Reforming Student Financial Aid to Increase College Completion

Early Progress Resulting from Indiana House Enrolled Act 1348 (January 2015)

Indiana Commission for Higher Education

COMPLETION PRODUCTIVITY QUALITY

HEA 1348

BENCHMARKS & EXPECTATIONS

Despite limited awareness in the pilot year, Indiana's financial aid changes are galvanizing more students to complete the credits needed to graduate within their allotted four years of state financial support.

summary

Executive Summary

INDIANA FINANCIAL AID REFORM

It is too early to predict the long-term impact of Indiana's recent financial aid reforms. However, given the remarkable progress achieved after only one year, an encouraging picture is emerging that foreshadows significant future improvement as further awareness and intervention efforts take hold.

CHALLENGE

Indiana is a national leader in providing low-income students with financial support for college. The resulting gains in college access, however, have not been matched with gains in college completion. One culprit is timing: students are limited to four years of financial aid, but graduating in four years is the exception, not the rule. Students facing an unfunded fifth or sixth year of college are likely to borrow more or drop out without a degree, an unfortunate outcome that offers few options and limited employment opportunities. To avoid this fate, students must complete enough credits—at least 30 per year—to graduate before their four years of state financial support run out.

SOLUTION

In 2013, Indiana lawmakers sent a clear signal that encourages on-time college completion through student financial aid incentives and annual credit completion expectations. The law's key provision requires students to complete at least 30 credits each calendar year in order to renew their aid for the following year at the same level. (Students completing at least 24 credits receive lower levels of state aid, while those completing fewer than 24 may not renew.)

RESPONSE

Immediately following the legislation's passage, the Indiana Commission for Higher Education and its postsecondary partners began implementing aggressive new measures to notify students of the importance of on-time completion, provide additional academic advising and resources, monitor student progress and offer new sources of funding to help students reach the critical 30-credit benchmark. Though the law's quick implementation meant that most students did not know about the reforms as they signed up for fall semester classes, by the end of the spring semester roughly 6 in 10 students were aware that their financial aid is now tied to on-time credit completion.

OUTCOMES

Student performance showed marked improvement during the law's first year. These results are even more remarkable given the initial challenges in ensuring student awareness. Based on data provided by Indiana's public colleges, the Commission found that just one year later:

- More students are **enrolling** in 30 or more credit hours.
    - 21st Century Scholars ↑ 55% (38.6% to 60.2%)
    - Frank O'Bannon ↑ 19% (32.6% to 38.6%)
- More students are **completing** 30 or more credit hours.
    - 21st Century Scholars ↑ 56% (22.3% to 34.8%)
    - Frank O'Bannon ↑ 21% (19.1% to 23.3%)
- Students are using summer classes to preserve financial aid eligibility.
- Advanced Placement (AP) and dual credit courses are helping students stay on track.
- Banded tuition structures promote on-time enrollment and credit completion.

LESSONS

The Commission has distilled five key lessons from the implementation of the financial aid changes:

1. Students act on the advice they are given.
2. The higher the expectation, the better the outcomes.
3. Student incentives also motivate colleges.
4. Course enrollment does not guarantee course completion.
5. Passing the law was the easy part… implementation trumps strategy every time.

COLLEGE

ACCESS & COMPLETION

New measures to notify students of the importance of on-time completion, provide additional academic advising and resources, monitor student progress and offer new sources of funding to help students reach the critical 30-credit benchmark.

30-60-90

SUPPORTING STUDENT SUCCESS

Indiana's strategic plan for higher education, *"Reaching Higher, Achieving More,"* calls for a shift in focus from college access to college success. This serves the economic interests of both Hoosier students and the state.

Laying the groundwork:

THE HISTORY AND CONTEXT BEHIND HEA 1348

Indiana is widely recognized as a national leader in leveraging need-based financial aid to increase college access, devoting more than $300 million per year toward state financial aid programs. These generously funded programs, which place Indiana 7th in the nation and 1st in the Midwest for need-based funding per student, enable more than 85,000 students to attend college each year. Indiana also shows impressive results in its early-promise 21st Century Scholars program, whose participants graduate high school and attend college at greater rates than the general population and graduate from college at greater rates than their low-income peers.

Indiana's success in leveraging financial aid to increase college access has not produced similar gains in college completion. After four years, the general population's graduation rates exceed those of 21st Century Scholars by 16 percent at public four-year institutions (where the majority of Scholars attend). Recipients of the Frank O'Bannon Award—Indiana's other need-based financial aid program—fare better but still lag the general population.[1]

MOVING FROM COLLEGE ACCESS TO SUCCESS

Indiana's strategic plan for higher education, *"Reaching Higher, Achieving More,"* calls for a shift in focus from college access to college success. This serves the economic interest of both students and the state. Hoosier students invest time and significant amounts of their own money—often borrowed—to cover expenses their financial aid does not. Students coming from lower-income families incur even more risk than others in pursuit of their postsecondary degree. In fact, a Commission for Higher Education analysis of federal borrowing at Indiana's public and private institutions found that students receiving the greatest amount of state and federal grants also took out the greatest amount of federal loans, averaging over $20,000 over four years.[2] Students who do not graduate must repay this investment without the benefits—such as higher income and better employment opportunities—a college degree provides.

ENCOURAGING ON-TIME COMPLETION

On-time graduation is even more critical in Indiana than it may be in other states. Indiana's financial aid programs fund only four years of funding per student. In essence, students are funded for on-time graduation, leaving those who have progressed at a slower pace with difficult choices near the

end of their academic programs: do they borrow more, drop to part-time enrollment, or leave altogether? In a 2013 survey of financial aid recipients, 73 percent of respondents indicated that they would take on additional student loans to cover a fifth year without state funding and 13 percent said they would drop out—leaving them in the worst-case scenario of having debt and no degree.

Baccalaureate degrees (four-year programs) require at least 120 credits for graduation, while associate degrees (two-year programs) require at least 60 credits. Simple division tells us that students must complete at least 30 credits each year (or 15 per traditional semester) to graduate on time. Since enrolling in 12 or more credits per semester is considered to be "full time" for financial aid purposes, many college students assume that attending full time equates with graduating on time. In fact, even enrolling in 15 credits per term does not guarantee on-time completion: dropped and failed courses as well as poor course selection can easily upend academic plans. All told, Indiana faces significant challenges in its efforts to help more Hoosiers realize the dream of higher education and the economic mobility it provides.

CREATING INCENTIVES FOR COMPLETION

Legislation authored by Representative Tom Dermody was passed with bipartisan support and signed into law by Indiana Governor Mike Pence in May 2013. House Enrolled Act 1348-2013 (HEA 1348) addresses these challenges by establishing a system of academic benchmarks and expectations for state financial aid recipients. The central provision of the legislation ties the renewal of financial aid to a series of credit-completion requirements that are necessary to ensure on-time completion and academic success. Specifically, the law stipulates the following:

- All state aid recipients who wish to renew their scholarship funding at the same level for the following academic year must complete 30 credits by the end of their first academic year, 60 credits by the end of year two, and 90 credits by the end of year three.

- State aid recipients who fail to meet these benchmarks will have their aid partially reduced or rescinded for the following academic year.

Whether students have funding reduced or rescinded for failing to meet the 30-60-90 benchmark depends on their scholarship category. Frank O'Bannon recipients may receive a reduced award (9 percent lower) provided they meet the less rigorous benchmark of 24 credits by the end of their first academic year, 48 credits by the end of year two, and 72 credits by the end of year three. For 21st Century Scholars, however, failing to meet the on-time benchmarks could result in dramatic reductions of 65-100 percent.[3] Students are able to regain full funding if they meet the next year's benchmark.

SUPPORTING STUDENT SUCCESS

Additionally, lawmakers included in the legislation several provisions designed to help students meet the benchmarks above. Specifically:

- **Academic Incentives:** Students in the Frank O'Bannon program who achieve high marks or progress along an accelerated timeline are eligible for additional awards. For example, students earning a cumulative GPA of 3.0 or higher will receive an additional $800 for the following academic year. Students who accelerate their progress by completing 39 credits by the end of their first year and 78 by the end of their second will receive an additional $1,300 in aid. Finally, recipients who graduate with an associate degree receive an additional $800 in later years when they enroll in a bachelor's degree program.

