



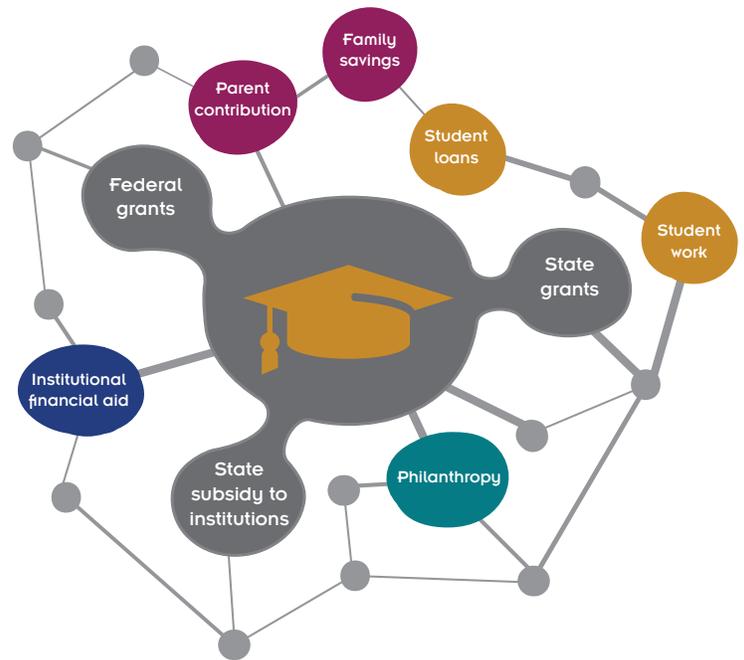
WASHINGTON NEEDS AN AFFORDABILITY FRAMEWORK

An Affordability Framework for Washington State

Washington needs an affordability framework to coordinate institutional appropriations, tuition, and financial aid. The framework will explain the impact of funding policies on all students. It will develop parameters to define reasonable levels for debt, work, and savings. This will demonstrate the affordability of postsecondary education for all students.

A framework will also support policy-driven decisions that make higher education more affordable for all students. It will do this by recommending policies to reduce the volatility in tuition increases, curb student debt, and increase investments in postsecondary education. The framework will account for the role of the federal government, institutions, and private funders.

Without a framework to guide appropriations and intentionally link them to need-based aid and tuition policies, Washington will continue to focus on separate pieces of the overall higher education funding puzzle. With a framework, the state can clearly delineate the responsibility of the student, the school, and the state, and thus target state appropriations to make the system more affordable.



AFFORDABILITY INTERACTIVE MODEL

The Council has collaborated with Dr. Jim Fridley, professor at the University of Washington, to develop an Affordability Interactive Model (AIM) that reflects the various financing components by income level. The model elucidates the interconnectivity between federal and state financial aid policies as well as state higher education funding and tuition decisions. As policymakers explore changes to state higher education funding and financial aid policies, the model demonstrates the impact on students and families.

AIM shows affordability from the perspective of a family's ability to cover the cost of attendance. The model allows users to manipulate the relative contributions of major student funding components based on state and federal policies. These include:

- Savings
- Parent income
- Student income from work
- Pell Grant
- State Need Grant
- Institutional aid and scholarships
- Student loans

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INTERACTIVE MODEL IMPROVES UNDERSTANDING OF AFFORDABILITY

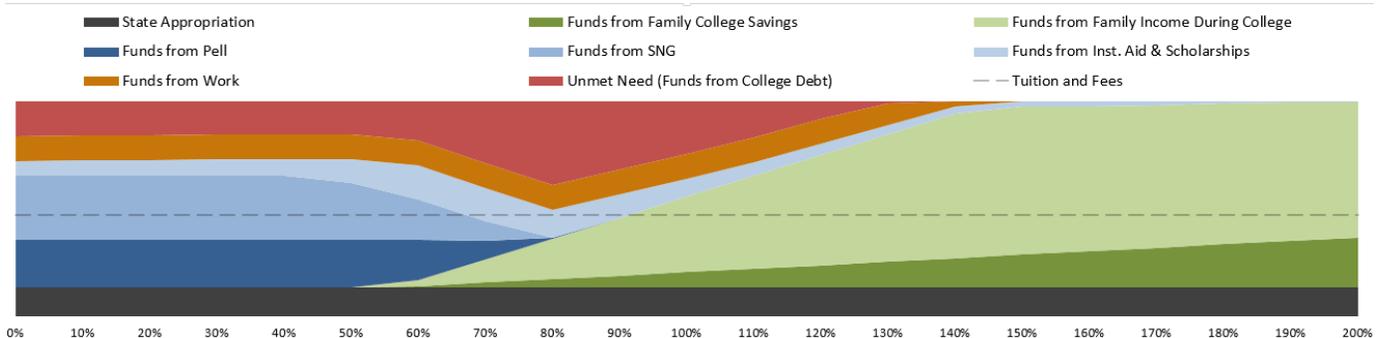
AIM helps policymakers develop a common understanding of higher education affordability for Washington students.

AFFORDABILITY INTERACTIVE MODEL

AIM displays the amount of state subsidy to the institution, tuition, and the remaining costs to attend postsecondary education. The user may select from any of the following sectors: public two-year, public regional, public research, or private non-profit four-year institutions.

Fund sources are displayed as a percentage of the cost of attendance by income range. The user may interactively adjust policy assumptions such as:

- Number of years of savings.
- Savings interest rate.
- Percent of available income applied to savings.
- Number of years of college attendance.
- Percent change in tuition.
- Percent of available income while in college.
- Number of hours a student may work.



- AIM demonstrates the difficulty low-income families experience in paying or saving for postsecondary education.
- AIM shows that—even with the federal Pell Grant, State Need Grant, and institutional aid included—there are still financing gaps for the lowest-income students, which must be met through student work, student loans, or other means.
- State Need Grant is currently funded to serve about 70 percent of eligible students. AIM visually displays the importance of this tuition assistance for the 70,000 students who are served by the program—and the significant gap for the more than 30,000 students who are unable to receive it—when the program is removed from the display.
- After all financing components are activated in the model, there is a clear gap in unmet financing or presumed debt for the middle/moderate income students. These students are not eligible for grant assistance and have less capacity to save and cover expenses using parental income.
- AIM shows the important role of state appropriations to institutions in offsetting tuition costs.