

# Reforming Student Financial Aid in Indiana

*Early Progress and Lessons Learned from  
Indiana's Higher Education Reforms*

October 24, 2015



INDIANA COMMISSION *for*  
HIGHER EDUCATION

# *Indiana's Investment*

- **\$331 million per year**
- 2.2% of Indiana's biennial budget
- Early Promise Program (21<sup>st</sup> Century Scholars)
  - Sign up in 7<sup>th</sup>/8<sup>th</sup> grade
  - Pays full tuition and fees at public colleges
  - Average award is \$6,800



# *Indiana's Investment*

- General Need Based Aid (Frank O'Bannon)
  - Max award \$7,400
  - Average award \$2,700
- Adult Student Grant
  - Currently being constructed; expected to pay up to \$1,500
  - Full-time enrollment not required



# Indiana's Return on Investment

## Four-year institutions:

<b>INCOME</b>	<b>ON-TIME COMPLETION</b> (Same Campus/Degree Level)	<b>TOTAL COMPLETION WITHIN 8 YEARS</b>	<b><u>1-YEAR DIFFERENCE</u></b> (2005-2006 cohorts)
All Students	31.5%	70.5%	+1.9
Frank O'Bannon	19.4%	66.1%	-0.4
21st Century Scholars	16.9%	57.6%	+5.4
Pell	17.0%	55.4%	+1.5
Federal Loan	26.3%	66.7%	+1.5



# Indiana's Return on Investment

## Two-year institutions:

<b>INCOME</b>	<b>ON-TIME COMPLETION</b> <small>(Same Campus/Degree Level)</small>	<b>TOTAL COMPLETION WITHIN 6 YEARS</b>	<b>1-YEAR DIFFERENCE</b> <small>(2007-2008 cohorts)</small>
All Students	5.0%	27.0%	-1.2
Frank O'Bannon	4.6%	33.0%	-0.8
21st Century Scholars	4.4%	28.8%	+3.0
Pell	5.3%	24.4%	+0.9
Federal Loan	7.6%	27.4%	+0.2



# *Legislative Response: Sweeping Financial Aid Reforms*

## **Informed by research:**

- 2010: Legislatively-mandated study on fiscal sustainability of 21<sup>st</sup> Century Scholars program
- 2011: Legislation creating fiscal constraints and stronger academic requirements for 21<sup>st</sup> Century Scholars
- 2012: Legislature merges aid agency with Commission; HCM Study on financial aid and Commission strategic plan
- 2013: Legislation creating credit completion requirements for 21<sup>st</sup> Century Scholars and Frank O'Bannon



# *Legislative Response:* ***Sweeping Financial Aid Reforms***

## **Informed by recipient surveys:**

- 75 percent expect to graduate on time
- Less than half taking 15+ credits that semester

## **Developed in partnership with financial aid professionals (2013 reforms)**

- Tailored to each aid programs



# *Legislative Response:* **21<sup>st</sup> Century Scholars**

## **Credit Completion:**

- Scholars who enroll fall 2013 or later must meet the 30/60/90 credit benchmarks to renew their scholarship.

## **Increased GPA:**

- Starting with the class of 2015, Scholars must graduate high school with a 2.5 GPA (up from 2.0)



# *Legislative Response:* **21<sup>st</sup> Century Scholars**

## **College-level Means Test:**

- Students enrolling in the program after June 30, 2011 must show financial need to access the scholarship.

## **Scholar Success Program:**

- Starting with the class of 2017, students must complete 12 activities in high school which help students learn how to plan, prepare and pay for college.



