

Committee for Funding and Affordability (CFA)

The Committee for Funding and Affordability will address issues related to state funding policy, tuition policy, student financial aid, and college savings. This includes the three Roadmap actions below.

Action Items:

- Make college affordable.
- Ensure cost is not a barrier for low income students.
- Help students and families save for postsecondary education.

Scheduled Meeting Times

Meeting time: 10:30 AM to 12:30 PM

Tuesday, March 17, 2015

Thursday, May 21, 2015

Thursday, July 16, 2015

Wednesday, September 23, 2015

Thursday, December 10, 2015

Stakeholder Members

Council of Presidents: Cody Eccles, Julie Garver

Independent Colleges of Washington: Tom Fitzsimmons

Office of Superintendent of Public Instruction: JoLynn Berge, T. J. Kelly

State Board for Community and Technical Colleges:
Denise Graham, Alison Grazzini

Student Representative: Akua Asare-Konadu

Workforce Training and Education Coordinating Board:
Nova Gattman, Eleni Papadakis

WSAC Members

Council: Marty Brown, Maud Daudon, Paul Francis, Karen Lee

Staff: Marc Webster

Support Staff: Ellen Matheny

AGENDA

- Review of affordability related legislation
- Discussion of Affordability Framework
 - Vision
 - Purpose
 - Principles
- Development of Debt and Work thresholds
 - Review of actual debt
 - Recent discussion of thresholds
 - Student work
- Other ways to measure affordability and influencing factors
- Next steps
 - Compare where the state currently stands compared to our affordability goals
 - Allow for manipulation of data and cost outputs in AIM
 - Evaluate alternative design to SNG options

AFFORDABILITY FRAMEWORK - *DRAFT*

VISION

Under optimal conditions, every Washington resident who desires and is able to attend postsecondary education should have the ability to cover educational costs.

PURPOSE

Support policy-driven decisions that make postsecondary education more affordable by:

- Coordinating funding provided for appropriations, tuition and financial aid.
- Describing the impact of funding and policy decisions.
- Accounting for the role of the federal government, institutions, state, and private funders.
- Developing parameters to define reasonable levels of debt, work and savings.
- Connecting affordability related data from across sources.
- Communicating to policy makers, opinion leaders and students and families related to postsecondary affordability.
- Define the current level of affordability.
- Determine whether new proposals improve affordability.

The Framework will support policy recommendations that reduce volatility in tuition increases, curb student debt, and increase investments in postsecondary education.

Note: The Framework is not a prioritized list of expenditures or coordination of budget requests. It's not about diverting more of the higher ed budget to aid.

“The pricing and financial aid systems should be simplified and made more transparent and predictable. Clear and comprehensive information should be easily accessible to students and families.”
(Baum/Schwartz, 2014)

DRAFT PRINCIPLES

- Affordability should be viewed from the perspective of students and families.
- The State has some level of control over tuition rates, financial aid policy and funding to the public institutions of higher education and should ensure this funding is coordinated to ensure affordable access to high-quality instruction.
- All students and their families are responsible for the investment in education their future.
- The financing methods used differ by income level of students and families.
- The full cost of attendance is considered in addressing affordability.
- Policies support stable and predictable tuition growth.
- Funding to institutions improves student success.
- Institutions play a critical role in addressing affordability.
- Each educational pathway should be affordable for students.
- A reasonable amount of student work supports student success and improves affordability.
- Early information to families about the importance of savings improves affordability.
- Quality information and early awareness of options for prospective students are key to understanding and addressing affordability.

“If affordability is defined as alignment between cost of education and available resources, then it might also be helpful to develop a scale or spectrum for assessing how affordable higher education is for a given student or group of students. Such a spectrum, instead of a simple opposition between “affordable” and “not affordable”, could help clarify and prioritize problem areas and avoid polarizing the debate.” (Johnson, 2014)

THRESHOLDS

There are levels of student work hours and annual student debt amount beyond which postsecondary education cannot be considered as reasonably affordable. The thresholds likely vary by educational sector.

Additional Affordability Measuring Sticks

- Net price
- Comparisons of tuition and aid among states
- Average wage of associate and bachelor degree holders and capacity to pay debt
- Tuition or cost of attendance as percent of median family income/average wage
- Percent of enrollment that is Pell eligible

