



INDIANA
**COLLEGE COSTS &
FINANCIAL AID**
REPORT
2022



Indiana focuses on options to keep cost of higher education within reach for all Hoosiers

When we first considered a report featuring the true cost of college in Indiana, we began referring to it as a report on affordability. But what does affordability mean, and more importantly — what do Hoosiers think when they hear that term?

The concept of affordability may seem easy to understand — whether someone can buy something depending on its price. The term is subjective, however. What’s affordable to one person is not necessarily affordable to another person.

Recently, the Commission has been working to understand why the college-going rate is declining in Indiana. Five years ago, 65 percent of high school students enrolled in college after graduation. Data in the Commission’s most recent [College Readiness Report](#) show that rate is currently 59 percent — and it’s going to continue to decline.

However, more jobs than ever before and nearly all jobs created in recent years require some level of education beyond a high school diploma. At a time when education is more important than ever, the value of higher education is being called into question at a rate higher than before. Why?

Cost — whether perception or reality — is one of the most important factors for those considering education and training beyond high school. During our research, most Hoosiers interviewed — around 80 percent — say they feel “favorable” toward higher education. However, many of those same people believe college is not the right path for them or it simply isn’t necessary. Both perspectives are overwhelmingly guided by concerns of cost.

As shown in this report, the reality of Indiana’s college cost and financial aid landscape is clearly different than its perception. While affordability remains a concern, Indiana’s public institutions have kept tuition increases low — among the lowest in the nation. In addition, Indiana’s lawmakers have shown a decades-long commitment to address college costs through sustained and generous financial aid benefits. Our state is first in the Midwest and fifth in the nation in providing need-based financial aid. Indiana’s early college promise program, [21st Century Scholars](#), has allowed more than 45,000 students to earn a degree with little to no debt.

In addition to need-based aid, Hoosier students have access to a multitude of public and private grants and scholarships to make the cost of college more manageable. In fact, most students do not pay the full “sticker” price to go to college.



Along with concerns of cost, the Commission’s research uncovered that when most individuals hear the words “higher education,” they think of four-year institutions. A four-year degree is one valued pathway, but it isn’t the only one. Indiana has prioritized expanding the definition of “college” to include an assortment of postsecondary programs of varying lengths — and supported this expansion by putting millions in financial aid toward more flexible, shorter-term options.

The **Workforce Ready Grant**, for example, pays for workforce certificates in five of the state’s most sought-after sectors, including health and life sciences; IT and business services; building and construction, transportation and logistics; and advanced manufacturing. Most of the programs that are part of the Workforce Ready Grant are short term — usually six months to a year — making them accessible to learners of all ages.

Having the right messengers to inform Hoosier students and families of these opportunities is crucial to changing the narrative around the value of higher education. Different messengers — such as teachers, school counselors, faith-based organizations, employers and community leaders — resonate with different students and families, and they’re critical to informing the conversation around college costs and financial aid.

Education and training beyond high school provides more than a degree or certificate. It’s an investment that remains a powerful force to address income disparities, close equity gaps, improve health, drive economic growth, promote civic engagement and enhance the quality of life in our Indiana communities.

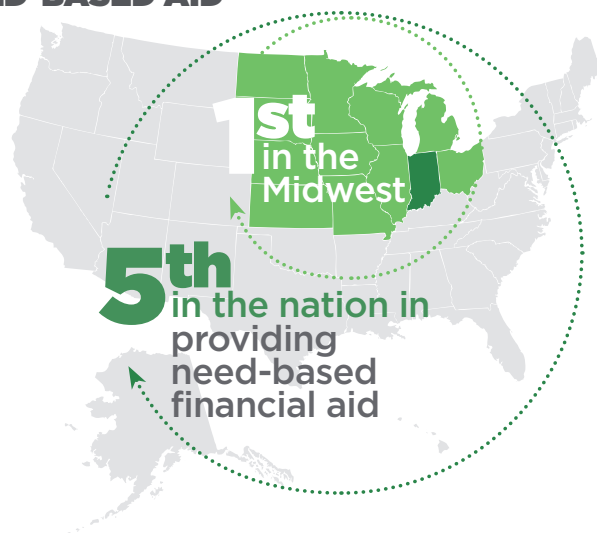


Teresa Lubbers, Indiana Commissioner for Higher Education

\$385 million
OF STATE FINANCIAL AID
was available to Hoosier students in **2020**

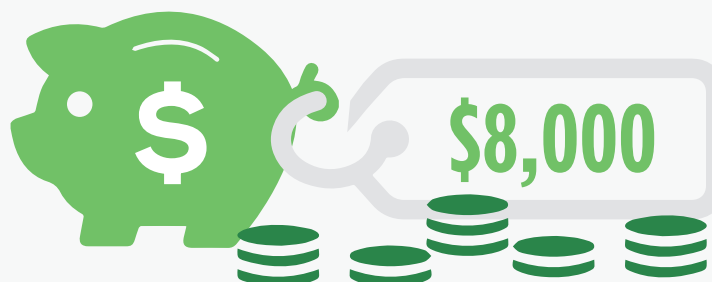


NEED-BASED AID



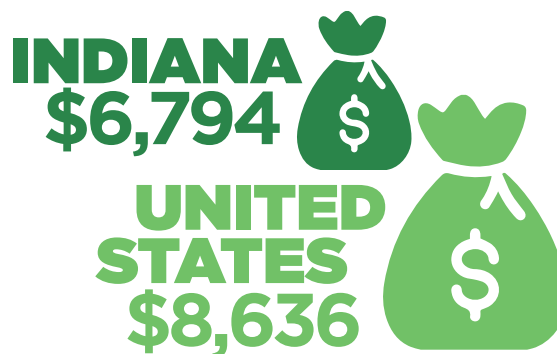
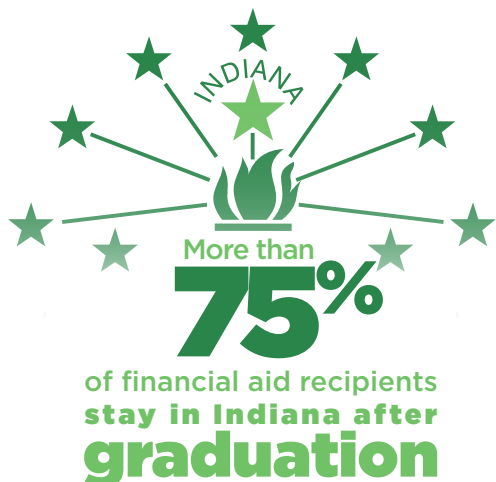
THE MAJORITY OF INDIANA STUDENTS DO NOT PAY THE FULL PRICE TO GO TO COLLEGE

