Affordability in Washington

Rachelle Sharpe, PhD
Deputy Director

Marc Webster
Senior Fiscal Policy Advisor

Senate Higher Education Committee

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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.

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

Define affordability goals.

Adjust policy levers to make college affordable for all students.

Measure affordability.
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.
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>Total</td>
<td>$6,940</td>
<td>$11,811</td>
<td>$13,588</td>
</tr>
</tbody>
</table>

Though tapering, applications for aid have increased 56% since 2007.
Nearly $2 Billion in Aid Serving Washington Undergraduates

2014-15 Total Aid by Source

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

MFI 0-50
- Federal Grants: 29%
- State Grants: 30%
- Institutional/Other Grants: 14%
- Student Loans: 25%
- Parent PLUS Loans: 1%
- Work Study: 2%

MFI 51-90
- Federal Grants: 11%
- State Grants: 9%
- Institutional/Other Grants: 39%
- Student Loans: 32%
- Parent PLUS Loans: 7%
- Work Study: 1%

MFI > 90
- Federal Grants: 34%
- State Grants: 39%
- Institutional/Other Grants: 24%
- Student Loans: 1%
- Parent PLUS Loans: 1%
- Work Study: 1%

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>$7,300</td>
<td>$5,600</td>
</tr>
</tbody>
</table>

## 2014-15 Student and Parent Borrowing

<table>
<thead>
<tr>
<th>Category</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>
Although enrollments have declined in the two-year sector, total eligible students remain high.

State Need Grant Service Levels

<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 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>2007-08</td>
<td>70,085</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>72,511</td>
<td></td>
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<td>70,376</td>
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<td></td>
<td>31,045</td>
</tr>
<tr>
<td>2013-14</td>
<td>70,109</td>
<td>6,199</td>
<td>2,144</td>
<td>31,413</td>
</tr>
<tr>
<td>2014-15</td>
<td>71,059</td>
<td>9,355</td>
<td>2,317</td>
<td>27,193</td>
</tr>
</tbody>
</table>

Dollars are Tied to Award Amounts and Enrollments

State Need Grant Service by Sector 2014-15

- **SNG Unserved**: 25% Research, 17% Comprehensive, 6% Private Four-Year, 51% CTC, 1% Private Career
- **SNG Recipients**: 16% Research, 13% Comprehensive, 8% Private Four-Year, 60% CTC, 3% Private Career
- **SNG Funds**: 36% Research, 19% Comprehensive, 11% Private Four-Year, 34% CTC, 1% Private Career

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.
Over Half of College Bound Students Are in Four-Year Institutions

College Bound Service by Sector 2014-15

<table>
<thead>
<tr>
<th>Sector</th>
<th>CBS Recipients</th>
<th>CBS Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>28%</td>
<td>37%</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>Private Four-Year</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>CTC</td>
<td>47%</td>
<td>32%</td>
</tr>
<tr>
<td>Private Career</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

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>8,336</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. 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. R:KL
WA Access & Affordability Initiatives

[Logos for various initiatives]
Other State Aid Programs

**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
Next Steps in Affordability Framework

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 “Rule 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%

**Funds**
- 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% Discretionary income annually during college
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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%

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% 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 $3,581
- 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%

## Pie Chart

- **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**
- **Tuition and Fees**

### Low <------ Family Income -----> High

### Chart Details
- **0%**
- **20%**
- **40%**
- **60%**
- **80%**
- **100%**
- **120%**
- **140%**
- **160%**
- **180%**
- **200%**
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 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**
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  - Tuition is $6,482
- 0.0% SNG served change

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

- 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
- 20% 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%

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

Low <-------- Family Income --------> High
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 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**
- -14.5% Tuition change
  - Tuition is $10,599
- 0.0% SNG served change

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

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
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 $3,581
- 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 budget:
- Schools: 0.0%
- State: 0.0%

The diagram shows the breakdown of costs and how they are funded from different sources.
Affordability Model - Community College, Living at Home, 2017

**FAMILY'S SHARE**
- 20% Discr. 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**
- -5.0% Tuition change
- Tuition is $4,021
- 0.0% SNG served change

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

**Breakdown of Funds**
- 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

Low ≤------ Family Income ------≥ High
Affordability Model – Research University, On Campus, 2017

Example Debt Threshold

1% Discretionary income saved annually
6.0% Student debt ratio

"Debt limit" is $20,172

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

- 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

Debt Limit
Continue the conversation

Rachelle Sharpe
rachelles@wsac.wa.gov

Marc Webster
marcw@wsac.wa.gov