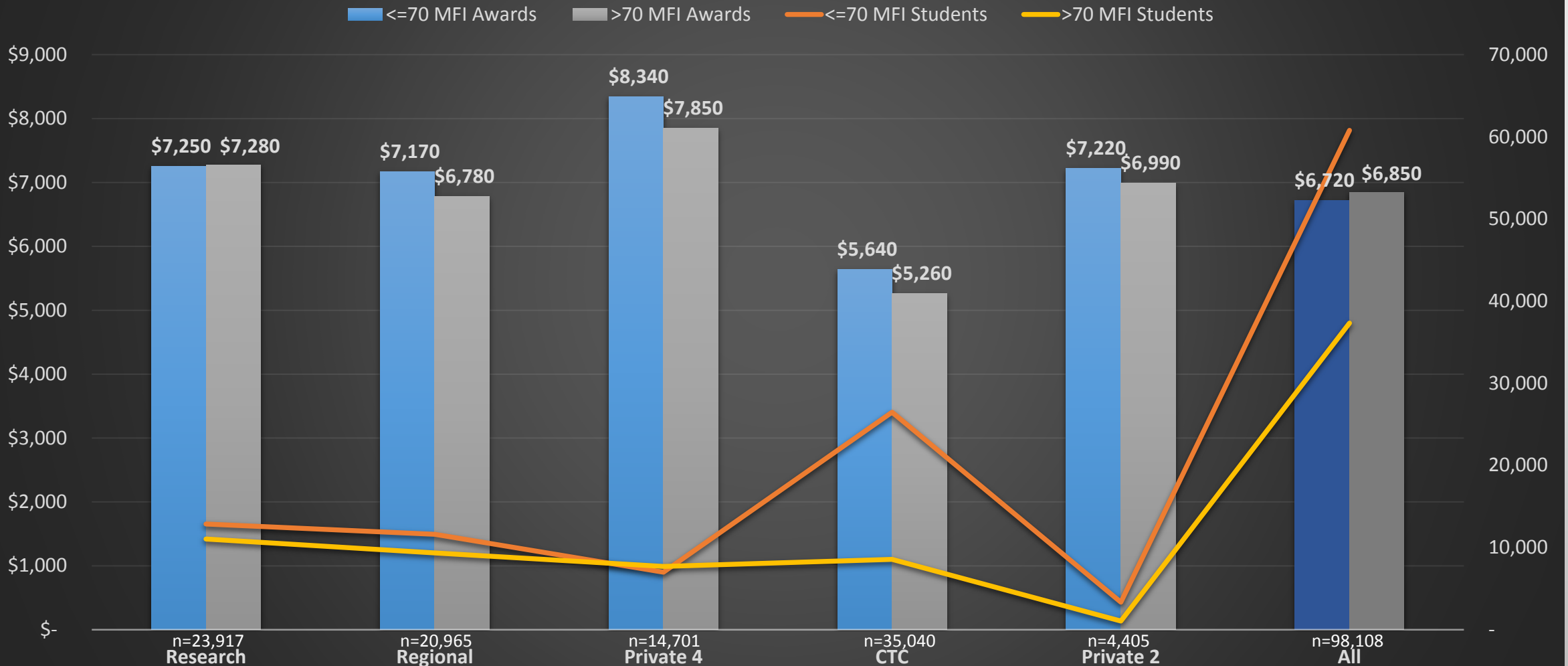
Influencing Factors

There are several factors that influence the affordability of a post-secondary education, but which higher education policy cannot directly impact. We need to be aware of and responsive to these factors, but they do not drive an affordability policy alone.

