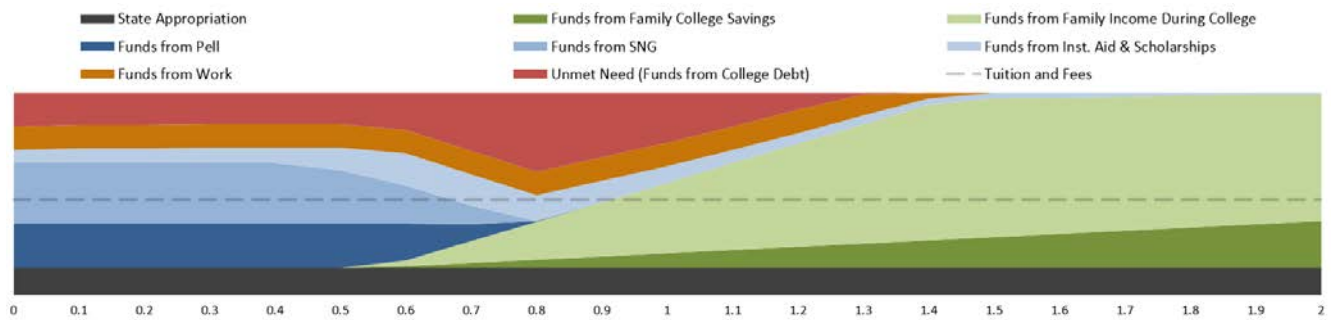
Marc Webster
WSAC Senior Fiscal Policy Advisor
marcw@wsac.wa.gov 360.753.7862

APPENDIX A — AFFORDABILITY INTERACTIVE MODEL

The Council collaborated with Dr. Jim Fridley, professor at the University of Washington, to develop an Affordability Interactive Model (AIM) that reflects the various financing components by income level. The model elucidates the interconnectivity between federal and state financial aid policies as well as state higher education funding and