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# 2016 COLLEGE AFFORDABILITY DIAGNOSIS

## INDIANA



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# INDIANA

COLLEGE  
AFFORDABILITY  
RANKING

29

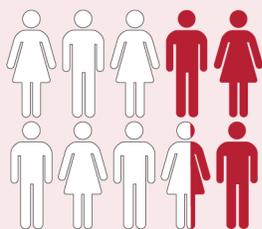
Indiana has made college more affordable for some residents with its policy choices. For example, it provides well above the national average for per-student need-based aid. Also, the percentage of a family's income needed to attend community college has, on average, fallen since 2008. But that doesn't mean those community colleges are inexpensive, and educational expenses at most other institutions have continued to rise.

A third of Indiana students are enrolled in public research universities. They would have to work, on average, 37 hours a week to pay for full-time attendance. Meanwhile, students attending two-year public institutions would still need to work, on average, 29 hours per week to foot the bill for full-time attendance.

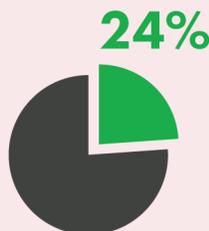
Racial and ethnic disparity in degree attainment persists in Indiana. Thirty-six percent of Whites have at least an associate's degree, compared to 25 percent of Blacks and 18 percent of Hispanics.

- ▶ Indiana enrolls 34 percent of its students in its public research universities. Students would need to work an average of 37 hours per week to cover the costs of attending these institutions full time.
- ▶ Twenty-nine percent of undergraduates are enrolled in two-year public institutions. It would cost a family, on average, 18 percent of annual income to pay for full-time attendance.
- ▶ Indiana provides \$763 per student in need-based financial aid to students attending public institutions, compared to the national average of \$474.
- ▶ Students enrolled at Indiana's public research institutions typically borrow \$3,208 annually.
- ▶ Poverty among children has increased by 5 percent since 2005 and is now at 22 percent.

More Indiana students attend **public research institutions** than any other kind of institution, with **34 percent enrolled**. Families would spend, on average, **24 percent of annual income** to pay for full-time attendance.



Percentage of students attending public research institutions



Percentage of family income required to pay for full-time attendance

On average, **35 percent** of working-age Indiana state residents (age 25-64) have an associate's degree or higher. By 2020, **62 percent of jobs will require an associate's degree or higher**.



**62%**

Jobs requiring associate's degree or higher by 2020

**35%**

Workforce with associate's degree or higher, as of 2014

# WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
<b>Public Two-Year</b> (29 percent of enrollment)**	<b>25</b>	<b>18</b>	<b>34</b>
<b>Public Four-Year Nondoctoral</b> (16 percent of enrollment)	<b>25</b>	<b>24</b>	<b>18</b>
<b>Public Research</b> (34 percent of enrollment)	<b>20</b>	<b>24</b>	<b>7</b>
<b>Private Four-Year Nondoctoral</b> (18 percent of enrollment)	<b>40</b>	<b>47</b>	<b>32</b>
<b>Private Research</b> (3 percent of enrollment)	<b>28</b>	<b>31</b>	<b>5</b>

\* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

\*\* Enrollment may not add up to 100% due to rounding.

For information on how these measures were calculated or which institutions were included, please see the technical report, available at [www2.gse.upenn.edu/irhe/affordability-diagnosis](http://www2.gse.upenn.edu/irhe/affordability-diagnosis).

## STATE INCOME PROFILE

Income

**\$0—30,000**

Average Income in Group

**\$17,106**

Families in Group

**22%**

Income

**\$30,000 —48,000**

Average Income in Group

**\$39,142**

Families in Group

**19%**

Income

**\$48,000—75,000**

Average Income in Group

**\$61,040**

Families in Group

**24%**

Income

**\$75,000—110,000**

Average Income in Group

**\$90,822**

Families in Group

**19%**

Income

**\$110,000 and above**

Average Income in Group

**\$179,708**

Families in Group

**16%**

# PERCENT OF FAMILY INCOME needed to attend full time:

## PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	6,446	<b>38</b>
\$30,000—48,000	7,231	<b>18</b>
\$48,000—75,000	9,880	<b>16</b>
\$75,000—110,000	12,051	<b>13</b>
\$110,000 and above	12,365	<b>7</b>

