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Tuition and Fees, Appropriations, and Financial Aid in the West: Strategic Alignment in Times of Uncertainty

Introduction

The COVID-19 crisis has presented unprecedented challenges for higher education, including significant fiscal impacts for states, institutions, and individuals. The economic implications of the COVID-19 crisis are already impacting state and institution budgets, suggesting that states and institutions will be forced – at least in the near term – to address affordability concerns under severe fiscal constraints. Doing so will require close attention to aligning tuition, state appropriations, and financial aid.

This edition of *WICHE Insights* discusses the most recent results of the Western Interstate Commission for Higher Education's (WICHE) annual survey of tuition and fees at public postsecondary institutions in the West, along with recent trends in state appropriations and state financial aid. And while the trends discussed in this brief highlight the positive fiscal outlook of the past several years, the COVID-19 crisis and resulting economic downturn suggests that the dismal economic outlook will present significant challenges for how states address key priorities, including addressing affordability. Across the West and the nation, a variety of affordability-related definitions and benchmarks have been put forward; however, data gaps and limitations remain a significant challenge in defining and assessing affordability. Looking ahead, as states move forward in meeting goals and priorities under bleak economic conditions, it is imperative that states strategically align appropriations, tuition, and financial aid in a manner that advances states' progress in addressing affordability.

Key Takeaways

- Regional average tuition and fees for resident undergraduates at public four-year institutions were $9,759 in 2019-20, a 2.1 percent increase from 2018-19.
- Regional average in-district tuition and fees at two-year institutions increased 3.1 percent from 2018-19 to $4,025 in 2019-20.
- Regional average appropriations per student increased 4.8 percent between FY 2018 and FY 2019, a higher rate of increase than the national average.
- State financial aid per student was slightly lower than the national average in 2017-18, but the share of need-based aid was well above the national average.
- States undertook efforts to address affordability but face data limitations for assessing affordability.
- The dismal economic outlook as a result of the COVID-19 crisis makes it imperative that states strategically align state finance policies to advance affordability efforts.

Tuition and Fees in the West

WICHE's annual survey of tuition and fees collects the resident and non-resident tuition and fees rates at public two- and four-year institutions in the WICHE region for undergraduate and graduate students. The most recent survey was administered in the summer of 2019 to state higher education executive offices, system offices, and institutions in the each of the 17 states and territories in the region.[1] Complete data from the survey are available at wiche.edu/pub/tf and

Alignment of Appropriations, Tuition, and Financial Aid

It is important to view the state finance policy environment as an integrated approach to meeting state goals through the alignment of appropriations, tuition, and financial aid. Which is to say, although the decision-making authority of each of these policy levers differs across states, it is important that decisions in one area (i.e., tuition) are made in a way that aligns with others (i.e., state fiscal support, through appropriations to institutions and grant aid to students). This is particularly true for a state's approach to addressing affordability, as unaligned policies can have implications for a student's ability to afford and access higher education. For example, if an institution's tuition rises as state fiscal support decreases, without appropriate levels of state grant aid, students—particularly those who are low-income—may be unable to afford a postsecondary education. This has both individual consequences in terms of employment and income benefits, and broad implications for a state's ability to meet workforce demands.

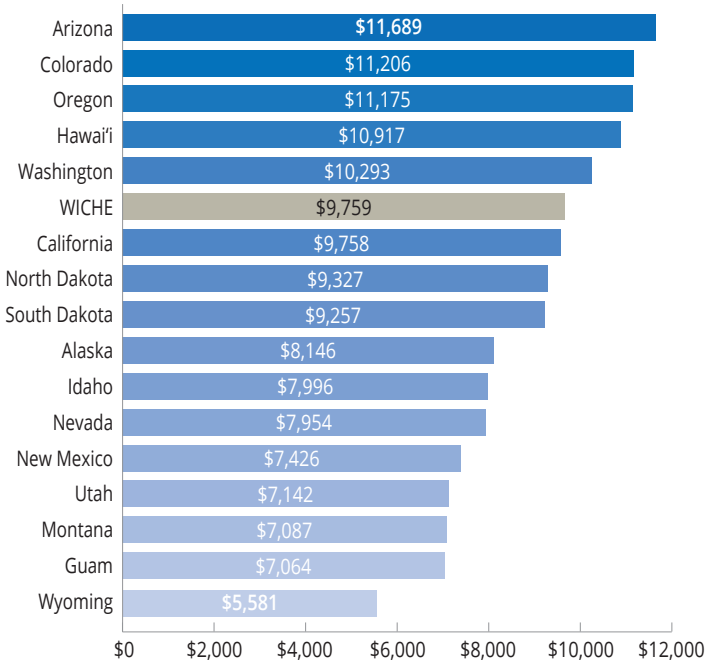
enable comparisons in rates over time, across states and territories, and between Carnegie Classifications. Unless otherwise indicated, tuition and fees rates are in current dollars and state- and regional-average rates are weighted by full-time equivalent (FTE) enrollment.[2] Data on the website provide both weighted and unweighted averages.[3]

Tuition and Fees at Public Four-Year Institutions

Regional average tuition and fees for resident undergraduates at public four-year institutions were $9,759 in 2019-20, an increase of $204 (2.1 percent) from 2018-19 and, when adjusting for inflation, the regional average tuition and fees decreased by $15 in the past year.[4] The 2019-20 regional average tuition and fees were about 6.5 percent lower than the national average ($10,440) and increased at about the same rate in the past year as the national average (2.3 percent).[5] Since 2014-15, tuition and fees for resident undergraduates have remained relatively stable and increased just 1.6 percent ($151; constant 2019 dollars), which is lower than the national average rate of change (3.0 percent) over the past five years. In the past decade, tuition and fees increased 27.7 percent ($2,116; constant 2019 dollars), with over 90 percent of the nominal increase occurring in the first half of the past decade.

The regional average provides a baseline for the typical rates charged to resident undergraduates in the region, but it masks the wide range in state average tuition and fees in 2019-20. As shown in Figure 1, state average tuition and fees for resident undergraduates varied from $5,581 (Wyoming) to $11,689 (Arizona) in 2019-20.[6] There was also wide variation in tuition and fees rates across systems and institutions. For example, in 2019-20, tuition and fees at institutions in the University of California system averaged $14,024, almost $4,300 higher than the state average and $2,300 higher than the highest state average in the region. On the other hand, tuition and fees at institutions in the California State University system averaged $7,360, or nearly half the average of the University of California system. Although no other state had a comparable difference in rates between systems, most states had variability

Figure 1. Resident Undergraduate Tuition and Fees at Public Four-Year Institutions, 2019-20

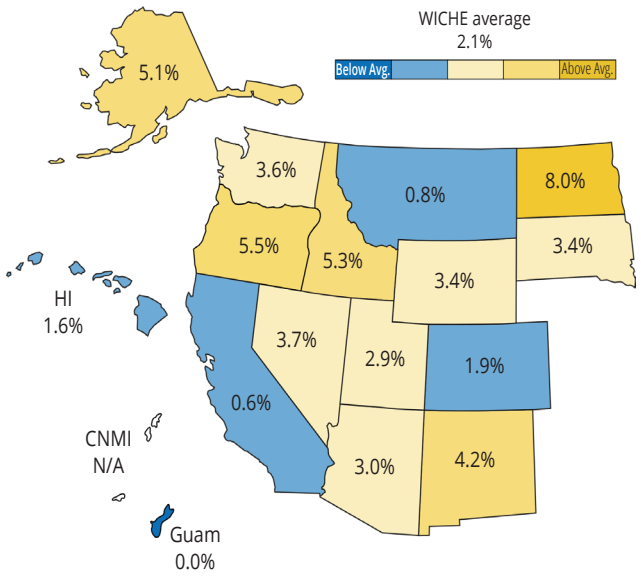


Detailed tuition and fees and state finance data available from wiche.edu/pub/tf

in tuition and fee rates across specific institutions. For example, tuition and fees at Colorado School of Mines, which had the region's highest tuition and fees rates in 2019-20, were more than two times the resident undergraduate rates at Colorado Mountain College and Fort Lewis College.

