

REPORT



# EVALUATION OF INDIANA'S FINANCIAL AID PROGRAMS AND POLICIES

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## INTRODUCTION

Is Indiana using its student aid programs to maximum effect to promote college attendance and completion? This report responds to a request from the Indiana Commission for Higher Education (ICHE) for help in answering that question. While student assistance can serve many purposes, the Commission has asked for a specific focus in this report on student success and completion. The Commission’s objective is to align the state’s investment in student aid to have the maximum impact on reaching the goal articulated in “Reaching Higher, Achieving More” that 60% of Indiana adults will have a college education by 2025 (ICHE, 2012).

In 2010–11, the state spent \$238 million on need-based financial aid, ranking as 6<sup>th</sup> highest in the nation and 1<sup>st</sup> in the Midwest region for total need-based expenditures per FTE undergraduate student (NASSGAP, 2011).

Spending on student aid is a significant component of the state’s higher education budget. In 2010-11, it represented 16% of the state’s total \$1.6 billion financial support for higher education. To a large extent, the remaining 84% goes to keep costs low for all resident students, regardless of merit or need. One could say that, on average, even residents who get nothing at all from state aid programs are getting a hidden “scholarship” worth an average of \$5,000 per year. That is why it costs less for Indiana residents who do not get support from the named state aid programs to go to college in state rather than going to Illinois, or attending a private Indiana institution. (Indiana residents also benefit from a generous tax credit for college savings, which can provide up to \$18,000 in matching funds for a family that saves regularly over 18 years.)

The investment of 16% of the state’s higher education budget into student aid should therefore be seen in the context of a larger strategy to make college accessible. Aid programs can help keep a student enrolled who would otherwise have dropped out, or can provide an incentive for students to graduate with fewer unneeded credit hours. When they succeed, they are saving the state not only the money it is spending on aid, but also part of the investment made on the other side of the ledger—direct appropriations to institutions—that might have been lost.

### What does college cost in Indiana?

Indiana’s largest aid programs are tied in different ways to colleges’ tuition and fees. Tuition charges, however, generally represent less than half the cost of attending a public college or university. To get a better sense of the total expense, we used a standard \$12,400 for non-tuition costs, such as books, room, board, and transportation. That figure is what Ivy Tech advertises, statewide, as the non-tuition budget for a student living off campus in Indiana. It is also very close to the average of what all Indiana public and private institutions report as their non-tuition budget (\$12,500). And, for those who prefer to think about opportunity costs of college, it is roughly what a high school graduate not attending college would earn working full time for nine months at \$8/hr (\$12,500).

Adding tuition and fees to \$12,400 yields the following examples in Table 1 for a full-cost budget:

**TABLE 1. EXAMPLES OF COST OF ATTENDANCE AT INDIANA COLLEGES**

	2011-12 Tuition & Fees	Non-Tuition Budget (Common)	Est. Cost of Attendance
Ivy Tech Bloomington (public)	\$ 3,354	\$ 12,400	\$ 15,754
IU Bloomington (public)	\$ 9,524	\$ 12,400	\$ 21,924
IU Northwest (public)	\$ 6,408	\$ 12,400	\$ 18,808
Butler University (private nonprofit)	\$ 31,948	\$ 12,400	\$ 44,348
Harrison College (private for-profit)	\$ 13,215	\$ 12,400	\$ 25,615

Source for tuition & fees: NCES College Navigator

Those figures represent approximate maximum “sticker prices” for attending different Indiana colleges full time. The public institutions’ prices are already reduced for all Indiana residents because of the support the state provides directly to those institutions. The private colleges do not receive that subsidy. The sticker prices are reduced for many students at both public and private colleges, however, by grant aid from federal, state, institutional, and third-party aid programs, so that the “net” price is usually considerably less, especially at the more costly institutions.

The state’s major aid programs help offset the cost of attendance, and are primarily targeted toward low-income students.

### **Frank O’Bannon Grants**

The Frank O’Bannon grant [Indiana Code IC 21-12-1-10] is the state’s core financial aid program. It awarded \$187 million to 72,000 students in 2011-12, primarily based on financial need (SSACI, 2012). There are two parts to the O’Bannon program.

The **Higher Education Award** [Indiana Code IC 21-12-3] component is a need-based award for full-time students attending any public or eligible private institution in the state. It awarded most of the 2011-12 total amount, \$162 million, or \$2,200 per recipient.

The **Freedom of Choice Award** [Indiana Code IC 21-12-4] component provides an additional grant to those recipients attending eligible private colleges. In 2011-12, it amounted to \$25 million for 13,000 recipients, an average of \$1,900 per recipient on top of the Higher Education Award they also received.

The amount of the total O’Bannon award is determined by taking the maximum potential award set by ICHE, which varies by sector, and subtracting what a student or parents could be expected to contribute using the federal needs analysis formula. Students receive 100% of that amount if they have academic honors diplomas, or 80% if they have the regular Core 40 diploma.

## **21st Century Scholars**

The 21st Century scholarship [Indiana Code IC 21-12-6] is awarded to students who qualify for free- or reduced-price lunch in middle school and who sign a pledge to meet certain academic and behavioral conditions. It commits to paying the full public institution tuition and fees for students who graduate from high school with at least a Core 40 diploma, stay out of criminal trouble, fill out their financial aid applications on time in 12<sup>th</sup> grade, and attend an Indiana institution.

Unlike the Frank O'Bannon scholarship, the 21st Century scholarship involves a firm commitment from the state to pay for all eligible students' tuition. It is therefore funded first among the state's aid programs, which has had the effect of reducing the amount available for O'Bannon scholarships. Both because of tuition increases and growth in the number of participants, the program has grown very rapidly, and now accounts for \$54 million in aid awarded to 15,000 students.

Students who are eligible for both O'Bannon and 21st Century scholarships cannot receive more than their total public tuition and fees (or an equivalent amount at private institutions).

## **Other State Student Assistance Programs**

While O'Bannon and 21<sup>st</sup> Century scholarships take up the lion's share of the state aid budget, a number of smaller programs are also available. Notable among these is the *Child of Veteran and Public Safety Officer Supplemental Grant Program (CVO)*, which pays tuition and fees for children of disabled Indiana veterans and public safety officers killed in the line of duty. The program has grown significantly in recent years and now accounts for 9% of all state student financial assistance, or \$24 million distributed to 6,000 students (SSACI, 2012).

Other programs, in order of magnitude, include the Part-Time Grant (3%), National Guard Programs (1%), State College Work Study, Minority Teacher Scholarships, Nursing Scholarships, Contract for Space (all <1%), and the newly-created Mitch Daniels Early Graduation Scholarship for students who complete high school in three years.

## ANALYSIS OF AID AND STUDENT SUCCESS

Given this level of investment in student aid programs, the commission asked for assistance answering a series of questions about the effectiveness of its aid programs. Our answers to these questions draw on three sources of information:

- new analysis of Indiana's own student data,
- prior studies of the effectiveness of Indiana aid programs, and
- findings from the most rigorous studies of how student aid programs work in other states, based on controlled or natural experiments that provide a clearer research conclusion than is possible without those conditions.

**Question: Are grant dollars allocated to students in a way that maximizes student success, measured in college attendance, year-over-year persistence, and graduation rates?**

*Response: Generally yes, with some exceptions. Indiana's aid programs are well-structured to improve college persistence and success. Making incentives clearer and more closely aligned with degree completion could improve results. To maximize student success, Indiana needs to award its limited financial aid dollars where they will have the biggest impact on the odds of students staying in college and graduating.*

This is not necessarily the same as awarding aid to the best students, many of whom might do well with or without the aid. It is more productive to take a student with a 50% chance of graduating, and raise those odds to 60%, than to take a student who already has a 95% chance of graduating, and raise the odds to 96%. The object is not to pick winners, but to make them.

To identify the impact of aid, it is not enough to compare outcomes of aid recipients with those of non-recipients. The state does not select recipients randomly, so the criteria for selection make the groups of recipients and non-recipients too different to compare directly.

### Prior studies

Past studies of Indiana's financial aid programs have primarily revolved around the 21<sup>st</sup> Century Scholars program. Most recently, Lumina Foundation commissioned three scholarly works to better understand the extent to which the program has accomplished its intended goals (Lumina Foundation, 2008). One study found that the program improved the odds of college access but not of college graduation of the 1999-2000 scholarship cohort (St. John, Fisher, Lee, Daun-Barnett, & Williams, 2008). This finding on college access is reinforced by the second study in the Lumina report, which used a combination of online surveys and focus group approaches to explore the experiences of scholars in middle and high schools and their guardians with the 21<sup>st</sup> Century regional support centers (Enersen, Servaty-Seib, Pistilli, & Koch, 2008). The study revealed that the services provided through the scholarship program were beneficial to students and parents, contributing to improved access to postsecondary education. The third study summarizes the experience of 21<sup>st</sup> Century Scholars after college entry, providing a narrative explanation for one possible reason for the low graduation rate of the scholars (Smith,

Helfenbein, Hughes, Stuckey, & Berumen, 2008). It revealed that some institutions did not even have the capacity to identify 21<sup>st</sup> Century Scholars students or track their success.

A new longitudinal study of 21<sup>st</sup> Century Scholars' high school and college success by a group of researchers from the University of Michigan, Indiana University, and University of Georgia is currently in progress and should be making results publicly available this fall (Desjardins, Hossler, McCall, & Toutkoushian, 2012 [Forthcoming]). It is worth paying close attention since the data will include student outcomes for all U.S. colleges that participate in the National Student Clearinghouse, rather than simply Indiana colleges.

A major barrier that all these studies confront in evaluating outcomes, and that our own analysis suffers from as well, is the absence of a control group that would allow for a clear causal inference between aid and student outcomes. The state does not award aid randomly to students. Students in different circumstances are eligible for different amounts, making it hard to tell whether it is the presence or amount of the aid, or the underlying circumstances (income, academic achievement, residency, age) that are the reason for different outcomes. Regression analysis, including our own described below, is only a partial solution to this problem. Even when many available variables are considered (high school grades, test scores, curriculum) there could still be significant unseen factors (differences in physical and mental health, family and community support, peer groups, interpersonal relationships, quality of school guidance, motivation levels, etc.) that explain the differences in college outcomes regardless of the financial aid awards.

## **Experimental evidence**

When experiments with financial aid have been possible, they have generally confirmed that financial aid can improve student success, especially if it is appropriately targeted. Several controlled experiments with “performance-based scholarships” have found that additional aid, presented as an incentive for course completion, increases the progression rates of low-income students (Patel & Richburg-Hayes, 2012). A significant Canadian study of aid (at two-year colleges that loosely resemble Ivy Tech) found improvements in outcomes when additional aid was given to randomly selected students in connection with enhanced advising and student services (compared to students who got nothing, or just the additional services) (R.A Malatest and Associates, Ltd., 2009).

A major, statewide Wisconsin experiment currently underway, on the other hand, has found little or no significant effect to simply adding dollars to low-income students' aid packages with minimal communication, targeting, or strings attached (Harris & Goldrick-Rab, 2012). The same study, however, is finding improvements for certain subgroups: the most at-risk students and students at the least selective four-year institutions (who are often the same students).

These studies are consistent with the handful of other experiments and natural experiments that have been done, that share a consensus or near-consensus on a number of points:

- Aid often does help improve student outcomes
- Effects are small if the aid is not targeted
- Some groups respond (positively) more than others:
  - Low-income students (e.g. Pell-eligible)

- Lowest-income students within low income groups (e.g. the lowest-income Pell students)
- Students without strong academic backgrounds (though not necessarily the weakest, either)
- Older students (e.g. 25+)
- Women (a consistent finding, but probably not relevant for policy)

There also appear to be better results when the aid is provided as an incentive to do something that helps the student’s progress toward a degree, such as take more courses or participate in support services. Most of the experiments structured with those elements included have found positive results.

Indiana’s primary focus on low-income students means that most of its assistance is probably targeted where experimental research has shown it is most likely to make a difference in student success. When non-experimental studies fail to show a positive correlation, it is worth considering the results, but such findings could be due to the absence of a true control group. Better targeting and stronger incentives, however, would probably lead to improved, and less ambiguous, results.

## **Analysis of current data**

### ***High school graduation and college attendance***

We did not attempt to replicate previous regression analyses of the correlations between 21<sup>st</sup> Century scholarship program participation and high school graduation and college attendance. It is worth noting, however, that whatever the success of the 21st Century scholars program has been, there remains a gap in high school and college outcomes between low-income Indiana 8<sup>th</sup>-grade students and others with comparable academic abilities. The gap is wider for those with average test scores than for the top students.

For 2006 eighth-graders in Indiana, 51.7% of low-income students with ISTEP scores in the top quartile were enrolled in public Indiana colleges five years later, compared to 57.5% of other students with similar test scores [Table 2].

The gap widened for students in the second quartile—students who are above average, but not outstanding in academic performance. Low-income eighth-graders in the second quartile enrolled in college at a rate of 37.8%, while 51.4% of higher-income students with similar scores enrolled—about the same proportion as for top quartile low-income students. And more higher-income students (39%) with test scores in the third quartile (somewhat below average) enrolled in college than did second quartile (somewhat above-average) low-income students.

**TABLE 2. COLLEGE ATTENDANCE RATES BY ACADEMIC LEVEL AND FREE AND REDUCED LUNCH STATUS**

	2006 8th Graders	2011 IN Public College Attendance Rate
<b>TOP ISTEP QUARTILE (TOP 1-25%)</b>		
Low-Income Students (FRL eligible)	2,725	51.7%
Other Students	17,915	57.5%
<b>SECOND ISTEP QUARTILE (TOP 26-50%)</b>		
Low-Income Students (FRL eligible)	5,935	37.8%
Other Students	17,130	51.4%
<b>THIRD ISTEP QUARTILE (BOTTOM 51-75%)</b>		
Low-Income Students (FRL eligible)	8,710	24.8%
Other Students	13,083	39.0%
<b>LOWEST ISTEP QUARTILE (BOTTOM 76-100%)</b>		
Low-Income Students (FRL eligible)	10,743	12.0%
Other Students	7,622	20.8%

The major objective criterion for participation in the 21st Century Scholars program is family income, and virtually all of these low-income eighth graders were eligible to sign up. There is no downside or risk to signing up, and a big potential gain, so it is not clear why all eligible students do not sign up. Assuming that it is an effective program, maximizing the number of eligible students who sign up should be a priority.

In particular, care should be taken that variations in personal confidence, parental interest, or school effectiveness are not preventing some academically average low-income students from signing up for the program. In one of the experimental studies cited above, it was the students with the least confidence about being in college who had the biggest change in outcomes as a result of the aid program (R.A Malatest and Associates, Ltd., 2009), so if students are failing to sign up for 21<sup>st</sup> Century scholarships because they perceive college as “not for me”, it may actually be hurting the program’s effectiveness.

In fact, some regions of the state, including Marion County, have succeeded in recent years in getting most eligible students signed up for the program and statewide enrollments are up significantly. But progress has been uneven around the state, and there is no reason for Indiana students’ eligibility for a major aid program to hinge on what school district or region they happened to live in during middle school.



### *College persistence and graduation*

Using data provided by the Indiana Commission for Higher Education on aid applicants enrolled in public colleges and universities between 2004 and 2010, we did find a correlation between Indiana’s major financial aid programs and success in public colleges that is consistent with most experimental studies and economic theory on the subject. We also found that the bigger the gap between a student’s resources and the cost of attending, the stronger was the correlation between additional funds and persistence and completion. We were not able to clearly differentiate the impact of different aid programs or separate them from the effect of students’ own estimated resources.

We controlled for a number of non-aid variables, including academic preparation level, family income (EFC), race, gender, STEM major, full-time attendance, and type of institution attended. We also considered combinations of factors that often go together, such as overlapping grant programs.<sup>1</sup> Appendix A has the results of our quantitative analysis, including tables with coefficients and significance levels.

In a first set of logistic regression analyses, we simply looked at state scholarship eligibility. Students who were eligible for any or all of the Indiana aid programs—Frank O’Bannon, 21<sup>st</sup> Century Scholars, or “Other”<sup>2</sup>—were significantly more likely to persist to the second year.

In terms of completion for second-year students, however, only the O’Bannon award was positively correlated, while 21st Century and “Other” had negative correlations with completion rates. These correlations—including both the positive findings on persistence and the negative ones on completion—are difficult to interpret, however, since it is often the same students who have grants from multiple Indiana programs as well as Pell grants and lower family incomes (EFCs).

It may be that one reason regression-based studies (including ours) sometimes fail to find a positive correlation specifically between 21<sup>st</sup> Century Scholarships and college completion is because Indiana also makes significant amounts of aid available to non-Scholars, through Frank O’Bannon grants and possibly through institutional and other aid not visible to our analysis. That may be good policy, but it makes evaluation more challenging. Disentangling the impact of different sources of money—21<sup>st</sup>- Century, Frank O’Bannon, Pell Grants, family resources, and other sources of aid—is very difficult, since all the sources are used to pay similar expenses.

To partially circumvent that limitation, in a second analysis, we put all of a student’s known resources together, including what their family could be expected to pay (EFC), the Pell grant received, amount of Indiana aid the student was eligible to receive, and subtracted the total from the cost of attendance (as described above). The resulting “unmet need” is the gap between cost of attending and the student’s estimated non-loan resources, including family support and grants.

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<sup>1</sup> Some of these variables, especially type of institution and full- or part-time attendance, could be influenced by availability of aid, but given the significant problems with self-selection in a regression analysis of this type, we judged it the best of two imperfect alternatives to control for them, since they are also likely to reflect major underlying differences in the populations who receive or do not receive aid.

<sup>2</sup> This category includes all the programs that were too small to include as separate variables but that collectively add up to a significant amount of additional state aid. The Children of Veterans and Officers tuition remission program is the largest within this group.

In that analysis, additional money (from any of those sources) did correlate with higher odds of persistence and completion, especially when unmet need was high. Table 3 shows the extent to which the likelihood of retention increases with a decline of every \$1,000 of unmet need amount for students with the typical characteristics by institutional sector. Since grant aid reduces unmet need, this could be interpreted as the increase in retention rates with each additional \$1,000 of grant aid.

The change in retention and completion rates associated with an additional \$1,000 depends on the size of the student’s affordability gap. If the gap between the student’s resources and the cost of attendance was big—more than \$10,000—then each additional \$1,000 is associated with a 3.5% increase in retention rate and 2% increase in completion rate. If the gap was modest—between \$5,000 and \$9,999, each \$1,000 was associated with more modest increases in retention and completion. When the gap was below \$5,000, there was little or no difference.

In other words, a student with a \$12,000 unmet need gap (difference between her available resources and the cost of attendance) had a 3.5% higher chance of returning sophomore year than one who had a \$13,000 gap. But a student who had a \$2,000 gap was no more likely to return than one who had a \$3,000 gap.

**TABLE 3. CHANGE IN ODDS OF RETENTION OR GRADUATION FOR EACH \$1,000 IN ADDITIONAL TOTAL RESOURCES<sup>3</sup>**

Unmet need gap	Change in Freshman to Sophomore Retention Chances	Change in Sophomore Year to Completion
Greater than \$10K	3.5%	2.0%
\$5,000-\$9,999	1.8%	1.5%
\$1-\$4,999	not sig.	not sig.
No Gap	0.05%	not sig.

To maximize the impact of state resources, this would suggest that Indiana should prioritize aid funds going to students where there is a substantial affordability gap. If a student’s estimated family contribution plus Pell grant, if any, covers most of the expense of college, then it is less important to help him or her than to fund the student whose other resources leave a large gap.

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<sup>3</sup> The “typical” student used to calculate this was: female, nonminority, non-STEM, non-remedial, full-time, attending a four-year non-research university, 2.5 first-year GPA.

**TABLE 4. UNMET NEED LEVELS OF FRESHMEN STATE AID PROGRAM PARTICIPANTS**

	Unmet Need >= 10K	Unmet Need 5K - 9.9K	Unmet Need 0 - 4.9K	Unmet Need < \$0
21st Century	13%	71%	10%	5%
Frank O'Bannon	52%	45%	3%	0%
Other State Aid	35%	30%	10%	25%
Total	47%	42%	5%	5%

Among the major state programs, Frank O’Bannon has the largest proportion of freshmen recipients in the high unmet need categories, followed by 21st Century Scholarships. The “Other State Aid” programs had a significant proportion of students who had no unmet need (25%). Those funds are the least likely to have an impact on student outcomes. The Children of Veterans and Officers program is the largest, and fastest-growing, program in that group, and if we apply the student success lens strictly to the program, it is probably worth reconsidering the size of the financial commitment it makes to students regardless of family income.

### ***Renewal GPA***

Starting with students who enter in fall 2012, Indiana implemented new GPA requirements for renewal of its major scholarship awards. Second-year students will need to earn a 2.25 or higher, and juniors and seniors a 2.5 or higher to renew their awards. About 13% of all students have grades in the 2.0-2.5 range; those receiving state financial aid stand to lose their aid if they do not improve their GPAs.

The experience of other states, including Georgia, Tennessee and Florida, is that GPA thresholds do affect student behavior, although not always in productive ways. Students in Georgia and Florida near the GPA threshold for scholarship renewals were more likely to withdraw from courses, reduce their course loads, and avoid STEM courses in order to maintain their scholarship eligibility. Tennessee found that a reduction in the GPA requirement for renewal of its merit scholarship resulted in increased retention rates, especially for low-income students (suggesting that raising GPA would have the opposite effect). This is something Indiana should watch closely as the new policy is implemented.

**TABLE 5. STUDENTS WITH GRADES NEAR THRESHOLDS FOR FINANCIAL AID RENEWAL**

2010-11 (Associate & Bachelor Degree-Seeking Students only)					
Class Level	Avg GPA	% GPA $\leq 2.0$	% GPA $> 2$ and $\leq 2.25$	% GPA $> 2.25$ and $\leq 2.5$	% GPA $> 2.5$
Freshmen	2.22	38.9%	5.4%	7.1%	48.6%
Sophomores	2.88	11.1%	6.7%	9.1%	73.1%
Junior	3.01	5.9%	5.9%	8.7%	79.6%
Senior	3.12	1.8%	4.1%	7.6%	86.6%
All	2.76	16.7%	5.5%	8.0%	69.9%

### **Recommendations to Improve Aid Program Provisions for Student Success:**

- Reduce barriers to entry for 21st Century scholars by enrolling all free- and reduced-price lunch eighth graders in the program, preferably by changing the pledge requirement in IC 21-12-6, but alternatively by asking all parents and students to either sign or affirmatively opt out. (The specific provisions within the pledge would still be requirements for later eligibility.) Reduce maximum award amounts as needed to accommodate additional enrolled students.
- Limit the amount of aid students and families who have little or no financial need can receive across Indiana's aid programs.
- Attach a dollar figure (e.g. \$500 or \$750) to the Academic Honors diploma to make it a positive bonus (rather than using percentages that look like hard-to-calculate penalties for the other diploma types) that is easier to communicate to high school students.
- Make the Academic Honors diploma bonus applicable to freshman year only. Use saved funds to reward college credit completion and on-time progress (15 credits per term or 30 per year) for subsequent years. This makes the performance incentives immediate, renewable, and tied to the state's degree goals, so the money can motivate current behavior.
- Evaluate the effect of the new GPA renewal thresholds. The implementation of a clear new cut-off threshold for scholarship renewal provides a natural experiment and a unique evaluation opportunity. We recommend that Indiana track credit hour completions, course withdrawals and year-to-year retention rates of state aid recipients and non-recipients with 2.0-2.5 GPAs both prior to the implementation of the new requirement and afterward. If there is a bigger change in retention or credit hour completion rates for the state aid recipients, then it could reasonably be attributed to the change in GPA standards. Indirectly, any change—or absence thereof—in retention rates will provide clearer evidence than is currently available of the effect of state aid programs.
- Consider supplementing or replacing the GPA requirements in IC 21-12-3-9 with standards or incentives for completing courses and making timely progress toward the degree.
- Work with private colleges to study outcomes of their state grant recipients. Determine the unmet need levels of students attending private college and the proportion of students with high levels of unmet need who are successfully completing. Consider requiring an institutional aid match to bring students' net price to a level comparable to what they would pay at the highest-cost public institution.