On average, Hoosier financial aid recipients receive just over \$8,000 in federal and state grants and scholarships per year



INDIANA LAGS IN PUBLIC HIGHER EDUCATION APPROPRIATIONS

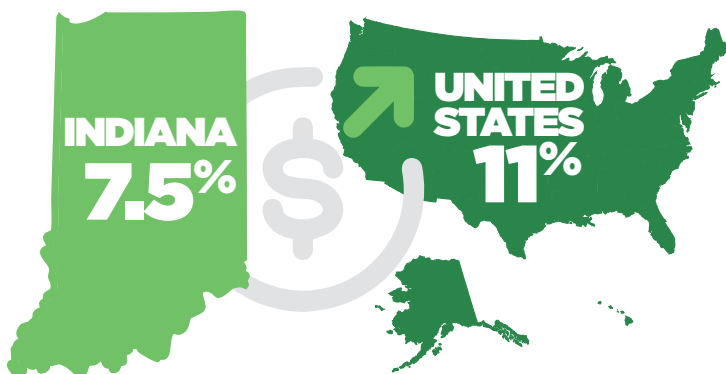
Indiana ranked 41st in the nation for higher education appropriations by full-time enrollment during fiscal year 2020





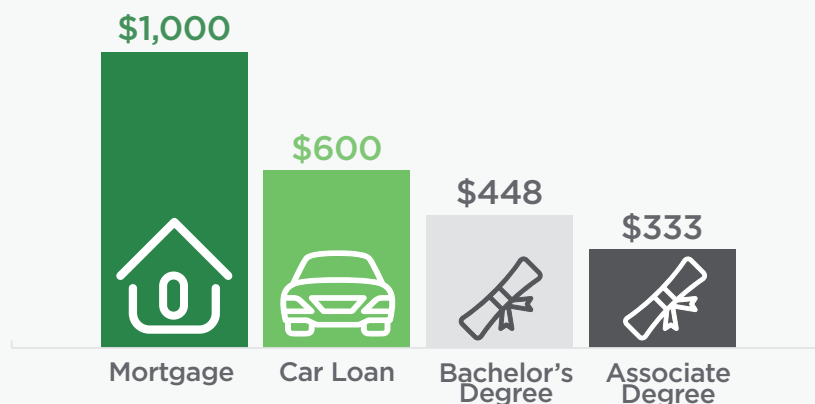
FIVE-YEAR TUITION RATE INCREASES

Tuition increases at public, four-year institutions over five years are lower than the national rate



DEBT IN PERSPECTIVE

An average monthly student loan payment in Indiana is less than an average Indiana mortgage or car loan payment



AVERAGE DEBT IN 2020 COMPARED TO SURROUNDING STATES

The average student debt for Hoosiers who earned bachelor's degrees from public and private universities is \$28,521



SELECT FINANCIAL AID PROGRAMS

Indiana offers generous financial aid for all learners including:



21st Century Scholars Program

Low-income Hoosiers must sign up in seventh or eighth grade and fulfill certain obligations in high school and college. The scholarship fully covers tuition and fees at any public college or an equivalent dollar amount at any private college.

Frank O'Bannon Grant

Low-income Hoosiers may be eligible for the Higher Education Award (public colleges) or Freedom of Choice grants (private colleges). The grant amount is prorated based on student need.

Workforce Ready Grant

Hoosiers can receive assistance in covering the costs of high-value certificate programs.



Find out more at <https://www.in.gov/che/data-and-research/reports-and-analyses/>

Key Takeaways

- 1. Indiana is committed to keeping tuition rate increases flat or at the lowest levels possible and to providing generous financial aid.** Low tuition rates and about \$385 million in available state financial aid makes Indiana institutions attractive options for students. Indiana public institutions have kept tuition rates lower than the national average for over five years.
- 2. Grants and scholarships help reduce the cost of college and bring college within reach for many low-income Hoosiers.** After grants and scholarships, students from families with a household income of less than \$30,000 pay 30 percent of the average cost of college per year. The average total cost of college for Hoosier students of public institutions is \$11,000 per year.
- 3. Most students receive financial aid, and grants and scholarships are the most common type of aid.** Most Indiana students do not pay the full “sticker” price to go to college. On average, Hoosier students receive just over \$8,000 in grants and scholarships per years.
- 4. Despite Indiana’s commitment to college affordability, sometimes loans may be necessary to cover college costs.** Students who take out loans take out about \$5,000 each year.

Fast Facts

- Indiana ranks fifth in the nation and first in the Midwest in the amount of need-based financial aid it gives students.
- About 57 percent of Indiana bachelor’s earners took out student loans.
- Among new graduates who took out loans, average student debt is just under \$30,000 for bachelor’s degrees and just under \$20,000 for associate degrees.

Key Takeaways

- 5. Not all students graduate with debt — for those who do, the average is around \$25,000.** However, the increased earnings of a degree outweigh the total costs of college and makes monthly student loan payments manageable for most students within only a few years of graduation.
- 6. Recent reforms and innovations are improving affordability.** Financial aid changes and programs such as CollegeChoice 529 plans, Income-Driven Repayment plans and Income Share Agreements have given students new financial options and flexibility.

Key Terms

Sticker Price: Costs before financial aid is factored in.

Net Price: Costs after grants are factored in.

Cost of Attendance: Tuition and fees plus other costs students would typically pay, such as books, transportation, and room and board.

Grants: Tend to be based on financial need and do not need to be paid back.

Scholarships: Tend to be based on merit and do not need to be paid back.

Loans: Financial aid that is paid back.

Need-Based Aid: Aid provided to students who have demonstrated financial difficulties.