tuition decisions. As policymakers explore changes to state higher education funding and financial aid policies, the model demonstrates the impact on students and families.

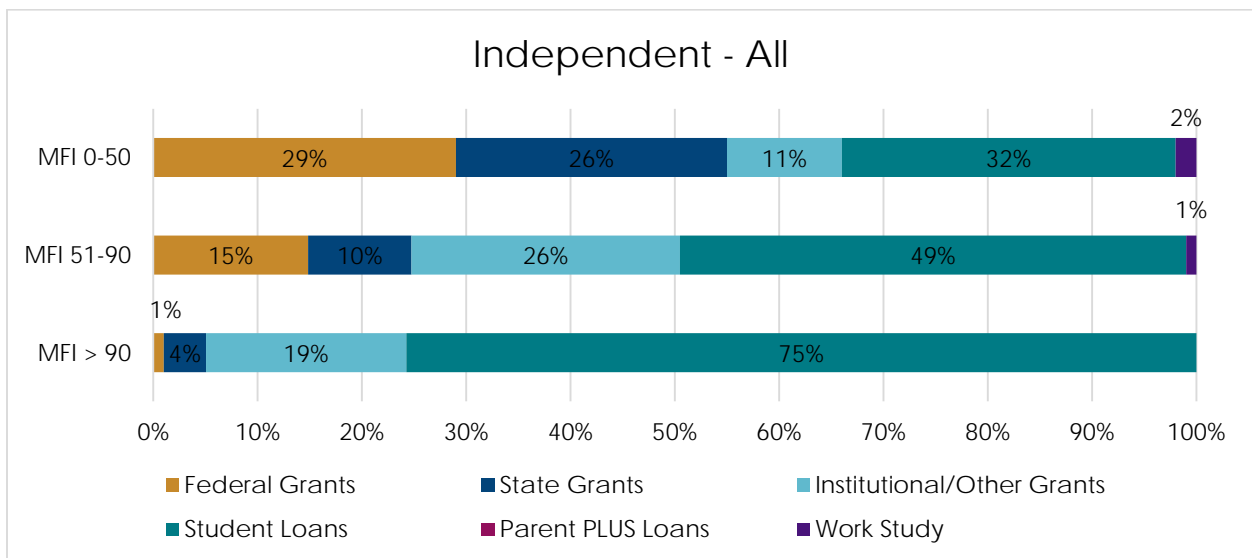
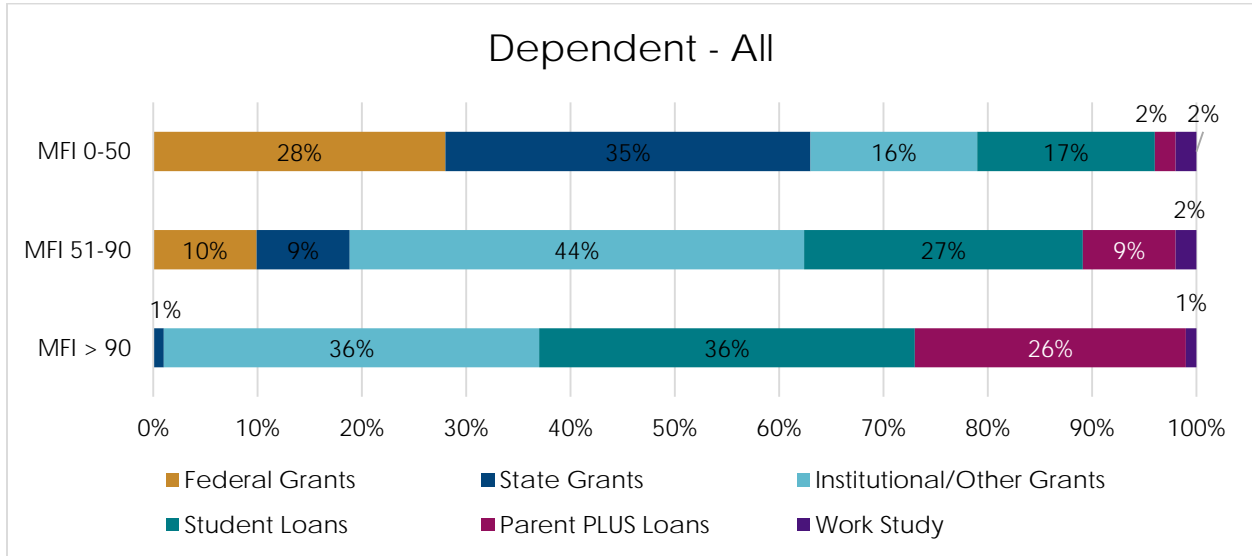
AIM shows affordability from the perspective of a family’s ability to cover the cost of attendance. The model allows users to manipulate the relative contributions of major student funding components based on state and federal policies. These include:

