

# *IU Education Affordability Strategy*

*October 10, 2014*

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# IU Education Affordability Strategy

- Tuition Strategy
- Institutional Gift Aid Strategy
- On Time Graduation Strategy
- Student Debt Strategy
- Direct Student Direct Cost Containment
- Institutional Efficiency

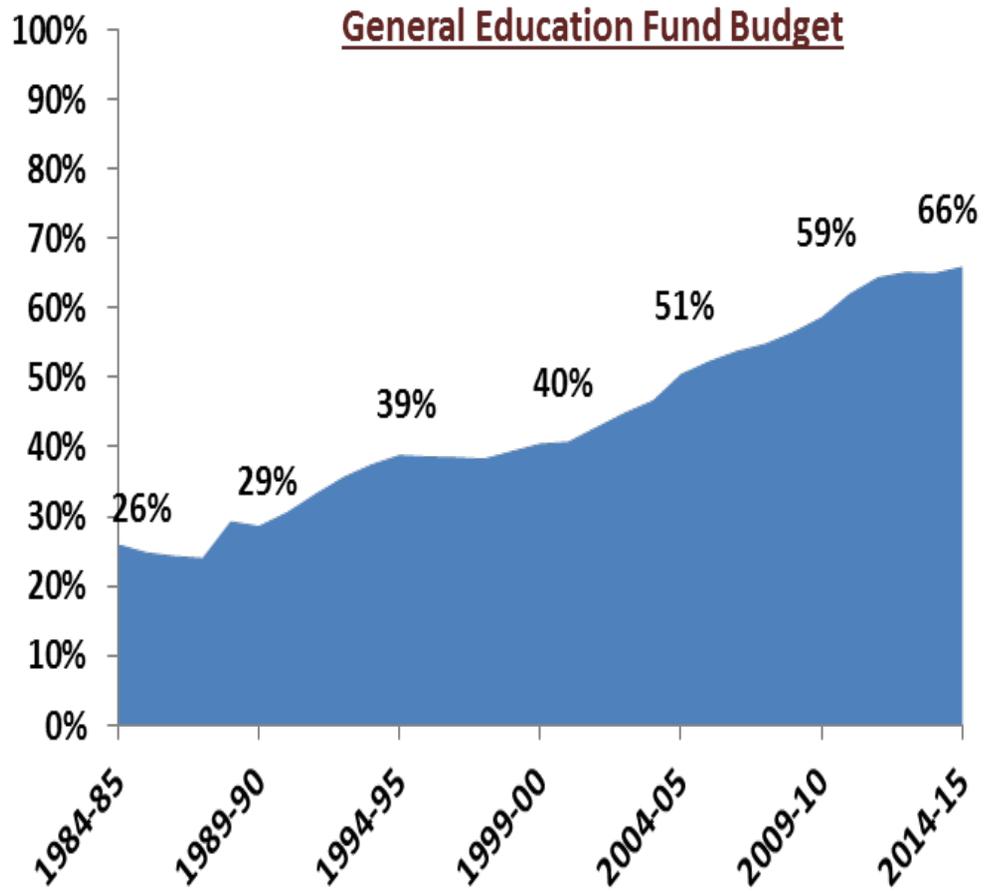
## State Funding Backdrop

- Proportionate share of funding has flipped from state to university
- State funding has not kept up with inflation
- Funding per full time equivalent student is stressed

