Affordability in Washington

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House Higher Education Committee

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Affordability Framework

Affordability Metrics
- Costs
- Aid
  - Total Aid
  - State Need Grant
  - College Bound Scholarship
  - Other Grant Programs
- Student Options
  - Work Study
  - Student Debt

Setting Goals for Affordability
An Affordability Framework
Understanding affordability for Washington students
Recent Interest in Affordability

- Tuition Reduction
- Textbooks and Open Educational Resources
- Role of State Aid
- Affordability Metric Proposals
- Federal Financial Aid Policies
  - Student Loan Policy and FAFSA Simplification
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.
Every Washington resident who desires and is able to attend postsecondary education should be able to cover educational costs.
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.
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.
Affordability Metrics
Measuring affordability by evaluating Costs, Financial Aid, and Student Options
### How are we measuring affordability?

Paying for postsecondary education has three major components.

<table>
<thead>
<tr>
<th>Costs</th>
<th>Aid</th>
<th>Student Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Include tuition and fees, books, room and board, etc.</td>
<td>The system by which some costs are reduced or waived, lowering total cost for recipients.</td>
<td>Students then have to decide how to pay for their net costs, the cost remaining after any aid is applied. They can work, borrow, attend part-time, choose different institutions, etc.</td>
</tr>
</tbody>
</table>
Following steep increases during the recession, tuition held steady and then decreased.
# Students Face Costs Beyond Tuition

<table>
<thead>
<tr>
<th></th>
<th>Dependent living with parent</th>
<th>Independent living with parent</th>
<th>Not living with parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td>$825</td>
<td>$825</td>
<td>$825</td>
</tr>
<tr>
<td>Books &amp; Supplies</td>
<td>$3,165</td>
<td>$7,634</td>
<td>$9,583</td>
</tr>
<tr>
<td>Room &amp; Board</td>
<td>$1,140</td>
<td>$1,485</td>
<td>$1,125</td>
</tr>
<tr>
<td>Transportation</td>
<td>$1,810</td>
<td>$1,867</td>
<td>$2,055</td>
</tr>
<tr>
<td>Misc./Personal</td>
<td>$6,940</td>
<td>$11,811</td>
<td>$13,588</td>
</tr>
</tbody>
</table>
FAFSA Applications Remain High

Though tapering, applications for aid have increased 56% since 2007.

FAFSA Filing by Washington Residents


274,200 310,200 381,400 425,600 446,887 451,310 440,898 427,728

U.S. Department of Education. Free Application for Federal Student Aid (FAFSA) Records. [WA residents]. R:KL
Nearly $2 Billion in Aid Serving Washington Undergraduates

2014-15 Total Aid by Source

- Federal: 57%
- State: 18%
- Institutional: 21%
- Other: 5%

2014-15 Total Aid by Type

- Grants/Scholarship: 63%
- Loans: 36%
- Work: 1%

Portion of Total Dollars by Aid Type Varies by Income

Portion of Financial Aid by MFI 2013-2014

<table>
<thead>
<tr>
<th>MFI 0-50</th>
<th>Federal Grants</th>
<th>State Grants</th>
<th>Institutional/Other Grants</th>
<th>Student Loans</th>
<th>Parent PLUS Loans</th>
<th>Work Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>29%</td>
<td></td>
<td></td>
<td>30%</td>
<td>14%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>MFI 51-90</td>
<td>11%</td>
<td>9%</td>
<td>39%</td>
<td>32%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>MFI &gt; 90</td>
<td>1%</td>
<td>34%</td>
<td>39%</td>
<td>24%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Percentage of Students with Financial Aid by MFI 2013-2014
(Full-Time, Full Year, Resident Undergraduates)

- MFI 0-50:
  - 98% (Full-Time, Full Year, Resident Undergraduates)
  - 57% (and ¼ of borrowers)
  - 48%

- MFI 51-90:
  - 68%
  - 68% (and ¼ of borrowers)
  - 71%

- MFI > 90:
  - 7%
  - 87% (and ¼ of borrowers)
  - 62%
Student Borrowing Increased During the Recession

Resident Undergraduate Borrowers with Need

<table>
<thead>
<tr>
<th>Year</th>
<th>Research</th>
<th>Comprehensive</th>
<th>Private Four-Year</th>
<th>CTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>$4,900</td>
<td>$4,400</td>
<td>$2,800</td>
<td></td>
</tr>
<tr>
<td>2014-15</td>
<td>$7,200</td>
<td>$7,300</td>
<td>$7,100</td>
<td>$5,600</td>
</tr>
</tbody>
</table>