### **Question: What have been the historical trends in academic success of program recipients before and after the onset of the programs?**

*Response: Retention and graduation rates for scholarship recipients attending public institutions have been consistently higher than the overall average. The programs' requirement that students attend full-time is probably a significant factor.*

Retention rates for aid recipients have been consistently higher than for non-recipients. The major programs generally require that students attend full-time, while non-recipients include

both full- and part-time students. Encouraging and enabling full-time attendance is one means by which aid programs can increase student success.

Tables 6 and 7 show retention and graduation rates for aid recipients and non-recipients over the last several years.<sup>4</sup>

- Over the past seven years, unadjusted second year retention rates for all freshmen have held constant at around 68%.
- Rates for 21st Century Scholars have risen from a low of 74% for the fall 2005 cohort to a high of 79% for the fall 2009 cohort.
- Retention rates for O'Bannon recipients have stayed in a narrow range of 76-78%.
- Rates for "Other" aid recipients have increased from 67% for the fall 2003 cohort to 79% for the fall 2009 cohort.
- Six-year graduation rates for all students in the 2003, 2004, and 2005 cohorts (graduating with any degree by 2009, 2010, or 2011 respectively) averaged 38%. This includes both full- and part-time students, and both two- and four-year degrees.
- Graduation rates for 21st Century Scholars declined from 43% in the 2003 college entrance cohort to 37% for the 2005 cohort (graduating by 2011). Cohorts subsequent to the 2005 cohort have had consistently rising retention rates, so graduation rates are also likely to improve as new data come in.
- Graduation rates for Frank O'Bannon recipients ranged from 43-46%.

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<sup>4</sup> Scholarship recipients are not mutually exclusive, as some students might have received a scholarship from multiple sources.

**TABLE 6. FALL-TO-FALL RETENTION RATE BY SCHOLARSHIP TYPE FALL 2003 TO FALL 2009 COHORTS**

Cohort Year	All Freshmen			21st Century Scholars		
	Cohort	Retained	Retention Rate	Cohort	Retained	Retention Rate
Fall 2003	44,937	30,411	68%	1,893	1,484	78%
Fall 2004	42,642	28,424	67%	2,043	1,537	75%
Fall 2005	44,291	29,807	67%	2,282	1,700	74%
Fall 2006	43,916	30,112	69%	2,312	1,754	76%
Fall 2007	44,849	30,217	67%	2,718	2,124	78%
Fall 2008	50,603	35,003	69%	3,311	2,557	77%
Fall 2009	47,302	32,255	68%	3,369	2,675	79%
Total	318,540	216,229	68%	17,928	13,831	77%
Cohort Year	Frank O'Bannon			Other Scholarship		
	Cohort	Retained	Retention Rate	Cohort	Retained	Retention Rate
Fall 2003	6,857	5,279	77%	1,144	770	67%
Fall 2004	7,113	5,393	76%	1,257	857	68%
Fall 2005	7,168	5,461	76%	1,652	1,209	73%
Fall 2006	7,830	6,045	77%	1,668	1,224	73%
Fall 2007	8,177	6,282	77%	1,666	1,237	74%
Fall 2008	9,408	7,324	78%	1,823	1,407	77%
Fall 2009	9,479	7,214	76%	1,695	1,344	79%
Total	56,032	42,998	77%	10,905	8,048	74%

**TABLE 7. 6-YEAR GRADUATION RATE BY SCHOLARSHIP TYPE, FALL 2003 TO FALL 2006 COHORTS**

Cohort Year	All Freshmen			21st Century Scholars		
	Cohort	Retained	Graduation Rate	Cohort	Retained	Graduation Rate
Fall 2003	44,937	17,313	39%	1,893	806	43%
Fall 2004	42,642	16,137	38%	2,043	772	38%
Fall 2005	44,291	16,757	38%	2,282	839	37%
Total	131,870	50,207	38%	6,218	2,417	39%
Cohort Year	Frank O'Bannon			Other Scholarship		
	Cohort	Retained	Graduation Rate	Cohort	Retained	Graduation Rate
Fall 2003	6,857	3,155	46%	1,144	369	32%
Fall 2004	7,113	3,069	43%	1,257	396	32%
Fall 2005	7,168	3,162	44%	1,652	702	42%
Total	21,138	9,386	44%	4,053	1,467	36%

**Question: What are the trends for students who have financial need but are not eligible for state assistance?**

*Response: Over the last seven years, the proportion of resident freshmen at public Indiana colleges who did not receive any state and federal grant aid despite having unmet need ranged from 23-30%. The average unmet need amount for the 23% of the fall 2009 cohort who had need but did not receive state or federal aid was \$9,000.*

Though the state has a generous lineup of need-based financial aid programs, those programs do not cover the financial needs of all students. Some students with financial need do not receive state or federal grant aid, often because their incomes are above the level at which they qualify for grants, but below the level where they could comfortably write a check for the full price of college attendance. Table 8 provides the number of such students whose estimated unmet need amount was more than \$0, but who did not have any state or federal grant aid.

We defined “unmet need” as:

$$\text{Unmet need} = \text{Total Full-Time Cost of Attendance (COA)} - \text{Expected Family Contribution} - \text{State and Federal Grants}$$

**TABLE 8. PERCENTAGE OF FALL BEGINNING, RESIDENT, FIRST-TIME SCHOLARSHIP ELIGIBLE FRESHMEN WHO DID NOT RECEIVE ANY STATE AND FEDERAL GRANT AID, FALL 2003 TO FALL 2009 COHORTS, IN 2012 CONSTANT DOLLARS<sup>5</sup>**

Cohort Year	Freshman Cohort	Students with Unmet Need > \$0 but without Federal and State Aid	Students with Unmet Need > \$0 but without Federal and State Aid (%)	Average Unmet Need Amount (Dollars in \$1,000)
Fall 2003	44,937	14,077	31%	10.2
Fall 2004	42,642	10,091	24%	8.8
Fall 2005	44,291	10,179	23%	8.8
Fall 2006	43,916	10,298	23%	8.7
Fall 2007	44,849	10,308	23%	8.7
Fall 2008	50,603	15,298	30%	9.9
Fall 2009	47,302	11,050	23%	9.0

While there are a substantial number of students who have high unmet need and no state or federal grant funding, we do not see strong evidence of a “middle class squeeze” with higher education affordability in Indiana, or at least not to the point that it would affect student outcomes. The grey area in Table 9 shows families and students in the “middle”—those who qualify for relatively little state and federal aid, but whose estimated family contribution falls short of a \$15,000+ college bill. If these students were under more pressure than those below the grey area, a higher proportion might choose lower-cost colleges or drop out before their second year. In fact, no such pattern is evident fact they are less likely to do so) than aid recipients. This

<sup>5</sup> Dollars adjusted for inflation using the Consumer Price Index.



is not to say that there is no “squeeze”—just that it is affecting everyone, and not resulting in different outcomes for the middle class compared to lower-income students.

**TABLE 9. PROPORTION OF INDIANA FAFSA FILERS AT TWO-YEAR PUBLIC COLLEGES AND PROPORTION RETAINED, BY ESTIMATED FAMILY CONTRIBUTION**

EFC RANGE		Percent Enrolled in Public Two-Year Colleges (2011-12)	Second-Year Retention Rate (Fall 2007-2009 Entrants)
\$20,000+		12%	88%
\$19,000	\$19,999	16%	85%
\$18,000	\$18,999	17%	81%
\$17,000	\$17,999	17%	84%
\$16,000	\$16,999	17%	80%
\$15,000	\$15,999	18%	82%
\$14,000	\$14,999	18%	81%
\$13,000	\$13,999	19%	81%
\$12,000	\$12,999	19%	80%
\$11,000	\$11,999	21%	80%
\$10,000	\$10,999	21%	78%
\$ 9,000	\$ 9,999	23%	76%
\$ 8,000	\$ 8,999	24%	78%
\$ 7,000	\$ 7,999	25%	77%
\$ 6,000	\$ 6,999	28%	77%
\$ 5,000	\$ 5,999	30%	75%
\$ 4,000	\$ 4,999	32%	75%
\$ 3,000	\$ 3,999	33%	72%
\$ 2,000	\$ 2,999	33%	71%
\$ 1,000	\$ 1,999	34%	70%
\$1	\$999	36%	66%
ZERO EFC		43%	56%

It is important to note that while individual aid programs are heavily weighted toward the lowest-income students, the spectrum of programs and policies in Indiana also includes many that target or are available to middle and higher-income citizens. Many Indiana families who do not qualify for Pell grants receive need-based aid through the Frank O’Bannon supplemental Freedom of Choice award, and non-need-based aid through the Children of Veterans and Officers or other programs.<sup>6</sup> All students benefit from the state operational support to institutions that helps keep tuition lower than it would otherwise be.

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<sup>6</sup> The Frank O’Bannon award maximum for students attending private colleges in Indiana last year was \$7,056, compared to \$3,912 for students at public colleges. That includes both the basic “Higher Education Award” that all

The state also has one of the more generous matching programs for college savings of the 50 states, so families that have enough income to save a few thousand dollars a year, but not enough to foot a \$20,000 college bill all at once, can receive up to \$18,000 in state matching funds in the form of tax credits if they start saving for a newborn.

**Question: Does the use of uniform allocation for students of all class standings (freshman, sophomore, junior, and senior) maximize student success, or would a graduated model in which allocations differ based on class standing yield better results?**

*Response: There is no strong evidence in favor of one weighting or another. Creating timely incentives for progress each year, as recommended above, is most important, regardless of whether the amounts each year are different.*

Neither our analysis nor the literature on financial aid experiments has given clear evidence that weighting of aid by class standing yields different results in terms of college completion.

There is evidence, however, that incentives can work to promote course completion. Since financial incentives would typically be awarded after students had enrolled, and should result in higher retention and course loads, they would tend to shift the distribution of aid to the sophomore year and later.

It is worth noting also that actual Indiana aid distributions are already weighted toward later years (Table 10). The average total grant from all sources in the first and second years is about \$2,900, while in the third and fourth years it is closer to \$3,900. This is partly because of the higher award amounts for four-year colleges, but also because students with the bigger grants, who tend to be at the four-year colleges, are more likely to be retained than students with smaller grants, who tend to be at Ivy Tech. Students in the later years are also more likely to be filing for aid as independent students, who typically qualify for higher levels of support.

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O'Bannon recipients receive, as well as a "Freedom of Choice" component available to students who attend private colleges. A family of four with an income of \$65,000 would probably have an "Expected Family Contribution" of about \$6,000. Since that is greater than the maximum Indiana public college grant (or federal Pell grant), they wouldn't qualify there, but it is less than the maximum for the Frank O'Bannon award at a private college, where they would qualify for a small sum.

**TABLE 10. 2011-12 AWARD LEVELS BY CLASS YEAR, ALL INDIANA STATE AID SOURCES COMBINED**

Academic Year	Average Amount	Number of Students	Proportion of Recipients
First Year	\$2,909	34,700	40%
Second Year	\$3,025	25,283	29%
Third Year	\$3,945	13,669	16%
Fourth Year	\$3,815	9,242	11%
Fifth Year	\$2,797	2,942	3%

Source: ICHE data files

**Question: What factors play the biggest role in academic success?**

*Response: The biggest predictor of academic success is prior academic success, especially high school preparation and grades. Among the factors that policymakers and leaders can influence, maintaining affordability and encouraging full-time attendance are key points of leverage.*

No matter how the analysis is done, high school grades are almost always the biggest predictor of college outcomes, including college GPA, retention, and graduation. High school grades, in turn, correlate strongly with middle school performance, middle school performance with elementary school performance, and elementary school performance with school “readiness” indicators for young children. And, completing the circle, school readiness correlates strongly with whether or not a child’s parents graduated from college. Improving college completion rates within populations that do not generally graduate can therefore have a multigenerational impact on student success.

In addition to high school preparation, other predictors of college success include parents’ education level, family income, students’ age, gender, responsibility for children, and admission test scores.

Those are all “given” when students start college, and correlate strongly with college outcomes. That is not to say that every outcome is predetermined by a student’s entering characteristics and that nothing states or institutions do can change the result.

The factors that correlate with success and over which colleges and state officials have at least some influence include:

- full-time attendance
- successful transition out of remedial coursework
- number of major changes
- living on campus
- number of institutions attended
- availability and use of supplemental student services
- financial aid

## COMMUNICATION AND OUTREACH

**Question: Are outreach and assistance programs conducted in a way that maximizes student access to the programs and academic success upon participation (measured the same as above)?**

*Response: No. More could be done to improve statewide understanding of and access to the Frank O'Bannon program. While the 21st Century Scholars program has a clear statewide message that is easy to communicate, not all eligible students participate.*

Improvements in communications, timing, and incentives could improve access to Indiana's aid programs and the success of eligible students. More should be done to make clear how much aid students can expect and what is expected of them in return. Studies of the effectiveness of financial aid alone have tended to have weaker results than when aid is combined with clear information, guidance, and incentives.

In Indiana's case, this could mean changes both in communications about financial aid and changes in the structure of aid programs so that they are easier to explain and deliver. Improvements in communications and in streamlining aid programs have the potential to improve results at relatively low cost.

ICHE has begun to revamp the approach to 21<sup>st</sup>-Century Scholars outreach. Previously, the outreach was handled by a number of sites around the state that were based at individual institutions. Now, counselors will be hired by ICHE directly and will coordinate networks in the communities to support the 21<sup>st</sup>-Century Scholars Program. Although there will be fewer staff, there is an opportunity for a more consistent approach to enrolling and supporting students.

### *Communications*

The extent of the state's outreach effort and its self-evaluation through the annual survey are impressive. Indiana makes comprehensive information about financial aid available through websites such as [www.learnmoreindiana.org](http://www.learnmoreindiana.org), [www.IndianaCollegeCosts.org](http://www.IndianaCollegeCosts.org), and <http://www.cashforcollegeindiana.org/>. It uses *Learn More* print publications to alert students to the availability of aid and to direct them to the websites for further information. The statewide Learn More partnership between higher education and K-12 is specifically charged with providing financial aid and college access information to students and families. Learn More conducts an annual survey of students at different grade levels that asks about their level of preparation and knowledge. Table 11 summarizes some of the relevant responses from Indiana 12<sup>th</sup>-graders.

Once students reach 12<sup>th</sup> grade, they begin receiving information directly from colleges as well. When they submit their FAFSA application electronically, they receive a brief notification from the state student aid agency. That is the only message they receive directly from the state about its major aid programs unless they are 21<sup>st</sup> Century Scholars. Appendix B includes examples of the communications provided to or available to students and families regarding their financial aid options at different stages in the process.

In reviewing the available print and online communications provided to students and parents, we noted a number of potential areas for improvement:

- Frank O'Bannon awards have little distinct visibility or identity in the state's online or print materials, even though they represent the largest non-federal grant program available to most students and a big commitment by Indiana's taxpayers. This invisibility diminishes their value as an incentive for prospective students. For example, low income high school students who are not 21<sup>st</sup> Century Scholars, and their parents should know that a) this is money they can probably count on having and use to plan, b) that it is a state award added to any federal Pell grant they get, c) that the average award is about \$3,000, and d) that they will get more if they graduate with Academic Honors diplomas.
- More students say that mail (65%) or email (46%) are the best ways to provide them information than print information at school (31%) or posting information on a website (17%), yet the latter two seem to be the primary communication channels the state relies upon.
- About half of 12<sup>th</sup> grade students surveyed say they know how to apply for need or merit-based scholarship programs, and about half say they can afford college.
- There is no one-page parent/student-oriented overview of major sources of aid, listing general eligibility guidelines and typical amounts. Students are directed to a cost calculator that may be somewhat challenging to use without assistance.
- Not all eligible middle school students sign up for the 21<sup>st</sup> Century Scholars program, even though there is no cost or risk in doing so, and a substantial cost to not doing it.

**TABLE 11. LEARN MORE INDIANA SURVEY RESULTS. 12<sup>TH</sup> GRADERS WHO REPORTED IN 2012 THAT THEY . . .**

Read a Learn More Indiana magazine this year (OnTrack or Next Indiana)	13%
Called the Learn More Indiana Helpline (1-800-992-2076) this year	1%
Used the Learn More Indiana website (www.learnmoreindiana.org) this year	8%
Attended (or parents attended) a program to help complete the Free Application for Federal Student Aid (FAFSA) such as College Goal Sunday, FAFSA Friday, or a Financial Aid Night	39%
Obtained information about college at the Indiana State Fair last summer	11%
Used the Indiana College Costs Estimator (www.IndianaCollegeCosts.org) this year to compare college costs or search for scholarships	14%
Used the Internet this year to search for a scholarship	60%
Applied for a merit-based scholarship	27%
Submitted the FAFSA (Free Application for Federal Student Aid) application for need-based aid	67%
Participated in one or more of Learn More Indiana's annual campaigns this year (includes College GO! Week, Cash for College, KnowHow2Go)	15%
Can describe the student expectations and requirements for the Indiana Twenty-first Century Scholars program	29%
Know how to find and apply for merit-based financial aid (scholarships based on a student's abilities or accomplishments)	50%
Know how to find and apply for need-based financial aid (grants based on the financial need of a student's family)	54%
Will be able to afford to go to college	48%
Best way to provide you with information (pick up to 3)	
Mail information to my home	65%
Send me an email	46%
Give me print materials at school	31%
Send me a text message	24%
Make an announcement at the school	19%
Post the information on a website	17%

## **Recommendations to Improve Communications and Outreach for Student Success**

- Develop a distinct identity for the Frank O'Bannon award to convey to low-income prospective students. Indicate who is likely to get the award and who is not, the approximate range of amounts for the different diploma types, how it differs from a Pell grant, and what the state expects from students in return for the award.
- Simplify the award calculation so that it is easier to communicate what students are likely to receive. Set minimum and maximum awards, so that it is easy to express a range, and increase or decrease them in increments of \$100.
- Create marketing programs around the incentives recommended in the previous section.
- Send a half-page letter to parents and students from the Governor and/or Commissioner of Higher Education that includes the five things every student and parent should know about higher education affordability and student aid in Indiana. Test the effectiveness of school-based distribution and postal mail in reaching families and then decide what's most cost-effective to scale up.
- Tell low-income high school seniors approximately how much state aid they can expect to receive, and what will be expected of them in return.

## ADMINISTRATION

**Question: Unlike some of the State's smaller programs, which allocate funding to institutions and rely on these institutions to calculate and offer awards to students, the three largest programs follow a model in which SSACI calculates and offers the awards directly to students without the institution's help. Is one type of allocation superior to the other?**

*Response: Maintaining a core strategy of state allocation is the best way to keep the aid focused on the top state policy priorities, although either method can work well. Allowing some institutional discretion with part of the funding, however, could help both with planning and with delivering aid to under-served students.*

This was one of the key topics discussed at a recent roundtable discussion of Indiana financial aid directors held at the Commission offices on August 23. There was no clear consensus among that group about whether a state or institution allocation method was best, and strong arguments were advanced for both. According to data compiled in the Brookings Institution's "Beyond Need and Merit" report on student aid programs, state aid programs are about evenly divided between those for which recipients are selected by the state (131 of all programs surveyed) and those for which the institution selects the recipients (118 programs). In both cases, the state generally sets the eligibility requirements.

Advantages of state determination of recipients include the ability to:

- Establish a clear statewide message for all students and potential students.
- Make award policy transparent to recipients and taxpayers.
- Prioritize state goals for aid (maximizing student success, minimizing cost, accelerating progress) over institutional goals (which include student success as well, but can also involve maximizing institutional prestige, increasing revenue, and competing with other Indiana institutions).
- Integrate aid with transfer policy.
- Allow students to choose where to take their state funding.

Advantages of allowing institutions to determine recipients, within their eligible populations, include the ability to:

- More closely tailor aid packages to students' needs.
- Make use of important information about students' circumstances not easily available or usable as a matter of state-level policy.
- Integrate state aid with other sources of aid available to students and institutions to avoid over- or under-awarding total grant packages (some aid administrators perceive too high a proportion of state aid going to students at the lowest end of the income qualification spectrum).
- Adapt quickly to changes in enrollment patterns or financial needs of individual students.
- Adopt different policies (such as varied deadlines) to suit different circumstances.



**Question: How do the administrative costs differ between the two approaches?**

*Response: State agency costs have the potential to be lower when funds are allocated to institutions to determine recipients and amounts, but Indiana’s current expenditures are low in proportion to the amount of aid administered and in comparison with other states. The answer to this question depends on the efficiency of the agency and the level of service provided. The costs either way are low enough that decisions about structure should be based on efficacy rather than expense.*

In 2008-09, NASSGAP surveyed its member agencies to assess comparative staffing levels and administrative budgets, both overall and in relation to states’ largest need-based aid programs. At one extreme, it is possible for a state that relies entirely on institutions to allocate aid to do without a state agency entirely and appropriate fixed amounts directly to institutions, or include the amounts as part of institutions’ overall budgets. One mid-sized state had only a single staffer in its higher education agency who specialized in state student aid issues. Another mid-sized state that also relied primarily on institutional allocations had more staff, whose workload included collecting and analyzing student allocation data back from the institutions, conducting outreach, and handling receivables for students who withdraw.

Indiana’s expense ratio for programs excluding 21<sup>st</sup> Century Scholarships is around 0.4% (Table 12), which is lower than most states who responded to the NASSGAP survey, including some who used a more decentralized methodology. 21<sup>st</sup> Century Scholarships are more complex due to the coordination required with middle schools and the tracking of eligibility from 6<sup>th</sup> grade through high school graduation to college. Even so, as the program has grown, the administrative costs have dropped, and are now around 0.7%.

**TABLE 12. ADMINISTRATIVE EXPENSES FOR INDIANA FINANCIAL AID PROGRAMS**

	2007-08	2008-09	2009-10	2010-11	2011-12
Programs Excluding 21st Century	\$ 214,545,997	\$ 227,533,224	\$ 201,556,407	\$ 215,684,728	\$ 227,821,504
Administrative Expenses	\$ 966,680	\$ 1,037,664	\$ 908,815	\$ 852,348	\$ 877,329
Administrative Expense Ratio	0.451%	0.456%	0.451%	0.395%	0.385%
21st Century Program Costs	\$ 28,327,751	\$ 34,202,870	\$ 44,957,515	\$ 48,587,789	\$ 56,359,395
21 <sup>st</sup> Century Central Office Administrative Expenses	\$ 480,302	\$ 591,167	\$ 404,355	\$ 330,550	\$ 385,730
21 <sup>st</sup> Century Administrative Expense Ratio	1.70%	1.73%	0.90%	0.68%	0.68%

**Question: How does award equity differ between the two approaches, particularly when comparing students across different institutions?**

*Response: Award amounts will probably be more consistent across institutions if the state retains control over determining the recipients and amounts, but a system of institutional allocation could also be done in a consistent way.*

If the state chooses to allow institutions to determine the recipients and amounts of state aid, then the consistency of aid awards will depend on three factors:

- How tightly does the state regulate the process by which institutions make awards? The fewer restrictions the state places on awards, the less consistent award levels will be across the state.
- How often and how thoroughly does it recalculate the institutional allocations? If the state rebalances the allocations every year so that the amounts going to each institution continue to match the eligibility profile of students at the institutions, then aid amounts will remain consistent. Some states have turned their aid allocations into block grants that they rarely revisit, even as institutions and student populations change dramatically. The federal government did something similar with its work-study program, which eventually resulted in much higher amounts of work-study aid per student at slow-growing institutions than at schools that had grown more rapidly, where need was often higher.
- How similar are institutions' allocation priorities to one another and to the state? If all agree, in practice, on the priority of students within the eligibility pool, then the allocations might differ relatively little from what the state would have done. As an example, Table 13 shows how similar the distribution of funds from Washington State's largest grant program, where institutions distribute the grants, is to Indiana's, where the state makes the awards.

