IU Education Affordability Strategy
October 10, 2014
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

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

State Operating Appropriation as a % of General Education Fund Budget
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
Recent tuition & fee increases are over 5 percentage points lower than historical average

Every 1 percentage point approximates $13 million

Nonresident average = 8.3%
Resident average = 6.9%

Price Sensitivity Will Continue to Suppress Net Tuition Revenue Growth
*Net Price = Cost of Attendance (tuition, books, living, misc.) – Grant Aid
(Funds from loans are excluded from calculation.)
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
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 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
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
On Time Graduation Strategy

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
Financial Literacy
Comprehensive Programming

Online programming for new students: Transit – Financial Wellness

Kelley designed courses for credit

Changes to business practices

Web presence: 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

Student Affordability
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 becomes 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.
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:

<table>
<thead>
<tr>
<th>Fall Semester</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Course</td>
<td>6</td>
<td>69</td>
<td>147</td>
<td>230+</td>
</tr>
<tr>
<td>Sections</td>
<td>9</td>
<td>163</td>
<td>360</td>
<td>587+</td>
</tr>
<tr>
<td>eText Adoptions</td>
<td>15</td>
<td>463</td>
<td>800</td>
<td>950+</td>
</tr>
<tr>
<td>Students</td>
<td>747</td>
<td>6,713</td>
<td>14,446</td>
<td>TBD</td>
</tr>
</tbody>
</table>
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
Focus on expenditure reduction and productivity increases to drive 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.
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.
## On Time Graduation Strategy

### Bachelor's Degrees

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

### 30 Credit Hours Completed

<table>
<thead>
<tr>
<th>Category</th>
<th>Baseline 2008-10 3 Yr. Avg.</th>
<th>Change in 3 Yr. Avg.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Credit Hours Completed</td>
<td>2,246</td>
<td>631</td>
<td></td>
</tr>
</tbody>
</table>

### 60 Credit Hours Completed

<table>
<thead>
<tr>
<th>Category</th>
<th>Baseline 2008-10 3 Yr. Avg.</th>
<th>Change in 3 Yr. Avg.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 Credit Hours Completed</td>
<td>2,391</td>
<td>415</td>
<td>All other 4 yr. institutions decreased 193.</td>
</tr>
</tbody>
</table>
Student Debt Strategy

$31 million reduction in student debt in one year.
Student Debt Change: FY13-14 v. FY12-13

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.
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.
Growth in Spending per Student FTE v. Inflation Rate

Student Affordability

IU Spending/ Student FTE Growth
Inflation Rate
IU Spending per Student FTE Growth Rate
Inflation Growth Rate Trend
Questions?
What are you doing with my money!? 

ACCESS MONEY MANAGEMENT RESOURCES

How Tuition is Allocated

Budget Calculator

How is your money INVESTED? 2012-2013

- Academics: 49%
- Instruction: 10%
- Academic Support (e.g., libraries, computing services, advising, etc.): 11%
- Other (<1%)
- Institutional Support: 62%
- General administration & personnel: 13%
- Physical Plant: 13%
- Student Support: 13%
- Offices delivering services to students: 13%

What matters. Where it matters.
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.
Several sophisticated tools for budgeting and planning future debt/financial scenarios.

<table>
<thead>
<tr>
<th>Type of Debt</th>
<th>Amount</th>
<th>Rate</th>
<th>Length of Loan (Months)</th>
<th>Minimum Payment Required</th>
<th>Your Payment</th>
<th>Time to Pay Off (Min)</th>
<th>Time to Pay Off &gt; Min</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credit Cards</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital One</td>
<td>$500.00</td>
<td>19.90%</td>
<td></td>
<td>$13.29</td>
<td>$50.00</td>
<td>60</td>
<td>12</td>
</tr>
<tr>
<td>Student Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sallie Mae</td>
<td>$29,000</td>
<td>6.80%</td>
<td>120</td>
<td>$333.73</td>
<td>$400.00</td>
<td>120</td>
<td>94</td>
</tr>
<tr>
<td>Car Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car</td>
<td>$15,000</td>
<td>3.10%</td>
<td>60</td>
<td>$270.20</td>
<td>$300.00</td>
<td>60</td>
<td>54</td>
</tr>
<tr>
<td>Home Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage</td>
<td>$100,000</td>
<td>5.00%</td>
<td>360</td>
<td>$536.82</td>
<td>$550.00</td>
<td>361</td>
<td>341</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Loan</td>
<td>$20,000</td>
<td>4.90%</td>
<td>48</td>
<td>$459.68</td>
<td>$500.00</td>
<td>48</td>
<td>44</td>
</tr>
</tbody>
</table>
Particular focus on at-risk populations in Bloomington.

Currently available through video on other campuses.