Although the regional average tuition and fees for resident undergraduates at public four-year institutions increased just 2.1 percent between 2018-19 and 2019-20, the annual change in the states and territories ranged from no change at the University of Guam to an average 8.0 percent increase in North Dakota (Figure 2). Among the states that had a change in average tuition and fees, four states had a rate of increase below the regional average, ranging from a 0.6 percent increase in California to a 1.9 percent increase in Colorado. Most states had an annual increase between 3.4 percent and 5.5 percent. The large increase in North Dakota reflects a per-credit rate increase in the last year as well as changes to the tuition model at several institutions in the state.[7]

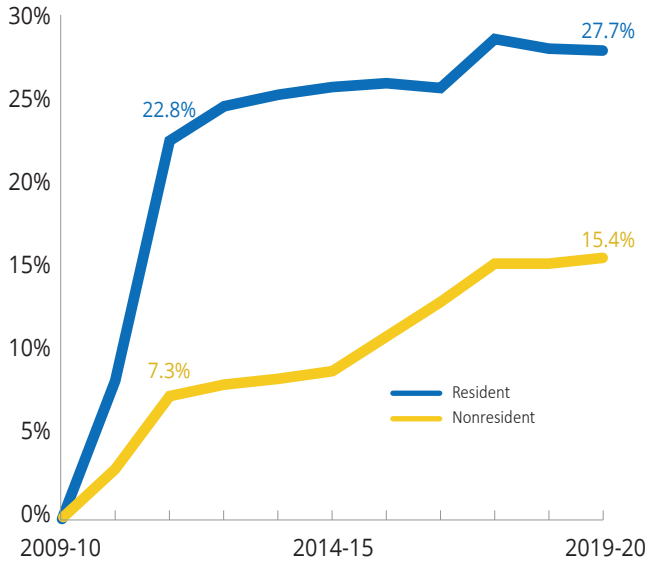
Figure 2. Change in Resident Undergraduate Tuition and Fees at Public Four-Year Institutions, 2018-19 to 2019-20



Resident and Non-Resident Undergraduate Tuition and Fees in the Past Decade

Regional average tuition and fees for non-resident undergraduates were $27,273 in 2019-20, an increase of 2.4 percent ($651) compared to the year prior. In the past year, the annual increase of non-resident and resident rates was about the same; however, the two rates had different trends over the past decade. As shown in Figure 3, when adjusting for inflation, average non-resident tuition and fees increased 15.4 percent in the past 10 years, which is significantly lower than the rate of increase of resident tuition and fees (27.9 percent) during the same time period. Although, as resident tuition and fees rates stabilized and increased by just 1.8 percent over the past five years, non-resident rates increased 6.3 percent since 2014-15 (constant 2019 dollars).

Figure 3. Percent Change in Resident and Non-Resident Undergraduate Tuition and Fees at Public Four-Year Institutions since 2009-10



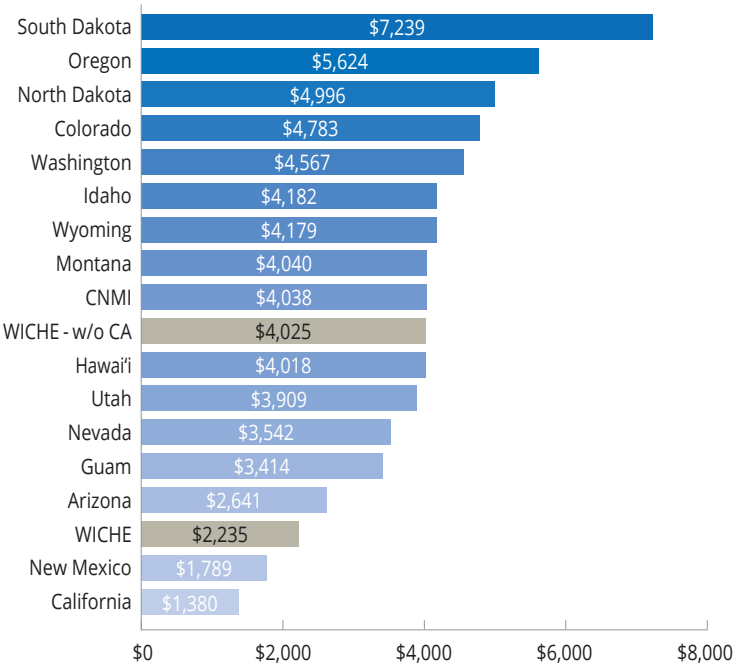
Tuition and Fees at Public Two-Year Institutions

Average tuition and fees for resident, in-district students at two-year institutions in the WICHE region (excluding California and Alaska) were $4,025 in 2019-20, an increase of $123 (3.1 percent) over 2018-19 rates.[8] When including California, the regional average was $2,235 in 2019-20, an increase of just $31 compared to 2018-19. The regional average (including California) was well below the national average in 2019-20 and increased at a lower rate than the national average (2.8 percent) in the past year.

When adjusting for inflation, average tuition and fees for in-district students in the region (excluding California and Alaska) increased $236 (6.2 percent)

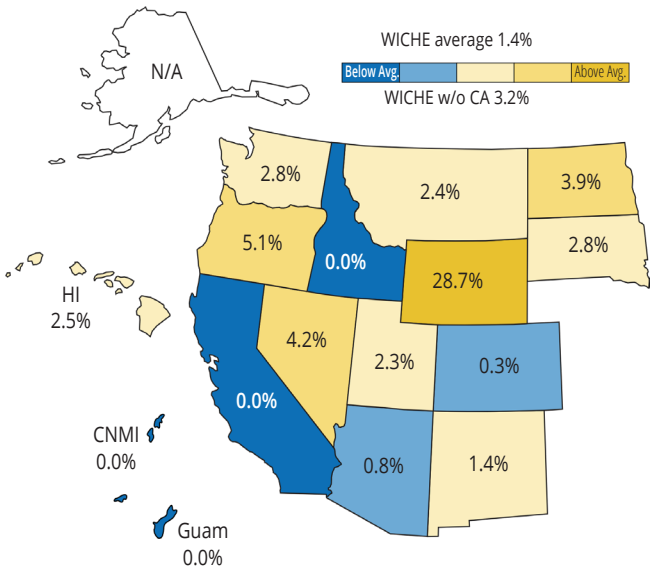
over the past five years and $856 (27.0 percent) since 2009-10. It is also important to note that when including California in the regional average, tuition and fees decreased by $81 (3.5 percent; constant 2019 dollars) since 2014-15.