Merit-Based Aid: Aid awarded to students who have distinguished themselves academically, artistically, athletically or in another area.

Institutional Aid: Financial aid provided by the student's college. Essentially, a discount.

Tuition Rates

Indiana is committed to keeping tuition rate increases flat or at the lowest levels possible and to providing generous financial aid.

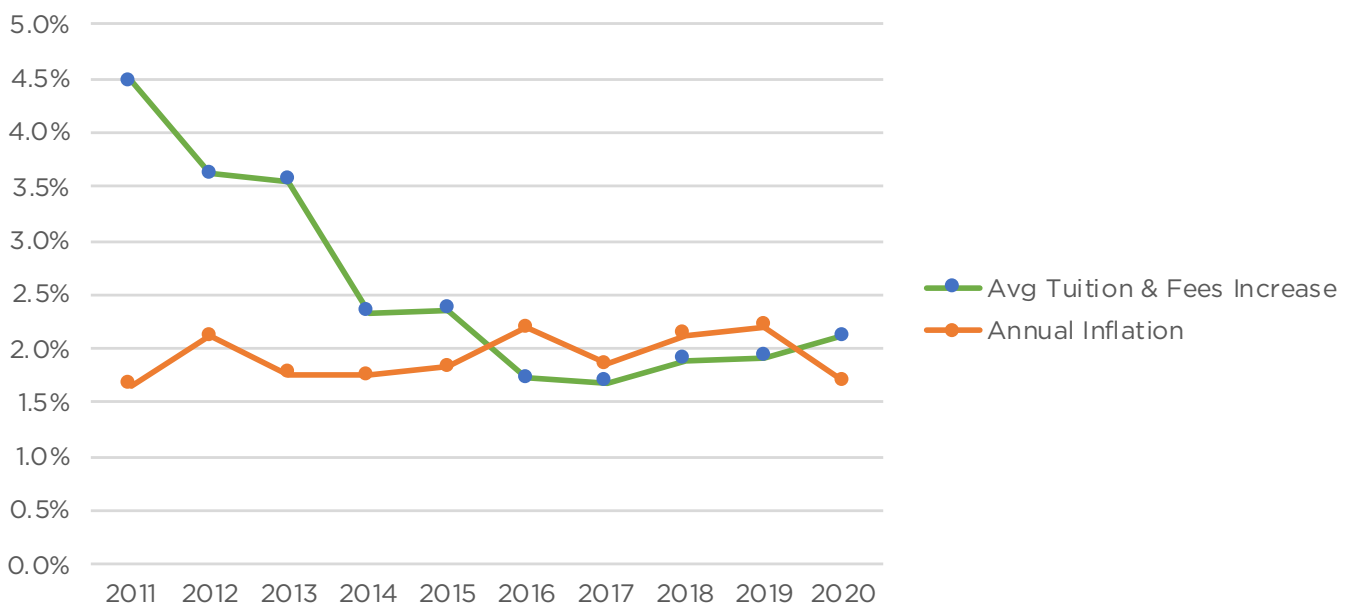
Since 2009, the Commission for Higher Education has set recommended targets for tuition and mandatory fees, with a goal of holding tuition levels flat or no higher than an inflationary level. Indiana's recent tuition and mandatory fee increases are among the lowest in the nation, and annual increases have declined significantly in recent years. Over the past five years, Indiana's public, four-year institutions have increased tuition by 7.5 percent, compared to the national level of 11 percent. Since 2015, tuition and mandatory fees at Indiana's public institutions have increased at roughly the same rate as inflation.

Low tuition rate increases make Indiana institutions attractive options for in-state students and help make the cost of going to college more manageable.

In addition to keeping tuition rates low, Indiana offers generous financial aid for all learners with students seeing a direct return on investment. State financial aid recipients earn at least two and a half times what was invested in them only three years after graduation. Indiana benefits as well with more than 75 percent of financial aid recipients staying in the state after graduating from college. College graduates contribute billions of additional dollars to the state economy compared to high school graduates over the course of a lifetime.

Tuition rate increases at Indiana public institutions have been declining from nearly 5 percent in 2011 to about 2 percent in 2020.

Average annual change in Indiana colleges' tuition and fees

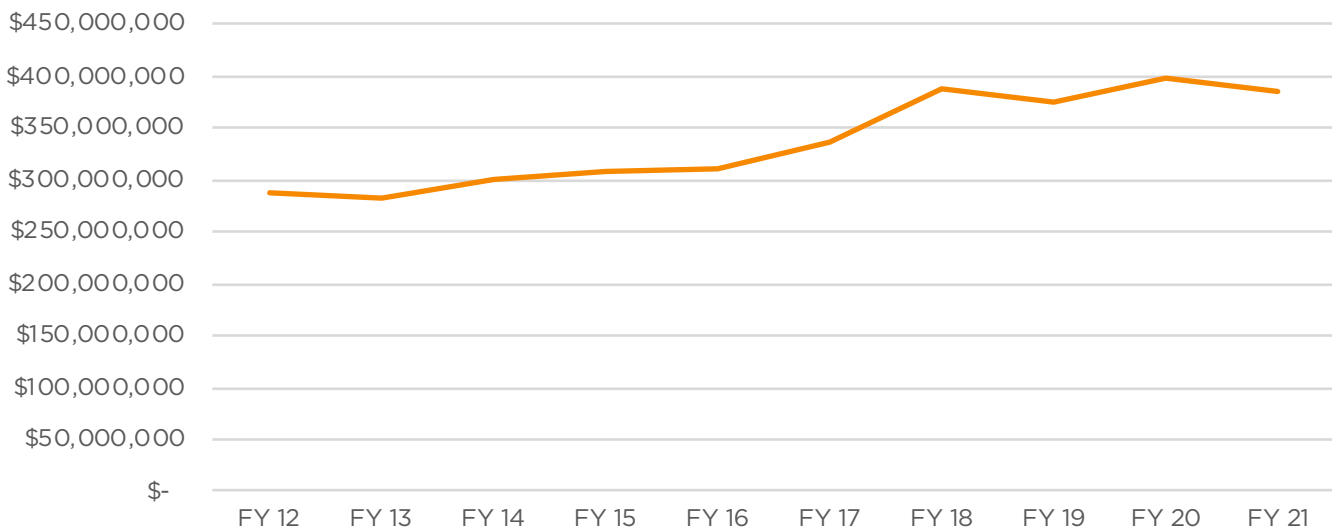


Source: Indiana Commission for Higher Education

Financial Aid Investment

Indiana’s financial aid investment has increased by 23 percent in the past five years.

