

Indiana University Financial Aid Annual Report January 2017



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FINANCIAL AID OVERVIEW 2015-6

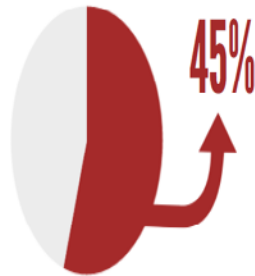
\$1.15 Billion

Financial Aid Disbursed



\$600.3M

Gift Aid (Federal State, Institutional, and Private)



Bachelor's completers with no student loan debt

\$168.6M

Undergraduate Institutional Gift Aid



32,754

Undergraduate students received IU Institutional Gift Aid

\$27,901

Average Student Loan Debt at Graduation

4-10%

Range in default rate reductions at IU regional campuses



\$98M

Reduction in student loans since 2011-12



6,721

21st Century Scholar Recipients

\$4.8m

Federal Work Study Funds

25,019

Federal Pell Recipients

Executive Summary

The Indiana University financial aid offices are dedicated to serving students and families working to finance a college education. The information contained in this report is based on the 2015-16 academic year for all campuses. The report is broken out into four categories: Highlights, financial aid overview, gift aid, student loans, and summary data (in the appendix).

Highlights

1. 76,853 students received some form of federal, state, institutional, or private financial assistance. This includes both undergraduate and graduate students.
2. Student Loan reductions total \$98 million (15%) over the past four years.
3. 80% of undergraduate completers have student loan debt have a balance of \$0-\$30K (45% have no student loan debt).
4. Loan defaults have been reduced by 4-10% for the regional campuses over the past three years.
5. There have been increases of 17%-26% of students taking 15 credits per semester to graduate in four years.
6. Undergraduate institutional aid increased by \$37M (28%) over the past four years.
7. Institutional aid programs (examples: Pell Promise, 21st Century Covenant) continue at all campuses to address affordability and completion
8. There has been a 45% increase in 21st Century scholars over the past four years (14% increase from 2014-15).

The financial aid offices continue to focus on increased efficiency and accuracy in the delivery of back office functions performed under Shared Services, evidenced by reduced processing times and improved student service. In addition, the financial aid offices have received clean federal audits for the past nine years.

Key Initiatives

- The annual student loan debt letter was enhanced based on student reviews. The annual debt letter is a financial aid business practice started at Indiana University that has received national attention.
- We have continued to review financial aid awarding processes and new initiatives to reduce student loan borrowing.
- The new early FAFSA calendar was implemented for 2017-18 to allow students to apply for aid using previous year tax data, which allows earlier awarding of financial aid.
- We instituted banded tuition at IUPUI and the regional campuses and made adjustments to financial aid to promote students' taking 15 credits per semester in order to graduate in four years.
- Regional campus research was undertaken on how to best award institutional scholarships to assist students with affordability and completion.
- The focus in financial aid funding (including summer aid) has been to get students to complete a degree in four years.
- USSS worked with the financial literacy team and Office of Student Success and Completion on increased financial aid awareness with academic advisors.

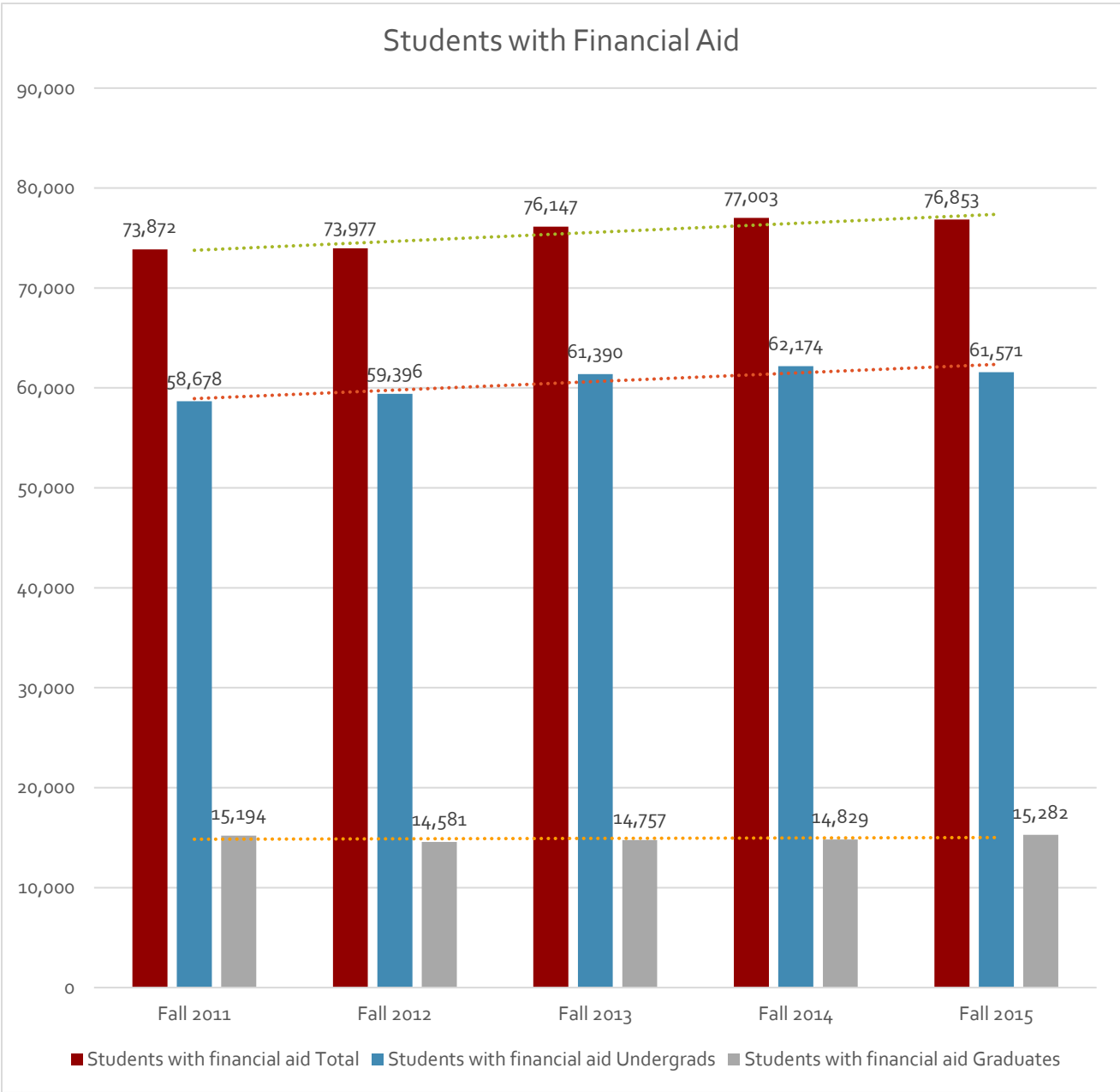
Key Initiatives (Cont.)

- IU has started discussions with the state to promote 529 college savings plans to reduce student loan borrowing.
- We have looked for financial options for families that do not qualify for federal or state gift aid but have substantial financial need.
- Default rate reduction initiatives have been developed to contact students after they leave the university (regional campuses).
- A new scholarship system was implemented for improved awarding of aid and tracking of donor intent. In addition, the 2016-17 upgrade of student system provides mobile access to financial aid information.
- IU has continued to work with the Indiana Commission for Higher Education on a new state aid computer system to improve the state aid process for students.

All data in the report compiled by University Institutional Research and Reporting unless noted.

Highlights

Students Receiving Financial Aid

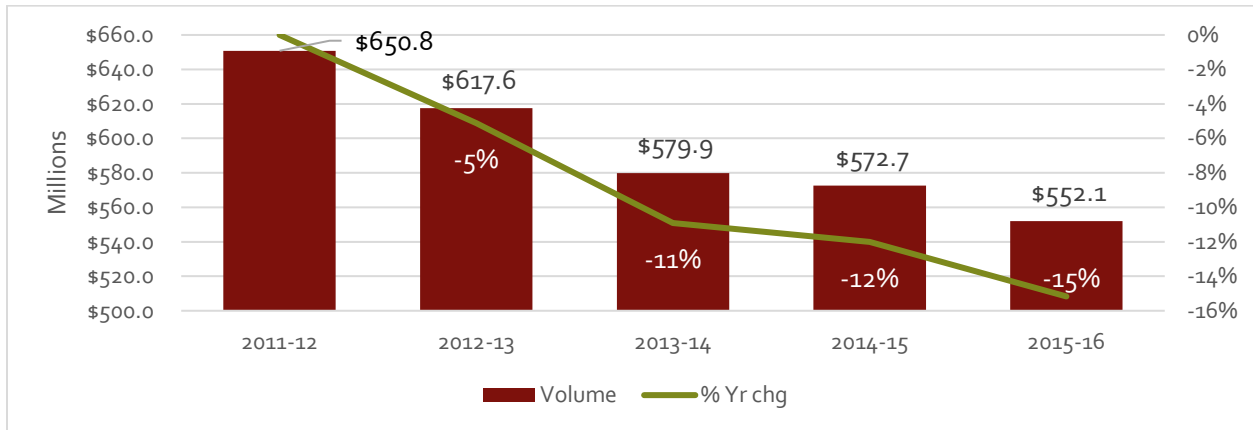


There has been a 4% increase in the number of students receiving aid since 2011.