Figure 4. In-District Tuition and Fees at Public Two-Year Institutions, 2019-20



State average tuition and fees for in-district undergraduates at two-year institutions ranged from $1,380 in California to $7,239 at South Dakota technical colleges (Figure 4). Between 2018-19 and 2019-20, four states or territories had no annual change in average tuition and fees – California, Guam, Commonwealth of the Northern Mariana Islands, and Idaho -- while two additional states had an increase of less than 1 percent – Colorado and Arizona (Figure 5). Six states had an increase between 1.5 and 3.0 percent and three states had an increase between 3.9 and 5.1 percent. Lastly, average tuition and fees in Wyoming increased 28.7 percent, although this was the result of a policy change that resulted in average tuition and fees being calculated at 15 credit hours when previous years were calculated at 12 credit hours. If average tuition and fees were based on 12 credit hours, the average increase in tuition and fees at Wyoming community colleges would have been 2.9 percent between 2018-19 and 2019-20.[9]

Figure 5. Change in In-District Tuition and Fees at Public Two-Year Institutions, 2018-19 to 2019-20

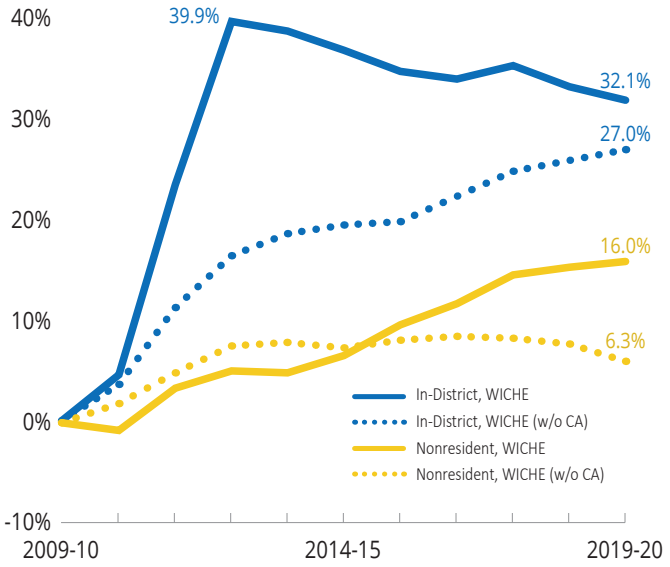


Note: See endnote 6.

In-District and Non-Resident Undergraduate Tuition and Fees in the Past Decade

In the decade between 2009-10 and 2019-20, average tuition and fees for in-district undergraduates in the region increased 27.0 percent (constant 2019 dollars), excluding California and Alaska. However, when including California, tuition and fees increased at a higher rate, 32.1 percent, over the same ten years (Figure 6). These trends are due in part to the impact of California two-year institutions, which enroll nearly two-thirds of the region's public two-year college students. In-district tuition and fees at California's two-year colleges increased by 61.2 percent between 2009-10 and 2014-15 but have since remained the same, and tuition and fees in the region (including California) have remained flat as a result. Both regional averages for in-district students, including and excluding California, increased at a much higher rate than for out-of-district students over the past decade (Figure 6).

Figure 6. Percent Change in In-District and Non-Resident Undergraduate Tuition and Fees at Public Two-Year Institutions since 2009-10



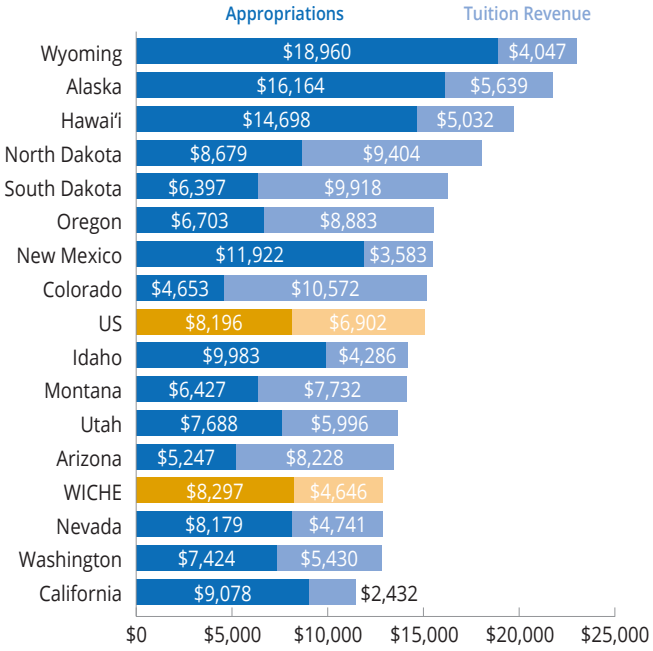
State Fiscal Support

The recent moderate increases in tuition and fees appear to suggest increased revenue for higher education over the past five years. However, tuition and fees are just one component of state higher education finance and should be viewed and discussed in conjunction with the other components -- state appropriations and state financial aid. Two key data sources – the State Higher Education Executive Officers Association's annual *State Higher Education Finance (SHEF)* report and the annual *Grapevine* survey of state fiscal support for higher education – offer two views of current state fiscal support for higher education. There are two key differences in how the data sources are presented in this brief: *SHEF* reports on higher education appropriations for public higher education through the prior fiscal year (FY 2019) and allows for appropriations to be calculated per-student; while the results from *Grapevine* include all state support, including that for private higher education, through the most recent fiscal year (FY 2020), but do not include per-student computations. And while both of these data sources provide insight into the recent past in terms of state financing, current circumstances suggest that the recent increases in state support for higher education may not continue in the coming fiscal years.

State Higher Education Finance (SHEF): FY 2019 Survey Results

According to the recently released data from the *SHEF* report, FY 2019 state appropriations in the United States continued the trend of the past five fiscal years, with a moderate one-year increase in both total appropriations and appropriations per student. Nationally, appropriations per student were $8,196 in FY 2019, an increase of 2.4 percent compared to FY 2018.[10] Total educational revenue per student, which includes tuition revenue in addition to state appropriations, was lower in the WICHE region in FY 2019 ($12,943) compared to the nation ($15,018). **State fiscal support in the WICHE region, however, appeared to fare better than the national average as state appropriations per student in the West increased 4.8 percent between FY 2018 and FY 2019 and were $8,297 in FY 2019**. Appropriations per student in the region ranged from $4,653 (Colorado) to $18,960 (Wyoming) in FY 2019 (Figure 7).[11]

Figure 7. Educational Revenues per FTE, FY 2019



Source: State Higher Education Executive Officers Association. See endnote 10.

