

Title	Affordability Model
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Position	SFA Director
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Phone:	360.753.7872
Synopsis:	An affordability model was developed that stemmed from the affordability workgroup discussions as part of the Roadmap development. The model is designed to assist policy makers in understanding affordability for students and families. It explores the relative contributions of major student funding components in covering the cost of attendance.
Guiding questions:	<ul style="list-style-type: none"> • How do savings, student work, parental income, grants and loans interact in covering cost of attendance; and what are the changes by income? • How does the loss of grant assistance affect lower income students? • How do students from middle and upper income students cover costs by sector?
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 type="checkbox"/> PowerPoint <input type="checkbox"/> Third-party materials <input type="checkbox"/> Other



WASHINGTON STUDENT ACHIEVEMENT COUNCIL

EDUCATION › OPPORTUNITY › RESULTS

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Affordability Defined

Viewed from the perspective of students and families.

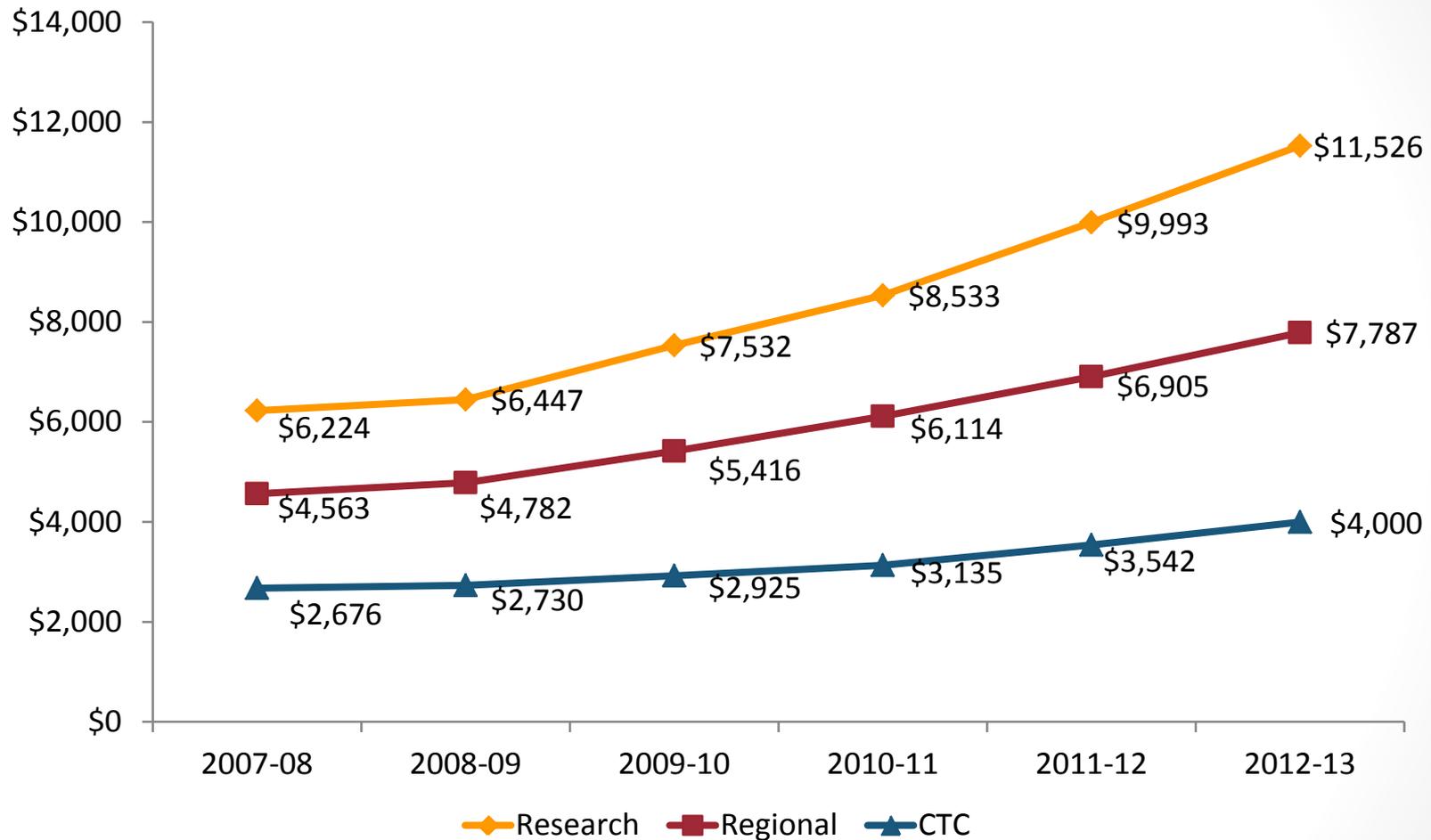
- Considered in context of **value** of a postsecondary credential.
- Defined as student and family **ability** to cover the cost of attendance.

