AACRAO National Conference
Orlando, Florida

Aligning Financial Aid and Enrollment Goals: Indiana University Introduces New Need-Based Aid Programs

March 25, 2008
Presentation Overview

- Strategic Enrollment Management (SEM)
- Recruitment Goals: Status Check
- Financial Aid Strategy
- Aligning Financial Aid with Enrollment Goals
- New Need-Based Programs
- Net Cost and Loan Debt
- Questions? Comments?
SEM Philosophy

• Strategic Enrollment Management focuses on the student services areas which impact students’ initial and continued enrollments.

• Organizations which comprise our Enrollment Management Division include:
  – Admissions
  – Enrollment Planning and Research
  – Orientation Programs
  – Registrar
  – Scholarships
  – Student Financial Assistance
  – Systems Design and Development
1. Prospective Student
2. Admitted to Indiana University
3. Enrolled Student
4. Graduate of Indiana University
5. Indiana University Alumni
6. Donor to Indiana University
Four Recruitment Goals:

• Improve the quality of the freshman class as defined by grade point average and standardized test score.
• Increase the diversity of the freshman class as defined by ethnicity and social economic status.
• Increase the international presence of Indiana University.
• Keep IU affordable.
Recruitment Goals: Status Check

• Quality:
  – SAT score up 25 points in one year to an all-time high.
  – Grade Point Average also increased to record level.
  – Anticipate increases in both quality measures in Fall 2008.
Recruitment Goals: Status Check

• Diversity:
  – Fall 2007 enrollment represented the most diverse population in Indiana University history.
  – 18% of students identified themselves as non-white.
  – Increased Hispanic enrollment to record levels.
  – Total enrollment of African-American students at an all-time high.
Recruitment Goals: Status Check

• International Presence:
  – The 2007 Freshman class was comprised of more international students than at any point in IU history.
  – International total student enrollment is at a record high.
  – Indiana University ranks among the top twenty universities in the country in the enrollment of International students.
Recruitment Goals: Status Check

• Affordability:
  – Students on financial aid at IU are paying less in 2007 than they did in 2006 due to increased financial aid.
  – New Programs were introduced for freshman entering in the Fall of 2007.
  – Similar to 2007, another tuition increase will take effect in 2008, yet net cost is expected to decline again.

Net cost calculation: An indication of affordability

Despite a tuition increase, cost of attendance has decreased for freshmen on financial aid.

- 2006:
  - Cost of Attendance: $18,268
  - Net Price for students on Aid: $11,500

- 2007:
  - Cost of Attendance: $19,092
  - Net Price for students on Aid: $10,942

Scholarship Monies:
- 2006-2007 Scholarship Monies: $17,894,810
- 2007-2008 Scholarship Monies: $19,835,442
Recruitment Goals: Status Check

• By any measure, we are meeting and in most cases exceeding expectations on our four goals.
  – Quality is increasing.
  – Diversity is increasing.
  – International enrollment is increasing.
  – IU is more affordable in 2007 than in 2006.
Financial Aid Strategy

• Need-based financial aid
• Merit-based financial aid
  – Must align with recruitment and enrollment goals.
  – Must be presented in an easily understood manner to students and parents.
  – Must be coordinated and applied strategically.
  – Must be widely published.
  – Requires outstanding and proactive student services.
Financial Aid Initiatives: Summary

- Increase Hudson Holland Scholars’ base budget by $1,000,000.
- Research Scholar* $2,400,000.
- IU Excellence Award $2,900,000.
- Pell Promise Award $1,800,000.
- 21st Century Scholar Covenant $2,600,000.

- Total $10,700,000.
- Total* $13,000,000.
  - *Increases to 4.7 million annually.
## Aligning Financial Aid Strategy with New Enrollment Goals

<table>
<thead>
<tr>
<th>Program</th>
<th>Need</th>
<th>Merit</th>
</tr>
</thead>
<tbody>
<tr>
<td>21st Century Scholars Covenant</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Pell Program</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Hudson Holland Scholars Program</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>IU Excellence Award</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Research Scholars</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
Aligning Financial Aid with Enrollment Goals

• Our Primary Financial Aid goals:
  – Make IU affordable for low income and middle income Indiana families.
  – Decrease debt-load at the time of graduation.
  – Create programs which build on existing federal or state financial aid programs.
  – Balance need-based and merit-based aid.
Keep IU Affordable for Low & Middle Income Families

• Indiana University Approach
  – Tuition rates in modest increases.