Appropriations per student serves as a good measure for understanding how states are meeting higher education demand, but do not always depict the underlying trends in state appropriations and FTE enrollment. For example, enrollment stayed relatively the same in the WICHE region between FY 2018 and FY 2019, and as a result the one-year percentage

increase in total appropriations (4.7 percent) was about the same as the increase in appropriations per student (4.8 percent). Ten states in the region experienced enrollment decreases between FY 2018 and FY 2019, and in many of these states that meant appropriations per student increased at a higher rate than total appropriations. And in some states, like North Dakota, total appropriations decreased 2.1 percent between FY 2018 and FY 2019, but due to a 3.7 percent decrease in FTE enrollment, appropriations per student increased 1.7 percent. On the other hand, in states like Idaho and Utah, which had among the highest enrollment increases in the region in the past decade, total appropriation increases in the past fiscal year were not able to keep up with strong enrollment increases. In both states, the rate of increase in appropriations per student was much lower than the rate of increase of total appropriations between FY 2018 and FY 2019 (Table 1).[12]

Ten years ago, state appropriations, nationally and regionally, were in a period of decline as state revenues were greatly impacted by the Great Recession. And while regionally, appropriations and appropriations per student have surpassed FY 2009 levels, about half of the states had lower levels of state fiscal support in FY 2019 compared to FY 2009 (Table 1).[13] The effects of the economy on state budgets also impacted the distribution of education revenues over the past decade. Between FY 2009 and FY 2012, appropriations per student decreased 21.3 percent and tuition revenue per student increased 33.7 percent in the WICHE region. As a result of the rapid increases in tuition revenue and significant decreases in state support during the first part of the past decade, tuition revenue increased as a share of all higher education revenue from 27.6 percent to 39.3 percent between FY 2009 and FY 2012. Since FY 2014, increases in appropriations in the region outpaced tuition revenue and the share of revenue from tuition decreased from 39.0 percent to 35.9 percent. Additionally, the share of revenue from tuition has decreased in nine WICHE states since FY 2014. In FY 2019, tuition revenue ranged from 69 percent of all revenue in Colorado to 18 percent of total revenue in Wyoming.[14]

Grapevine Results

The results from the FY 2020 *Grapevine* compilation of state fiscal support for higher education suggests that increases in state support continued into the most recent fiscal year (FY 2020).[15] Nationally, state fiscal support for all higher education increased 5.0 percent between FY 2019 and FY 2020 and topped $96.6

Table 1. Percent Change in Total Appropriations, Enrollment, and Appropriations Per Student

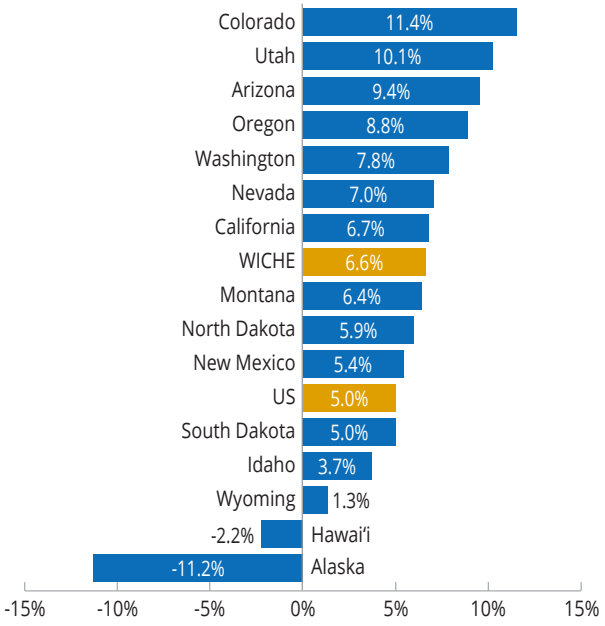
	FY 2018 to FY 2019			FY 2009 to FY 2019		
	Total Appropriations	Appropriations per FTE	FTE	Total Appropriations	Appropriations per FTE	FTE
Alaska	0.2%	5.2%	-4.8%	-11.0%	1.3%	-12.1%
Arizona	-0.6%	-1.2%	0.7%	-26.9%	-38.6%	19.2%
California	6.0%	5.8%	0.2%	21.3%	27.9%	-5.1%
Colorado	8.1%	8.2%	-0.1%	-3.9%	-10.3%	7.1%
Hawai'i	7.2%	9.6%	-2.2%	9.8%	15.5%	-4.9%
Idaho	2.7%	1.1%	1.6%	2.4%	-15.9%	21.7%
Montana	-0.8%	1.9%	-2.7%	-4.1%	-4.0%	0.0%
Nevada	2.5%	1.7%	0.8%	-16.6%	-22.8%	8.1%
New Mexico	2.9%	7.8%	-4.5%	4.0%	16.4%	-10.6%
North Dakota	-2.1%	1.7%	-3.7%	14.7%	24.0%	-7.5%
Oregon	2.1%	3.9%	-1.8%	10.1%	13.0%	-2.5%
South Dakota	-0.5%	-0.2%	-0.3%	-1.2%	-6.6%	5.8%
Utah	4.9%	2.8%	2.1%	14.7%	-3.6%	19.0%
Washington	4.2%	5.1%	-0.8%	-3.5%	-2.9%	-0.6%
Wyoming	1.9%	4.2%	-2.2%	-5.3%	0.8%	-6.1%
WICHE	4.7%	4.8%	-0.1%	8.9%	9.3%	-0.3%
US	2.1%	2.4%	-0.3%	-0.7%	-2.4%	1.7%

Source: State Higher Education Executive Officers Association. See endnote 11.

Detailed tuition and fees and state finance data available from wiche.edu/pub/tf

billion in FY 2020 (Figure 8). **In the WICHE region, which accounted for 28.8 percent of the nation's state higher education support in FY 2020, state fiscal support increased 6.6 percent between FY 2019 and FY 2020, which was about 30 percent higher than the national average rate of increase.**

Figure 8. Percent Change in State Support for Higher Education, FY 2018 to FY 2019



Source: Illinois State University Center for the Study of Education Policy and State Higher Education Executive Officers Association, *Grapevine*, 2020. See endnote 16.

As shown in Figure 8 there was considerable variation in the annual change in state fiscal support in the last fiscal year. In two states, fiscal support increased by over 10 percent (Colorado and Utah), while most states had an annual increase between 5.0 and 9.5 percent. Additionally, total state fiscal support decreased in Hawai'i and Alaska by 2.2 and 11.2 percent, respectively. The annual increase between FY 2019 and FY 2020 for the region and most WICHE states was higher than the most recent fiscal years. For example, in the WICHE region annual increases in state support the past two fiscal years were 3.1 and 4.4 percent.[16]

Although it is too soon to know for certain the full extent of the economic impact of the COVID-19 pandemic on state budgets, anecdotal reports indicate that states and territories – including those in the WICHE region – will face significant budget cuts in the coming fiscal year. How these impacts will be offset by potential federal stimulus remains to be seen, as well. Initial federal legislation has provided some funding to offset institutional revenue declines and further federal efforts currently seem likely.