# *Legislative Response:*

## ***Frank O'Bannon Grant***

### **Credit Completion:**

- Students must meet the 30/60/90 credit thresholds to renew the grant at the same dollar amount as Year 1
- Discounted “safety net” award for 24/48/72 credit thresholds

### **Other Incentives:**

- 3.0+ GPA
- Accelerated progress
- Earning associate degree and continuing to bachelor's



# First Year Results

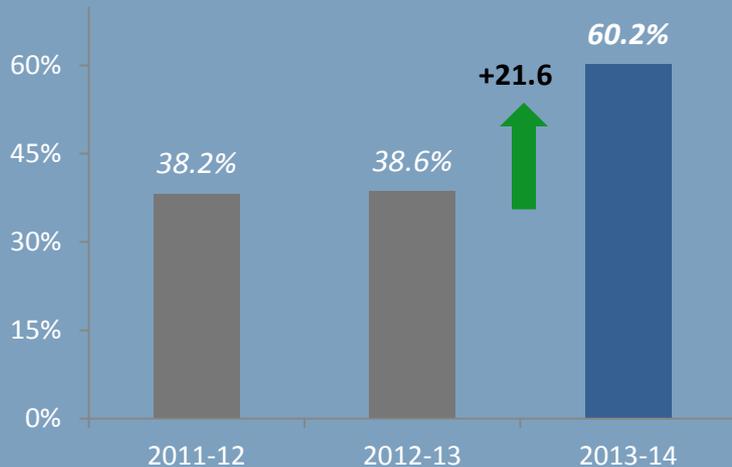


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# More students are enrolling in 30 or more credit hours during the academic year

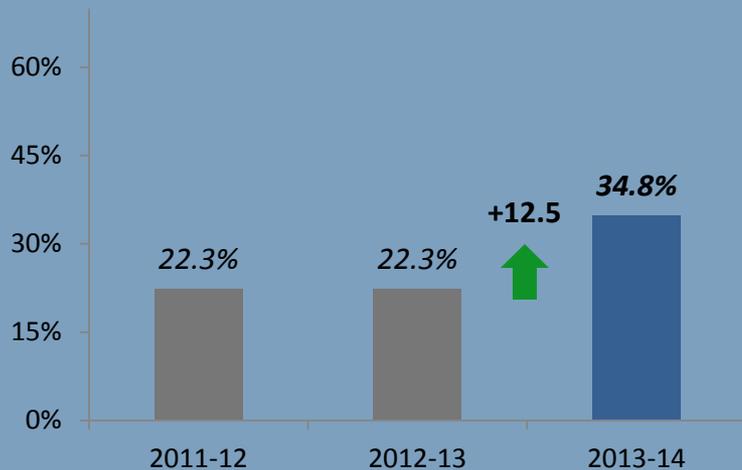
The percentage of 21<sup>st</sup> Century Scholars enrolling in 30 credits has increased:

The same pattern holds for Frank O'Bannon recipients:

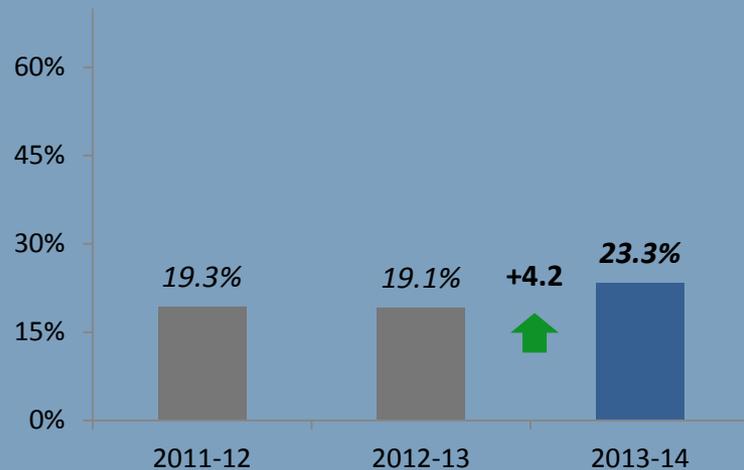


# More students are completing 30 or more credit hours during the academic year

21<sup>st</sup> Century Scholars showed the most pronounced improvements:



But O'Bannon Recipients improved as well:

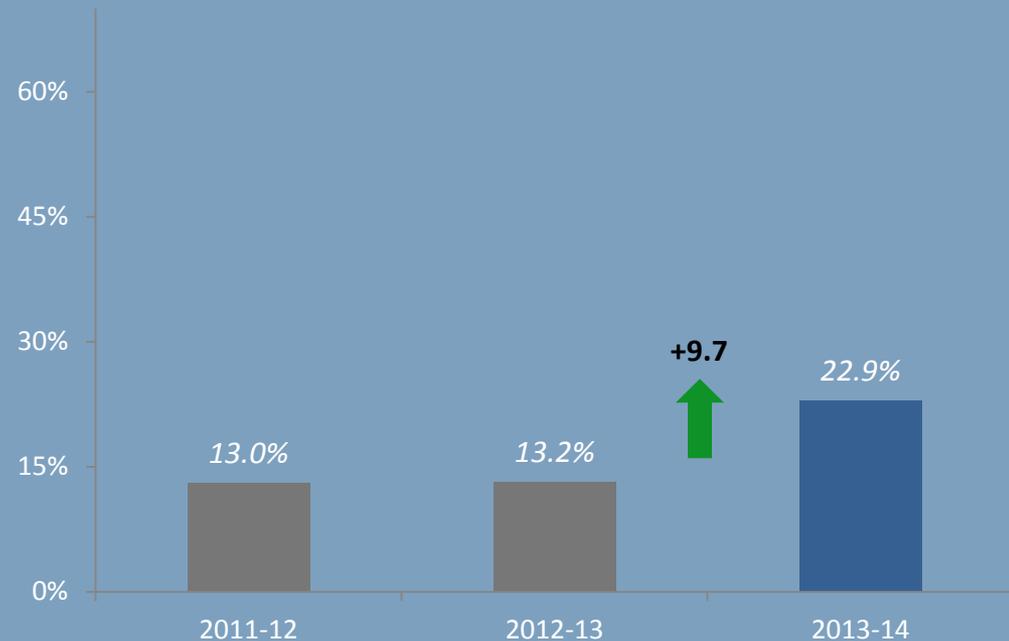


# Students are using summer classes to preserve financial aid eligibility

Among 21<sup>st</sup> Century Scholars who were just shy of the 30 credit threshold, enrollment in summer courses jumped nearly 10 percentage points.

This suggests that institutional efforts and incentives to enroll this population in summer courses worked.

Percentage of 21st Century Scholars with 24-29 credits at the end of spring semester freshmen year who decided to enroll in summer courses



# Dual and AP credits help students meet completion requirements but have one unintended effect

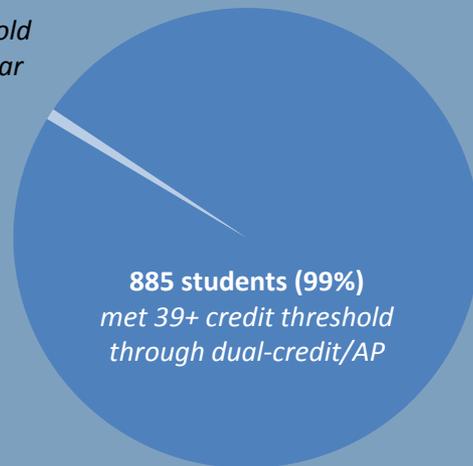
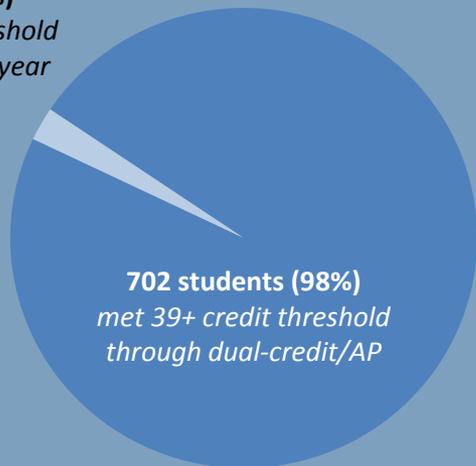
Students who enter with college credit have a built-in cushion to help them meet completion requirements. But the O'Bannon incentive creates a second-year funding cliff, and does not serve the purpose for which it was created.

