Investing in Indiana's Adult Workers:

Increasing Financial Aid Opportunities

June 2009

By Sarah Downing
Jessica Fraser
Lisa Travis

INDIANA INSTITUTE FOR WORKING FAMILIES
Acknowledgements

The Indiana Institute for Working Families would like to thank the following groups and individuals for their support in the development and completion of this report:

- Lumina Foundation for Education for their generous support of this report and the policy symposium.

- The Joyce Foundation for its generous support of the Institute’s work over the years and belief in the work of the Institute.

- The Working Poor Families Project for their financial support and technical assistance on this report.

- The State Student Assistance Commission of Indiana and staff for providing data and feedback on the report.

- The Indiana Commission on Higher Education and staff for providing data and feedback on the report.

- David Weinschrott of ProDev Associates for completing the statistical analysis of state data and assisting with the completion of this project.

- Robert E. Hoke for his analysis of U.S. Census data and assisting with the completion of this project.

- Rochelle Finzel, former Director of the Indiana Institute for Working Families, for her work on this report.

- The Indiana Coalition on Housing and Homeless Issues, the Institute’s former home.

- Dr. Charles Warren and Jill Nielsen-Farrell for their time and valuable feedback on this report.

- The Indiana Shifting Gears Initiative who have provided support and feedback on this report.

- The Indiana Community Action Association’s staff and board of directors who have provided financial support for this project and a new home for the Institute to continue its work.
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About the Indiana Community Action Association (IN-CAA)

The Indiana Community Action Association, Inc. (IN-CAA) is a statewide not-for-profit membership corporation, incorporated in the State of Indiana in 1970. IN-CAA’s members or Network is comprised of Indiana’s 24 Community Action Agencies (CAAs), which serve all of Indiana’s 92 counties. IN-CAA envisions a state with limited or no poverty, where its residents have decent, safe, and sanitary living conditions, and where resources are available to help low income individuals attain self sufficiency.

IN-CAA serves as an advocate and facilitator of policy, planning and programs to create solutions and share responsibility as leaders in the war against poverty. Therefore, it is IN-CAA’s mission is to help the state’s Community Action Agencies address the conditions of poverty through: training and technical assistance; developing models for service delivery; and providing resources to help increase network capacity. For more information about IN-CAA, please visit IN-CAA’s web site at www.incap.org.

About the Indiana Institute for Working Families

The Indiana Institute for Working Families, a program of the Indiana Community Action Association (IN-CAA), was founded in 2004 with generous support from The Joyce Foundation. The goal of the Institute is to help Hoosier families achieve and maintain economic self-sufficiency. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies and programs impacting low-income working families with education and outreach. The Institute achieves its work by focusing its activities in the following areas: public policy research and analysis; advocacy, education, and information; and national, statewide, and community partnerships.

The Institute has completed a number of research reports and has become a reliable source for information on low-income workers in Indiana. The Institute furthers the debate that sometimes work alone is not enough to support a family and that the educational and training needs of Indiana’s workforce must be addressed in order for Indiana to compete in the national and global economy. For more information about the Institute, please visit the Indiana Institute for Working Families section on IN-CAA’s web site at www.incap.org.

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# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>i</td>
</tr>
<tr>
<td>ABOUT THE INDIANA COMMUNITY ACTION ASSOCIATION</td>
<td>iii</td>
</tr>
<tr>
<td>ABOUT THE INDIANA INSTITUTE FOR WORKING FAMILIES</td>
<td>iii</td>
</tr>
<tr>
<td>ABOUT THE AUTHORS</td>
<td>iii</td>
</tr>
<tr>
<td>INDIANA COMMUNITY ACTION ASSOCIATION BOARD OF DIRECTORS</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>x</td>
</tr>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>1</td>
</tr>
<tr>
<td>CHAPTER 1: THE IMPERATIVE FOR EDUCATING ADULT WORKERS</td>
<td>4</td>
</tr>
<tr>
<td>Educational Attainment of U.S. and Indiana’s Adult Workers</td>
<td>4</td>
</tr>
<tr>
<td>Economic Demand for a Skilled Workforce in Indiana</td>
<td>5</td>
</tr>
<tr>
<td>Education and Training Attainment Pays</td>
<td>6</td>
</tr>
<tr>
<td>CHAPTER 2: UNIQUE CHARACTERISTICS AND BARRIERS FACING ADULT STUDENTS</td>
<td>10</td>
</tr>
<tr>
<td>Definition of an Adult Student</td>
<td>10</td>
</tr>
<tr>
<td>Characteristics of Adult Students in Indiana</td>
<td>10</td>
</tr>
<tr>
<td>Individual Barriers</td>
<td>11</td>
</tr>
<tr>
<td>Affordability</td>
<td>11</td>
</tr>
<tr>
<td>Non-Tuition Expenses</td>
<td>13</td>
</tr>
<tr>
<td>Family and Work Commitments</td>
<td>13</td>
</tr>
<tr>
<td>Aspiration</td>
<td>13</td>
</tr>
</tbody>
</table>
# Table of Contents

CHAPTER 2: UNIQUE CHARACTERISTICS AND BARRIERS FACING ADULT STUDENTS

<table>
<thead>
<tr>
<th>Institutional Barriers</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Courses and Student Support Services</td>
<td>14</td>
</tr>
<tr>
<td>Physical Barrier</td>
<td>14</td>
</tr>
<tr>
<td>Need for Remediation</td>
<td>14</td>
</tr>
</tbody>
</table>

What Indiana Must Address to Reduce Barriers to Postsecondary Education for Adult Workers | 15 |

CHAPTER 3: STATUS OF INDIANA’S CURRENT FINANCIAL AID PROGRAMS AND POLICIES | 16 |

| Financial Aid Programs and Policy Barriers | 16 |
| Free Application for Federal Student Aid (FAFSA) | 16 |
| A Closer Look at Expected Family Contribution (EFC) | 17 |
| Part-Time Status | 19 |

Indiana’s Financial Aid Programs | 20 |

Indiana’s Financial Aid Policies | 21 |

Evaluation of Indiana’s Current Financial Aid Programs and Policies | 22 |

Access | 22 |

Affordability | 22 |

Persistence | 23 |

Adequacy of Indiana’s Financial Aid Programs | 23 |
Table of Contents

<table>
<thead>
<tr>
<th>CHAPTER 4: BEST PRACTICES AND SOLUTIONS IN ADDRESSING BARRIERS TO POSTSECONDARY EDUCATION FOR ADULT STUDENTS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting Access</td>
<td>27</td>
</tr>
<tr>
<td>Increasing Aspiration</td>
<td>28</td>
</tr>
<tr>
<td>Promoting Affordability</td>
<td>28</td>
</tr>
<tr>
<td>Promoting Persistence</td>
<td>29</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER 5: POLICY RECOMMENDATIONS TO INCREASE ACCESS TO POSTSECONDARY EDUCATION FOR ADULT WORKERS IN INDIANA</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Removing Barriers for Adult Students to Indiana’s Financial Aid Programs</td>
<td>31</td>
</tr>
<tr>
<td>Increasing the Number of Adults Enrolled in Postsecondary Institutions</td>
<td>33</td>
</tr>
<tr>
<td>Increasing Retention and Completion Rates of Adult Students in Indiana</td>
<td>34</td>
</tr>
<tr>
<td>Increasing Affordability of Postsecondary Education for Working Adults</td>
<td>35</td>
</tr>
<tr>
<td>Improving Data Collection and Information on Postsecondary Education Students</td>
<td>36</td>
</tr>
</tbody>
</table>

| CONCLUSION                                                                                                     | 37   |

<table>
<thead>
<tr>
<th>APPENDICES</th>
<th>38</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A: Information on Indiana’s Financial Aid Programs, 2007-2008 Academic Year</td>
<td>38</td>
</tr>
<tr>
<td>Appendix B: Detailed Information on Evaluation of Adequacy of Indiana’s Financial Aid Programs</td>
<td>46</td>
</tr>
<tr>
<td>Appendix C: Savings Programs</td>
<td>52</td>
</tr>
</tbody>
</table>

| ENDNOTES                                                                                                       | 54   |
# List of Tables

## CHAPTER 2: UNIQUE CHARACTERISTICS AND BARRIERS FACING ADULT STUDENTS

| TABLE 2.1: Characteristics of Postsecondary Education Students, Indiana, 2001-2006 | 10 |

## CHAPTER 3: STATUS OF INDIANA’S CURRENT FINANCIAL AID PROGRAMS AND POLICIES

| TABLE 3.1: Adequacy Ranking of Indiana’s Financial Aid Program | 24 |
List of Figures

CHAPTER 1: THE IMPERATIVE FOR EDUCATING ADULT WORKERS

FIGURE 1.1: Number of Hoosier Hot 50 Jobs that Require Postsecondary Education or Training 6
FIGURE 1.2: Mean Lifetime Net Fiscal Contributions of 16-64 Year Olds, by Educational Attainment Level, 2006 7
FIGURE 1.3: Median Hourly Wage and Unemployment Rate, by Educational Attainment Level, Indiana, 2006 8

CHAPTER 2: UNIQUE CHARACTERISTICS AND BARRIERS FACING ADULT STUDENTS

FIGURE 2.1: Tuition Costs and Fees of Indiana Postsecondary Institutions, for Academic Years 2000-2001 and 2007-2008 12

CHAPTER 3: STATUS OF INDIANA’S CURRENT FINANCIAL AID PROGRAMS AND POLICIES

FIGURE 3.1: Estimated Expected Family Contribution, Pell Grant, and Calculated Financial Need, for Full-Time Dependent and Independent Students, with $30,000 in Income Annually 18
FIGURE 3.2: Estimated Expected Family Contribution, Pell Grant, and Calculated Financial Need, for Part-Time Dependent and Independent Students, with $30,000 in Income Annually 19
FIGURE 3.3: Indiana Financial Aid Expenditures by Grant Program, 2007-2008 Academic Year 20
INVESTING IN INDIANA’S ADULT WORKERS: INCREASING FINANCIAL AID OPPORTUNITIES

Indiana faces a significant problem regarding the skills and educational attainment levels of its workforce. Historically, Indiana workers only needed a high school diploma to obtain jobs that paid self-sufficient wages. However, today a high school diploma is no longer enough and the majority of jobs require education and skills training beyond high school.

The *Hoosier Hot Fifty Jobs* is a current list of the fifty high-wage occupations projected to have the largest growth in Indiana from 2006-2016. Seventy-four percent (37 jobs) of the *Hoosier Hot Fifty Jobs* require postsecondary education.¹ Do Indiana workers possess the skills and educational attainment levels necessary to fulfill these positions? Or will Indiana’s economy suffer as a result of the state’s unskilled workforce?