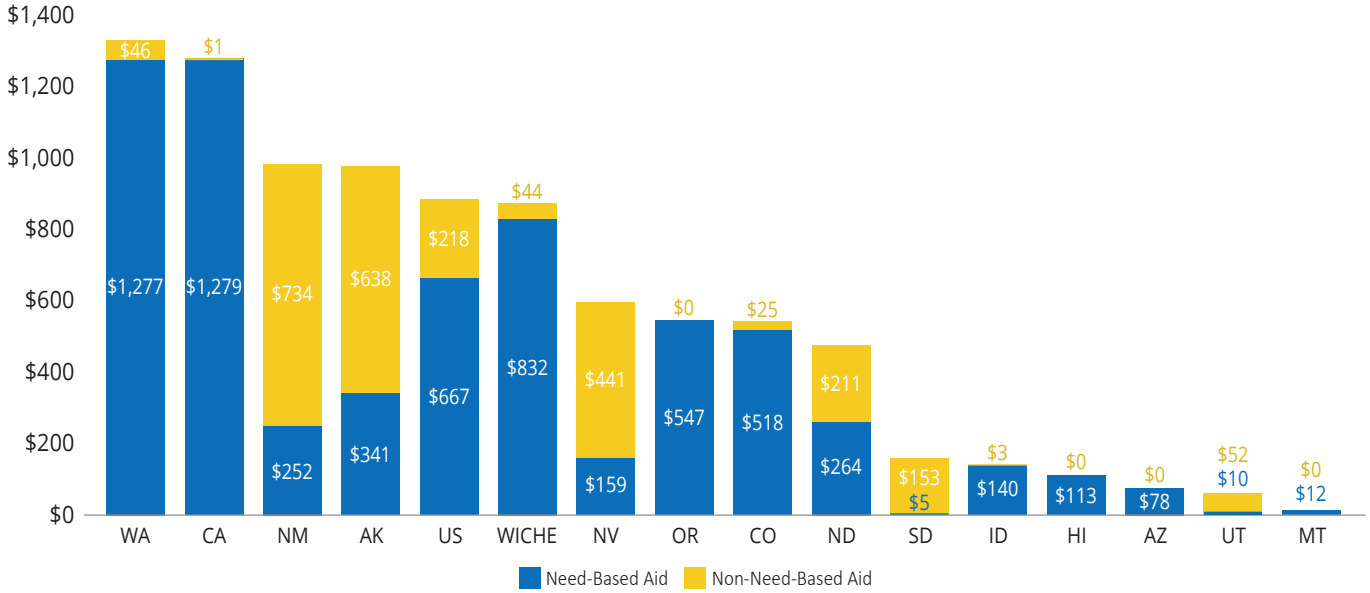
State Financial Aid

State financial aid plays a crucial role in promoting access to postsecondary education and incentivizing student success for the intended target population of students who are eligible to receive such aid. When in alignment with the other components of state finance -- appropriations and tuition and fees -- state financial aid can be used as a policy lever to promote affordability. Across the WICHE region, state financial aid programs are developed and implemented in vastly different ways, both in terms of the amount of aid provided and the criteria under which students are eligible to receive it. The National Association of State Student Grant and Aid Programs (NASSGAP) provides a comprehensive review of state aid awarded, including aid awarded to undergraduate and graduate students by type of aid. For the purpose of this brief, all aid discussed is for undergraduate students only.

Nationally, between 2012-13 and 2017-18, as tuition and fees stabilized and state fiscal support had moderate year-over-year gains, state grant aid per undergraduate increased year-over-year, including a 6.1 percent increase between 2016-17 and 2017-18 (the most recent year with available state grant aid data).[17] **In the WICHE region, state grant aid per student has increased each year since 2009-10, including an annual increase of 5.0 percent in 2017-18**. In 2017-18, state grant aid per undergraduate in the WICHE region was $876, which was $9 less than the national average ($885) in that year (Figure 9). However, it is important to note that in only four of the 15 WICHE states for which there is comparable data, higher amounts of aid were awarded per student than the national and regional averages – Washington ($1,323), California ($1,279), New Mexico ($986), and Alaska ($979). Aid per student in the other nine states averaged $273 in 2017-18, well below the regional and national averages.[18]

WICHE states also vary in the disbursement of state aid based on need. On average, 95.0 percent of all state aid awarded in the region in 2017-18 was need-based aid, which is substantially higher than the national average (75.4 percent). Eight states in the region awarded at least 95 percent of undergraduate aid on the basis of need. On the other hand, less than a third of state aid to undergraduates was awarded based on need in four states.[19] Between 2007-08 and

Figure 9. State Grant Aid per Student, 2017-18



Source: National Association of State Student Grant and Aid Programs. See endnote 17.

2017-18, the share of total state aid awarded based on need in the WICHE region remained relatively the same, from 92.6 percent in 2007-08 to 95.0 percent in 2017-18, but there have been different trends in the way that states awarded aid since 2007-08. For example, in 2007-08 need-based aid was 100 percent of grant aid in Alaska and 84.5 percent of aid in Utah. In 2017-18 need-based aid dropped to 34.8 percent in Alaska and 16.2 percent in Utah. On the other hand, need-based aid in Idaho increased from about a third of all state aid in 2007-08 to 98.0 percent of aid in 2017-18.[20]

Discussion and Implications

College affordability has become an increasing concern for students, families, higher education leaders, policymakers, and others, all of whom understand that postsecondary education is the pathway to economic mobility and success. From presidential campaign proposals to state strategic planning, affordability appears to be topping the agendas of all those working toward improving the lives of students and advancing higher education policy. Although affordability is at the forefront of the minds of policymakers and the general public, it has proved difficult to reach consensus on a definition. Still, several national proposals have been put forward, and some states have started to lay the groundwork for assessing affordability within their own unique contexts.

National Frameworks for Defining Affordability

Nationally, there are several definitions or benchmarks that have been developed in attempts to guide the discussion of affordability. The proposed frameworks each rely on a slightly different subset of metrics to define "affordable" postsecondary education and for the most part focus on the student or family perspective. Additionally, by using straightforward metrics these definitions aim – with varying degrees of success – to allow for inferences to be made on affordability across institution types and states. The following briefly summarizes just a few of the approaches several national higher education leaders have taken to defining and framing discussions of affordability.

Lumina Foundation's "Rule of 10" defines affordability as *"students should pay no more than the savings generated through 10 percent of discretionary income for 10 years and the earnings from working 10 hours per week while in school."*[21] This benchmark serves as a useful tool for measuring what affordability should be for students and families, using a specific threshold based on student characteristics, including financial contribution. Other affordability definitions rely on existing price data to assess current levels of affordability, while potentially serving as a framework for future policy decisions. For example, the **University of Pennsylvania Graduate School of Education's "Affordability Diagnosis"**

developed an affordability benchmark using the *"ratio of average net price to state-level income estimates."*[22] And the **National College Attainment Network's affordability formula** states that *"cost of attendance plus $300 should not exceed the institution's average federal, state, and institutional grant awards plus average Federal Work Study plus federal loan disbursement plus estimated family contribution of average Pell recipients plus contribution of summer wages."*[23]

These proposed definitions can serve as a useful guide for discussing what affordability can and should look like for students and families and support the national dialogue on postsecondary education. The proposed metrics all rely on a fairly specific subset of data metrics to determine affordable postsecondary education, with almost all relying on factors related to the price of education and the aid awarded to students. While these are important factors to consider when discussing affordability, there is no mention of the interaction of financial aid and postsecondary price with state-level resources and appropriations.