## 2014-15 Student and Parent Borrowing

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Average Annual Amount</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Undergraduates</td>
<td>$631 Million</td>
<td>$6,800</td>
<td>93,400</td>
</tr>
<tr>
<td>Parent PLUS (Res. UG)</td>
<td>$142 Million</td>
<td>$13,300</td>
<td>10,700</td>
</tr>
<tr>
<td>Private Loans (Res. UG)</td>
<td>$33 Million</td>
<td>$10,600</td>
<td>3,100</td>
</tr>
<tr>
<td>Graduate Level</td>
<td>$439 Million</td>
<td>$25,100</td>
<td>17,500</td>
</tr>
</tbody>
</table>

Washington Student Achievement Council. Annual Unit Record Report. R:RS.
Washington is nationally recognized for its commitment to financial aid.

State Need Grant (SNG) has supported low-income undergraduate students for 45 years.

SNG is a critical strategy to reach the state’s attainment goals.

SNG supports the College Bound Scholarship.

68 institutions

71,000 students

$295 Million, FY 16
Unserved Student Trend Continues

Although enrollments have declined in the two-year sector, total eligible students remain high.

<table>
<thead>
<tr>
<th>Year</th>
<th>SNG Served</th>
<th>SNG Unserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>71,059</td>
<td>27,193</td>
</tr>
<tr>
<td>2013-14</td>
<td>70,109</td>
<td>31,413</td>
</tr>
<tr>
<td>2012-13</td>
<td>73,985</td>
<td>31,045</td>
</tr>
<tr>
<td>2011-12</td>
<td>74,703</td>
<td>30,966</td>
</tr>
<tr>
<td>2010-11</td>
<td>72,338</td>
<td>28,795</td>
</tr>
<tr>
<td>2009-10</td>
<td>70,376</td>
<td>21,951</td>
</tr>
<tr>
<td>2008-09</td>
<td>72,511</td>
<td>5,518</td>
</tr>
<tr>
<td>2007-08</td>
<td>70,085</td>
<td>1,601</td>
</tr>
</tbody>
</table>

*Unserved data for 2012-13 through 2014-15 reflect coordination policy in the 2015 operating budget. R:KL
Unserved Student Trend Continues

College Bound recipients were 12% of the total State Need Grant eligible population in 2014-15.

State Need Grant and College Bound Scholarship Service Levels

<table>
<thead>
<tr>
<th>Year</th>
<th>SNG Served</th>
<th>SNG &amp; CBS</th>
<th>CBS Only</th>
<th>SNG Unserved*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>71,059</td>
<td>9,355</td>
<td>2,317</td>
<td>27,193</td>
</tr>
<tr>
<td>2013-14</td>
<td>70,109</td>
<td>6,199</td>
<td>2,144</td>
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</tr>
<tr>
<td>2007-08</td>
<td>70,085</td>
<td></td>
<td>1,601</td>
<td>100,569</td>
</tr>
</tbody>
</table>

Dollars are Tied to Award Amounts and Enrollments

State Need Grant Service by Sector 2014-15

- SNG Unserved:
  - Research: 25%
  - Comprehensive: 17%
  - Private Four-Year: 6%
  - CTC: 51%
  - Private Career: 1%

- SNG Recipients:
  - Research: 16%
  - Comprehensive: 13%
  - Private Four-Year: 8%
  - CTC: 60%
  - Private Career: 3%

- SNG Funds:
  - Research: 36%
  - Comprehensive: 19%
  - Private Four-Year: 11%
  - CTC: 34%
  - Private Career: 1%
In middle school, eligible students pledge to:

• Graduate high school with a cumulative 2.0 GPA.
• Stay crime-free.
• Prepare for and be admitted to college.
• Apply for financial aid in a timely manner.
Applications up 34 percentage points over seven years.
As of January 2016, over 227,000 students have applied.

Graduation rates for CBS students are at least ten percentage points higher than that of their non-CBS low-income peers.