- **Degree Maps:** Public institutions must now develop and provide their students with "Degree Maps" – personalized, term-by-term academic plans that include the sequence of courses required for on-time graduation. Public institutions must ensure that the required courses included in a student's degree map are available during the specific term in which that student had planned to take the course; otherwise, the institution must offer the course for free in a future term.

- **Summer Classes:** Institutions must allow students to defer up to 100 percent of their annual state aid for use during summer academic terms – a period when tuition is often discounted, classes are smaller, and Pell grants are likely to be unavailable.

By establishing new academic requirements and support mechanisms to guide student achievement, HEA 1348 has made important strides in strengthening higher education in the state, even as it poses new challenges for students and academic institutions alike.

The purpose of this analysis is to examine the impact of this legislation in its pilot year. It will detail the response to this legislation on the part of Indiana colleges, assess the initial effects on student awareness and achievement, and distill several lessons learned and suggested enhancements to the implementation strategy to guide the state's work in the following year.

ABOUT THE DATA

The cohorts presented throughout the report include only students who in a given year: 1) were reported as Indiana residents and first-time, degree-seeking (Bachelor's or Associate's) students in the fall semester, 2) stayed enrolled to the spring semester of the same academic year, at the same campus, seeking the same degree level (Bachelor's or Associate's), and 3) enrolled as a full-time student (12+ credits) as of the institutional term census date in at least one semester (fall or spring).

The number of students identified as starting their freshman year with nine or more credits was estimated by subtracting institution credits earned from cumulative credits earned for the fall semester of a student's freshman year.

Credits enrolled in and earned are for fall and spring semesters combined. Completed summer coursework from summer 2014 will not be fully reported to the Commission until November 2015, and therefore was not included. Summer 2014 course enrollment has been reported, and is included. Future reporting on credit completion will include these summer terms.

Cohorts were created and tracked longitudinally using data submitted by Indiana public institutions to CHE through the CHE Data Submission System (CHEDSS). Frank O'Bannon grant recipient status is sourced from the CHE Grants Reporting and Delivery System (GRADS).

The 21st Century Scholars cohort includes students reported as receiving a Scholar grant in their freshman year. The Frank O'Bannon (FOB) cohort includes students reported as receiving a Frank O'Bannon grant in their freshman year, excluding 21st Century Scholars. The Pell (Non Scholar/FOB) cohort includes students reported as receiving a Pell grant in their freshman year who did not also receive a Scholar or Frank O'Bannon grant during their freshman year.

CAUTIONS ABOUT THE DATA

This analysis presents results from public institutions only. Private and proprietary institutional results are unavailable at this time.

Most of the statistics included in the report are for fall and spring only. Summer enrollment is examined, but summer credits earned are not included in the totals. Additionally, summer 2014 data are limited to enrollments reported through the end of the fiscal year (June 30, 2014). Some institutions' data are missing, including late summer (July/August) enrollments, and therefore are not included in the analysis.

Data related to advanced credits (dual credit, AP, etc.) were constructed from other data received but not directly collected, and therefore may contain some inaccuracies.

Enrollment data only include courses taken at the same institution. Students taking summer courses at a different institution, such as a regional campus in the student's hometown, are not counted in the summer enrollment numbers. Concurrent enrollments – i.e., when students take additional coursework at another institution during the same semester – also are not counted.

Finally, as discussed later in the report, year one results are expected to differ in terms of magnitude from future cohorts due to a number of factors related to the law's implementation.

15 TO FINISH

BETTER RETURN ON INVESTMENT

Recognizing that students' misconceptions and lack of awareness have hindered on-time completion in the past, universities and colleges throughout the state have launched aggressive outreach and messaging efforts to educate students about the new credit requirements and emphasize the importance of planning their academic progress accordingly.

Gauging effectiveness:

THE IMPACT OF HEA 1348 IN ITS PILOT YEAR

HEA 1348 encourages students to take and complete more credits, which will lead to higher graduation rates, lower costs, and a better return on investment for students and the State. Although it will take years to assess fully the legislation's effectiveness in meeting those objectives, we can evaluate its immediate impact in two ways. First, we can examine the way in which the Commission for Higher Education and postsecondary institutions changed their policies and practices to guide students along an on-time degree path. Second, we can analyze how students responded to the new incentives – responses that foreshadow the long-term outcomes of the law.

COMMISSION & COLLEGES RESPOND

Following the bill's passage into law in May 2013, the Commission for Higher Education and the state's postsecondary institutions faced a pressing challenge. Roughly 9,600 incoming freshmen had just become subject to a set of guidelines that would have a major impact on their academic and financial futures. In less than a month, many were scheduled to begin registering for fall classes, presumably unaware of the law's implications.

The short timeframe demanded urgent action. The Commission launched an aggressive campaign to prepare students and their college advisors for the new requirements. Staff members from the 21st Century Scholars program, for example, outlined the changes in a one-page guide that was sent to the homes of rising freshmen award recipients (see Appendix). The Commission's financial aid specialists traveled across the state explaining the new requirements to financial aid administrators. At the same time, its outreach team developed print and digital media to promote awareness among affected students and created a"15 to Finish" campaign geared toward all full-time students.

Both the statewide 21st Century Scholar regional outreach coordinators and ScholarCorps members serving at 14 different campus locations provided an added level of outreach to Scholars through presentations, on-campus programming, and individual meetings. The outreach was not limited to 21st Century Scholars. The State used its communication channels with all aid recipients (21st Century Scholars and Frank O'Bannon recipients) – including the Commission website and its e-student portal – to provide information about the new requirements.

Colleges and universities responded in kind. These institutions developed three general approaches for preparing students. First, they worked to educate and advise students affected by the requirements; second, they

began providing additional resources to these students; and third, they began monitoring students' academic progress so that advisors could intervene as necessary to keep them on track.

EDUCATION & ADVISING

Recognizing that students' misconceptions and lack of awareness have hindered on-time completion in the past, universities and colleges throughout the state have launched aggressive outreach and messaging efforts to educate students about the new credit requirements and emphasize the importance of planning their academic progress accordingly. Institutions have used a range of techniques to ensure that every student understands the requirements. These efforts include:

- **Incorporating the message into new student programming.** At its open house event for prospective students, for example, Purdue University Calumet now distributes brochures explaining the requirements and encouraging students to enroll in at least 15 credit hours per term. IUPUI is one of many schools that outlines the credit requirements during orientation and encourages students to enroll in a minimum of 15 credit hours per term, regardless of their financial aid status.

- **Providing online resources and information related to the requirements.** Many institutions now highlight the requirements on student web portals and other high-traffic academic web pages.

- **Supplementing traditional communication tools with social media and other technology.** The University of Southern Indiana, in addition to sending emails and postcards to state aid recipients, streamed PowerPoint slides with the revised completion requirements on television monitors in residence halls. Similarly, the financial aid office at Indiana University-Purdue University Fort Wayne posted periodic reminders about the requirements on various social media platforms.

- **Training advisors to counsel students in the new requirements.** Public and private universities across the state have undertaken extensive training to ensure that advisors are knowledgeable about the new requirements. The Commission's "15 to Finish" campaign also conducted workshops examining on-time completion and financial aid requirements. These workshops brought together financial aid staff, academic advisors, and faculty.

- **Targeting communication to financial aid recipients.** Institutions have been diligent about identifying, contacting, and providing tailored academic advising to recipients of state aid. IU Northwest, for example, is one of many schools that retain a liaison who contacts state aid recipients and works with them to chart their academic roadmap. After identifying 782 new and continuing students who were required to meet the new guidelines, the University of Southern Indiana invited students to a special information session where advisors were on hand to answer questions.