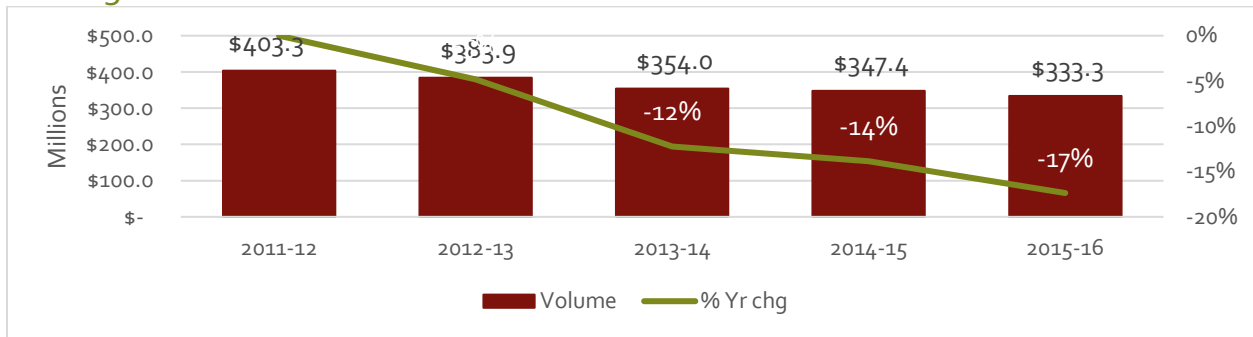
Student Loan Reductions¹

Student Loan reduction 2011-12 to 2015-16:

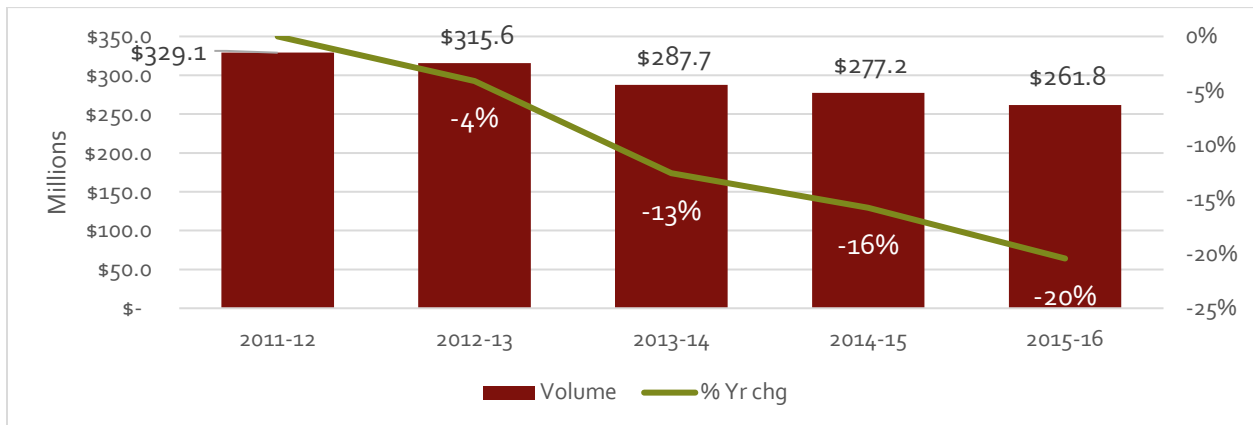
All Loans



Undergraduate



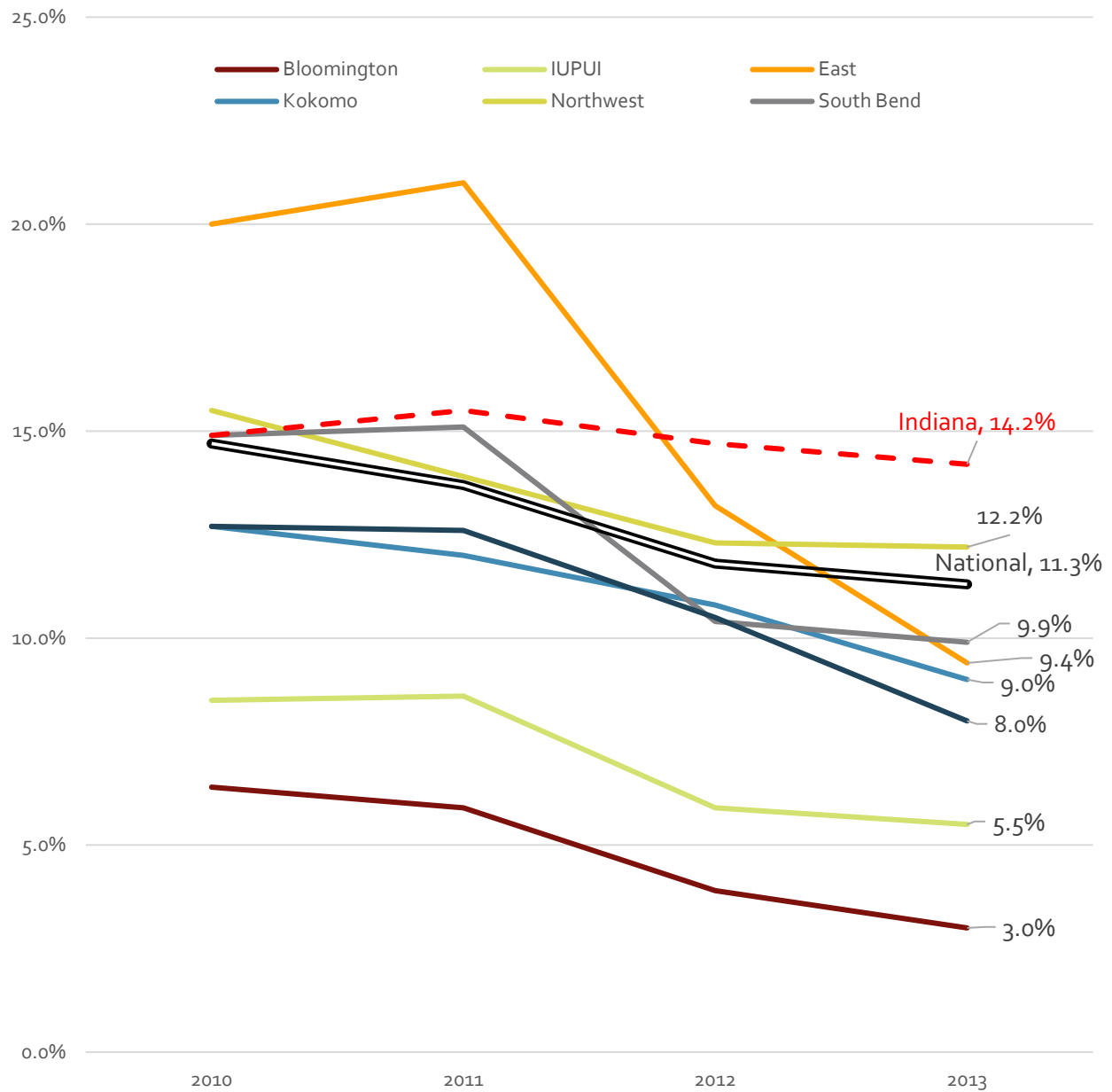
Indiana Resident



For all Loans- Federal, state, institutional and private – there has been a \$98 million reduction in student loan volume.

¹ All Federal Direct loan figures: <https://studentaid.ed.gov/sa/about/data-center/student/title-iv>
 Federal Perkins, Nursing, IU student loans and private Loans:
 IU Fact book: <https://www.iu.edu/~uirr/reports/standard/factbook/>