Title: CBS High School Graduation Rates

Source: OSPI staff analysis of WSAC CBS applicant data. R:KL
Over Half of College Bound Students Are in Four-Year Institutions

College Bound Service by Sector 2014-15

- CBS Recipients: 28% Research, 16% Comprehensive, 7% Private Four-Year, 47% CTC, 2% Private Career
- CBS Funds: 37% Research, 17% Comprehensive, 13% Private Four-Year, 32% CTC, 1% Private Career

Over 60% of Enrolling CBS Students Receive the Scholarship

College Bound Scholarship Enrollments
2012-13 to 2014-15

<table>
<thead>
<tr>
<th>Year</th>
<th>Recipients</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>6,787</td>
<td>2,102</td>
</tr>
<tr>
<td>2013-14</td>
<td>13,008</td>
<td>4,672</td>
</tr>
<tr>
<td>2014-15</td>
<td>18,679</td>
<td>11,659</td>
</tr>
</tbody>
</table>

WSAC, CBS applicant data, Interim Report, Unit Record Report, and National Student Clearinghouse. Records met pledge requirements and matched to FAFSA. Data are subject to change. R:KL
College Bound Students Persist as Cohorts Added

College Bound Enrollments by Cohort 2012-13 to 2014-15

- 2012-13: 6,787
- 2013-14: 7,058
- 2014-15: 7,832

WSAC. CBS applicant data, Interim Report, Unit Record Report, and National Student Clearinghouse. Records met pledge requirements and matched to FAFSA.
WA Access & Affordability Initiatives
### State Work Study Employment
- A public-private partnership providing employment and funding to eligible students.
- 4,473 students received $12.5 million in 2014-15.

### Passport to College Promise Scholarship
- Scholarship for foster youth.
- Provides support services and administrative allowance to institutions.
- 363 students received $1.3 million in 2014-15.

### Workforce Related
- Health Professionals Loan Repayment
- Alternative Routes for Teachers
- Aerospace Loan
- SBCTC Opportunity Grant
- Opportunity Scholarship private/public
Setting Affordability Goals
Establishing thresholds for maximum levels of debt and work
We've assembled data on affordability from a variety of sources and will continue to monitor and report:

- Changes in total cost
- Changes in aid, whether state, federal or institutional
- Debt levels for Washington students

What we need to do next is set thresholds.

- At what level of student work is too much; at what point does work interfere with educational attainment?
- What level of education debt is too much?
**Example Thresholds**

**Lumina Foundation’s “Power of 10”**
- An example of a framework with thresholds for work, savings and debt
- Families save 10% of discretionary income for 10 years
- Students work 10 hours per week while in school

**ASUW Students’ Meet Us in the Middle**
- Family contribution capped at an amount equal to 20 hours/week of student work during school and 40 hours of work during summer

**SHEEO’s Moving the Needle**
- State Higher Education Executive Offices
- Federal Loans capped at 15% of a graduate’s discretionary income and a term of 10 years
Affordability Model - Comprehensive Institution, Living on Campus, 2014

**FAMILY'S SHARE**
- 20% Discretionary income annually during college
- 200% Family Income exclusion threshold
- 10 Years of saving
- 5% Discretionary income saved annually
- 1.0% Interest on savings

**STUDENT'S SHARE**
- $500 hours worked
- Annual take-home pay is $3,681
- 9.26 $/hr base pay
- 0.0% Student debt ratio

**POLICY CHANGE**
- 0.0% Tuition change
  - Tuition is $8,059
- 0.0% SNG served change

**Policy impact on budgets**
- Schools: 0.0%
- State: 0.0%

Legend:
- State Appropriation
- Funds from Pell
- Funds from Work
- Funds from Family College Savings
- Funds from Family Income During College
- Funds from SNG
- Funds from Inst. Aid & Scholarships
- Implied College Debt
- Tuition and Fees
Affordability Model – Comprehensive Institution, Living on Campus 2017

**FAMILY'S SHARE**

- 20% Discr. Income annually during college
- 200% Family income exclusion threshold
- 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
- 0.0% Student debt ratio

**POLICY CHANGE**

- -19.5% Tuition change
  - Tuition is $6,482
- 0.0% SNG served change

Policy Impact on budgets
- Schools: 0.0%
- State: 20.9%

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**Graph Legend**

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

---

**Income Distribution**

- Low <---- Family Income ----> High
Affordability Model - Comprehensive Institution, Living on Campus 2017

**FAMILY'S SHARE**
- 20% Discretionary income annually during college
- 200% Family Income exclusion threshold
- 10 Years of savings
- 5% Discretionary income saved annually
- 1.0% Interest on savings

