WASHINGTON STUDENT ACHIEVEMENT COUNCIL
EDUCATION · OPPORTUNITY · RESULTS

917 Lakeridge Way Southwest
Olympia, Washington 98502
360.753.7800
wsac.wa.gov

Affordability Brief

Context

With strong legislative interest and decades of support for a generous state aid program, Washington has remade its system of need-based financial aid in recent years, making it more inclusive, serving more students, and eliminating the long-standing problem of eligible-but-unserved students. However, we continue to see debt rise and hear reports of serious basic needs insecurity among college students. FAFSA filing is down, as is enrollment.

In WSAC's 2022 work plan, defining affordability was identified as a key task. Can we define affordability with a measure that elected officials and the public understand? Will that measure help us improve—or at least maintain—affordability in the future?

Can we understand how affordability varies across income levels, sectors, and institutions? Can we differentiate between various affordability challenges: those that may prevent a student from enrolling versus those that can lead to dropping out versus those that result in loan default after leaving school? Different policies may be needed to address these different situations.

Background Materials

i. The Strategic Action Plan (pg. 5) outlines state policies and practices
ii. Document on state support, tuition, and aid: Washington in Context
iii. Washington State Encyclopedia of Higher Education Data data on tuition, FAFSA/WASFA filing, spending on state aid (beginning on page 43)

Exploring State Affordability Policy: Guiding Questions

1) Can we define affordability across income levels as a tool to maintain and improve affordability over time?
2) How do prospective and current students, both adults and those in high school, perceive affordability?
3) What do we know about unmet need of students eligible for financial aid and how it has changed over time?
4) What other factors in affordability need to be addressed?
    a. Student loan debt
    b. Level of student work
    c. Barriers to first enrollment vs. barriers to persistence

WASHINGTON STUDENT ACHIEVEMENT COUNCIL
EDUCATION · OPPORTUNITY · RESULTS

917 Lakeridge Way Southwest
Olympia, Washington 98502
360.753.7800
wsac.wa.gov

Tuition, Aid, and State Support:
Benchmarking Washington's Public Postsecondary Funding System

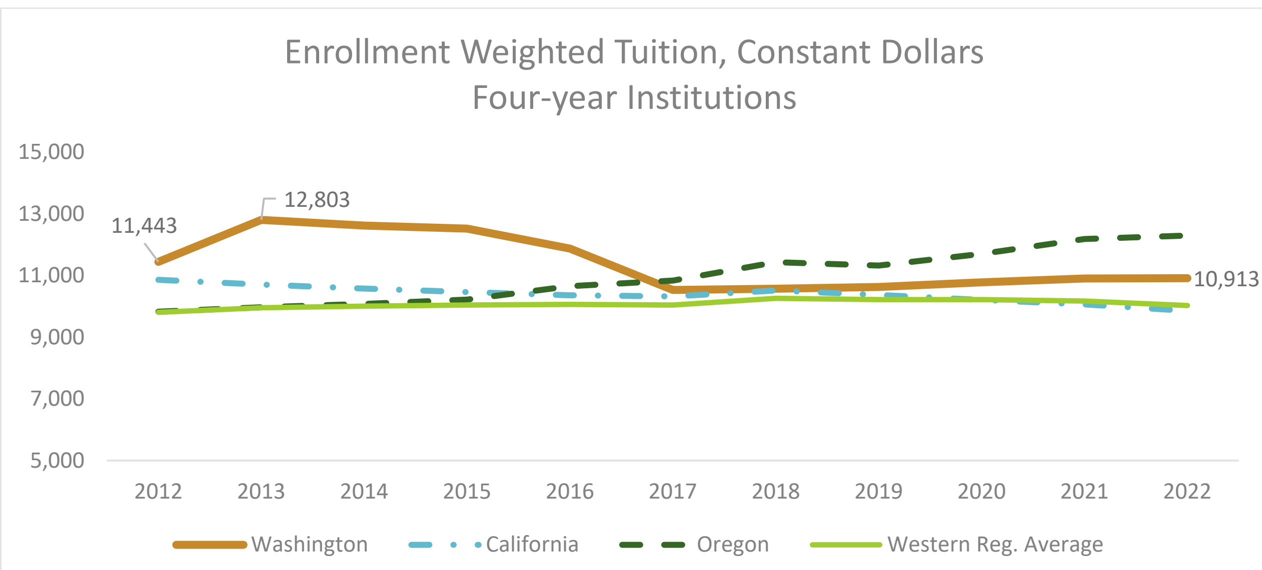
State policy supports affordability in three ways:

- Setting tuition rates for resident, undergraduate students.
- Providing state financial aid to help offset the costs of tuition and other charges that make up the total Cost of Attendance.
- supporting public institutions of higher education to maintain a lower rate of tuition.

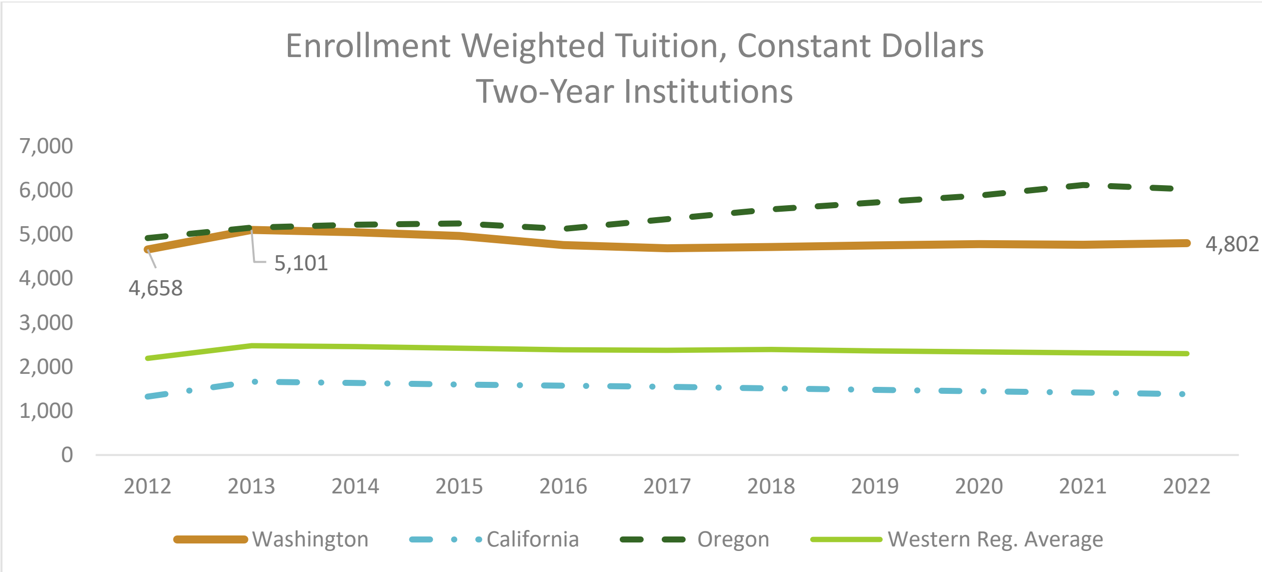
States vary considerably in how they utilize these three levers. How does Washington compare to western states?

Tuition

There are many ways to measure tuition at the state level, because tuition rates at different institutions must be integrated into an overall number. The raw numbers must be adjusted for inflation when comparing states over time. The WICHE (Western Interstate Compact for Higher Education) *Tuition and Fees in the West* analysis provides the following graphs for enrollment-weighted tuition in constant dollars, with the four- and two-year public institutions shown separately. The Western region data is based on 16 western states including Washington, Oregon, and California.