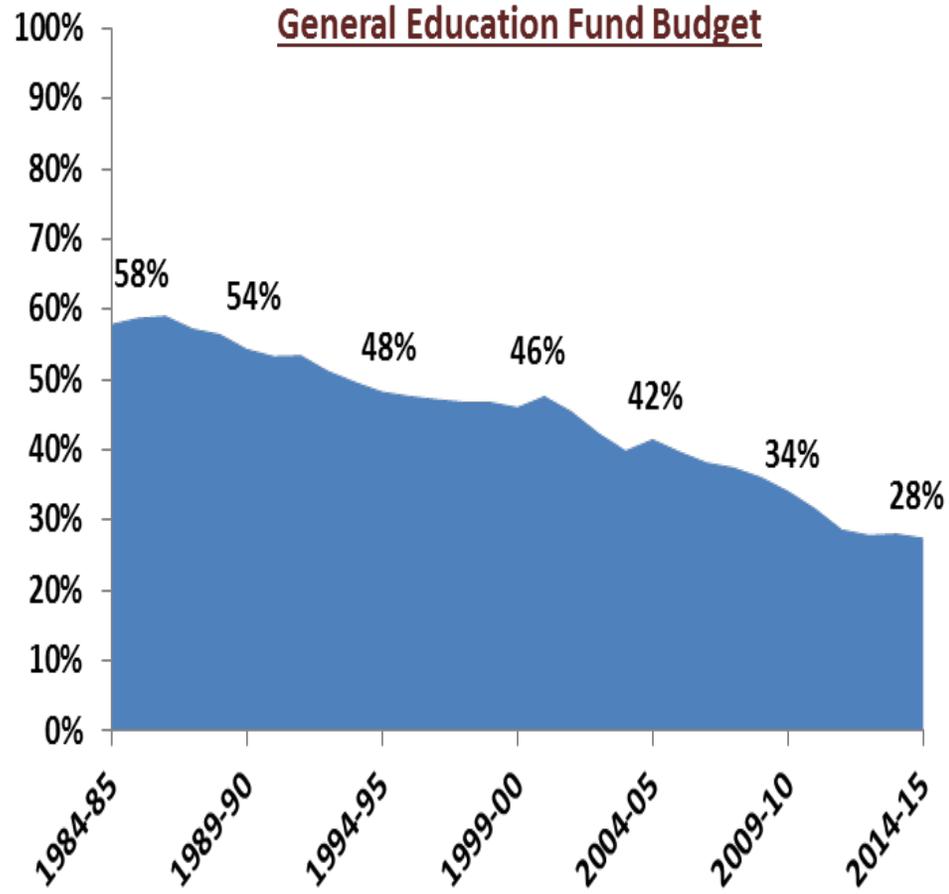
# Shift in Funding Sources

Student Affordability

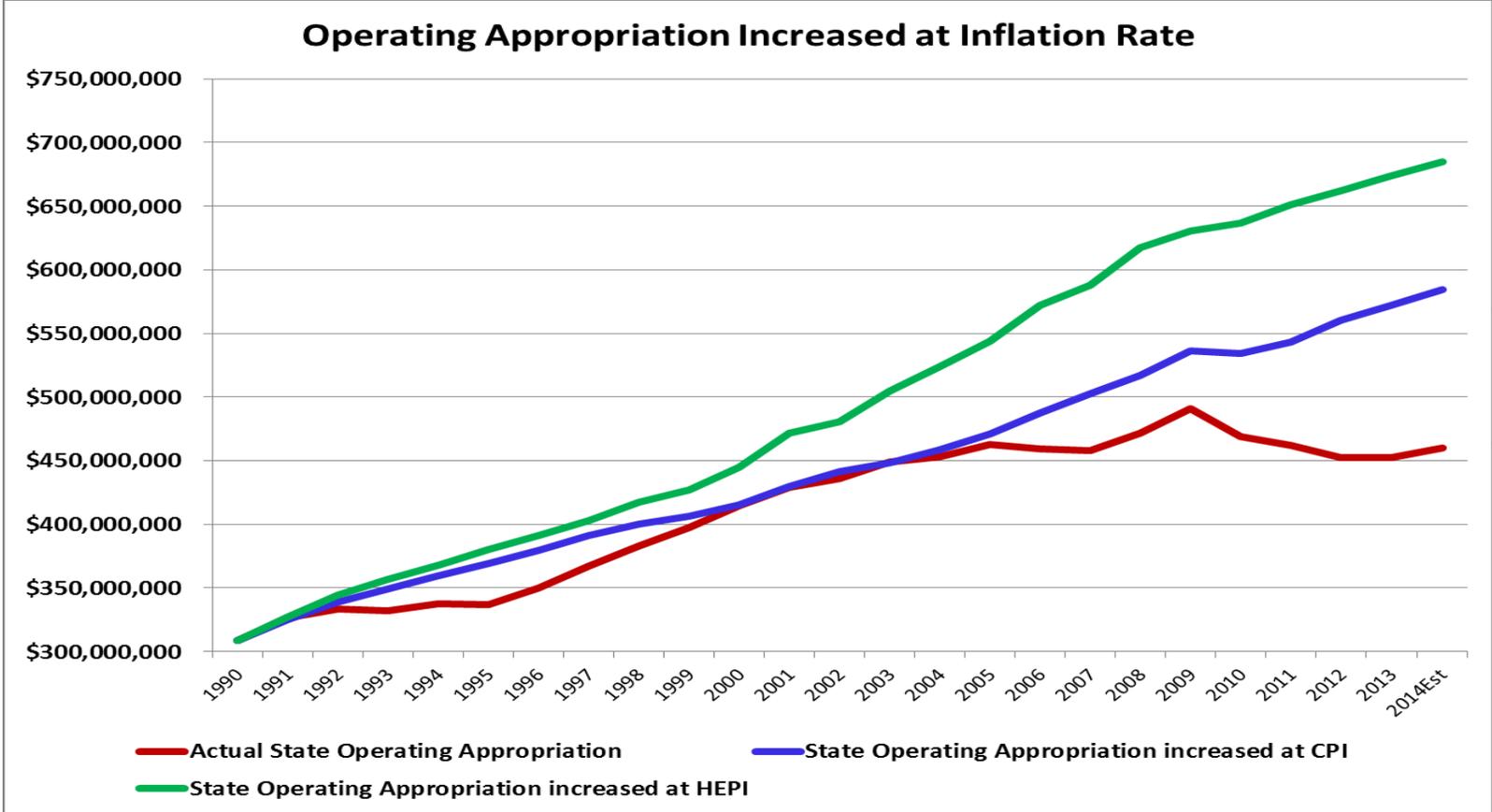
**Tuition/ Student Fees as a % of General Education Fund Budget**



**State Operating Appropriation as a % of General Education Fund Budget**

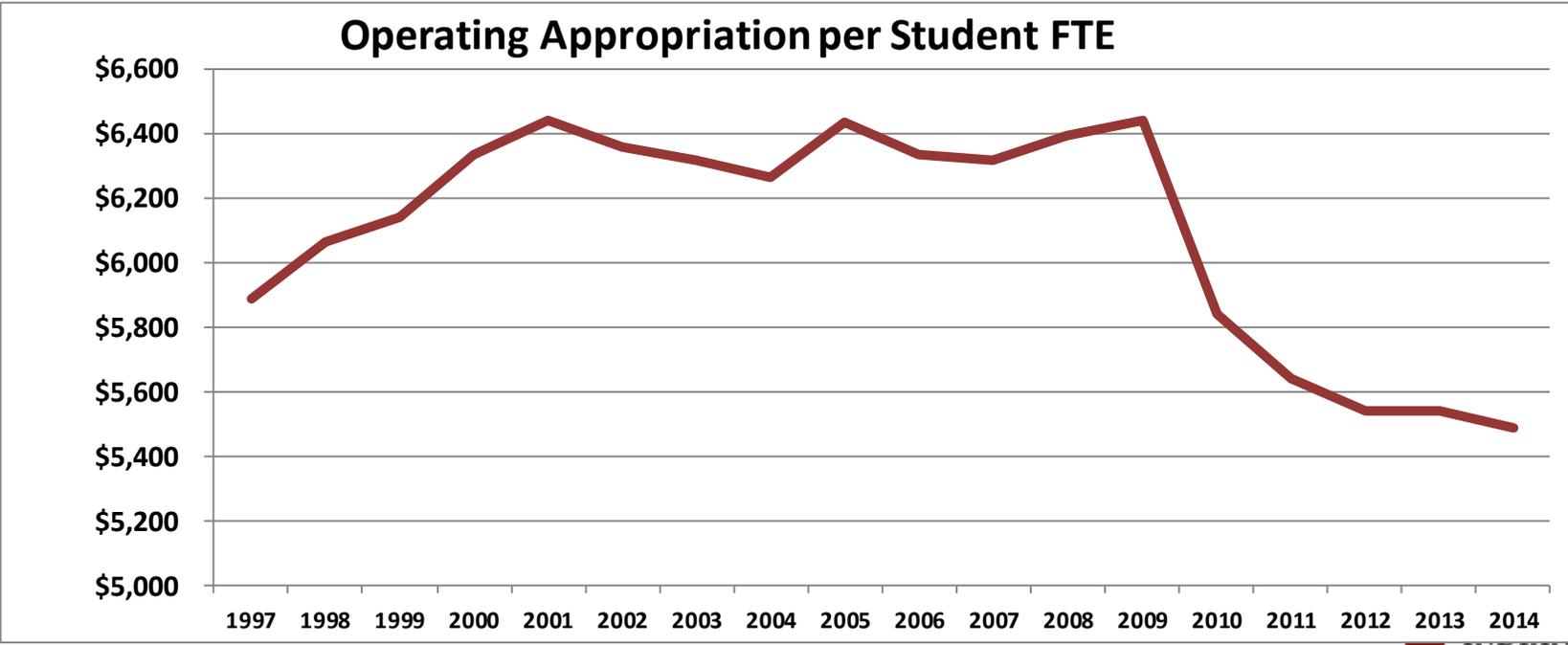


Student Affordability



\$124 M

\$225 M



# Tuition Strategy

**Strategy is to keep tuition increases as low as possible to make an IU education affordable through:**

- **continued focus on environmental factors influencing ability to pay**
- **balanced approach with delivering quality education and services**