Students Cover the Majority of Cost

State Appropriations as Portion of Total Funding		
Sector	FY 2000	FY 2013
UW	71%	29%
WSU	76%	41%
EWU	68%	35%
CWU	72%	34%
TESC	61%	35%
WWU	66%	32%
CTCs	77%	63%

State funding of public institutions is down 30% since 2000.

Public Tuition Nearly Doubles Over Five Years



Legislature holds tuition flat for 2013-14

Ability of WA Families to Pay Total Cost

Sector	2012-13 Tuition/Fees ¹	Cost of Attendance ²	Income Needed to Pay COA ³	# of WA Families Below Income ⁴	% of WA Families Below Income
Research	\$11,525	\$24,775	\$120,000	675,854	82%
Regional/ TESC	\$7,789	\$21,039	\$110,000	646,724	78%
CTC	\$4,000	\$17,250	\$100,000	607,978	74%
Private ⁵	\$29,546	\$42,796	\$168,000	759,411	92%

¹ 2012-13 Tuition (operating, building and service fees) average for institutions in sector.

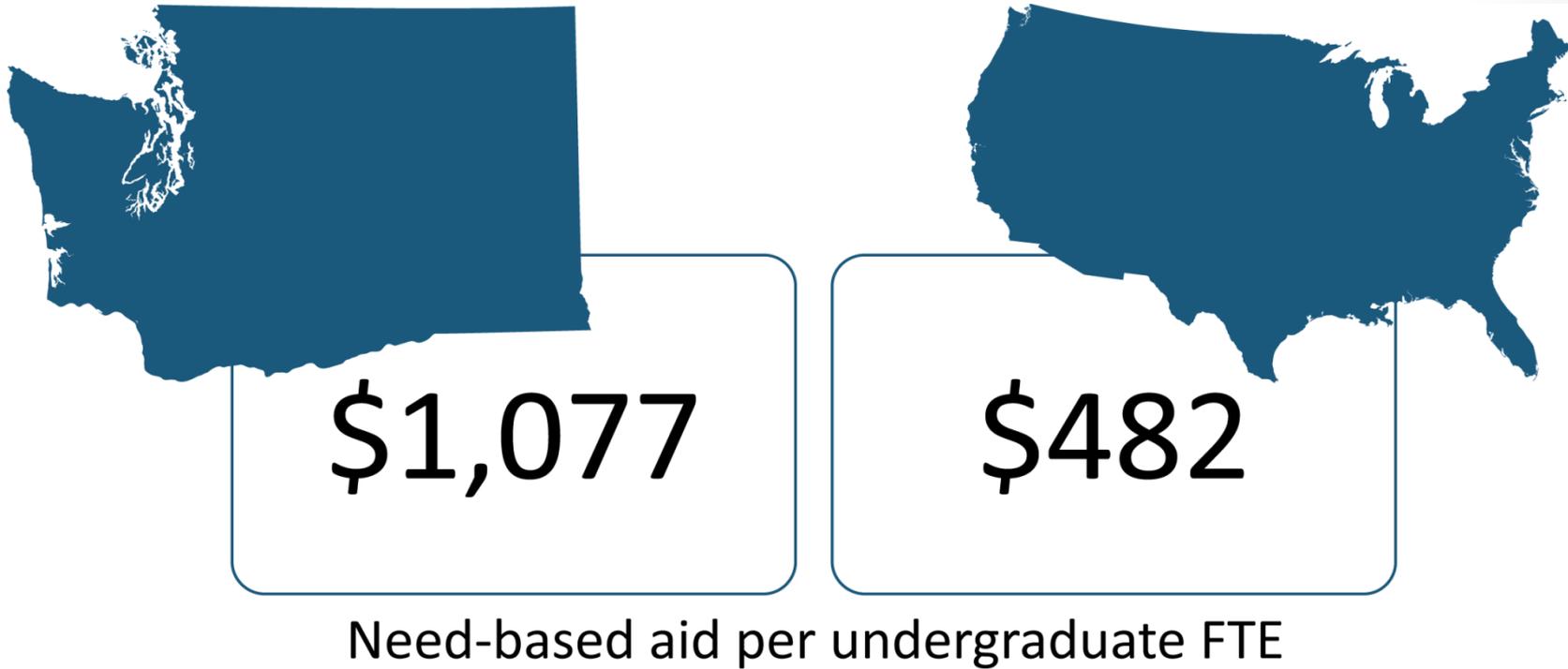
² Washington Financial Aid Association non-tuition student budget amount for 2012-13 is \$13,250 (\$1,000 books, \$9,240 room and board, \$1,260 transportation and \$1,750 miscellaneous).