Indiana Financial Aid Expenditures



Source: Indiana State Budget Agency

Indiana’s overall financial aid expenditures have increased over time — growing from roughly \$311 million in 2016 to around \$385 million in 2020. The state’s efforts to continue increasing its financial aid expenditures and its commitment to offer a variety of financial aid programs to students of all ages help to lower the overall cost of college.

Indiana’s premier need-based financial aid option is its early college promise program, **21st Century Scholars**. The program provides up to four years of undergraduate tuition to income-eligible students at participating colleges or universities in Indiana. More than 45,000 Scholars have earned a degree with tuition and fees fully covered since 1990.

The **Workforce Ready Grant** is part of Indiana’s non-need-based state financial aid. The Workforce Ready Grant provides tuition-free certificates in five of the state’s most sought-after sectors, including health and life sciences; IT and business services; building and construction, transportation and logistics; and advanced manufacturing. Since its creation, nearly 60,000 Hoosiers have enrolled in a high-demand certificate program, and nearly 32,000 Hoosiers have completed a certificate for free, leading to an almost \$7,000 annual wage gain.

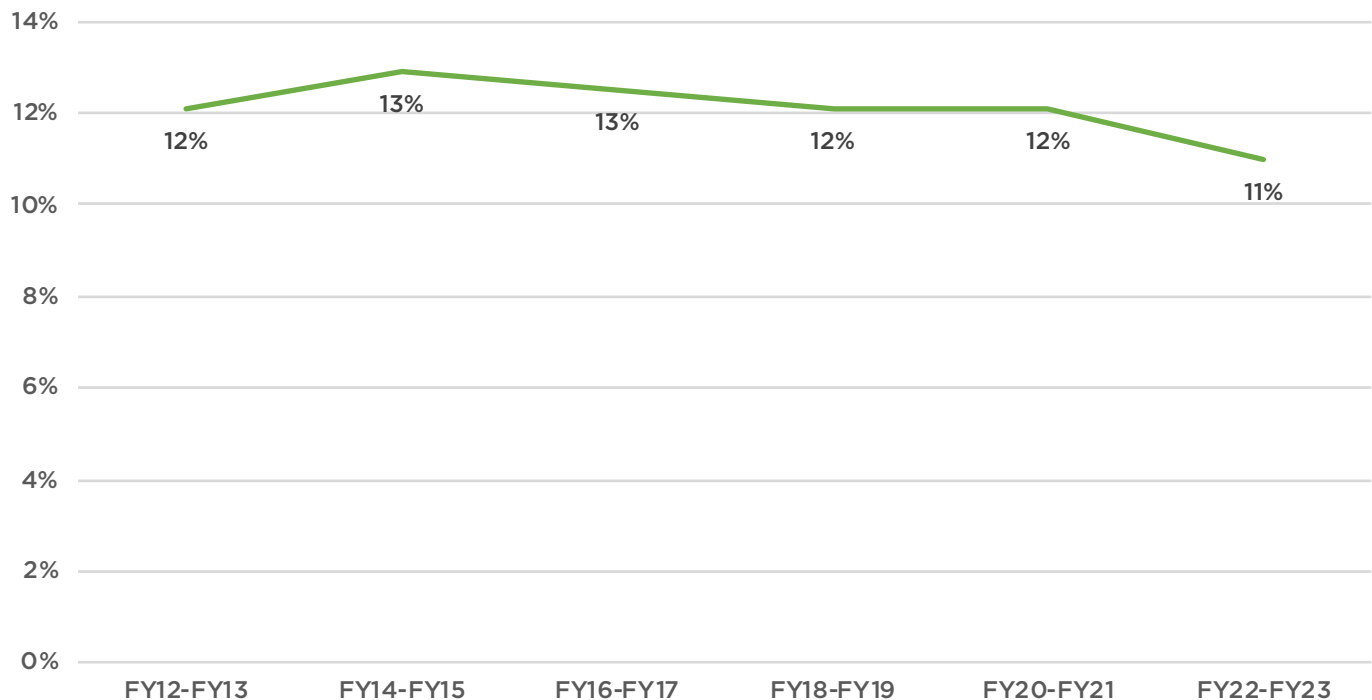
State Appropriations

Compared to the nation, Indiana lags in public higher education appropriations. According to the [State Higher Education Finance Report](#), Indiana ranked 41st in the nation for higher education appropriations by full-time enrollment during fiscal year 2020. The national average of appropriations is nearly \$9,000 while Indiana's is just above \$7,000.

During fiscal years 2014 and 2015 higher education made up 13 percent of Indiana's General Fund Appropriations. In the current biennium (fiscal years 2022 and 2023), higher education makes up 11 percent. Operations makes up the largest portion of appropriations with state financial aid support as another substantial allocation.

As generous as Indiana's appropriations have been to financial aid, higher education's share of the state budget has decreased over the decade.

Higher Education's Share of Indiana's General Fund Appropriations



Source: Indiana State Budget Agency

Financial Aid Impact for Low-Income Students

Grants and scholarships help bring college within reach for many low-income Hoosiers.

Financial aid comes in many different forms. The most common are grants, scholarships and loans. Grants and scholarships do not need to be paid back, whereas loans do. Financial aid is provided by federal and state governments, colleges (known as institutional aid) and by private organizations.

The total cost of attendance includes tuition and fees along with expenses for books, room and board, transportation and other needs. Some or all of the cost of attendance is often offset by financial aid. The amount that students pay, after subtracting out grants and scholarships, is known as the net price.

The net price is the institution’s cost of attendance minus any grants and scholarships. It is generally more informative than the “sticker price.”

Indiana’s need-based aid programs help bring college within reach for many low-income Hoosier students and families. After grants and scholarships, students from families with a household income of less than \$30,000 pay 30 percent of the average cost of college per year.