The answer is overwhelmingly no. It is estimated in Indiana there are nearly one million Hoosiers who lack the basic educational skills necessary to become gainfully employed or advance to better paying jobs.² However, current research indicates that Indiana is not alone and that the United States is experiencing an educational crisis. In fact, the United States is the only country competing in the global economy in which younger adults are less educated than the previous generation.³ More troubling is the fact that Indiana lags the educational attainment levels of other states. In Indiana, over 650,000 adults 18-64 years old have a high school diploma, no postsecondary education, and earn less than a self-sufficient wage – below 200 percent of the Federal Poverty Guidelines ($35,200 a year for a family of three in 2008).⁴
Yet, state policy discussions around education inevitably focus on elementary and secondary education reform measures as a way to solve the state’s lack of educational attainment by its residents. However, research shows that even if Indiana were to outperform all other states in high school and college completion rates for traditional age students (generally students between 18-24 years old), the State would still fall short of meeting the need for a globally competitive workforce. More than two-thirds of Indiana’s workforce is beyond the reach of the K-12 educational system. Therefore, developing a workforce equipped for the 21st century economy must begin with increasing educational opportunities for adult workers who are 25 years old and older.

The need for advancing the skills of Indiana’s workforce has been acknowledged by Indiana officials but most state financial aid programs are designed for traditional age students. One of the greatest barriers faced by adult students seeking postsecondary credentials is cost. College has become increasingly more expensive relative to family income making it unaffordable for many students. Low-income adult workers often find themselves in a double bind. Their wages are low because they lack the educational attainment necessary to acquire a better job, yet they cannot afford to pursue a postsecondary education due, in part, to the cost of tuition and other related expenses of attendance. State financial aid programs were created to ensure no one was denied access to postsecondary education due to a lack of financial resources, yet these financial aid programs are not reaching those most in need. Indiana has been nationally recognized as a leader for providing financial aid assistance to low-income traditional age students. However, Indiana dedicates only a miniscule amount of its financial aid dollars (2.23 percent) directly to the needs of working adult students.

If the state of Indiana is unwavering in its commitment to produce a workforce equipped to meet the demands of a 21st century economy, changing financial aid programs and policies to make these programs accessible to working adults must be a priority. For example, part-time students are not eligible to receive financial assistance from the vast majority of the State’s financial aid programs. Thus, many adult workers are disqualified from receiving state aid dollars as they attend school on a part-time basis to balance family and work responsibilities. So while Indiana hopes to increase the educational attainment levels of its workforce, current financial aid programs and policies are pushing this goal further out of reach for a large number of residents.

Included in this report is an audit of Indiana’s financial aid programs, for which adults are eligible to receive funding. Also included in the report are innovative programs and strategies employed by other states to increase the number of adult workers who possess postsecondary credentials, which can be replicated in Indiana. The report also offers eighteen policy recommendations for improving the education and skills attainment levels of Indiana’s workforce. The policy recommendations focus on five main areas including:

- Removing barriers for adult students to Indiana’s financial aid programs;
- Increasing the number of adults enrolled in postsecondary institutions;
- Increasing retention and completion rates of adult students in Indiana;
- Increasing affordability of postsecondary education for working adults; and
- Improving data collection and information on postsecondary education students.
Indiana can overcome its current educational crisis by investing in its adult workers. The return on investment is clear. Skilled adult workers have access to higher paying jobs and contribute more to the economy through spending and taxes. Additionally, individuals with high educational attainment levels also tend to be healthier, have higher levels of civic engagement, and are cushioned from economic downturns as educated workers tend to have lower unemployment rates. Children of parents with higher levels of educational attainment also do better in school and create a brighter outlook for Indiana’s future workforce.

Increasing the number of Hoosiers who possess postsecondary credentials will allow Indiana to emerge from the current economic recession and reposition itself as a viable competitor in the global economy. However, if Indiana falls short of meeting its educational attainment goals, its ability to recover economically will be delayed. Indiana must realize the urgency of educating its working adults before it suffers losses to more economically competitive states with skilled workforces that can meet the demands of the 21st century economy.
CHAPTER 1: THE IMPERATIVE FOR EDUCATING ADULT WORKERS

“Economic development cannot be separated from workforce development. Successful 21st century employment and economic growth depends on increasing the skill and knowledge levels of existing Hoosier workers and ensuring that the education of future workers is more challenging and effective. Simply stated, for Hoosier employers to be successful in the global economy, Indiana’s workforce must be more skilled, productive and flexible.” - Accelerating Growth, Indiana’s 2006 Strategic Economic Development Plan

Educational Attainment of U.S. and Indiana’s Adult Workers

Despite the global economic demands for a skilled workforce, the educational and skill attainment levels of the nation’s workforce are declining. In fact, the United States is the only country competing in the global economy in which younger adults are less educated than the previous generation, as demonstrated by the statistics below.5

- Each year, one in three students (more than 1.2 million) drop out of high school.6
- Currently, over 26 million adults in the U.S. do not possess a high school diploma.7
- Fifty-nine million Americans (30% of adult population) have not attained a postsecondary education credential.8
- As a result, 88 million adults in the U.S. workforce lack sufficient education to obtain 21st century jobs.9

Indiana is experiencing the same educational challenges as the rest of the country. In 2006:

- Over 524,000 Hoosiers have not completed high school (or equivalent);10
- More than 650,000 Hoosiers completed high school, have no college education, and earn less than a living wage;11 and
- Indiana’s two- and four-year institutions award fewer credentials and degrees relative to the population in need (adults 18-64 year olds) than the national average.12

The educational attainment of Indiana’s workforce is declining, ranking it in the bottom 40 percent of states in major attainment and enrollment indicators. In 2006:

- Indiana ranked 45th in the nation for its share of the population 25-64 years old (35.6 percent) who had only a high school diploma and no college experience.13
- Indiana ranked 20th for its share of the population (14.2 percent) who had a high school diploma or less and lived in families that earned less than a living wage.14
- Indiana ranked 41st in the country for its share of the population 25 years and older (31.8 percent) who possessed an associate’s degree.15
Historically, Indiana was economically competitive – despite low educational attainment levels – due to the fact that manufacturing was once, and continues to be, a leading industrial sector of the state’s economy. However, manufacturing jobs are no longer as plentiful in the state and as a result a high school diploma is no longer a sufficient credential to find and maintain a job that pays a self-sufficient wage. In 1950, 80 percent of all jobs were classified as “unskilled,” requiring minimal education, meaning a high school diploma or less. Today, it is estimated that 85 percent of all jobs are classified as “skilled” and require education or training beyond a high school diploma.

The question now is whether or not Indiana is prepared to accommodate the skill requirements of 21st century jobs? The data clearly indicate that the answer is no.

**Economic Demand for a Skilled Workforce in Indiana**

After the 2001 national recession, Indiana experienced a shift in its economic base from manufacturing to a service and knowledge-based economy, causing the demand for skilled workers to increase. Yet, like many other manufacturing states, Indiana is far behind the nation in the percentage of adults with college degrees and in the percentage employed in high-skilled occupations. Indiana is falling short of meeting the educational levels needed to remain economically competitive.

In response to Indiana’s economic shift, the Indiana Department of Workforce Development (DWD) announced a two-year $23 million Strategic Skills Initiative (SSI) designed to identify occupational and skill shortages in high-wage industries, determine the root causes of these shortages, and design and implement regionally-driven, competitively-funded solutions to address these shortages. As of November 2007, 4,848 Hoosiers have received education or training through the SSI solution funding and approximately 6,500 Hoosiers have been impacted by an SSI solution. The impact of these programs is expected to increase through the second year of the funding.

While SSI may have some moderate success, it is a drop in the bucket, considering the one million working age adults in Indiana who have not completed high school, speak little or no English, or are working but living in families that earn less than a living wage. Without new innovations and investments, Indiana will continue to face significant shortages in its skilled workforce into the future. The Workforce Alliance predicts that by 2014, “middle-skilled jobs” – or those that require some significant education and training beyond high school, but less than a bachelor’s degree – will compose 55 percent of Indiana jobs. The *Hoosier Hot Fifty Jobs* is a current list of the fifty high-wage occupations projected to have the largest growth in Indiana from 2006-2016. Already, 74 percent (37 jobs) of Indiana’s *Hoosier Hot Fifty Jobs* require postsecondary education (see Figure 1.1).
Education and Training Attainment Pays

**$6,300 more in earnings per year.** Median hourly wage for worker with an associate’s degree in Indiana is on average $3.03 more per hour than a high school graduate. Working full-time, this totals more than $6,300 in annual wages.$^{24}$

**$467,000 into the economy over a lifetime.** A worker with one to three years of college contributes nearly $467,000 to the economy over a lifetime. A high school drop-out costs the economy roughly **$33,000 over a lifetime.**$^{25}$
Research shows that education and training pays. The economic benefits of advanced education are well-documented. Personal wages increase with higher levels of educational attainment. The median wage for a Hoosier worker with only a high school diploma was $12.75 per hour in 2007, while a worker with a bachelor’s degree earned nearly twice that amount with a median hourly wage of $22.39.26

Projected over an entire lifetime, a high school dropout creates a net fiscal burden to the economy of $33,000 compared to a net contribution of nearly $270,000 by a high school graduate. The lifetime fiscal contribution for a person with one to three years of college is $467,000 and over $865,000 for those with a bachelor’s degree.27 The gap between educational attainment levels, as illustrated in Figure 1.2, only underscores the importance of postsecondary education.

**FIGURE 1.2**
Mean Lifetime Net Fiscal Contributions of 16-64 Year Olds, by Educational Attainment Level, 2006

Education not only increases personal income, it also increases the likelihood of finding a job. With each level of advanced educational attainment work participation rates increase. Employment rates for high school graduates are 14 percent higher than non-graduates. The employment rates are even higher for college graduates—nine percentage points above the rate for high school graduates. Correspondingly, the unemployment rate is lower for those with higher levels of education. In Indiana, the unemployment rate for a bachelor’s degree holder was 2.6 percent compared to nearly 6 percent for those with only a high school diploma in 2006. This is demonstrated by Figure 1.3 below.

**FIGURE 1.3**
Median Hourly Wage and Unemployment Rate, by Educational Attainment Level, Indiana, 2006

Furthermore, a better educated workforce also contributes significantly to state and federal tax revenues and the economic competitiveness of the region and nation. The associated higher earnings and employment rates mean higher tax revenues and greater consumer spending in local
economies. Individuals with higher levels of educational attainment are also less likely to rely on cash and in-kind government transfers, such as Food Stamps or publicly funded health care.\footnote{31}

Workers with higher educational attainment levels also profit – on average – from improved working conditions, fringe benefits, longer vacation time, and better health care. They also – on average – possess higher social status in the form of more prestigious jobs, more freedom and opportunity to change careers, and experience a higher overall quality of life than their less educated peers.\footnote{32}

Moreover, children are more successful in school as the education level of parents improves. Persons with postsecondary credentials are more likely to contribute to civic life with higher levels of voting and volunteering.\footnote{33} Research also points to a positive relationship between education and health.\footnote{34} Thus, the returns from an advanced education go way beyond economics to include many other positive measures of social well-being.
CHAPTER 2: UNIQUE CHARACTERISTICS AND BARRIERS FACING ADULT STUDENTS

Definition of an Adult Student
Adult students are officially defined by the federal financial aid system. Adult students are often also referred to as non-traditional or independent students. A student is automatically considered an adult student if he or she:

- Is 24 years old or older;
- Is attending graduate school; or
- Is younger than 24 years old, but is married, has dependent children, is a military veteran, or is an orphan or ward of the court.35

Nationally, there are an estimated 1.2 million adult students under the age of 24 years old.36

For the purposes of this report, the term “adult student” will be used to represent the independent student as defined by the federal financial aid system.