TOOLS & RESOURCES

Beyond general outreach efforts, institutions implemented customized tools and resources to help students stay on track for on-time graduation and continued financial aid eligibility. These activities include:

- **Building "Degree Maps" and Guaranteeing the Availability of Courses.** As required by the law, public institutions now provide detailed academic roadmaps that allow students to chart their academic path in advance. Some, such as Indiana University, created resources that extend well beyond what was strictly required by law. IU's iGPS ("Interactive Graduation Planning System") monitors progress, sends alerts to students and advisors when students deviate from their maps, and seamlessly integrates the mapped courses into the registration process. Public universities are also required to ensure the availability of courses necessary for on-time graduation or provide them for free in a future semester.

- **Creating a default enrollment policy.** At Purdue University Calumet, 15 credit hours is now the standard assignment for students registering through block enrollment. Students must seek approval to opt-out of this registration plan.

- **Restricting registration without academic consultation.** In light of the new requirements, state aid recipients at Indiana University Bloomington who attempt to register for fewer than 15 credit hours are automatically required to meet with an academic advisor before they can drop below this threshold.

MONITORING & PROACTIVE INTERVENTION

Third and finally, institutions have established policies and techniques for tracking the academic progress of state aid recipients and intervening as necessary to keep them on track. Specific approaches include:

- **Notifying students whose funding is at risk.** In August 2013, the University of Southern Indiana contacted 43 students who had enrolled in fewer than 15 credit hours for the upcoming semester. After speaking with advisors, 44 percent of those students revised their schedules to meet the 15-hour benchmark. Similar policies were instituted throughout the Purdue University and Indiana University campus systems as well as several private colleges and universities. It is now common practice for academic advisors to contact students who are at risk of slipping below one of the 30-60-90 benchmarks and recommending corrective strategies such as enrolling in summer classes.

- **Encouraging summer enrollment and providing institutional funds.** For state aid recipients who were at risk of losing funding eligibility, university advisors aggressively encouraged summer enrollment as a way of rescuing this eligibility. In many cases, universities also provided additional financial support to students whose state funding would not cover the full cost of attending summer sessions.

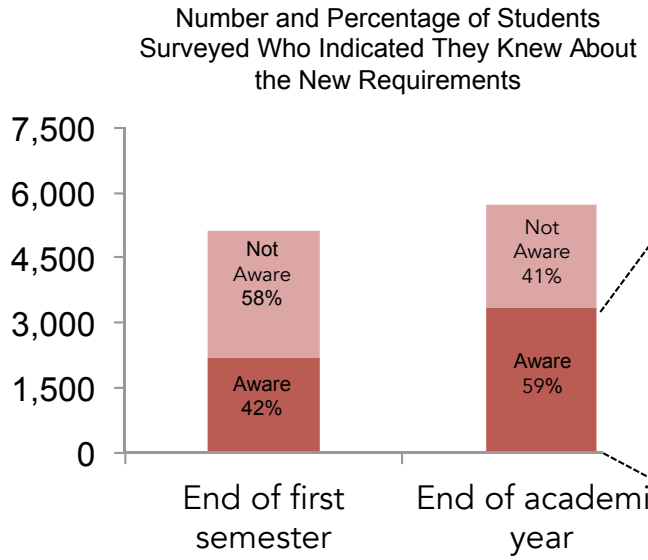
The passage of HEA 1348 caused a re-examination of policy and practice as it relates to communication, registration and advising. These changes led to the positive student outcomes that we detail in the following section.

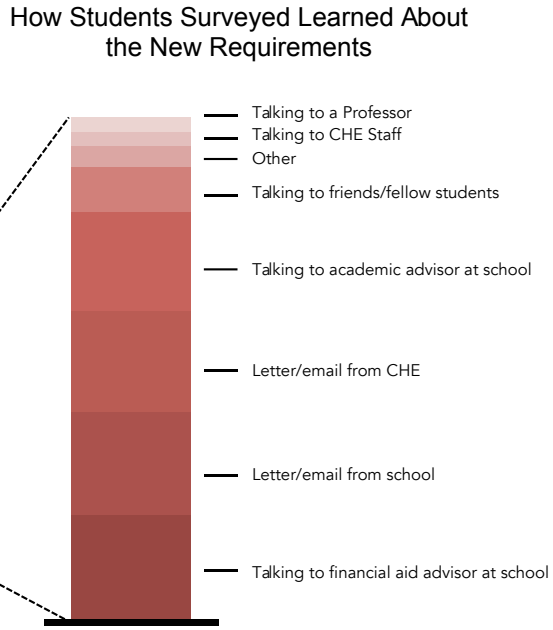
STUDENTS RESPOND

When assessing the impact of the legislation in its pilot year, there are two central questions to address. First, were students knowledgeable of the credit completion requirements? And second, did the legislation have its intended effect on student performance?

STUDENT AWARENESS

With respect to student awareness, the data collected from student surveys administered at the conclusion of the fall and spring semesters demonstrate both progress and challenges. On one hand, by the end of the academic year, over 59 percent of survey respondents indicated that they were aware of the minimum credit requirements needed to renew their scholarship – up from only 42 percent the previous semester.[4] The other 41 percent (2,375 respondents) reported that they learned about the requirements from the survey itself, proving the survey to be yet another important tool for student awareness. The gains in awareness among aid recipients are impressive, especially considering the intense competition for students' attention as well as the fact that Governor Pence had signed the bill only a year prior.





Among those who were aware of the requirements before taking the survey, the preponderance of students reported learning of the requirements through communications with their academic institutions, financial aid and academic advisors, and correspondence from the Commission. The survey's indication that students learn about requirements through a variety of avenues and university offices clearly shows the benefit of a multi-faceted communications strategy. Institutions should use every communication channel at their disposal. At the same time, professional development and training on college campuses must extend beyond financial aid offices. Academic advisors, professors and a variety of other student success staff have an opportunity to inform students about the expectation and must be adequately trained and encouraged to do so.

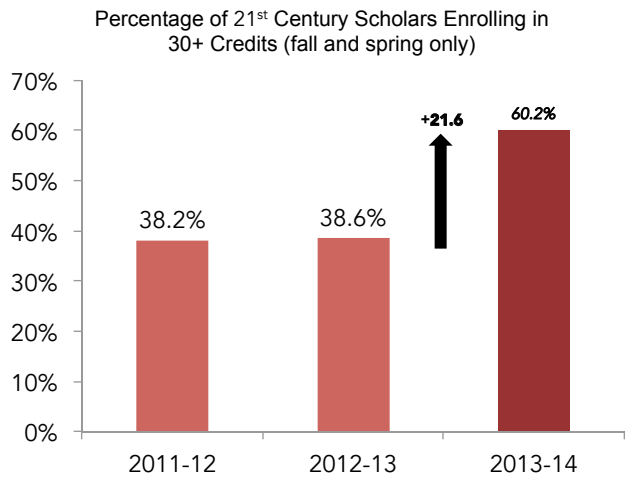
The end-of-year awareness rates speak to the dedication of the hundreds of academic advisors, scholarship liaisons, financial aid officers, and Commission staff members who worked to promote awareness of these new requirements in a short span of time. It is expected that these efforts will prove even more productive over time and that future cohorts will benefit from earlier and repeated awareness efforts. This is particularly true for 21st Century Scholars, who will know as early as middle school that they will be recipients of state aid and will be informed throughout high school about their college-level performance expectations. However, it is the position of the Commission that when promoting awareness of financial aid requirements – the life or death for many students of a college education – anything less than 100 percent awareness of the state's new requirements compels further action. There is much room for improvement, and as it continues to improve the implementation of HEA 1348, the Commission will focus on student awareness one of its highest priorities.