**STUDENT'S SHARE**
- 500 hrs worked
  - Annual take-home pay = $3,681
- 9.26 $/hr base pay
- 0.0% Student debt ratio

**POLICY CHANGE**
- 19.5% Tuition change
  - Tuition is $6,482
- 0.0% SNG served change

Policy impact on budgets:
- Schools: 0.0%
- State: 20.9%
Affordability Model - Comprehensive Institution, Living on Campus 2017

**FAMILY'S SHARE**
- 20% Discr. income annually during college
- 200% Family income exclusion threshold
- 4 Years of saving
- 1% 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
- 0.0% Student debt ratio

**POLICY CHANGE**
- -19.5% Tuition change
  - Tuition is $5,482
- 0.0% SNG served change

Policy impact on budgets:
- Schools: 0.0%
- State: 20.9%

<table>
<thead>
<tr>
<th>Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
</tr>
<tr>
<td>Funds from Pell</td>
</tr>
<tr>
<td>Funds from Work</td>
</tr>
<tr>
<td>Funds from Family College Savings</td>
</tr>
<tr>
<td>Funds from SNG</td>
</tr>
<tr>
<td>Funds from Family Income During College</td>
</tr>
<tr>
<td>Funds from Inst. Aid &amp; Scholarships</td>
</tr>
<tr>
<td>Implied College Debt</td>
</tr>
</tbody>
</table>

Low <------ Family Income -------> High
Affordability Model – Research University, Living On campus, 2014

**FAMILY'S SHARE**
- 20% Discretionary income annually during college
- 200% Family income exclusion threshold
- 4 Years of saving
- 1% 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
- 0.0% Student debt ratio

**POLICY CHANGE**
- 0.0% Tuition change
  - Tuition is $12,397
- 0.0% SNG served change

**Policy impact on budgets**
- Schools: 0.0%
- State: 0.0%

Graph showing the distribution of income sources, including:
- State Appropriation
- Funds from Family College Savings
- Funds from Family Income During College
- Funds from Pell
- Funds from SNG
- Funds from Inst. Aid & Scholarships
- Funds from Work
- Implied College Debt

Income range from 0% to 200% with a label indicating Low to High Family Income.
Affordability Model - Research University, Living On Campus, 2017

**FAMILY'S SHARE**
- 20% Discretionary income annually during college
- 200% Family income exclusion threshold
- 4 Years of savings
- 1% 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
- 0.0% Student debt ratio

**POLICY CHANGE**
- 14.5% Tuition change
  - Tuition is $10,599
- 0.0% SNG served change

Policy impact on budgets:
- Schools: 0.0%
- State: 19.0%

Graph showing:
- State Appropriation
- Funds from Family College Savings
- Funds from Family Income During College
- Funds from Pell
- Funds from SNG
- Funds from Inst. Aid & Scholarships
- Funds from Work
- Implied College Debt
- Tuition and Fees
Affordability Model - Community College, Living at Home, 2014

FAMILY'S SHARE
- 20% Discretionary income annually during college
- 200% Family income exclusion threshold
- 4 Years of saving
- 1% 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
- 0.0% Student debt ratio

POLICY CHANGE
- 0.0% Tuition change
- Tuition is $4,283
- 0.0% SNG served change

Policy Impact on budgets
- Schools: 0.0%
- State: 0.0%

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

Legend:
- Low
- Family Income
- High
Affordability Model - Community College, Living at Home, 2017

**FAMILY’S SHARE**
- 20% Discretionary income annually during college
- 200% Family income exclusion threshold
- 4 Years of saving
- 1% Discretionary income saved annually
- 1.0% Interest on savings

**STUDENT’S SHARE**
- 500 hours worked
  - Annual take-home pay is $3,681
- 9.26 $/hr base pay
- 0.0% Student debt ratio

**POLICY CHANGE**
- -5.0% Tuition change
  - Tuition is $4,021
- 0.0% SNG served change

Policy Impact on budgets
- Schools: 0.0%
- State: -4.6%

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

0% 20% 40% 60% 80% 100% 120% 140% 160% 180% 200%
Low <--------Family Income--------> High
Affordability Model – Research University, On Campus, 2017

Example Debt Threshold

1% Discretionary income saved annually
1.0% Interest on savings
6.0% Student debt ratio

"Debt limit" is $20,172

Policy impact on budgets
Schools: 0.0%
State: 19.0%

Debt Limit

State Appropriation
Funds from Pell
Funds from Pell

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

Low <------ Family Income ------> High
Continue the conversation

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