**AY 2012-13**

**AY 2013-14**

**17 students (2%)**  
*met 39+ credit threshold  
through freshmen-year  
classes alone*

**7 students (1%)**  
*met 39+ credit threshold  
through freshmen-year  
classes alone*



# Lessons Learned



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# *Lessons Learned*

- The higher the expectations, the better the outcomes
- Student incentives act as institutional incentives too
- Results will be better if the state looks beyond financial aid requirements
- Plan at least two years between legislation passing and students being affected
- Focus on annual, not cumulative credits



# *Lessons Learned: High Expectations*

## **21<sup>st</sup> Century Scholars:**

- 30/60/90 floor for renewal
- 30-credit enrollment up 21.7 percentage point
- 30-credit completion up 12.5 percentage point

## **Frank O'Bannon:**

- 24/48/72 floor for renewal; 30/60/90 portrayed as “on-time incentive”
- 30-credit enrollment up 6.0 percentage point
- 30-credit completion up 4.2 percentage point



# *Lessons Learned:*

## *Institutional Response*

- Performance funding ties institutional dollars to student outcomes
- Financial aid reforms ties *student dollars* to student outcomes
- Second wave of innovation when student dollars affected
  - Additional education and advising
  - Tools and resources
  - Monitoring and proactive interventions



# *Lessons Learned:*

## *Think Beyond State Financial Aid*

### **Indiana Law:**

- Performance funding
- Credit Creep
- Guaranteed transfer core and 2+2 transfer pathways
- Degree maps
- Student debt “truth in lending” disclosures



# Degree Maps

**Plan:** Finance (BS)

**Academic School/College/Unit:** Business

**Start Term:** Fall 2014

**On-Time Graduation Date:** Spring 2018

**View career options for the major at [Career Services](#).**

**View planning options at [Financial Aid Information](#).**



**I Critical courses:** are courses that students should complete by specific points during their degree or certificate program.

**M Milestones:** are conditions or activities that students should complete by specific points during their degree or certificate program.

Completing a critical course or milestone by the associated term is considered crucial to on-time graduation.

## Year One

Fall		
Course	Units	Min. Grade
▶ English Composition <b>I</b>	3	C
▶ Finite Mathematics <b>I</b>	3	C
▶ Compass I: The Individual (BUS-T 175) <b>I</b>	1.5	C
▶ The Computer In Business <b>I</b>	3	C
▶ GenEd Breadth of Inquiry: Arts & Humanities	3	
<b>Critical Course:</b> No <b>Course(s):</b> <a href="#">General Education Arts and Humanities</a> <b>Course Details:</b> Approved campus-wide General Education program. <b>Course Note:</b> None <b>Required Semester of Completion:</b> Fall of Year 1 <b>Required Minimum Grade:</b> <b>In Sequence With:</b> Not applicable		
▶ Natural Science	3	

Spring		
Course	Units	Min. Grade
▶ GenEd Breadth of Inquiry: Natural Science	3	
▶ Business Presentations <b>I</b>	3	C
▶ GenEd Breadth of Inquiry: Arts & Humanities	3	
▶ Microeconomics <b>I</b>	3	C
▼ Calculus <b>I</b>	3	C
<b>Critical Course:</b> Yes <b>Course(s):</b> MATH-M 119, MATH-M 211 <b>Course Details:</b> Complete MATH-M 118 <b>Course Note:</b> I-Core prerequisite; also counts for IUB GenEd Breadth of Inquiry: Natural + Mathematical Sciences <b>Required Semester of Completion:</b> Spring of Year 1 <b>Required Minimum Grade:</b> C <b>In Sequence With:</b> Not applicable		
▶ Basic Accounting Skills (BUS-A 100) <b>I</b>	1.5	C