³ College Board EFC calculator used: <https://bigfuture.collegeboard.org/pay-for-college/tools-calculators> (dependent student, WA resident, four-person family, one in college, two parents both employed, no untaxed income or assets, U.S. Income Taxes of 9% paid, eldest parent age 50.)

⁴ American Community Survey PUMS 2007-2011. The ACS sample was 39,614 families with related children age 17 and younger. Using the ACS household weights, translates into 824,615 WA families.

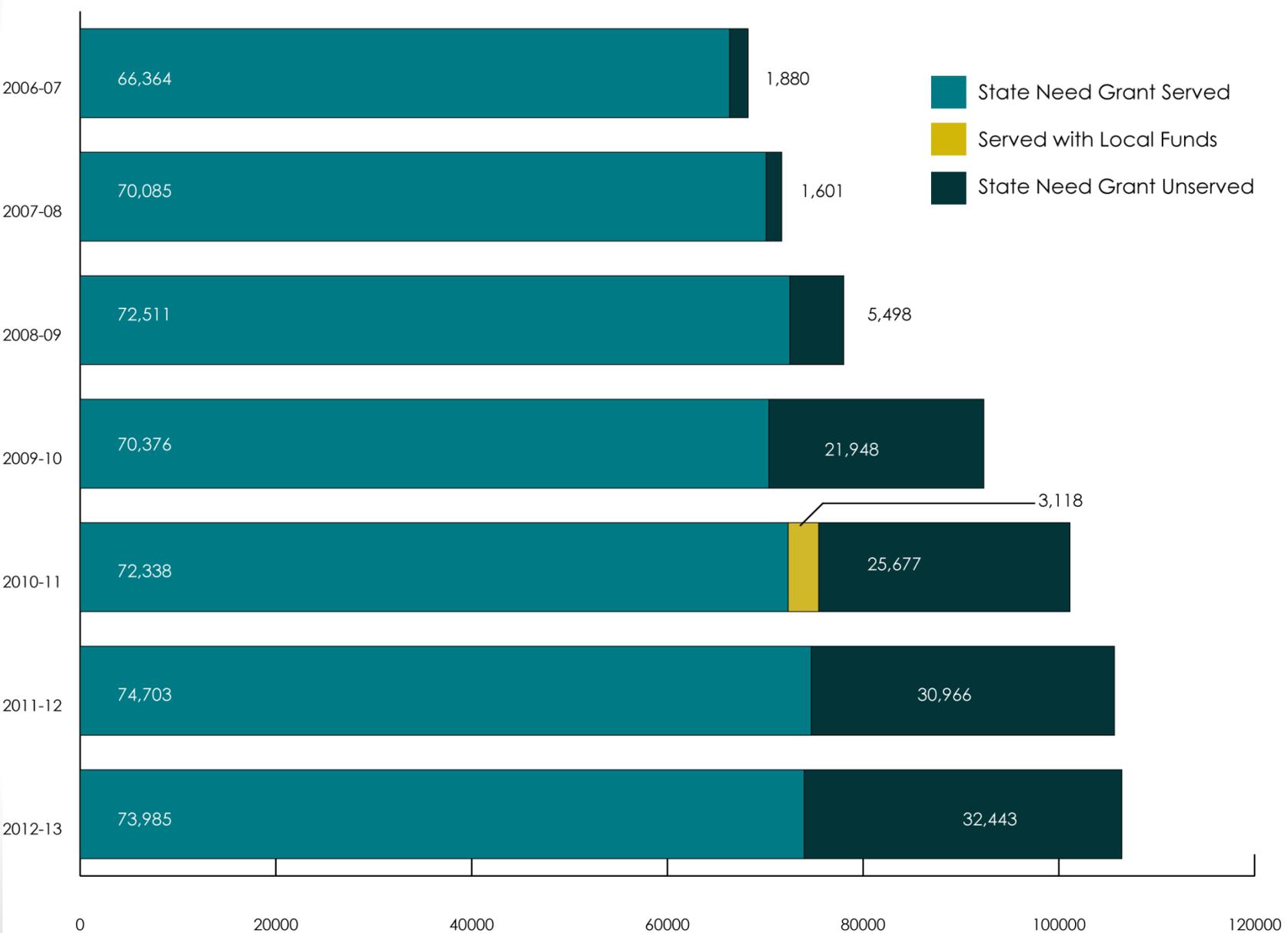
⁵ 2012-13 tuition average for 15 private non-profit four-year institutions that participate in state aid programs.

Washington Ranks #1 in Funding