Student Loan Default Rates ²

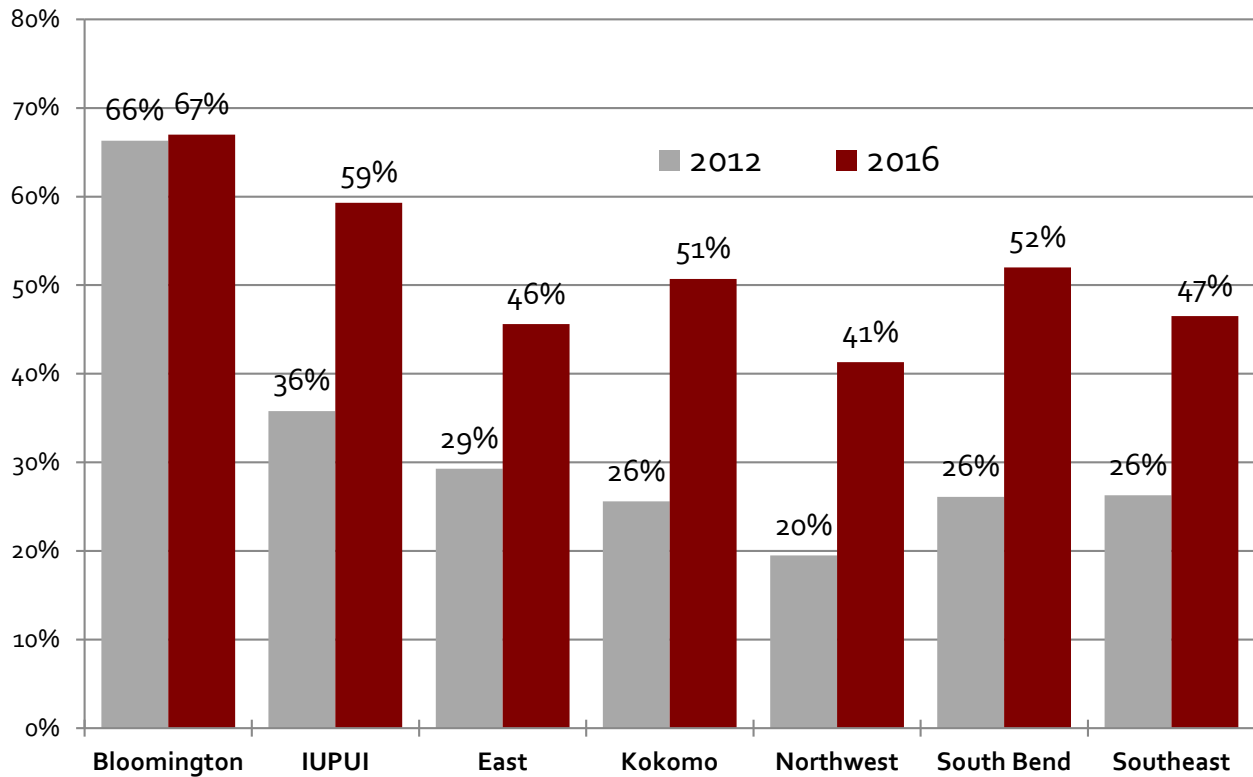


There have been significant decreases (3.3-10.6%) for the IU regional campuses. Six IU campuses are below the national average. All IU campuses are below the Indiana average.

² Federal Student Aid website: <https://studentaid.ed.gov/sa/about/data-center/student/default>

Students taking 15 credits per semester

2012 vs. 2016

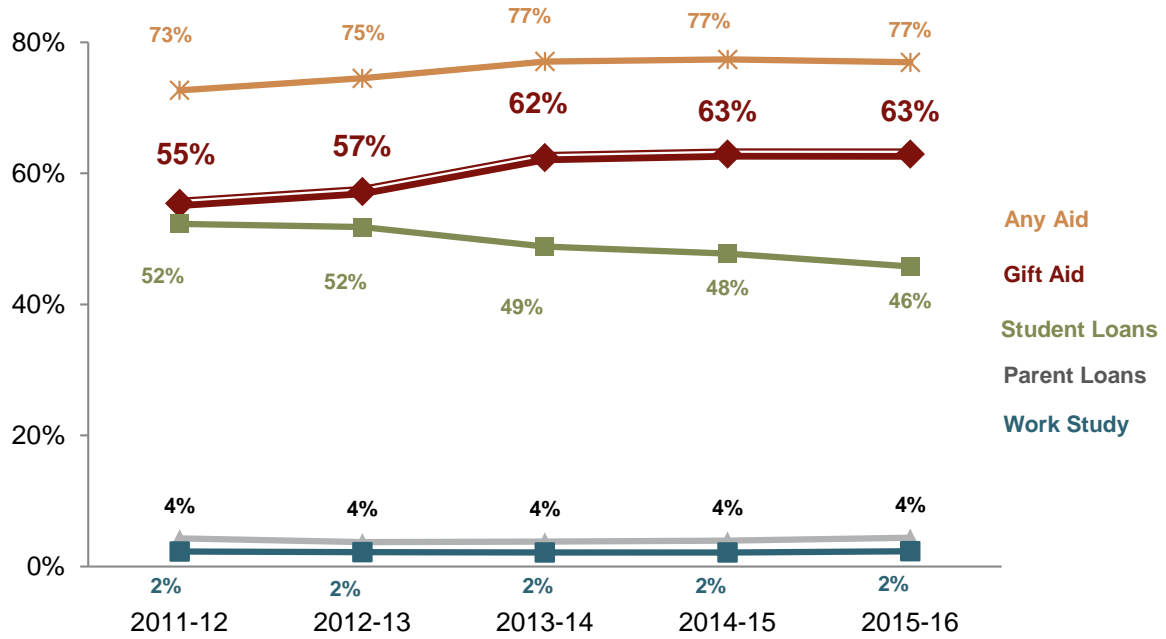


The focus has been on *Finishing in Four* and taking 15 credits per semester to graduate in four years. The increases in students graduating on-time as part of the advising initiatives plays a part in the overall reduction in student loan debt. IU is looking at further increases with the implementation of banded tuition at IUPUI and the regional campuses

Gift Aid

Undergraduates Receiving Aid

2011-12 to 2015-16

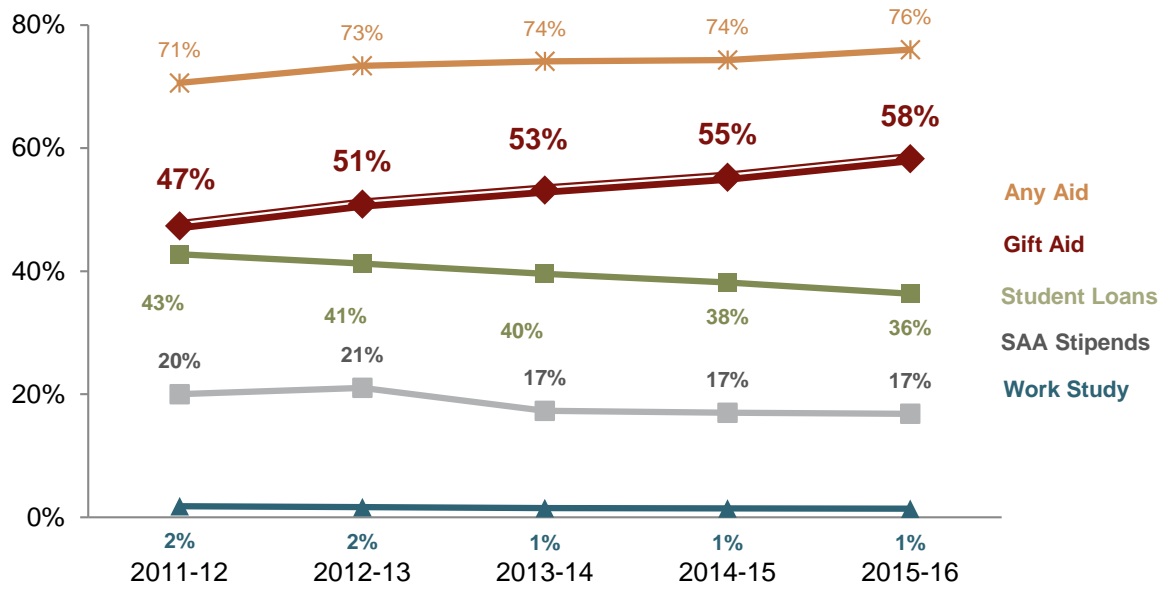


Degree-seeking Undergraduates					
<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>5-yr % Change</u>
85,922	83,553	83,304	82,470	81,204	-5%

63% of undergraduate students are receiving gift aid from Federal, State, Institutional, or private sources.

Graduates Receiving Aid

2011-12 to 2015-16

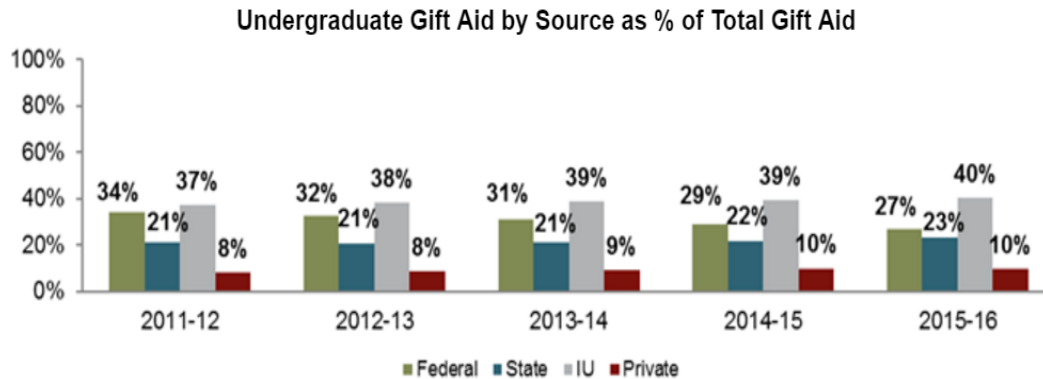


Degree-seeking Graduates					
<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>5-yr % Change</u>
22,895	21,846	22,096	22,264	22,231	-3%

58% of graduate students are receiving gift aid from Federal, State, Institutional, or private sources.

IU Gift Aid Undergraduates

Undergraduate Gift Aid by Source						
	2011-12	2012-13	2013-14	2014-15	2015-16	5-yr % Change
Federal ⁴	\$ 119,809,693	\$ 118,848,960	\$ 119,953,528	\$ 117,991,789	\$ 111,839,386	-7%
State ¹	74,042,603	76,289,630	82,386,084	88,233,658	95,766,206	29%
IU ²	131,568,564	140,348,102	150,774,290	159,193,349	168,629,205	28%
Private ³	28,532,714	30,789,190	34,885,388	39,731,648	40,775,829	43%
Total	\$ 353,953,574	\$ 366,275,883	\$ 387,999,290	\$ 405,150,444	\$ 417,010,626	18%



¹ Funds from the State of Indiana.

² Includes funds held at the IU Foundation.