On average, students from families making less than \$30,000 pay \$11,270 less per year in college costs than students from families making more than \$110,000.

Select Federal Financial Aid Programs

Pell Grant

Similar to the Frank O’Bannon grants, this federal grant is available to low-income students on a prorated basis.

Federal Direct Loan Program

This program aims to provide low-interest loans for students and parents.

Typical Annual Net Price (After Financial Aid) at Indiana Public Four-Year Colleges



Source: ICHE analysis of information provided by U.S. Department of Education, National Center of Education Statistics, IPEDS

Types of Financial Aid

Most students receive financial aid, and grants and scholarships are the most common type of aid.

Most Indiana students do not pay the full “sticker” price to go to college. The majority of Hoosier students receive some form of financial assistance such as a grant, scholarship and/or loan to pay for college.

The State of Indiana makes available about \$385 million, and the U.S. Department of Education distributes roughly \$560 million to Hoosier learners. In addition to state and federal grants and scholarships, students receive institutional financial aid awarded by Indiana colleges and universities. By some estimates, those grants and scholarships are as

much as state and federal aid combined. Institutional grants and scholarships can be difficult to estimate since those are essentially discounts and often come from distinct funds, donations or specialized endowments spread across the college.

Filing the Free Application for Federal Student Aid (FAFSA) remains the number one way for students to take advantage of the available federal, state and even some institutional aid. According to recent data from the [National College Attainment Network](#), Indiana’s high school class of 2021 could’ve taken advantage of upwards of \$65 million in federal Pell Grants by completing the FAFSA. For many of Indiana’s financial aid, including the Workforce Ready Grant and 21st Century Scholars program, having an updated FAFSA on file is required.

On average, Hoosier financial aid recipients receive just over \$8,000 in total grant and scholarship aid per year.

Grants and scholarships by institution, 2019-2020

		Percent receiving grants and scholarships (federal, state or institutional)	Average amount of grant and scholarship aid (federal + state + institutional)	Percent receiving federal grants and scholarships	Percent receiving state grants and scholarships	Percent receiving institutional grants and scholarships
4- Year	Ball State University	76%	\$12,049	40%	37%	59%
	Indiana State University	80%	\$9,714	74%	39%	62%
	Indiana University-Bloomington	69%	\$11,213	30%	19%	61%
	Indiana University-East	78%	\$8,284	57%	39%	47%
	Indiana University-Kokomo	89%	\$5,781	84%	38%	38%
	Indiana University-Northwest	73%	\$7,799	59%	43%	23%
	Indiana University-Purdue University-Indianapolis	87%	\$10,327	70%	41%	77%
	Indiana University-South Bend	91%	\$7,123	85%	46%	49%
	Indiana University-Southeast	72%	\$7,544	60%	34%	25%
	Purdue University Fort Wayne	93%	\$7,210	53%	38%	80%
	Purdue University Northwest	62%	\$7,736	42%	32%	27%
	Purdue University-Main Campus	42%	\$10,778	14%	12%	40%
	University of Southern Indiana	95%	\$6,800	88%	33%	64%
2- Year	Ivy Tech Community College	65%	\$5,717	55%	43%	12%
	Vincennes University	86%	\$7,071	54%	52%	34%

Source: U.S. Department of Education, National Center for Education Statistics, IPEDS

Total College Costs

Grants and scholarships reduce the cost of college by thousands of dollars for students and families.

The eligibility requirements for grants and scholarships are typically more specific than those for loans. Most grants and scholarships require students to show financial need (known as need-based aid) through filing the FAFSA or through academic accomplishments (known as merit-based aid). Athletic scholarships are rare; about 1 percent of college students have a sports-related scholarship.

Some of the most awarded grants include federal Pell Grants; state grants such as the 21st Century Scholars program and the Frank O'Bannon Grant, which include the Freedom of Choice and Higher

Education Award; and the Lilly Endowment Community Scholarship, funded through the private organization Lilly Endowment. Many communities and organizations across the state also offer scholarships.

Both federal and state grants reduce the total annual cost of college by thousands of dollars. The total cost of college includes tuition, fees, books, other expenses, and room and board. This total can vary by students' experiences such as living on campus, book prices and more.

On average, the total cost of college for Hoosier students at public institutions is \$11,000 per year.

Total costs before and after grants and scholarships (excluding loans), 2019-2020

		Tuition, Fees, Books and Other Expenses	Room and Board	Total Sticker Price	Average Cost after Grants and Scholarships, but before Loans
4- Year	Ball State University	\$14,204	\$10,796	\$25,000	\$13,195
	Indiana State University	\$13,046	\$11,016	\$24,062	\$12,903
	Indiana University-Bloomington	\$14,981	\$11,206	\$26,187	\$13,191
	Indiana University-East	\$11,287	\$10,382	\$21,669	\$8,675
	Indiana University-Kokomo	\$12,721	\$8,040	\$20,761	\$10,066
	Indiana University-Northwest	\$12,721	\$8,040	\$20,761	\$5,453
	Indiana University-Purdue University-Indianapolis	\$13,516	\$10,152	\$23,668	\$12,345
	Indiana University-South Bend	\$11,287	\$8,958	\$20,245	\$9,446
	Indiana University-Southeast	\$11,287	\$10,382	\$21,669	\$10,421
	Purdue University Fort Wayne	\$13,479	\$8,765	\$22,244	\$12,071
	Purdue University Northwest	\$13,486	\$7,821	\$21,307	\$10,279
	Purdue University-Main Campus	\$12,752	\$10,030	\$22,782	\$12,294
	University of Southern Indiana	\$12,785	\$9,514	\$22,299	\$13,958
2- Year	Ivy Tech Community College	\$9,777	\$6,848	\$16,625	\$7,208
	Vincennes University	\$10,669	\$10,590	\$21,259	\$10,824

Source: U.S. Department of Education, National Center for Education Statistics, IPEDS

Student Loans

Despite Indiana's commitment to college affordability, sometimes loans may be necessary to cover college costs.