State Efforts to Address Affordability

The national efforts on affordability provide a useful context for viewing affordability across states and regions; however, the specific state context plays a crucial role for understanding what affordability looks like, not only for students and families but institutions and states as well. Several states, both in the WICHE region and across the country, have made efforts to articulate what affordability means within their unique state context through specific definitions, frameworks, or priorities.

Addressing Affordability in the West

Oregon's Higher Education Coordinating Commission (HECC) reports annually on key performance measures and includes two metrics on "unaffordable costs" in the state. For the purpose of this report, HECC has defined unaffordable costs as *"the total cost of attendance that exceeds the student's expected family contribution plus their grant aid plus their earnings from a reasonable amount of work."*[24] In this report, HECC identifies the share of Oregon students facing unaffordable costs for total students and disaggregates by race and ethnicity. This breakdown by subpopulation is beneficial for understanding where gaps in affordability exist in order to better situate state policy and allocate financial resources to eliminate gaps.

Addressing affordability is often included as a key priority within state strategic plans for higher education, highlighting not only that the state is seeking to prioritize affordability but also identifies specific ways in which the state is engaging in efforts to address affordability. For example, the **Washington Student Achievement Council's strategic plan** includes affordability as a key priority of the state and identifies the gap between educational costs and financial aid as a key barrier for the student's ability to access and afford postsecondary education.[25] Specifically, the state has identified low FAFSA completion rates as a barrier for students and families, and made increasing FAFSA completion a key tenet of the state efforts to address affordability.[26] The **Montana University System's 2019 strategic plan** includes specific objectives under the goal of *"promoting postsecondary affordability"* which include addressing both student borrowing and the ratio of tuition and fees to household income.[27] Although these focuses of affordability are fairly specific, they are reflective of how the unique context and needs of each state is reflected in its efforts to address affordability.

Colorado does not have a specific definition of affordability but the **Colorado Department of Higher Education** recently put forth a framework to guide the state's efforts on advancing affordability through institutional cost containment and innovative practices. The multi-pronged approach is directly linked to the state's attainment goal and is intended to serve as a guide for state strategic priorities. The framework has five priorities – cost containment, equal opportunity, reasonable debt, accelerating time, and public investment -- which in practice could support the state's ability to view affordability from the perspective of various stakeholders.[28] Lastly, **Utah** has begun the process of formalizing an affordability definition through the convening of a state task force, but at this time it is not clear how the definition will be articulated or how it will inform policy decisions.[29]

Addressing Affordability Outside the West

Minnesota's approach to defining affordability not only is specific to the goals of the state, but also builds on its history of a Shared Responsibility Design model for state financial aid by taking into account various stakeholders' perspectives of affordability.[30] In Minnesota's context, the student's perspective is focused on the individual's level of financial resources relative to the cost of attending a postsecondary institution. The state's perspective is a broader view

of the share of individuals who are able to afford institutions relative to available state resources, and thus state policies should be centered on reducing the individual's share of covering postsecondary expenses.[31]

In **Texas' state strategic plan**, affordability is specific to the context of student debt and states that *"by 2030, undergraduate student debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions."*[32] This approach to articulating affordability is reflective of the priorities of the state but also is reliant on the state's data capacity to measure wages and student debt levels.

The definitions of affordability and the efforts being taken to address the issue vary as widely as the state contexts in which higher education systems operate. And while some states have laid the groundwork for defining affordability more broadly, and others have gone about addressing specific concerns, states still face considerable difficulty in defining and measuring affordability.

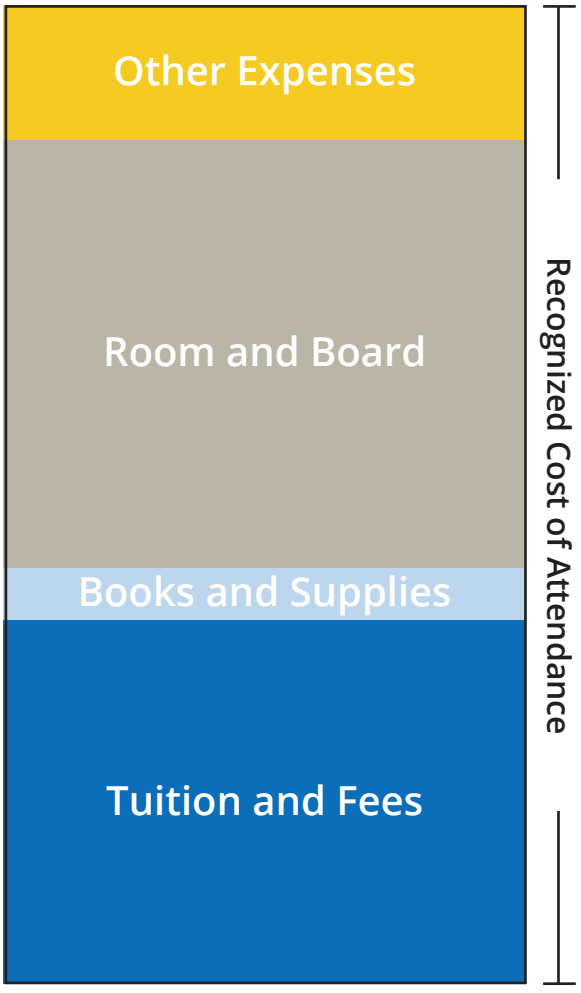
Difficulty in Defining Affordability

While affordability frameworks, both at the national and state levels, provide slightly different ways of defining affordable postsecondary education, they all rely on a significant amount of data that is not always readily available or reliable. This is particularly true when determining the cost of attendance. Tuition and fees alone do not represent the cost of attending college, and housing and other expenses encompass a large portion of total costs for students and families.[33] In many cases, particularly in the two-year sector, living expenses may be higher than tuition and fees.

Institutions are required to report living expenses as part of their overall cost-of-attendance, which must be presented on their websites. Despite being developed through a federal formula, according to a study by The Institute for College Access and Success, there is variety in how institutions report this figure, particularly the differences in living expenses for students who reside on and off campus.[34] Several studies have gone on to find how the variation in the calculation of living expenses looks for institutions within a similar geographic region. For example, the National Association of Student Financial Aid Administrators found a range of about $5,000 in off-campus living estimates across institutions in a single county in Minnesota.[35] Additionally, a study that compared living-expense estimates to county-level living cost estimates found that not only was there wide variation in estimated living expenses for institutions within the same small geographic region but also that nearly half of the colleges in the sample had estimated living expenses that differed by at least 20 percent from their county's estimated cost of living.[36]

These inconsistent data have implications for not only how price is articulated to students and families, but also on how states and policymakers allocate resources.[37] And while state data systems may provide an opportunity to gather more state-specific data, it remains a struggle to gather all the necessary data to assess affordability. For example, in its 2017 key performance measures report, the Oregon HECC stated that measuring their share of students who incur unaffordable costs has data limitations, such as not being able to account for scholarship awards and not being able to include students who did not complete a FAFSA.[38] So while defining affordability is a

Figure 10. Components of Cost of Attendance



Source: National Center for Education Statistics. See endnote 33.

key first step in supporting students and addressing affordability, not having complete and accurate data can serve as a significant roadblock in being able to truly address affordability through targeted policies and state objectives.