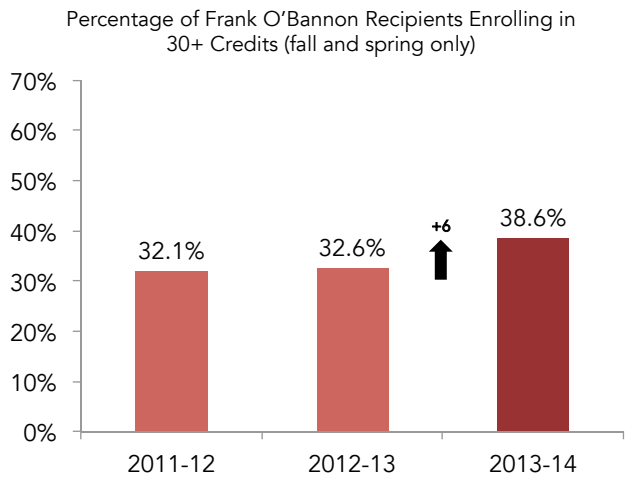
STUDENT PERFORMANCE

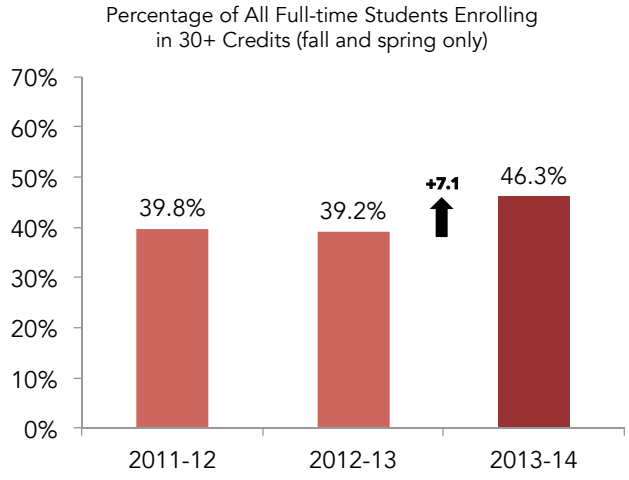
Although the data for student awareness show mixed results, the results for student behavior – the ultimate barometer of the legislation's impact – support a positive assessment of 1348's pilot year. Enrollment and credit-completion data collected at the institution and statewide level show that the legislation is working, prompting more students to pursue academic schedules that will increase their chances for on-time graduation. Below are five major conclusions with respect to the legislation's initial impact.

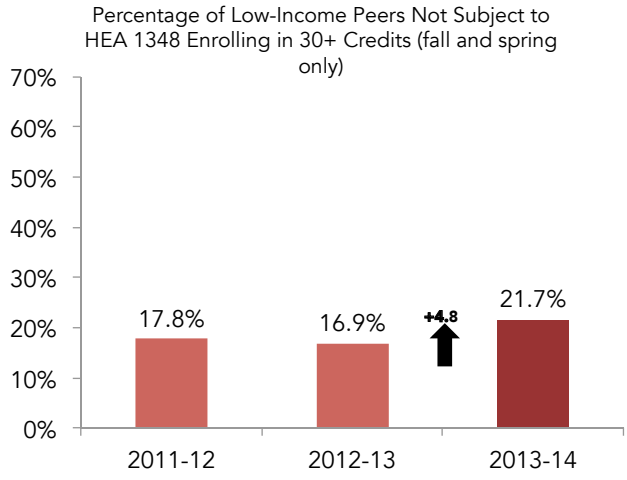
CONCLUSION #1: More students are enrolling win 30 or more credit hours during the academic year.

Following the passage of HEA 1348, the percentage of state aid recipients who enrolled in 30 or more credit hours in the traditional academic year (fall and spring) showed a marked increase over previous years.









It is worth noting that enrollment in 30 or more credits also increased among all full time students and low-income students who did not receive state support, but by lesser degree. The promising results above prompt a number of observations that are ripe for further discussion and analysis.

First, the increase in "30+ enrollment" among all students—including those who were not subject to HEA 1348's requirements—speaks to Indiana colleges' efforts to increase on-time completion. Many schools reported that they were encouraging all their students, regardless of financial aid status, to enroll in 15 or more credits each term. The impact of their work is evident in the data above.

At first glance, and in light of this overall trend toward 30+ enrollment, one might conclude that state aid recipients were simply swept up with the tide; and that we cannot attribute their improvement directly to HEA 1348. However, it is worth noting that the percentage point increases among state aid recipients – 21.6 points for 21st Century Scholars and 6 points for

O'Bannon recipients – both exceed the increase among low-income students who were not subject to HEA 1348's provisions (4.8 points). In other words, encouragement and advising are useful, but more so when coupled with strong and clear financial consequences. Most importantly, it is unclear what would have caused the overall increase in 30+ enrollment among financial aid recipients in particular if not the new legislation.

Second, it is worth noting the disparity in 30+ enrollment increases between 21st Century Scholars and their Frank O'Bannon peers. Both groups, after all, were subject to completion requirements. Two plausible hypotheses explain this difference.

On one hand, 21st Century Scholars may have been better informed about the requirements than their Frank O'Bannon peers. Scholars received direct mailings from the Commission and have a well-defined support system on many campuses. On the other hand, awareness might not be the issue at all. Since 21st Century Scholars stand to lose more of their funding if they fail to meet the 30-60-90 credit requirements, perhaps they have a stronger behavioral incentive to comply. Other fundamental differences in the grant populations, such as age or number of dependents, may have caused additional variation in the ability to complete 30 credits.

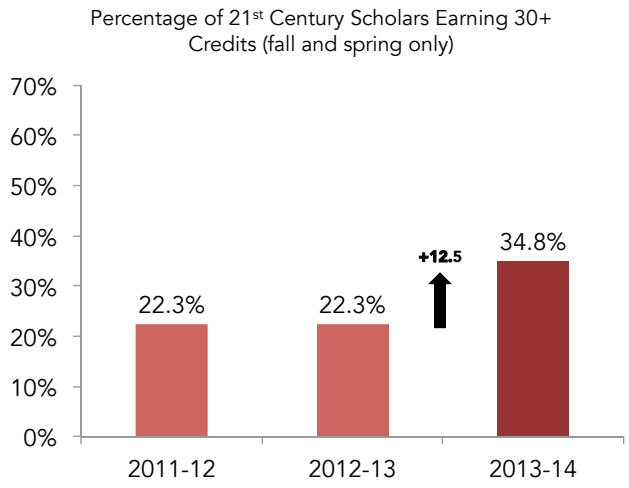
Finally, it is worth mentioning that the disparity just described appears in even sharper relief when we disaggregate the results for 2- and 4-year institutions. The percentage of 21st Century Scholars enrolling in 30 or more credit hours at a 4-year institution increased from 34 percent in AY 12-13 to 62 percent in AY 13-14; among their peers at 2-year institutions, that percentage increased from 6 to 18 percent. However, the percentage of O'Bannon recipients enrolling in 30 or more credit hours at a 4-year institution showed only a modest improvement from AY 12-13 (32%) to AY 13-14 (41%), whereas 2-year institutions actually saw a slight dip (5.7% to 5.5%).

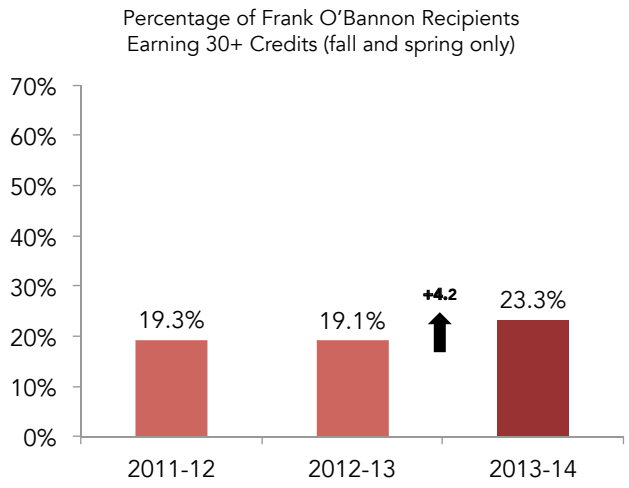
CONCLUSION #2: More students are completing 30 or more credit hours.