Student loans are typically provided by the U.S. Department of Education (though may be serviced by other entities) or by private lenders. More than half (57 percent) of all Indiana graduates have student debt. The average monthly loan repayment is \$448 for bachelor's degree earners and \$333 for associate degree earners. This compares to the average Indiana home mortgage of about \$1,000, an average monthly payment of nearly \$600 for a new vehicle and an average monthly payment of over \$400 for used vehicles.

There are three major federal loan programs available to undergraduate students. Subsidized loans are available to students with financial need. Students do not accrue interest on subsidized loans while they are in school. Unsubsidized loans are available to students regardless of financial need. Parent PLUS loans are available to parents of undergraduate students. For more information, visit studentaid.gov.

There are many types of private loans. Private loans generally require good credit and may offer fewer relief options than federal loans. See page 18 for an overview of private lending programs known as Income Share Agreements.

Students who take out loans take out about \$5,000 each year.

Federal student loans by institution, 2019-2020

		Percent of 2019-20 students receiving federal student loans	Average amount of federal student loans taken out in 2019-20
4- year	Ball State University	61%	\$5,521
	Indiana State University	65%	\$6,555
	Indiana University-Bloomington	34%	\$5,033
	Indiana University-East	37%	\$4,617
	Indiana University-Kokomo	39%	\$4,677
	Indiana University-Northwest	34%	\$4,898
	Indiana University-Purdue University-Indianapolis	41%	\$4,764
	Indiana University-South Bend	38%	\$4,740
	Indiana University-Southeast	40%	\$4,821
	Purdue University Fort Wayne	44%	\$4,631
	Purdue University Northwest	39%	\$5,049
	Purdue University-Main Campus	28%	\$5,077
	University of Southern Indiana	52%	\$5,108
2- Year	Ivy Tech Community College	18%	\$3,978
	Vincennes University	54%	\$6,932

Sources: US Department of Education, National Center for Education Statistics, IPEDS; EducationData.org, <https://educationdata.org/average-student-loan-payment>

Average Student Debt

Not all students graduate with debt — for those who do, the average is around \$25,000.

When comparing all public and private college students who earned bachelor’s degrees in 2020, Indiana has the 28th highest level of overall student debt (an average of \$28,521) and the 21st highest percentage of graduates with debt (57 percent) in the nation.

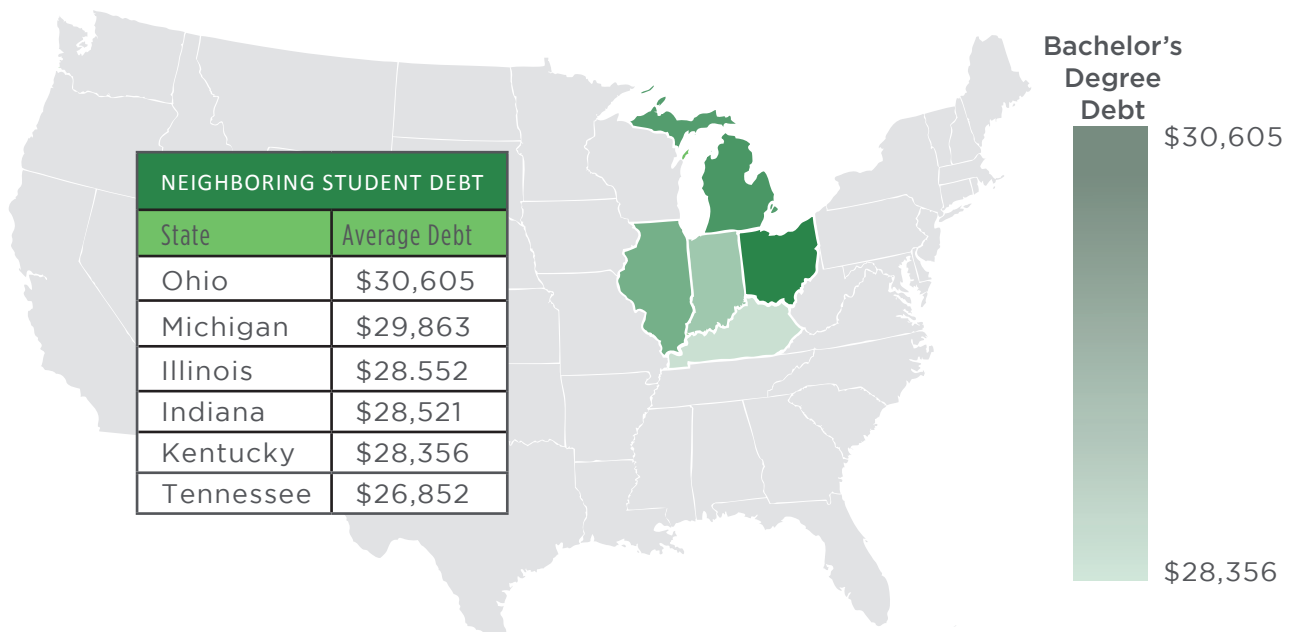
While Indiana’s average student debt has changed little since 2015, the percentage of graduates with debt has decreased. Five years ago, Indiana had the 23rd highest percentage of graduates with debt (61 percent of all bachelor’s degrees earners).

Debt for associate and certificate programs varies widely; many students might take one, two or several

years to graduate. Nationwide, about 47 percent of new associate graduates have debt, and those borrowers owe an average of \$19,600. By using a weighted average, the Commission has estimated between two- and four-year degrees, the typical individual who graduates with student debt has about \$25,000.

However, the increased earnings of a degree more than exceed the total costs of college — debt included — for most students within only a few years of graduation. According to the Commission’s [2020 College Value Report](#), five years after graduation, the median salary of associate degree holders is \$36,320. The median salary of bachelor’s degree holders after five years is \$46,153. However, salaries range greatly by program of study.

The average overall student debt for those who earned bachelor’s degrees from public and private universities is \$28,521.



Source: TICAS Student Debt and the Class of 2020 Report

Statewide Reforms & Innovations

Reforms and recent innovations are improving affordability.

Indiana’s outcomes-based funding formula places a large premium on on-time completion.