Source: National Association for State Student Grant Aid Programs, 2011-12

State Need Grant Demand Outstrips Funding



Affordability Model: Tool for Policy Makers

- Assist with understanding affordability
- Examine the ability of families by income to cover the cost of attendance
- Explore the contributions and interplay of the major student funding components
- Review the impact of affordability policies

A Model to Examine Affordability of Higher Education in the State of Washington

Exploring the Capacity of Families to Save vs. Pay as They Go

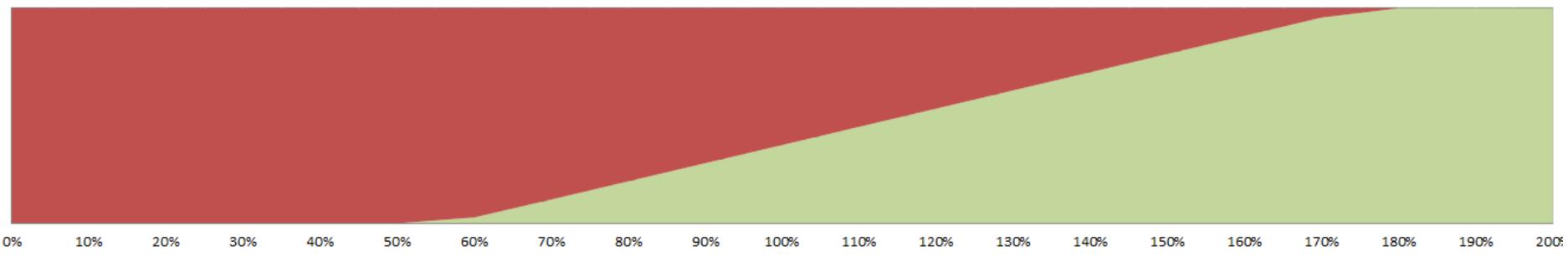
5 Years of saving 20% EFC saved annually (max) 2.0% Interest on savings 800 hrs worked
Annual gross is \$7,360