**Tuition**

**Institutional Aid**

**On Time Graduation**

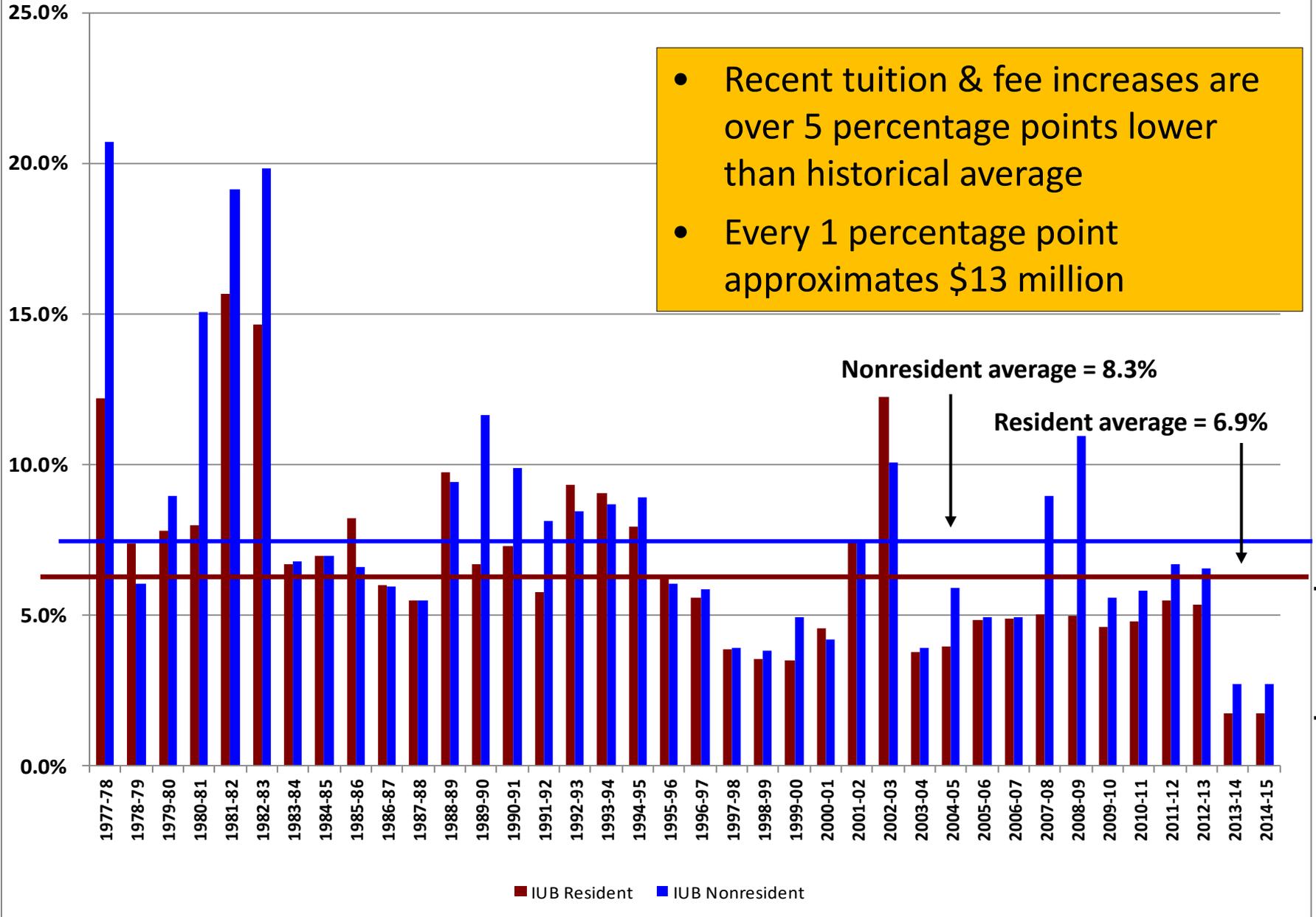
**Student Debt**

**Direct Student Cost**

**Institutional Efficiency**

### IUB Tuition & Fee Increases

Student Affordability

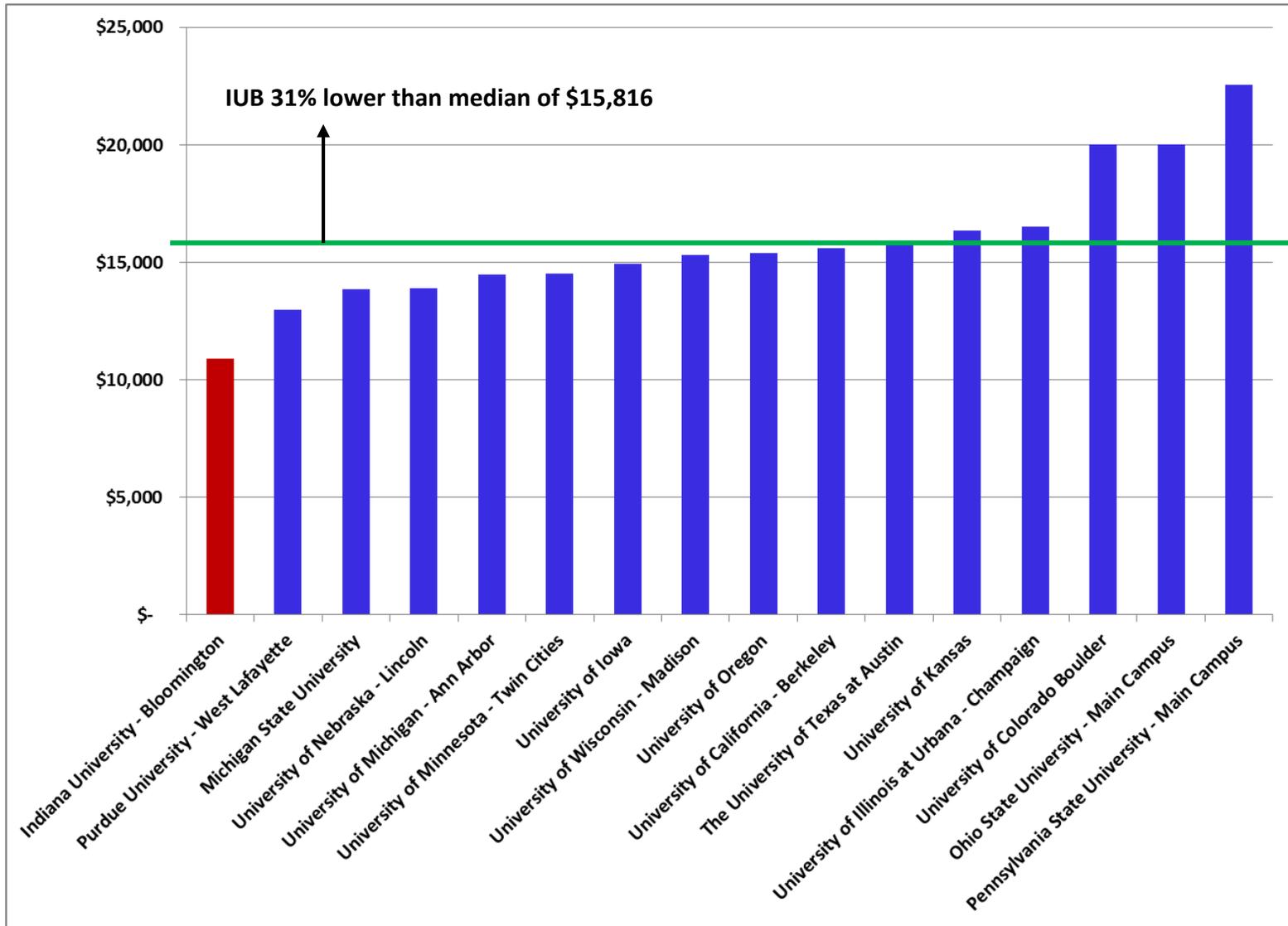


**Price Sensitivity Will Continue to Suppress Net Tuition Revenue Growth**

## Net Price\*: Peer Comparison

### Bloomington Campus

(Based on most recently available IPEDs data: FY11-12)



**\*Net Price = Cost of Attendance (tuition, books, living, misc.) – Grant Aid**  
 (Funds from loans are excluded from calculation.)

## Institutional Gift Aid Strategy

**Institutional gift aid of approx. \$281 million has doubled over past 7 years through success of previous campaign.**

### **Strategy:**

- **Continue growth in funds available for gift aid through focus in upcoming campaign**
- **Optimize impact through targeted application**

