Promise Program Proposals in Washington

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An Affordability Framework

Understanding affordability for Washington students
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.
• 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
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.
Student Borrowing Increased During the Recession

Resident Undergraduate Borrowers with Need

- 2007-08
  - Research: $4,900
  - Comprehensive: $7,200
  - Private Four-Year: $4,400
  - CTC: $2,800

- 2014-15
  - Research: $7,300
  - Comprehensive: $7,100
  - Private Four-Year: $7,900
  - CTC: $5,600

Washington State Aid

Promise proposals in context of WA state financial aid.
Washington is nationally recognized for its commitment to financial aid. State Need Grant (SNG) has supported low-income undergraduate students for 45 years.

SNG is a critical strategy to reach the state’s attainment goals. SNG supports the College Bound Scholarship.

68 institutions
71,000 students
$295 Million, FY 16
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>Served</th>
<th>Served as % of Total Eligible Population</th>
<th>Unserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>70,085</td>
<td></td>
<td>1,601</td>
</tr>
<tr>
<td>2008-09</td>
<td>72,511</td>
<td></td>
<td>5,518</td>
</tr>
<tr>
<td>2009-10</td>
<td>70,376</td>
<td></td>
<td>21,951</td>
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<tr>
<td>2010-11</td>
<td>72,338</td>
<td></td>
<td>28,795</td>
</tr>
<tr>
<td>2011-12</td>
<td>74,703</td>
<td></td>
<td>30,966</td>
</tr>
<tr>
<td>2012-13</td>
<td>73,985</td>
<td></td>
<td>31,045</td>
</tr>
<tr>
<td>2013-14</td>
<td>70,109</td>
<td></td>
<td>31,413</td>
</tr>
<tr>
<td>2014-15</td>
<td>71,059</td>
<td></td>
<td>27,193</td>
</tr>
</tbody>
</table>

College Bound recipients were 12% of the total State Need Grant eligible population in 2014-15.
State Need Grant (SNG)
Eligible Students in 2014-15

State Need Grant students are from nearly every region of the state.

Eligible Student Count
- 0
- 1 - 50
- 51 - 150
- 151 - 300
- 301 - 500
- 501 +

Washington Student Achievement Council. Final Interim Report 2014-15 and FAFSA. Note: Data are arranged by student’s permanent address zip code.
In middle school, eligible students pledge to:

• Graduate high school with a cumulative 2.0 GPA.
• Stay crime-free.
• Prepare for and be admitted to college.
• Apply for financial aid in a timely manner.
CBS Sign-Up Continue to Increase

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 those of their non-CBS low-income peers.
CBS Applicants who graduated with 2.0 GPA and enrolled in postsecondary education. Other includes students who had sufficient state aid to meet the award maximum; students whose family income exceeds the maximum; students who enroll in ineligible institutions.

WSAC. CBS applicant data, Interim Report, Unit Record Report, and National Student Clearinghouse. Records met pledge requirements and matched to FAFSA. R:KL
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
WA Promise Proposals

Legislation from 2016
Central Washington University’s 5th Year Promise (HB 2686)

- CWU guarantees 4-year degree students who follow an advising pathway will graduate or enroll in remaining courses for free
- Degree planner software subject to funding

Washington Free to Finish Program (HB 2955)

- Encourages students who did not complete to return if within 15 credits and 3 years have lapsed
- COA – gift aid

Washington Promise Program – universal and affordable access to CTCs (SB 6481)

- First two years CTC tuition covered
- T+F – gift aid
- up to $1,500 books for ≤70% MFI
**Costs of Proposals**

### 5th Year
- $180K administration
- $219K software training & maintenance

### Free to Finish
- $89K – aid program administration
- $50K – evaluation
- Number of students eligible unclear

### CTC Promise
- $260K – caseload forecast
- $346K – evaluation
- $250K – aid program administration
- $145 M in awards
- Loss of enrollments in 4 years
- $15 M in state support (with $15 M in tuition)

Number of students eligible unclear

Loss of enrollments in 4 years

$15 M in state support (with $15 M in tuition)
Affordability Interactive Model

Setting parameters of affordability and evaluating proposals
### Affordability Model – Comprehensive Institution, Living on Campus, 2014

**Family’s Share**
- 20% Discretionary income annually during college
- 100% Family Income exclusion threshold
- 10 Years of savings
- 5% Discretionary income saved annually
- 1% 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**
- 0.0% Tuition change
- Tuition is $8,059
- 0.0% SNG served change
- Policy impact on budgets
- Schools: 0.0%
- State: 0.0%

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<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>State Appropriation</th>
<th>Funds from Family College Savings</th>
<th>Funds from Family Income During College</th>
<th>Funds from Pell</th>
<th>Funds from SNG</th>
<th>Funds from Inst. Aid &amp; Scholarships</th>
<th>Implied College Debt</th>
<th>Tuition and Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

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Low <-- Family Income --> High

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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**
- -19.5% Tuition change
- Tuition is $6,482
- 0.0% SNG served change

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

Diagram showing the components of funding:
- 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

Low --- Family Income --- High
**Affordability Model – Community College, Living at Home, 2017**

**FAMILY'S SHARE**
- 20% Disc. 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 $3,681
- 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%

Graph showing the distribution of funds from various sources: 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, and Implied College Debt.

Legend:
- Black: State Appropriation
- Blue: Funds from Pell
- Orange: Funds from Work
- Green: Funds from Family College Savings
- Light Green: Funds from Family Income During College
- Light Blue: Funds from SNG
- Red: Implied College Debt
- Grey Dotted Line: Tuition and Fees
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 “Power 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
Continue the conversation

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