Characteristics of Adult Students in Indiana
In order to gain a better understanding of adult students in Indiana, data from the Indiana Commission on Higher Education (ICHE) was collected and analyzed. The ICHE database contained information on 1,463,979 students enrolled in Indiana institutions of higher education between 2001 and 2006.1 Of those, an astounding 43 percent (626,439) were adult students over the age of 25 years old. The data also showed that adult students over the age of 25 are more likely to be: female; a minority; enrolled in a certificate program; working full-time; and earning low-wages (see Table 2.1). Additionally the data shows that sixty-nine percent of Indiana adult students had an adjusted gross income of less than $40,500 annually.

| TABLE 2.1 | Characteristics of Postsecondary Education Students, Indiana, 2001-20062 |
|------------|------------------|------------------|
|            | Traditional Students 19-24 Years Old | Non-Traditional Students 25 Years Old and Older |
| Attend postsecondary education on a part-time basis | 33% | 39% |
| Enrolled in a certificate program | 6% | 12% |
| Enrolled in an associate’s degree program | 26% | 40% |

1 However, we should note that because students return to school year after year to complete a two-year or four-year postsecondary credential, some of these numbers are duplicated.

2 Again we note that some of these numbers are duplicated.
It is important to fully understand the differences between adult and traditional age students as non-traditional or adult students often face more barriers to attending college and completing their postsecondary credential, including cost and lack of access to financial aid programs.

Adult students often encounter barriers in their pursuit of postsecondary education that may supersede their personal aspirations to attend college and obtain a postsecondary credential. The number and intensity of barriers encountered varies by individual adult student and depends upon their current financial status, job, and family responsibilities. This section will closely examine individual and institutional barriers adult students often face and include quantitative data on affordability, access, and participation in the postsecondary education system. Additionally, this section includes qualitative data from an Ivy Tech sponsored research study of adult students entitled, Indiana Adult Higher Education Attainment Research Study, completed in 2008.

**Individual Barriers**

**Affordability**

The financial cost of postsecondary education is a critical barrier that prevents many Hoosier adults from enrolling in college. Low-income adult students often find themselves in a double bind. Their wages are low because they lack the educational attainment necessary to acquire a better job, yet they cannot afford to pursue a postsecondary education due, in part, to the cost of tuition and other related expenses of attendance.

Hoosier wages have remained relatively stagnant for the last seven years, while postsecondary tuition and fees have rapidly increased. Tuition and fees for postsecondary education increased substantially from the 2000-2001 academic year to the 2007-2008 academic year. Published tuition and fees for public two-year institutions increased 17 percent; public four-year colleges and universities in Indiana increased 100 percent; and private four-year institutions increased 75 percent (see Figure 2.1). To further amplify the inflation of tuition, from 2000-2007 Hoosier workers saw their median hourly wage increase by only 3 percent putting the spiraling costs of postsecondary education beyond the reach of many adult workers.
FIGURE 2.1
Tuition Costs and Fees of Indiana Postsecondary Institutions,
for Academic Years 2000-2001 and 2007-2008

The percent of a family’s income needed to pay for college expenses minus financial aid is shocking. Twenty-four percent of a family’s median income is required to finance enrollment at a community college, while 30 percent is required for enrollment in a public four-year institution after financial aid. Enrollment in a private four-year institution requires the vast majority of a family’s income – a whopping 69 percent.39

However, the financial burden of postsecondary education increases exponentially for the 40 percent of the state’s population who have the lowest median incomes – an average annual income of $19,118. For these students, the amount of income needed to finance enrollment in a community college jumps to 34 percent, while 43 percent is required after financial aid for public four-year institutions. Enrollment in private four-year institutions is simply out of reach as it requires more income than a low-income worker possesses –101 percent.40

Measuring Up 2008: The State Report Card on Higher Education measures college affordability by the percent of median family income needed to pay for in-state tuition and fees at postsecondary institutions. Measuring Up 2008 gave Indiana a letter grade “F” for college affordability despite substantial commitments to financial aid for needy students.41 California was the only state that did not receive a letter grade of “F” for affordability, reflecting the fact that college affordability is a national problem.
Non-Tuition Expenses
The cost of attending college is greater than tuition and fees, especially for adult students. Costs such as child care, transportation, and possible decreased wages from cutting back hours to attend classes are only a few of the costs incurred. These costs are often difficult to quantify. It can be said that these additional costs place an even greater burden on adult students, especially low-income students. Research shows wages lost as a result of attending a postsecondary education institution represent over three times the cost of tuition and room and board for an average male, and over twice the cost for the average female. As a result, many students – if they are eligible – are forced to take out student loans to bridge the gap between what financial aid will cover and the real costs of attending a postsecondary institution.

Family and Work Commitments
Obtaining a postsecondary degree not only requires a financial commitment, but a long-term investment of one’s time. While certificate programs may take one to two years to complete, an associate’s degree will require an average completion time of three years. For students attending part-time, or those who require remedial classes, the time required to complete their chosen program will take even longer. For working adults, time constraints limit the ability to enroll in school on a full-time basis. In the 2008 study, Indiana Adult Higher Education Attainment Research Study, fifty-six percent of respondents stated that they were too busy to attend college.

Finding the balance between work and family responsibilities is especially difficult for parents with young children. For these adult students child care is a necessity to attend class, meet for group work outside of the classroom, to study, and to complete homework. However, the availability and affordability of child care can be limited. Respondents to the 2008 Indiana Adult Higher Education Attainment Research Study reported that their ability to work and attend college was dictated by access to child care. Thirty-six percent of all students and 45 percent of low-income students surveyed stated that the accessibility of on-campus child care would make them more likely to attend courses.

Aspiration
A less cited but equally important barrier for adults is the lack of aspiration to seek a postsecondary education credential. The lack of aspiration may be due to a family history with little or no exposure to educational opportunities beyond high school and lack knowledge of how to gain access to postsecondary education institutions. It may also be due to low self-esteem, which is defined as a major barrier for adults returning to school. Respondents from the 2008 Ivy Tech study cited both personal and emotional reasons as to why they were not pursuing a postsecondary education. Some of the responses given regarded their perception of postsecondary education, their abilities to complete a postsecondary credential, and their readiness to pursue a postsecondary education based on past poor educational performance. The study found that 34 percent of the respondents felt that attending college was overwhelming.
Institutional Barriers

Access to Courses and Student Support Services
An additional challenge for adult students is participating in a higher education system that is not designed for them. Most postsecondary educational institutions are structured to accommodate traditional age students with the majority of undergraduate classes being offered during the day and regular business hours throughout the week. Additionally, student services – such as academic guidance counseling, academic supports (i.e., tutoring, time management, study skills training), personnel guidance and career counseling, and other supplemental student services – are offered during these same hours. This makes necessary support services – which can be crucial links to success – inaccessible for many adult students. In fact, research shows that student support services are an essential component for increasing the retention and completion rates of adult students. However, without access to such supports, adult students are placed at a disadvantage.

Physical Barriers
The physical location of a college or university can be a barrier for adult students as most do not live on campus and as a result, must travel between work and off-campus housing to attend classes. When adult students must commute to campus to attend classes, transportation becomes an additional cost and time constraint.

Need for Remediation
The need for remediation is common among non-traditional students who have been out of the educational system for more than five years. During the 2005-2006 academic year, 17,786 adult students in Indiana enrolled in at least one remedial course. Of the more than 17,000 students taking remedial courses, 15,400 were enrolled at public two-year institutions. Although remedial classes are often needed for adult students to be successful in their postsecondary education courses, the added expense and increased amount of time required for remediation can be a barrier for adult students in completing their postsecondary credential.

Additionally, there are numerous Hoosiers who struggle with the basic literacy, including the fundamentals of reading and speaking the English language. According to the Indiana Chamber of Commerce, Indiana’s Adult Education and Workforce Skill Performance Report, 63,450 Hoosiers age 18-64 years old have no postsecondary education and speak English poorly or not at all. To obtain a postsecondary credential these adults would require remediation for basic skills and literacy before enrolling in a postsecondary education institution.

If an adult worker requires remediation, Indiana’s current financial aid programs do not meet this need. The State’s financial aid programs are time limited and do not provide financial assistance beyond eight semesters of full-time enrollment. Therefore, it is possible that financial aid may run out before a student completes their postsecondary credential, requiring the student to finance the additional classes and related costs.
What Indiana Must Address to Reduce Barriers to Postsecondary Education for Adult Workers
This section has highlighted the main barriers that stand between adult students and obtainment of a postsecondary credential. One of the main barriers is cost as financial obligations associated with a postsecondary education are perhaps the most difficult for many students to overcome. The first step in addressing these barriers is acknowledging that they exist and recognizing that they limit the economic competitiveness of Indiana’s workforce. Adapting the State’s financial aid programs is an important second step in the equation. Increasing access to the State’s financial aid programs by removing eligibility barriers for adult and part-time students, as well as, increasing the State’s investment in financial aid for adult workers, must be a top priority for the State if it is going to increase the skills and educational attainment levels of its workforce and remain competitive in a global economy.
CHAPTER THREE  
CHAPTER 3: STATUS OF INDIANA’S CURRENT FINANCIAL AID PROGRAMS AND POLICIES

While not all personal barriers affect adult students to the same degree, such barriers as correctly completing the Free Application for Federal Student Aid (FAFSA), qualifying for State financial aid programs, and the amount of time required for completion of their postsecondary education credential are universal. The following section takes a closer look at the state’s financial aid system by outlining the barriers facing adult students in navigating and qualifying for state financial aid.

Financial Aid Programs and Policy Barriers

Free Application for Federal Student Financial Aid (FAFSA)

To be eligible for Indiana’s financial aid programs, students must complete the FAFSA, which is used to evaluate a student’s financial need. In Indiana, the FAFSA is due on an annual basis by March 10th. To be eligible for federal financial aid programs, such as the Pell Grant and federal loans, students have until June 30th to submit the FAFSA. The FAFSA evaluates financial need based on the total cost for a student to attend a postsecondary educational institution and the student’s Expected Family Contribution (EFC). The EFC is a dollar amount computed by the FAFSA and estimates the ability of a student to pay for college. The difference between the total cost of postsecondary education for a student and the EFC determines a student’s financial need and the amount of financial aid a student is eligible to receive.