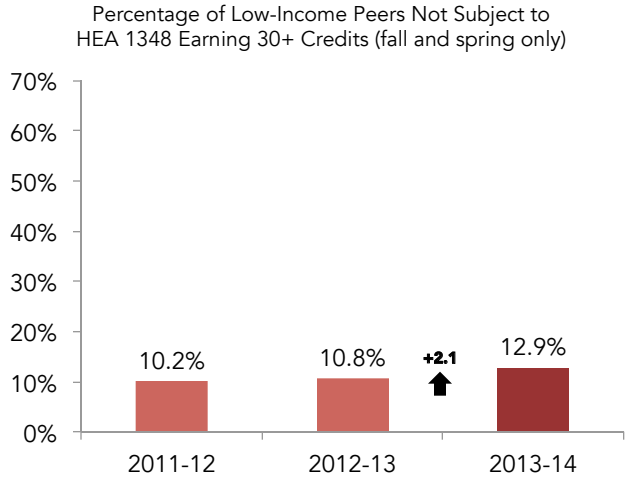
The completion data tell a similar story as the enrollment data. We observe upward trends among all groups, but the strongest response comes from 21st Century Scholars. Once again, the charts on the following page capture the percentage of students reaching the 30-credit mark with courses taken during fall and spring semesters only. Incorporating credits that students bring in through dual credit and AP, as well as the courses completed in the summer, the percentage of the pilot cohort retaining eligibility is much larger, as is
detailed in a later section.

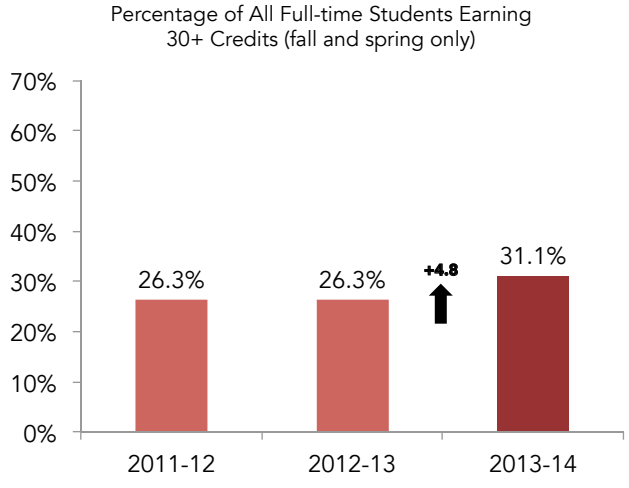
Not surprisingly, as the percentage of students enrolling in 30 or more credits each academic year increases, one observes a corresponding increase in the percentage of students who successfully complete this course load.

With respect to performance differences between two- and four-year colleges, there is a consistent trend in both completion and enrollment data. Namely, the percentage of 21st Century Scholars completing 30 or more credits increased from 2012-13 to 2013-14 at two- and four-year colleges alike. At four-year institutions, the percentage increased from 20 percent to 33 percent; and from 4 percent









to 9 percent at 2-year institutions. We see a modest increase from AY12-13 to AY 13-14 in the percentage of O'Bannon recipients completing 30 or more credits at 4-year institutions (17% to 23%), but a slight decrease among those doing the same at 2-year institutions (4.1% to 3.7%).

INDIANA COLLEGES LEADING THE PACK

2013-14

21st Century Scholars Enrollment in 30+ Credits
1. Ball State University (92.8%)
2. Purdue University West Lafayette (89.5%)
3. University of Southern Indiana (79.3%)

Frank O'Bannon Enrollment in 30+ Credits
1. Purdue University West Lafayette (80.5%)
2. Ball State University (80.0%)
3. Indiana State University (61.9%)

21st Century Scholars Completion of 30+ Credits
1. Purdue University West Lafayette (69.1%)
2. Ball State University (55.1%)
3. Indiana State University (41.1%)

Frank O'Bannon Completion of 30+ Credits
1. Purdue University West Lafayette (58.0%)
2. Ball State University (49.2%)
3. Indiana University Bloomington (31.7%)

MOST IMPROVED INDIANA COLLEGES

2012-13 vs. 2013-14

21st Century Scholars Enrollment in 30+ Credits
1. IUPUI (+46.5%)
2. IU Kokomo (+39.8%)
3. IPFW (+39.6%)

Frank O'Bannon Enrollment in 30+ Credits
1. IUPUI (+20.7%)
2. University of Southern Indiana (+16.2%)
3. IPFW (+16.0%)

21st Century Scholars Completion of 30+ Credits
1. IPFW (+26.7%)
2. IUPUI (+23.3%)
3. IU South Bend (+19.8%)

Frank O'Bannon Completion of 30+ Credits
1. IUPUI (+13.5%)
2. Purdue University Calumet (+12.7%)
3. Indiana University East (+12.2%)

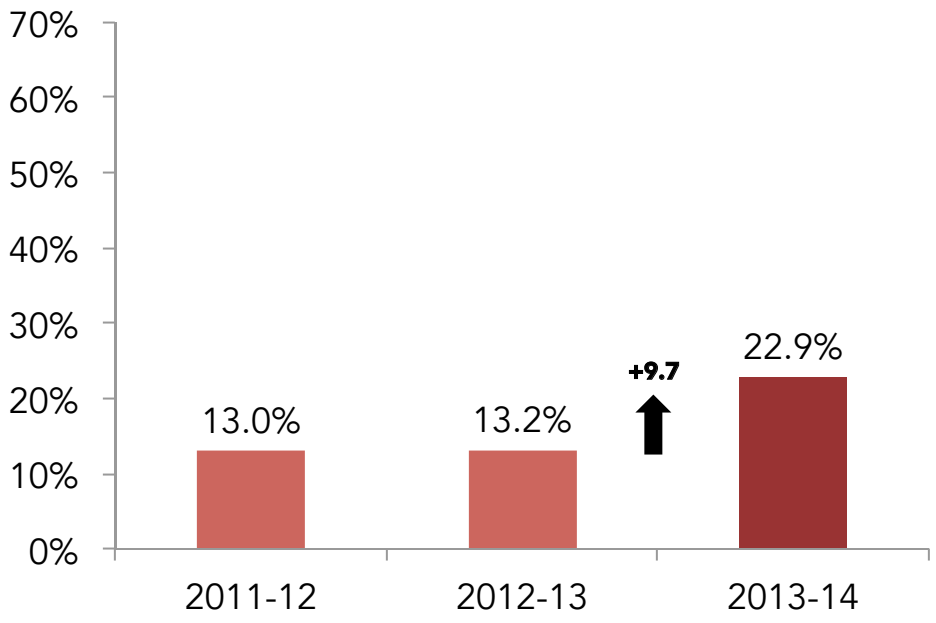
CONCLUSION #3: Students are using summer classes to preserve financial aid eligibility.

Besides the general increase in students who take and complete 30 or more credits, the most promising conclusion from the recent data is the number of students using summer courses to preserve their funding eligibility. In response to the legislation, dozens of colleges across the state encouraged students—especially those who were about to lose their funding eligibility—to enroll in summer courses. Many provided additional financial aid from institutional sources to support students who could not otherwise attend.

Although the percentage of all students taking summer classes increased modestly, one particular story emerges from the data. The percentage of 21st Century Scholars who finished their spring semester with between 24 and 29 credits –just shy of the amount needed to receive next year's financial aid – increased by nearly 10 percentage points, suggesting that institutional efforts and incentives to enroll this population in summer courses were remarkably effective. This increase also underscores the importance of one particular provision in the law, that which gives students 12 months to meet their credit requirements and allows them to defer financial aid for use in summer.

The increased summer activity is particularly compelling in light of two considerations. First, because of the way in which the law was implemented, students did not have the deferral option available to them in the first year.