• New Financial Aid programs
  – Indiana residents.
  – Low-middle income families.
  – Need-based emphasis.
  – Cross-over program with need and merit.
Need-Based Financial Aid Programs Timeline

- Timeline to decision
  - Summer 2006, Task Force formed and research begins.
  - September 2006, Program development is nearly completed.
  - October 2006, Covenant Program is introduced and approved by administration and shared with Board of Trustees.
    - Implementation date for Fall 2007 Freshman.
  - November 2006, Board of Trustees invites second need-based financial aid proposal.
  - December 2006, Board of Trustees approves Pell Promise award program. Marketing and publicity efforts begin.
New Need-Based Financial Aid Programs

Pell Promise Award
21st Century Scholar Covenant

• New Marketing/Promotion/Publications
• Increased/Expanded Outreach to Families and High Schools
• Leadership and Vision
Financial Aid New Initiative: Pell Promise Award

• Need-based program.
  – Addresses need of lower- and middle-income Indiana families.
  – Builds on an existing Federal program.
  – Provides cost of tuition and fees (less EFC + other gift aid).
  – Provides funding for a diverse group of students.
  – Includes a merit component.

• Projected program cost: $1.8 million
Federal Pell Grant Program

- Accepted nationally and on the federal level as an entitlement, the foundation for all other need-based financial aid.
- Enjoys a certain level of certainty in federal funding and funding increases.
- Contains standard and predictable eligibility across institutions, so may become basis for comparison regarding affordability.
- Generates a more sensitive estimation of EFC rather than applying standard AGI target for definition of need.
- Increased awareness of available funding by students and families, earlier in school.
Financial Aid New Initiative: 21st Century Scholar Covenant

Affordability Task Force

• Need-based program.
  – Addresses need of the lowest income Indiana families.
  – Builds on an existing State of Indiana program.
  – Provides full cost of attendance to participants (less EFC).
  – Begins the recruitment process at the middle school level.
  – Delivers a message of “hope” to a low income population.
  – Builds on a mentoring structure for success already in place.
  – Provides funding for a diverse group of students.

• Projected program cost: $2.6 million
Interesting Facts about 21st Century Scholar Program as reported by the SSACI to the IHEC

• Diverse: 68% white; 26% African American; 2% Native American; 2% Hispanic; 1% Asian

• High Need: 58% first-generation; 49% single parent families; $29,000 median AGI.

• Good College Admission Rate: 7,270 enrolled in college in 2007; 4,152 seniors admitted to college for 2007-08; 78% more likely to go to college than their low-income peers.
21st Century Scholar Program

- Created in 1990 by the Indiana Legislature when Evan Bayh was Governor.
- 7th, 8th, and some 6th graders must qualify for free or reduced lunch and enroll by the end of their 8th grade year.
- Must fulfill a pledge of good citizenship, to include minimum 2.0 GPA when receive high school diploma; no use of illegal drugs or alcohol or commit a crime; apply to an eligibly Indiana postsecondary institution and apply for financial aid on time.
- Pays cost of four years of mandatory tuition and fees.
- Provides support sites for parents and students during high school years.
- Requires mentoring programs at participating postsecondary institutions.

- Popular with Indiana Legislature.
- General level of awareness of program throughout Indiana.
- Potential for early intervention.
- Potential for early recruitment.
- Accompanied by significant amounts of State financial aid as an entitlement.
- Potential for greater retention to graduation due to mentoring component.
### 1st Year Yield Results from New Need-Based Financial Aid Programs

<table>
<thead>
<tr>
<th>Pell Promise Awards</th>
<th>21st Century Scholar Covenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 427 undergraduate students awarded; 404 students enrolled.</td>
<td>• 277 freshmen awarded; 268 students enrolled.</td>
</tr>
<tr>
<td>• $2,234 average EFC of matriculants.</td>
<td>• $1,944 average EFC of matriculants.</td>
</tr>
<tr>
<td>• 13% ethnic minority matriculants.</td>
<td>• 40% ethnic minority matriculants.</td>
</tr>
<tr>
<td>• $743,435 state aid received by matriculants.</td>
<td>• $2,100,048 state aid received by matriculants.</td>
</tr>
<tr>
<td>• $969,461 federal aid received by matriculants.</td>
<td>• $1,000,166 federal aid received by matriculants.</td>
</tr>
<tr>
<td>• $1,216,734 Pell Promise awards.</td>
<td>• $1,250,783 21st Century Scholar awards.</td>
</tr>
<tr>
<td>• $3,012 average Pell Promise award.</td>
<td>• $4,667 average 21st Century Scholar award.</td>
</tr>
<tr>
<td>• $7,836 in-state tuition and fees per student.</td>
<td>• $19,092 in-state price per student</td>
</tr>
<tr>
<td></td>
<td>• 960 undergraduate 21st scholars enrolled.</td>
</tr>
</tbody>
</table>
Net Cost Calculation:
An Indication of Affordability