Tuition

**Institutional Aid**

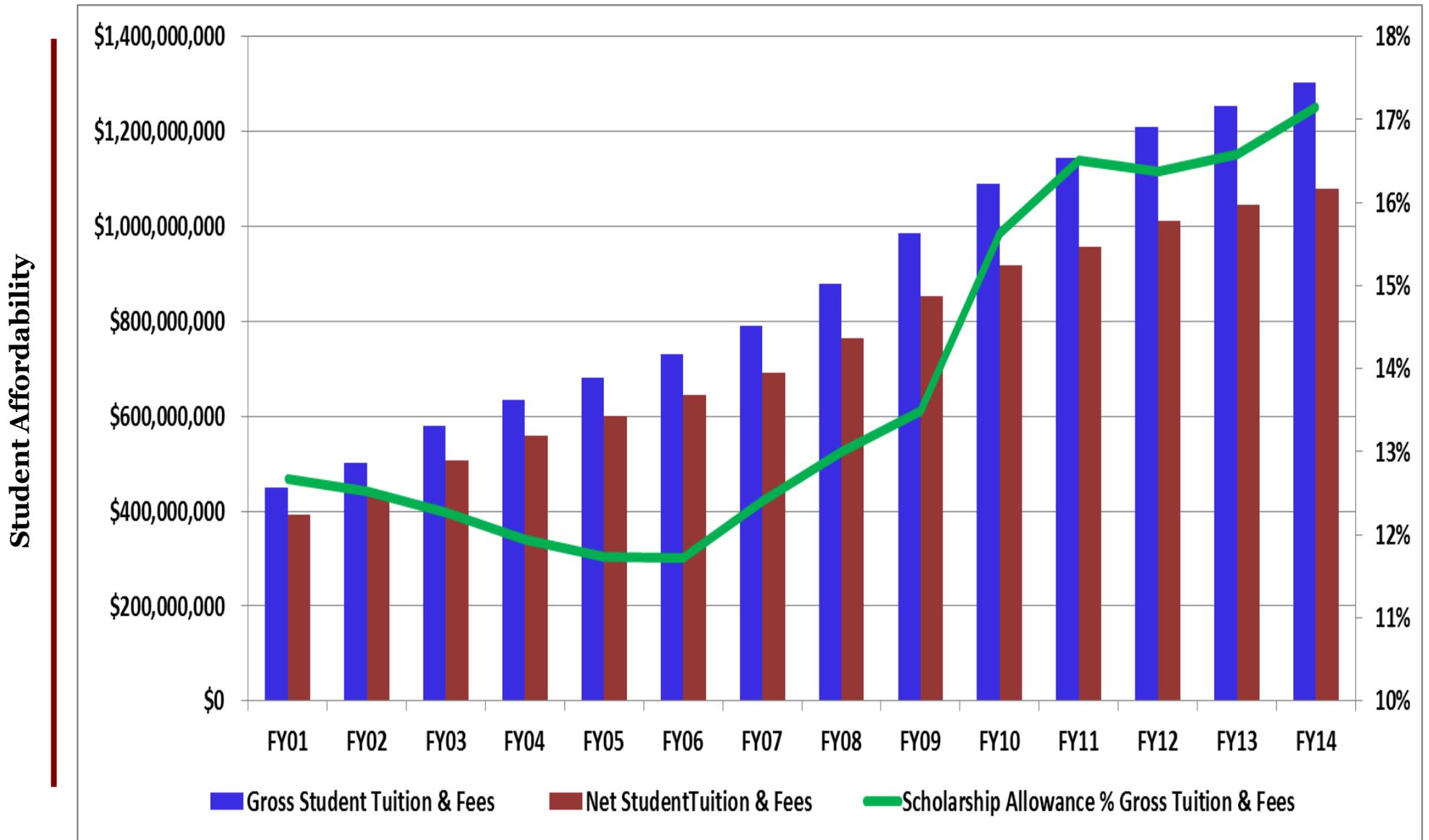
On Time Graduation

Student Debt

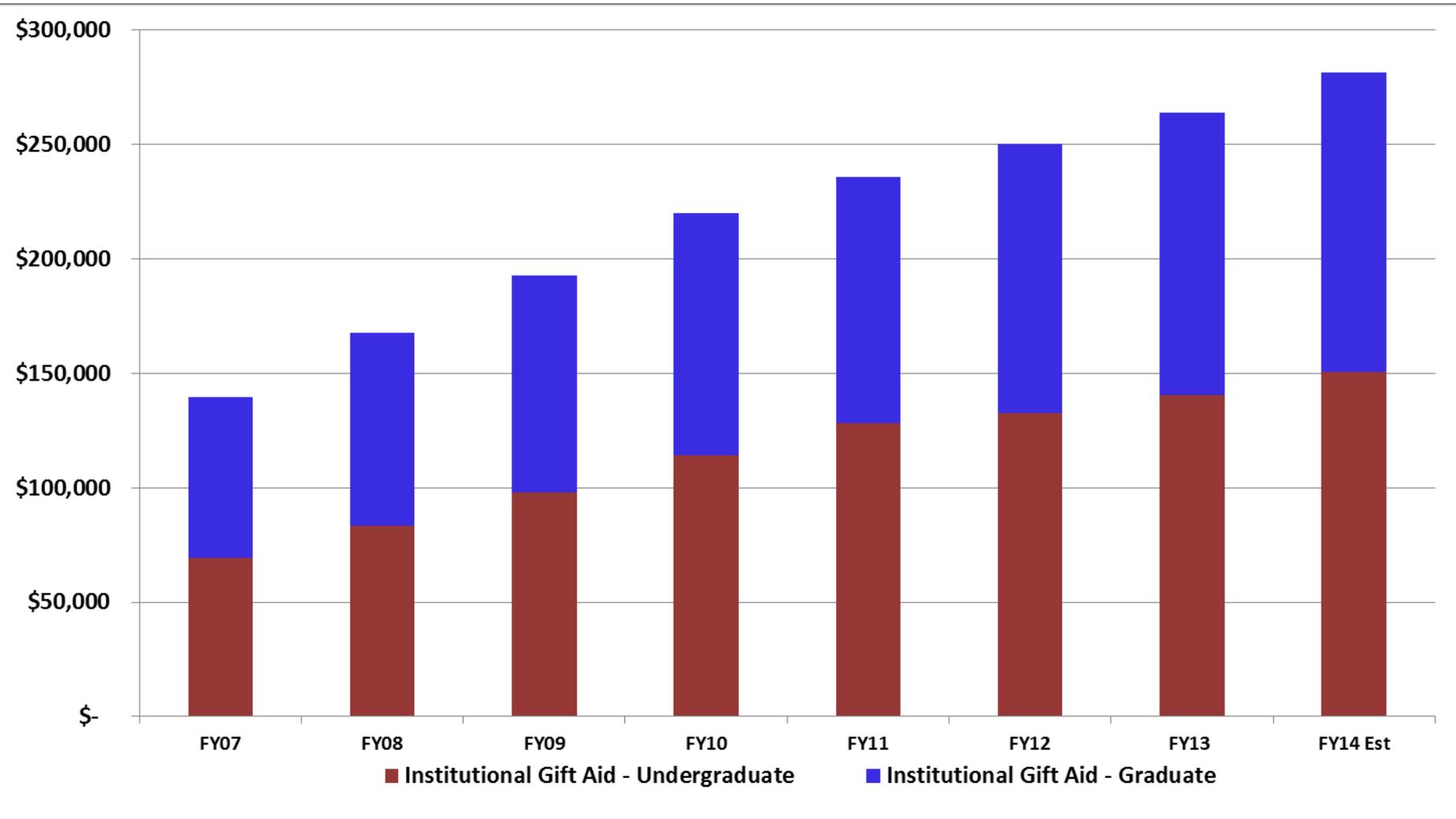
Direct Student Cost

Institutional Efficiency

## Scholarship Allowance as a % of Gross Student Tuition & Fees



## Institutional Gift Aid



- Undergraduate institutional gift aid grew **118%** from FY07 through FY14
- Graduate institutional gift aid grew **86%** from FY07 through FY14
- Total institutional gift aid grew **102%** from FY07 through FY14

**Growth in gift aid driven by success of previous campaign and will be a focus of our upcoming campaign.**

## On Time Graduation Strategy

**On time graduation is the optimal path toward reducing education costs and begin earning.**

**Strategy is to continue to improve on time graduation performance through:**

- **Focused programming**
- **Expanded student services**
- **Enhanced learning, planning and advising tools**

Tuition

Institutional Aid

On Time Graduation

Student Debt

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Institutional Efficiency

# On Time Graduation Strategy

- **Finish in Four Completion Award:** provides juniors and seniors who are on track to graduate in four years with a financial award that offsets any increase in tuition and fees for their final two years.
  - FY13-14 Actual: \$4.2M
  - FY14-15 Projection: **\$7.3M**
  
- **Summer Tuition Discount:** The tuition break provides a 25 percent discount to Indiana resident undergraduate students who enroll in summer courses, and an equivalent dollar reduction in tuition for non-resident students
  - Summer 12 Actual: \$11.9M
  - Summer 13 Actual: \$12.3M
  - Summer 14 Actual: **\$ 8.2M** (project stopped in BL)
  
- **Bloomington Flat Fee Credit Hour Increase:** From 17 to 18 credit hours
  - Savings for both resident and non-resident undergraduates equates to an approximate 6.2% tuition & fee increase

➤ **Office of Completion & Student Success** Facilitate and coordinate student completion activities through four key strategies:

- Training and resource development across campuses
- Guiding development of appropriate technology to support completion
- Integrating research into completion efforts to identify ways in which practices can be improved
- Monitoring and reporting on efforts both internally and externally

## **Student Success Initiatives**

- **iGPS:** Degree maps, the academic planner, and the schedule builder
- **FLAGS** (Fostering Learning and Graduation Success)
  - Early alert application that allows faculty to “flag” students who are not attending classes, are underperforming, or are otherwise determined to be “at-risk”
- **AdRX (Advising Records) System**
  - Makes entire advising record available to all advisors; allows alerts & other key data
- **Academic Alert Report**
  - **Determines whether coursework satisfies degree requirements**
- **Student Success Collaboration Platform**
  - Provides advisors with predictive analytics
- **Symplicity System**
  - Provides career advising tools, job search, recruitment/ internship management

## Student Debt Strategy

**Comprehensive programming and redesigned business process deployed institution-wide to focus on the efficient use of debt.**

**Strategy is to continue to impact student debt levels through:**

- **Leverage resources to expand reach of financial literacy programming**
- **Continued review of programming to maximize impact**
- **Expansion of content, types, and delivery mechanisms of financial literacy programming**

Tuition

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On Time Graduation

Student Debt

Direct Student Cost

Institutional Efficiency

# Financial Literacy Comprehensive Programming

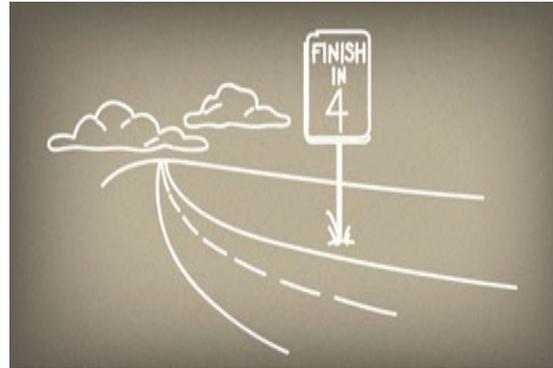
Student Affordability

Online programming for new students:  
Transit – Financial Wellness

Kelley designed courses for credit

Changes to business practices

Web presence:  
[moneysmarts.iu.edu](http://moneysmarts.iu.edu)