The FAFSA is difficult to navigate. This is especially true for adult students who are unfamiliar with the financial aid process and who do not have access to guidance counselors or other supports to help them correctly complete the form. Economist Thomas Kane suggests that the Federal Pell Grant program fails to increase enrollment of low-income individuals in postsecondary education, in part, because the FAFSA process is difficult for low-income students to navigate. In Indiana, the findings are much the same. According to an independent analysis of State Student Assistance Commission of Indiana (SSACI) data, nearly 69 percent of adult students had an edit to their FAFSA. If necessary edit corrections are not made to accurately complete the FAFSA, processing of their application could be delayed and it can ultimately result in no financial aid award.

The March 10th deadline can also be a barrier for adult students. The early spring deadline is far removed from fall enrollments at postsecondary institutions, which is often when many students decide whether or not they will attend a postsecondary institution. Additionally, individuals must have their federal and state tax returns completed to complete the FAFSA; however, the deadline

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3 The State Student Assistance Commission of Indiana (SSACI) requires the FAFSA to be submitted by the March 10th deadline. However, edits to correct errors on a student’s FAFSA are accepted through May 15th.
for filing taxes occurs in mid April. This may make completing the FAFSA by the March 10th deadline impossible for those with complicated tax returns or who are waiting on paperwork to complete their tax returns.  

Not meeting the March 10th deadline disqualifies students from receiving financial aid until the next academic year. Therefore, the challenge of completing the FAFSA accurately and by the March 10th deadline may be a major barrier for some adult students. However, recent federal legislation may help families overcome these barriers.

The College Cost Reduction and Access Act of 2007 (P.L. 110-84) passed by Congress should assist families in completing the FAFSA. The new act will allow families who file a 1040A or 1040 EZ tax return, and have an Adjusted Gross Income (AGI) of less than $30,000 to be eligible for an automatic zero EFC. An automatic zero EFC means a family is not required to make a financial contribution toward the tuition costs of the upcoming academic year. Previously, an automatic zero was granted to those earning less than $20,000. Students who qualify for an automatic zero are eligible to receive more financial aid than those who do not, and by increasing the income limit to $30,000 a year or less, access to postsecondary education will be increased for many low-income adult students during the 2009-2010 academic year.

A Closer Look at Expected Family Contribution (EFC)

There are many who judge the method of calculating the EFC as an inadequate measure of a family’s true ability to pay for postsecondary education. A student’s FAFSA information is plugged into a statutory formula that determines the amount of the EFC, also called the Federal Needs Analysis, and determines the amount of federal financial aid for which a student is eligible. In the report, Fixing the Formula, a New Approach to Determining the Independent Students’ Ability to Pay for College, Sandy Baum writes that “income from the previous year is not a good indicator of the resources available to independent (non-traditional) students while they are in school. This is because many adult students are contributing to the income of their household and, as a result, the family’s income will decrease when an adult student begins school and must therefore work less in order to attend classes. Assets, such as retirement accounts, are also factored into the equation and increase the amount that a family is expected to be able to contribute to their education.” However, retirement savings do not indicate that a family has disposable income. Most families are not in a position where they can or should draw from their retirement savings to pay for their education, especially given the possible tax implications.

Simply put, the Federal Needs Analysis treats income and assets of dependent students much differently than that of independent adult students. Income of independent students is considered as “available funds” to finance educational costs, whereas the income of dependent students is not. As a result, a dependent student from a low-income family, with a household income less than $30,000, will qualify for significantly more federal financial aid through Pell Grants and subsidized federal Stafford loans than an independent student with similar earnings.

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4 Please note that SSACI will accept the FAFSA without the federal and state tax information by the March 10th deadline. However, for a FAFSA to be processed tax information is needed. Therefore, a student would submit the FAFSA without the tax information and then resubmit the tax information by May 15th in order to receive financial aid for that academic year.
Figures 3.1 and 3.2 include data from the report, *Federal Access Policies and Higher Education for Working Adults* that shows the preferential treatment given to dependent students in the Federal Needs Analysis process based on the assumption that 95 percent of Federal Pell Grant dollars are awarded to students with incomes less than $30,000 a year. Note that independent single students do not qualify for Pell Grants, regardless of whether they attend a postsecondary education institution on a full- or part-time basis.

**FIGURE 3.1**

Estimated Expected Family Contribution, Pell Grant, and Calculated Financial Need, for Full-Time Dependent and Independent Students, with $30,000 in Income Annually

### Part-Time Status

A significant barrier to accessing Indiana’s financial aid programs is part-time enrollment. Part-time enrollment is often the rule not the exception for many working adults. According to independent analysis of the ICHE database over 244,000 students in Indiana attended classes on a part-time basis.\(^5\) Attending school part-time not only increases the amount of time necessary to complete a postsecondary credential, it often increases the cost of attending college. The longer the student is enrolled in postsecondary education, the longer they are subject to yearly increases in tuition costs and fees. Even more troublesome is the fact that part-time status disqualifies many students from federal and state financial aid programs. Grants that require students to enroll full-time (twelve credit hours each term) exclude students who enroll on a part-time basis or less.

In Indiana, students attending college part-time are eligible to receive financial assistance from the Part-Time Grant and if they qualify, the Indiana National Guard Supplemental Grant, the Nursing Scholarship, and the Children of Veteran and Public Safety Officers Supplemental Grant. Combined these programs account for approximately 11 percent of the State’s financial aid dollars. However, on a federal level, some part-time adult students may be eligible for a Pell

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**FIGURE 3.2**

Estimated Expected Family Contribution, Pell Grant, and Calculated Financial Need, for Part-Time Dependent and Independent Students, with $30,000 in Income Annually

<table>
<thead>
<tr>
<th>Status</th>
<th>Tuition Cost</th>
<th>EFC</th>
<th>Pell Grant</th>
<th>Calculated Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-Time Dependent Student</td>
<td>$7,500</td>
<td>$1,630</td>
<td>$4,781</td>
<td>$2,051</td>
</tr>
<tr>
<td>Part-Time Independent Single</td>
<td>$7,500</td>
<td>0</td>
<td>$8,940</td>
<td>0</td>
</tr>
<tr>
<td>Single Student with Child</td>
<td>$7,500</td>
<td>$1,250</td>
<td>$4,453</td>
<td>$2,203</td>
</tr>
</tbody>
</table>

Grant. Federal and private student loans are another financial aid option for part-time students, but may be difficult to acquire for low-income adult students or those with poor credit history.

**Indiana’s Financial Aid Programs**

Indiana is viewed by many as a national leader in providing state financial aid to low-income students. In fact, Indiana’s Twenty-First Century Scholars program has been cited as a national model for providing financial aid to low-income students. Additionally, in 2005-2006, Indiana was ranked in the top five states for providing the greatest amount of grant aid on a per capita basis, and for providing the largest amount of financial aid per capita for students between the ages of 18 to 24 years old. During the 2007-2008 academic year, Indiana allocated over $233.5 million in financial aid dollars through Indiana’s grant programs. Figure 3.3 shows spending for each of Indiana’s major grant programs during the 2007-2008 academic year.

**FIGURE 3.3**
**Indiana Financial Aid Expenditures, by Grant Program, 2007-2008 Academic Year**

<table>
<thead>
<tr>
<th>Grant Program</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Guard Grant</td>
<td>1%</td>
</tr>
<tr>
<td>Part-Time Grant</td>
<td>2%</td>
</tr>
<tr>
<td>21st Century Scholarship</td>
<td>10%</td>
</tr>
<tr>
<td>CVO Fee Remission</td>
<td>8%</td>
</tr>
<tr>
<td>Other*</td>
<td>Less than 1%</td>
</tr>
<tr>
<td>Frank O’Bannon Grant</td>
<td>79%</td>
</tr>
</tbody>
</table>

*Other - includes Minority and Special Ed Teaching, Nursing, Work Study and Hoosier Scholars


As depicted in the pie chart, the majority of Indiana’s financial aid dollars come from two grant programs – Frank O’Bannon and Twenty-First Century Scholars. Combined, the Frank O’Bannon and Twenty-First Century Scholars grant programs account for 89 percent of the State’s financial aid dollars and both are targeted to low-income traditional age students.

The Frank O’Bannon grant program is a need-based program for students, regardless of age, enrolled in postsecondary education full-time (twelve hours per term). The Frank O’Bannon Grant program awarded $183 million in state financial aid dollars during the 2007-2008 academic year.

The Twenty-First Century Scholars program is the second largest state financial aid program, awarding $22.78 million during the 2007-2008 academic year. The program assures low-income students, identified in middle school, receive financial aid after high school graduation to attend a postsecondary institution. The program has successfully increased the enrollment of students from low-income families into college. Between 2002 and 2005 postsecondary education enrollment increased by 4 percent while the national average increased only 1.4 percent during the same time period.
For a complete listing for all of Indiana’s financial aid programs including total award amounts for the 2007-2008 academic year, eligibility requirements, and policies, see Appendix A.

Indiana’s Financial Aid Policies
The majority of Indiana’s financial aid programs are targeted to full-time, low-income, traditional age students as demonstrated by the programs eligibility requirements and policies. The two major financial aid grant programs, which account for 89 percent of the State’s financial aid dollars, exclude many part-time and adult students in need of financial aid.

Specifically, the Twenty-First Century Scholars financial awards are reserved for low-income graduating high school seniors who enrolled in the program during their seventh or eight grade year – thus disqualifying anyone already out of the K-12 system. The Frank O’Bannon grant program is designed for low-income students attending a postsecondary institution full-time. Adult students attending classes less than full-time are ineligible to receive aid from the Frank O’Bannon grant program. As a result, many low-income working adult students – the population most in need of obtaining postsecondary credentials – are denied eligibility for the vast majority of the State’s financial aid dollars.

This situation is of strong concern as the numbers of part-time students in the postsecondary system continue to increase. Approximately 70 percent of students at Ivy Tech Community College and 30 percent of students at the state’s four-year public postsecondary institutions attend on a part-time basis. However, during the 2006-2007 academic year, only 4,909 of the 102,864 students attending part-time – 4.8 percent– received a Part-Time Grant award. The Part-Time grant program, as the name implies, is for students attending less than full-time. This grant program accounted for only $5.35 million (2.23 percent) of the state’s $233 million in financial aid dollars during the 2007-2008 academic year.

The funding allocation to the Part-Time grant program does not align with the growing demand of students. In fact, the annual allocation – as a percent of total financial aid dollars – to the Part-Time grant program has decreased since 2000. For the 2000-2001 academic year, 5.3 percent of the State’s financial aid dollars were allotted to the Part-Time Grant. For academic year 2007-2008 the Part-Time grant program only received 2.2 percent of the State’s dollars. It is important to note the decreased allocation to the Part-Time grant program is not a reflection of the health of the State’s financial aid budget, but rather an indication of the priority given to part-time students. Indiana has invested heavily in providing financial aid for low-income traditional age students. From academic years 2000-2001 to 2007-2008 the Frank O’Bannon grant program has seen funding grow by 92 percent and the 21st Century Scholars grant program has increased by 200 percent. Unfortunately, during the same time period, dollars for the Part-Time grant program have decreased by 10 percent.