August 31, 2007

Net cost of attendance calculation =
(all freshmen financial aid recipients x standard cost of attendance per student) — (all scholarships & grants)

<table>
<thead>
<tr>
<th></th>
<th>Net Price 2007-08</th>
<th>Cost of Attendance</th>
<th>Scholarships &amp; Grants</th>
<th>Net Price 2006-07</th>
<th>Cost of Attendance</th>
<th>Scholarships &amp; Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$10,942</td>
<td>$19,092</td>
<td>$19,835,442</td>
<td>$11,500</td>
<td>$18,268</td>
<td>$17,894,810</td>
</tr>
<tr>
<td>No. of Freshmen Scholarship &amp; Grant Recipients</td>
<td>2,434</td>
<td></td>
<td></td>
<td>2,644</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room/Board</td>
<td>$7,474</td>
<td></td>
<td></td>
<td>$7,118</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Books</td>
<td>$758</td>
<td></td>
<td></td>
<td>$740</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>$768</td>
<td></td>
<td></td>
<td>$750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td>$2,256</td>
<td></td>
<td></td>
<td>$2,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-State Fees</td>
<td>$7,836</td>
<td></td>
<td></td>
<td>$7,460</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>14%</td>
<td></td>
<td></td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>27%</td>
<td></td>
<td></td>
<td>27%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional</td>
<td>43%</td>
<td></td>
<td></td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IUUF &amp; Private</td>
<td>16%</td>
<td></td>
<td></td>
<td>17%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Overview
The Parent AGI ranges are focused around $55,781, which is the median household income in the State of Indiana.

Generalizations regarding Average Costs & Resources
• As Parent AGI range decreases, Average EFC decreases.
• As Average EFC decreases, Average Awards increase.
• As Parent AGI range decreases, the gap between Average Costs and Average EFC + Average Awards increases.
• As Parent AGI range increases, students spend more than Average Costs and/or borrow non-need-based loans to decrease Average EFC.

Generalizations regarding Sources of Aid
• As Parent AGI increases, Private aid increases.
• As Parent AGI decreases, Federal aid increases.
• As Parent AGI moves into the $55,801 to $77,000 range, State aid is consistently lower than for all other Parent AGI ranges.
• As Parent AGI increases, both number of children in household and number of children in college have an increased positive effect on need-based State aid.
## Average Federal Student Loan Debt

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Graduate</th>
<th>Senior</th>
<th>Junior</th>
<th>Sophomore</th>
<th>Freshmen</th>
<th>Cohort Default Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>$42,196</td>
<td>$18,684</td>
<td>$12,454</td>
<td>$7,446</td>
<td>$3,593</td>
<td>3.9%</td>
</tr>
<tr>
<td>2001-02</td>
<td>$42,009</td>
<td>$17,615</td>
<td>$12,085</td>
<td>$7,221</td>
<td>$3,558</td>
<td>3.2%</td>
</tr>
<tr>
<td>2001-03</td>
<td>$44,267</td>
<td>$18,514</td>
<td>$12,470</td>
<td>$7,742</td>
<td>$3,740</td>
<td>2.4%</td>
</tr>
<tr>
<td>2003-04</td>
<td>$49,362</td>
<td>$19,377</td>
<td>$12,656</td>
<td>$7,904</td>
<td>$4,107</td>
<td>2.3%</td>
</tr>
<tr>
<td>2004-05</td>
<td>$45,879</td>
<td>$17,194</td>
<td>$10,273</td>
<td>$6,290</td>
<td>$3,269</td>
<td>1.6%</td>
</tr>
<tr>
<td>2005-06</td>
<td>$44,676</td>
<td>$17,176</td>
<td>$10,468</td>
<td>$6,495</td>
<td>$3,468</td>
<td>1.8%</td>
</tr>
<tr>
<td>2006-07</td>
<td>$46,652</td>
<td>$17,387</td>
<td>$10,192</td>
<td>$6,309</td>
<td>$3,235</td>
<td></td>
</tr>
</tbody>
</table>
Summary

• Strategic Enrollment Management requires aligning recruitment and financial aid practices with enrollment goals and providing seamless service throughout the student lifecycle.

• Our new directions for Enrollment Management address the primary goals of Indiana University.

• It is everyone’s job to recruit and retain students.
Questions? Comments?

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