## Year Two

Fall		
Course	Units	Min. Grade
▶ Global Business Environment	1.5	C
▼ Financial Accounting <b>I</b>	3	C
<b>Critical Course:</b> Yes <b>Course(s):</b> BUS-A 201, BUS-A 205 <b>Course Details:</b> None <b>Course Note:</b> This is a prerequisite for BUS-A 202, and I-Core <b>Required Semester of Completion:</b> Fall of Year 2		

Spring		
Course	Units	Min. Grade
▶ Managerial Accounting <b>I</b>	3	C
▶ Legal Environment of Business <b>I</b>	3	C
▶ Statistics	3	C
▶ Global Business Analysis or Global Business Immersion	3	C
▶ Business, Government, and Society <b>I</b>	3	C

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Completing 30 credit hours each calendar year is required for full state financial aid eligibility. Be sure to complete your FAFSA before March 10 each year.

If you follow your map and find a course unavailable, you may be eligible to take that course for free in a future semester. [Click here for further information.](#)

# Degree Maps

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Fall			
Course		Units	Min. Grade
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<b>In Sequence With:</b> Not applicable			
▶ Natural Science		3	

# UNDERSTANDING YOUR STUDENT LOANS

## Debt Disclosure

Dear \_\_\_\_\_:

Below is a summary of your student loan liability (including the upcoming academic year) as of \_\_\_\_\_. For many students, this information is helpful in developing a financial plan and deciding how much to borrow in student loans.



Remember: You will be responsible for paying back your student loans and related college debt. Understanding the short- and long-term implications of your borrowing decisions is critical.

For additional information on financial aid, budgeting for college and developing a financial plan, contact your campus financial aid administrator at \_\_\_\_\_ or \_\_\_\_\_. Attached to this letter is a helpful guide to being a responsible borrower.

### SUMMARY

Principal .....	_____
Interest ( _____ % per year over 10 years) .....	_____
<hr/>	
Total Payoff Amount .....	_____
<b>MONTHLY PAYMENTS</b>	
Monthly Payment for 10 years .....	_____

### BORROWING LIMIT

You have reached \_\_\_\_\_ % of your borrowing limit.

If you reach 100% of your borrowing limit, your monthly payment might be as high as \$ \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### ADVICE

- Time is Money: Stay on-track to graduate on time by taking 15 or more credits each semester.
- You can reduce your borrowing by applying personal savings toward tuition.
- Textbooks are expensive. Does your course offer a less expensive e-reader edition?

- \_\_\_\_\_
- \_\_\_\_\_

# Debt Disclosure

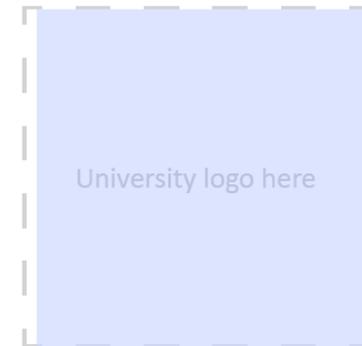
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<input type="text"/>
<input type="text"/>
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# *Lessons Learned:*

## *Think Beyond State Financial Aid*

### **Commission Initiatives:**

- 15 to Finish
- ScholarCorps
- InsideTrack
- Grants to Institutions to provide Summer Bridge Programs, Learning Communities, Career Preparation, Financial Literacy Courses



# *Lessons Learned:* *Implementation Timeline*

## **Main considerations:**

- Student awareness
- Advisor and other staff awareness
- IT system changes and data swap (of relevance to state and institutions both)

## **Ideal timeline:**

- First affected cohort is still in high school (not yet graduated) when law passes/becomes effective
- Plan for 2 years for state and institutions to make IT changes



# *Lessons Learned:*

## *Annual not Cumulative*

### **Challenges with cumulative credit requirements:** *(30/60/90 versus 30/year)*

- When does the “clock start ticking”?
- What to do if student doesn’t receive aid all four years?
- How do we handle temporary stop-outs? Particularly one-semester breaks?
- Can a student ever catch back up after bad semester?
- Brace for appeals!!!

**30/year allows requirements to apply only when aid is received and gives students easier path back to eligibility**



# Questions?



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