This data shows that Indiana is making an investment in college students, just not adult students. As more than two-thirds of Indiana’s workforce is beyond the K-12 system, a greater investment is needed for educating adult students. As of now, there remains a distinct disconnect between the State’s goals for educating adult workers and the funding allocations allotted to the financial aid programs that benefit adults. The State cannot achieve its desired levels of economic competitiveness if its financial aid programs and policies are not in sync.
Evaluation of Indiana’s Current Financial Aid Programs and Policies

To further examine the effectiveness of Indiana’s financial aid programs and policies in meeting the needs of adult students, the Indiana Institute for Working Families (Institute) assessed how each of the State’s financial aid programs are meeting the needs of adult learners based on access, affordability, and persistence. Information on each of these areas is provided below.

The Institute also considered the influence of financial aid policies such as application deadlines, age restrictions, income guidelines, student status (full- versus part-time), and other eligibility requirements to determine if Indiana’s policies are effectively meeting the financial needs of adult students. For a complete listing of the State’s financial aid programs, including total award amounts for the 2007-2008 academic year, eligibility requirements, and policies, see Appendix A.

Access
Despite the tangible benefits of possessing a postsecondary education, many adults are not accessing the postsecondary education system. According to the Indiana Chamber of Commerce Report, Recommended Policies and Practices for Advancing Indiana’s System of Adult Education and Workforce Training Report released in January of 2009, only 85,828 adults were served by Indiana’s education and training providers in 2006. This equates to only 9.2 percent of those in need. During the same time, less than six percent of adults 25-54 years old were enrolled in a postsecondary educational institution, ranking Indiana 31st in the nation. Indiana also lags other states in the number of adults enrolled in community colleges. During the 2006-2007 academic year, adults accounted for 26.5 percent of all postsecondary education students in two-year community colleges compared to 35 percent nationally.

State financial aid programs across the country have been successful in increasing the enrollment and achievement of low-income students in higher education. Yet, Indiana’s financial aid programs are omitting a critically important group of students – important both in terms of the size and need – as well as significant to increasing the education attainment and skills of Indiana’s workforce. Seventy-four percent of the respondents to the Indiana Adult Higher Educational Attainment Research Study indicated scholarships or better access to financial aid would make them more likely to attend college.

Affordability
In this area, the Institute examined State financial aid programs and the ability of these programs to offset the costs of postsecondary education for adult workers based on their ability to pay for tuition and fees. In particular, the Institute examined how well these programs addressed the additional costs incurred to attend a postsecondary institution including books, materials, living expenses, child care, and transportation, which often have a greater impact on adult students. The audit found many of Indiana’s financial aid programs are limited to tuition and fees only leaving adult students with large amounts of unmet financial need.
For example, students qualified to receive financial aid from the Frank O’Bannon grant program, are eligible for a 100 percent subsidy for tuition and fees if they are an Academic Honors graduate. If they are a Core 40 graduate they are eligible for a 90 percent subsidy. Other students who do not meet these criteria can qualify for an 80 percent subsidy. Beyond the fact that it excludes part-time students, a vast majority of adult students are excluded from qualifying for the 100 percent and 90 percent subsidies as Academic Honors and Core 40 diplomas are relatively new innovations in Indiana. Adult students, who graduated prior to the creation of these programs, are only eligible for the 80 percent subsidy.

**Persistence**

As important as it is to increase the enrollment of adult students in postsecondary education, the ultimate goal is to increase the graduation and completion rates of adult students from postsecondary institutions so that they can obtain better jobs and self-sufficient wages. In Indiana, 27.9 percent of students who enrolled in an associate’s degree program in the fall of 2004 graduated by the summer of 2007. Indiana’s three-year graduation rate was much higher than surrounding states of Michigan (15.4%), Kentucky (23.0%), Illinois (24.8%) and Ohio (25.9%). There are many factors that influence the completion rates of adult students. Previous studies regarding persistence suggest that student grant programs have a substantial and significant impact on degree attainment, an important measure of student persistence. Programs providing incentives, wrap-around support services, and accelerated or compressed programs for adults have also shown positive effects on persistence.

**Adequacy of Indiana’s Financial Aid Programs**

After examining the areas of access, affordability, and persistence for each Indiana financial aid program for which adult are eligible, the Institute rated the adequacy of each financial aid programs in its ability to meet the needs of adult students in each of these areas (see Table 3.1). Each area was ranked as adequate, inadequate, or neutral. A ranking of adequate means the financial aid program’s eligibility and policies support adult students pursuit of postsecondary education and a ranking of inadequate indicates the financial aid program’s eligibility and policies impede adult students. A ranking of neutral indicates the financial aid program’s eligibility and policies neither advance nor impede higher education pursuit for adult students.

The programs were evaluated on each area individually. The rankings for each category are independent from rankings in other area. The adequacy rankings are based on current research findings regarding adult students and on the program’s effectiveness in promoting access, affordability, persistence and workforce preparation for the targeted adult student population.
<table>
<thead>
<tr>
<th>Program</th>
<th>Percent of Funding</th>
<th>Access</th>
<th>Affordability</th>
<th>Persistence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank O’Bannon</td>
<td>78.5%</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Neutral</td>
</tr>
<tr>
<td><strong>Explanation</strong></td>
<td></td>
<td>Requires full-time enrollment</td>
<td>Covers only tuition and fees</td>
<td>No support services, counseling or incentives provided</td>
</tr>
<tr>
<td>Nursing Scholarship</td>
<td>Neutral</td>
<td>Adequate</td>
<td>Inadequate</td>
<td></td>
</tr>
<tr>
<td><strong>Explanation</strong></td>
<td>Less than 0.5 percent</td>
<td>Allows part-time enrollment; In-school WCFA</td>
<td>Covers tuition and fees; Potential to cover non-tuition costs</td>
<td>Has a payback provision No support services</td>
</tr>
<tr>
<td>Minority Teacher/ Special Services Scholarship</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td></td>
</tr>
<tr>
<td><strong>Explanation</strong></td>
<td>Less than 0.5 percent</td>
<td>Requires full-time enrollment; In-school WCFA</td>
<td>Low award amount covers tuition and fees only</td>
<td>Has a payback provision No support services</td>
</tr>
<tr>
<td>Summer State Work Study Scholarship</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Neutral</td>
<td></td>
</tr>
<tr>
<td><strong>Explanation</strong></td>
<td>Less than 0.5 percent</td>
<td>Requires full-time enrollment</td>
<td>Funds are directly awarded to the student for tuition and fees and non-tuition costs</td>
<td>No support services, counseling or incentives provided</td>
</tr>
<tr>
<td>Indiana National Guard Supplemental Grant</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td></td>
</tr>
<tr>
<td><strong>Explanation</strong></td>
<td>Less than 1 percent</td>
<td>Allows part-time enrollment</td>
<td>Covers tuition and fees only</td>
<td>No support services, counseling or incentives provided</td>
</tr>
<tr>
<td>Part-Time Grant</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Neutral</td>
<td></td>
</tr>
<tr>
<td><strong>Explanation</strong></td>
<td>2.3%</td>
<td>Allows part-time enrollment or less</td>
<td>Low award amount covers tuition and fees only. Grant is under funded.</td>
<td>No support services, counseling or incentives provided</td>
</tr>
</tbody>
</table>
As Table 3.1 demonstrates, the Part-Time grant program is the only financial aid program that received an adequate ranking for promoting access for adult students as it allows students to enroll part-time, is not subject to the State’s March 10\textsuperscript{th} FAFSA deadline, and is open to adult students. Adults attending part-time are eligible to apply for State financial aid from four of the State’s seven grant programs (Part-Time Grant, Children of Veterans and Public Safety Officers, Indiana National Guard Supplemental Grant, and the Nursing Scholarship). However, all programs –except the Part-Time Grant – are restricted to a small group of distinct students. For example, only eligible members of the Indiana Air and Army National Guard qualify for the National Guard Supplemental Grant award.

In the category of affordability, the Nursing Scholarship and the Summer-Work Study grant programs received adequate rankings as they allow grant funds to be used for expenses beyond tuition and fees. Unfortunately, no financial aid program received an adequacy rating for promoting persistence as none offer supportive services and the Workforce Contingent Financial Aid (WCFA) grant program, Minority Teacher and the Nursing Scholarship, have payback provisions. The financial aid awards from these programs are given to students while they were enrolled in school in exchange for a future workforce commitment.

However, if these students fail to fulfill their workforce commitment, they must repay the grant awards. This can require involvement from a collection agency. When it does, it takes money away from the grant program, which could otherwise be put towards financial aid. To ensure efficient use of financial aid dollars, it is recommended WCFA is granted after the workforce commitment is fulfilled in the form of student loan repayments. This ensures efficient use of State financial aid dollars as money goes directly to the repayment of a student’s loans and that they student satisfied their workforce agreement. For detailed information on the evaluation of adequacy for each of Indiana’s financial aid programs, see \textit{Appendix B}. 

<table>
<thead>
<tr>
<th>Program</th>
<th>Percent of Funding</th>
<th>Access</th>
<th>Program</th>
<th>Percent of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children of Veterans and Public Safety Officers</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

\textit{Explanation} Must be under 23 years old, Children of public safety officers must attend full-time, children of veterans may attend part-time. Covers tuition and fees only No support services, counseling or incentives provided.

INVESTING IN INDIANA’S ADULT WORKERS
However, if these students fail to fulfill their workforce commitment, they must repay the
grant award, which can result in involvement from a collection agency. When it does, it
pilfers away money, which could potentially be put towards financial aid. To ensure
efficient use of financial aid dollars, it is recommended WCFA is granted after the
workforce commitment is fulfilled in the form of student loan repayments. This ensures
efficient use of state financial aid dollars as money goes directly to the repayment of a
student’s loans and that they student satisfied her workforce agreement. For detailed
information on the evaluation of adequacy for each of Indiana’s financial aid programs,
see *Appendix B*.

Several states throughout the nation are creatively using Temporary Assistance to Needy
Families (TANF) and Workforce Investment Act (WIA) dollars as well as investing state
dollars to promote the educational attainment levels of adult students and meet economic
demands. The next chapter will take a closer look at programs other states have
implemented in an effort to promote access, increase aspiration levels, promote
affordability, and promote persistence.
CHAPTER 4: BEST PRACTICES AND SOLUTIONS IN ADDRESSING BARRIERS TO POSTSECONDARY EDUCATION FOR ADULT STUDENTS

States from all across the nation are implementing innovative solutions to promote access, affordability, and persistence among adult students. These innovations diminish barriers such as cost, time, aspiration, and remediation. To finance these endeavors, states are creatively using monies from various sources including Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE), Workforce Invest Act (WIA), and proceeds from state lotteries.