Percentage of 21st Century Scholars with 24-29 credits at the end of spring semester freshmen year who decided to enroll in summer courses



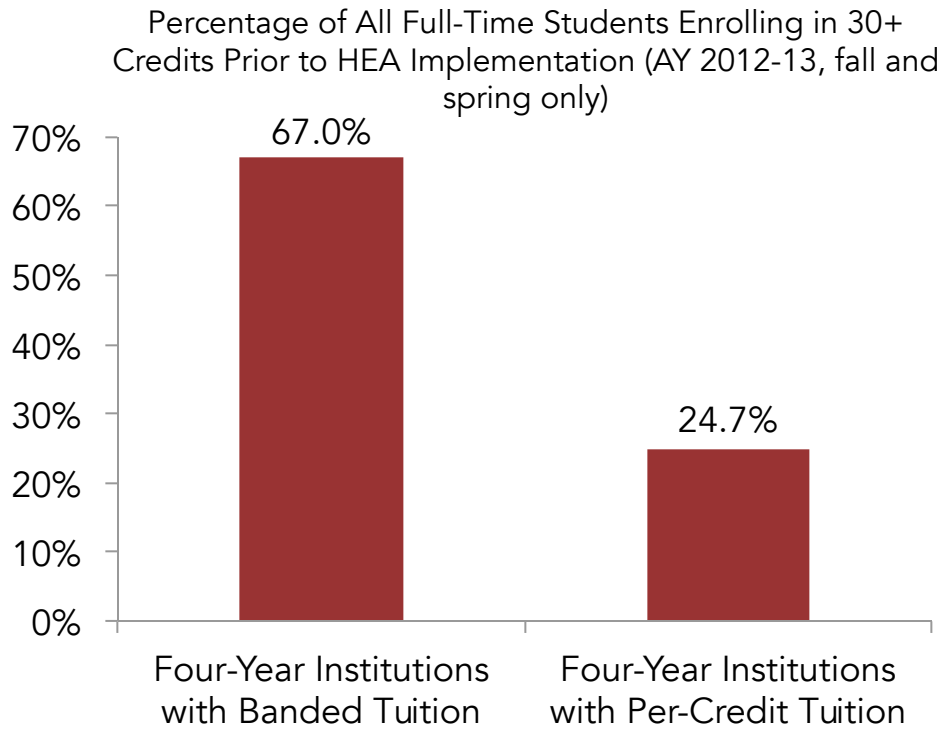
Second, the data to which the Commission had access – which was incomplete[5] – only included students who took summer courses at the same institutions they attend during the regular academic year. In future years, as the Commission examines a more representative data set and students customize their aid distribution, we expect to see summer enrollment figures rise even higher.

CONCLUSION #4: Banded tuition structures promote on-time enrollment.

Digging into the data at the college level, one notices a pattern emerging: effects differ depending on the tuition structure. Although there are variations for every school, a typical "banded" tuition structure works as follows. Beyond a certain credit-hour threshold, usually 12 credit hours, a student may enroll in additional credit hours at no additional charge (there is also a ceiling, usually 18 credit hours, beyond which the student will be charged). Ball State University, Indiana University Bloomington, Purdue University West Lafayette, and Indiana State University are the four institutions in the state that currently use a banded tuition structure. All other public institutions charge by the credit hour.

Even prior to the passage of HEA 1348, the schools with the largest percentage of students enrolling in on-time schedules are those with a banded tuition structure, even if we compare only four-year institutions.[6] Students facing this cost structure have a clear incentive to take more courses because there is no marginal cost associated with doing so. By contrast, students who are charged by the credit hour face a natural disincentive to taking more courses, at least in terms of the short-term financial liability.

It is noteworthy that the schools that saw the greatest gains in credit enrollment were schools that do not offer banded tuition. This would suggest that at these particular schools, HEA 1348 helped counter the barrier to taking additional courses. Nevertheless, we anticipate that banded tuition structures would further remove the barriers to enrolling in 30 or more credits.



Percentage of Financial Aid Recipients Enrolling in 30+ Credits (Fall and Spring)

21st Century Scholars

	2011-2012	2012-2013	2013-2014
Banded	63.2%	63.9%	75.4%
Per-Credit	11.8%	14.0%	33.8%

Frank O'Bannon Recipients

	2011-2012	2012-2013	2013-2014
Banded	65.6%	62.8%	64.3%
Per-Credit	10.5%	11.6%	15.7%

CONCLUSION #5: Dual and AP credits help students meet completion requirements but have unintended effect.

Because credit completion benchmarks are cumulative, students who enter college having already earned college credit have a built-in cushion to help them meet completion requirements. One encouraging finding from these data is the percentage of students with this buffer. Within 21st Century Scholars, 17 percent start their freshman year with at least nine college credits. Frank O'Bannon recipients are almost as likely to do so, with 16 percent starting with nine credits or more.

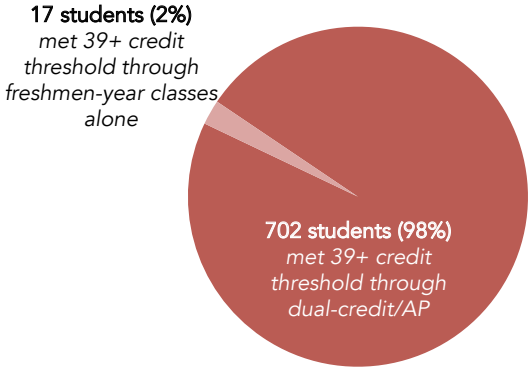
However, this cushion must be examined in light of the additional $1,300 granted to Frank O'Bannon recipients who pursue an accelerated course of study (completing 39+ credits by the end of year one and 78+ credits by the end of year two). This bonus award is intended to incent more students to graduate early. That is to say, it is not intended to reward students whose acceleration stops upon entering college; in most current cases, though, this is precisely the function it serves.

The charts below show the discrepancy between the number of Frank O'Bannon recipients who actually complete 39 or more credits in their first academic year – i.e., those students for whom the incentive is intended – and those who simply possess a cumulative career credit of 39 or greater (usually by way of dual-credit earned in high school or another institution). In fact, participation in true accelerated coursework decreased by a small amount for the first affected cohort.

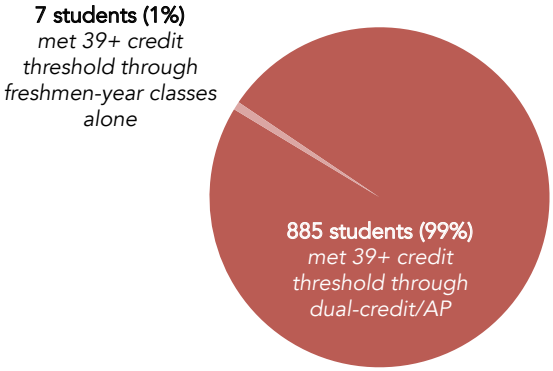
That the law allows O'Bannon recipients' dual credit to be applied toward the accelerated progress incentive is problematic in two respects. First, as the data above indicate, the state is now granting a majority of these awards to students who are not necessarily pursuing an accelerated academic timeline. In other words, the award is not serving the purpose for which it was created. Moreover, one may safely assume that most, if not all of the students who receive the 39+ credit award without having actually taken all of those credits in their first year will not suddenly choose to enroll in 39+ credits the following year. Therefore, the second problem with the application of dual-credit is that it creates a funding cliff for many students: a funding source they received by virtue of dual credit, and on which they have come to rely, suddenly disappears after their second year.

Percentage of Frank O'Bannon Recipients with 39+ Cumulative Career Credits at End of Freshman Year

AY 2012-13



AY 2013-14



BOTTOM LINE

Despite limited awareness
in the pilot year,
HEA 1348 is
galvanizing
more students to pursue
on-time graduation.
These impacts are expected
to accelerate
as
awareness
and
intervention
efforts take hold.

FISCAL IMPLICATIONS

What are the fiscal implications of these results?
Beyond the specific student cohorts presented in this report, data for all financial aid recipients suggest approximately 16 percent of 21st Century Scholars and 12 percent of Frank O'Bannon recipients in the pilot cohort were unable to renew aid as a result of the credit completion requirements.[7] On the surface, these data might point to a long-term reduction in liability for funding state financial aid. However, several unanswered questions limit our ability to calculate whether the requirements will reduce, increase, or leave unchanged the demand on the program after the pilot year.