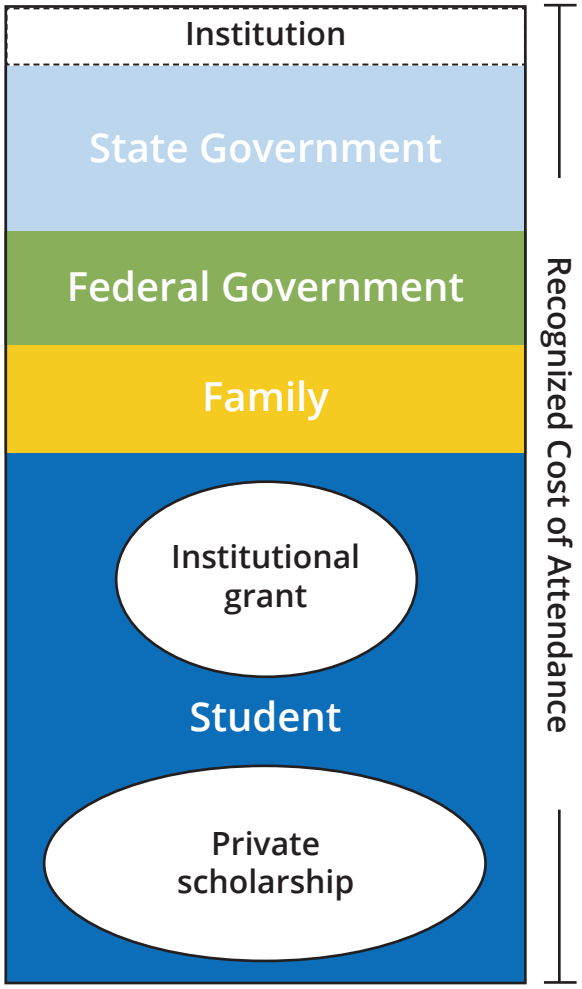
Addressing Affordability Through State Alignment

Beyond the scope of data limitations and complexities, it is also imperative that addressing affordability is done in a way that aligns appropriations, tuition and fees, and financial aid. And while the specific state context will impact the actualization of the alignment of appropriations, tuition, and financial aid, the core tenets of alignment should help guide a state's efforts to developing and implementing state policy. For example, state financial resources – appropriations and financial aid – should be building capacity while tuition and fees-setting should reflect the resources that individuals are able to afford to attend a postsecondary institution.[39]

Embedded in the alignment of appropriations, tuition, and financial aid is also the idea that there are several key stakeholders who are part of a shared responsibility for covering the cost of attendance and thus should be working in partnership to promote affordability. For example, WICHE's Shared Responsibility Model (SRM) is a framework for state grant aid guided by the principle that there are five partners that share the responsibility for covering the cost of attendance (Figure 11). By allowing for adaptations based on institution sector and students' financial needs, the SRM promotes affordability, access, and student success.[40]

The partnership between the federal government and states is a crucial component of how states go about addressing affordability. An aligned federal-state partnership can potentially address some of the challenges in addressing affordability and supporting state affordability efforts during economic constraint. For example, **a targeted federal-state partnership that aligns data systems could support states in accessing the necessary data to allocate financial resources and build state capacity in a way that promotes postsecondary affordability**.[41] Additionally, proposed federal-state partnerships have the potential to assuage some of the declines in state support during economic downturns by building a partnership that includes, among other things, federal investment.[42]

Figure 11. Shared Responsibility Model



Source: See endnote 40.

Affordability in a Time of Economic Uncertainty

The core principles of aligned appropriations, tuition, and financial aid are crucial to states' efforts to meet strategic goals and build workforce capacity during the best economic times and, even more important, in times of economic uncertainty and downturns. As demonstrated in this brief, the past five years have been a period of economic recovery and growth for higher education. Appropriations and state aid have increased – both in the aggregate and per student – and tuition and fees have remained relatively stable, on average, in the region. However, economic conditions have drastically changed in the first quarter of 2020, and as history has shown a weakened economy has significant impacts on state fiscal support, individual resources, and higher education enrollment.

The long-term economic implications of COVID-19 are uncertain at the federal, state, institutional, and individual levels at this point, but it is becoming apparent that the economic outlook for higher education over the next several years may look vastly different from the last few years.[43] Initial reports suggest substantial decreases to state budgets.[44] And while it may end up not being a direct comparison to the Great Recession's impacts on higher education, there are key takeaways from the most recent economic downturn that demonstrate the importance of aligning state finance policies, particularly as it relates to addressing affordability. For example, nationally, between 2008 and 2012, tuition and fees for residents at public four- and two-year institutions increased 25.8 and 27.0 percent, respectively.[45] At the same time, state appropriations per student decreased 17.1 percent and state aid per student decreased 4.6 percent.[46] And as is typically the case in economic downturns, enrollment increased during those years as well, by about 8.4 percent nationally.[47]

With that said, the impacts of COVID-19 on higher education may end up looking vastly different from past recessions. Institutions are already being financially impacted by the pandemic, with a significant loss of auxiliary revenues as campuses are being shut down and instruction is moving to distance education, leading many institutions to provide refunds on room and board and meal plans.[48] The federal stimulus, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, includes some relief for campuses, but it is unclear if the relief is adequate for the financial challenges institutions are facing.[49] Individual resources, too, are already impacted as unemployment claims skyrocketed in March and April 2020, affecting students' and families' ability to afford higher education.[50] And while the effects of the pandemic on state budgets may not be felt immediately in terms of state higher education appropriations, states are already impacted by the lost tax revenue and are facing potential increases in healthcare spending, which could have effects on higher education appropriations over the next several fiscal years.[51]

The rapidly changing postsecondary environment reflects the unprecedented challenges faced as a result of COVID-19, and the implications will be far-reaching into the near and distant future. But as is typically the case with fiscal challenges, some of the implications will not be able to be assessed for years to come. As evidenced by past trends, it remains essential that states approach future challenges with strategically aligned fiscal policies that will support efforts to meet state goals and priorities, particularly those related to postsecondary affordability.

Conclusion

The impacts of the COVID-19 crisis have provided unprecedented challenges to the postsecondary environment, including an impending decline in state budgets that will have implications for appropriations, tuition, and financial aid over the next several fiscal years. And while the full extent of these fiscal impacts will not be known for years to come, states and institutions are already facing dire fiscal circumstances that impact their ability to advance priorities and goals, including affordability. The challenges states face in defining affordability, particularly data limitations, could prove even more problematic as institutions and states seek to provide affordable postsecondary education in the wake of significant budget challenges as a result of COVID-19.

Looking ahead, the higher education fiscal environment is expected to look vastly different than the recent past, which means that it is essential for states to take strategic next steps in overcoming barriers in measuring affordability and develop policies that strategically address affordability in the wake of fiscal constraints. This includes addressing the data challenges in defining and measuring affordability through improved data collection and collaboration. Federal-state partnerships provide one opportunity to overcome data challenges, as strengthened federal-state partnerships, ones that are centered in data sharing and collaboration, can potentially address data gaps and better equip policymakers and institution leaders with the necessary information to better serve students' ability to access and finance their postsecondary education. Lastly, the policy levers of state finance have the opportunity to drive states' decision-making and efforts in addressing affordability, however, it is imperative in times of fiscal constraint that state finance policies are viewed in a holistic manner and implemented through aligned policies that ensure that the state is advancing affordability efforts and students are able to access affordable postsecondary education opportunities.