**TABLE 13. DISTRIBUTION OF STATE GRANT FUNDS BY DEPENDENT STUDENTS' FAMILY INCOME**

	0 to 19,000	20,000 to 39,000	40,000 to 49,999	50,000 to 59,999	60,000 to 79,999	80,000 to 99,000	100,000+
Washington State Need Grant Program (Institutions Allocate)	36.4%	40.9%	13.0%	6.6%	3.2%	0.0%	0.0%
Indiana Frank O'Bannon Grant (State Allocates)	35.0%	44.9%	9.9%	6.1%	3.7%	0.4%	0.0%

Source: Brookings Institution/NASSGAP

**Question: How does the agency/state risk in terms of budget exposure differ between the two approaches?**

*Response: Shifting responsibility for allocation to institutions also shifts the risk. The state and institutions would need to come to an understanding about the sources of funding to meet any fixed commitments.*

Currently, the state has open-ended commitments to 21st Century Scholarship-eligible students, but more flexibility for Frank O'Bannon grants. When funds are not sufficient (as they have not been in recent years) to fully fund both, Indiana has met its firm commitment to 21st Century Scholars first, at the expense of Frank O'Bannon awards, which have been capped at levels below actual four-year tuition and fees.

Institutions could be directed to maintain the same priorities in allocating funds directly appropriated to them, in which case commitments to 21<sup>st</sup> Century Scholars would be kept, and other award levels would vary depending on enrollment levels and state appropriations from year to year.

From the student's perspective, it is not likely to matter whether it is an institution or a state agency that is responsible for cutting or eliminating awards when budgets are tight. Both Washington and Indiana, with different aid allocation policies, have had to ration aid given rising eligibility and enrollments. In Indiana, the rationing has been fairly transparent, taking place as a matter of statewide policy. In Washington, the rationing has been just as severe, but less visible. That may take some pressure off the state agency but does not necessarily help students, and it could make an already opaque process even murkier.

**Question: Is the state's current method of modeling to determine award caps and award offers the most efficient way to determine grant levels and award amounts?**

*Response: Basing awards on a prescribed maximum less an expected family contribution, calculated using the federal methodology, is a sound approach. The maximum could be set and communicated earlier without a specific link to tuition. The state should work toward providing clearer short- and medium-term estimates of award amounts for students and institutions.*

Until 2007-08, the maximum award for need-based Frank O'Bannon grant was set at a level equivalent to 80% of the prior year's actual tuition level at Indiana public colleges. Students attending private Indiana colleges were eligible for an additional amount as a "Freedom of Choice" grant. Since then, however, rising tuition and rising student demand have forced the state to limit the maximum award to a level below actual four-year tuition. Since the maximum is unlikely to rise sufficiently to catch up with tuition, the state no longer really needs to know what tuition levels will be or to use the language of "tuition cap" in describing its methodology.

The state's method for determining cap levels for O'Bannon awards is currently to 1) wait to see how many students apply for aid, 2) estimate their utilization rates based on prior experience (not all aid offered is used, for various reasons), 3) estimate the amount needed to fully meet the commitment to 21<sup>st</sup> Century Scholars, 4) subtract that amount from the total aid available, and 5) determine what the maximum amount would need to be in order for the student allocation formula [maximum minus parent contribution = grant amount] to fit within the remaining budget

for eligible students. The last step takes into account different award levels at different types of institutions, as well as the differential awards for different high school diploma types.

This method has resulted in a system that rations aid within the available budget while protecting the lowest-income aid recipients from cuts, since their need is less likely to exceed the cap. Students at community colleges, who usually have the highest need, were not affected prior to 2012-13, since their tuition was below the maximum. Low-income students at four-year colleges, however, have seen their aid awards reduced, and students with somewhat higher family incomes who used to be eligible for small awards are no longer eligible.

**Question: Is the method the most efficient for the agency?**

*Response: It could be improved. It is straightforward and easy to model quickly. De-linking the award from actual tuition charges would remove a step that takes time and adds little value to the calculation.*

ICHE staff have developed a projection model that is well adapted to the current system. Aid directors consulted were very complimentary of the improvements staff have made in their capacity to project the impacts of different types of changes. One step that could reduce the complexity of the calculation would be to set a fixed maximum award for community colleges as well as for four-year schools, so that staff do not have to research specific tuition costs each year and institutional administrators do not have to re-package aid if there is a change in their projected tuition rate.

**Question: Does the method result in the most efficient timetable for the institutions that must use the awards in the creation of financial aid packaging for students?**

*Response: No. The state should consider a two-stage process that allows for early communication of initial award amounts, and that reserves a second, though less predictable amount of funding for later release.*

There are two main challenges in the current system of establishing award amounts for O'Bannon grants. On the one hand, the FAFSA application deadline in March is too early for many students, some of whom may not decide to attend college until the last minute. Ivy Tech in particular takes in many students who make a late decision to attend, and is unable to provide them with state aid after the deadline has passed. On the other hand, for institutions like Purdue and Indiana that compete with out-of-state institutions to recruit good students, the award amount determination date and announcement is too late (in June-July) to be included as an official part of students' financial aid offers. Both these issues could be addressed by dividing the award allocation process into two stages.

***FAFSA filing deadlines***

Early filing deadlines probably prevent many students, for whom the aid would make a big difference, from getting aid. For consideration for state aid programs, Indiana requires FAFSA applications to be submitted in early March. That is earlier than most states with hard deadlines for eligibility (Table 14). (States with January deadlines generally described them as "priority" deadlines, with aid awarded until it runs out.) A number of states have rolling applications or dual deadlines for different types of students.

**TABLE 14. 2012-13 FILING DEADLINES BY STATE**

Month	# of States with Primary / Priority Deadline	# of States with Secondary Deadline
January	7	
February	2	
March	8	1
April	5	
May	5	
June	4	2
July	2	
August		1
September		2
October	1	1
Rolling		12

Source: NASSGAP

The use of an early filing deadline is helpful for planning for ICHE, but it tends to disadvantage students for whom the aid is likely to make the biggest difference, and therefore reduces the effectiveness of the grants. Table 15 shows that students with the lowest incomes and those attending non-flagship institutions are most likely to submit applications after the deadline.

**TABLE 15. LOWER-INCOME STUDENTS, INDEPENDENT STUDENTS, AND NON-FLAGSHIP STUDENTS ARE MOST LIKELY TO COMPLETE APPLICATIONS LATE**

	Number of Aid Applications (FAFSA)	Number of Applications Submitted Late But Complete	Percent Completed Late
Ivy Tech	163,506	71,387	44%
IU Bloomington	21,144	3,131	15%
Purdue West Lafayette	19,091	2,401	13%
Other	305,320	116,445	38%
Total	509,061	193,364	38%
Dependent Students (Family Income)			
0-\$20,000	37,358	9,204	25%
20,001-40,000	35,485	7,081	20%
40,001-80,000	56,419	9,638	17%
80,001+	63,249	11,191	18%
Total	192,511	37,114	19%
Independent Students	316,549	156,250	49%

Some states, such as California, set a later deadline for community college students than for university students, since community colleges tend to have rolling admissions and students often plan less far in advance to attend. Others, like West Virginia, set aside a portion of their aid budget specifically for later awards. West Virginia also moved its primary application deadline into the middle of April in order to reduce the number of ineligible late filings. Such an approach also could work well for Indiana.

### *Award Amount Determinations*

Since there is a limited amount of money, the maximum award changes depending on how many students apply and qualify for grants. When there is a sudden change in demand, the caps can change rapidly and the state’s projections can be off. Table 16 shows the history of award level caps since 1999-2000. The biggest reduction in the cap amount was in 2009-10, when enrollment surged and many more students became eligible for aid because of reductions in family income and changes in the federal EFC calculation, which Indiana relies upon as well. The result was that both public and private caps were cut by 31%. This took many institutions by surprise and put them in the position of having to either reduce some students’ tentative award commitments or cover the difference with funds from other sources.

**TABLE 16. STATE STUDENT ASSISTANCE CAP HISTORY**

	Public		Independent	
		Change		Change
1999/2000	4,066		8,310	
2000/2001	4,212	3.59%	8,518	2.50%
2001/2002	4,406	4.61%	8,760	2.84%
2002/2003	4,734	7.44%	9,300	6.16%
2003/2004	4,700	-0.72%	9,100	-2.15%
2004/2005	4,700	0.00%	9,100	0.00%
2005/2006	5,172	10.04%	10,014	10.04%
2006/2007	5,692	10.05%	10,272	2.58%
2007/2008	6,096	7.10%	10,992	7.01%
2008/2009	6,096	0.00%	10,992	0.00%
2009/2010	4,206	-31.00%	7,584	-31.00%
2010/2011	3,912	-6.99%	7,056	-6.96%
2011/2012	3,912	0.00%	7,056	0.00%
2012/2013	3,912	0.00%	7,056	0.00%

The current process is working reasonably well, and most institutional and state officials agree that 2009-10 was an unusual circumstance that is unlikely to repeat. Still, changing the system for determining award levels could result in a smoother process for the state, institutions, and students, and could make it easier to communicate with students about the opportunities and incentives available.

**Question: Is the current administrative structure of SSACI organized in a way that minimizes the administrative cost associated with the allocation of the funding?**

*Response: Administrative costs for the programs are low, given the programs' size.*

Table 12 above shows the historical overhead for state aid program administration. While the state wants to ensure that funds go to students rather than to overhead, it is also important to provide for adequate planning, outreach, and evaluation. A relatively small investment in these types of “overhead” activities can amplify the effectiveness of the state’s much larger investment in the grants themselves. West Virginia, for example, invests somewhat more than other states in high quality staff and research and has some exceptional programs and policies to show for it.

The merger of SSACI with the Indiana Commission for Higher Education makes good sense from a policy perspective, and could help control costs to the extent that staff functions and skills in the merged agency can be shared.

There are 19 positions in the new division of student financial aid (SFA) within ICHE. Four are dedicated specifically to 21st Century Scholars operations, one is responsible for Work Study, and the remainder— including research & IT support, management, and communications—are shared across programs. There are also positions in another division of ICHE allocated to 21st Century program outreach, and additional outreach functions are carried out by LearnMore and the Indiana Department of Education. The core “allocation” activities, though, are the responsibility of the staff within the division of student financial aid. An organization chart for ICHE that includes the new division of financial aid is included in an appendix.



**Recommendations to alter administration of programs to make them more efficient and improve student success:**

- Decouple the maximum amounts from tuition and set simple, round-number minimums and maximums for two-year public colleges, four-year colleges, and private colleges. This will make the program more transparent and prevent community colleges from having to repackage aid if tuition changes.
- Prorate all awards based on a 15-credit full-time norm, including at institutions with flat rate tuition. Illinois does this with its state aid program. Flat rate tuition is designed to be an incentive for tuition-paying students to take 15 credits instead of 12. Programs that simply pay the flat rate for the student, regardless of credits taken, effectively eliminate that incentive.
- Divide the allocation of aid funds so that 90% is distributed using the current timetable and 10% is reserved for a supplemental allocation in late summer. Communicate early and clearly about likely award amounts for the 90%, knowing that the 10% provides a margin of error. Make projections a year in advance, if possible and communicate the estimates to prospective students.
- Use the 10% supplemental allocation either for late filers, or for institutions to allocate among eligible recipients (some years the institution share might end up being 8% or 12%). Institutions could have discretion to use the funds for late applicants, to target perceived gaps in the state's allocation (e.g. enhancing awards for students near the eligibility threshold), or simply to proportionally follow the same distribution methodology as the 90%. In years when there is more money than anticipated in the second release, treat it as an opportunity to evaluate the impact of unexpected additional aid dollars for categories of students.

## PROJECTIONS

**Question: What have the historical costs of the three major programs been and what are they projected to be based on the current statute and administrative procedures in 5, 10 and 20 years?**

*Response: In 2011–12, the state spent \$276.2 million on its 11 grant programs that helped 102,902 students pay for college. To project future expenditures, we calculated high, medium, and low estimates, based on how aggressive assumptions are about demographic growth and participation rates. An Excel workbook with a model that allows for different, user-generated, assumptions is included with this report.*

Projections 20 years out are extremely sensitive to even small changes in assumptions, so the range of estimates in that timeframe is quite wide. We projected based on what we know about students currently in or coming into the pipeline, given different assumptions about eligibility and participation rates. The variable sources and methods used for the projection are described in more detail in an appendix.

We provide high, medium, and low projections based on these different assumptions. All cases assume that the average award amounts will remain the same. While this is unlikely, tuition and aid levels are matters of policy that Indiana policymakers and higher education leaders are in a position to determine, not trends outside their control.

The high projections, which are based on the most aggressive assumptions, forecast that the total expenditures will soar to \$609.2 million with a total of 248,563 recipients in 2031-32, more than twice as high as the current expenditures and recipients. The medium projections use more moderate assumptions, and project total expenditures of \$446.0 million, with 181,343 recipients in 20 years. Finally, the lowest projections include total expenditures of \$317 million with 137,084 recipients in 2031-32.

**Table 17** presents the past trends in scholarship expenditures and recipients. **Tables 18- 20** provide three different projections (high, medium, and low projections) up to 2031–32 using different assumptions.

The “High Projection” assumes:

- Compound Enrollment Growth Rate: 3.6% (the same growth rate in 2001 through 2010).
- Annual Rate of Increase in the Ratio of High School Graduates to 21<sup>st</sup> Century Scholar Freshmen in the Following Academic Year: 0.75-point increase (0.25 percentage point higher than the historical average).
- 2<sup>nd</sup> Year Scholarship Retention Rate for 21<sup>st</sup> Century: No Change.

The “Medium Projection” assumes:

- Compound Enrollment Growth Rate: 1.8% (half of the rate in the last decade).
- Annual Rate of Increase in the Ratio of High School Graduates to 21<sup>st</sup> Century Scholar Freshmen in the Following Academic Year: 0.51-point increase (the same as the historical average).
- 2<sup>nd</sup> Year Scholarship Retention Rate for 21<sup>st</sup> Century: Decline by 5% from the current 85% to 80%.

The “Low Projection” assumes:

- Compound Enrollment Growth Rate: 0.9% (a quarter of the rate in the last decade).
- Annual Rate of Increase in the Ratio of High School Graduates to 21<sup>st</sup> Century Scholar Freshmen in the Following Academic Year: No Change.
- 2<sup>nd</sup> Year Scholarship Retention Rate for 21<sup>st</sup> Century: Decline by 10 percentage points from the current 85% to 75%.

**Table 17** displays the actual scholarship expenditures and recipients from 2004–05 to 2011–12. Over the last seven years, the total expenditures grew by approximately \$100 million from \$177.2 million to \$276.2 million. Scholarship recipients also increased, from 69,239 to 102,902. The fastest growing program was the 21<sup>st</sup> Century Scholars program, whose recipient count grew by 86% from 8,370 to 15,605. Frank O’Bannon had the second fastest growth, increasing expenditures by 54%, followed by the Part-time Grant program at 28%.

**Tables 18 to 20** present three types of projections from 2012–13 to 2031–32 based on different assumptions as noted above. **Table 18** shows projections resulting from the most aggressive assumptions. Under this scenario, the total expenditures will more than double over the next 20 years, soaring to \$421.4 million by 2021-22, eventually reaching \$609.2 million in 2031-32. Scholarship recipients will also increase correspondingly, to 163,652 in 2021-22 and 248,563 in 2031-32. The 21<sup>st</sup> Century Scholars program will be \$181.7 million in 2031-32, an increase of more than 200%, helping 49,965 students pay for college. In this scenario, Frank O’Bannon also will expand substantially, though not as fast as the 21<sup>st</sup> Century Scholars program, by 90% to \$356.8 million with 168,835 recipients.

The medium projection scenario in **Table 19** assumes moderate growth in both postsecondary enrollment and the ratio of high school graduates to 21<sup>st</sup> Century Scholar freshmen. It also assumes a 5% decline in the second year scholarship renewal rate for 21<sup>st</sup> Century Scholars resulting from the introduction of the GPA threshold for scholarship renewal. Under this scenario, the total expenditures will be \$356.9 million with 139,313 recipients in 10 years and \$446.0 million with 181,343 recipients in 2031-32. Breaking it down by scholarship program, the 21<sup>st</sup> Century Scholars program will expand its expenditures by 150% over the next 20 years, assisting 38,091 students in 2031-32. Meanwhile, Frank O’Bannon expenditures will reach \$258 million, growing by 38% over the same time period.

Last, **Table 20** provides the most conservative projections (“Low Projection”), assuming a low enrollment growth rate (a quarter of the rate in the last decade), no growth in the ratio of high school graduates to 21<sup>st</sup> Century Scholar freshmen, and a 10% decline in the second year scholarship retention for 21<sup>st</sup> Century scholars. The total expenditures will be \$299.8 million with 120,594 recipients in 2021-22, reaching \$318.0 million with 137,207 recipients in 2031-32. The 21<sup>st</sup> Century Scholars program will barely increase its budget under this scenario, with its expenditures at \$55.5 million in 2021-22 and \$56.2 million in 2031-32. On the other hand, Frank O’Bannon will add an additional \$34 million over the same time period, which primarily results from steady enrollment growth.

**TABLE 17. ACTUAL SCHOLARSHIP EXPENDITURES AND RECIPIENTS BY PROGRAM, 2004-05 THROUGH 2011-12**

		Actual							
		2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Recipients</b>	21st Century	8,370	8,945	8,949	9,875	11,346	12,859	14,039	15,605
	Frank O'Bannon	47,241	45,924	48,408	50,506	54,554	60,932	70,699	72,822
	Nursing	463	448	545	549	412	435	313	313
	Hoosier Scholar	753	689	666	747	718	791	-	-
	Child of Veteran	5,647	5,222	5,035	5,170	5,364	5,967	6,123	5,974
	National Gurad Supplement	780	903	808	602	726	738	667	622
	Mitch Daniels Early Grad	-	-	-	-	-	-	-	17
	Minority Teaching	226	267	336	267	262	208	181	151
	Part-time	5,759	5,409	4,909	4,879	4,895	5,096	4,808	7,398
	<b>Total Recipients</b>	<b>69,239</b>	<b>67,807</b>	<b>69,656</b>	<b>72,595</b>	<b>78,277</b>	<b>87,026</b>	<b>96,830</b>	<b>102,902</b>
<b>Expenditures</b>	21st Century	\$ 17,072,819	\$ 19,925,482	\$ 20,181,299	\$ 22,821,418	\$ 28,372,039	\$ 39,734,586	\$ 46,469,583	\$ 54,515,996
	Frank O'Bannon	\$ 135,851,619	\$ 145,507,585	\$ 163,393,673	\$ 185,738,985	\$ 196,838,902	\$ 170,202,947	\$ 185,963,069	\$ 186,868,440
	Nursing	\$ 339,061	\$ 336,305	\$ 434,799	\$ 461,824	\$ 343,396	\$ 417,627	\$ 335,446	\$ 327,501
	Hoosier Scholar	\$ 376,500	\$ 344,500	\$ 333,000	\$ 373,500	\$ 377,500	\$ 398,500	\$ -	\$ -
	Child of Veteran	\$ 15,530,810	\$ 16,191,053	\$ 17,076,766	\$ 18,132,022	\$ 19,812,940	\$ 20,509,343	\$ 20,545,304	\$ 24,362,806
	National Gurad Supplement	\$ 2,116,117	\$ 2,740,499	\$ 2,481,884	\$ 2,102,753	\$ 2,509,489	\$ 2,696,657	\$ 2,218,913	\$ 2,808,544
	Mitch Daniels Early Grad	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,000
	Minority Teaching	\$ 334,834	\$ 413,759	\$ 508,932	\$ 455,237	\$ 452,149	\$ 392,090	\$ 370,150	\$ 328,383
	Part-time	\$ 5,650,412	\$ 5,528,115	\$ 5,315,855	\$ 5,431,369	\$ 5,366,403	\$ 5,460,609	\$ 4,548,432	\$ 6,961,428
	<b>Total Expenditures</b>	<b>\$ 177,272,172</b>	<b>\$ 190,987,298</b>	<b>\$ 209,726,208</b>	<b>\$ 235,517,108</b>	<b>\$ 254,072,818</b>	<b>\$ 239,812,359</b>	<b>\$ 260,450,897</b>	<b>\$ 276,241,098</b>

**TABLE 18. SCHOLARSHIP EXPENDITURES AND RECIPIENTS BY PROGRAM, 2000-05 THROUGH 2011-12 (ACTUAL), AND 2012-13 THROUGH 2020-21 (HIGH PROJECTIONS)**

		Projection									
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Recipients</b>	21st Century	16,396	17,820	19,497	21,131	22,769	24,478	26,322	28,464	30,157	31,753
	Frank O'Bannon	72,390	76,339	80,546	85,254	89,523	93,626	97,823	102,188	106,715	111,283
	Nursing	324	336	348	361	374	387	401	415	430	446
	Hoosier Scholar	-	-	-	-	-	-	-	-	-	-
	Child of Veteran	6,189	6,412	6,643	6,882	7,130	7,386	7,652	7,928	8,213	8,509
	National Gurad Supplement	644	668	692	717	742	769	797	825	855	886
	Mitch Daniels Early Grad	18	18	19	20	20	21	22	23	23	24
	Minority Teaching	156	162	168	174	180	187	193	200	208	215
	Part-time	7,664	7,940	8,226	8,522	8,829	9,147	9,476	9,817	10,171	10,537
	<b>Total Recipients</b>	<b>103,782</b>	<b>109,695</b>	<b>116,138</b>	<b>123,059</b>	<b>129,567</b>	<b>136,001</b>	<b>142,686</b>	<b>149,861</b>	<b>156,772</b>	<b>163,652</b>
<b>Expenditures</b>	21st Century	\$ 58,589,657	\$ 63,738,150	\$ 69,856,783	\$ 75,787,382	\$ 81,799,931	\$ 88,029,794	\$ 94,728,482	\$ 102,497,434	\$ 108,677,135	\$ 114,540,215
	Frank O'Bannon	\$ 184,793,701	\$ 192,139,470	\$ 200,070,413	\$ 209,226,646	\$ 217,210,852	\$ 224,779,235	\$ 232,578,670	\$ 240,649,304	\$ 248,998,439	\$ 257,286,245
	Nursing	\$ 339,291	\$ 351,506	\$ 364,160	\$ 377,269	\$ 390,851	\$ 404,922	\$ 419,499	\$ 434,601	\$ 450,247	\$ 466,455
	Hoosier Scholar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Child of Veteran	\$ 25,239,867	\$ 26,148,502	\$ 27,089,848	\$ 28,065,083	\$ 29,075,426	\$ 30,122,141	\$ 31,206,538	\$ 32,329,974	\$ 33,493,853	\$ 34,699,631
	National Gurad Supplement	\$ 2,909,652	\$ 3,014,399	\$ 3,122,917	\$ 3,235,342	\$ 3,351,815	\$ 3,472,480	\$ 3,597,489	\$ 3,726,999	\$ 3,861,171	\$ 4,000,173
	Mitch Daniels Early Grad	\$ 70,448	\$ 72,984	\$ 75,612	\$ 78,334	\$ 81,154	\$ 84,075	\$ 87,102	\$ 90,237	\$ 93,486	\$ 96,852
	Minority Teaching	\$ 340,205	\$ 352,452	\$ 365,140	\$ 378,285	\$ 391,904	\$ 406,012	\$ 420,629	\$ 435,771	\$ 451,459	\$ 467,712
	Part-time	\$ 7,212,039	\$ 7,471,673	\$ 7,740,653	\$ 8,019,317	\$ 8,308,012	\$ 8,607,100	\$ 8,916,956	\$ 9,237,966	\$ 9,570,533	\$ 9,915,072
	<b>Total Expenditures</b>	<b>\$ 279,494,860</b>	<b>\$ 293,289,137</b>	<b>\$ 308,685,527</b>	<b>\$ 325,167,658</b>	<b>\$ 340,609,944</b>	<b>\$ 355,905,760</b>	<b>\$ 371,955,365</b>	<b>\$ 389,402,287</b>	<b>\$ 405,596,323</b>	<b>\$ 421,472,357</b>