Peer-to-Peer  
Financial Advising

Podcasts – i.e.  
“How not to move  
back in with your  
parents”

Campus teams and  
program funding

Staff Professional  
Development

# Financial Aid Business Processes

## Recently Implemented

- **Standardized Student Aid Letter:** clearly distinguishes grants & scholarships from loans and provides information about the differences/ implications of these types of aid
- **Annual Debt Letter:** informs students about how much they have borrowed and projects loan payments after graduation, assuming they continue borrowing at same pace
- **Standardized, Tiered Cost of Attendance Calculation:** standardized processes and tiered costs based on part-time and full-time enrollment
  - Budget for part time students based on 6, 9, and 12 credit hours
- **Improved Communication Accompanying Loan Acceptance and Disbursement:** discontinued automated disbursement
- **Satisfactory Academic Progress**

# Financial Aid Business Processes

## Planned Implementation

- **Default Aversion Software:** Software that provides enhanced capabilities and enables expanded diligence when a student become past due on his/hers loans; includes various means to contact student to discuss loan options to avoid default
- **Transfer Letter:** Intended to mirror the Standardized Student Aid Letter which clearly distinguishes grants & scholarships from loans and provides information about the differences/ implications of these types of aid
- **Enhanced Student Payment Plans:**
  - Provide flexibility and enhancements to current “deferment payment options”
  - Accommodate 10 monthly payments of equal amounts for academic year
  - Allow overpayments to be applied to future payments
  - Expand access to payment plans to all students in good standing

# Direct Student Cost Containment

**Continue to review options to minimize direct student costs incremental to tuition & fees.**

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## eTexts

- Best pricing on broadest set of digital course materials of any large not-for-profit institution of higher education in U.S.
- All major publishers offer most of their course materials through out university contracts
- Started in 2011
- 1,1139 class sections across IU's 8 campuses have employed eTexts
- 39,506 students have used eTexts in their class
- Total savings approximates **\$7.2 million**
- Growth since inception:

Fall Semester	2011	2012	2013	2014
Course	6	69	147	230+
Sections	9	163	360	587+
eText Adoptions	15	463	800	950+
Students	747	6,713	14,446	TBD

## Minimum Wage

- Increase in minimum wage from \$7.25 to \$8.25 per hour
- Approximately 40% of impact of wage increase will benefit students
- Approximate \$350K additional pay to apply toward cost of education

## Residence Hall Rates

- Bloomington Residence Hall Renovation/ Enhancement Model was approved based on an 8% increase for 5 years and 6% for the following decade
  - Model has been adjusted to align rate increase with inflation while delivering campus-wide renovation plan
- South Bend and Southeast increases have been at or below 2% since inception

# Institutional Efficiency

**Focus on expenditure reduction and productivity increases to drive institutional efficiency.**

Tuition

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On Time Graduation

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Direct Student Cost

**Institutional Efficiency**

## Continued Focus on Efficient Operations

- ERIP 2011 & 2013
  - Approximate combined impact of **\$17M**
- Strategic purchasing/ spend management
  - FY11 **\$83M**
  - FY12 **\$96M**
  - FY13 **\$98.6M**
  - FY14 **\$106.8M**
- Benefit cost reduction
  - Approximate FY15 impact of **\$28M**
- Balance sheet management
  - Streamlined/ automated revenue processes
  - Debt restructuring
- Student Services Initiative
  - Approximate annual savings projected at **\$2.3M**

How have we done?

## Tuition Strategy

- **Lowest tuition increases in almost 40 years (as far back as we have data).**
- **Resident and non-resident tuition increases are approximately 5 percentage points below historical averages.**

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Institutional Efficiency

## Institutional Gift Aid Strategy

- Institutional gift aid of approx. \$281 million has doubled over past 7 years through success of previous campaign and focused university investment.
  - Will be a focus of upcoming campaign
- Scholarship allowance has tripled over past decade.

Tuition

Institutional Aid

On Time Graduation

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## On Time Graduation Strategy

Bachelor's Degrees	Baseline 2008-10 3 Yr. Avg.	Change in 3 Yr. Avg.	
Overall Degree Completion	8,693	1,509	<b>63%</b> of net increase in bachelor's degrees by all institutions.
At-Risk Degree Completion	1,801	1,271	<b>50%</b> of net increase in bachelor's degrees by all institutions.
High Impact Degree Completion	1,028	433	<b>79%</b> of net increase in bachelor's degrees by all institutions.
On-Time Graduation Rate	2,396	732	<b>68%</b> of net increase in bachelor's degrees by all institutions.

	Baseline 2008-10 3 Yr. Avg.	Change in 3 Yr. Avg.	
30 Credit Hours Completed	2,246	631	
60 Credit Hours Completed	2,391	415	All other 4 yr. institutions <b>decreased</b> 193.

