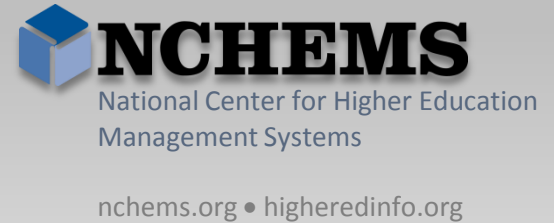


# Modeling Lumina's *Rule of 10* Affordability Benchmark

NASSGAP Annual Conference  
Fort Lauderdale, FL | October 19, 2016



# Lumina's Affordability Benchmark: The Rule of 10

- 10 hours/week of work
- 10 years of savings OR 10 years of loan repayment at 10% of disposable income
- Disposable income > 200% of poverty

<https://www.luminafoundation.org/files/resources/affordability-benchmark-1.pdf>

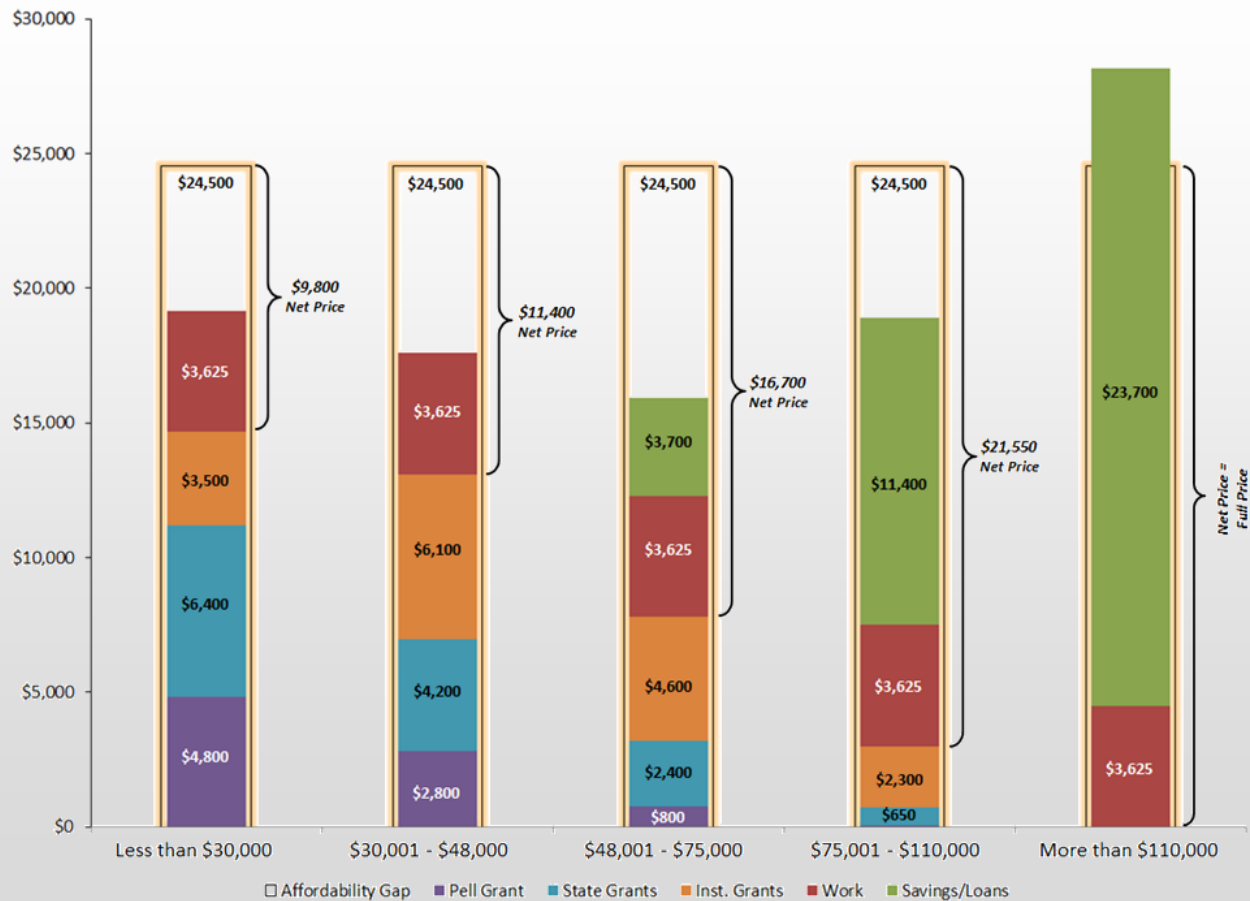


# Questions to Guide Development of an Affordability Modeling Tool for State Policymakers

- Where are affordability gaps most severe?
- Are our state grant programs effectively targeted where they can best support affordability?
- How are our institutions supplementing state efforts to support affordability through their own budgets?
- How can we estimate the impact of specific investments on affordability gaps?
- Are we using a reasonable set of expectations for what students and families should contribute to their own educational costs through work, savings, or loans?