		Projection									
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Recipients</b>	21st Century	33,277	34,774	36,467	38,287	40,187	42,143	44,142	46,206	48,284	50,364
	Frank O'Bannon	116,041	120,997	126,160	131,538	137,139	142,973	149,050	155,379	161,970	168,835
	Nursing	462	478	496	514	532	551	571	592	613	635
	Hoosier Scholar	-	-	-	-	-	-	-	-	-	-
	Child of Veteran	8,815	9,132	9,461	9,802	10,155	10,520	10,899	11,291	11,698	12,119
	National Gurad Supplement	918	951	985	1,021	1,057	1,095	1,135	1,176	1,218	1,262
	Mitch Daniels Early Grad	25	26	27	28	29	30	31	32	33	34
	Minority Teaching	223	231	239	248	257	266	275	285	296	306
	Part-time	10,916	11,309	11,716	12,138	12,575	13,028	13,497	13,983	14,486	15,008
	<b>Total Recipients</b>	<b>170,677</b>	<b>177,898</b>	<b>185,551</b>	<b>193,575</b>	<b>201,930</b>	<b>210,606</b>	<b>219,600</b>	<b>228,944</b>	<b>238,597</b>	<b>248,563</b>
<b>Expenditures</b>	21st Century	\$ 120,105,773	\$ 125,456,066	\$ 131,536,955	\$ 138,097,061	\$ 144,952,042	\$ 152,022,417	\$ 159,263,382	\$ 166,712,221	\$ 174,202,381	\$ 181,700,525
	Frank O'Bannon	\$ 265,848,072	\$ 274,692,907	\$ 283,830,031	\$ 293,269,027	\$ 303,019,786	\$ 313,092,523	\$ 323,497,783	\$ 334,246,455	\$ 345,349,777	\$ 356,819,355
	Nursing	\$ 483,248	\$ 500,645	\$ 518,668	\$ 537,340	\$ 556,684	\$ 576,725	\$ 597,487	\$ 618,997	\$ 641,280	\$ 664,367
	Hoosier Scholar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Child of Veteran	\$ 35,948,818	\$ 37,242,976	\$ 38,583,723	\$ 39,972,737	\$ 41,411,755	\$ 42,902,578	\$ 44,447,071	\$ 46,047,166	\$ 47,704,864	\$ 49,422,239
	National Gurad Supplement	\$ 4,144,179	\$ 4,293,370	\$ 4,447,931	\$ 4,608,057	\$ 4,773,947	\$ 4,945,809	\$ 5,123,858	\$ 5,308,317	\$ 5,499,416	\$ 5,697,395
	Mitch Daniels Early Grad	\$ 100,338	\$ 103,950	\$ 107,693	\$ 111,570	\$ 115,586	\$ 119,747	\$ 124,058	\$ 128,524	\$ 133,151	\$ 137,944
	Minority Teaching	\$ 484,549	\$ 501,993	\$ 520,065	\$ 538,787	\$ 558,184	\$ 578,278	\$ 599,096	\$ 620,664	\$ 643,007	\$ 666,156
	Part-time	\$ 10,272,015	\$ 10,641,808	\$ 11,024,913	\$ 11,421,809	\$ 11,832,995	\$ 12,258,982	\$ 12,700,306	\$ 13,157,517	\$ 13,631,187	\$ 14,121,910
	<b>Total Expenditures</b>	<b>\$ 437,386,992</b>	<b>\$ 453,433,714</b>	<b>\$ 470,569,978</b>	<b>\$ 488,556,387</b>	<b>\$ 507,220,978</b>	<b>\$ 526,497,059</b>	<b>\$ 546,353,041</b>	<b>\$ 566,839,859</b>	<b>\$ 587,805,064</b>	<b>\$ 609,229,891</b>

**TABLE 19. SCHOLARSHIP EXPENDITURES AND RECIPIENTS BY PROGRAM, 2004-05 THROUGH 2011-12 (ACTUAL), AND 2012-13 THROUGH 2031-32 (MEDIUM PROJECTIONS)**

		Projection									
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Recipients</b>	21st Century	15,559	16,641	17,851	18,936	20,002	21,122	22,347	23,813	24,880	25,887
	Frank O'Bannon	71,904	75,035	78,121	81,454	84,240	86,691	89,042	91,400	93,794	96,124
	Nursing	319	324	330	336	342	348	355	361	368	374
	Hoosier Scholar	-	-	-	-	-	-	-	-	-	-
	Child of Veteran	6,082	6,191	6,302	6,416	6,531	6,649	6,769	6,890	7,014	7,141
	National Gurad Supplement	633	645	656	668	680	692	705	717	730	743
	Mitch Daniels Early Grad	17	18	18	18	19	19	19	20	20	20
	Minority Teaching	154	156	159	162	165	168	171	174	177	180
	Part-time	7,531	7,667	7,805	7,945	8,088	8,234	8,382	8,533	8,686	8,843
	<b>Total Recipients</b>	<b>102,199</b>	<b>106,677</b>	<b>111,243</b>	<b>115,935</b>	<b>120,068</b>	<b>123,924</b>	<b>127,789</b>	<b>131,909</b>	<b>135,670</b>	<b>139,313</b>
<b>Expenditures</b>	21st Century	\$ 55,599,316	\$ 59,525,566	\$ 63,963,523	\$ 67,886,794	\$ 71,808,633	\$ 75,889,298	\$ 80,341,081	\$ 85,665,554	\$ 89,581,638	\$ 93,305,304
	Frank O'Bannon	\$ 183,514,167	\$ 188,814,433	\$ 193,976,231	\$ 199,776,252	\$ 204,224,015	\$ 207,933,304	\$ 211,497,224	\$ 215,035,513	\$ 218,640,261	\$ 222,029,486
	Nursing	\$ 333,396	\$ 339,397	\$ 345,506	\$ 351,725	\$ 358,056	\$ 364,501	\$ 371,063	\$ 377,742	\$ 384,541	\$ 391,463
	Hoosier Scholar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Child of Veteran	\$ 24,801,337	\$ 25,247,761	\$ 25,702,220	\$ 26,164,860	\$ 26,635,828	\$ 27,115,273	\$ 27,603,348	\$ 28,100,208	\$ 28,606,012	\$ 29,120,920
	National Gurad Supplement	\$ 2,859,098	\$ 2,910,562	\$ 2,962,952	\$ 3,016,285	\$ 3,070,578	\$ 3,125,848	\$ 3,182,114	\$ 3,239,392	\$ 3,297,701	\$ 3,357,059
	Mitch Daniels Early Grad	\$ 69,224	\$ 70,470	\$ 71,738	\$ 73,030	\$ 74,344	\$ 75,683	\$ 77,045	\$ 78,432	\$ 79,843	\$ 81,281
	Minority Teaching	\$ 334,294	\$ 340,311	\$ 346,437	\$ 352,673	\$ 359,021	\$ 365,483	\$ 372,062	\$ 378,759	\$ 385,577	\$ 392,517
	Part-time	\$ 7,086,734	\$ 7,214,295	\$ 7,344,152	\$ 7,476,347	\$ 7,610,921	\$ 7,747,918	\$ 7,887,380	\$ 8,029,353	\$ 8,173,882	\$ 8,321,011
	<b>Total Expenditures</b>	<b>\$ 274,597,565</b>	<b>\$ 284,462,794</b>	<b>\$ 294,712,760</b>	<b>\$ 305,097,966</b>	<b>\$ 314,141,396</b>	<b>\$ 322,617,307</b>	<b>\$ 331,331,315</b>	<b>\$ 340,904,951</b>	<b>\$ 349,149,454</b>	<b>\$ 356,999,040</b>

		Projection									
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Recipients</b>	21st Century	26,841	27,777	28,871	30,065	31,320	32,618	33,946	35,323	36,707	38,091
	Frank O'Bannon	98,508	100,946	103,440	105,992	108,601	111,271	114,001	116,794	119,650	122,571
	Nursing	381	388	395	402	409	416	424	432	439	447
	Hoosier Scholar	-	-	-	-	-	-	-	-	-	-
	Child of Veteran	7,269	7,400	7,533	7,669	7,807	7,947	8,091	8,236	8,384	8,535
	National Gurad Supplement	757	770	784	798	813	827	842	858	873	889
	Mitch Daniels Early Grad	21	21	21	22	22	23	23	23	24	24
	Minority Teaching	184	187	190	194	197	201	204	208	212	216
	Part-time	9,002	9,164	9,329	9,497	9,668	9,842	10,019	10,199	10,383	10,570
	<b>Total Recipients</b>	<b>142,962</b>	<b>146,654</b>	<b>150,565</b>	<b>154,639</b>	<b>158,838</b>	<b>163,145</b>	<b>167,551</b>	<b>172,073</b>	<b>176,672</b>	<b>181,343</b>
<b>Expenditures</b>	21st Century	\$ 96,804,229	\$ 100,145,105	\$ 104,072,518	\$ 108,377,518	\$ 112,908,804	\$ 117,601,564	\$ 122,418,255	\$ 127,387,390	\$ 132,376,669	\$ 137,365,183
	Frank O'Bannon	\$ 225,469,884	\$ 228,962,198	\$ 232,507,184	\$ 236,105,605	\$ 239,758,238	\$ 243,465,866	\$ 247,229,288	\$ 251,049,310	\$ 254,926,751	\$ 258,862,439
	Nursing	\$ 398,509	\$ 405,682	\$ 412,984	\$ 420,418	\$ 427,986	\$ 435,689	\$ 443,532	\$ 451,515	\$ 459,643	\$ 467,916
	Hoosier Scholar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Child of Veteran	\$ 29,645,096	\$ 30,178,708	\$ 30,721,925	\$ 31,274,919	\$ 31,837,868	\$ 32,410,950	\$ 32,994,347	\$ 33,588,245	\$ 34,192,833	\$ 34,808,304
	National Gurad Supplement	\$ 3,417,486	\$ 3,479,001	\$ 3,541,623	\$ 3,605,372	\$ 3,670,269	\$ 3,736,334	\$ 3,803,588	\$ 3,872,052	\$ 3,941,749	\$ 4,012,701
	Mitch Daniels Early Grad	\$ 82,744	\$ 84,233	\$ 85,749	\$ 87,293	\$ 88,864	\$ 90,463	\$ 92,092	\$ 93,749	\$ 95,437	\$ 97,155
	Minority Teaching	\$ 399,582	\$ 406,775	\$ 414,097	\$ 421,550	\$ 429,138	\$ 436,863	\$ 444,726	\$ 452,731	\$ 460,881	\$ 469,176
	Part-time	\$ 8,470,790	\$ 8,623,264	\$ 8,778,483	\$ 8,936,495	\$ 9,097,352	\$ 9,261,104	\$ 9,427,804	\$ 9,597,505	\$ 9,770,260	\$ 9,946,125
	<b>Total Expenditures</b>	<b>\$ 364,688,320</b>	<b>\$ 372,284,967</b>	<b>\$ 380,534,563</b>	<b>\$ 389,229,172</b>	<b>\$ 398,218,519</b>	<b>\$ 407,438,835</b>	<b>\$ 416,853,632</b>	<b>\$ 426,492,498</b>	<b>\$ 436,224,223</b>	<b>\$ 446,029,000</b>

**TABLE 20. SCHOLARSHIP EXPENDITURES AND RECIPIENTS BY PROGRAM, 2004-05 THROUGH 2011-12 (ACTUAL), AND 2012-13 THROUGH 2031-32 (LOW PROJECTIONS)**

		Projection									
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Recipients</b>	21st Century	14,560	14,999	15,337	15,394	15,383	15,392	15,448	15,640	15,562	15,463
	Frank O'Bannon	71,664	74,396	76,942	79,623	81,721	83,421	84,946	86,424	87,904	89,299
	Nursing	316	319	322	324	327	330	333	336	339	342
	Hoosier Scholar	-	-	-	-	-	-	-	-	-	-
	Child of Veteran	6,028	6,082	6,137	6,192	6,248	6,304	6,361	6,418	6,476	6,534
	National Gurad Supplement	628	633	639	645	650	656	662	668	674	680
	Mitch Daniels Early Grad	17	17	17	18	18	18	18	18	18	19
	Minority Teaching	152	154	155	157	158	159	161	162	164	165
	Part-time	7,465	7,532	7,600	7,668	7,737	7,807	7,877	7,948	8,019	8,091
	<b>Total Recipients</b>	<b>100,828</b>	<b>104,131</b>	<b>107,149</b>	<b>110,020</b>	<b>112,242</b>	<b>114,087</b>	<b>115,806</b>	<b>117,615</b>	<b>119,156</b>	<b>120,594</b>
<b>Expenditures</b>	21st Century	\$ 52,027,004	\$ 53,660,641	\$ 54,962,269	\$ 55,136,970	\$ 55,119,861	\$ 55,153,209	\$ 55,366,293	\$ 56,085,391	\$ 55,864,323	\$ 55,579,989
	Frank O'Bannon	\$ 182,882,105	\$ 187,184,672	\$ 191,014,087	\$ 195,224,346	\$ 198,034,448	\$ 199,992,084	\$ 201,668,657	\$ 203,228,540	\$ 204,810,304	\$ 206,164,198
	Nursing	\$ 330,449	\$ 333,423	\$ 336,423	\$ 339,451	\$ 342,506	\$ 345,589	\$ 348,699	\$ 351,837	\$ 355,004	\$ 358,199
	Hoosier Scholar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Child of Veteran	\$ 24,582,071	\$ 24,803,310	\$ 25,026,540	\$ 25,251,779	\$ 25,479,045	\$ 25,708,356	\$ 25,939,731	\$ 26,173,189	\$ 26,408,747	\$ 26,646,426
	National Gurad Supplement	\$ 2,833,821	\$ 2,859,325	\$ 2,885,059	\$ 2,911,025	\$ 2,937,224	\$ 2,963,659	\$ 2,990,332	\$ 3,017,245	\$ 3,044,400	\$ 3,071,800
	Mitch Daniels Early Grad	\$ 68,612	\$ 69,230	\$ 69,853	\$ 70,481	\$ 71,116	\$ 71,756	\$ 72,401	\$ 73,053	\$ 73,711	\$ 74,374
	Minority Teaching	\$ 331,338	\$ 334,320	\$ 337,329	\$ 340,365	\$ 343,429	\$ 346,519	\$ 349,638	\$ 352,785	\$ 355,960	\$ 359,164
	Part-time	\$ 7,024,081	\$ 7,087,298	\$ 7,151,083	\$ 7,215,443	\$ 7,280,382	\$ 7,345,905	\$ 7,412,019	\$ 7,478,727	\$ 7,546,035	\$ 7,613,950
	<b>Total Expenditures</b>	<b>\$ 270,079,481</b>	<b>\$ 276,332,218</b>	<b>\$ 281,782,643</b>	<b>\$ 286,489,860</b>	<b>\$ 289,608,010</b>	<b>\$ 291,927,077</b>	<b>\$ 294,147,771</b>	<b>\$ 296,760,766</b>	<b>\$ 298,458,484</b>	<b>\$ 299,868,099</b>

		Projection									
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Recipients</b>	21st Century	15,340	15,209	15,172	15,188	15,233	15,294	15,363	15,452	15,538	15,620
	Frank O'Bannon	90,712	92,143	93,592	95,060	96,547	98,053	99,578	101,123	102,687	104,272
	Nursing	345	349	352	355	358	361	364	368	371	374
	Hoosier Scholar	-	-	-	-	-	-	-	-	-	-
	Child of Veteran	6,593	6,652	6,712	6,772	6,833	6,895	6,957	7,020	7,083	7,146
	National Gurad Supplement	686	693	699	705	711	718	724	731	737	744
	Mitch Daniels Early Grad	19	19	19	19	19	20	20	20	20	20
	Minority Teaching	167	168	170	171	173	174	176	177	179	181
	Part-time	8,164	8,238	8,312	8,387	8,462	8,538	8,615	8,693	8,771	8,850
	<b>Total Recipients</b>	<b>122,026</b>	<b>123,470</b>	<b>125,027</b>	<b>126,658</b>	<b>128,337</b>	<b>130,053</b>	<b>131,798</b>	<b>133,583</b>	<b>135,387</b>	<b>137,207</b>
<b>Expenditures</b>	21st Century	\$ 55,180,738	\$ 54,698,775	\$ 54,559,890	\$ 54,624,587	\$ 54,793,997	\$ 55,026,602	\$ 55,297,775	\$ 55,622,079	\$ 55,935,813	\$ 56,231,675
	Frank O'Bannon	\$ 207,525,873	\$ 208,895,359	\$ 210,272,686	\$ 211,657,884	\$ 213,050,983	\$ 214,452,014	\$ 215,861,007	\$ 217,277,991	\$ 218,702,995	\$ 220,136,051
	Nursing	\$ 361,423	\$ 364,676	\$ 367,958	\$ 371,269	\$ 374,611	\$ 377,982	\$ 381,384	\$ 384,816	\$ 388,280	\$ 391,774
	Hoosier Scholar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Child of Veteran	\$ 26,886,244	\$ 27,128,220	\$ 27,372,374	\$ 27,618,726	\$ 27,867,294	\$ 28,118,100	\$ 28,371,163	\$ 28,626,503	\$ 28,884,142	\$ 29,144,099
	National Gurad Supplement	\$ 3,099,446	\$ 3,127,341	\$ 3,155,487	\$ 3,183,886	\$ 3,212,541	\$ 3,241,454	\$ 3,270,627	\$ 3,300,063	\$ 3,329,764	\$ 3,359,731
	Mitch Daniels Early Grad	\$ 75,043	\$ 75,719	\$ 76,400	\$ 77,088	\$ 77,782	\$ 78,482	\$ 79,188	\$ 79,901	\$ 80,620	\$ 81,345
	Minority Teaching	\$ 362,396	\$ 365,658	\$ 368,949	\$ 372,269	\$ 375,620	\$ 379,000	\$ 382,411	\$ 385,853	\$ 389,325	\$ 392,829
	Part-time	\$ 7,682,475	\$ 7,751,617	\$ 7,821,382	\$ 7,891,774	\$ 7,962,800	\$ 8,034,466	\$ 8,106,776	\$ 8,179,737	\$ 8,253,354	\$ 8,327,635
	<b>Total Expenditures</b>	<b>\$ 301,173,639</b>	<b>\$ 302,407,364</b>	<b>\$ 303,995,125</b>	<b>\$ 305,797,483</b>	<b>\$ 307,715,627</b>	<b>\$ 309,708,100</b>	<b>\$ 311,750,331</b>	<b>\$ 313,856,942</b>	<b>\$ 315,964,292</b>	<b>\$ 318,065,140</b>

**Question: How will each of the changes recommended elsewhere in the report affect those projections?**

*Response: Some of the recommendations would increase costs, while others would save. It should be possible to identify a revenue-neutral set of complementary alternatives. The fact that successful reforms would be expensive—reaching or retaining more students will result in higher costs—should not be a deterrent to making them.*

Recommendations that could increase costs:

- Automatically enroll students in 21st Century Scholars program.
- Provide incentive for 15 credit course completion each year.
- Improve marketing and communication (both the cost of the activity and the cost of serving additional students recruited and/or retained).
- Reconsider GPA renewal requirement recently enacted.

Recommendations that could reduce costs:

- Prorate all awards based on 15 credits.
- Limit Core 40/Academic Honors bonus to freshman year.
- Limit size of all Indiana financial aid awards to students without financial need.
- Limit size of maximum 21st Century Award.

Neutral, or depends:

- Allocate funds in two stages.
- Decouple award amounts from tuition.



# PROJECTION TOOL

The forecasting method employed for these scholarship programs is relatively straightforward, primarily dependent on the trends of several postsecondary indicators over the past several years. These could easily be altered by unforeseen economic, political, or demographic factors.

To facilitate alternative projections, we have created an Excel workbook (Figure 1) that allows users to enter different assumptions and see how they affect the projections.

**FIGURE 1. ASSUMPTIONS ENTRY SCREEN FOR PROJECTION TOOL**

Variables								
	21st Century Scholars			Frank O'Bannon			Other Programs	
	New	Current		New	Current		New	Current
1 20-yr Compound Average Growth Rate in Enrollment	1.80%	3.60%		1.80%	3.60%		1.80%	3.60%
2 4-yr High School Graduation Rate (9th Grade)	New 74%	Current 74%		New Not Applicable	Current Not Applicable		New Not Applicable	Current Not Applicable
3 Average Rate of Increase in Percentage of High School Graduates on 21st Century Scholarship in College (in percentage point)	New 0.5%	Current 0.5%		New Not Applicable	Current Not Applicable		New Not Applicable	Current Not Applicable
4 2nd Year Scholarship Retention Rate	New 80%	Current 85%		New Not Applicable	Current Not Applicable		New Not Applicable	Current Not Applicable
5 Rate of Increase in Average Award Amount	New 0%	Current 0%		New 0%	Current 0%		New 0%	Current 0%

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## APPENDIX A. QUANTITATIVE ANALYSIS

These analyses examine the odds of returning for a second year for freshmen enrolled anywhere in an Indiana public institution, combining six cohorts from fall 2003 to fall 2009, and the odds of degree completion within five years (cumulative six-year rate) for three cohorts of sophomores enrolled between 2003 and 2005. First, we looked simply at whether students had each major type of state scholarship, regardless of amount. Then, we combined the financial variables into an “unmet” need calculation to attempt to assess the overall correlation between resources and success. We believe the latter is the more important of the two approaches for this purpose.

### Logistic Regression on Fall-to-Fall Retention Using Receipt of Each Major Scholarship Type as an Independent Variable

All scholarship types have a positive odds ratio, which stands for the likelihood of students on scholarship (referred to as the treatment group) returning in the second year relative to that of students without scholarship (referred to as the reference group), as shown in the column of Exp(B). An odds ratio exceeding 1 indicates that the treatment group has a higher chance of returning than the reference group, whereas the relationship is reverse for an odds ratio of less than 1. For instance, the receipt of a 21<sup>st</sup> Century Scholarship has an odds ratio of 1.18, meaning that a 21<sup>st</sup> Century Scholar (who did not receive any other scholarship) has higher odds of success than a non-scholarship recipient. Likewise, the receipt of Frank O’Bannon and Other State Grants have an odds ratio of 1.129 and 1.138, respectively, implying that each scholarship improved the odds of success for a scholarship recipient compared to non-scholarship recipients.

Other than these financial aid variables, the regression model found the following categorical variables are positively associated with retention compared to their respective reference group.

- Major in STEM field
- Attended non-Research 4-year (reference group: students in 2-year institutions)
- Attended Research 4-year (reference group: students in 2-year institutions)
- Females
- Ethnic non-minority

The following variables had an odds ratio of less than 1, meaning a lower chance of success compared to their respective reference group:

- Took a remedial course
- Received Pell Grant (for students with less than \$6,000 EFC)

### Regression on Fall-to-Fall Retention: Unmet Need Amount as an Independent Variable

One problem with the two analyses above is that the different categories of need-based aid and estimated family contribution overlap substantially with one another. Unmet need combines these into a single calculation—the difference between the cost of attendance and the resources available to a student (EFC, Pell grants received, and state aid eligibility). We hypothesized that a modest amount of unmet need would not be a major barrier to completion, but that large amounts would and we found correlations consistent with that hypothesis. Given that this is

simply a regression analysis, we cannot say that for certain that this is a causal link, but it is consistent with economic theory and with more rigorous experimentally-designed research.

Unmet need is negatively associated with retention at a statistically significant level for students with unmet need amount higher than \$5K. The odds ratio of unmet need is .858 for students with unmet need more than \$10K and .910 for \$5K – 9.9K. These results imply that the correlation of unmet need with lower odds of retention is greater for students with a higher unmet need amount. They also suggest that the state’s need-based aid programs have positively influenced retention by reducing students’ unmet need. For the other independent variables, the regression model found the following categorical variables are positively associated with retention compared to their respective reference group.

- Major in STEM field
- Attended non-Research 4-year (reference group: students in 2-year institutions)
- Attended Research 4-year (reference group: students in 2-year institutions)
- Females
- Ethnic non-minority

In the meantime, the following variable had an odds ratio of less than 1, meaning a lower chance of success compared to their respective reference group:

- Took a remedial course in the first semester of college

#### Regression on 6-year Graduation for Students in 2<sup>nd</sup> Year of Enrollment: Receipt of Each Scholarship as an Independent Variable

A logistic regression was conducted separately for each of the four different unmet need levels: 1) \$10,000 or higher, 2) \$5,000 - \$9,999, 3) \$0 - \$4,999, 4) less than \$0. The regression model revealed that unmet need is negatively associated with college graduation at a significant level among students whose unmet need is \$10,000 or higher and those with unmet need amount between \$5,000 - \$9,999. There is no positive correlation for students with less unmet need.

The remaining demographic variables, including nonminority, full-time, and STEM-major students are all positively correlated with graduation at a statistically significant level. In terms of academic factors, a higher first year GPA led to a better chance of graduation.