Of those students who lost eligibility, how many would not have returned anyway?
To receive state aid, students must have enrolled in full-time coursework (12 credits per semester). It stands to reason that students who are dropping or failing courses, and thus not completing at least 24 credits per year, are at an increased risk for losing federal aid, dropping out or being prohibited from returning. Students who do not return in subsequent years would not have received aid regardless of HEA 1348. The fiscal impact of the law only applies to students who did return, but without funding, or who would have returned had their aid continued. We can measure the first, at least for our public institutions. The answer to the second question is much more elusive.

How many more students will persist as a result of increased outreach and interventions?
Data from Indiana institutions show that students enrolling in 15 credits per semester earn better grades and drop fewer of their courses than students enrolled in 12.[8] Coupling that fact with the dramatic increase in monitoring and personalized communication, it is expected that the systematic changes resulting from the law will help some students persist and graduate who might otherwise have dropped out. Each of these students will increase the fiscal liability to the State by claiming additional years of financial aid and, ultimately, graduating on time and avoiding the trap of the unfunded fifth year.

How will the long-term results differ from the pilot year as outreach efforts continue?
Roughly 40 percent of affected students knew about credit completion requirements at the end of the first semester, with presumably far fewer making first-semester enrollment decisions with that knowledge. The short timeframe between the law's passage and the start of the first cohort's freshman year left this group at a disadvantage relative to future cohorts, but the long-term magnitude of these impacts is yet to be seen. The flexibility for summer use did not apply to the first cohort, so the impact of that provision cannot yet be factored into the projections. For these reasons, it is not advisable to project State fiscal liabilities based on the pilot year as it likely underestimates the number of students who will retain eligibility in future cohorts.

After additional years of study and monitoring of program demand and usage, clear patterns will likely emerge to point to the fiscal implications of HEA 1348. At this stage of implementation, however, policymakers should be cautious not to draw long-term fiscal conclusions based on early data and expose the State to risk if the programs are not adequately funded.

YEAR 1

FEEDBACK LOOP

Taking stock, looking ahead:

REFLECTIONS ON HEA 1348'S FIRST YEAR

As the Commission and its academic partners continue to evaluate the effectiveness of HEA 1348 and recommend ways to strengthen its provisions, it is worth reflecting on the most significant lessons to emerge in the legislation's first year.

STUDENTS ACT ON THE ADVICE THEY ARE GIVEN

Even before the law's passage, the Commission had clear examples in Indiana that demonstrate the power of advising. As one example, Indiana University Purdue University Indianapolis directed its academic advisors to advise students to take 15 credits. In one year, the percentage of students doing so doubled from about 1/3 to about 2/3. After HEA 1348's passage, as institutions and the Commission scrambled to promote awareness of the requirements, colleges and universities did an excellent job ensuring that students heard about the new requirements from different advisors and entities, not just their financial aid office (see Impact on Student Awareness section). Examining the data related to course enrollment (the most reliable gauge of student decision-making), it is clear that students responded to the messages and advice they received.

THE HIGHER THE EXPECTATIONS, THE BETTER THE OUTCOMES

Although Indiana saw a notable increase in the percentage of students enrolling in and taking 30 credit hours in a given academic year, the greatest increase occurred among 21st Century Scholars, who face much greater financial consequences if they fail to meet the new requirements.

STUDENT INCENTIVES ALSO MOTIVATE COLLEGES

Colleges and universities have every interest in retaining and graduating students. Success stories from students are, in essence, why

colleges and universities exist, and good results positively impact both a school's reputation and its bottom line. Institutions and their financial aid offices know better than anyone that losing a substantial amount of financial aid imperils a student's ability to persist and graduate. Stated simply: the colleges and universities have a lot to lose when their students lose financial aid.

Institutions made the calculation that they could do more to keep students on track to graduation and that whatever cost they incur by taking those steps would be outweighed by the revenue the student brings to the institution the following year (or at minimum would be a justifiable cost to achieve a positive student outcome). The institutions responded to the student incentives by making structural changes and implementing additional interventions to ensure that students protect their aid by completing courses and making on-time progress to graduation. Many of these actions, even if initialized for and targeted to financial aid students, will pay dividends for the full student population and the state.

ENROLLMENT DOES NOT GUARANTEE COMPLETION

While the first cohort demonstrated positive gains in the percentage completing on-time coursework, the gains were muted relative to the change in the percentage enrolling in on-time coursework. This fact points to an additional challenge: more must be done to ensure that students complete the courses they start. The institution's systematic changes related to front-end advising must be mirrored with equivalent checkpoints and interventions for students who choose to drop courses or, during the semester, appear to be in danger of failing.

PASSING THE LAW WAS THE EASY PART

It should be clear that for these incentives to work, students must know about the requirements and schools must be prepared to ensure their students meet them. Both state and institutional systems must undergo dramatic change. At the state level, this is true of IT systems, advising systems, communications systems, and more. At the institutional level, schools that implemented new supports and procedures had limited time to develop and market them. New data collection processes had to be put in place to enforce completion requirements. As it relates to student awareness, Indiana's legislation passed in May 2013 and first affected the cohort entering August 2013. This left the Commission and academic institutions with limited time to plan a collaborative communications strategy for students.

States seeking to pass similar reforms could address this in two ways: extend the effective date, work ahead on implementation plans, or both. States should develop a communications strategy and IT project timeline at the same time the legislation is being crafted

so that implementation and outreach begin the day after the bill is signed, if not before. Allowing at least a full year between the passage of the law and start of the school year for the first affected cohort is likely to result in better knowledge of and adherence to the requirements, opening up high school level outreach as a possibility for affected cohorts. An implementation strategy must focus equally on students and school administrators – and not just the financial aid office. Student success staff, academic advisors, IT system administrators, academic department heads and others must all be partners in the implementation effort.

OTHER COMPLETION EFFORTS PERFORMED IN TANDEM CAN INCREASE SUCCESS RATES

In Indiana, the passage of completion requirements jumpstarted a conversation about why students do not take 30 credits each year. Against the backdrop of financial aid changes, the Commission has taken the opportunity to work with institutions to overcome some of these obstacles. Indiana's "15 to Finish" campaign is helping to correct the notion that 12 credits per semester is enough to graduate on time.

As noted above, the Commission has also examined the issue of tuition structure and found that banded tuition structures (no difference in price for 12 and 15 credits) are correlated with much higher percentages of students taking 15 credits per semester. The Commission has encouraged institutions that charge tuition by the credit hour to adopt a banded tuition structure or, at minimum, offer targeted scholarships to alleviate the marginal cost between 12 and 15 credits (see Appendix).

Finally, college coaching has shown positive results. With support from USA Funds, three institutions are now providing college coaching services to 21st Century Scholars at the campuses of Ivy Tech Community College, Indiana State University and Indiana University Purdue University Indianapolis. This coaching, in part, helps to convey the importance of completing 30 credits per year for scholarship eligibility and on-time completion. Institutions receive weekly updates on retention risks and trends from coaching interactions. This provides campuses with instant feedback and the ability to proactively address issues. The Commission receives a comprehensive report of retention risks and recommendations for this population. This feedback loop from the affected students will help inform the future strategies employed by Commission and institutions both in response to HEA 1348 and in a broader sense.

These efforts, and many others, provide an important complement to the student incentive and amplify the positive impact HEA 1348 will have on student outcomes.

Notes

[1] See the 2014 Indiana College Completion Report on the CHE website (www.che.in.gov).

[2] Internal analysis conducted by the Commission for Higher Education

[3] For 21st Century Scholars in this cohort, eligibility is determined based on income when the student was in 7th or 8th grade, with no college-level means test. (A means test will be phased in for the AY 2017-18 cohort.) If a student loses Scholar eligibility for failing to meet 30-60-90, he or she may receive a Frank O'Bannon award after the Expected Family Contribution (EFC) has been factored in.