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On Time Graduation

Student Debt

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Institutional Efficiency

# Student Debt Strategy

**\$31 million reduction in student debt in one year.**

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On Time Graduation

Student Debt

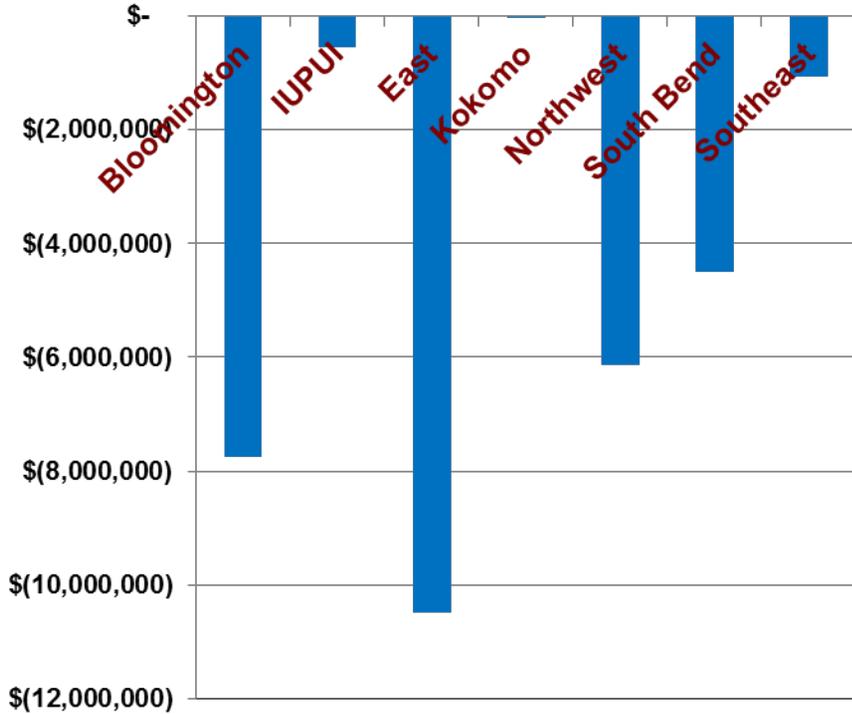
Direct Student Cost

Institutional Efficiency

# Student Debt Change: FY13-14 v. FY12-13

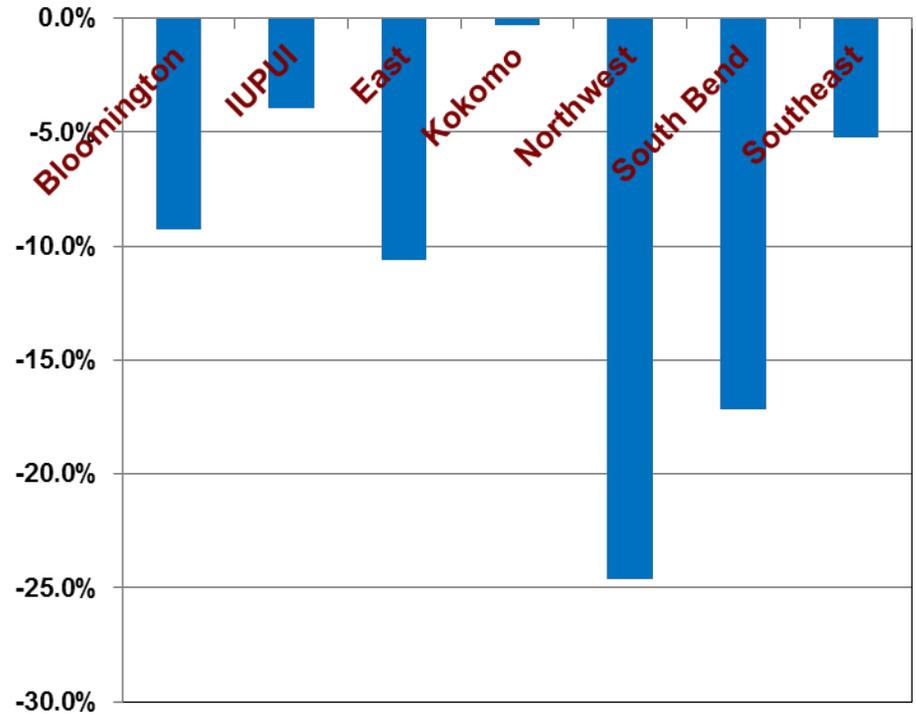
Student Affordability

### Dollar Volume Decline



Undergraduate students borrowed \$31M less.

### % Borrowed Decline



Undergraduate students borrowing declined 11%.

# Direct Student Cost Containment

Notable savings in areas that directly impact students with more student engagement planned to expand focus.

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On Time Graduation

Student Debt

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## Institutional Efficiency

- Continued focus on operational efficiency has resulted in material cost savings, leveraged services, and standardized processes.
- Active, expanded focus to decrease growth rate of operating expenses and re-allocate toward strategic investment.

Tuition

Institutional Aid

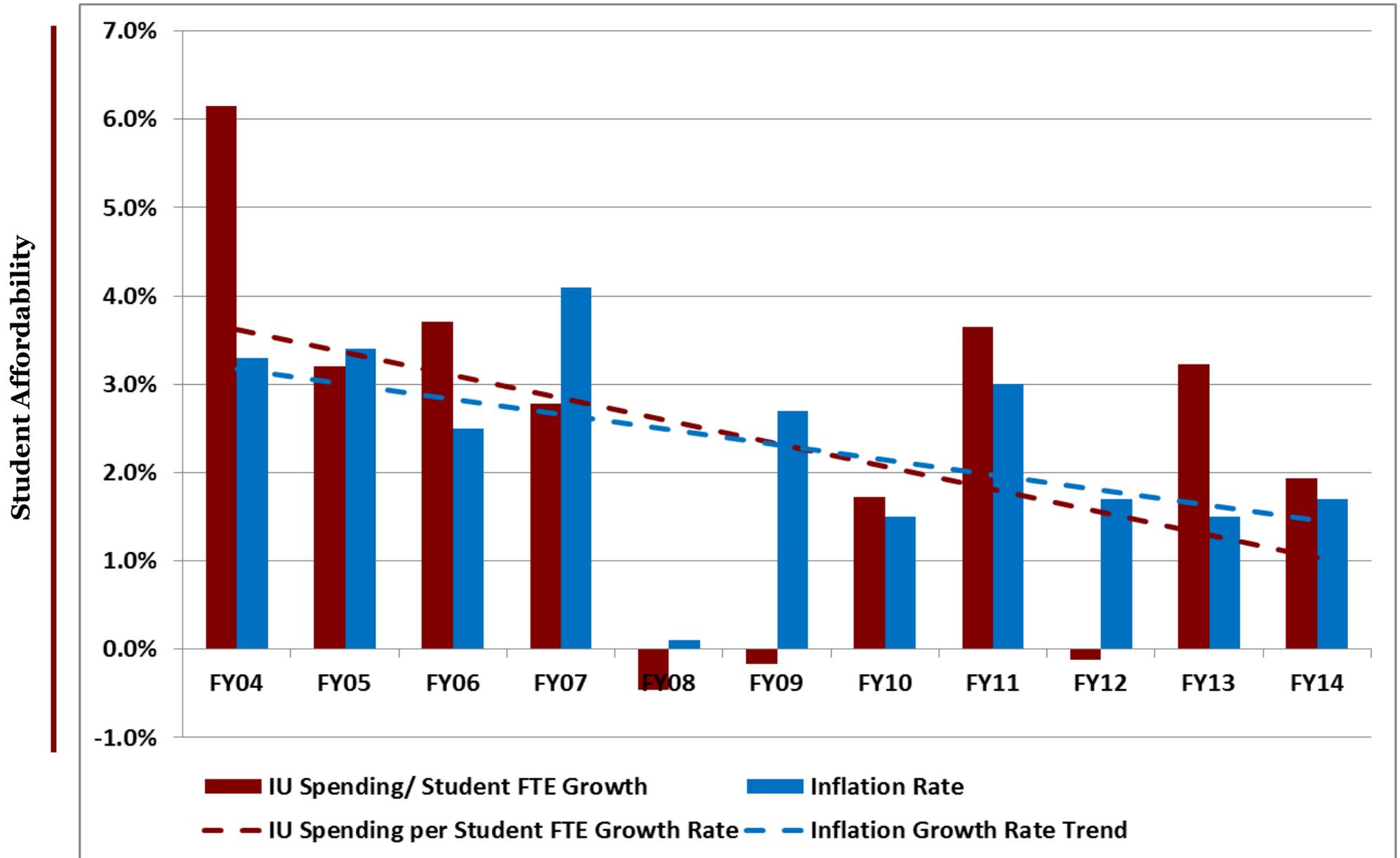
On Time Graduation

Student Debt

Direct Student Cost

**Institutional Efficiency**

# Growth in Spending per Student FTE v. Inflation Rate



Questions?