4 1/3 Years of attendance 75% EFC during college (max) 0.0% Change in tuition

Total Cost of Attendance is \$98,176

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 Unmet Need (Funds from College Debt) Reported Debt



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

0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	110%	120%	130%	140%	150%	160%	170%	180%	190%	200%	
-	8,158	16,316	24,475	32,633	40,791	48,949	57,107	65,266	73,424	81,582	89,740	97,898	106,057	1							

Parental Income & Unmet Need

Regional University (live away)

Inputs and Assumptions		
Inputs:		
MFI Washington	81,582	\$/yr
Annual cost of attendance ²	22,656	\$/yr
Years of college tuition	4 1/3	yr
Change in current tuition	0%	%
Change in current tuition	0	\$/yr
Model Variables:		
Years spent saving	5	yr
Percent of EFC saved	20%	%
Interest on savings	2.0%	APR
Interest on debt	6.0%	APR
Percent of EFC current	75%	%
Loan Duration	15	yr

Savings

5 Years of saving

4 1/3 Years of attendance

Total Cost of Attendance is \$98,176

20% EFC saved annually (max)

75% EFC during college (max)

2.0% Interest on savings

0.0% Change in tuition

800 hrs worked

Annual gross is \$7,360

Funds from Family College Savings

Funds from Family Income During College

Funds from Pell

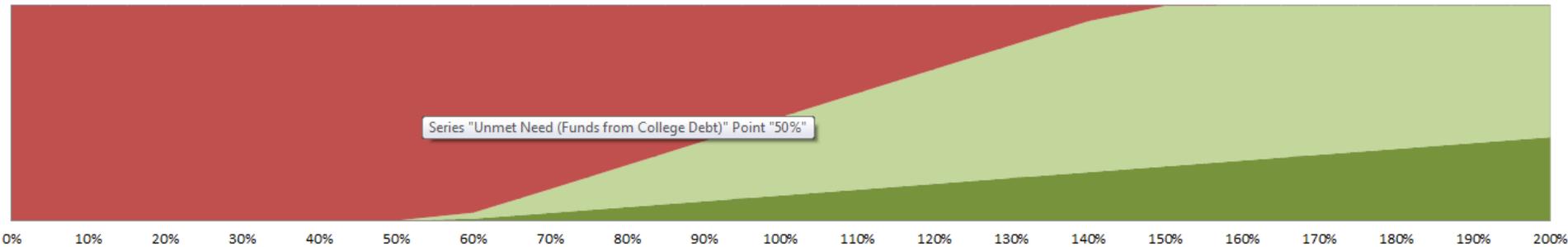
Funds from SNG

Funds from Inst. Aid & Scholarships

Funds from Work

Unmet Need (Funds from College Debt)

Reported Debt



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

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Pell Grant

5 Years of saving

20% EFC saved annually (max)

2.0% Interest on savings

800 hrs worked

4 1/3 Years of attendance

75% EFC during college (max)