Endnotes

[1] The WICHE membership includes Alaska, Arizona, California, Colorado, Hawai'i, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, and WICHE's Pacific Islands member. The WICHE membership of the U.S. Pacific Territories and Freely Associated States is currently represented jointly by the Commonwealth of the Northern Mariana Islands (CNMI) and Guam. Average tuition and fees are calculated for each territory separately in this report. WICHE average tuition and fees includes CNMI and Guam. Other data sources included in this brief—*Grapevine*, *SHEF*, and *NASSGAP*—do not cover these territories.

[2] The 2018-19 and 2019-20 tuition and fees rates provided in this brief are weighted by FTE enrollment from the Integrated Postsecondary Education Data System's Fall 2018 enrollment survey, the most recently available data at the time of publication. The enrollment-weighted 2018-19 and 2019-20 tuition and fees rates published in the November 2019 data report, *Tuition and Fees in Higher Education in the West 2019-20*, used the most recently available data at the time of publication, which was Fall 2017 enrollment. In an effort to the use the most recently released enrollment data and provide the most accurate enrollment-weighted rates, the region and state averages in this brief may appear different from what was published in the November 2019 report.

[3] Weighted averages provide a truer estimate of the published price a typical student faces, reflecting overall enrollment levels (although this weighting does not reflect patterns for in-state and out-of-state enrollments).

[4] Tuition and Fees inflation adjustments used the Higher Education Cost Adjustment (HECA), calculated by the State Higher Education Executive Officers Association (SHEEO).

[5] College Board, *Trends in College Pricing* (Washington, D.C.: College Board, 2019), Table 4, accessed March 23, 2020, at collegeboard.org. U.S. figures adjusted to 2019 dollars using HECA, and weighted averages used, for consistency with WICHE averages.

[6] The Commonwealth of the Northern Mariana Islands' one public postsecondary institution, Northern Marianas College (NMC), is categorized as a public two-year institution for the purpose of this report at the request of the institution, although NMC confers a limited number of baccalaureate degrees per year.

[7] Several public four-year institutions in North Dakota implemented a new tuition model in 2019-20 that eliminated most course and program fees.

[8] The regional average for two-year institutions excludes California and Alaska institutions. Including California, with its historically high enrollment and low rates, heavily impacts the regional average. Since 2014-15, Alaska has had no separately accredited two-year campuses and all community campuses are under the University of Alaska umbrella. Associate-seeking students can be found at all campuses and are charged the same lower-division per-credit rate as bachelor's-seeking students, which was $223/credit hour in 2019-20.

[9] Starting in 2019-20, credit hours in excess of 15 credit hours per semester are free of charge to Wyoming community college students. Previously, the policy was that credit hours beyond 12 credit hours per semester were provided at no charge. If credit hours were based on 12 credit hours, the average increase in tuition and fees at Wyoming community colleges would have been 2.9 percent between 2018-19 and 2019-20.

[10] State Higher Education Executive Officers (SHEEO), *State Higher Education Finance FY 2019*, (Boulder, Colo.: State Higher Education Executive Officers Association, 2019) accessed April 9, 2019, at http://www.sheeo.org/sites/default/files/SHEF_FY2018.pdf. Figures are adjusted for inflation using Higher Education Cost Adjustment (HECA), enrollment mix index (EMI), and cost-of-living index (COLI) differences among states. Total appropriations and appropriations per FTE calculated from *SHEF* results are for public higher education only. *SHEF* data do not include the Commonwealth of the Northern Mariana Islands and Guam.

[11] Ibid, SHEEO.

[12] Ibid, SHEEO.

[13] Ibid, SHEEO.

[14] Ibid, SHEEO.

[15] Illinois State University for the Study of Education Policy and State Higher Education Executive Officers, *Grapevine, An Annual Compilation of Data on State Fiscal Support for Higher Education: Fiscal Year 2018-19*, (Normal, Ill.: Illinois State University, 2020) accessed March 15, 2020, at https://education.illinoisstate.edu/grapevine/. All year-over-year change is in current dollars.

[16] Ibid, *Grapevine*.

[17] National Association of State Student Grant and Aid Programs, *49th Annual Survey Report on State-Sponsored Student Financial Aid, 2017-18*, (Washington, D.C.: National Association of State Student Grant Aid Programs, 2019) accessed on March 15, 2020, at www.nassgap.org. Note: *NASSGAP* survey results report aid that has any need eligibility as being "need-based aid," even if need-eligibility is used only after merit requirements have been met. For example, Wyoming's primary aid program, the Hathaway Scholarships, only provides need aid for eligible students after their receiving the scholarship based on merit. For the 2017-18 year, Wyoming reported all aid dollars to *NASSGAP* as uncategorized and are not included in the WICHE region total aid per FTE calculation. Prior year *NASSGAP* data have been adjusted to 2017 dollars using the Consumer Price Index.

[18] Ibid, *NASSGAP*.

[19] In 2017-18 16.2 percent of state aid in Utah was based on non-need-based aid, but it is important to note that in 2019 the state established a statewide need-based aid scholarship, the Access Utah Promise Scholarship.

[20] Ibid, *NASSGAP*.

[21] Lumina Foundation, *A Benchmark for Making College Affordable: The Rule of 10*, (Indianapolis, Ind.: Lumina Foundation, 2015) accessed March 17, 2020, at https://www.luminafoundation.org/files/resources/affordability-benchmark-1.pdf.

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[23] National College Attainment Network, *"College Affordability,"* (Washington, D.C.: National College Attainment Network, 2019) accessed March 17, 2020, at https://www.ncan.org/page/Affordability.

[24] Higher Education Coordinating Commission, *Annual Performance Progress Report*, (Salem, Ore.: Higher Education Coordinating Commission, 2017) accessed March 19, 2020, at https://www.oregon.gov/highered/research/Documents/Performance/APPR_HECC_2017-10-20.pdf. A reasonable amount of work is calculated as 90 percent of the minimum wage times 15 hours per week times 48 weeks.

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[26] Ibid, Washington Student Achievement Council.

[27] Montana University System, *MUS Strategic Plan 2019*, (Missoula, Mont.: Montana University System, 2019) accessed March 18, 2020, at https://mus.edu/data/StratPlan/MUS-Strat-Plan.pdf.

[28] Colorado Department of Higher Education, *The Roadmap to Containing College Costs and Making College Affordable*, (Denver, Colo.: Colorado Department of Higher Education, 2019) accessed March 18, 2020, at https://highered.colorado.gov/Publications/Reports/Roadmap-to-Containing-College-Costs-and-Making-College-Affordable.pdf.

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Deseret News, 2020) accessed March 18, 2020, at https://www.deseret.com/utah/2020/1/24/21080074/college-affordability-regents-tuition-utah. The task force was convened in early 2020, but at the time it is unclear how the events of COVID-19 are impacting the progression of the task force's work.

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[46] Ibid, SHEEO and NASSGAP.

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