Promoting Access

Kentucky’s GoHigher Initiative is a focused, statewide public information and marketing campaign aimed to double the number of state residents with a bachelor’s degree by 2020. The campaign targets an estimated 800,000 undereducated adults in the state. The first stage of the campaign resulted in a 57 percent increase in the number of adults earning a GED and increased enrollments in postsecondary and workplace education.

Oklahoma’s ReachHigher Initiative is an adult degree completion program designed to reach the more than 69,000 Oklahoma adult students who attended college but did not complete a degree program. Eligible students must have a minimum of 72 hours of college credit and at least a GPA of 2.0 in past college work to enroll. Classes are offered five times throughout the year and last only eight weeks. Students completing the ReachHigher program graduate with a Bachelor of Science degree in organizational leadership from any of the nine Oklahoma universities offering the ReachHigher program.

Oregon’s Pathways to Advancement Initiative has community colleges developing model programs that realign curriculum and provide alternative delivery methods to help Oregonians achieve certificates and degrees that lead to high-demand occupations.

In Washington, TANF funds are used to design college courses and training programs, increase evening and weekend offerings, hire and place WorkFirst coordinators on campus, and develop working relationships with business and agency partners. Other community colleges are providing more flexible scheduling of classes to meet the needs of working individuals, including offering classes on weekend and evening and holding classes at alternative sites (such as those of major employers).
Increasing Aspiration

*Connecticut’s College Transition Initiative* strives to create a bridge between adult education programs and postsecondary education and training institutions. The Initiative seeks to provide adult students with the skills necessary to enroll and to complete the postsecondary program of their choice.

*Kentucky Orientation Program* has the Kentucky Community and Technical College System offering a variety of orientations to postsecondary education for TANF recipients at local campuses, ranging in length from one day to eight weeks. These sessions offer information about college programs, admissions procedures, financial aid options, while allowing TANF clients to take learning styles inventory and participate in a self-directed career search. The orientations are aimed to provide students with positive experiences to overcome their personal hesitations and negative perceptions of college campuses while increasing the student’s knowledge of postsecondary opportunities.

*Maine’s College Transition Initiative* is designed to assist adults earning and high school diploma and those needing remediation to transition to college. The program provides preparatory support, counseling, mentoring, and support services to enable adults to transition to postsecondary institutions.

Promoting Affordability

*Arkansas Career Pathways* program enables two-year community colleges to offer free career training and college classes to eligible participants. Eligibility is limited to adult caretakers or parents of a child under 21 who are currently receiving Transitional Employment Assistance (TEA) or have received TEA in the past; receiving food stamps, Medicaid or ARKids; or have an annual family income below 250 percent of the Federal Poverty Guidelines (approximately $53,000 annually for a family of four). The program assists students by providing child care vouchers, transportation assistance, and job readiness training.

*Georgia’s HOPE Grant* is open to Georgia residents enrolled in a certificate or degree program at a Georgia public technical college, public college, or university. The HOPE grant provides full tuition, HOPE-approved fees, and a book allowance of up to $100 per quarter or $150 per semester. The grant is available to all students regardless of their high school grade point average or graduation date. Furthermore, the grant does not require full-time enrollment making it accessible to working adult students enrolled part-time.

*Maine Parents as Scholars* program is a student aid program aimed at low-income parents on TANF to attend two- or four-year college programs. The program uses TANF MOE funds to cover living stipends, housing, transportation, and support services while college financial aid covers tuition and books, permitting students to potentially receive aid from both sources. Program eligibility is limited to parents who meet TANF eligibility guidelines.
Massachusetts Community College Access Grant program provides full tuition and fees to students enrolled full-time in an associate’s degree program who have a family income of less than $36,000. Upon completion of associate degree requirements and maintenance of at least a 2.5 grade point average, students gain automatic admission into a state four-year educational institution through the state’s Joint Admissions program. These students, along with other four-year college students, may then be eligible for the state’s Tuition Advantage program, which offers a 33 percent reduction in tuition costs for up to two years, if students maintain a minimum GPA of 3.0.

Michigan’s No Worker Left Behind Program redirects state and federal dollars to provide education and training for its displaced workers. The plan is aimed at helping more than 100,000 displaced workers by providing up to two years of free tuition at any Michigan community college or other approved training program. This program allows displaced workers to receive needed training in high demand skills while receiving unemployment benefits. Qualifying workers are required to pursue an associate's degree or attend a technical training program in a high-demand occupation, emerging industry, or entrepreneurship program.

Washington State’s Opportunity Grant is aimed at increasing access to postsecondary credentials at the associate’s degree level or below, including apprenticeship programs in fields related to high-demand jobs through financial assistance. Grants cover tuition and fees, plus $1,000 stipend annually for books, tools, and supplies. Part-time students are eligible. Additionally, public colleges receive $1,500 for each full-time student receiving the Opportunity Grant that must be used to provide supportive services.

Promoting Persistence
Alabama Articulation and General Studies Program was created to simplify the transfer of college course credits between state public colleges and universities. The program thus creates a seamless transfer from two-year to four-year institutions of higher education. This is important because many adult students begin at a two-year college and may wish to transfer to a four-year college. It ensures that investments made by the adult student at the two-year institutions are recognized and valued.

Illinois’ Student Success Grant, funded by the state higher education board budget, is allocated to each community college. The money is used to provide services to students who are at risk, economically disadvantaged, or disabled. These funds may be used to offset the costs of personal, academic or career counseling, remediation, assessment, mentoring, or other supportive services.

Kentucky Ready to Work is a program of the Kentucky Cabinet for Health in partnership with the Family Services and the Kentucky Community and Technical College System. It was created to assist TANF/Kentucky Transitional Assistance Program (KTAP) parents attending community and technical colleges or short-term training programs. The program started in 1999 as a means of providing additional work-study resources to TANF/KTAP parents in community and technical colleges. The program has now evolved into a statewide network which has 19 TANF-funded Ready to Work
Coordinators who serve 15 college districts. The program provides students with a network of supportive services which include recruitment, assessment and retention strategies, tutoring, mentoring, counseling activities, job development, placement, and post-placement services.81

*Louisiana Opening Doors Program* provides financial assistance through the use of surplus TANF dollars to help students with expenses that traditional forms of financial aid normally do not cover while providing a monetary incentive for students to perform well in school. Students who are enrolled at least part-time and earn at least a 2.0 grade point average are awarded a $1,000 scholarship for each of the two semesters they fulfilled these requirements. The scholarship money is given in increments, $250 after enrollment, $250 after mid-terms, and $500 after the end of the semester when students passed their courses with the required GPA. The Opening Doors scholarships are given in addition to Pell Grants and other forms of financial assistance students receive. The $1,000 scholarship can be used to meet any of the student’s unmet financial needs.

*Workforce-Contingent Financial Aid (WCFA) programs* are a means of promoting persistence among students by providing them with financial assistance for education expenses, in exchange for work in specified fields or locations. Depending on the program, awards may be given to students while they are enrolled in school in exchange for a future workforce commitment or can be awarded after the work requirement has been fulfilled, to repay existing education debt. As a result, these programs are often referred to as loan forgiveness or loan repayment programs. To best encourage persistence and the efficient use of state dollars, payment of the financial award after the work requirement is fulfilled is best. Indiana has two WCFA programs, the Nursing Scholarship and the Minority Teacher/Special Services Scholarship. Examples of other Workforce Contingent Financial Aid programs that promote persistence are listed below:

- *Montana’s Physician Loan Repayment Program* increases the payment for student loans in subsequent years of workforce participation. Awards begin with $7,000 the first year and graduate up to $11,000 the fifth and final year.82

- *Pennsylvania’s Primary Health Care Practitioner Repayment Program* forgives incremental percentages of debt for subsequent years of service. Payments increase five percentage points from 15 percent the first year. After the fourth year 100 percent of outstanding student loans are paid.83

- *Oregon’s Rural Health Services Program* pays 20 percent of a student’s loans per year. Resulting in 100 percent of loan repayment after five years.
Indiana can overcome its current educational crisis by investing in its adult workers. This chapter offers eighteen policy recommendations for improving the education and skills attainment levels of Indiana’s workforce. The policy recommendations focus on five main areas including:

- Removing barriers for adult students to Indiana’s financial aid programs;
- Increasing the number of adults enrolled in postsecondary institutions;
- Increasing retention and completion rates of adult students in Indiana;
- Increasing affordability of postsecondary education for working adults; and
- Improving data collection and information on postsecondary students.

Removing Barriers for Adult Students to Indiana’s Financial Aid Programs

1. **Increase the annual allocation to the Part-Time grant program in order to provide more financial aid dollars to the increasing number of part-time adult students.**

   The Part-Time grant program is the only state grant program designed specifically for students attending a postsecondary institution less than full-time. Given the large percent of adult students who attend college part-time, this grant program is a vital source of financial aid for adult students. However, there remains a distinct disconnect between the State’s economic goals of elevating the skill and educational attainment levels of its workforce and the financial aid dollars allocated for the same population, as highlighted in Chapter 3.

   Additional funds need to be allocated towards funding financial aid programs for adult students, but not at the expense of detracting funds from traditional age students who are also vital to the success of Indiana’s workforce. Therefore, the SSACI budget as a whole should be increased to allow for more financial aid opportunities and more specifically, increasing investments in grant programs that target adult students. The solution to producing a workforce that is prepared to compete in the 21st century economy is dependent upon the state investing in education from kindergarten all the way through four-year postsecondary institutions.
2. **Increase the availability of curriculum designs, supportive services, and program offerings – including remedial course offerings – to adult students in formats that are attractive and beneficial to working adults in order to promote access.**

To promote access for adult students, the availability of course offerings and services offered in creative, flexible, and/ or compressed formats need to be increased throughout the state at both two-year and four-year postsecondary institutions. Offering courses, including remedial courses, in compressed formats and during evening and weekend sessions will increase access for adult students. Additionally, offering supportive services, such as academic guidance counseling, academic supports (i.e., tutoring, time management, and study skills trainings) and career counseling, as part of a structured curriculum for adult students should help to increase persistence. As mentioned in Chapter 4, there are many “best practice” models for providing flexibility and financial assistance for these courses.

3. **Eliminate the eight semester rule for part-time students to allow sufficient time to complete a four-year program.**

Adult students often require remediation. When they do, they attend college for an extended period of time. This time may be longer if the student is going to school part-time. Yet, Indiana’s financial aid programs are time limited and do not provide financial assistance beyond eight semesters of enrollment. So, in some cases, financial aid programs may run out before a student completes their postsecondary credential, requiring the student to finance the additional classes on their own. An alternative timeline for completion should be adopted for part-time students and those requiring remediation. A model example is the Federal Pell Grant program, which has a time limit of 18 semesters for eligibility.