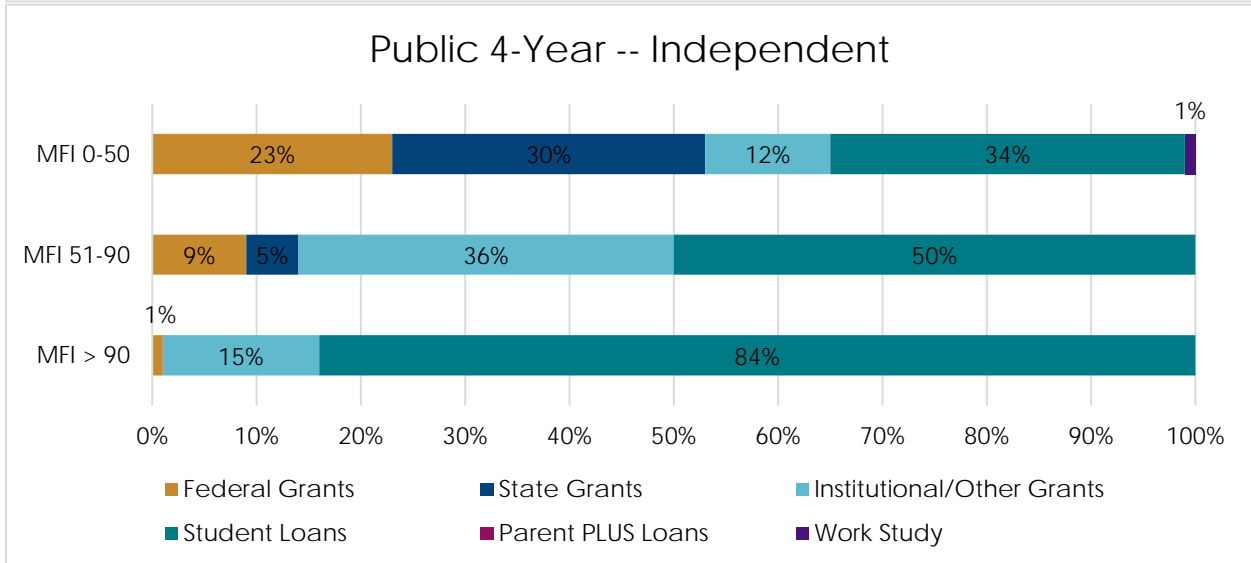
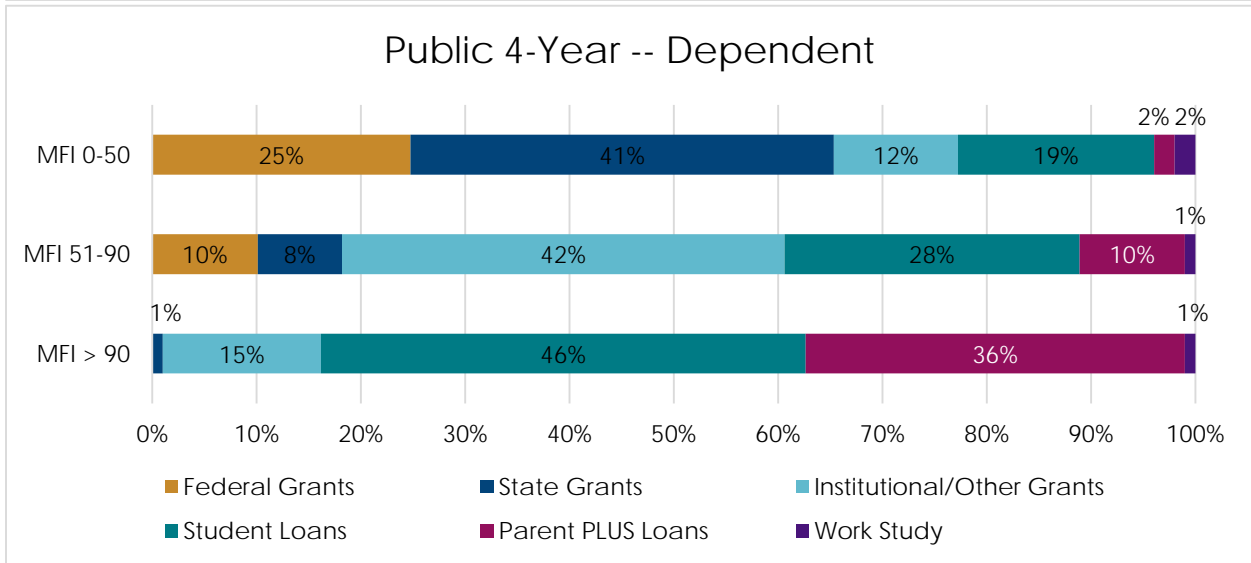
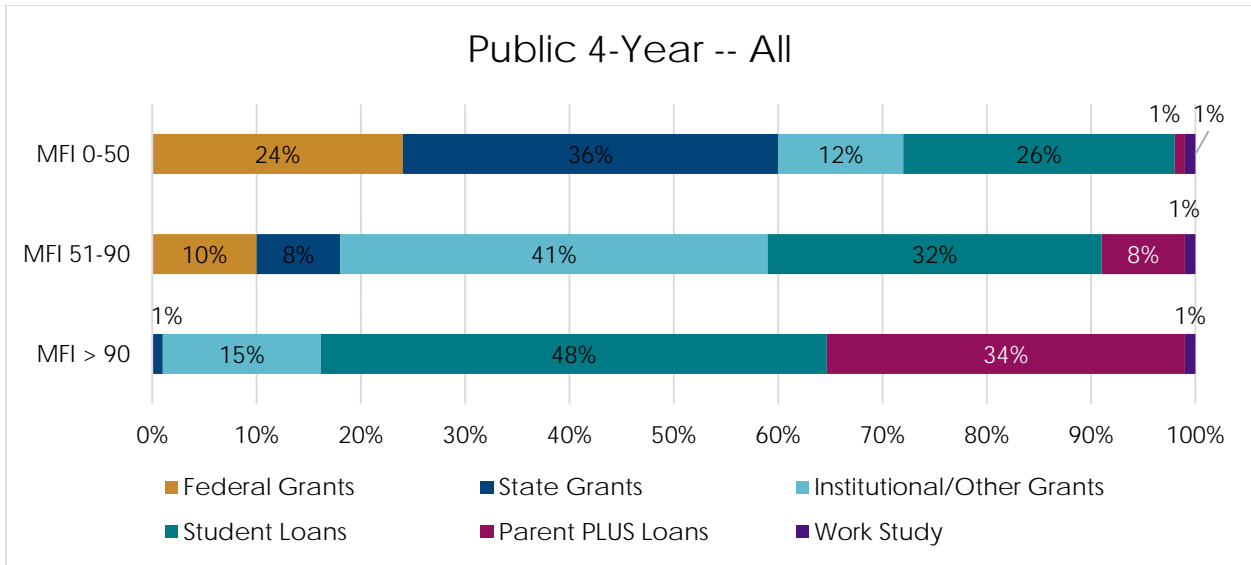
- Savings
- Parent income
- Student income from work
- Pell Grant
- State Need Grant
- Institutional aid and scholarships
- Student loans
- State funding to public institutions
- Tuition levels

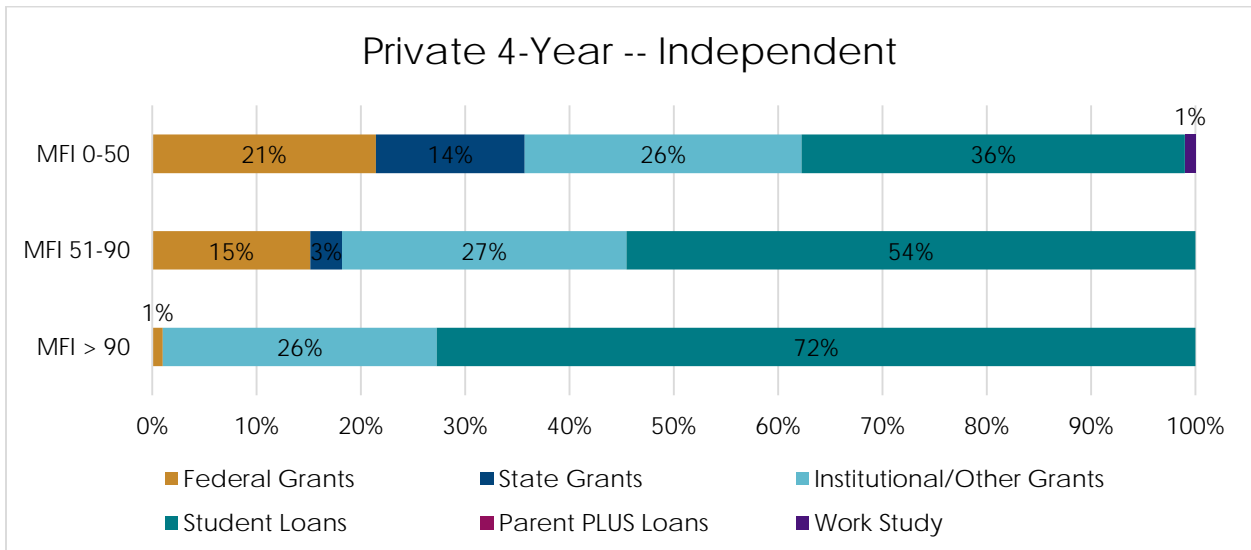
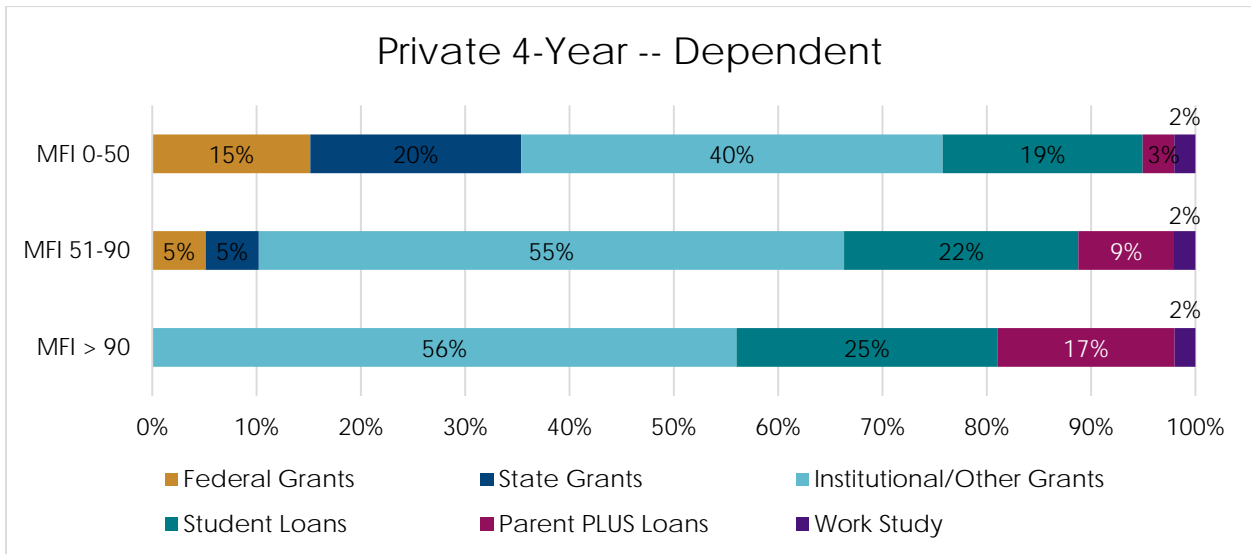
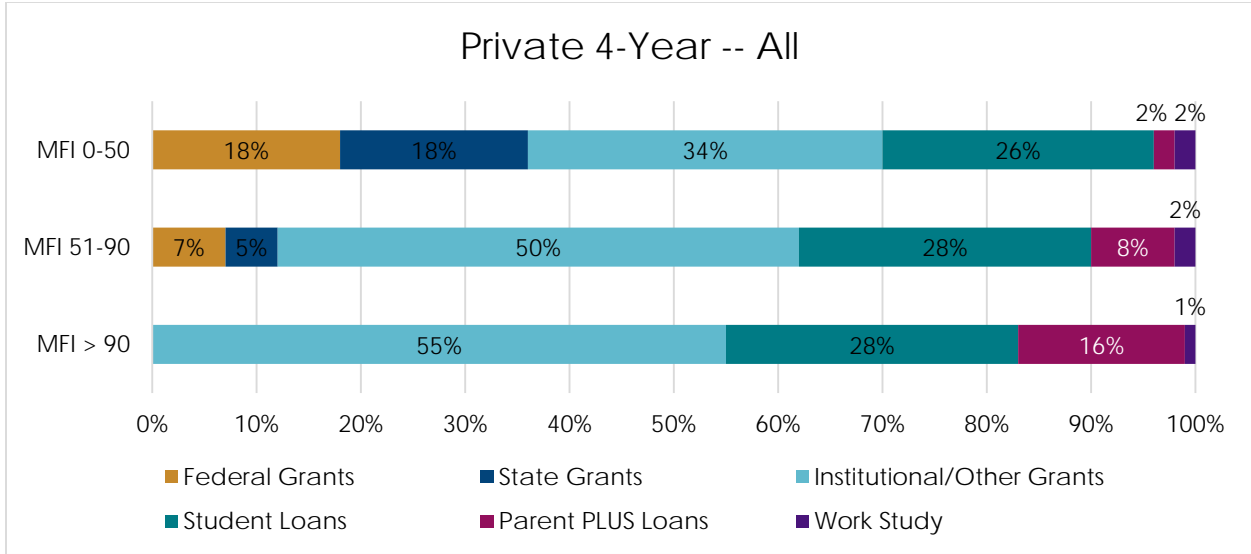


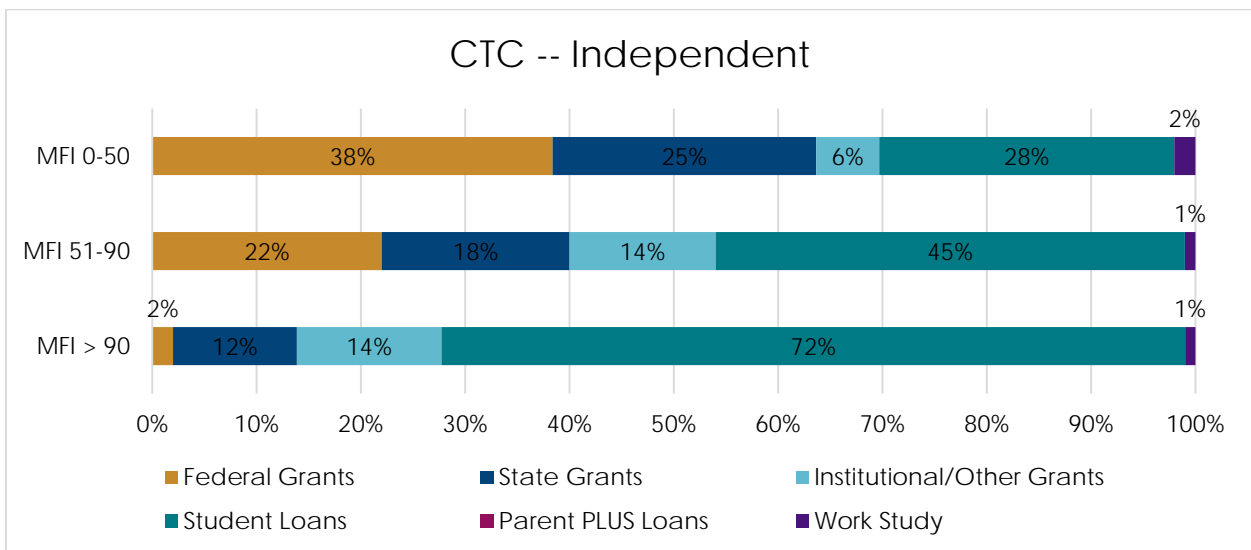
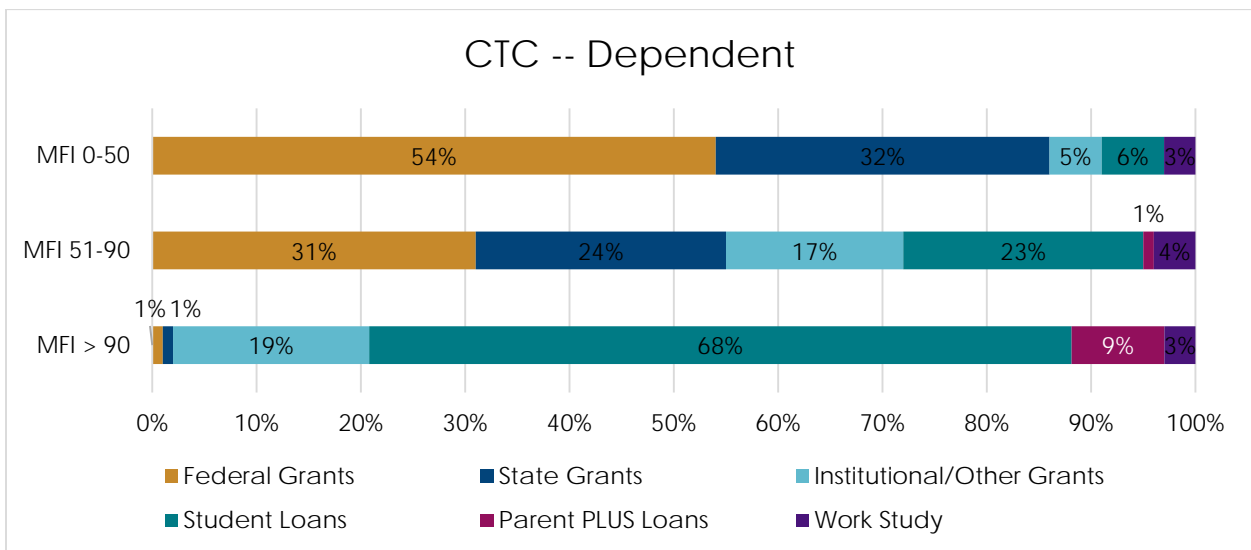