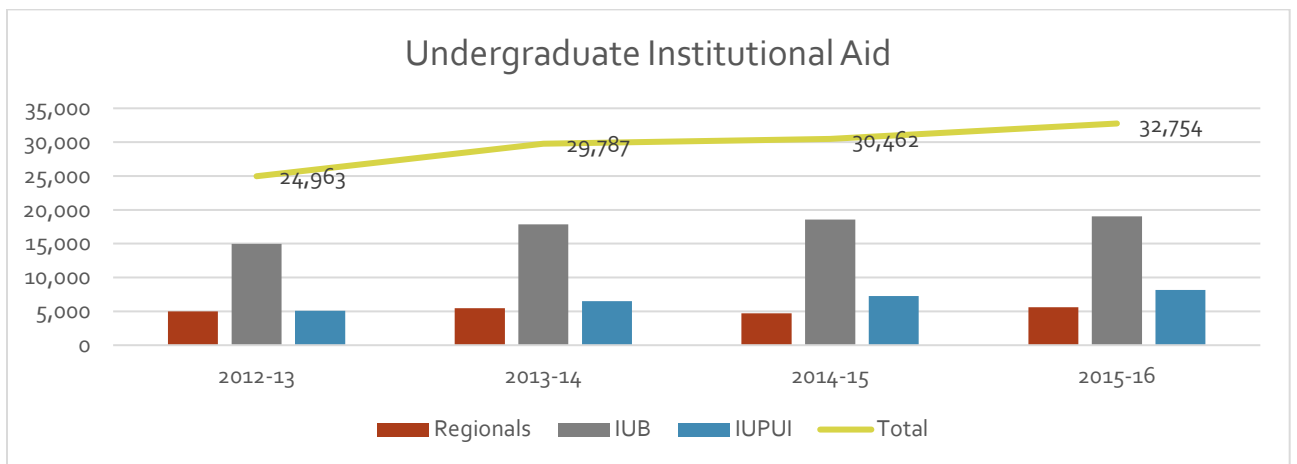
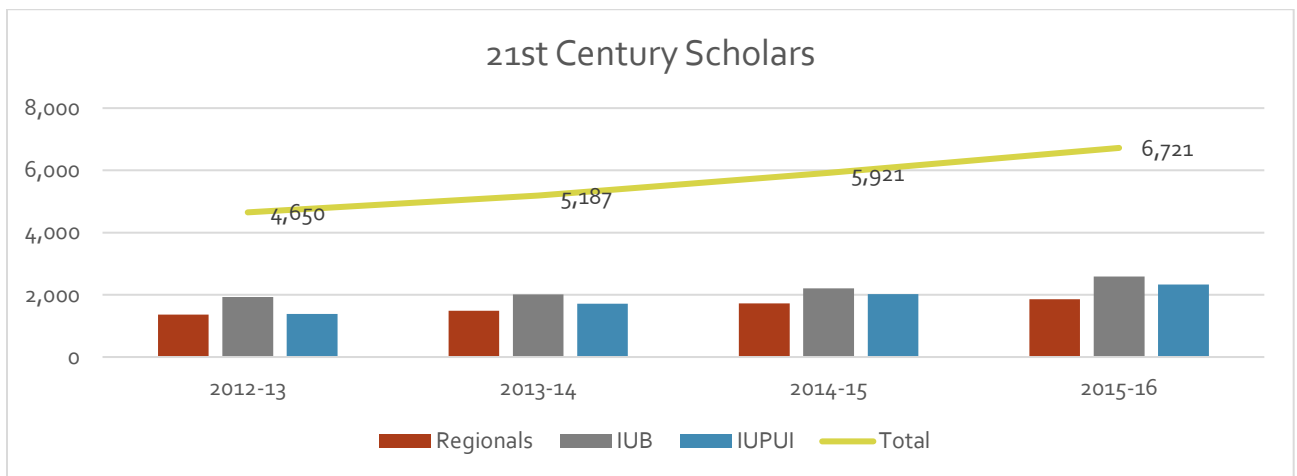
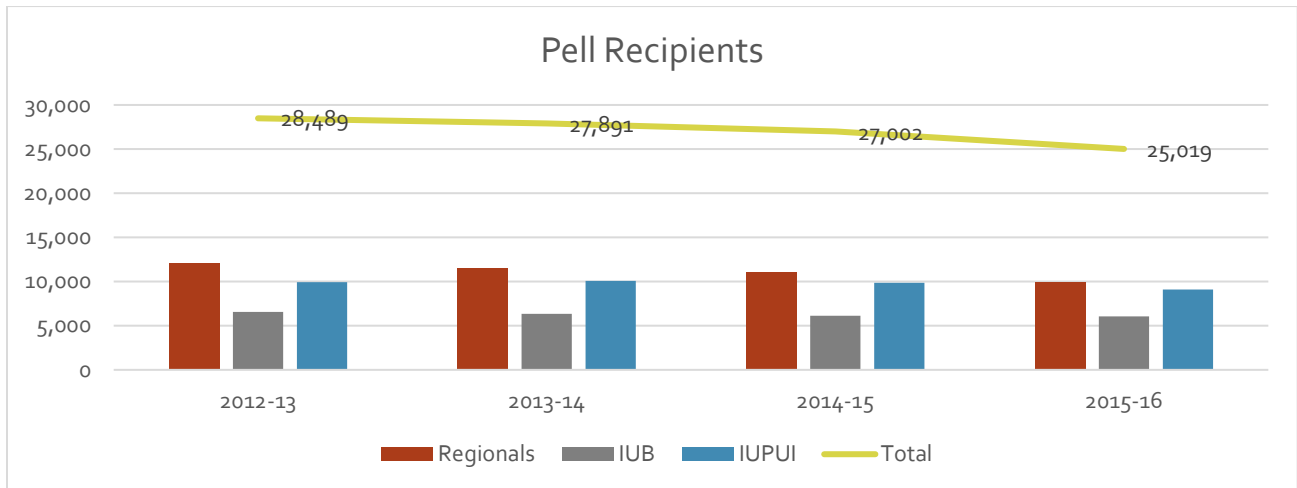
³ Funds from private organizations and other states and governments. Excludes funds held at the IU Foundation.

⁴ The federal guidelines providing increased annual "year-round" Pell Grant funds to students ended at the end of 2010-11.

- Indiana University gift aid has increased by 28% to \$168M to keep a degree affordable.
- Federal decreases are a result of fewer Pell recipients. In 2015-16, IU had 25,019 Pell recipients. Prior to recession of 2008, IU had a total of 17,830 Pell recipients (2007-08 aid year). While Pell recipients are down from a high point of 2012-13, overall recipients have increased over the past nine years by 40%.
- State aid has increased with the growth in the number of 21st Century scholars.
- Private gift aid has increased by 18% over five years to over \$40m annually.