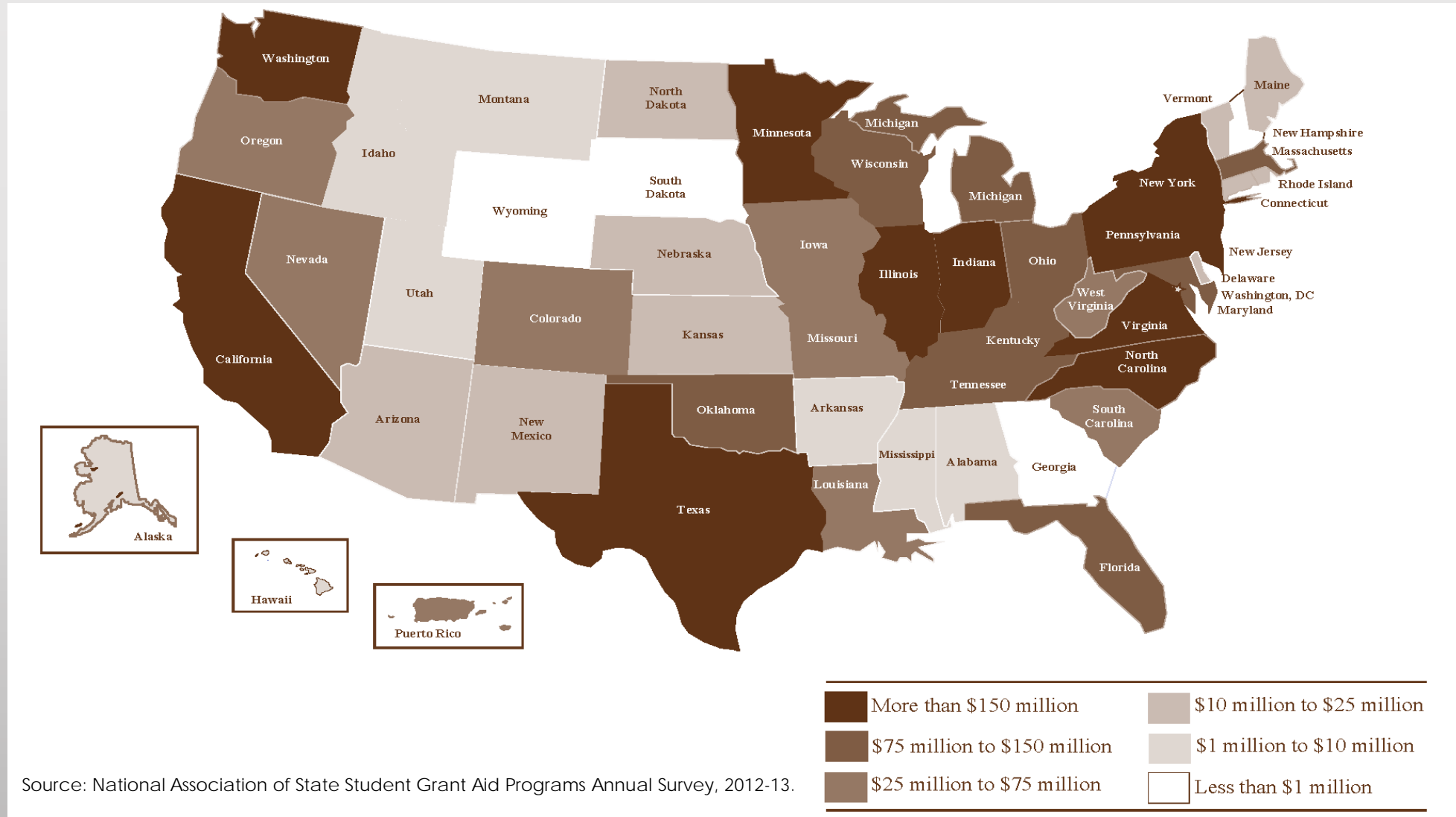
- Federal tax credits
- Student loan interest rates
- Minimum wage
- Federal aid policy (Pell)
- Family savings
- Private/Foundation support
- Institutional aid

Slight differences in borrowing by income

Annual Student Loans by MFI and Sector 2013-14 Resident Undergraduates



Need-Based Undergraduate Grant Aid, 2012-13



Washington considered top financial aid state

- Eight states, including Washington (plus CA, NY, TX, PA, IL, NJ and NC), awarded 70% of all the need-based grant aid nationally.
- Washington has been recognized for commitment to aid even during recessionary periods.
- While Washington does not have the most funding, when compared to the undergraduate enrollments, it ranks first in the nation.

Research links grants to success

- SNG associated with higher retention and completion rates.
[WSIPP, 2014]
- SNG leads to higher retention in the CTCs.
[SBCTC, 2013]
- Enrollment positively related to increases in need-based aid.
[Avery & Hosby, 2003]
- Retention and completion declines as “unmet need” increases.
[Bresciani & Carson, 2002]
- Grant aid makes more of a difference than other aid.
[Heller, 2008]
- Lack of SNG leads to increased borrowing, changes in living circumstances, increased work hours, and adjustments to educational plans.
[WSAC student survey, 2013]

Washington in Context: Tuition

There are many indicators of affordability

Here's how Washington ranks on a variety of affordability measures

Washington's flagship tuition ranks 12th in the country, about \$2,400 above the national average.

This represents about 23% of the state's average wage of nearly \$53,000. Only three states have flagship tuition below 14% of average wage.

Washington's regional institutions average tuition is \$900 above the national average

The average tuition in this sector is 16% of the state's average wage. No states have regional tuition below 10% of their average wage.

Community college tuition is about \$300 higher than the national average; The average tuition in this sector is 7.5% of the state's average wage. Six states have CTC tuition below 6% of their average wage.

Washington in Context: Funding

There are many indicators of affordability

Here's how Washington ranks on a variety of affordability measures

- Washington spends less on its public higher education system than the national average on a per capita basis and per \$1,000 in personal income
 - Washington ranks 31st in per capita spending, and 34th in spending per \$1,000 in personal income
- A smaller share of Washington's general fund budget goes to higher education than in the past
 - About 17% of the budget went to higher ed in 1983-85, and 12% in 2001-03
 - Today, about 9% of the NGFS budget goes to higher education
- In constant dollars, the state provided more funding to higher education in FY 2000 than it did in FY 2014
 - The state provided more funding to the public baccalaureates in 1999 than it did in 2014 in nominal dollars