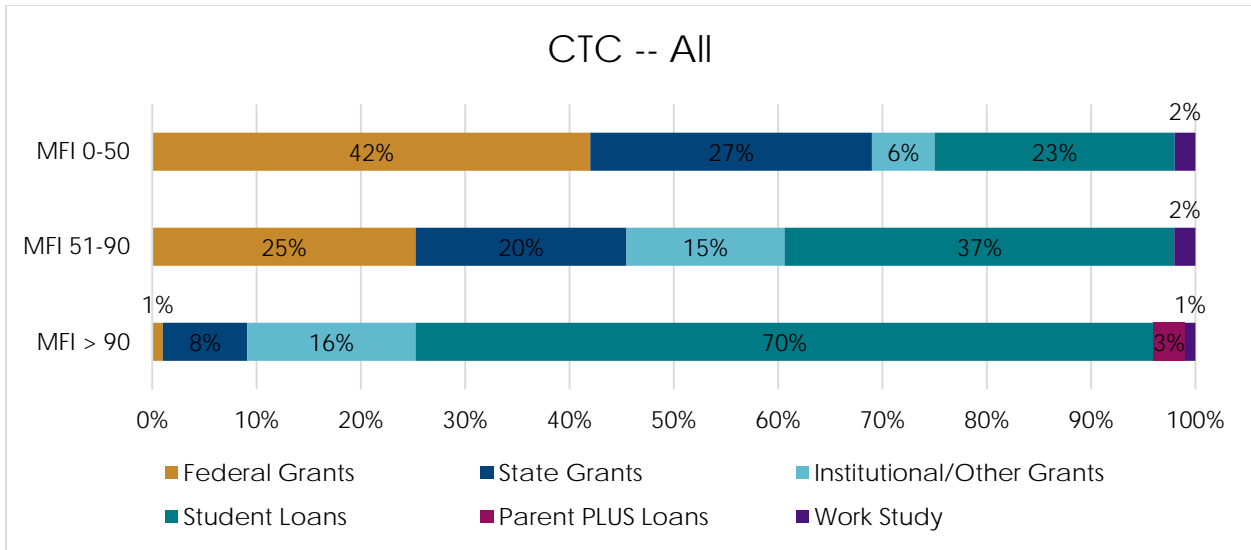
APPENDIX B – DATA TABLES

Portion of Financial Aid by MFI 2013-2014 by Sector and Dependency Status
 (full-time, full-year, resident undergraduate need-based recipients)









APPENDIX C – RESOURCE LIST

- Baum, S. and Ma, J. April 2014. *College Affordability: What Is It and How Can We Measure It?*, Lumina Foundation.
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- Prescott, B. and Longenecker, D. April 2014. *States in the Driver’s Seat*. Western Interstate Compact for Higher Education.