0.0% Change in tuition

Annual gross is \$7,360

Total Cost of Attendance is \$98,176

Funds from Family College Savings

Funds from Family Income During College

Funds from Pell

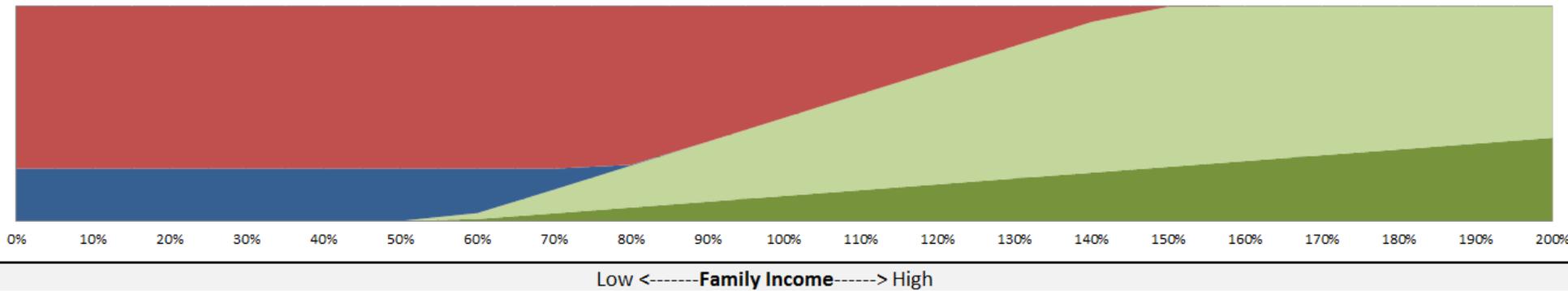
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Funds from Work

Unmet Need (Funds from College Debt)

Reported Debt



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Institutional Aid

5 Years of saving

20% EFC saved annually (max)

2.0% Interest on savings

800 hrs worked
Annual gross is \$7,360

4 1/3 Years of attendance

75% EFC during college (max)

0.0% Change in tuition

Total Cost of Attendance is \$98,176

Annual gross is \$7,360

Funds from Family College Savings

Funds from Family Income During College

Funds from Pell

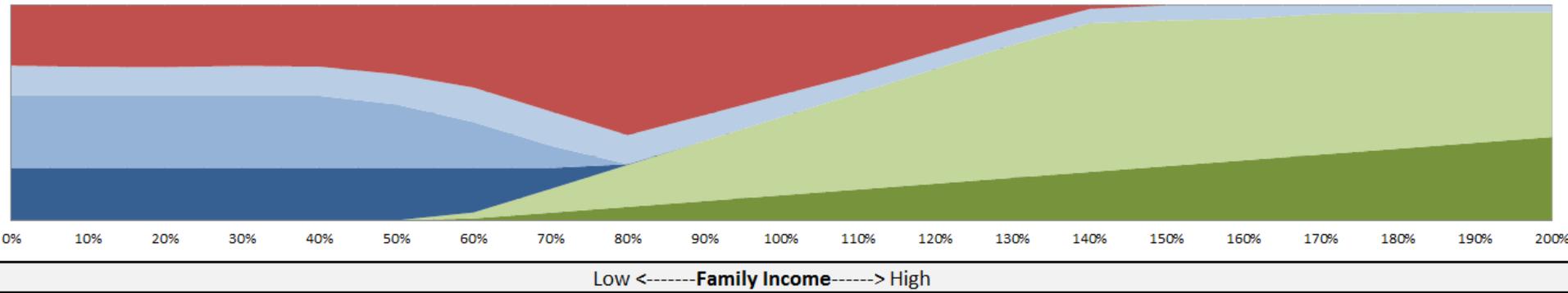
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Unmet Need (Funds from College Debt)

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Student Work

5 Years of saving

20% EFC saved annually (max)