4. **Expand the number of certificate programs eligible to receive state financial aid dollars.**

For some adults, enrolling in a certificate program is a perfect way to introduce them to the college process. Certificate programs are relatively inexpensive and short-term. Most certificate program coursework can also be transferred as credits toward an associate’s degree. Students, who have a successful experience with a certificate program, and see a wage increase as a result of their certificate, are more likely to obtain more certificates or to earn an associate’s degree. Therefore, funding certificate programs has a positive effect on access, affordability, and persistence for adult students.

There are many certificate programs at Ivy Tech Community College that correspond to jobs posted on the Indiana Department of Workforce Development’s most recent listing of the *Hoosier Hot 50 Jobs*. These jobs are expected to grow in both demand and wages in Indiana in the coming years. For thirteen of the *Hoosier Hot 50 Jobs*, there are 28 corresponding certificates. However, only half of these certificate programs are eligible to provide financial aid to students. Allowing all certificate programs, including non-
credit and third-party certification programs, to be eligible for financial aid is a step toward increasing postsecondary enrollment and the number of adult workers with postsecondary credentials.

5. **Eliminate Indiana’s March 10th application deadline for filing the FAFSA.**

Not meeting the March 10th application deadline disqualifies students from receiving financial aid until the next academic year. Twenty-three states and the District of Columbia have set FAFSA deadlines later than March 10th. Several other states have created secondary deadlines later in the year for first-time college students and community college students. Setting a new deadline later in the year will provide more time for students to determine if they will enroll in college and to file their tax returns before filing their FAFSA. This could improve numbers of adult students who apply for and receive financial aid. However, if a successful education and outreach campaign were to be conducted – as suggested in recommendation nine – the imposition of the March 10th deadline could be negated.

6. **Adopt income eligibility guidelines, similar to those of the 21st Century Scholars Program, to determine financial need for independent students.**

Research shows the Federal Needs Analysis treats income and assets of dependent students differently than that of independent (adult) students. In order to break down the barrier of affordability for adult students, an independent student’s expected contribution needs to be calculated in a manner that more accurately reflects their ability to pay for their education. The income eligibility for the 21st Century Scholars Program is based on 185 of the Federal Poverty Guidelines. Applying similar income guidelines to financial aid programs for adults would increase the amount of financial aid for which adults are eligible and thus lessen one barrier of affordability.

**Increasing the Number of Adults Enrolled in Postsecondary Education Institutions**

7. **Set specific goals and strategies for increasing the number of Hoosier adults who possess postsecondary credentials.**

In the 2006 Indiana Strategic Economic Development Plan, *Accelerating Growth*, the State identified the need for Indiana to have a “skilled workforce with constantly improving educational aspirations and attainment in order for the state to compete in a 21st century economy.” However, the State has not set comprehensive goals and strategies for increasing the number of Hoosier adults who possess postsecondary credentials across all departments of state government including Department of Workforce Development, Commission on Higher Education, Family and Social Services Administration, and Department of Education to name a few. A road map with measurable, attainable goals and timelines is needed to create the necessary focus for long-term, sustainable change.
8. **Conduct a statewide marketing and outreach campaign targeting adults in Indiana who lack postsecondary credentials to increase postsecondary enrollment.**

*Indiana’s Adult Education and Workforce Skill Performance Report* identified 651,600 Indiana adults without postsecondary credentials who are earning less than a living wage. In addition, there are an estimated 670,000 adults who have “stopped out” of higher education – that is, they stopped attending college before obtaining a degree. A statewide public information and marketing campaign designed to increase the number of students enrolling in postsecondary programs is necessary for Indiana to increase the education and skill attainment levels of its workforce. Adults need to be made aware of educational opportunities and programs available to them, regardless of where they are in the educational pipeline. Targeting adults who have “stopped out” of higher education can produce a more rapid impact on increasing the number of Hoosiers who possess postsecondary credentials. As stated above, Kentucky has engaged its residents in a marketing and outreach campaign with great success.

9. **Expand the Learn More Indiana statewide outreach effort to focus intensely on the information needs of adult students and the financial aid application process.**

Not only do adult students need to be informed about the benefits and opportunities of obtaining postsecondary credentials, they also need guidance on how to navigate the higher educational system. Information regarding financial aid programs and eligibility, federal and state financial aid deadlines, and assistance with filling out the FAFSA are crucial in diminishing the affordability barrier for adult students. *Learn More Indiana* “help centers” could be set-up at Work One offices, Adult Basic Education sites, and public places like grocery stores and libraries.

### Increasing Retention and Completion Rates of Adult Students in Indiana

10. **Allow financial aid dollars to be used to provide wrap-around supportive services.**

Need-based financial aid should be made available to adult students to support the full costs of attending school including tuition and fees, living expenses, books, supplies, transportation, child care, and other supportive services to increase the likelihood of low-income adults accessing and completing postsecondary educational programs.

As mentioned earlier, a model program, the *Washington State Opportunity Grant*, is aimed at increasing access to postsecondary credentials for low-income students at or below 200 percent of Federal Poverty Guidelines. These grants cover tuition and fees, plus provide $1,000 annually for books, tools, and supplies. Part-time students are eligible. Additionally, public colleges receive $1,500 for each full-time student receiving the Opportunity Grant program that must be used to provide supportive services.
11. **Create incentive programs to promote persistence and completion rates of Indiana students.**

To address the retention and completion rates, Indiana could create incentive programs for adult students. An example is the *Louisiana Opening Doors* program, which provides financial assistance through the use of surplus TANF dollars to help students with expenses that traditional forms of financial aid normally do not cover while providing a monetary incentive for students to perform well in school. Indiana could create a similar scholarship program to provide incentives for students who persist through and complete their programs while granting cash assistance to help offset any unmet financial needs.

**Increasing Affordability of Postsecondary Education for Working Adults**

12. **Provide education and training assistance for Indiana’s unemployed workers.**

Manufacturing has long been the backbone of Indiana’s economy, but since 2000 approximately 200,000 manufacturing jobs have been lost. This has increased Indiana’s unemployment rolls and chipped away at its economic base. Financial assistance for displaced workers is needed so that they can learn new skills to regain employment at a decent wage. Michigan created its program to target more than 100,000 displaced workers by using state and federal dollars to provide up to two years of free tuition at any Michigan community college or other approved training program. This allowed displaced workers to receive needed training in high-demand jobs while still receiving unemployment benefits. Qualifying workers are required to pursue an associate's degree or attend a technical training program in a high-demand occupation, emerging industry, or entrepreneurship program. Indiana could use Michigan’s *No Worker Left Behind* program as a model to retrain displaced adult workers and create a workforce with a new set of in-demand skills.

13. **Encourage employers to offer Lifelong Learning Accounts (LiLAs) to assist their employees in financing educational and skills attainment opportunities.**

LiLAs are a way to bridge this funding gap and to assist workers to achieve their career goals. LiLAs are employer-matched, portable, employee-owned accounts used to finance education and training. LiLAs encourage the creation of a partnership between workers and employers to effectively leverage resources to increase productivity, improve recruitment and retention, and meet the changing needs of our economy. LiLAs are intended to supplement, not replace, existing employer-supported tuition assistance programs. For more information on LiLAs, see *Appendix C*.

14. **Use TANF funds to provide financial aid to low-income students to pay for non-tuition costs such as books, child care, living expenses, and transportation.**

The *Maine Parents as Scholars* program is a student aid program aimed at low-income parents eligible for TANF to attend two- or four-year college programs. The program uses TANF MOE funds to cover living stipends, housing, transportation, and supportive
services while college financial aid covers tuition and books, permitting students to potentially receive aid from both sources. Indiana could apply this model and allocate a portion of its TANF MOE dollars to provide wrap-around financial aid support to low-income adult students to increase their access to and persistence in postsecondary education.

15. Conduct a statewide educational campaign designed to encourage more low-income adults to participate in the State’s Individual Development Accounts (IDA) Program and to use the funds for postsecondary education and training.

Indiana’s IDA program offers a minimum 3:1 match, meaning for every one dollar saved by an IDA participant, they will receive at least a three dollar match on their deposit. Additionally, all IDA participants must save for a minimum of six months before they may make their first withdrawal for a qualified asset purchase, which includes education expenses. IDA matching programs not only teach individuals about the importance of saving and money management, but also provide a monetary boost towards financing one’s education. Increasing awareness of the IDA program before adults are enrolled in college will help them to plan and save toward financing their education. To learn more about IDAs and Indiana’s IDA program, see Appendix C.

Improving Data Collection and Information on Postsecondary Education Students

16. Improve the data sharing and matching capabilities of the ICHE and SSACI databases so that the effectiveness of state financial aid dollars can be determined.

Currently, the quality of the ICHE and SSACI databases do not allow for accurate reporting or analysis of the effectiveness of Indiana’s financial aid dollars. To improve the quality of data available, the ICHE and SSACI databases need to be able to “talk” to one another to effectively link financial aid award records from the SSACI database to retention and completion data in the ICHE database. When such records are correctly linked, Indiana will be able to determine the impact of financial aid dollars on student completion and whether or not it is receiving a return on its financial investment, i.e., students with postsecondary credentials. Return on investment data is crucial to making necessary adjustments and determining new investments in Indiana’s financial aid system.

17. Improve the reliability and accuracy of ICHE’s database by requiring that all Indiana institutions of higher education that receive state financial aid dollars report data annually to ICHE.

Currently, not all private or proprietary schools that receive state financial aid dollars annually report data to ICHE. Without this data reported, ICHE cannot provide an accurate accounting of Indiana’s financial aid dollars. Requiring all institutions that receive state financial aid dollars report to ICHE would improve the accuracy of data within the ICHE system.
18. Integrate data from SSACI into Indiana’s Workforce Intelligence System (IWIS).

IWIS is a collaborative partnership between state agencies that is designed to leverage the resources already in existence to provide better data and information about Indiana’s workforce. This system provides data on Hoosiers throughout different stages of their “work life” as relevant data moves through various departments of government. The system currently receives data from the Department of Education, Commission on Higher Education, and Department of Workforce Development. One expectation of the system is to be able to determine the impact educational attainment has on Hoosier employment and wages. Incorporating data from SSACI will add to robustness of the database and will allow for greater analysis of the effectiveness of Indiana’s financial aid dollars on graduation and entry into jobs that pay self-supporting wages.

Conclusion

This report has presented a research-based argument that there is an economic demand for a skilled workforce in Indiana, and the current educational levels of the State’s workforce are not sufficient to support Indiana’s economic competitiveness in a global economy. The remedy for educating the State’s workforce does not lie solely among 18-24 year old college students. Even if Indiana were to outperform all other states in high school and college completion rates for traditional age students, the state would fall short of meeting the need for a globally competitive workforce. The answer to bolstering the State’s skilled workforce is educating Hoosier adults.

The most significant barrier that limits adult student access to postsecondary credentials is cost. To increase adult access to postsecondary institutions and to produce more Hoosiers with postsecondary credentials, the State of Indiana must address the barrier of affordability for adult students. This can be accomplished by: 1) investing additional state dollars into financial aid program for adults; and 2) revising financial aid policies that restrict eligibility for adult and part-time students from many of Indiana’s financial aid programs.