#### Regression on 6-year Graduation for Students in 2<sup>nd</sup> Year of Enrollment: Receipt of Each Scholarship as an Independent Variable

The completion analysis followed resident sophomore students into their sixth years following initial enrollment (i.e. five years from sophomore year), and counted any degree completion as a positive result. By using returning sophomore students as the data universe, this analysis was able to analyze the behaviors of a relatively similar kind of student in terms of academic and motivational characteristics. It allows for the use of first-year college GPA as a high quality non-aid control variable that is available for all students.

In this analysis, other things equal, 21<sup>st</sup> Century Scholars are less likely to graduate than non-scholars, with an odds ratio at .907. Likewise, students on other state grant have an odds ratio at

.858, again less likely to graduate than their reference group. Frank O'Bannon is the only program with a positive odds ratio, at 1.908.

As observed in the retention analysis, female, ethnic non-minority, STEM major, full-time students are positively associated with completion. First-year GPA has a particularly high odds ratio and is the strongest predictor of eventual completion.

**TABLE A1. VARIABLES IN FIRST- TO SECOND-YEAR RETENTION**

	B	S.E.	Wald	Sig.	Exp(B)
Major in STEM field	.217	.015	210.903	.000	1.243
Took a Remedial Course	-.162	.013	155.987	.000	.851
Attended non-Research 4yr	.522	.014	1435.393	.000	1.685
Attended Research 4yr	1.321	.016	6740.856	.000	3.747
Received 21st Century	.166	.041	16.158	.000	1.180
Received Frank O'Bannon	.122	.025	23.436	.000	1.129
Received Other State Grant	.130	.024	29.114	.000	1.138
Age: 25 or above	.004	.014	.099	.753	1.004
Gender: Female	.329	.010	1009.282	.000	1.390
Race: Non-minority	.259	.012	450.479	.000	1.295
EFC (in \$1,000)	.022	.001	1379.028	.000	1.022
Full-time Enrollment	.335	.035	93.688	.000	1.398
Received Pell	-.410	.015	726.511	.000	.663
Interaction: Received Frank O'Bannon*Received 21st Century	-.109	.048	5.221	.022	.896
Interaction: Received Frank O'Bannon*Received Pell	.492	.030	269.865	.000	1.636
Interaction: EFC*Received Pell	.073	.005	226.033	.000	1.076
Interaction: Research * Remedial	-.489	.034	202.279	.000	.613
Constant	-.491	.038	163.527	.000	.612

**TABLE A2. VARIABLES IN COMPLETION BY SIXTH YEAR FOR SECOND-YEAR STUDENTS**

	B	S.E.	Wald	Sig.	Exp(B)
Received 21st Century	-.098	.033	8.592	.003	.907
Received Frank O'Bannon	.646	.030	450.288	.000	1.908
Received Other State Grant	-.153	.037	17.540	.000	.858
Received Pell	-.744	.028	701.402	.000	.475
Full-time Enrollment	.016	.064	.062	.803	1.016
Major in STEM field	.182	.024	58.465	.000	1.199
Attended non-Research 4yr	1.056	.022	2406.877	.000	2.875
Attended Research 4yr	.214	.024	82.579	.000	1.239
Age: 25 or above	-.366	.028	173.666	.000	.693
Gender: Female	.129	.018	54.024	.000	1.138
Race: Non-minority	.298	.024	156.457	.000	1.348
EFC (in \$1,000)	.009	.001	144.633	.000	1.009
FirstYearGPA	1.156	.012	8781.722	.000	3.176
Interaction: EFC * Received Frank O'Bannon	-.082	.013	36.756	.000	.922
Interaction: EFC * Received Pell	.125	.011	121.409	.000	1.133
Interaction: Received Frank O'Bannon * Received Pell * Adjusted EFC	.042	.020	4.553	.033	1.043
Constant	-3.750	.078	2338.941	.000	.024

**TABLE A3. UNMET NEED ANALYSIS, FIRST- TO SECOND-YEAR RETENTION**

UnmetGroup		B	S.E.	Wald	Sig.	Exp(B)
Unmet Need >\$10K	Major in STEM field	.187	.022	74.312	.000	1.206
	Took a Remedial Course	-.135	.018	53.887	.000	.873
	Attended non-Research 4yr	.704	.020	1259.489	.000	2.022
	Attended Research 4yr	1.694	.023	5244.068	.000	5.439
	Age: 25 or above	-.044	.016	6.971	.008	.957
	Gender: Female	.320	.015	482.938	.000	1.377
	Race: Non-minority	.291	.016	335.533	.000	1.338
	Full-time Enrollment	.444	.047	90.631	.000	1.559
	Unmet Need Amount in \$1000	-.153	.003	1962.805	.000	.858
	Interaction: Research * Remedial	-.478	.048	98.517	.000	.620
	Constant	1.184	.067	308.412	.000	3.267
Unmet Need: \$5K - \$9.9K	Major in STEM field	.155	.028	30.025	.000	1.168
	Took a Remedial Course	-.286	.024	143.099	.000	.751
	Attended non-Research 4yr	.719	.025	804.727	.000	2.052
	Attended Research 4yr	1.483	.030	2437.543	.000	4.404
	Age: 25 or above	.036	.029	1.510	.219	1.037
	Gender: Female	.225	.020	129.114	.000	1.252
	Race: Non-minority	.186	.023	64.645	.000	1.204
	Full-time Enrollment	.233	.067	12.006	.001	1.263
	Unmet Need Amount in \$1000	-.094	.007	171.638	.000	.910
	Interaction: Research * Remedial	-.470	.065	51.851	.000	.625
	Constant	.625	.093	45.337	.000	1.869
Unmet Need: \$1 - \$4.9K	Major in STEM field	.260	.050	27.053	.000	1.298
	Took a Remedial Course	-.228	.043	28.062	.000	.796
	Attended non-Research 4yr	.601	.045	178.022	.000	1.824
	Attended Research 4yr	1.464	.051	815.755	.000	4.323
	Age: 25 or above	.026	.059	.188	.664	1.026
	Gender: Female	.304	.035	75.060	.000	1.355
	Race: Non-minority	.303	.047	41.990	.000	1.354
	Full-time Enrollment	.606	.120	25.545	.000	1.832
	Unmet Need Amount in \$1000	-.007	.012	.400	.527	.993
	Interaction: Research * Remedial	-.459	.118	15.040	.000	.632
	Constant	-.356	.135	6.942	.008	.701
Unmet Need: Negative	Major in STEM field	.245	.039	39.846	.000	1.278
	Took a Remedial Course	-.254	.037	47.616	.000	.776
	Attended non-Research 4yr	.606	.038	260.041	.000	1.832
	Attended Research 4yr	1.672	.041	1690.902	.000	5.323
	Age: 25 or above	-.012	.057	.043	.836	.988
	Gender: Female	.348	.028	150.660	.000	1.416
	Race: Non-minority	.231	.042	30.143	.000	1.260
	Full-time Enrollment	.482	.104	21.598	.000	1.620
	Unmet Need Amount in \$1000	-.003	.001	17.532	.000	.997
	Interaction: Research * Remedial	-.497	.099	25.257	.000	.609
	Constant	-.113	.114	.990	.320	.893

**TABLE A4. UNMET NEED ANALYSIS, COMPLETION OF SECOND-YEAR STUDENTS BY SIXTH YEAR**

		B	S.E.	Wald	Sig.	Exp(B)
Unmet Need >\$10K	Major in STEM field	.097	.035	7.578	.006	1.102
	Full-time Enrollment	.128	.094	1.855	.173	1.137
	Attended Research 4yr	1.548	.032	2338.449	.000	4.704
	Attended non-Research 4yr	.491	.035	197.015	.000	1.634
	Age: 25 or above	-.329	.034	91.003	.000	.720
	Gender: Female	-.001	.025	.003	.955	.999
	Race: Non-minority	.317	.032	97.164	.000	1.373
	FirstYearGPA	1.126	.017	4150.866	.000	3.084
	Unmet Need Amount in \$1000	-.085	.006	195.653	.000	.918
	Constant	-3.115	.135	532.112	.000	.044
Unmet Need: \$5K - \$9.9K	Major in STEM field	.165	.045	13.392	.000	1.179
	Full-time Enrollment	-.162	.114	2.016	.156	.850
	Attended Research 4yr	1.076	.040	720.301	.000	2.932
	Attended non-Research 4yr	.273	.042	42.064	.000	1.314
	Age: 25 or above	-.408	.051	64.785	.000	.665
	Gender: Female	.094	.034	7.860	.005	1.099
	Race: Non-minority	.367	.042	77.346	.000	1.443
	FirstYearGPA	1.153	.024	2253.866	.000	3.168
	Unmet Need Amount in \$1000	-.059	.012	23.337	.000	.943
	Constant	-3.073	.170	325.569	.000	.046
Unmet Need: \$1 - \$4.9K	Major in STEM field	.344	.078	19.397	.000	1.411
	Full-time Enrollment	-.019	.201	.009	.926	.982
	Attended Research 4yr	1.073	.069	242.491	.000	2.925
	Attended non-Research 4yr	.251	.076	11.015	.001	1.285
	Age: 25 or above	-.833	.118	49.773	.000	.435
	Gender: Female	.194	.056	11.875	.001	1.215
	Race: Non-minority	.406	.093	18.988	.000	1.501
	FirstYearGPA	1.237	.041	915.092	.000	3.447
	Unmet Need Amount in \$1000	-.015	.019	.618	.432	.985
	Constant	-3.825	.255	224.603	.000	.022
Unmet Need: Negative	Major in STEM field	.196	.057	11.974	.001	1.216
	Full-time Enrollment	.600	.176	11.621	.001	1.822
	Attended Research 4yr	1.155	.054	454.105	.000	3.174
	Attended non-Research 4yr	.278	.062	20.416	.000	1.321
	Age: 25 or above	-.655	.105	38.547	.000	.520
	Gender: Female	.149	.043	11.939	.001	1.160
	Race: Non-minority	.326	.073	20.097	.000	1.386
	FirstYearGPA	1.255	.031	1604.546	.000	3.506
	Unmet Need Amount in \$1000	.000	.001	.006	.936	1.000
	Constant	-4.335	.211	422.822	.000	.013

**TABLE A5. LIST OF INSTITUTIONS INCLUDED IN REGRESSION ANALYSIS BY SECTOR**

No	instnm	Sector
1	Vincennes University	Associates
2	Ivy Tech Community College-Northcentral	Associates
3	Ivy Tech Community College-East Central	Associates
4	Ivy Tech Community College-Lafayette	Associates
5	Ivy Tech Community College-Southwest	Associates
6	Ivy Tech Community College-Wabash Valley	Associates
7	Ivy Tech Community College-Columbus	Associates
8	Ivy Tech Community College-Kokomo	Associates
9	Ivy Tech Community College-Richmond	Associates
10	Ivy Tech Community College-Southeast	Associates
11	Ivy Tech Community College-Bloomington	Associates
12	Ivy Tech Community College-South Central	Associates
13	Ivy Tech Community College-Northwest	Associates
14	Ivy Tech Community College-Central Indiana	Associates
15	Ivy Tech Community College-Northeast	Associates
16	Indiana University-Kokomo	Non-Research, 4yr
17	Indiana University-East	Non-Research, 4yr
18	Purdue University-North Central Campus	Non-Research, 4yr
19	Indiana University-Purdue University-Fort Wayne	Non-Research, 4yr
20	University of Southern Indiana	Non-Research, 4yr
21	Indiana University-Southeast	Non-Research, 4yr
22	Purdue University-Calumet Campus	Non-Research, 4yr
23	Indiana University-South Bend	Non-Research, 4yr
24	Indiana University-Northwest	Non-Research, 4yr
25	Indiana State University	Research
26	Ball State University	Research
27	Indiana University-Purdue University-Indianapolis	Research
28	Indiana University-Bloomington	Research
29	Purdue University-Main Campus	Research



**APPENDIX B. EXAMPLES OF COMMUNICATIONS  
REGARDING FINANCIAL AID**

# LEARN MORE

INDIANA'S GUIDE TO STUDENT SUCCESS **GRADES 6-8**

## WHAT'S INSIDE:

Your guide to...

- PLANNING
- PREPARING
- PAYING

for college and  
career success

Cesar is in eighth grade  
at Northwood Middle  
School in Fort Wayne.

A partnership of the **Indiana Commission for Higher Education**,  
**Indiana Department of Education**, and **Indiana's Education Roundtable**



LEARN**MORE**

# Welcome to *LEARN MORE Magazine!*

Dear Indiana Student,

Middle school is the perfect time to start thinking about the future. Now is the time to make smart choices that help you succeed in school, complete college and connect to a career.

This issue of *LEARN MORE* can help.

- Learn about **planning** for college and careers with exploration games like *DriveOfYourLife.org* (page 7).
- Find out more about **preparing** for academic success by staying on track with schoolwork and being a good student (page 11).
- Get the scoop on how you can start saving and **paying** for college today. Ask your parents about contributing to an Indiana CollegeChoice 529 Savings Plan (page 13) and becoming a Twenty-first Century Scholar (page 15).

*LEARN MORE* was designed specifically with Indiana students and parents in mind, so make this issue of *LEARN MORE* work for you. **Highlight it**, *write on it*, cut out ✂ the checklists and activities – whatever it takes to help you make smart choices and get ready for a successful future.

Have a great school year!



*Mitch Daniels*

**Mitch Daniels**  
Governor  
State of Indiana



*Dr. Tony Bennett*

**Dr. Tony Bennett**  
Superintendent of  
Public Instruction  
Indiana Department  
of Education



*Teresa Lubbers*

**Teresa Lubbers**  
Commissioner  
Indiana Commission  
for Higher Education

**P.S.** Don't forget to share this copy of *LEARN MORE* with your parents, so they can help you stay on track for success in high school, college and beyond.



EnviroTech is a registered trademark.

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# PAY

A college education can be expensive, but it's more affordable than you think if you make smart choices now. Start today with these tips on saving and paying for college.

## SAVING STRATEGIES

It's never too early or too late to start saving for college. Master your college savings strategy with these three easy steps:

**1. Save a specific amount each month.** Even as little as \$20 or \$50 per month can add up quickly over time. Set aside money from part-time jobs and spend less on extras like fast food. If they are able, your parents can have the money deducted from their paychecks and set aside in a savings account through direct deposit. They can ask their employers or bank for more information. Investigate opportunities like Indiana's 529 College Savings Plan at [collegechoiceplan.com](http://collegechoiceplan.com) to learn more, and ask your parents to read the "Parent Power" article in this section, too!

**2. Be realistic about your savings goals.** You may not be able to save enough for all four years of tuition, room and board and other expenses, but you could save enough to get started. Use a savings calculator to determine how your monthly contribution can grow. Visit [CashForCollegelndiana.org](http://CashForCollegelndiana.org) to find links to budgeting and saving calculators.

**3. Make college savings a family project.** When friends and relatives ask for gift ideas, suggest that they contribute even small

amounts to your college fund. Make a commitment to save a specific percentage of gift money or money you have earned.

**4. Make smart choices now.** Your entire family can make the decision to avoid unnecessary spending. Eating out sometimes is OK, but you'll save money if you can cook at home more often. What other smart choices can you make? For Arlington Woods Elementary School sixth-grader Shania, being smart with your money means "not going shopping just for fun." Seek out fun activities that are free or inexpensive. For example, going to the park is cheaper than seeing a movie.



*Shania, a sixth-grader at Arlington Woods Elementary School in Indianapolis, hopes to get a scholarship for college, but she knows she needs to save money, too.*

### FAST FACT

By 2018, about two-thirds of all new jobs in the U.S. will require education beyond high school. Start saving now!



# PARENT POWER: INDIANA'S COLLEGECHOICE 529 SAVINGS PLAN

Indiana's CollegeChoice 529 Savings Plan is an ideal way to save for future college expenses. Designed especially for Indiana families and their children, the 529 plan offers a number of college-saving benefits:

- You pay **no taxes** on the account's earnings.
- When contributions are used for college-related expenses such as tuition and fees, **withdrawals are exempt from federal and state taxes.**
- Contributions are rewarded with a 20 percent state income **tax credit** up to \$1,000.
- **Anyone** can contribute or open an account to take advantage of the tax credit – even to help pay for an

immediate college-related expense like this year's tuition bill.

- An Automatic Investment Plan feature lets you save automatically by withdrawing contributions **directly from your bank account** monthly or even quarterly.

You can open an Indiana CollegeChoice 529 Savings Plan account online at [CollegeChoicePlan.com](http://CollegeChoicePlan.com) or by talking to your bank. It only takes a \$25 deposit to get started!

## 6 Ways to Increase Your Scholarship Chances



1. Push yourself; take challenging courses.
2. Get good grades.
3. Join a club.
4. Play a sport.
5. Explore the arts.
6. Volunteer.

## LEARN MORE



### STUDENT SNAPSHOT

## SIXTH-GRADER KATE

Lebanon Middle School  
Lebanon

*Kate wants to be an optometrist, so she's planning to earn both a bachelor's and master's degree.*

#### Do you save any of your money?

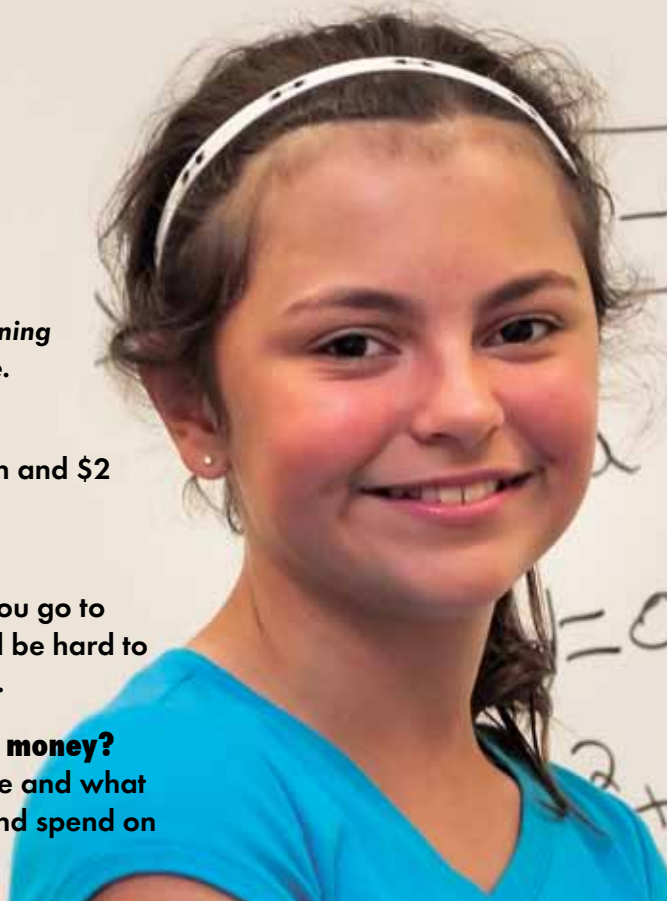
Yes. I get \$10 a week and \$3 goes to church and \$2 goes to college savings.

#### Why are you saving for college?

There are not always scholarships to help you go to college. If you take out a lot of loans, they'd be hard to pay off if you don't have good starting pay.

#### What does it mean to be smart with your money?

It means you think about what you purchase and what you see in the store. You don't just go out and spend on anything you see.



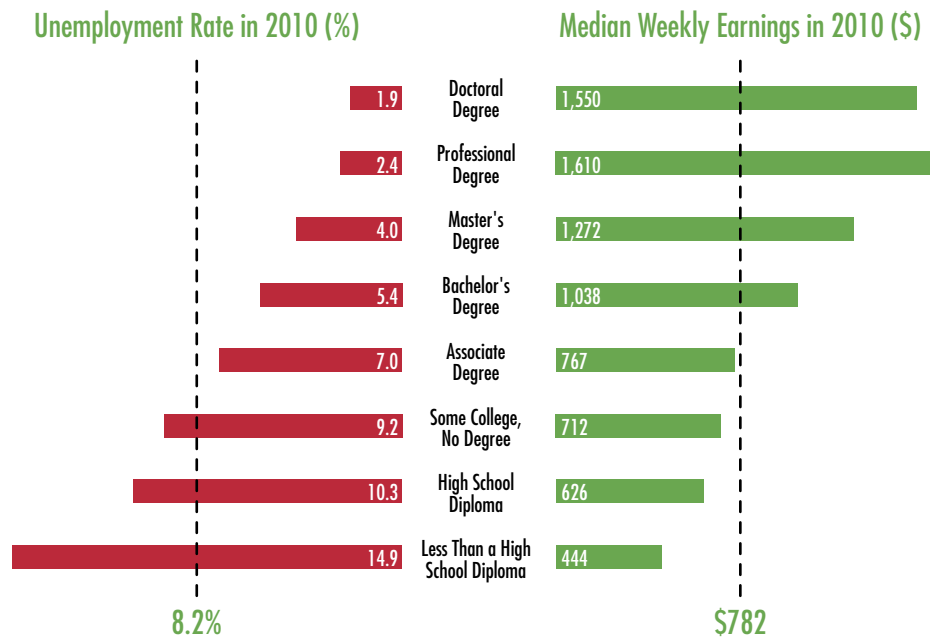
# BECOME A 21<sup>ST</sup> CENTURY SCHOLAR

Indiana wants every student to be able to afford college. The state's 21<sup>ST</sup> Century Scholars Program helps income-eligible Hoosier students earn up to four years of tuition at an Indiana public or private college.

To qualify for the scholarship, students must enroll in the program in seventh or eighth grade, fulfill a pledge of good citizenship and participate in a college-readiness program that supports Scholars on their way to completing college.

**But first you have to apply.** Students and their parents must complete the online application before June 30 of the student's eighth grade year to be considered for the program. Apply today at [www.Scholars.IN.gov](http://www.Scholars.IN.gov), or see your school counselor.

## The Growing Divide: Education Attainment and Economic Opportunity



Source: Bureau of Labor Statistics, 2010.

## INDIANA'S CASH FOR COLLEGE



When is the best time to get Cash for College? Right now! Learn More Indiana's Cash for College campaign helps Hoosiers save and pay for college with practical resources and step-by-step advice for students and families. Learn more at [LearnMoreIndiana.org](http://LearnMoreIndiana.org) about budgeting, investing in a college savings plan and other ways to start getting cash for college today.

### Learn More Online



#### Save

► [www.Scholars.IN.gov](http://www.Scholars.IN.gov)  
Find out today if you're eligible to earn up to four years of paid tuition at an Indiana college.



#### Shop

► [IndianaCollegeCosts.org](http://IndianaCollegeCosts.org)  
Comparison shop Indiana colleges and discover what you'll really contribute after financial aid.



#### Explore

► [PracticalMoneySkills.com](http://PracticalMoneySkills.com)  
Learn about budgeting and saving with games, tips, household budgeting calculators and more.

2012-13 INDIANA  
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A GUIDE TO LIFE AFTER HIGH SCHOOL™

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**COLLEGE  
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## Money for College

**Finding money for college can seem like a big scary ordeal, but it's not. Millions of college students do it every year and you can, too. Like any other tough task, breaking it down into manageable mini-steps helps.**

**1** Have an honest discussion with your parents about help in funding college. Don't be discouraged if your parent is as unsure about college costs as you are. Lots of help is available for both of you. It's not too late to work, save and apply for financial aid and scholarships.

**2** Be college-ready to maximize your financial aid. A Core 40 diploma is now required for any four-year Indiana public university, and if you qualify for state need-based aid, a Core 40 diploma will earn you 80 percent of your state grant eligibility. Aim higher: Earn a Core 40 with Academic Honors or Technical Honors and you'll qualify for 100 percent of your state grant eligibility — a significant boost in aid. Take the SAT and ACT more than once in your junior year and as early as you can senior year to be considered for scholarships and financial aid from colleges and universities.

**3** Look at all your options: Community college, state universities and independent colleges and universities are all good choices, but you won't know the best choice until you make comparisons based on research and college visits. You might find that, given your unique situation, a higher-priced private college will cost the same — or even less — than a state university. Or, you may discover that the most financially sound decision is to start at a community college and transfer later.

