

COLLEGE AFFORDABILITY



Meeting the Challenges of Postsecondary Reform

BOARD BREAKFAST ROUNDTABLE DISCUSSIONS

Doubling the Numbers by 2020:

Issue:

As tuition levels continue to rise, the price of a college education is receiving greater attention from the press, the public, and elected officials in Kentucky and nationally. Pressure is growing on colleges and universities to restrain their costs and pass savings on to students in the form of lower tuition and fees. Federal student aid for low-income students has not kept up with cost increases, and state aid dollars are increasingly spent on merit rather than need-based aid. At the same time, institutions feel increasing pressure to use institutional aid to attract competitive students rather than expanding access to lower-income students. Pricing policies and financial aid opportunities are complex and confusing for students and parents to navigate, making it difficult to communicate college costs and opportunities to the public.

Best Practices:

- Rising costs in health care and energy, competition for students, and increased demand for technology and student services all drive costs higher. To keep tuition increases manageable, all campuses will need to focus on ways to manage costs. These might include such creative efforts as purchasing collaborative, innovative uses of technology and other ways to become more efficient. By managing costs more effectively, institutions should be able to moderate tuition increases. Also, communications about efficiency measures reassure policy makers and parents that institutions are serious about cost management.
- While sticker prices receive most of the public attention, it is the net price that students pay, after taking student aid into consideration, which really determines college affordability. Student aid and tuition discounting take an increasing share of institutional budgets, but large portions are going to less needy students as colleges seek to improve the academic profile of their student bodies or to increase their net revenues. Institutions should develop a clearly articulated and fully implemented tuition discounting and institutional aid policy that balances the demands for need and merit-based aid.
- It is vital that institutions provide practical, constructive information to prospective students about what they can expect to pay and about why different students pay different prices.
- Affordability measures should be included in an institution's accountability and strategic planning systems to maintain an institutional focus on efficiency and access. Boards should also consider including metrics relating to affordability in presidents' performance compensation packages.

Questions for Boards to Consider:

- What are the most rapidly expanding components of your institution's budget? What strategies are in place to limit the rate of growth in the costs of operation? Do these strategies preserve the quality of the educational experience you offer?
- What state and federal student aid programs are most important to students on your campuses? How would your institution replace that support for students if these programs were eliminated or diminished?
- Does the institution award financial aid on the basis of need, merit, or both? Are those policies clearly articulated? How do these policies serve your enrollment needs? What are the advantages and disadvantages of these policies for students?
- Are prospective students given clear and accurate information not only about the tuition price but also about the types of aid available? Is this information easy to find on your institution's Web site?

- What is the mix of low, moderate, and high-income students in your institution, and do these proportions fit the mission of the institution? What are your students' levels of indebtedness when they leave your institution?
- Does your institution include measures of college affordability (including financial aid and student debt levels) in its accountability system? What about presidential compensation and bonuses?

Resources:

- Association of Governing Boards of Universities and Colleges, The Cost Project Web page and *Bibliography of Resources*. 2006.
- Wellman, Jane. *Strengthening Board Capacity for Overseeing College Costs*. 2006.
- WICHE's Online Policy Publication Clearinghouse, Affordability page.

Sources:

- Association of Governing Boards of Universities and Colleges, "Ten Public Policy Issues for Higher Education in 2007 and 2008," No. 07-01.
- Haycock, Kati. *Promise Abandoned: How Policy Choices and Institutional Practices Restrict College Opportunities*. The Education Trust, 2006.
- Lumina Foundation for Education. *Hitting Home: Quality, Cost, and Access Challenges Confronting Higher Education Today*. 2007.

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