Major Gift Programs: Undergraduate Recipients

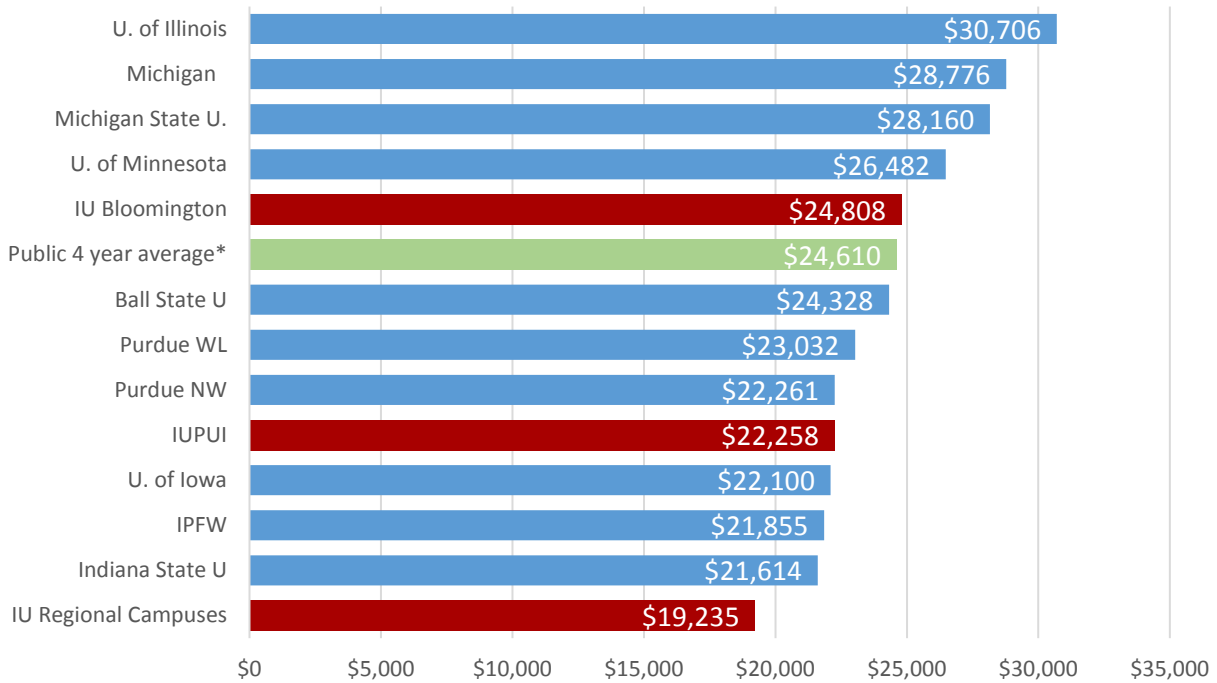
2012-13 to 2015-16



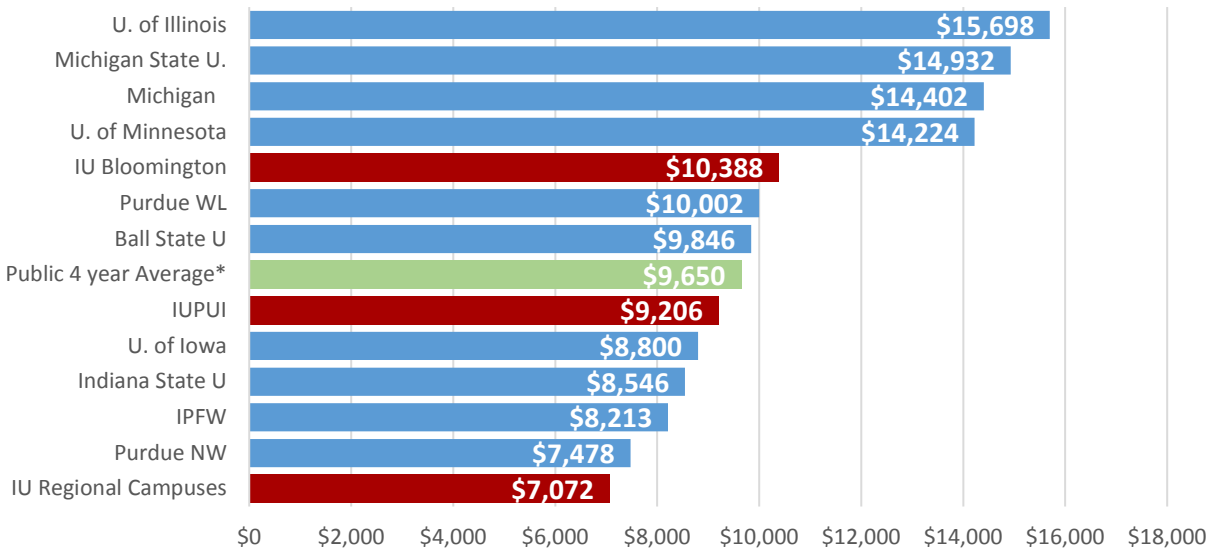
Decreases in Federal Pell Recipients have been partially offset by increases in 21st Century Scholars and students receiving institutional aid.

Financial Aid Overview

Cost of Attendance: 2016-17³



Tuition and Fees

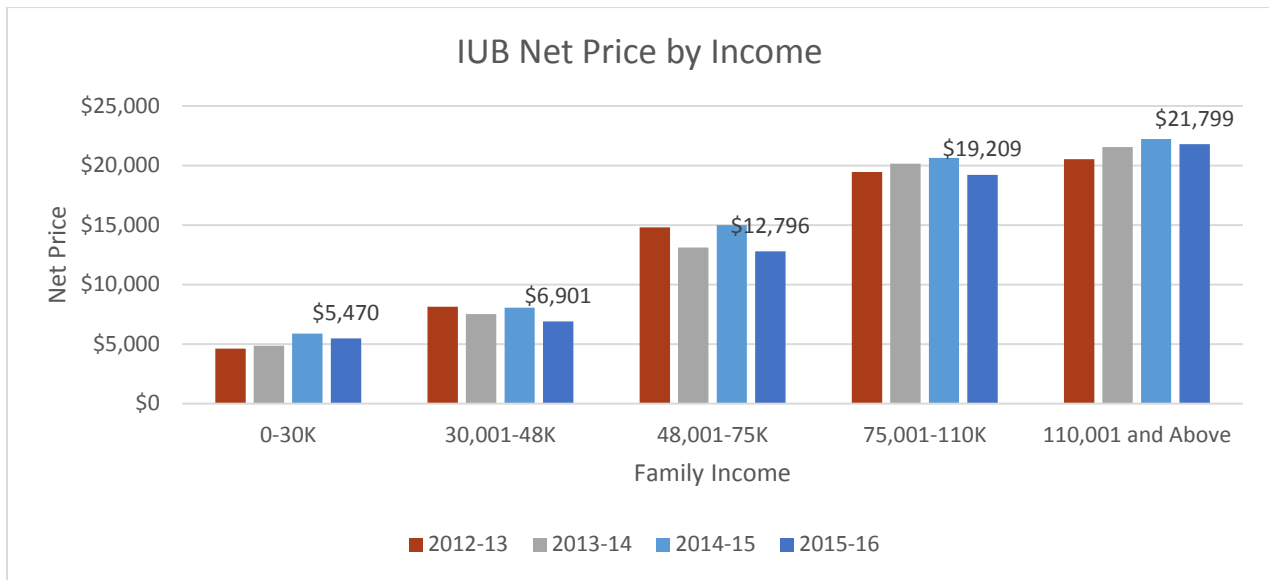


Cost of attendance includes tuition, fees, room, board, books, transportation, and personal expenses. Costs continue to be comparable with other institutions, with the regional campuses having the lowest tuition and cost of attendance of public 4 year institutions in Indiana.

³ Campus websites financial aid disclosures. Full time attendance for in-state students

Net Price by Income Level Comparison

Indiana students: First-Year/Full-Time Beginners⁴



Net Price by income level is Cost of attendance (average) minus gift aid.

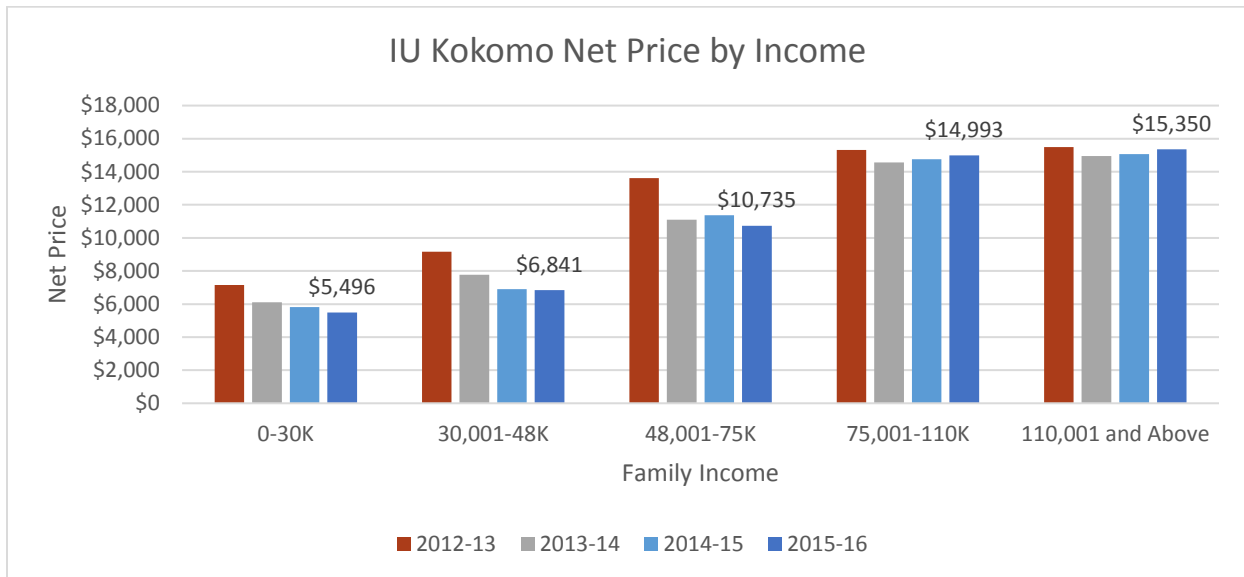
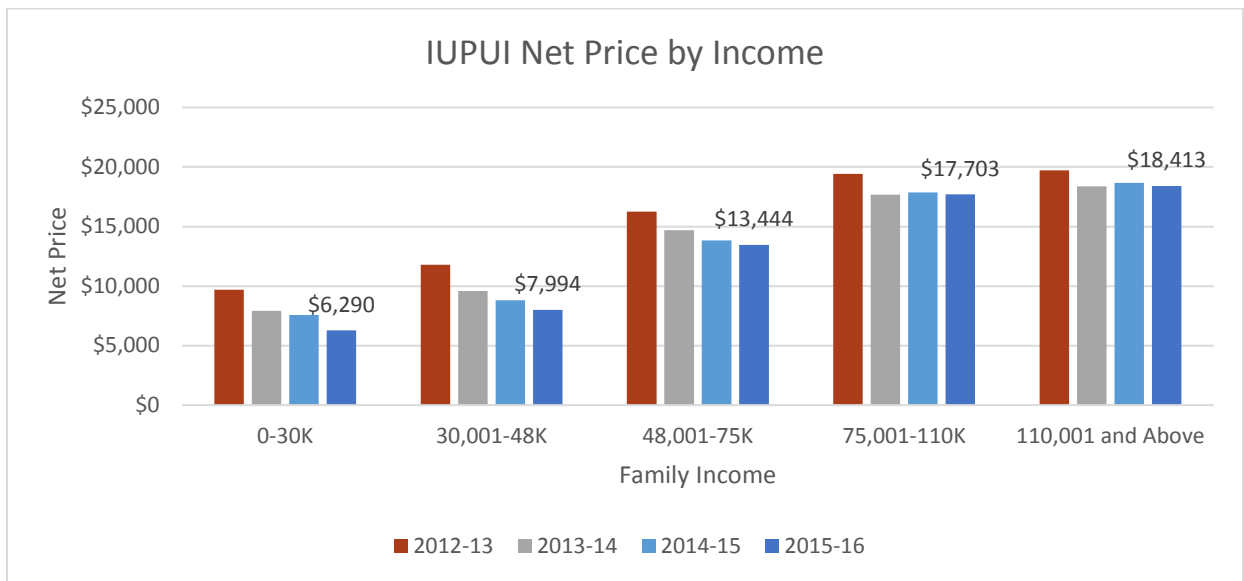
Cost of attendance includes tuition, fees, room, board, books, transportation, and personal expenses. Gift aid included Federal (Pell grants, other), state aid (21st Century, O'Bannon, other), institutional aid, and scholarships from private sources.