2.0% Interest on savings

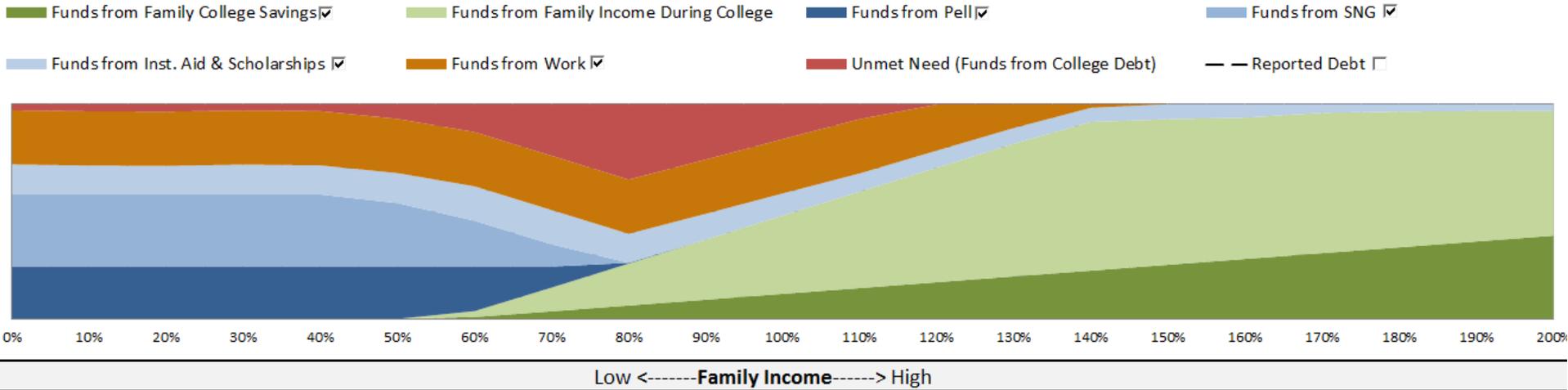
800 hrs worked
Annual gross is \$7,360

41/3 Years of attendance

75% EFC during college (max)

0.0% Change in tuition

Total Cost of Attendance is \$98,176



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Student Actual Debt

5 Years of saving

20% EFC saved annually (max)

2.0% Interest on savings

800 hrs worked

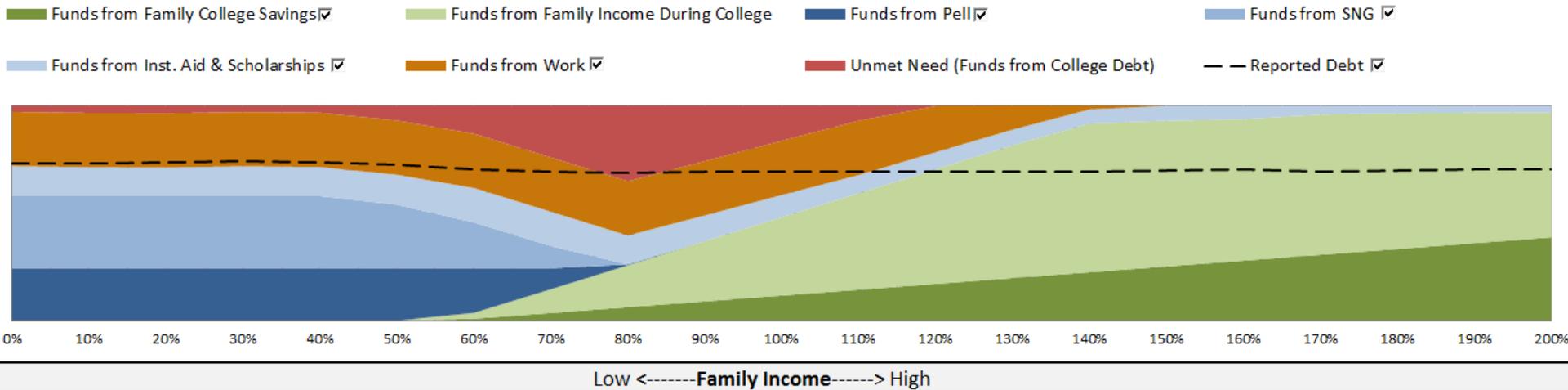
4 1/3 Years of attendance

75% EFC during college (max)

0.0% Change in tuition

Annual gross is \$7,360

Total Cost of Attendance is \$98,176



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