[4] Online surveys of all first-time state aid recipients were carried out in January 2014 (with 5,142 respondents) and in June 2014 (with 5,738 respondents). The survey rates were 20 percent for the fall semester and 23 percent for spring.

[5] Summer 2014 data are limited to enrollments reported through the end of the fiscal year (June 30, 2014). Some institutions' data are missing, including late summer (July/August) enrollments, and therefore are not included in the analysis. Only summer courses taken at the same institution were included.

[6] Other factors, such as student demographics and institutional mission, also impact this metric. Nonetheless, tuition structure has been proven to influence course enrollment behavior. See, for example, https://uminfopoint.umsystem.edu/media/fa/planning/professional/feepolicy.pdf.

[7] Unlike other data in this report, these statistics are derived from the Commission database tracking all FAFSA filers – students attending public, private and proprietary institutions. The study population includes all Frank O'Bannon and 21st Century recipients in the 2013-14 academic year who filed a FAFSA for the 2014-15 academic year.

[8] 15 to Finish data sheets: http://15tofinishindiana.org/data/15tF%20Data%20Sheets%20Combined.pdf

APPENDIX

RESOLUTION ENCOURAGING USE OF BANDED TUITION AS A STRATEGY FOR STUDENT SUCCESS AND COMPLETION

August 14, 2014

WHEREAS, only three in 10 Hoosiers finish a four-year degree on time and only one in 10 finishes a two-year degree on time;

WHEREAS, an additional year of college can cost a Hoosier student more than $50,000 in tuition, lost wages and related costs;

WHEREAS, students must complete a minimum of 30 credits per year to stay on track to graduate on time;

WHEREAS, recent state financial aid changes make it critical that students complete 30 credits each academic year to continue receiving the maximum state funding;

WHEREAS, long-term costs of extended time to degree are not always apparent to students but short-term tuition charges are;

WHEREAS, tuition charged by the credit hour creates a financial disincentives for students to take more courses in a particular semester;

WHEREAS, some students elect to take 12 credits per semester instead of 15 when they are charged additional tuition for the fifth course despite the long-term costs;

WHEREAS, seven in 10 students at Indiana public institutions that charge banded tuition take 15 credits in a semester compared to two in 10 at institutions that charge by the credit hour;

WHEREAS, evidence in Indiana and other states suggests that converting to banded tuition is a promising strategy for increasing student success and on-time completion;

NOW THEREFORE BE IT RESOLVED,

I. The Commission identifies banded tuition as a critical component of Indiana's on-time completion agenda.

II. The Commission encourages Indiana's public institutions that currently charge tuition by the credit hour to consider a banded tuition structure.

III. The Commission urges institutions that do convert to banded tuition to select a tuition rate that does not unnecessarily raise tuition for students currently taking 12 credits.

College Credit Completion Requirements for 21st Century Scholars

The most cost-effective degree is an on-time degree. This is especially true for 21st Century Scholars because your financial aid is limited to four years.

21st Century Scholars must complete at least 30 credits each academic year—beginning with students first entering college during the 2013-2014 academic year—in order to receive the full scholarship award. The **full award** covers **100% of tuition and mandatory fees** at Indiana public colleges.

Completing at least 30 college credits each academic year is the best way to stay on track to graduate on time. Scholars who complete fewer credits *may* be eligible for a **reduced scholarship award (about 35% of the amount you would have received by earning the full award).** The number of credits completed will be evaluated at the end of each academic year, which typically includes fall, spring, and summer terms at traditional-semester colleges.

The table below shows how the number of credits completed each year relates to the award amount Scholars would be eligible to receive at an Indiana four-year public college the following year.

21st CENTURY SCHOLARSHIP AWARD	Approximate Award Amount at a Four-Year Public College	COLLEGE CREDITS EARNED		
		End of First Year	End of Second Year	End of Third Year
Full Award	100% of tuition and mandatory fees	30 credits	60 credits	90 credits
Reduced Award	$2,500 or less	24-29 credits	48-59 credits	72-89 credits
No Award	$0	23 credits or fewer	47 credits or fewer	71 credits or fewer

Credit amounts are based on traditional semester calendars. If you attend a university that uses trimesters or quarters, talk to your financial aid office about the credit hour equivalent at your school.

Tips for Staying On Track

- **Take 15 to finish.** Completing 15 credits each semester is the simplest way to earn 30 credits a year and to stay on track to earn your degree on time. Just remember: "15 to finish!"

- **Complete your courses.** Completed credits refer to classes in which you earn a passing letter grade of D or higher. Classes that you fail (F), withdraw from (W), or receive an incomplete in (I) do not count toward the credit completion requirement.

(continued)

More Tips for Staying on Track

- **Get ahead with dual credit and AP.** College credits completed in high school (through dual credit or Advanced Placement courses) count toward the credit completion requirement. Check with your college advisor to make sure these credits have been applied to your credit total.

- **Use the summer!** Credits completed during the summer term count toward the completed credit total.[1] You can choose to defer a portion of your scholarship for use during the summer term to help you pay for summer classes. Contact your college financial aid office for details.

- **Plan remediation carefully.** If you are required to take a remedial course to brush up on your math or English skills, remember that these courses will not count toward your degree or the 30 credits-per-year completion requirement. Talk to your academic advisor about other options, such as a "co-requisite" model, which allows you to earn credits while honing your skills.

- **Catch up on credits if you fall behind.** If you don't earn the full scholarship award in a particular year you can earn your way back into the Scholars program by completing additional credits the following year. For example, if you only completed 27 credits the first year, but completed 33 the second year for a total of 60, you would start receiving the full award again in the third year.

- **Ask for help if disaster strikes.** If you don't meet the credit completion minimums you can appeal to have your award amount reinstated if you have special circumstances like illness or death in the family.

- **Don't forget the rest.** In addition to the annual credit completion requirement, you must continue to honor the 21st Century Scholars Pledge, meet all financial aid (FAFSA) filing requirements and deadlines, and fulfill your college's Satisfactory Academic Progress standards to maintain Scholarship eligibility.

- **Talk to campus professionals.** Work closely with your college advisor and financial aid office before making decisions regarding enrollment and dropping/ adding courses.

Questions?

Call us at **1-888-528-4719** or send an email to **Scholars@che.in.gov**

[1] For purposes of credits completed, the academic year begins with the first semester a Scholar enrolls in college. Scholars enrolling during the fall term have through the end of the following summer to complete credit minimums. Scholars enrolling during the spring term have through the end of the following fall to complete credit minimums.

ABOUT THE COMMISSION

Created in 1971 by an act of the General Assembly and signed into law by then Governor Edgar Whitcomb, the Indiana Commission for Higher Education is now in its fourth decade of service to the State of Indiana. The Commission is a fourteen-member public body created to:

- Define the educational missions of public colleges and universities;
- Plan and to coordinate Indiana's state-supported system of post-high school education, taking into account the plans and interests of independent colleges and universities;
- Review both operating budget and capital budget appropriation requests from public institutions;
- Approve or disapprove for public institutions the establishment of any new branches, campuses, extension centers, colleges or schools;
- Approve or disapprove for public institutions the offering of any additional associate, baccalaureate or graduate degree or certificate program of two semesters or more in duration;
- Review all programs of public institutions and make recommendations to the governing board of the institution, the Governor, and the General Assembly concerning the funding and the disposition of these programs; and,
- Distribute student financial aid from state aid programs.

The Governor appoints twelve members, nine representing a Congressional District and three at-large members, to serve terms of four years. In addition, the 1990 legislature added a student and a faculty representative who are appointed by the Governor for terms of two years. The Commission is not a governing board, but a coordinating agency that works closely with Indiana's public and independent colleges. In addition, The Commission has strong working relationships with many other State agencies, including: Department of Education, the Department of Workforce Development, The Center for Education and Career Innovation, and the Independent Colleges of Indiana.

Indiana Commission for Higher Education
101 West Ohio Street, Suite 550
Indianapolis, IN 46204-1984

Indiana Commission for Higher Education

www.che.in.gov