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- August 2015. *The Rule of 10: A Benchmark for Making College Affordable*. Lumina Foundation. <https://www.luminafoundation.org/files/resources/affordability-benchmark-1.pdf>
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- ⁱ May 2013. *Affordability Issue Brief for the Ten-Year Roadmap*. Washington Student Achievement Council. <http://www.wsac.wa.gov/sites/default/files/Affordability%20Issue%20Brief%20FINAL.pdf>
- ⁱⁱ Dec. 2014. *State Need Grant Legislative Report*. Washington Student Achievement Council. <http://www.wsac.wa.gov/sites/default/files/WSAC.2014SNGreport.Final.pdf>
- ⁱⁱⁱ Baum, S. and Schwartz, S. (July 2012). *Is College Affordable? In Search of a Meaningful Definition*. *IHEP Issue Brief*.
- ^{iv} Furr, S., & Elling, T. (2000). The influence of work on college student development. *National Association of Student Personnel Administrators* (NAPSA).37(2), 454-470.
- ^v Washington Financial Aid Association. 2016-17 Student Budgets. http://www.wfaa.org/docs/students/WFAAbudget16_17.pdf
- ^{vi} Washington Financial Aid Association. 2015 Statewide Student Expense Survey. WSAC Analysis of Results.
- ^{vii} Dec. 2012. *A Small Percentage of Families Save in 529 Plans*. U.S. Government Accountability Office (GAO-13-64).
- ^{viii} Carlson, A. and Zaback, K. April 2014. *Moving the Needle: How Financial Aid Policies Can Help States Meet Student Completion Goals*. State Higher Education Executive Officers.