# What are you doing with my money!?

MONEYSMARTS



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Test Your Knowledge

How Not to Move Back in With Your Parents

Access Money Management Resources

Courses

Blog

Contact Us

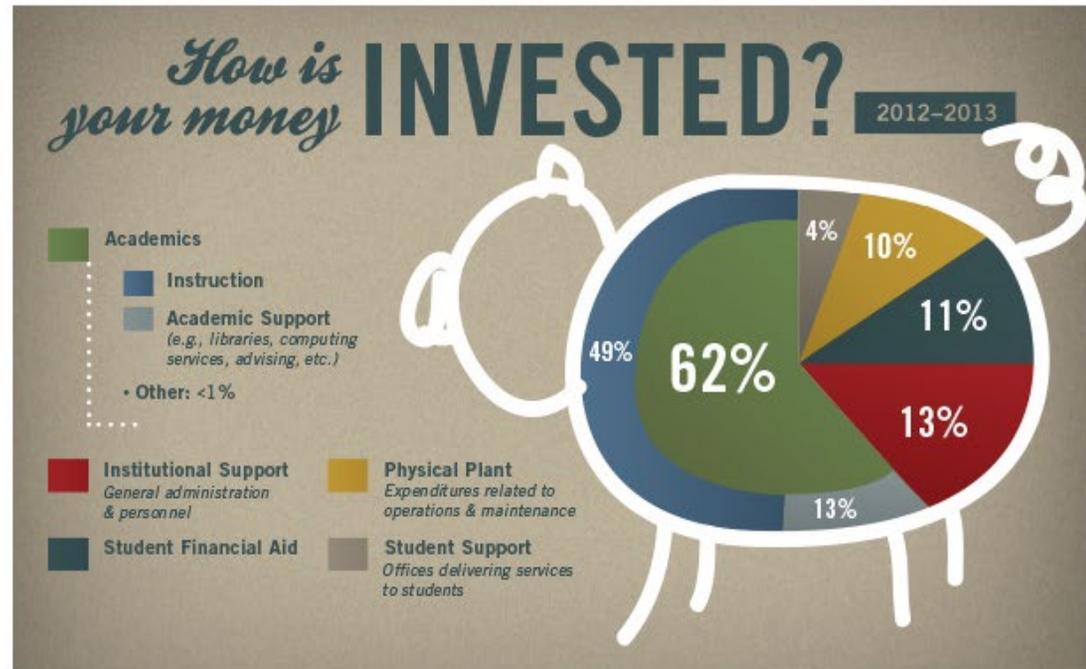
MoneySmarts » Access Money Management Resources » How Tuition is Allocated

## ACCESS MONEY MANAGEMENT RESOURCES

How Tuition is Allocated

Budget Calculator

### How Tuition is Allocated



What matters. Where it matters.

Student Affordability



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GET MONEYSMART | FINANCIAL WELLNESS | GOALS | WORKING IN SCHOOL | STUDENT LOANS

If the debt monster's on your tail (or even if it isn't yet), you're in the right place. We've got the resources you need to learn to manage money and minimize debt.

Follow the steps below and in no time at all, you'll have the MoneySmarts you need to stay out of the debt monster's jaws wherever life takes you.



# Tools

Several sophisticated tools for budgeting and planning future debt/ financial scenarios.

Student Affordability

Type of Debt

Payoff Estimator								
Credit Cards	Amount	Rate	Minimum Pmt. Method	Minimum Payment Required	Your Payment	Time to Pay Off (Min)	Time to Pay Off >Min	
Capital One	\$ 500.00	19.90%	Interest + 1%	\$ 13.29	\$ 50.00	60	12	
	\$ -		2.00%	\$ -	\$ -			
	\$ -		2.78%	\$ -	\$ -			
	\$ -		3.00%	\$ -	\$ -			
Student Loans	Amount	Rate	Length of Loan (Months)	Minimum Payment Required	Your Payment	Time to Pay Off (Min)	Time to Pay Off > Min	
Sallie Mae	\$ 29,000.00	6.80%	120	\$ 333.73	\$ 400.00	120	94	
	\$ -				\$ -			
	\$ -				\$ -			
	\$ -				\$ -			
	\$ -				\$ -			
	\$ -				\$ -			
Car Loans	Amount	Rate	Length of Loan (Months)	Minimum Payment Required	Your Payment	Time to Pay Off (Min)	Time to Pay Off > Min	
Car	\$ 15,000.00	3.10%	60	\$ 270.20	\$ 300.00	60	54	
	\$ -				\$ -			
	\$ -				\$ -			
	\$ -				\$ -			
Home Loans	Amount	Rate	Length of Loan (Months)	Minimum Payment Required	Your Payment	Time to Pay Off (Min)	Time to Pay Off > Min	
Mortgage	\$ 100,000.00	5.00%	360	\$ 536.82	\$ 550.00	361	341	
	\$ -				\$ -			
	\$ -				\$ -			
	\$ -				\$ -			
Other	Amount	Rate	Length of Loan (Months)	Minimum Payment Required	Your Payment	Time to Pay Off (Min)	Time to Pay Off > Min	
Business Loan	\$ 20,000.00	4.90%	48	459.68	\$ 500.00	48	44	

Credit-Card Calculator Guide      Non-Credit Card Calculator Guide

**Step 1:** In Column B, locate the type of loan you have and type in a name for the loan

# Peer Counseling – Online Appointment Scheduling

Student Affordability

**Indiana University MoneySmarts** [ details ]

If you have booked in the past, [click here](#) to check, reschedule or cancel your upcoming appointments.

**1 Select a service**   **2 Pick a date & time**   **3 Submit your request**

Show availabilities for:  [ details ]

Service: Undergraduate 1-on-1 Peer Financial Education (1h) [ details ]

<< Today >>

September 2014

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October 2014

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

< prev   **Monday, September 8, 2014**   next >

Please click one of the available time slots to book an appointment.

In the morning	Around noon	In the afternoon
10:00 am / 11:00 am	11:00 am / 12:00 pm	2:00 pm / 3:00 pm
10:30 am / 11:30 am	11:30 am / 12:30 pm	2:30 pm / 3:30 pm
	12:00 pm / 1:00 pm	3:00 pm / 4:00 pm
	12:30 pm / 1:30 pm	3:30 pm / 4:30 pm
	1:00 pm / 2:00 pm	4:00 pm / 5:00 pm
	1:30 pm / 2:30 pm	4:30 pm / 5:30 pm
		5:00 pm / 6:00 pm
		5:30 pm / 6:30 pm
		6:00 pm / 7:00 pm

- Particular focus on at-risk populations in Bloomington.
- Currently available through video on other campuses.