While only gift aid is used, the analysis looks at any student that received federal Title IV aid.

- Gift aid to students keeps an IU degree affordable. Institutional aid for undergraduates has increased 28% over four years (see page 11)
- The campuses have also addressed families with high need by offering wraparound programs including the 21st Century Covenant, Pell Promise and other programs to assist high need families with college expenses
- **With a federal student loan and/or federal work-study funds, freshman students with families in the 0-30K and \$31,001-48K range would have additional costs covered. This would further reduce the Net Price displayed in the table above**

⁴ Source College Navigator. <https://nces.ed.gov/collegenavigator/> 2012-13-2014-15. UIRR data for 2015-16 <https://www.iu.edu/~uirr/reports/standard/factbook>

Net Price by Income: Other campuses⁵

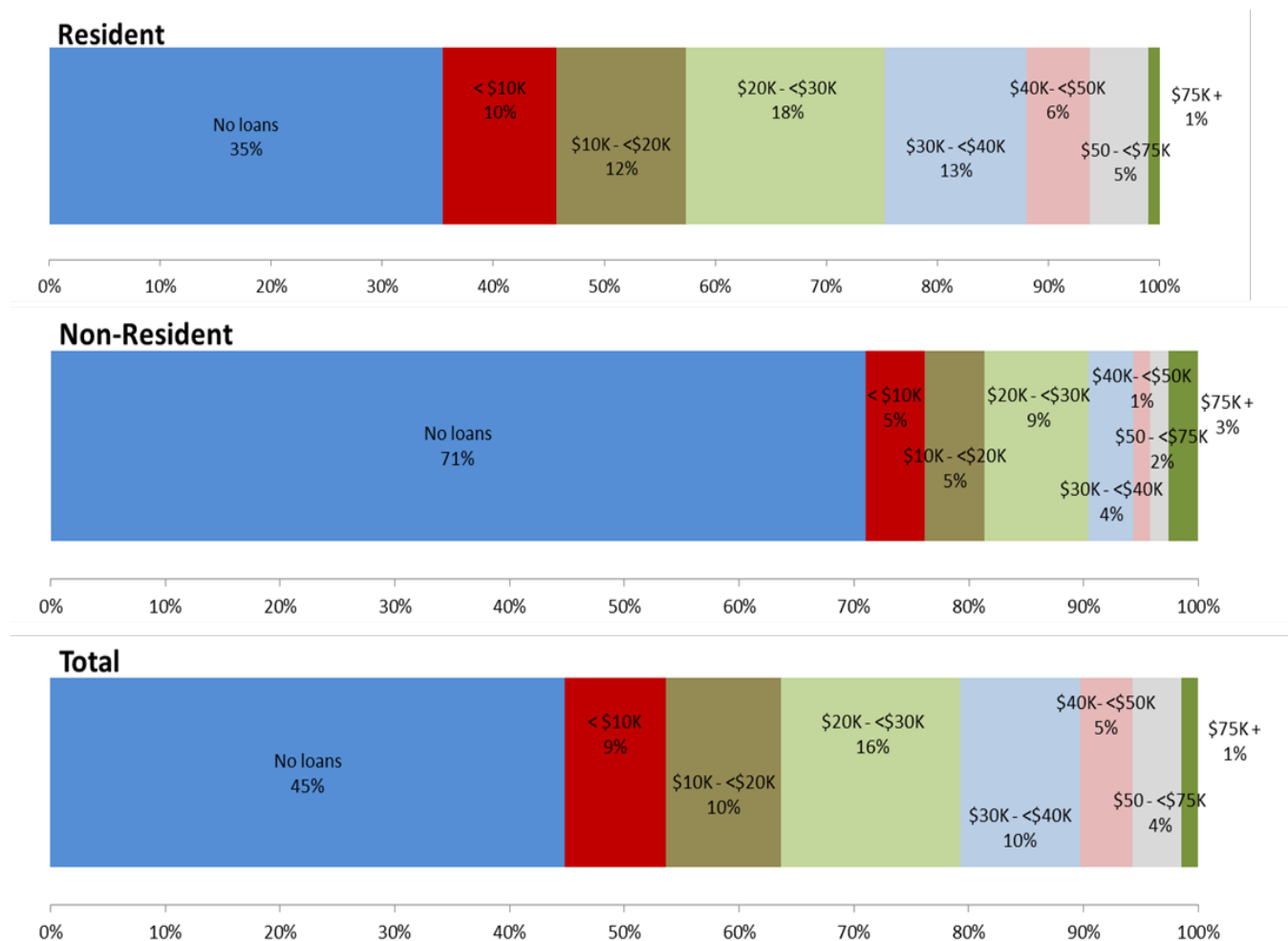


⁵ Source: College Navigator. <https://nces.ed.gov/collegenavigator/> 2012-13-2014-15. UIRR data for 2015-16 <https://www.iu.edu/~uirr/reports/standard/factbook/>

Student Loans

Student Loan Analysis 2015-16

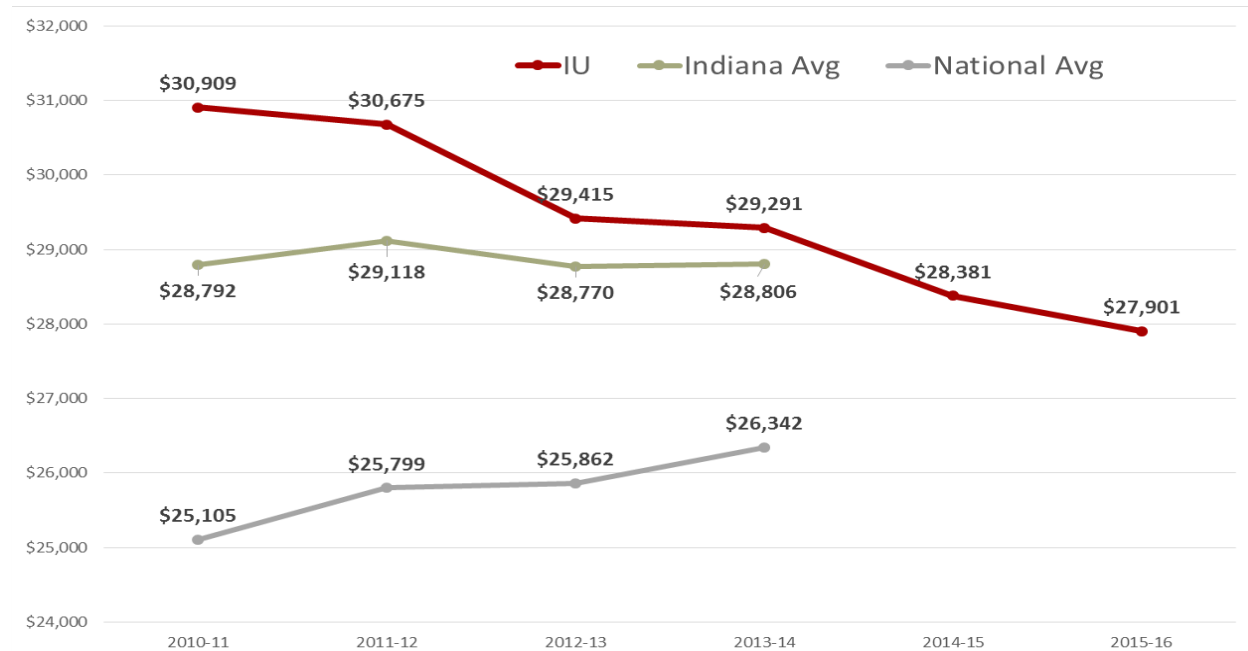
IU Bachelor completers by level of cumulative Debt



Note: The above analysis looks at all student debt including loans students obtained from other institutions before transferring to Indiana University.

- 45% of students have no loans.
- There is only a small percentage of students with debt above \$50K.