**4** Plan to file the Free Application for Federal Student Aid at [FAFSA.gov](http://FAFSA.gov) as early as January 1 to be eligible for federal, state and institutional need-based aid.

### Deadlines!

Don't suffer the heartbreak of missing out on thousands of dollars in financial aid because a key deadline as already passed. Important upcoming dates for seniors:

#### September, October and November

Apply early and beat deadlines for admission and financial aid deadlines to maximize consideration. Check college websites for specific dates. Indiana University, for example, has a Nov. 1 deadline to be considered for automatic academic scholarships worth as much as \$36,000.

#### January 1

FAFSA forms available online at [FAFSA.gov](http://FAFSA.gov).

#### February 22

Stop by the FAFSA Friday webinar to get your questions answered by our experts in real time. [[Visit FAFSAFriday.org](http://Visit FAFSAFriday.org), on Feb. 22 for the live version or after Feb. 23 for an archived version.]

#### February 24

Get help on the FAFSA at College Goal Sunday, at locations throughout the state. [[Visit CollegeGoalSunday.org](http://Visit CollegeGoalSunday.org)]

#### March 10

FAFSA is due for the upcoming 2013-14 academic year.



# FINANCIAL AID

## at Your Fingertips

When it comes to financial aid, help is as close as your phone, laptop, computer, smartphone — or in person. Some ways to navigate the process:



Indiana offers high school students and families a crazy cool tool: The Indiana College Costs Estimator at [IndianaCollegeCosts.org](http://IndianaCollegeCosts.org). The website is designed to help you understand the financial aid process, what you may be eligible for and the actual cost — not the published sticker price tuition — to attend college.

Complete five screens of information, and in about 15 minutes you'll get your Expected Family Contribution (EFC) as well as estimates of financial aid at Indiana colleges and universities. You can also conduct side-by-side comparisons of financial packages at Indiana colleges and create "what if" scenarios to see how the results can change as your financial or academic circumstances change.

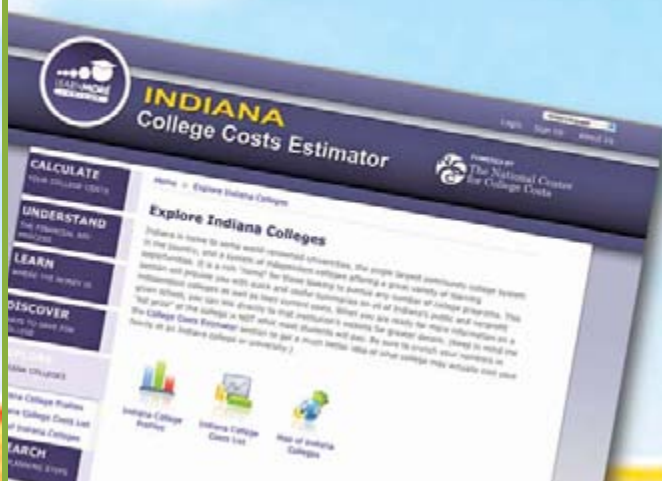
"It can save you literally hours and hours of time instead of going from college website to college website," says Dave Murray, president of the National Center for College Costs. One of the website's most popular pages is its Indiana College Profiles which provides complete campus information and direct links to virtual tours and admission applications.

[Watch for the Indiana College Costs Estimator smartphone app, available in September 2012.]

## Get it Together

Be prepared for the financial aid process by gathering the information you need:

- Social Security Number
- Driver's license number
- Parent and student tax forms (1040EZ, 1040A or 1040 and/or W-2s), parent and student untaxed income information, asset information, business and/or farm records if applicable
- Student academic information, such as GPA, test scores and diploma type
- Get organized with the FAFSA on the web worksheet, available at [FAFSA.gov](http://FAFSA.gov). This form helps you gather all the information you'll need so that you're ready to complete the FAFSA as early as Jan. 1 and before March 10.





## Cash for College

Kicking off annually statewide, Learn More Indiana's Cash for College campaign features practical tips and resources to help Hoosier students of all ages pay for college and career success. Learn about the FAFSA, saving for college, paying off loans and more.

[Visit [CashforCollegeIndiana.org](http://CashforCollegeIndiana.org) and watch for a special FAFSA Friday events on February 22.]

## College Goal Sunday

Volunteers will be on hand to help Indiana students and their families complete the Free Application for Federal Student Aid on College Goal Sunday 2013. Approximately 40 sites statewide on February 24 will offer free, professional assistance in filling out the FAFSA, the financial aid form required by post-secondary educational institutions nationwide for grants, scholarships and loans to attend any college or technical school. Just in time, too: **FAFSA forms must be received by the federal processor by March 10.** In its 23-year history, College Goal Sunday has helped approximately 90,000 Hoosier students and families complete the form.

[To find a location near you, check with your counselor or visit [CollegeGoalSunday.org](http://CollegeGoalSunday.org).]

## File the FAFSA

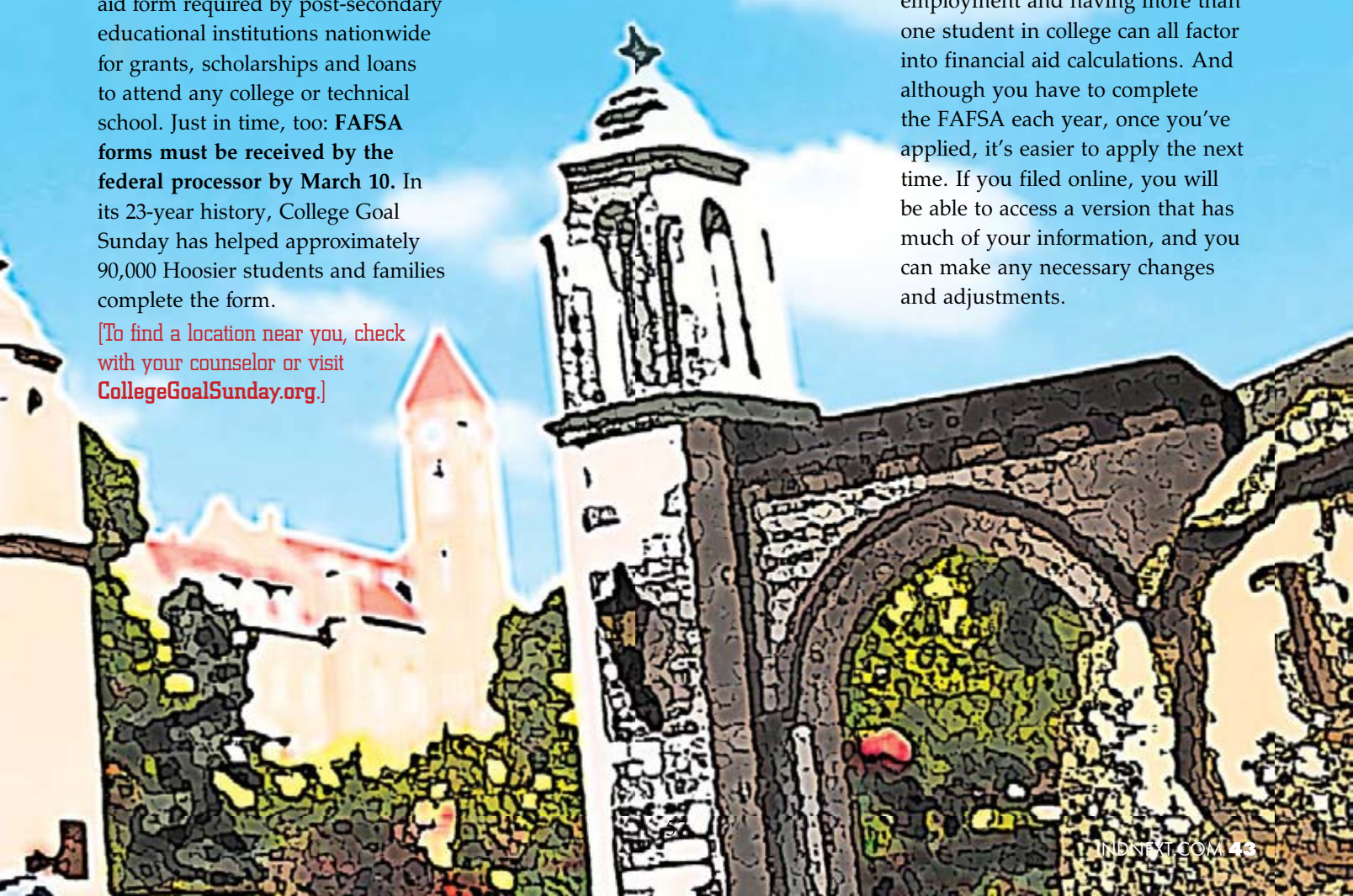
Everyone should file the FAFSA even if you or your parents think you have zero chance of qualifying for financial aid. Your answers to questions about your family income and assets will determine your Expected Family Contribution (EFC) — the annual amount that the government expects you and your parent(s) to be able to pay toward your college education. If your Cost of Attendance (COA) exceeds your calculated EFC, you'll be eligible for need-based loans and/or grants to help pay your college bills.

[Apply online at [FAFSA.gov](http://FAFSA.gov).]

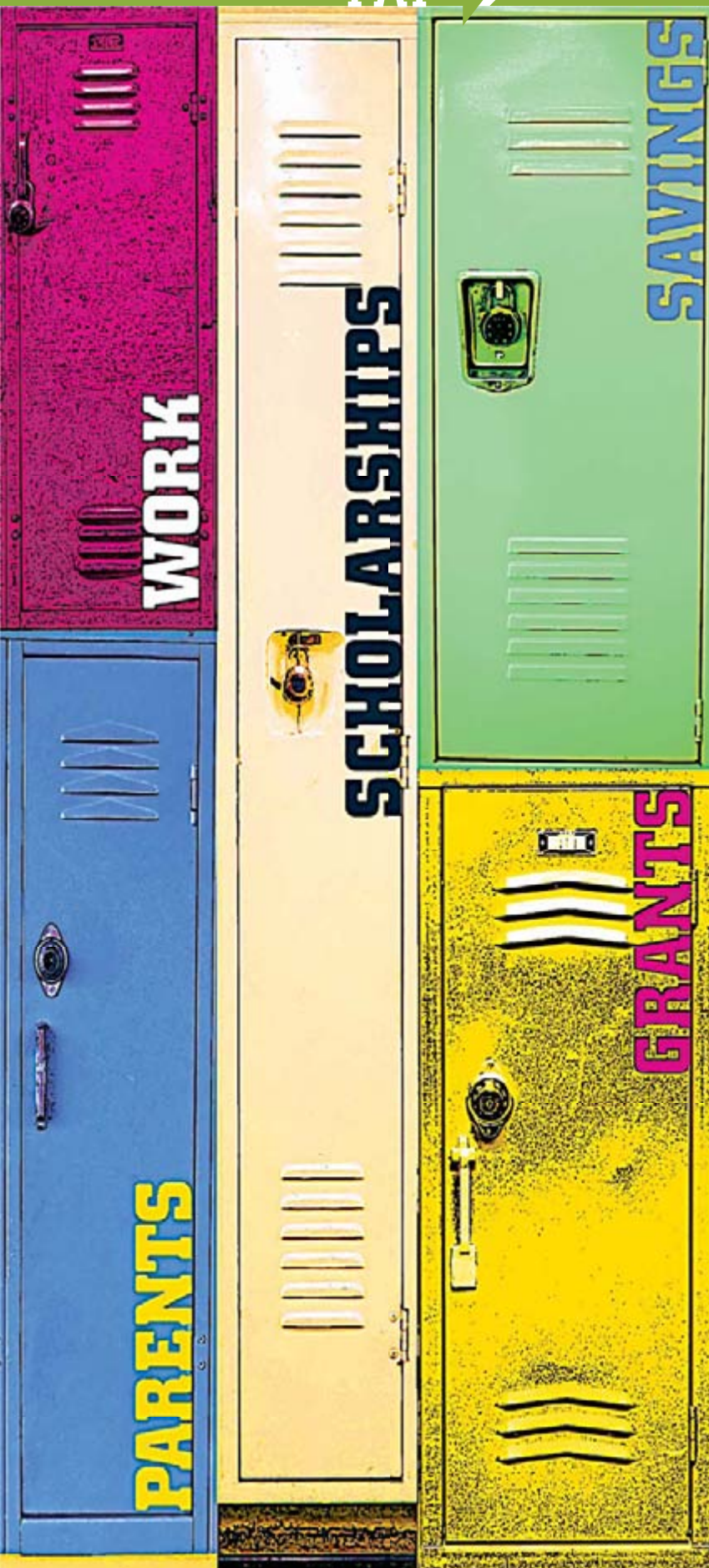
## Don't Think You Need to File?

Think again. You may qualify for more student aid than you think, and you must file the FAFSA to qualify for Pell Grants, state aid and even some federal student loans. Students from families who apply for aid through the FAFSA and do not show calculated need may still be eligible for unsubsidized Stafford loans from the federal government. Unsubsidized Stafford loans have more favorable terms than private commercial loans. These loans are awarded through the financial aid office of the college the student will attend and can be awarded only to students who submit the FAFSA.

Also, family circumstances can change — quickly. Factors like divorce, changes in income and employment and having more than one student in college can all factor into financial aid calculations. And although you have to complete the FAFSA each year, once you've applied, it's easier to apply the next time. If you filed online, you will be able to access a version that has much of your information, and you can make any necessary changes and adjustments.







# SCHOLARSHIP SEARCH

## for Savvy Students

**G**rants and scholarships are free money — in other words, financial aid that does not have to be repaid.

Searching and applying for scholarships means work — an application, usually an essay and sometimes even an interview — but they are huge help to your financial bottom line in college, even if it's a modest amount. Say you spend five hours on a \$500 scholarship application: Is there another job paying \$100 an hour?

Didn't think so. So get started. Some tips for your college scholarship search:

### START AT SCHOOL.

Your school counseling office should have plenty of scholarship information, including a list of local scholarship opportunities. Talk to your counselor and teachers about your interests, skills, grades and goals to see if they are aware of scholarships that might be a good match. Ask if there's a list of the previous year's graduates and scholarships they received to see if you can pursue the same opportunities.

### START EARLY.

It's never too soon to look for scholarships. Some possible sources: your parents' employers, community foundations, social and professional organizations, veteran's organizations and faith-based organizations.

### GO ONLINE.

You can do some research online on your own, or sign up with a few free scholarship search services, such as FastWeb ([FastWeb.com](http://FastWeb.com)) or College Board's Scholarship Search ([CollegeBoard.org/Scholarships](http://CollegeBoard.org/Scholarships)).

### NEVER PAY FOR A SCHOLARSHIP SERVICE.

Some scholarship search services offer to find scholarships for you for a fee. Bad idea. All the information you need to find great scholarships is free.



Chelby Tarver graduated from Indiana University-Bloomington last spring with plans for graduate school and no student loan debt.

How'd she do it? Trust funds? The lottery?

Try 21<sup>st</sup> Century Scholars, the Indiana scholarship program in which income-eligible students enroll during seventh or eighth grade, promising to graduate from high school with at least a 2.5 GPA, apply to an eligible Indiana college, seek financial aid and not use drugs, alcohol or commit a crime.

"At the time, my mom really pushed it," says Tarver.

But it was Tarver who stuck with it. With the expectation that she could — and would — go to college, Tarver kept the pledge and graduated from Jeffersonville High School.

"I've found that it definitely minimized the stress as far as paying for college. Not having a student loan is a huge benefit."

At IU, Tarver majored in psychology and discovered new interests in gender studies and African-American diaspora studies. She found a part-time campus job, too, all while staying connected to IU's 21<sup>st</sup> Century Scholars office. As a 21<sup>st</sup> Century Scholar, Tarver was invited to dinners with faculty and became an active volunteer with the Scholar Corps which provided service-learning opportunities.

"My advice would be to really take advantage of all the programs that are available to you as a 21<sup>st</sup> Century Scholar," Tarver says. "It's a huge opportunity for network — and networking is everything these days. It's a privilege to be a Scholar."

Are you a Scholar?

If you are enrolled in the 21<sup>st</sup> Century Scholars Program, you must complete all the program's requirements to receive partial or full tuition at a participating Indiana college.

Scholars who are in their senior year of high school must affirm by March 10, 2013 that they have kept the Scholars Pledge and complete a Senior Exit interview.

It's also important that scholars meet the same admission standards and application deadlines as any other student. But 21<sup>st</sup> Century Scholars get help finding free tutoring, a mentor and a part-time job, and once in college, students who are 21<sup>st</sup> Century Scholars receive support to finish their degrees.

[Contact your school counselor to the program nearest you to find out more, or visit [Scholars.IN.gov](http://Scholars.IN.gov).]

# IT WORKS!

## 21<sup>st</sup> Century Scholars pays off





Tempted to bridge the tuition gap with student loans? College

seniors who graduated in 2010 had an average of \$25,250 in student loan debt, according to The Project on Student Debt.

You may qualify for student loans, but remember, they must be paid back, so borrow only what you absolutely need.

Federal loans include the Perkins and Stafford Loans for students and the Parent PLUS loans for parents. Federal loans have fixed interest rates. (When you pay back your loan, you will pay both principal — the original amount you received as a loan — and interest — a percentage of the principal. The faster you pay off the principal, the less interest you will have to pay.) Private loans are from private companies. They have interest rates that may not be fixed, meaning that your interest rate may change.

Every student's financial situation is unique. Some students will graduate with student loans and have no trouble paying off debt with the income from a well-paying job. Others might struggle, making monthly payments of \$200, \$300 or much more as they also pay for the necessary costs of living. That's why it's so important to think before you borrow.

USA Funds offers students a Borrowing for College Calculator to help students manage their student loan borrowing. [Visit [USAFunds.org](http://USAFunds.org) for more information.]

## BE **SMART** ABOUT LOANS

## SAVING FOR COLLEGE IT'S NEVER TOO LATE

Many families start saving for college when their children are born. But if that's not you, know that it's never too late to start saving for college.

Open an Indiana CollegeChoice 529 Savings Plan. It only takes \$25 to get started, and your account grows free of taxes. Withdrawals for education expenses are also tax-free. Contributions earn a state tax credit — up to \$1,000 annually — and anyone can contribute to an account and take advantage of the tax credit. The money you save can be used for your education or that of a family member — even if you move or attend college in a different state.

What advice do you have for high school students who want to go to college?

**MEGAN MCNULTY**

**Junior,  
Beech Grove  
High School**

Not to slack off in high school. Try to get as prepared as you can. Take as many classes as you can that you think would help you in whatever you want to be when you get older.

Are you saving for college?

Yeah, my mom and my dad have a small savings account already set, not too much but we're working on it.

Why is it important to save money?

It's so expensive, so save as much as you can. Just a little back each time will help in the long run.

What are you doing to help you get scholarships for college?

I'm working really hard to get good grades. I want to make sure when I graduate, I have over 4.0. I am in clubs and help out in the community so colleges want me to attend their schools.

How are you planning on paying for college?

I'm trying to get as many scholarships as I can. I would love to get as much as I can, and if not, I plan on getting a part-time job to help pay for it. My mom and my dad plan on helping me a little.





INDIANA *for* COMMISSION  
HIGHER EDUCATION



Indiana School Counselor:

On July 1, 2012, the 21<sup>st</sup> Century Scholars Program became part of the Indiana Commission for Higher Education. To better serve Scholars and their families, we are working to improve the way we support students enrolled in the 21<sup>st</sup> Century Scholars Program. **Please note that state funding for the student scholarship, which helps pay college tuition and mandatory fees for 21<sup>st</sup> Century Scholars, remains intact and is not impacted by these changes.**

Under the new student support model, we are creating eight 21<sup>st</sup> Century Scholar Outreach Regions (see attached map). Each Region will be supported by an Outreach Coordinator who will work to increase partnerships with area schools, youth-serving organizations, college and universities, and other local partners to provide programs and services that better prepare 21<sup>st</sup> Century Scholars for high school graduation and college completion.

In the near future, you will be contacted by the regional 21<sup>st</sup> Century Scholars Outreach Coordinator assigned to your area. Your Outreach Coordinator will provide you with additional information about the new support structure and services for Scholars moving forward. In the meantime, I encourage you to learn more about the free resources available to you and your students from Learn More Indiana at [LearnMoreIndiana.org](http://LearnMoreIndiana.org).

On behalf of the Indiana Commission for Higher Education and Learn More Indiana, thank you for your continued support of the 21<sup>st</sup> Century Scholars Program and the students it serves. We look forward to working with you and other local partners to help 21<sup>st</sup> Century Scholars achieve their educational aspirations.

Sincerely,

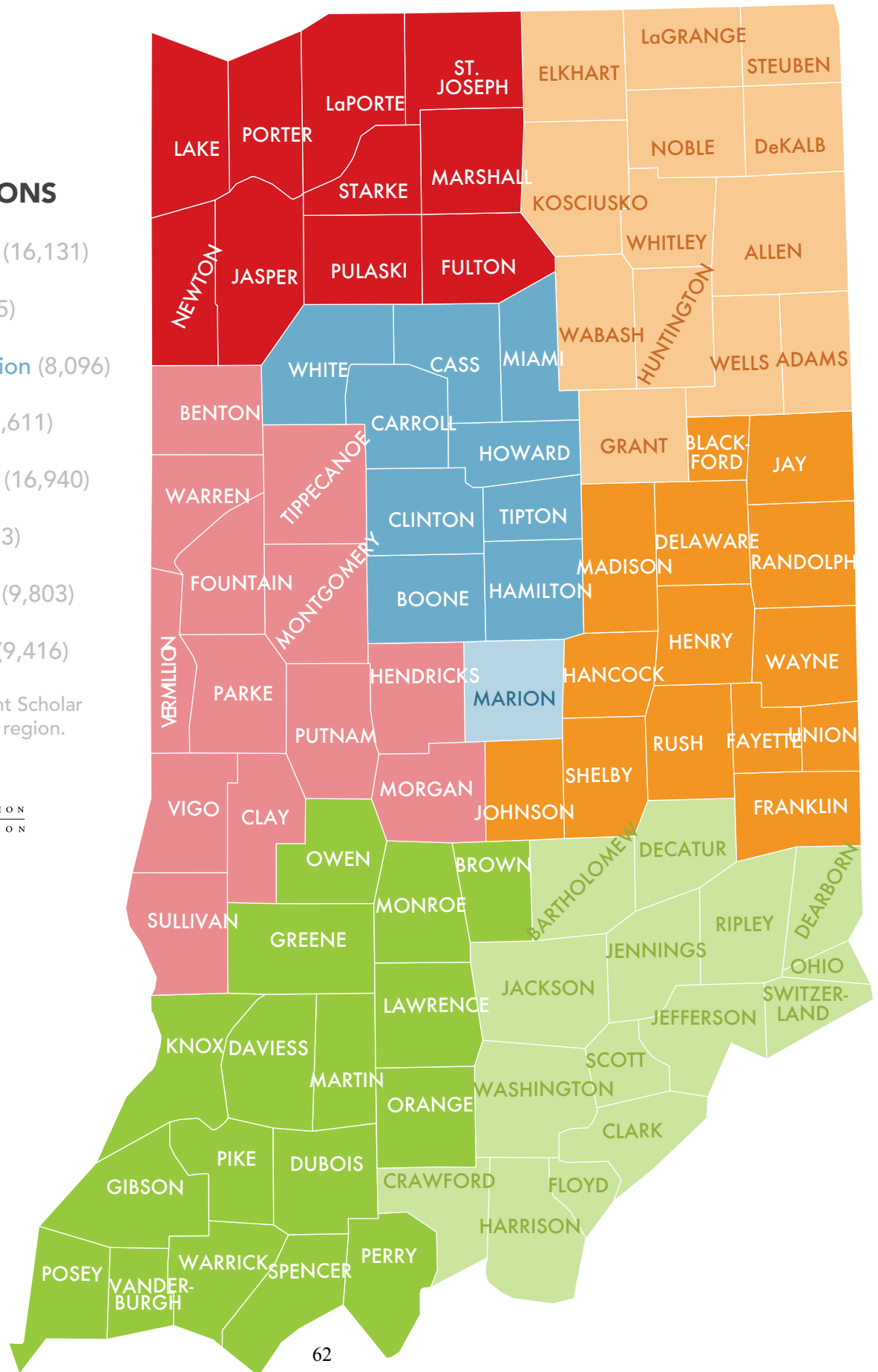
Chris Enstrom  
21<sup>st</sup> Century Scholars Outreach Director  
Learn More Indiana / Indiana Commission for Higher Education

# 21st Century Scholars Outreach Regions

## SCHOLARS REGIONS

- 1) Northwest Region (16,131)
- 2) West Region (8,255)
- 3) North Central Region (8,096)
- 4) Central Region (18,611)
- 5) Northeast Region (16,940)
- 6) East Region (10,673)
- 7) Southwest Region (9,803)
- 8) Southeast Region (9,416)

\* indicates current student Scholar enrollment in designated region.