Source: WICHE, *Tuition and Fees in the West, 2021-22*

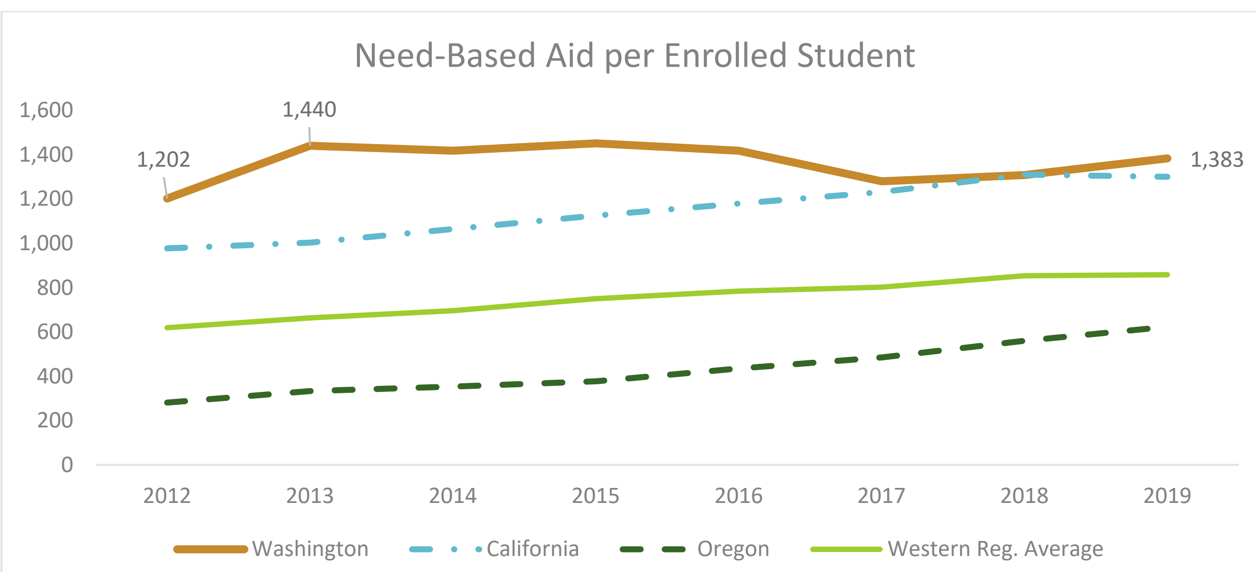


Source: WICHE, *Tuition and Fees in the West, 2021-22*

State Need-Based Financial Aid

There are much larger differences in need-based aid. California and Washington appropriate significant amounts on a per-enrolled-student basis for need-based aid. Montana and South Dakota expend almost nothing on need-based aid, relying either on merit or other types of financial aid while leaving need-based aid up to the federal government.

Washington ranks second in the nation for our generous level of state financial aid. The graphs ends before the full implementation of the Washington College Grant (and the enrollment downturns of 2020 and 2021), so this understates Washington's current efforts in the provision of need-based aid. The values are in dollars per enrolled student, not aid recipients.



