

Strategic Issues:

- In the mid-1990s, the state 21st Century Scholars program began that pays tuition and fees for low-income students who enrolled in the program in eighth grade.
- In 1996, the state legislature eliminated its pre-paid tuition program and in its place, implemented a tax-deferred fund.
- The state developed two financial aid programs in 1996: a need-based grant for part-time students and a tax-benefit college savings program that was sparsely used during the first year of its existence in 1997.
- Indiana established a community college system in 1999 as a joint partnership between Vincennes University and Ivy Tech. However, as of 2002, disputes continued as related to who has authority between the two institutions.

Summary

- *Improvement in Access:* Indiana improved its rates of college enrollment by high school graduates in the 1990s, rising from a rate below the national average to a rate above the national average. While Indiana's high school graduation rates remained above the national averages throughout the decade, the trend over the decade was a slight decline.
- *System Issues:* Indiana had high percentages of student enrolled in four-year colleges. Thus, access to four-year colleges was exceptional compared to the national average given the improvement in enrollment rates. However, further expansion of access could be costly unless the state expands its new community college system. Transfer and articulation are critical in the state if the two-year system expands.
- *Opportunity.* While Indiana was a high-tuition, high-grant state, it did not invest in need-based grants at the recommended level, although investment in grants improved during the decade. Had the state maintained an investment in grants at the recommended level for the 1990s, an additional 9,000 students would have graduated and 28,000 additional college qualified students would have enrolled.

Access Indicators*High School Graduation Rates* (Table 14.1)

The percentage of high school graduates in Indiana declined at each time interval throughout the decade. In 1992, 76% of high school students graduated compared to only 68% in 2000. Despite the

declining rates of high school graduation, Indiana's rates were at least one percentage point above the national average at each two-year interval.

College Enrollment Rates (Table 14.1)

Indiana experienced a ten percentage point increase across the decade in the rates of college enrollment. In 1992, the college enrollment rate was 51%, but by 2000, the rate was 60%. The rate in 1992 was nearly four percentage points less than the national average, but by 2000, the state average exceeded the national average by three percentage points.

State Demographics*State Demographics* (Table 14.2)

Poverty rates in Indiana fluctuated from a low of 8% in 1996 to a high of 14% in 1994. In general, the rates were less than that of the nation as a whole. As of 2000, the poverty rate was two percentage points less than the national average. African-Americans were the largest minority in the state at 8% in 2000. The percentages of both African-Americans and Hispanics steadily grew over the decade. Other Minorities also increased but negligibly. The number of

college graduates with a bachelor's degree or higher increased steadily in Indiana throughout the decade. In 1992, 14% of Indiana residents possessed four-year degrees, but by 2000, that percentage had risen to 17%.

System Composition (Table 14.3)

A majority of Indiana residents attend public four-year institutions for their postsecondary education. Although the percentage of four-year students fell nearly four percentage points over the decade, four-year institutions maintained a strong foothold in the postsecondary landscape. In 2000, 61% of Indiana's students were enrolled in public four-year institutions. Participation in public two-year institutions fluctuated between 10% and 12% over the decade and was significantly lower than the national average which would be expected without a two-year college system. The percentage of Indiana residents who chose private institutions rose until 2000, when it declined slightly to 28%. The percentage of Indiana college students in private higher education institutions hovered around the national average.

Financial Indicators

Financial Capacity (Table 14.4)

Tax rates remained between 6% and 7% over the decade. As of 2000, Indiana residents were taxed at a rate half of a percentage point less than the national average. The differential from the national average in 2000 was the largest of the decade. Expenditures on K-12 education were below the national average for most of the decade, but finished the decade \$291 above the national average.

Educational Revenue (Table 14.5)

State and local appropriations for the decade generally increased over the decade, but in an erratic fashion. Appropriations were flat between 1992 and 1994, increased in 1996, fell in 1998, and increased again to a decade-high of \$7,057 in 2000. Indiana appropriated more funding to the public system than other states in 1992 and 1996, but appropriations were lower than the national average in other years. As of 2000, the state and local appropriations were \$438 per FTE below the national average.

Tuition and Fees (Table 14.6)

As was the trend of other states, tuition and fees in Indiana higher education institutions increased throughout the decade. Although tuition and fees increased from 1992 to 1996, they changed little over the latter years of the decade. Tuition and fees ranged from \$512 to \$806 higher than the national average throughout the decade.

Need-based Grants (Table 14.6)

Indiana focused most of its financial aid on need-based grants. For the first eight years of the decade, Indiana increased the amount of the average need-based grant from \$408 in 1992 to \$588 in 1998. In 2000, the average need-based grant fell to \$515, but at every interval in the decade, the average need-based grant was higher than the national average.

Non-need Grants (Table 14.6)

Indiana's non-need-based grant average was small, fluctuating between \$3 per FTE to \$8 per FTE across the decade. The deviation between the average Indiana non-need grant and the national average increased as the state's non-need grants fell increasingly behind the national average. In 1992, the state grant was \$35 less than the national average, but by 2000, the differential had grown to \$107.

Projections

Coordinated System of Grants (Table 14.7)

Had Indiana increased its need-based grant aid, given tuition charges, 900 more students would have graduated from high school, an increase of one percentage point. Of the state's high school graduates, an additional 2,800 would have attended postsecondary institutions in the state.

Federal Grant Program Prospectus (Table 14.7)

In addition, had the federal government provided incentives for Indiana to provide adequate grant aid equaling one-quarter of the tuition on top of current state aid, 2,200 more high school students would have graduated, an increase of three percentage points. An additional 7,200 high school graduates would have enrolled in postsecondary institutions, an increase of nine percentage points from the current college continuation rate.