# STATE OF INDIANA

STATE STUDENT ASSISTANCE COMMISSION OF INDIANA



INDIANA GOVERNMENT CENTER SOUTH  
402 WEST WASHINGTON STREET, ROOM 462  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-2350  
FAX (317) 232-3260

\*\*\*\*\*6536

COURTNEY M KNIES  
4810 CREEK ROAD  
BRISTOW, IN 47515

001813  
IUPUI - Indianapolis

Page 1 of 3

Year: 2012-2013  
Date: Jul 17 2012

## State of Indiana Grant Programs

### Award Amount and Name

\$2160 Frank O'Bannon Grant with Core 40 Higher Education Award  
\$6124 Twenty-first Century Scholars Scholarship  
-----  
\$8284 Total Grants from the State of Indiana

Awards may be revised or withdrawn based on your actual enrollment and/or verification of your Free Application for Federal Student Aid (FAFSA) and other application materials. Indiana residency must be maintained by the student (and parent, if parent information is required on the FAFSA) for the entire academic year to remain eligible for an award.

### INFORMATION ABOUT STATE OF INDIANA GRANTS

This letter includes information about your eligibility for the need-based Frank O'Bannon Grant and other state grants. The information above lists the state grants you are eligible to receive or indicates that you are not eligible and why that determination was made. Eligibility is based on the contribution amount expected, which is determined by the data disclosed on your FAFSA, the approved tuition and regularly assessed fees at your chosen college and the type of high school diploma you earned. SSACI grants may be applied only toward tuition and regularly assessed fees. **IF ELIGIBLE, YOU DO NOT NEED TO CONTACT SSACI TO ACCEPT OR REJECT THESE GRANTS.** Please print and maintain a copy of this online grant notification for your records; you will not receive a notification via U.S. mail.

### Incorrect/Ineligible College

The financial aid office of the college listed has been notified of your grant status. **SSACI must have the correct college on file to process an award, so be sure the college above is the institution you will be attending in 2012-2013.** If the incorrect college is listed above, visit [www.ssaci.in.gov/estudent](http://www.ssaci.in.gov/estudent) and select the "Change College" tab to correct it. SSACI will not accept college correction requests by fax, phone or email. All corrections must be received through the eStudent website allowing enough time for SSACI to generate an award and the correct college to claim the award on your behalf. SSACI recommends you make any corrections at least three (3) to five (5) weeks before the enrollment term ends. Changes made near the end of the term may not be received in time and your award could be lost. It is your responsibility to ensure the correct college is on file at SSACI and listed on your FAFSA. (To review and update your FAFSA visit [www.fafsa.ed.gov](http://www.fafsa.ed.gov)).

### General Eligibility Requirements (GERS)

There are four general eligibility requirements (GERS) for most full-time state grants and scholarships: (1) you must show financial need according to program rules; (2) each and every year the federal processor must receive your FAFSA by March 10 and it must be edit/error-free by the SSACI Correction Receipt Date Deadline of May 15; (3) you—and your parent(s), if you are a dependent student—must have been legal residents of Indiana by December 31, 2011 and remain so during the academic year; (4) you must be a full-time undergraduate studying toward an associate or first bachelor degree, maintaining satisfactory academic progress and applicable grade point average (GPA) standards. If first attending college after June 30, 2012, you must maintain GPA standards as outlined in chapters 3, 4 and 6 of Indiana Code 21-12 and chapter 4 of Indiana Code 21-14. You may not be in default or overpayment of a federal grant or loan and meet the specific requirements of your chosen college. If you are considered a professional degree student (such as veterinary medicine, pharmacy, optometry or law) you may be eligible for state aid depending on the specific program specifications.



### Grant Amount Variation

The grant amounts provided are based on approved tuition and regularly assessed fees at your chosen college, which may be less than your actual charges and may be different for students enrolled in evening, accelerated, adult, state-wide technology or similar programs. Since tuition varies from one college to another, your grant will be adjusted to reflect such variations if you change your college. Grant amounts listed are the maximum you can receive at your chosen college. Grants may change as a result of verification performed by the college or SSACI, enrollment or other tuition specific funding you may be receiving. All grants are subject to the availability of state and federal funds and may be reduced at any time.

### Annual Grants by Term

The grant amounts listed are annual amounts and may be used during the fall, winter, spring or summer terms of the academic year. State financial aid for summer 2012 is limited to the part-time grant, nursing scholarship and minority-teacher/special services scholarship. Annual grants are split into term grants, which are paid directly to the college. Some grants may be for one term only due to prior grant usage (see Eligibility Period).

### Required Full-time Enrollment (Tuition by Credit Hour)

The grant amounts listed are based on 30 hours of enrollment per academic year or 15 hours per semester (or the equivalent at trimester and quarter colleges). At colleges that charge by the credit hour, students enrolled in at least 12 but less than 15 credit hours per semester will have their grants reduced if the actual tuition falls below the approved tuition used to calculate the grant. For example, if your term award at 15 hours is \$3,000, your term award at 12 hours could be reduced to \$2,400. Your college will make the adjustment. Students enrolled full-time at colleges that charge a flat fee for enrollment in 12 credit hours to 15 credit hours will receive the maximum grant amount. Some colleges charge a flat fee but others charge by the credit hour if students enroll in evening, accelerated, adult, state-wide technology or similar programs.

### Dropping/Withdrawing from Classes (SSACI Refund Period)

State grants are awarded to eligible students based on the assumption that they will attend college full-time for the entire term. If you are enrolled less than full-time, you cannot receive any of the state grants listed (see NGSF for exception). If you drop classes or withdraw from college, your state grant can be reduced or taken away, even after the college has credited it to your bill. The measure of whether or not you are enrolled full-time is taken at the end of the SSACI refund period, which is the first four weeks of classes or the college's refund period, whichever is shorter. If you drop classes resulting in less than full-time enrollment or withdraw completely before the end of the SSACI refund period, you cannot receive any state grant listed. You must be officially enrolled full-time at the end of the SSACI refund period. If after the shorter of the SSACI refund period or college refund period, you drop one or more classes so as to be enrolled less than full-time or if you withdraw completely, your state aid must be reduced to reflect the new reduced tuition if the college refunds you money based on the change in enrollment. Contact your chosen college for information about its refund period and policy.

### Eligibility Period

Grant recipients are restricted to eight (8) semesters, twelve (12) trimesters or twelve (12) quarters of any combination of state grants. You are not permitted to receive grants from the state once you reach these limits or if you fail to meet the General Eligibility Requirements (GERS). To view your award history, visit [www.ssaci.in.gov/estudent](http://www.ssaci.in.gov/estudent) and click the "Award History" tab. For students first enrolled for the 2011-2012 academic year or thereafter, you must use your state financial aid within eight (8) years of your first use of the aid. For example, if you first use state aid in 2012, after 2020, you will no longer be eligible.

### Higher Education Award and Freedom of Choice Grant

The Frank O'Bannon Grant program includes several awards. Grant funds for students attending public or proprietary colleges are called The Frank O'Bannon Higher Education Award. For those enrolled at private colleges, the Frank O'Bannon Grant is split into the Higher Education Award and the Freedom of Choice Grant. Students must meet the GERS and remain enrolled full-time to receive funding.

### Academic Honors Diploma and Core 40 with Technical Honors Diploma Grants

Frank O'Bannon Grant with Academic Honors Diploma (AHD) and Frank O'Bannon Grant with Core 40 Technical Honors Diploma (TH) are offered only to Frank O'Bannon Grant recipients who, based on their FAFSA information, have financial need (as determined by the state) and graduate from an eligible Indiana high school with an Academic Honors or Core 40 Technical Honors Diploma. Those students who graduated before 2011 and received a Core 40 Diploma with a Grade Point Average (GPA) of 2.0 on a 4.0 scale may still be eligible for a Frank O'Bannon Grant with Core 40 diploma designation. Graduating from high school with these diploma type designations does not guarantee financial aid. If you think your award should have the AHD or TH Honors designation or the Core 40 with GPA stipulation designation but do not see it on this notification, first check your file at [www.ssaci.in.gov/estudent](http://www.ssaci.in.gov/estudent). You will want to view the "Application History" tab for AHD, TH or Core 40 Recipient noted. If you do not have the appropriate AH, TH or Core 40 designation but should, or if you have been awarded one of these designations without meeting the qualifications, go to [www.in.gov/ssaci/2390.htm](http://www.in.gov/ssaci/2390.htm) and follow the instructions. Claiming an award you for which you are not eligible will permanently disqualify you from receiving state grants.

### **Twenty-first Century Scholars Scholarship**

Affirmed Twenty-first Century Scholars must graduate from an eligible Indiana high school with a final cumulative GPA of at least 2.0 on a 4.0 scale. In addition to the GERS, students must abstain from criminal activity and the illegal use of controlled substances including alcohol. Students graduating from high school prior to 2012 must enroll full-time at an eligible Indiana college within two (2) years of graduation. Those graduating in 2012 and thereafter must enroll full-time at an eligible Indiana college within one (1) years of graduation. A FAFSA must be filed each year, even if the student is not attending college. Failure to meet these requirements will result in loss of the scholarship. Claiming an award for which you are not eligible will permanently disqualify you from receiving state grants.

### **National Guard Supplemental Grant and National Guard Extension Scholarship (NGSG/NGES)**

**NGSG** - In addition to meeting the GERS and being within the Eligibility Period, National Guard Supplemental Grant students must be on active drilling status in the Indiana Air or Army National Guard (Guard) and must not have been absent without leave during the twelve (12) months prior to their enrollment. The Guard must certify students as “eligible” prior to the start of classes each term before the grant can be applied to students’ financial aid awards. Grants can be applied toward certain tuition and fees only at Indiana public colleges (see the SSACI eligible college list at [www.in.gov/ssaci/2334.htm](http://www.in.gov/ssaci/2334.htm)). It can be used for full-time or part-time enrollment.

**NGES** – This is a limited scholarship available to former Guard members who left the Guard under honorable discharge conditions, used NSGS in the past, and who served in active duty overseas since September 10, 2001. Former Guardsmen who believe they might qualify and want additional information should contact the Indiana Army National Guard Education Services Office at 317-964-7023.

### **Associate Degree Supplement**

Students who earned an associate degree from a SSACI-eligible Indiana college prior to enrolling in a baccalaureate degree program may be eligible to receive an additional 20 percent supplement to the base Frank O’Bannon Grant. The college the student is attending to pursue a baccalaureate degree must report receipt of the associate degree to SSACI. The supplement will be added to the grant award amount if the student if the student is eligible.

### **Mitch Daniels Early Graduation Scholarship**

Students graduating at least one (1) year early from an Indiana publicly-supported high school (defined in IC 21-12-10-1) may be eligible to receive a one-time, \$4,000 scholarship to attend a SSACI-approved eligible higher education institution. The money may be used toward tuition and regularly assessed fees.

### **State Part-time Grant Program**

At some colleges, students enrolled less than full-time may be eligible for a Part-time Grant. Restrictions apply. Contact your college financial aid office for more information on this program.

### **State Work Study Program**

This program is designed to help students gain work experience during the summer and academic year while earning money for college. If you receive the Frank O’Bannon Grant or Twenty-first Century Scholarship in during the 2012-2013 academic year and will not graduate from college before August 31, 2012 you may be eligible for this program. More information about this program is available at [www.ssaci.in.gov/workstudy](http://www.ssaci.in.gov/workstudy).

### **Change of Address, or E-mail on your SSACI eStudent Account**

To change your college, address, e-mail, or to view your state grant award amount or history, visit [www.ssaci.in.gov/estudent](http://www.ssaci.in.gov/estudent).

### **Interested In State Grant Consideration for 2013-2014?**

2013-2014 FAFSAs must be received by the federal processor after January 1, 2013 but no later than March 10, 2013. Necessary corrections must be received by the federal processor by the 2013-2014 SSACI Correction Receipt Date Deadline of May 15, 2013. Check [www.ssaci.in.gov](http://www.ssaci.in.gov) for details.

### **Changes to the State Student Assistance Commission of Indiana**

Effective July 1, 2012, the SSACI will be merging with the Indiana Commission for Higher Education (CHE). Programs and awards administered by SSACI will be administered by the CHE. All e-mail and website addresses will be forwarded to our new website, which will be [www.in.gov/che](http://www.in.gov/che).

## FINANCIAL AID ELIGIBILITY NOTICE

XXXXXX XXXXXX

June 7, 2012

**AWARD PERIOD: 2012-13** Academic Year

**PURDUE ID #:** 12345678

Dear xxxxxx

Thank you for applying for Financial Aid at Purdue University. We are pleased to offer you the awards listed below. Be sure to read the financial aid award messages and Financial Aid Terms and Conditions enclosure ([www.purdue.edu/dfa/terms.pdf](http://www.purdue.edu/dfa/terms.pdf)). To utilize a student loan or work-study offer you must accept these awards online at [myPurdue.purdue.edu](http://myPurdue.purdue.edu). If not already listed, you must report additional financial aid you expect to receive such as private scholarships or university fee remissions on [myPurdue.purdue.edu](http://myPurdue.purdue.edu). Carefully consider the loan aid offered and only borrow the amount you need. For additional information visit the Division of Financial Aid website at [www.purdue.edu/dfa](http://www.purdue.edu/dfa).

<b>ALL FUTURE CORRESPONDENCE WILL BE SENT THROUGH YOUR PURDUE EMAIL ACCOUNT</b>					<b>ESTIMATED COST OF ATTENDANCE</b>	
<b>GIFT AID/FREE MONEY</b>	<b>FALL 2012</b>	<b>SPRING 2013</b>	<b>SUMMER 2013</b>	<b>TOTAL</b>	Your costs are based on Full Time Enrollment On or Off Campus Housing	
Federal Pell Grant	2200	2200		4400	Tuition and Fees	9900
Federal Suppl Ed Opp Grant	200	200		400	Room and Board	10378
University Incentive Grant	1500	1500		3000	Books and Supplies	1370
Suppl Univ Incentive Grant	375	375		750	Transportation	260
Access and Success Incent Grnt	250	250		500	Miscellaneous	1560
Centennial Opportunity Grant	175	175		350	Loan Fees	63
					Plus Loan Fees	610
<b>TOTALS</b>	<b>4700</b>	<b>4700</b>		<b>9400</b>	<b>Total Estimated Cost</b>	<b>\$24141</b>
<b>STUDENT SELF HELP AID OFFER</b>					<b>Outside Resources</b>	
Federal Perkins Loan Program	1000	1000		2000	<b>Net Cost After Gift Aid</b>	<b>\$14741</b>
Federal Sub Stafford Loan	1750	1750		3500		
Federal Unsub Stafford Loan	1000	1000		2000		
Federal Parent PLUS Loan	3284	3284		6568	Remaining Net Cost For Family	
<b>TOTALS</b>	<b>7034</b>	<b>7034</b>		<b>14068</b>	<b>After Self-Help Aid</b>	<b>\$673</b>

Remaining cost can be met in a variety of ways. Parent PLUS Loans and Private Loans are available to credit worthy borrowers. Other options include university payment plan or other financing options the family may have. Additional information can be found on our website at [www.purdue.edu/dfa/options.php](http://www.purdue.edu/dfa/options.php)

The information contained in this letter is subject to change as a result of action by federal and/or state governments, the trustees and the administration of Purdue University. Questions concerning the contents of this letter should be directed to the Division of Financial Aid.

**AID MESSAGE(S):**

Federal Pell Grant - You were awarded a Federal Pell Grant. Visit <http://www.purdue.edu/dfa/sandg/pell.php> to view the eligibility criteria for this award. Your eligibility will be reviewed and awarded each year based on the information we received from the FAFSA. This award value is subject to change depending on federal funding.

Federal Parent PLUS Loan - The interest rate on this loan is fixed at 7.9%. The creditworthy parent is the borrower. Refer to the Direct Loan Fact Sheet and application information at <http://www.purdue.edu/dfa/loans/plus.php>. The online PLUS application will be available beginning 04/06/2012 for the 12-13 academic year at <https://studentloans.gov>. The borrower must have signed a master promissory note on file with the direct loan servicer to complete the loan process. The Division of Financial Aid will begin submitting loan certifications to the Direct Loan Servicer at the end of June.

Federal Sub Stafford Loan - The interest rate for Subsidized Stafford Loans for undergraduate students disbursed between July 1, 2012, and June 30, 2013 is fixed at 6.8%. There is no interest accruing on this loan while you are enrolled in a degree-seeking program at least half time. Once you accept the loan through the myPurdue self service system, it will be processed for the academic year; if you want a one semester loan you must contact our office. All first time borrowers are required to learn more about the Federal Stafford Loan Program by visiting the Federal Direct Student Loan Entrance Counseling site at <https://www.studentloans.gov>.

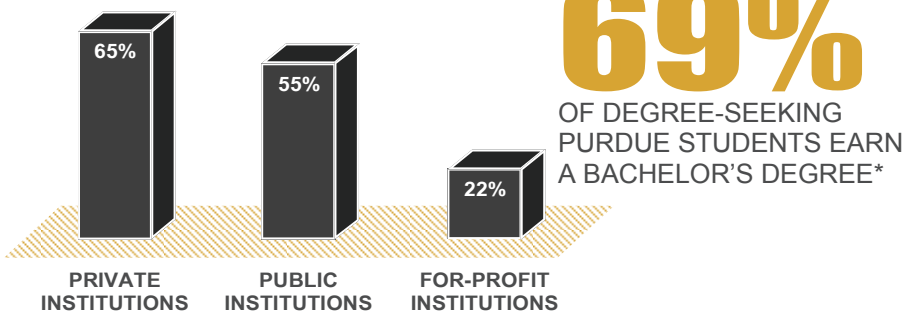
Suppl Univ Incentive Grant - You have been awarded the Supplemental University Incentive Grant based on demonstrated financial need. Renewal of this grant is based on financial need and available funding. You must file the Free Application for Federal Student Aid (FAFSA) by March 1 each year.

University Incentive Grant - You have been awarded the University Incentive Grant based on demonstrated financial need. Renewal of this grant is based on financial need and available funding. You must file the Free Application for Federal Student Aid (FAFSA) by March 1 each year.

Federal Unsub Stafford Loan - The interest rate on this loan is fixed, and will not exceed 6.8%. Interest is accruing on this loan and you have the option of paying the interest while in school or rolling the interest into the principal through capitalization. Contact the Direct Lending Servicing if you wish to make interest payments on this loan while you are in school. All first time borrowers are required to learn more about the Federal Stafford Loan Program at <https://www.studentloans.gov> and clicking on the Federal Direct Student Loan Entrance Counseling link.

Federal Perkins Loan Program - The interest rate on this loan is 5%. There is no interest if the principal balance is paid within the grace period. This loan will automatically credit fees and/or university housing if you accept the loan. Educational Computer Systems Inc (ECSI) will notify borrowers with promissory note instructions. The promissory note must be completed prior to disbursement of funds. Be certain both your email and mailing addresses are current with the university at all times.

## DEGREE MAKERS



Six-year graduation rate of 2002 full-time, first-time beginner cohort at 4-year institutions (most recent national data available)

\*Six-year graduation rate of 2005 full-time, first-time beginner cohort, which includes Technology Statewide

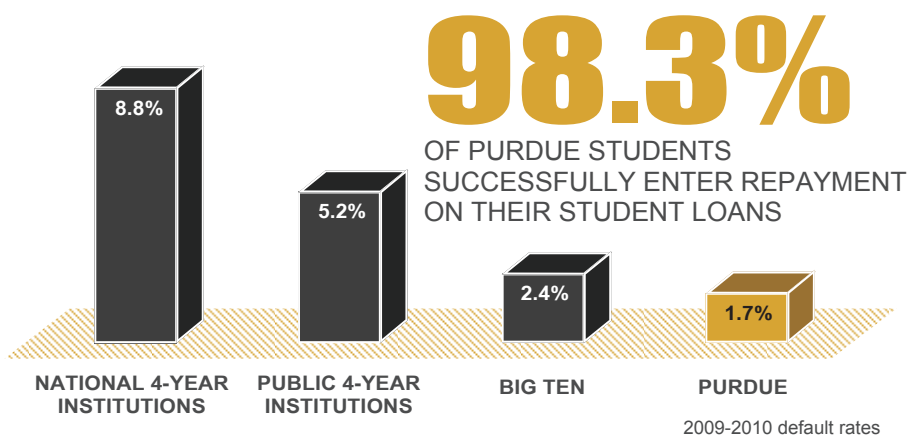
**69%**

OF DEGREE-SEEKING PURDUE STUDENTS EARN A BACHELOR'S DEGREE\*

## GRADUATION IS WITHIN REACH.

On average, better academically-prepared students, females, nonresidents and students who participate in learning communities take less time to complete a degree. Typically, the students who take longer than four years to complete their degree retake twice as many courses and are far more likely to repeat a course. Purdue students earn a degree in an average of 4.27 years. Pell Grant recipients at Purdue graduate at a rate of 64 percent (2004 Cohort), which is higher than any other public 4-year institution in the state of Indiana.

## PAYMENT MAKERS



**98.3%**

OF PURDUE STUDENTS SUCCESSFULLY ENTER REPAYMENT ON THEIR STUDENT LOANS

2009-2010 default rates

## WHAT IS THE STUDENT LOAN DEFAULT RATE?

The default rate is the percentage of borrowers who defaulted on their Federal Stafford loans within the two-year window after entering repayment.

## FIRST YEAR SUCCESS

The percentage of freshmen that returned their sophomore year at Purdue University was 90.2 percent, a higher rate than the national average for both public and private 4-year institutions. Multiple scholarship programs such as Purdue Promise, Purdue Opportunity Award, Emerging Urban Leaders and Science Bound require freshmen to participate in a support program. The result is a higher student retention rate of 91.93 percent as of the 2010-2011 academic year.

OVER **9 in 10** FRESHMEN RETURN FOR THEIR SECOND YEAR AT PURDUE UNIVERSITY\*



NEARLY **8 in 10** FRESHMEN RETURN FOR THEIR SECOND YEAR AT PRIVATE INSTITUTIONS



NEARLY **8 in 10** FRESHMEN RETURN FOR THEIR SECOND YEAR AT PUBLIC INSTITUTIONS

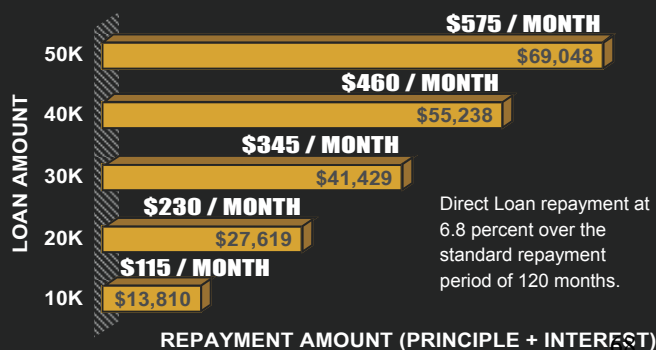


2008 Full-time first year retention rates of 4-year institutions (most recent national data available)

\*2010 Full-time first year retention rate

## AFTER GRADUATION, WHAT WILL I OWE?

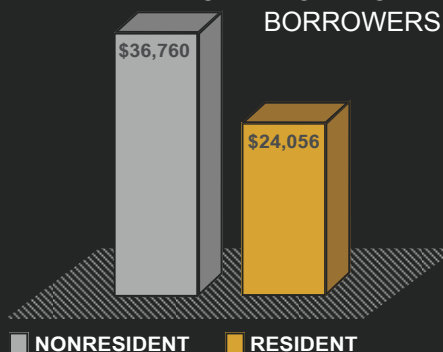
As of the 2010-2011 school year, Purdue students who borrowed graduated with an average student loan of \$27,286. Over a standard 10-year repayment period at 6.8 percent interest, the total cost of this loan including interest is \$37,681 with a monthly payment of \$314. To calculate your expected loan costs and monthly payment, visit [www.direct.ed.gov/RepayCalc/dlentry1.html](http://www.direct.ed.gov/RepayCalc/dlentry1.html).