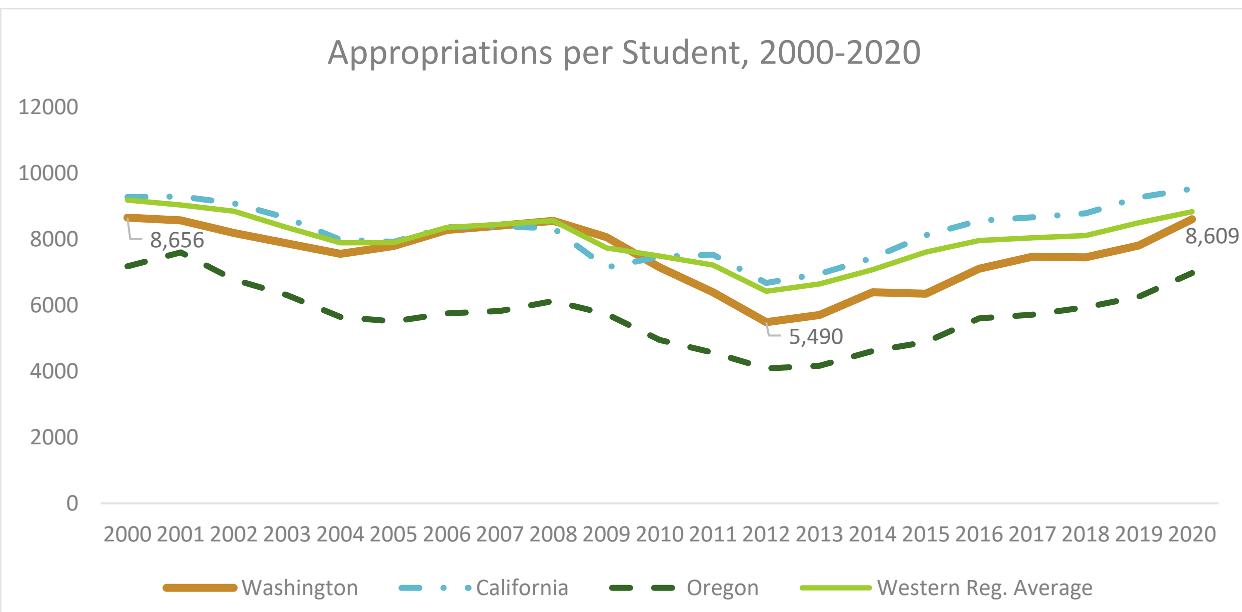
Source: WICHE analysis of *NASSGAP Annual Survey 2018-19*

The pattern of change in this measure of financial aid is similar to that of tuition. Washington has tied aid awards to public tuition rates for decades. Thus, we see the curve rising with tuition, then falling for the tuition reductions of 2016 and 2017, and more or less inflationary growth after that. But remember that the large increase driven by the landmark legislation in 2019 that created the Washington College Grant is looming just outside the scope of this chart.

State Appropriation for Public Institutions

State support for public institutions is an important, and sometimes overlooked, component of affordability. State approaches on all three levers—tuition, financial aid, and state appropriation—vary significantly. In some states, complex formulas allocate state dollars across institutions. Washington takes two different approaches: appropriating a dollar amount to each public university without an underlying formula. Our two-year colleges are appropriated as a system, and SBCTC has the authority to devise the formula to allocate funding for the individual colleges.

The College Affordability Program of 2015 was an interesting example of Washington explicitly tying state support and tuition together. The Legislature calculated the lost revenue from the tuition reductions the bill mandated and appropriated that amount to the institutions. Small adjustments for that transfer have been made in each subsequent budget, and the tuition policy created in the bill remains in effect today. While policymakers may understand that there is a connection between each of these three levers, they are (College Affordability Program aside) rarely viewed as a connected system when making appropriations.



Source: WICHE analysis of *State Higher Education Finance, 2020*.

Washington has had a somewhat less generous system of state support than the regional average, and made larger state appropriations reductions during the Great Recession. Washington, like California, has added to state support significantly in recent years. This chart includes all public institutions, two- and four-years, and given the "per student" analysis, it will overstate the rate of growth in total appropriations given that enrollment has been declining since 2011-12.

WSAC has tried to visualize the result of these three factors across income levels. The Affordability Interactive Model developed in 2014 by Dr. Jim Fridley, with WSAC's support, illustrates the way state support and aid help cover tuition and the total cost of attendance. It also illustrates the choices students face once state support and aid are exhausted. WSAC is about to acquire and update this tool to support our conversations going forward.

In this graph produced by the Model you see a set of assumptions about a student attending a comprehensive institution in 2017. Tuition is the dashed line, while the total cost of attendance is essentially the top horizontal line of the graph. State support is shown in black at the bottom of the chart. It is at a constant level due to how state subsidy lowers tuition for all students at the same amount. Family income is the X or horizontal axis, rising from left to right.

This graphic can be difficult to read the first time especially in this smaller format. One of the more visible dynamics captured in the chart is the role of family savings (dark green) and current family earnings (light green) in paying for college. It shows that students from lower households cannot save prior to going to college and that contributions from current earnings are quite small until one gets close to the median family income. Once we acquire the underlying analytical engine, we will be able to experiment with different outputs to better capture insights into affordability across income levels.