Average Debt of Bachelor Borrowers



IU student Loan Debt Goals:

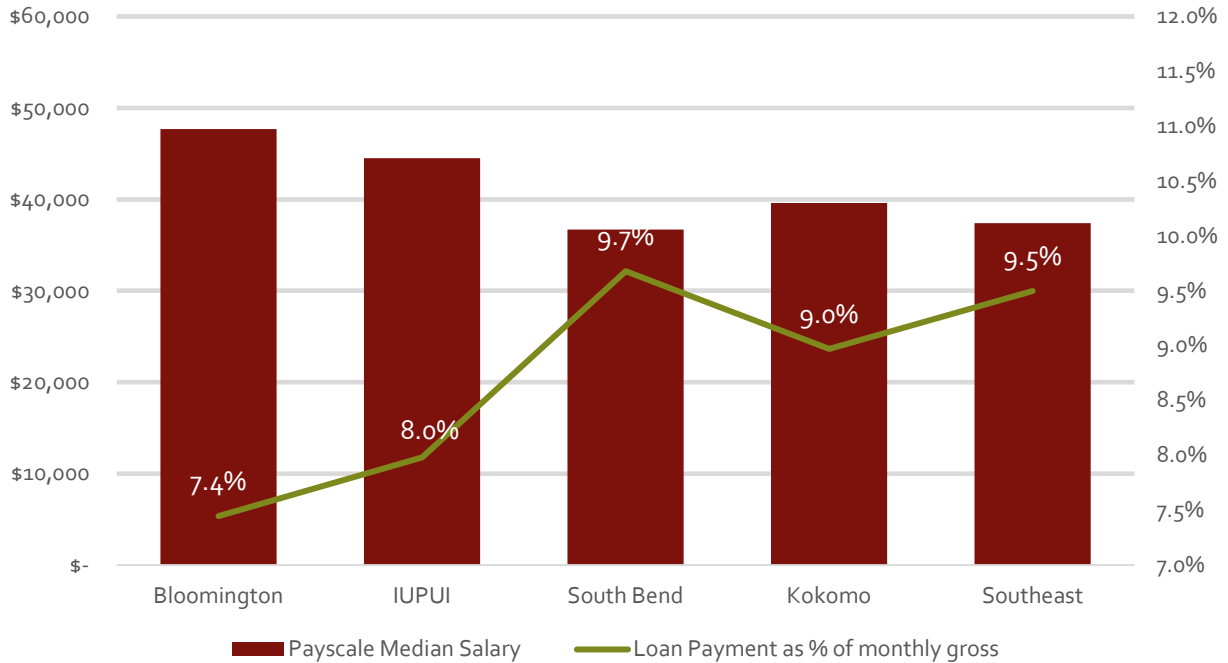
- Total debt below first year salary
- Payments below 10% of monthly gross

\$27,901 with current interest rates of 5.0% would equal \$296 per month (10 year standard repayment).

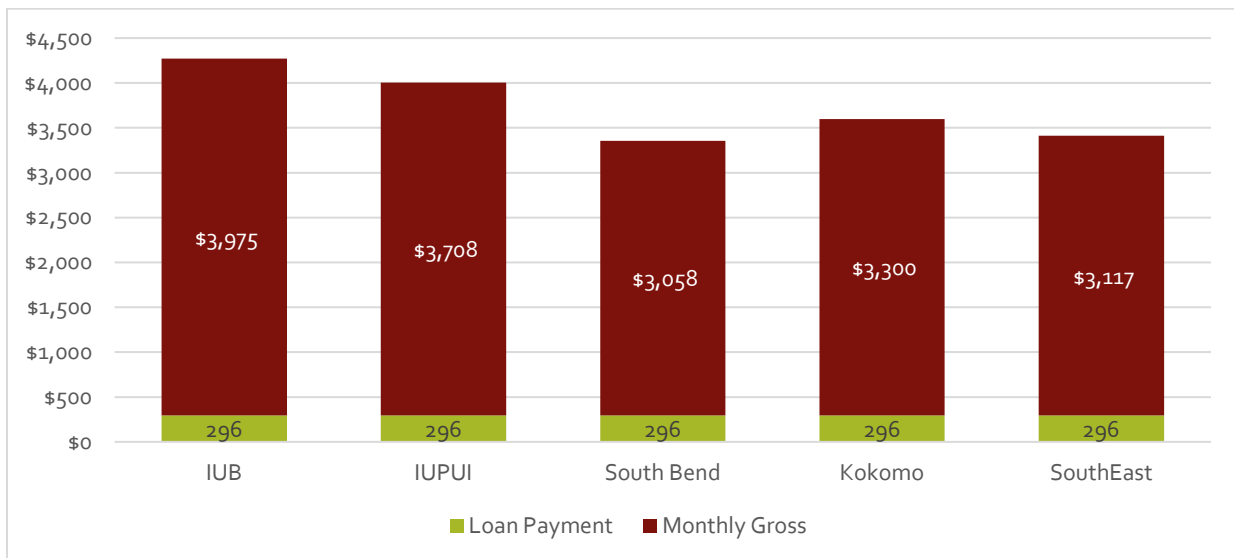
\$27,901 would be below the first year salary for most IU graduates (see PayScale chart on next page).

Salary needed to meet 10% metric would be approximately \$35,000.

PayScale Data: Median salary for 0-5 years' experience compared to student loan payments⁶



The current average debt at graduation (\$27,901) falls within the goal that loan repayment does not exceed 10% of monthly gross



This graph compares monthly payment on a \$27,901 debt (\$296) vs monthly gross income.

⁶ PayScale data: <https://www.payscale.com/college-salary-report/bachelors>

College Degree return on Investment

Financial Returns to an Investment in an Undergraduate Degree Summary: **Expected annual earnings were 22% higher for students who cleared the admission bar⁷. Data compiled by the Economic Policy Institute, college graduates in 2015 earned 56% more than high school graduates⁸**

In addition to earnings, there are other benefits of a college degree:⁹

- The unemployment rate for individuals age 25 and older with at least a bachelor's degree has consistently been about half of the unemployment rate for high school graduates. In 2015, when the unemployment rate for 25- to 34-year-olds with at least a bachelor's degree was 2.6%, 8.1% of high school graduates in this age range were unemployed.
- In 2014, 69% of 25- to 34-year-olds with at least a bachelor's degree and 45% of high school graduates reported exercising vigorously at least once a week.
- Children of parents with higher levels of educational attainment are more likely than others to engage in a variety of educational activities with their family members.
- Among adults age 25 and older, 16% of those with a high school diploma volunteered in 2015, compared with 39% of those with at least a bachelor's degree.
- College-educated workers are more likely than others to be offered retirement plans by their employers. Among those to whom these plans are available, participation rates are higher for individuals with higher education levels.

⁷ Seth Zimmerman, The returns to college admission for academically marginal students. *Journal of Labor Economics* 32(4) (2014) 711-54. <http://www.journals.uchicago.edu/doi/pdfplus/10.1086/676661>

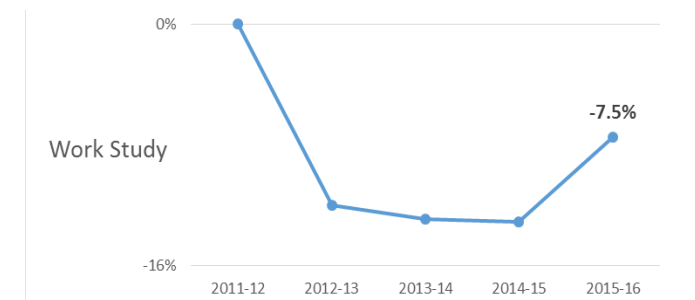
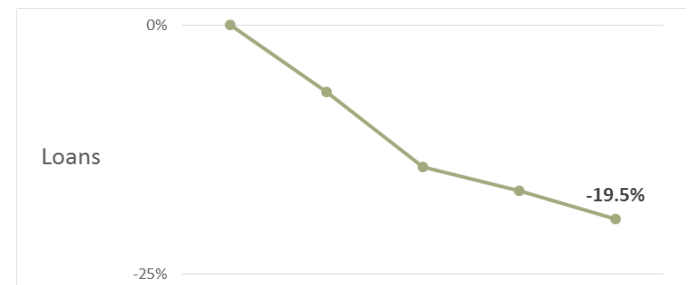
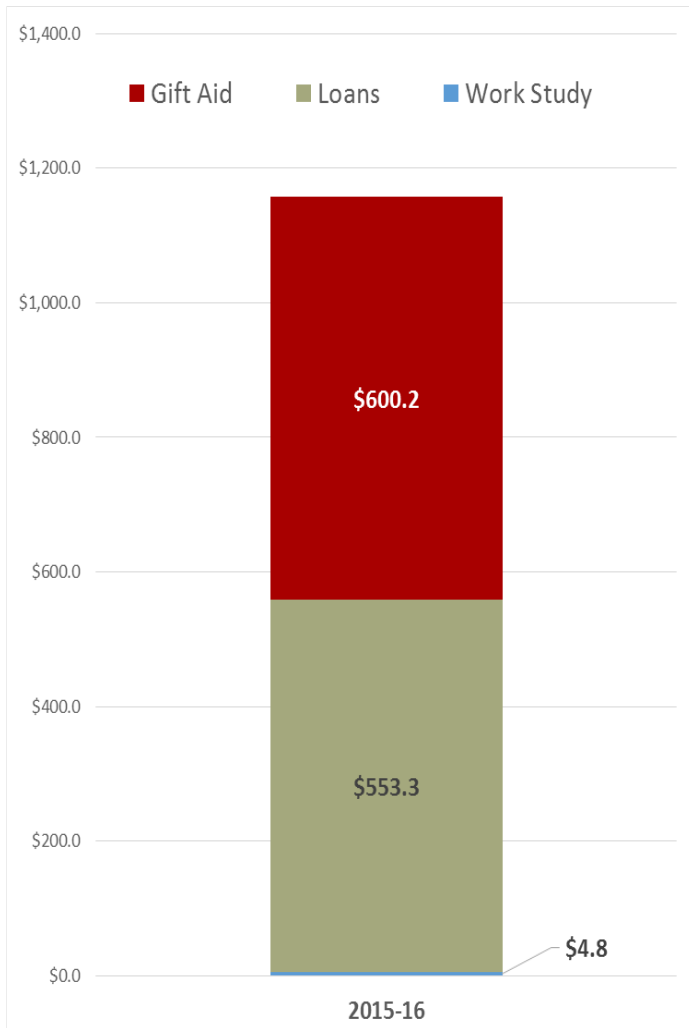
⁸ Economic Policy Institute <http://www.epi.org/publication/the-class-of-2015/> and Associate Press Article http://hosted.ap.org/dynamic/stories/U/US_EDUCATION_DIVIDE_ABRIDGED?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT

⁹ College Board, Education Pays 2016. <https://trends.collegeboard.org/sites/default/files/education-pays-2016-full-report.pdf>

Appendix A: Aid Summary

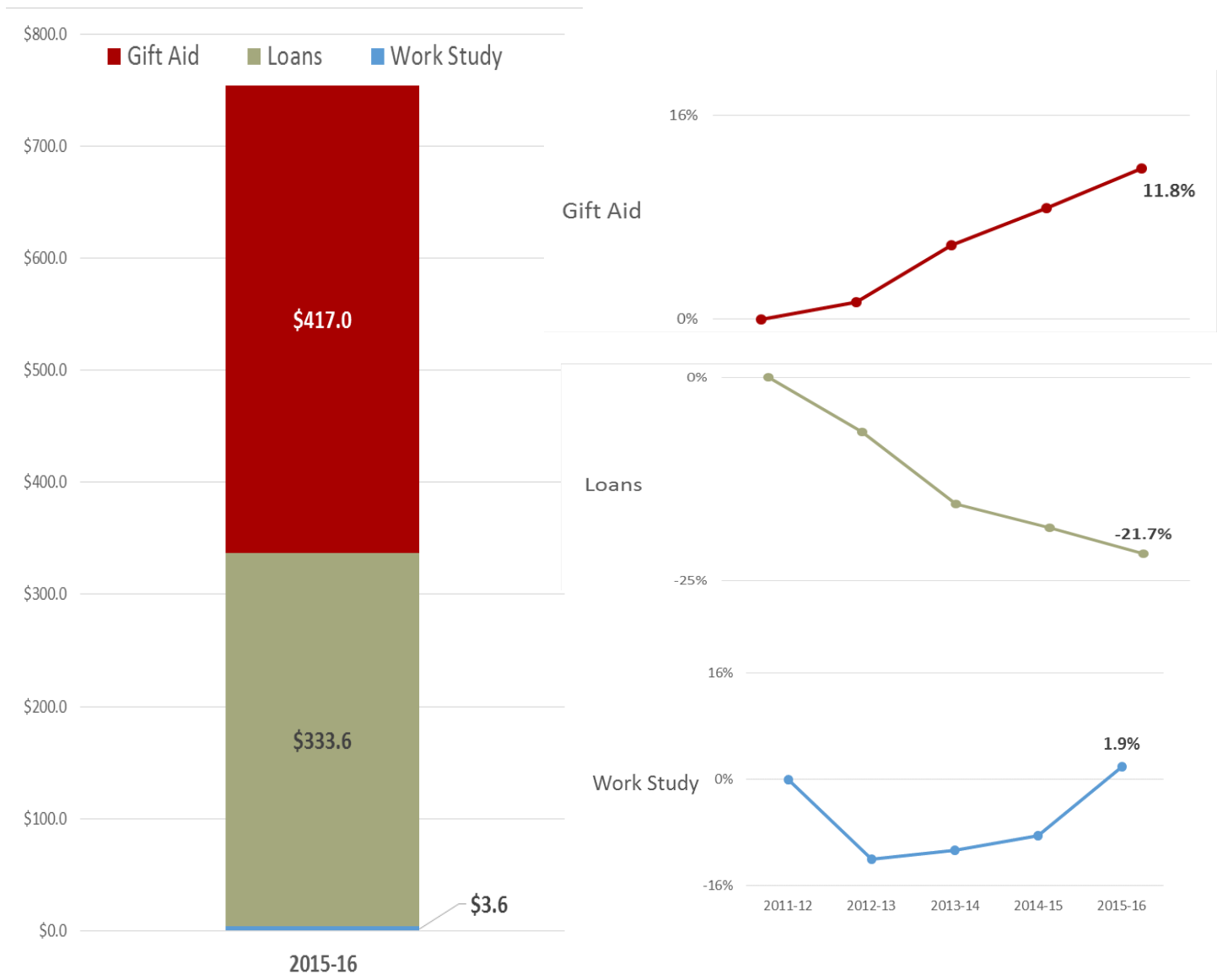
Financial Aid Summary

Total Aid 2015-16



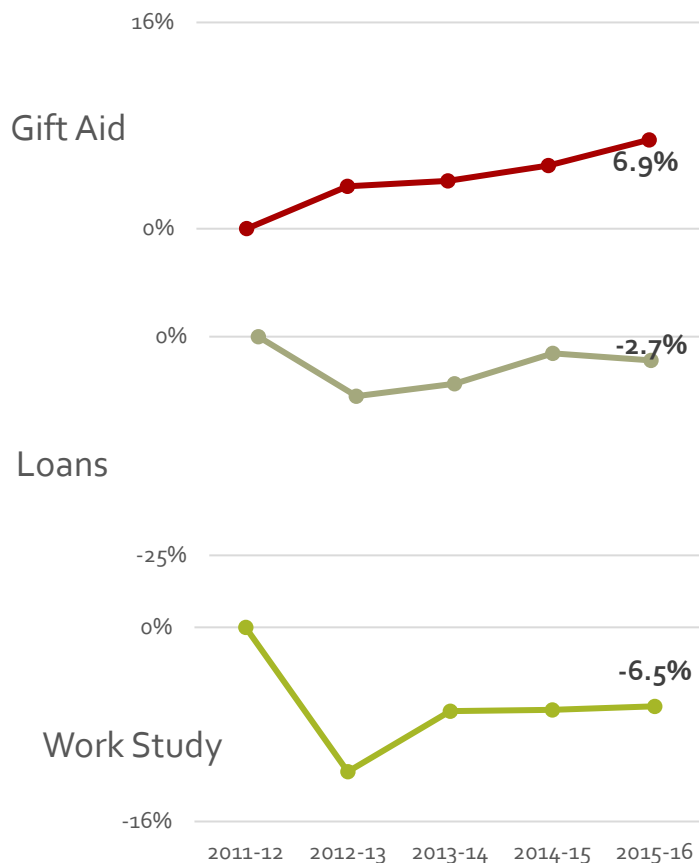
Gift aid includes federal, state, institutional aid. Loans include federal, institutional and private funds.

Total aid 2015-16: Undergraduates



Undergraduate funding shows increases in gift aid and decreases in student loans. Work study funds are based on funding allocations from the Department of Education.

Total aid 2015-16: Graduate Students



Graduate funding shows increases in gift aid and decreases in student loans. Work study funds are based on funding allocations from the Department of Education.

Appendix B: Financial Aid Programs Administered by Indiana University 2015-16

<u>Federal Aid Programs</u>	<u>Recipients</u>	<u>Amount</u>	<u>% of total</u>
Federal Pell Grant	25,019	\$99,170,257	8.56%
Federal Supplemental Education Opportunity Grant	8,140	\$3,146,792	0.27%
Federal Scholarships	199	\$1,124,532	0.10%
Federal Other	605	\$2,989,125	0.26%
Federal Grad/Prof Fellowships	348	\$4,288,335	0.37%
Federal Direct Loans-Subsidized	27,543	\$104,286,973	9.00%
Federal Direct Loans-Unsubsidized	37,396	\$283,821,450	24.50%
Federal Parent PLUS	2,486	\$53,396,784	4.61%
Federal Graduate PLUS	3,570	\$48,444,334	4.18%
Federal Perkins Loans	3,197	\$8,552,884	0.74%
Federal Nursing Loans	204	\$781,651	0.07%
Federal Health Profession Loans	178	\$2,148,303	0.19%
Federal Veterans Benefits	1,484	\$11,721,488	1.01%
Federal Work Study	2,209	\$4,804,897	0.41%
Total Federal		\$628,677,805	54.27%
<u>State Aid Programs</u>			
21st Century Scholarship	6,721	\$55,547,249	4.80%
Frank O'Bannon Grant	9,088	\$26,517,287	2.29%
Vocational Rehabilitation	209	\$1,036,128	0.09%
Other Undergraduate Scholarships	135	\$460,608	0.04%
State-Graduate	24	\$22,330	0.00%
Other State Aid	4,746	\$13,440,731	1.16%
Total State		\$97,024,333	8.38%
<u>Private</u>			
Gift Aid-Undergraduate	8,655	\$40,775,829	3.52%
Gift Aid-Graduate	3,649	\$31,081,068	2.68%
Private Student Loans	4,091	\$51,263,071	4.43%
Private Parent Loans	3	\$7,346	0.00%
Total Private		\$123,127,314	10.63%
<u>Indiana University</u>			
IU Student Loans	154	\$590,400	0.05%
Undergraduate gift Aid	32,754	\$168,629,205	14.56%
Graduate gift aid	11,061	\$140,322,811	12.11%
Total IU		\$309,542,416	26.72%
		\$1,158,371,868	