# Unpacking Net Price



# Sources

- NPSAS
- IPEDS SFA
- NSLDS
- FSA Pell End of Year Report
- NASSGAP
- College Board *Trends*, Annual Survey of Colleges / CDS
- Looking Under the Hood
- State-level data systems



# Challenges in Disaggregating IPEDS SFA

FYFY Undergrad Categories	Pell	State	Institution	Total Grants & Scholarships
\$30,000 or less	✗	✗	✗	Title IV, In-State only
\$30,001-\$48,000	✗	✗	✗	Title IV, In-State only
\$48,001-\$75,000	✗	✗	✗	Title IV, In-State only
\$75,001-\$110,000	✗	✗	✗	Title IV, In-State only
More than \$110,000	✗	✗	✗	Title IV, In-State only
Total, incl. Non-Title IV and Non-Residents	✓	✓	✓	✓



# Calculations by Income & Sector

Cost of Attendance = ← IPEDS

Student Work +  
Savings/Loans +



Conceptual

Pell Grant +  
State Grant +  
Institutional Grant +



Total Grants  
& Scholarships =

← IPEDS

Pell Grant +

← NPSAS

State Grant +

← Estimated via  
IPEDS, NASSGAP

Institutional Grant

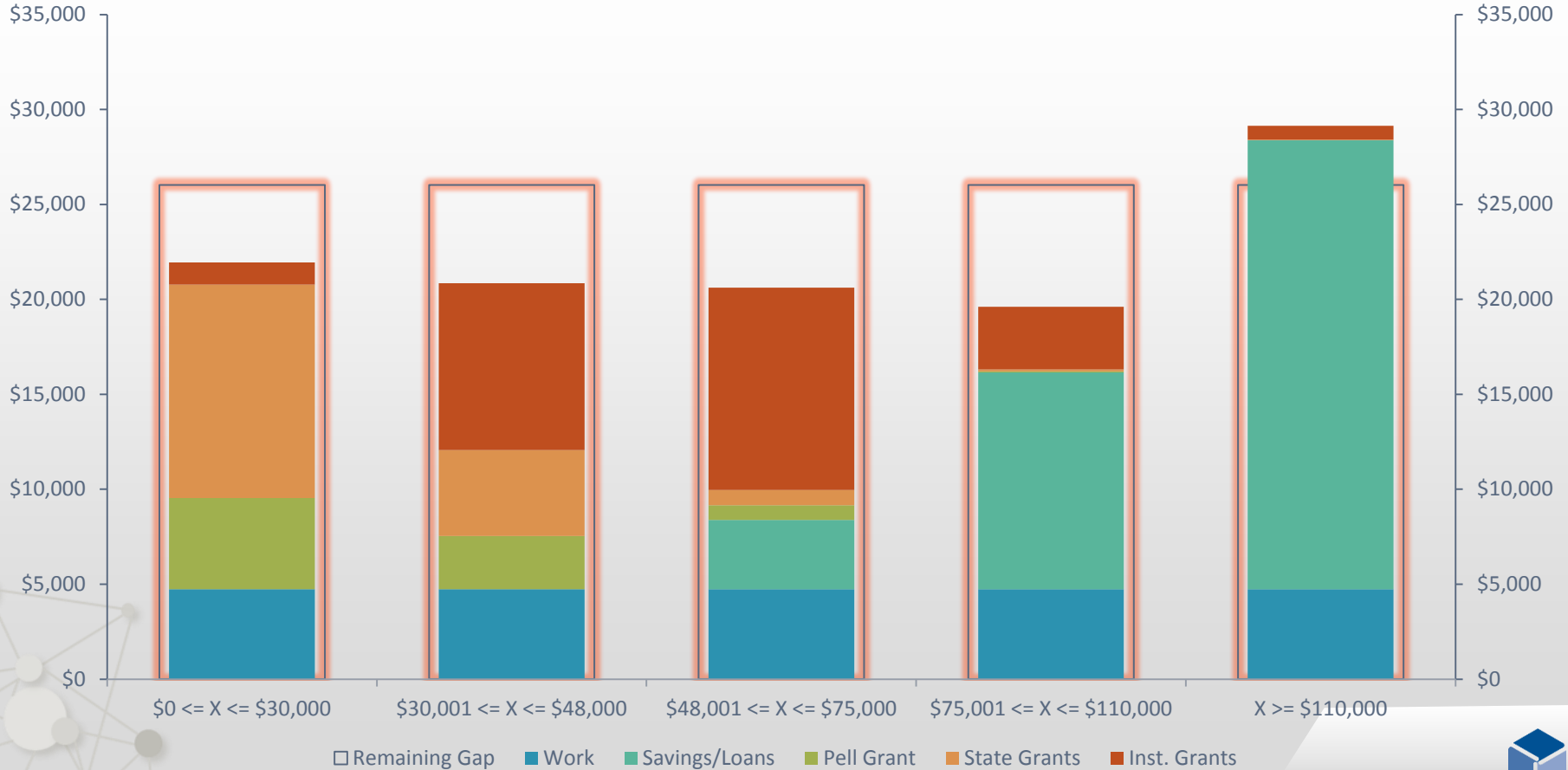
← Remainder

Affordability Gap

← Remainder

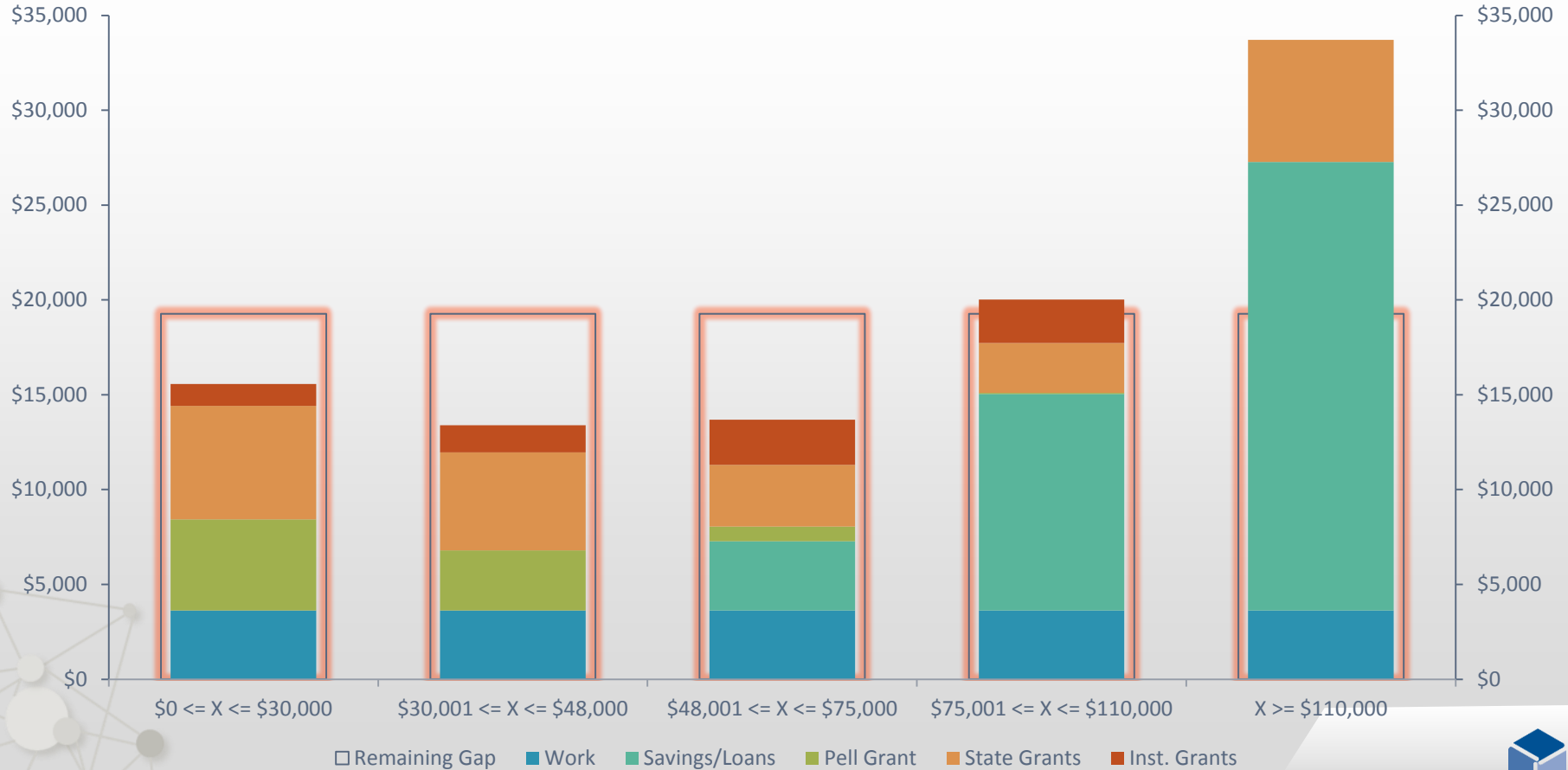


# Washington Public Research Institutions



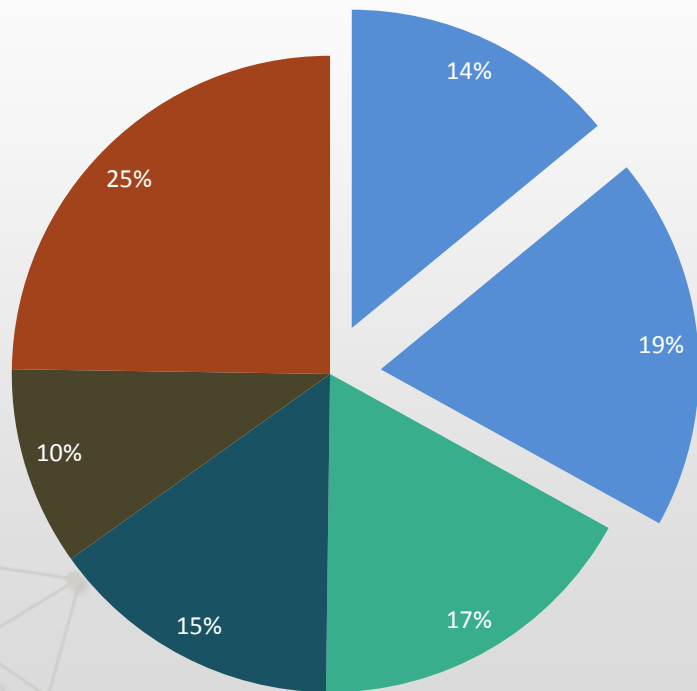


# Louisiana Public Research Institutions

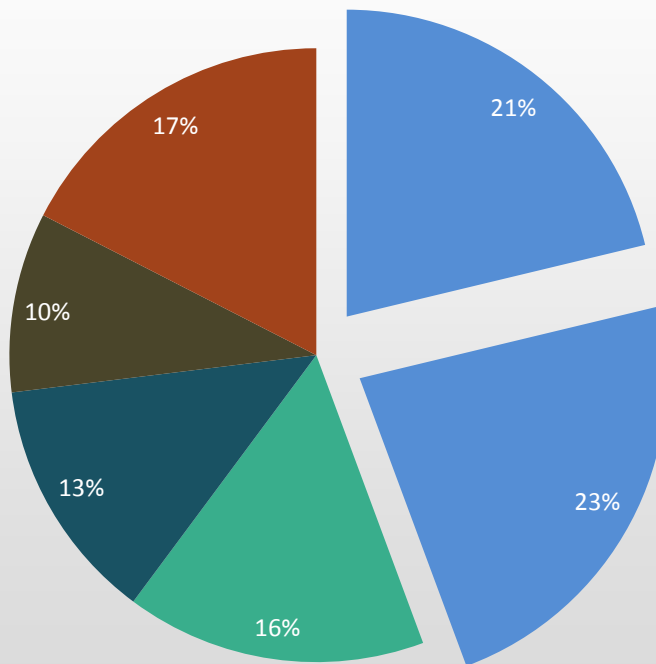


# Family Income Distributions

## Washington



## Louisiana



- At or Below 100%
- 101% through 200%
- 201% through 300%
- 301% through 400%
- 401% through 500%
- Above 500%