Direct Loan repayment at 6.8 percent over the standard repayment period of 120 months.

**\$27,286**

AVERAGE LOANS OF PURDUE UNDERGRADUATE BORROWERS



2010-2011 Mean debt of graduating undergraduate borrowers

## **APPENDIX C. METHDOLOGY FOR FINANCIAL AID PROJECTIONS**

### Data

The projections draw on data retrieved from four different sources. The primary data source is Free Application for Federal Student Aid (FAFSA), provided by the Indiana Commission for Higher Education (ICHE). The data set includes individual-level information for all FAFSA applicants in the state, including the scholarship program, grant amount received, and the name of the institution attended from 2004–05 to 2011–12.

The second data source is the Integrated Postsecondary Education Data System (IPEDS), a postsecondary education database maintained by the National Center for Education Statistics (NCES), a statistical branch of the U.S. Department of Education. All institutions that wish to qualify for federal student aid programs must submit their data to NCES as required by the law. From this database, which is publicly accessible to anyone, we obtained fall undergraduate enrollment data for all Title IV institutions in Indiana from Fall 2001 to Fall 2010.

The third data source is the Common Core of Data (CCD), also maintained by NCES. CCD is a K–12 database companion to IPEDS, collecting school-level information of all public schools in the nation such as enrollment, student demographics, high school graduation, etc. This study used state-level enrollment data for first grade through high school graduation from 2005–06 to 2009–10. ICHE also provided non-public high school graduation data from 2005–06 to 2010–11.

Lastly, the projections used the population projection data released by the U.S. Census Bureau in 2005. This information was used to determine the size of the entire K-12 population in the state, including high school graduates, up to 2031-32.

### Methodology

A cohort survival method (CSM) was used. The CSM relies on historical trends in student progress to forecast scholarship recipients. It was the primary method used for the projections of the 21<sup>st</sup> Century Scholars program and was used for part of the projections for the Frank O’Bannon program. For the 21<sup>st</sup> Century Scholars program, the CSM first derived a ratio of students in one grade progressing to the next grade from first grade to college graduation. It then multiplied the number of students in a given grade by the corresponding progress ratio to predict future enrollment up to 2031–32. The CSM was also used to forecast the Frank O’Bannon program, but its use was limited to scholarship retention in college. The projections started with an estimated incoming freshman cohort of the program, which was primarily determined by projected postsecondary enrollment. The CSM then yielded a projected headcount of scholarship recipients in the second year through the ninth year of enrollment based on the historical trends of retention rates for Frank O’Bannon recipients. For the remaining scholarship programs, the ratio of scholarship recipients to overall college enrollment in the state in 2010–11 was calculated for each program. Then each ratio was multiplied by the projected overall college enrollment in the future years. This yielded a projected number of scholarship recipients in those programs up to 2031–32.

### Assumptions

The projections were built based on the following assumptions:

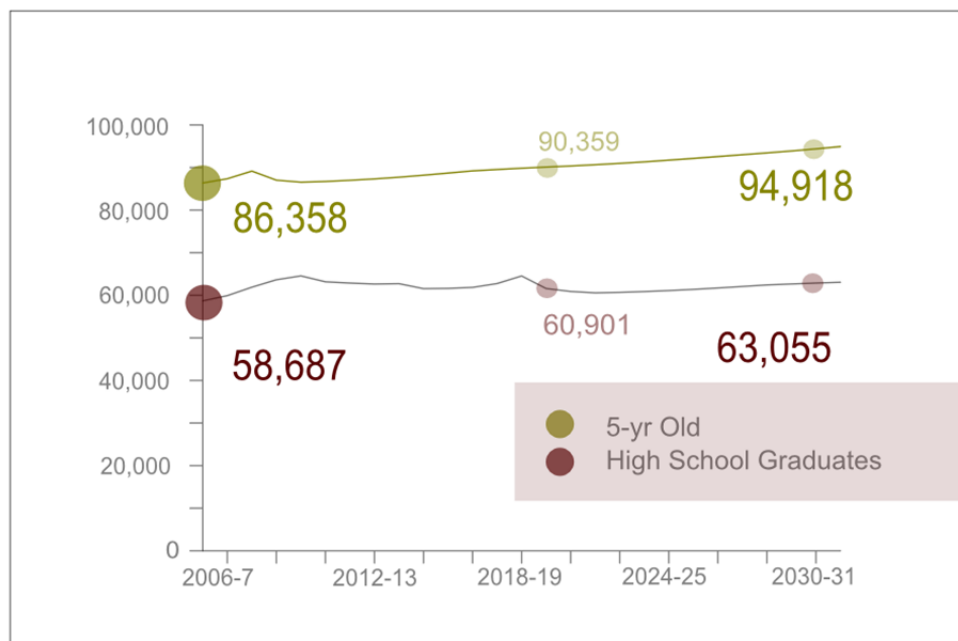
- The state’s population and postsecondary enrollment are the primary cost drivers of scholarship expenditures. The former primarily influences the cohort-based 21<sup>st</sup> Century Scholars program, while the latter affects the other scholarship programs including Frank O’Bannon.
- 5-yr old population will increase as projected by the U.S. Census Bureau (**Figure C1**).
- The progress rates from 5-yr old to twelfth grade will remain unchanged at the levels of 2008–09 to 2009–10 (**Table C1**).
- The high school graduation rate for ninth graders in public high school will remain unchanged at 74%, the rate for the 2006–07 ninth graders graduating in School Year 2009–10.
- The ratio of public high school graduates to private high school graduates will remain unchanged at 6%, the rate in School Year 2009-10.
- The average scholarship amount received by students for each scholarship type and sector of institution attended will remain unchanged at the level of 2011–12<sup>7</sup> for the next 20 years (**Table C2**).
- In all projection scenarios, the enrollment distribution across the sectors will continue to shift in the same direction that has been experienced in the last five years, but at half speed (**Tables C3 and C4**).
- A shift in the enrollment distribution of the 21<sup>st</sup> Century Scholars and Frank O’Bannon programs across the institutional sectors will continue to progress in the same direction that has been seen over the past five years, but at half speed (**Tables C5 and C6**).
- The impact of a decline in the 2<sup>nd</sup> year scholarship renewal rate for freshmen will trickle down to sophomores and above, lowering their renewal rates accordingly.

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<sup>7</sup>The most recent year’s data available.



**FIGURE C1. PROJECTIONS OF 5-YR OLD POPULATION AND HIGH SCHOOL GRADUATES (BOTH PUBLIC AND PRIVATE) IN INDIANA FROM 2005-06 TO 2031-32**



Sources: 5-yr old population - U.S. Census Bureau. High school graduates are estimated based on the progress rates for each grade using the data retrieved from Common Core of Data.

**TABLE C1. YEAR-TO-YEAR PROGRESS RATE IN INDIANA'S K-12, 2008-09 to 2009-10**

	5-yr old	1st Grade	2nd Grade	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	9th Grade	10th Grade	11th Grade	12th Grade
2009-10	86,555	80,067	79,092	82,178	79,992	78,871	79,048	79,700	80,983	84,235	80,905	77,923	72,999
2008-09	87,026	80,965	82,877	79,915	78,842	78,570	78,974	81,209	80,874	84,538	81,245	77,354	72,989
Progress Rate	5yr old - 1st	1st - 2nd	2nd - 3rd	3rd - 4th	4th - 5th	5th - 6th	6th - 7th	7th - 8th	8th - 9th	9th - 10th	10th - 11th	11th - 12th	
	98%	98%	99%	100%	100%	101%	101%	100%	104%	96%	96%	94%	

Source: National Center for Education Statistics (NCES) Common Core of Data (CCD)

**TABLE C2. AVERAGE GRANT AMOUNT IN 2011-12 BY SCHOLARSHIP TYPE AND SECTOR**

Sector of Institution	21st Century	Frank O'Bannon	Nursing Scholarship Program	Hoosier Scholars	Child of Veteran	National Guard Supplemental Grant	National Guard Extension Scholarship	Mitch Daniel Early Graduation	Minority Teacher Scholarship	Part-time Grant
Public 4-year	\$ 4,811	\$ 2,634								
Public 2-year	\$ 1,132	\$ 1,711								
Private Non-Profit 4 yr	\$ 2,508	\$ 4,220								
Private Non-Profit 2 yr	\$ 1,704	\$ 4,149	\$ 1,046	\$ -	\$ 4,078	\$ 4,515	\$ -	\$ 4,000	\$ 2,175	\$ 941
Private For-Profit 4 yr	\$ 666	\$ 1,661								
Private For-Profit 2 yr	\$ 763	\$ 1,705								
NA	\$ 1,433	\$ 1,947								

Source: Indiana Commission for Higher Education (CHE), Free Application for Federal Student Aid (FAFSA) data.



**TABLE C3. POSTSECONDARY ENROLLMENT IN INDIANA BY SECTOR, FALL 2001 TO FALL 2010<sup>8</sup> (ACTUAL), FALL 2011 TO FALL 2031 (PROJECTED – MEDIUM PROJECTIONS)**

Actual Enrollment Data										
Sector of Institution	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
Private For Profit 2yr	2,926	3,643	4,425	4,628	5,323	5,786	6,037	6,548	9,073	9,811
Private For Profit 4yr	5,539	5,913	6,546	7,677	9,263	9,544	11,692	13,020	19,131	22,312
Private Non Profit 2yr	504	565	602	631	624	491	511	495	553	578
Private Non Profit 4yr	58,162	59,761	60,684	62,621	63,453	64,326	66,489	67,678	70,694	72,270
Public 2-year	47,594	52,623	55,489	59,684	59,969	64,595	69,389	82,414	99,911	105,914
Public 4-year	179,173	172,197	172,790	172,102	172,346	172,050	173,794	177,792	187,154	193,078
Grand Total	293,898	294,702	300,536	307,343	310,978	316,792	327,912	347,947	386,516	403,963
1-year Change (%)		0.3%	2.0%	2.3%	1.2%	1.9%	3.5%	6.1%	11.1%	4.5%

Compound Annual Growth Rate from Fall 2001 to Fall 2010 3.6%

Projected Enrollment Data										
Sector of Institution	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	Fall 2020
Private For Profit 2yr	10,297	10,797	11,312	11,843	12,388	12,949	13,527	14,121	14,732	15,360
Private For Profit 4yr	24,004	25,749	27,550	29,407	31,322	33,296	35,331	37,429	39,590	41,818
Private Non Profit 2yr	582	587	591	595	599	603	607	611	615	619
Private Non Profit 4yr	72,328	72,366	72,381	72,373	72,342	72,286	72,204	72,097	71,962	71,798
Public 2-year	110,815	115,858	121,047	126,385	131,876	137,523	143,331	149,304	155,445	161,758
Public 4-year	193,203	193,269	193,275	193,220	193,099	192,912	192,655	192,327	191,925	191,446
Grand Total	411,229	418,626	426,157	433,822	441,626	449,569	457,656	465,888	474,269	482,800
1-year Change (%)		1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%

Expected Compound Annual Growth Rate from Fall 2011 to Fall 2021 1.8%

Projected Enrollment Data										
Sector of Institution	Fall 2021	Fall 2022	Fall 2023	Fall 2024	Fall 2025	Fall 2026	Fall 2027	Fall 2028	Fall 2029	Fall 2030
Private For Profit 2yr	14,519	14,988	15,465	15,949	16,440	16,939	17,446	17,960	18,482	19,012
Private For Profit 4yr	40,012	41,784	43,584	45,414	47,273	49,161	51,080	53,029	55,010	57,021
Private Non Profit 2yr	565	563	562	560	558	556	554	552	550	548
Private Non Profit 4yr	64,951	64,177	63,385	62,573	61,741	60,889	60,017	59,124	58,210	57,275
Public 2-year	152,611	157,262	161,984	166,778	171,645	176,587	181,604	186,696	191,866	197,113
Public 4-year	173,146	171,042	168,886	166,677	164,414	162,098	159,726	157,298	154,814	152,273
Grand Total	445,804	449,817	453,865	457,950	462,071	466,230	470,426	474,660	478,932	483,242
1-year Change (%)		0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%

Expected Compound Annual Growth Rate from Fall 2021 to Fall 2031 1.8%

Source: The Integrated Postsecondary Education Data System (IPEDS), Fall Enrollment Survey

<sup>8</sup>Source: IPEDS

**TABLE C4. POSTSECONDARY ENROLLMENT DISTRIBUTION IN INDIANA BY SECTOR OF INSTITUTIONS, FALL 2001 TO FALL 2010 (ACTUAL), FALL 2011 TO FALL 2021 (PROJECTED)**

Actual Enrollment Share											Average Change in Share (%) Fall 2006 to Fall 2010
Sector of Institution	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	
Private For Profit 2yr	1%	1%	1%	2%	2%	2%	2%	2%	2%	2%	0.15%
Private For Profit 4yr	2%	2%	2%	2%	3%	3%	4%	4%	5%	6%	0.63%
Private Non Profit 2yr	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Private Non Profit 4yr	20%	20%	20%	20%	20%	20%	20%	19%	18%	18%	-0.60%
Public 2-year	16%	18%	18%	19%	19%	20%	21%	24%	26%	26%	1.46%
Public 4-year	61%	58%	57%	56%	55%	54%	53%	51%	48%	48%	-1.63%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Projected Enrollment Share (All Scenarios)											Average Change in Share (%) 10 Years
Sector of Institution	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	Fall 2020	
Private For Profit 2yr	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	0.08%
Private For Profit 4yr	6%	6%	6%	7%	7%	7%	8%	8%	8%	9%	0.31%
Private Non Profit 2yr	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Private Non Profit 4yr	18%	17%	17%	17%	16%	16%	16%	15%	15%	15%	-0.30%
Public 2-year	27%	28%	28%	29%	30%	31%	31%	32%	33%	34%	0.73%
Public 4-year	47%	46%	45%	45%	44%	43%	42%	41%	40%	40%	-0.81%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Projected Enrollment Share (All Scenarios)											Average Change in Share (%) 10 Years
Sector of Institution	Fall 2021	Fall 2022	Fall 2023	Fall 2024	Fall 2025	Fall 2026	Fall 2027	Fall 2028	Fall 2029	Fall 2030	
Private For Profit 2yr	3%	3%	3%	3%	4%	4%	4%	4%	4%	4%	0.08%
Private For Profit 4yr	9%	9%	10%	10%	10%	11%	11%	11%	11%	12%	0.31%
Private Non Profit 2yr	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Private Non Profit 4yr	15%	14%	14%	14%	13%	13%	13%	12%	12%	12%	-0.30%
Public 2-year	34%	35%	36%	36%	37%	38%	39%	39%	40%	41%	0.73%
Public 4-year	39%	38%	37%	36%	36%	35%	34%	33%	32%	32%	-0.81%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

**TABLE C5. DISTRIBUTION OF FRESHMAN SCHOLARSHIP RECIPIENTS: 21<sup>ST</sup> CENTURY SCHOLARS**

		Public 4-year	Public 2-year	Private Non-Profit 4 yr	Private Non-Profit 2 yr	Private For-Profit 4 yr	Private For-Profit 2 yr	Unknown	Total
Actual	2006-07	60%	21%	15%	0%	0%	0%	3%	100%
	2007-08	58%	23%	15%	0%	0%	0%	3%	100%
	2008-09	60%	23%	13%	1%	0%	0%	2%	100%
	2009-10	60%	23%	12%	0%	0%	1%	3%	100%
	2010-11	60%	24%	12%	0%	0%	0%	3%	100%
	2011-12	62%	25%	9%	0%	0%	0%	3%	100%
Estimate	2012-13	63%	25%	9%	0%	0%	0%	3%	100%
	2013-14	63%	26%	9%	0%	0%	0%	3%	100%
	2014-15	63%	26%	8%	0%	0%	0%	3%	100%
	2015-16	63%	26%	8%	0%	0%	0%	3%	100%
	2016-17	63%	27%	7%	0%	0%	0%	3%	100%
	2017-18	64%	27%	7%	0%	0%	0%	3%	100%
	2018-19	64%	28%	6%	0%	0%	0%	3%	100%
	2019-20	64%	28%	6%	0%	0%	0%	2%	100%
	2020-21	64%	28%	5%	0%	0%	0%	2%	100%
	2021-22	65%	29%	5%	0%	0%	0%	2%	100%
	2022-23	65%	29%	4%	0%	0%	0%	2%	100%
	2023-24	65%	30%	4%	0%	0%	0%	2%	100%
	2024-25	65%	30%	3%	0%	0%	0%	2%	100%
	2025-26	65%	31%	3%	0%	0%	0%	2%	100%
	2026-27	66%	31%	2%	0%	0%	0%	2%	100%
	2027-28	66%	31%	2%	0%	0%	0%	2%	100%
2028-29	66%	32%	2%	0%	0%	0%	2%	100%	
2029-30	66%	32%	1%	0%	0%	0%	2%	100%	
2030-31	66%	33%	1%	0%	0%	0%	2%	100%	
2031-32	67%	33%	0%	0%	0%	0%	2%	100%	
Annual Change in Share (Percentage Point) 2006-2012		0.4%	0.8%	-0.9%	0.0%	0.0%	-0.1%	-0.1%	0.0%
Annual Change in Share (Percentage Point) 2012-2031		0.2%	0.4%	-0.5%	0.0%	0.0%	-0.1%	-0.1%	0.0%

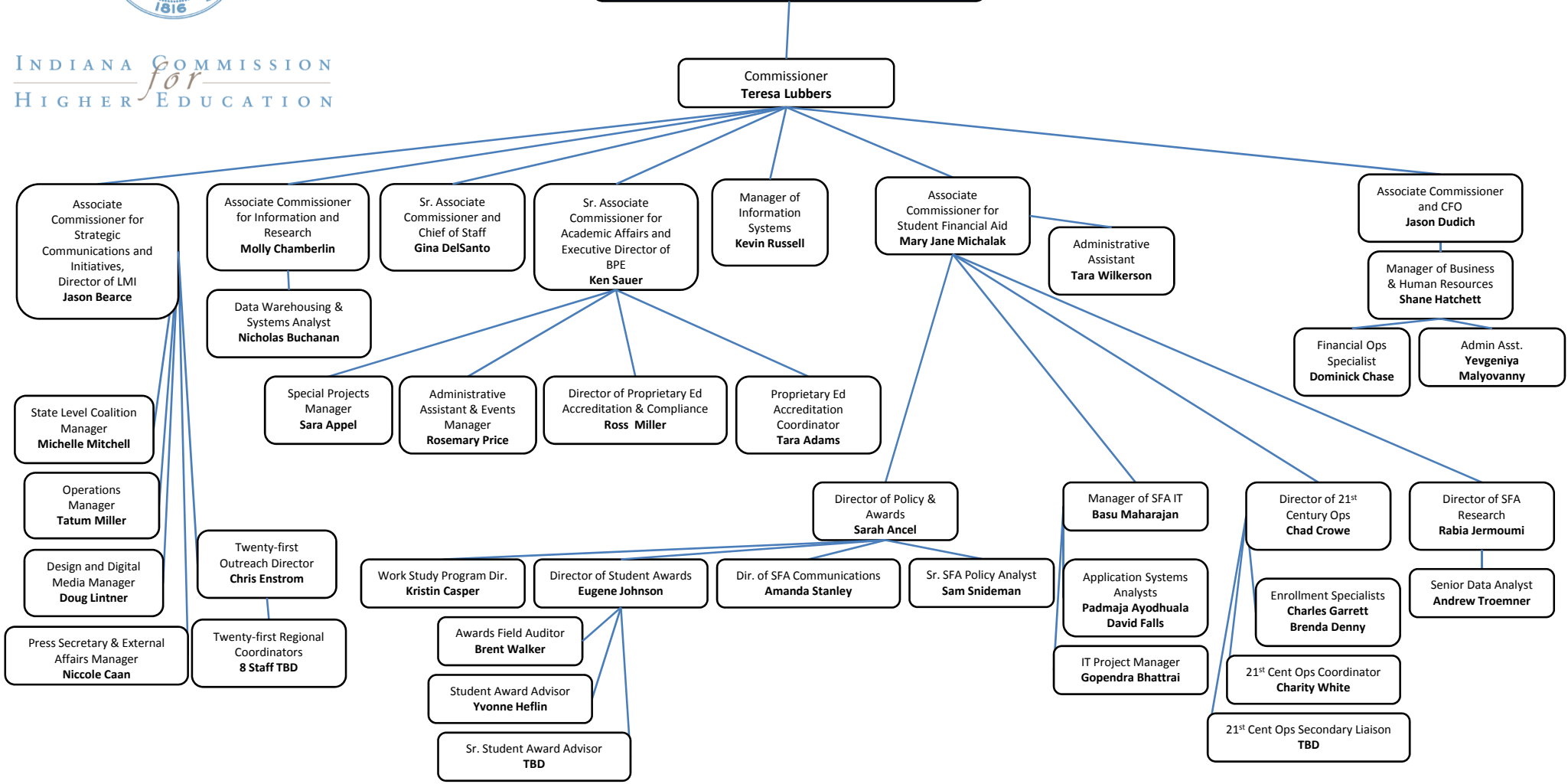
**TABLE C6. DISTRIBUTION OF FRESHMAN SCHOLARSHIP RECIPIENTS: FRANK O'BANNON**

		Public 4-year	Public 2-year	Private Non-Profit 4 yr	Private Non-Profit 2 yr	Private For-Profit 4 yr	Private For-Profit 2 yr	Unknown	Total
Actual	2006-07	56%	14%	25%	1%	0%	0%	3%	100%
	2007-08	53%	16%	25%	1%	0%	0%	4%	100%
	2008-09	53%	17%	25%	1%	0%	0%	3%	100%
	2009-10	51%	23%	21%	1%	0%	1%	4%	100%
	2010-11	50%	24%	20%	1%	0%	0%	4%	100%
Estimate	2011-12	50%	26%	18%	0%	0%	0%	4%	100%
	2012-13	50%	27%	18%	0%	0%	0%	4%	100%
	2013-14	49%	29%	17%	0%	0%	1%	4%	100%
	2014-15	49%	30%	16%	0%	0%	1%	4%	100%
	2015-16	48%	31%	15%	0%	0%	1%	4%	100%
	2016-17	48%	32%	15%	0%	0%	1%	4%	100%
	2017-18	47%	33%	14%	0%	0%	1%	4%	100%
	2018-19	47%	34%	13%	0%	0%	1%	4%	100%
	2019-20	46%	36%	13%	0%	0%	1%	5%	100%
	2020-21	46%	37%	12%	0%	0%	1%	5%	100%
	2021-22	45%	38%	11%	0%	0%	1%	5%	100%
	2022-23	44%	39%	10%	0%	0%	1%	5%	100%
	2023-24	44%	40%	10%	0%	0%	1%	5%	100%
	2024-25	43%	42%	9%	0%	0%	1%	5%	100%
	2025-26	43%	43%	8%	0%	0%	1%	5%	100%
	2026-27	42%	44%	8%	0%	0%	1%	5%	100%
	2027-28	42%	45%	7%	0%	0%	1%	5%	100%
2028-29	41%	46%	6%	0%	0%	1%	5%	100%	
2029-30	41%	47%	5%	0%	0%	1%	5%	100%	
2030-31	40%	49%	5%	0%	0%	1%	5%	100%	
2031-32	40%	50%	4%	0%	0%	1%	5%	100%	
Annual Change in Share (Percentage Point) 2006-2012		-1.5%	2.5%	-1.3%	0.0%	0.0%	0.0%	0.3%	0.0%
Annual Change in Share (Percentage Point) 2012-2032		-0.7%	1.2%	-0.6%	0.0%	0.0%	0.0%	0.1%	0.0%

**APPENDIX D. INDIANA COMMISSION FOR HIGHER  
EDUCATION ORGANIZATION CHART**



**Commission for Higher Education**  
14 Gubernatorial Appointees



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