For nearly two decades, state policymakers have embraced an outcomes-based funding formula for public institutions by utilizing a portion of the state’s public university operating funds — 7 percent or \$86 million — for outcomes-based funding. This funding model has evolved over time, emphasizing the results that higher education must provide to its students and the state to ensure student success, personal prosperity and economic mobility.

The formula includes an on-time graduation rate metric which recognizes the value of institutions increasing students’ likelihood of success by

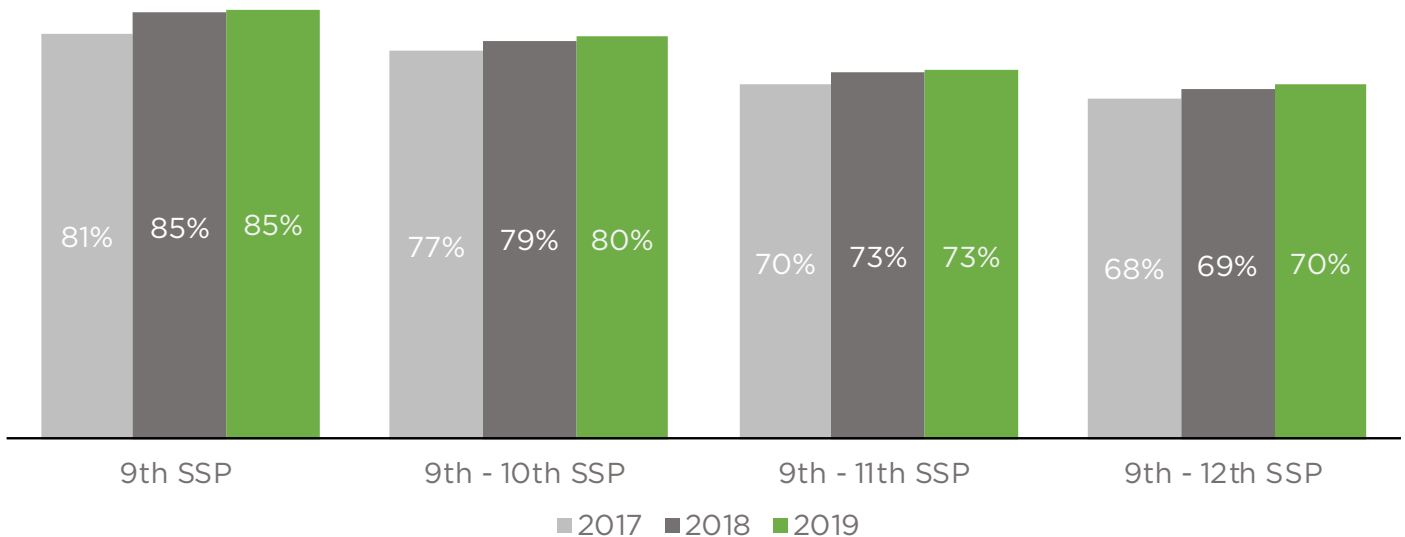
graduating on-time while reducing the overall cost per degree. Every year students extend the term of their college degree program decreases their chances of graduating. Extended time also leads to unnecessary cost. Two additional years in college can cost \$50,000 or more in lost wages, tuition and related costs, making the most cost-effective degree an on-time degree. This is even more critical for financial aid recipients, whose support is limited to four years (or eight semesters).

21st Century Scholars reforms strengthen program and student success.

Indiana’s financial aid programs have seen significant reforms and results over the past decade, particularly the 21st Century Scholars program, which started in 1990. To help students better prepare for the rigors of education beyond high school, Indiana created

Most high schoolers in the Scholars program complete the Scholars Success Program.

70% of High School Scholars Complete the Required Scholars Success Program



Source: Indiana Commission for Higher Education

Statewide Reforms & Innovations

the Scholar Success Program in 2011 — a series of 12 required activities Scholars must complete each year of high school. Scholars must also maintain a minimum high school GPA of 2.5 and earn a Core 40 high school diploma.

College Scholars are required to complete the College Scholar Success Program. The program was created in 2018 and focuses on first-year experiences and integrating career relevance and preparation through internships and work-based learning. As part of the program, Scholars must earn at least 30 college credits each year which keeps them on track to graduate on time and not incur additional debt.

Additionally, institutions offer campus-specific incentives such as summer bridge programs, supplemental scholarships, fee waivers, first-year experiences/learning communities and designated campus contacts specifically for 21st Century Scholars. Learn More Indiana provides a free [21st Century Scholars College Incentives Guide](#).

Indiana University Bloomington and Purdue University West Lafayette offer supplemental scholarships that cover expenses the 21st Century Scholarship does not such as housing. Both awards vary by each student's financial need as determined by their FAFSA.

IU's 21st Century Scholarship Covenant award provides additional funding to assist with room and board, books and supplies. In addition to receiving financial assistance, students who are awarded Purdue Promise are assigned a Purdue Promise Coach who serves as a mentor throughout their time Purdue. They are also required to take first-year and senior-year courses that help students transition from high school to college and then be successful after graduation.

As these financial aid reforms have come into place, more Scholars have gone to college, more have persisted and more have graduated on time. For more information on the 21st Century Scholars program, see the Commission's recent report, [Indiana's Promise: A Report on the 21st Century Scholars Program](#).

Debt letters increase students' understanding of finances and lower borrowing.

In 2015, the General Assembly passed legislation requiring colleges and universities to regularly send letters to student borrowers estimating their total debt and future monthly payments. These debt letters help students better understand their finances and have been linked to a decrease in borrowing. At Indiana University, the first institution to adopt this practice, borrowing decreased by 26 percentage points since 2012.

Indiana is a leading state for students earning college credit while in high school.

The Commission's 2021 [Early College Credit Report](#) shows that nearly two-thirds of Hoosiers earn college credit before graduating high school. High school graduates in 2018 earned over half a million credit hours (596,949) of dual credit at Indiana public colleges. The Commission advocates the importance of students earning intentional early college credit so that it aligns to their goals after high school.

The Indiana College Core allows students to earn a block of 30 credit hours of general education college-level coursework that can be transferred to all Indiana public institutions and some private colleges. Earning the Core in high school costs students and families \$750 or less, saving them thousands.