Students would have to work 29 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

## PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,370	<b>49</b>
\$30,000—48,000	9,024	<b>23</b>
\$48,000—75,000	13,984	<b>23</b>
\$75,000—110,000	16,096	<b>18</b>
\$110,000 and above	15,654	<b>9</b>

Students would have to work 32 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

## PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	6,999	<b>41</b>
\$30,000—48,000	8,814	<b>23</b>
\$48,000—75,000	13,933	<b>23</b>
\$75,000—110,000	18,929	<b>21</b>
\$110,000 and above	20,348	<b>11</b>

Students would have to work 37 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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**STATE  
INCOME  
PROFILE**

Income  
**\$0—30,000**  
Average Income in Group  
**\$17,106**  
Families in Group  
**22%**

Income  
**\$30,000 —48,000**  
Average Income in Group  
**\$39,142**  
Families in Group  
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Income  
**\$48,000—75,000**  
Average Income in Group  
**\$61,040**  
Families in Group  
**24%**

Income  
**\$75,000—110,000**  
Average Income in Group  
**\$90,822**  
Families in Group  
**19%**

Income  
**\$110,000 and above**  
Average Income in Group  
**\$179,708**  
Families in Group  
**16%**

**PERCENT OF FAMILY INCOME  
needed to attend full time:**

**PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION**

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	19,244	<b>112</b>
\$30,000—48,000	19,519	<b>50</b>
\$48,000—75,000	20,979	<b>34</b>
\$75,000—110,000	23,718	<b>26</b>
\$110,000 and above	25,983	<b>14</b>

Students would have to work 53 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

**PRIVATE RESEARCH INSTITUTION**

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	9,048	<b>53</b>
\$30,000—48,000	11,520	<b>29</b>
\$48,000—75,000	15,965	<b>26</b>
\$75,000—110,000	23,099	<b>25</b>
\$110,000 and above	40,836	<b>23</b>

Students would have to work 53 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

For information on how these measures were calculated or which institutions were included, please see the technical report, available at [www2.gse.upenn.edu/irhe/affordability-diagnosis](http://www2.gse.upenn.edu/irhe/affordability-diagnosis).

## WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	432	556	763	474
<b>Other Aid</b>	497	664	20	210

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	1050	1172	1014	644
<b>Other Aid</b>	14	2	1	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

## HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$3,208 annually.
- ▶ Students who enroll at private research institutions typically borrow \$2,385 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$3,836 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,100 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$2,304 annually.

Data Source: U.S. Department of Education.

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# WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

## Workforce Needs

- ▶ By 2020, 62 percent of jobs in Indiana will require a postsecondary credential.
- ▶ Indiana is 42nd in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

## Educational Attainment

- ▶ As of 2014, 38 percent of young adults in Indiana (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 35 percent of working age adults in Indiana (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

## Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 35 percent of working age Indiana state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 36 percent of Whites have an associate's degree or higher but the other three most populous racial groups (Blacks, Hispanics and Asians) have attainment of 25 percent, 18 percent and 61 percent respectively.

## Educational Pipeline in Indiana

- ▶ In 2020, Indiana's public high school graduates are projected to be 10 percent Black, 3 percent Asian, and 9 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Indiana are projected to decline by 2 percent between 2020 and 2028.
- ▶ The percent of graduates that are Black will remain constant, the percent of graduates that are Asian will grow by 1 percent and the percent of graduates that are Hispanic in Indiana are projected to grow by 1 percent. White high school graduates are projected to decline by 7 percent over the same time period.
- ▶ The decline in White graduates is similar but more pronounced than projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Asian graduates in Indiana is similar to national patterns (Asian graduates are projected to increase by 1 percent). The change for both Black and Hispanics is slightly below national trends (Blacks are projected to increase by 1 percent and Hispanics are projected to increase by 2 percent nationally between 2020 and 2028).

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### Children in Poverty

- ▶ The percent of children living in poverty in Indiana increased between 2005 and 2013, from 17 percent to 22 percent.
- ▶ In 2013 Indiana was ranked 29th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

### Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Indiana, total student share of state and net tuition revenues per full time student was 34 percent in 1989, 41 percent in 2000, and 57 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.



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# POLICY QUESTIONS FOR STATE LEADERS

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- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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