Source: Families with Related Children 13-17, ACS 2012-2014

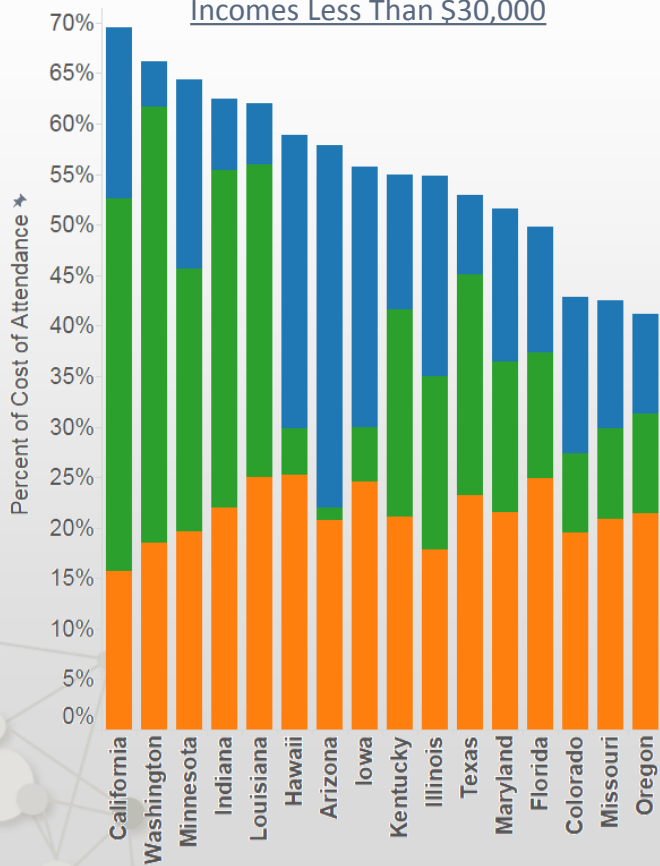


# Model Demonstration

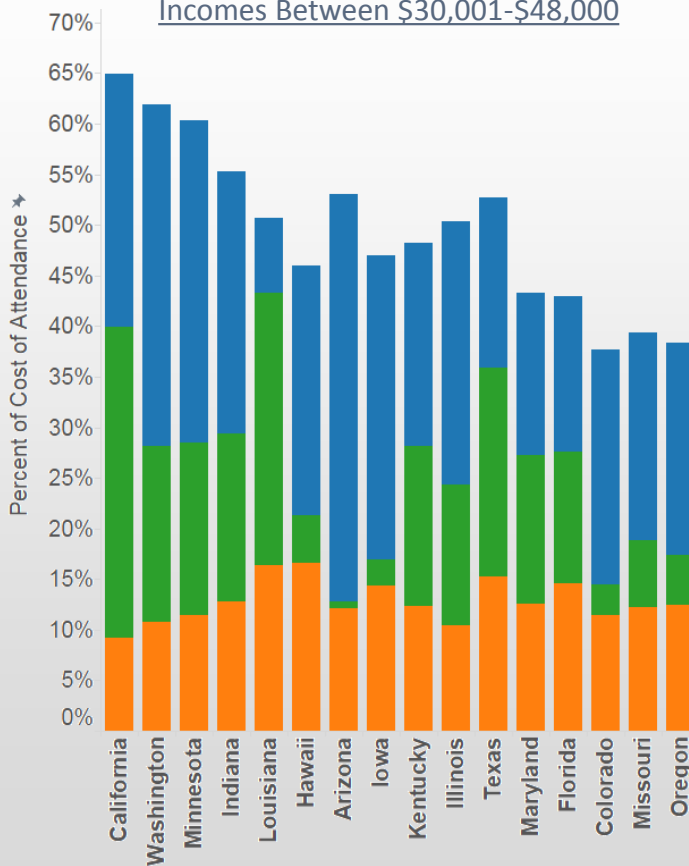


# Percent of Public Research Universities' Cost of Attendance Covered by Pell, State, and Institutional Grants, 2013-14

Incomes Less Than \$30,000



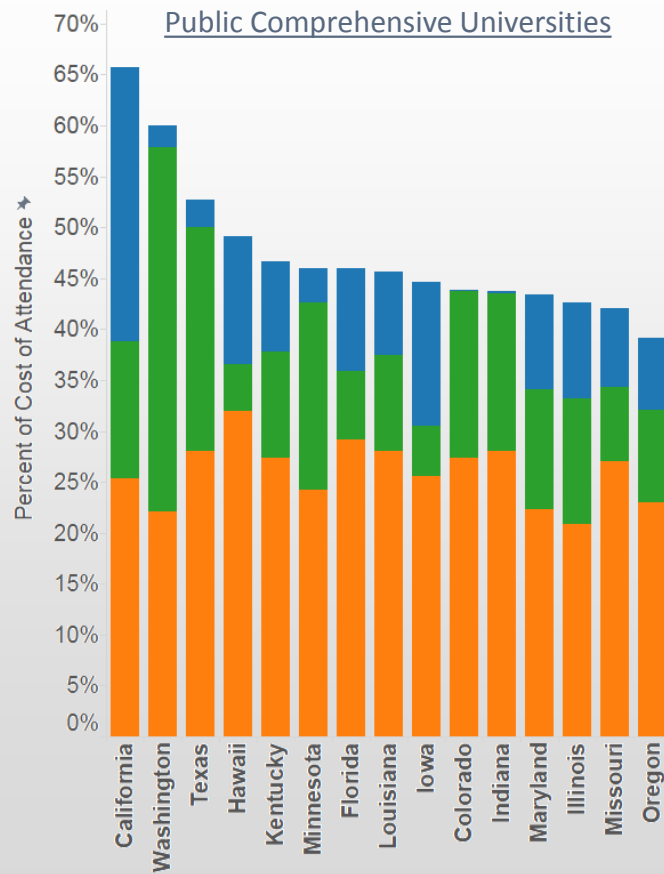
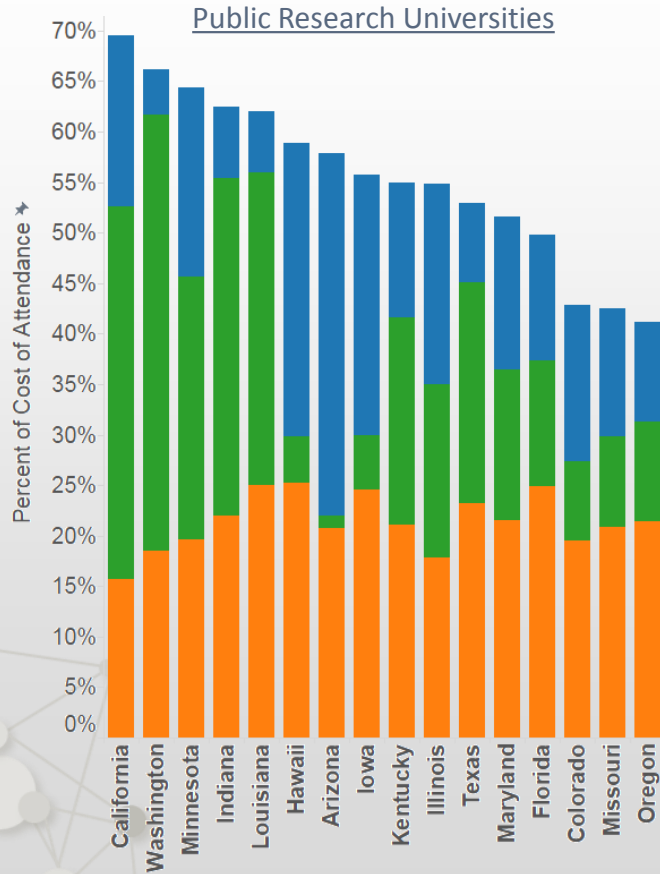
Incomes Between \$30,001-\$48,000



- Institutional Grant(s)
- State Grant(s)
- Pell Grant



# Percent of Cost of Attendance Covered by Pell, State, and Institutional Grants, Incomes Less than \$30,000, 2013-14



# Takeaways

- Utility of a heuristic affordability benchmark, supplemented with components of net price
- Variation in investment strategies across sectors and across states
  - Relative purchasing power of Pell, plus state's preferences for the role of state vs. institutional aid in supporting affordability
  - Institutional aid tends to fill in gaps left by more well-targeted state grants (but large gaps in information about those expenditures)
- Complications in putting the puzzle together
  - Non-FTFT students
  - Non-residents
  - Gaps in institutional aid expenditures



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