Statewide Reforms & Innovations

Indiana CollegeChoice 529 Plans Offer Flexible Savings for Higher Education

In 1996, legislation authorizing [CollegeChoice 529 plans](#) unanimously passed in Indiana's General Assembly. 529 plans provide Hoosier families with a tax-advantaged investing option to save for qualified education expenses. The savings are flexible for all Hoosiers – regardless of the higher education pathway chosen – allowing students to pay for tuition and fees at public and private two- and four-year institutions, trade schools, registered apprenticeships and graduate schools. Additionally, the plans can be used to cover things financial aid doesn't such as books, laptops, and certain room and board costs.

CollegeChoice 529 plans celebrated its 25th anniversary in 2022. Since its inception, over 417,000 accounts have been funded with \$574 million used to pay for education expenses.

Income-Driven Repayment Plans and Income Share Agreements provide repayment options for borrowers.

Nationally, the rise of Income-Driven Repayment (IDR) plans has provided many borrowers with greater flexibility in paying off their student loans. Rather than repaying a fixed amount of the loan principal and interest each month, IDR plans allow borrowers to instead pay a percentage of their discretionary income. After a certain number of years, any remaining balance and interest is forgiven. For example, the federal Income Based Repayment plan requires borrowers to pay 10 percent of their discretionary income with loan forgiveness after 20 years, not to exceed the amount paid under a standard repayment plan.

IDR payment structures are similar to Income Share Agreements (ISA). Indiana's Career Accelerator Fund is an example of an ISA. Created by the Indiana General Assembly, the Career Accelerator Fund offers interest-free loans to aid Hoosiers in completing short-term certification programs in high-demand fields. After completing training, if a participant's income doesn't increase, or stays below \$42,500 annually, they won't have to repay the loan.

There is no single financial program that is right for every student. Students and their families should consider all options and seek financial advising where possible including [INvestEd](#), an Indiana-based nonprofit.

Income Share Agreements

Some entities offer Income Share Agreements (ISA) in which students agree to pay a portion of their future income in exchange for financial aid. While the Consumer Financial Protection Bureau classifies ISAs as student loans for the purposes of borrower protections, ISA proponents argue these agreements are a distinct financial tool.

Examples of ISAs include Purdue University's Back a Boiler program and the Indiana Career Accelerator Fund. Back a Boiler is available to Purdue rising sophomores, juniors and seniors.

Recommendations

◉ **Sustain tuition at flat or inflationary levels whenever possible**

To continue its commitment to making college affordable, Indiana public institutions should adhere to the Commission's yearly non-binding tuition and fee recommendations. The Commission commits to continue incentivizing students and institutions for on-time completion through an outcomes-based funding formula and calls upon lawmakers to maintain their decades-long commitment to financial aid that has helped keep college within reach of many Hoosiers.

◉ **Improve FAFSA filing rates**

The first step to receiving any financial aid is filing the Free Application for Federal Student Aid (FAFSA). Increasing FAFSA completion rates is a step Indiana can take in removing or lessening affordability barriers students face when deciding their next steps after high school. The Commission supports requiring high school seniors to file the FAFSA (with opt-out provisions embedded), as several other states have done in recent years.

◉ **Provide greater access to dual credit opportunities**

Dual credit saves Indiana families as much as \$82 million in tuition savings each year, or roughly \$2,300 per student. The Commission calls for adequate funding and equitable access to dual credit and Advanced Placement opportunities, including closing racial/ethnic and income gaps in early college credit attainment.

◉ **Encourage the use of Open Educational Resources and other innovative practices**

Where possible, widely available and free or low-cost academic materials should be used. Institutions should explore ways to collaborate and share resources to reduce institutional and student costs.

Recommendations

- ◉ **Partner with community organizations to advocate for students and families to gain financial literacy skills through middle and high school**

More than half of Hoosier students take out student loans to pursue higher education. Community partners such as INvestEd can work directly with K-12 students and families to help them make informed, responsible loan decisions to limit excessive debt after college.

- ◉ **Advocate for transparency from institutions regarding financial aid opportunities for first-generation college students**

Many first-generation college students need additional support systems to navigate the cost of college. The Commission advocates for all institutions to provide clear, accessible and transparent information about financial aid opportunities available to first-generation students so that they may lessen their burden of debt after graduation.

- ◉ **Institutions should explore options for financial support and socioeconomic barriers such as food, transportation, housing and childcare**

Even with help from generous financial aid programs, such as the 21st Century Scholars program, many students cannot afford to attend college due to the cost of living. View results from Foster Success and the Commission's 2021 Housing Instability and Food Insecurity Report [here](#).

ABOUT THIS REPORT

The Indiana Commission for Higher Education builds a policy agenda on a commitment to using compelling data to increase transparency, inform practice and drive change for the benefit of all Hoosiers. By publishing a series of **consumer-friendly reports**, the Commission spotlights progress at each stage of the postsecondary pipeline.



New: The **College Costs and Financial Aid Report** analyzes of the total cost of college at all Indiana public institutions and analyzes the average debt load for college graduates and the impact state and federal financial aid has on reducing the cost for Hoosier students and families.

Reaching Higher in a State of Change is the Commission's fourth strategic plan. It is the guiding document for Indiana to reach the goal of at least 60 percent of Hoosiers with education and training beyond high school by 2025. With the priorities of completion, equity and talent, its "Blueprint for Change" outlines action steps to achieve Indiana's attainment goal.

ADDITIONAL RESOURCES

The **College Completion Reports** provide a clearer and more comprehensive picture of college completion in order to advance Indiana's collective efforts to boost educational attainment.

The **College Readiness Reports** help schools and communities understand how students are performing in college, while informing state and local policies that increase college readiness, access and success.

The **College Equity Report** disaggregates demographic data from the Commission's College Readiness and Completion reports to highlight outcomes in Indiana for race and ethnicity, gender, geography and socioeconomic status. The report also tracks the state's progress in closing the educational achievement gaps in Indiana.

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MISSION

The Indiana Commission for Higher Education is a 14-member public body created in 1971 to define the missions of Indiana's colleges and universities, plan and coordinate the state's postsecondary education system, administer state financial aid, and ensure that Indiana's higher education system is aligned to meet the needs of students and the state.



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