However prohibitive, cost is only one barrier adult students may encounter. There are also barriers of aspiration, remediation, time, family and work obligations, and financial aid policies. States throughout the nation are creatively using their monies to break down barriers for adult students to promote accessibility, aspiration, affordability, and persistence. They are doing this despite competing priorities for investments. Indiana should implement national best practice models and adopt progressive policies that will increase the educational attainment levels of Hoosier workers. Ultimately, a skilled and educated workforce will increase Indiana’s economic competitiveness, bolster its economy, improve its communities, and increase the quality of life for all Hoosier families and children.
APPENDIX A: Information on Indiana’s Financial Aid Programs, 2007-2008 Academic Year

<table>
<thead>
<tr>
<th>Program Name</th>
<th>TOTAL Funding</th>
<th>Application deadline</th>
<th>Age</th>
<th>Income</th>
<th>Credit hours</th>
<th>Needs based</th>
<th>GPA</th>
<th>Other</th>
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<tbody>
<tr>
<td>Frank O'Bannon</td>
<td>$183,407,273</td>
<td>March 10</td>
<td>N/A</td>
<td>Determined by FAFSA</td>
<td>Full-time (12 credit hours)</td>
<td>Yes</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Hoosier Scholar Award</td>
<td>$373,500</td>
<td>March 10</td>
<td>17-18 (senior)</td>
<td>N/A</td>
<td>Full-time (12 credit hours)</td>
<td>No</td>
<td>Top 20% of high school graduating class</td>
<td>N/A</td>
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<tr>
<td>Nursing Scholarship</td>
<td>$451,533</td>
<td>March 10</td>
<td>No explicit requirement</td>
<td>Determined by FAFSA</td>
<td>Min. 6 credit hours</td>
<td>Yes</td>
<td>2.0</td>
<td>Agree in writing to work as a nurse for first two years after graduation, may not be in default on a state or federal student loan.</td>
</tr>
<tr>
<td>Minority Teacher/Special Services Scholarship</td>
<td>$448,616</td>
<td>March 10</td>
<td>None</td>
<td>Determined by FAFSA</td>
<td>Full-time (12 credit hours)</td>
<td>Not required but MAY be considered</td>
<td>2.0 (if already enrolled in college)</td>
<td>Must be African American or Hispanic if seeking a Teaching Certificate</td>
</tr>
<tr>
<td>Program Name</td>
<td>TOTAL Funding</td>
<td>Application deadline</td>
<td>Age</td>
<td>Income</td>
<td>Credit hours</td>
<td>Needs based</td>
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<td>Robert C. Byrd Honors (Federal)</td>
<td>$713,813</td>
<td>April 26</td>
<td>17-18 years old (or receive GED the year you apply for scholarship)</td>
<td>N/A</td>
<td>Full-time 12 credit hours (the first year)</td>
<td>No</td>
<td>3.0</td>
<td>SAT of 1940/ACT of 29/ or GED 620 or higher</td>
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<tr>
<td>Summer State Work Study</td>
<td>$504,310</td>
<td>May 1</td>
<td>N/A</td>
<td>Determined by FAFSA</td>
<td>Full-time (12 credit hours)</td>
<td>Yes</td>
<td>N/A</td>
<td>Have received or used a Frank O’Bannon grant, not be a graduating senior or graduate before August 31, plan to enroll in the fall following work study.</td>
</tr>
<tr>
<td>Indiana National Guard Supplemental Grant</td>
<td>$2,082,618</td>
<td>March 10</td>
<td>N/A</td>
<td>N/A</td>
<td>Full-time or Part-time</td>
<td>No</td>
<td>N/A</td>
<td>Active drilling status with Indiana National Guard.</td>
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<tr>
<td>Part-Time Grant</td>
<td>$5,350,058</td>
<td>No Deadline</td>
<td>N/A</td>
<td>Determined by FAFSA</td>
<td>2-12 hours</td>
<td>Yes</td>
<td>N/A</td>
<td>Postsecondary institution student is attending makes awards.</td>
</tr>
<tr>
<td>Program Name</td>
<td>TOTAL Funding</td>
<td>Application deadline</td>
<td>Age</td>
<td>Income</td>
<td>Credit hours</td>
<td>Needs based</td>
<td>GPA</td>
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<tr>
<td>Child of Veteran and Public Safety Officer</td>
<td>$18,112,637</td>
<td>Two weeks before the start of the college term</td>
<td>For Public Safety Officer, Children must be under 23 years old.</td>
<td>N/A</td>
<td></td>
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<td>No</td>
<td>N/A</td>
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<td><strong>Veteran's Portion</strong> - Graduates of the Soldiers and Sailors Children’s Home, children of purple heart recipient or wounded veteran, Children of POW/MIA of Vietnam War</td>
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<td><strong>Indiana National Guard (ING) Portion</strong> - Child or spouse of an ING member who died in the line of duty.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Public Safety Officer Portion</strong> - Child or spouse of Cop, FF or EMT killed in the line of duty, State trooper permanently or totally disabled.</td>
</tr>
<tr>
<td>Program Name</td>
<td>TOTAL Funding</td>
<td>Application deadline</td>
<td>Age</td>
<td>Income</td>
<td>Credit hours</td>
<td>Needs based</td>
<td>GPA</td>
<td>Other</td>
</tr>
<tr>
<td>------------------------------</td>
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<td>--------------------------------------------------------------------------------------</td>
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<td>-----</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Twenty First Century Scholars</td>
<td>$22,787,104</td>
<td>3/10 of the senior year, but prior to that- Students and their parents must complete and return the application by June 30 of the 6th, 7th- or 8th-grade year.</td>
<td>May begin receiving award up to two years after high school graduation</td>
<td>185 percent of poverty</td>
<td>Full-time (12 credit hours)</td>
<td>Yes</td>
<td>2.0</td>
<td>21st Century Scholar pledge</td>
</tr>
<tr>
<td>21st Century Scholars GEAR UP</td>
<td>$3,004,406</td>
<td>N/A</td>
<td>May begin receiving award up to two years after high school graduation</td>
<td>185 percent of poverty</td>
<td>Full-time (12 credit hours)</td>
<td>Yes</td>
<td>2.0</td>
<td>21st Century Scholar pledge</td>
</tr>
<tr>
<td>Program Name</td>
<td>Tuition</td>
<td>Fees</td>
<td>Books and Materials</td>
<td>Living Expenses</td>
<td>Child Care</td>
<td>Transportation</td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
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<td>---------------------</td>
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<td>--------</td>
<td></td>
</tr>
<tr>
<td>Frank O'Bannon</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Hoosier Scholar Award</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>One time $500 award that may be used for ANY educational expenses</td>
<td></td>
</tr>
<tr>
<td>Nursing Scholarship</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>$5,000 annually</td>
<td></td>
</tr>
<tr>
<td>Minority Teacher/Special Services Scholarship</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$1,000 annually with demonstrated financial need may be eligible for $4,000</td>
<td></td>
</tr>
<tr>
<td>Robert C. Byrd Honors</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>See Amount</td>
<td>$1,500 annually &quot;for college expenses&quot;</td>
<td></td>
</tr>
<tr>
<td>Summer State Work Study</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Student gets the money</td>
<td></td>
</tr>
<tr>
<td>Program Name</td>
<td>Tuition</td>
<td>Fees</td>
<td>Books and Materials</td>
<td>Living Expenses</td>
<td>Child Care</td>
<td>Transportation</td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
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<td>-------------------------------</td>
<td></td>
</tr>
<tr>
<td>Indiana National Guard Supplemental Grant</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Up to 100%</td>
<td></td>
</tr>
<tr>
<td>Part Time Grant</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>80% tuition subsidy, given on a term by term basis</td>
<td></td>
</tr>
<tr>
<td>Child of Veteran and Public Safety Officer</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Twenty First Century Scholars</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>100% tuition after other programs pay</td>
<td></td>
</tr>
<tr>
<td>21st Century Scholars GEAR UP</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>$1,500 of summer school tuition and fees</td>
<td></td>
</tr>
<tr>
<td>Program Name</td>
<td>Time Limit</td>
<td>Support Services</td>
<td>Counseling</td>
<td>Incentives</td>
<td>Payback Provision</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-------------------------------------------------</td>
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<td>-------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frank O'Bannon</td>
<td>8 semesters of Full-time or equivalent</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hoosier Scholar Award</td>
<td>N/A</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing Scholarship</td>
<td>6 years from first scholarship award</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>Those who fail to meet requirements MAY be required to reimburse the State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minority Teacher/Special Services Scholarship</td>
<td>6 years from first scholarship</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>Those who fail to meet requirements MAY be required to reimburse the State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert C. Byrd Honors</td>
<td>N/A</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer State Work Study</td>
<td>N/A</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indiana National Guard Supplemental Grant</td>
<td>8 semesters of Full- time or equivalent before, after, or concurrent with ING grant</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Name</td>
<td>Time Limit</td>
<td>Support Services</td>
<td>Counseling</td>
<td>Incentives</td>
<td>Payback Provision</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part Time Grant</td>
<td>8 semesters of Full-time or equivalent</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child of Veteran and Public Safety Officer</td>
<td>N/A</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twenty First Century Scholars</td>
<td>8 semesters of Full-time or equivalent</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21st Century Scholars GEAR UP</td>
<td>N/A</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX B: Detailed Information on Evaluation of Adequacy of Indiana’s Financial Aid Programs

To further examine the effectiveness of Indiana’s financial aid programs and policies in meeting the needs of adult students, the Indiana Institute for Working Families (Institute) examined how each of the State’s financial aid programs are meeting the needs of adult learners based on access, affordability, and persistence. Each area was evaluated based on whether it facilitated adult students in their educational goals or presented a barrier to those goals.

After examining the areas of access, affordability, and persistence, the Institute rated the adequacy of each of the State’s financial aid programs in their ability to meet the needs of adult students in each of these areas. Each area was ranked as adequate, inadequate, or neutral. A ranking of adequate means the financial aid program’s eligibility and policies support adult students pursuit of postsecondary education and a ranking of inadequate indicates the financial aid program’s eligibility and policies impede adult students. A ranking of neutral indicates the financial aid program’s eligibility and policies neither advance nor impede higher education pursuit for adult students. Each area was ranked individually and is independent from rankings in other areas. The adequacy rankings are based on current research findings regarding adult learners and on the program’s effectiveness at promoting access, affordability, persistence, and workforce preparation for the targeted adult student population.

Access
In this category state policies were judged on the following criteria vis-à-vis its amenity towards adult students: application deadline, application process, age, income, residency, credit hours, and program.

- **Application deadline**: This is when the application is due in order to qualify for grant consideration. A program will receive an adequate ranking in this category if their application deadline is later in the year. Many adult students may not decide if they are attending college until closer to the start of the fall term. They will also receive an adequate ranking if there is no application deadline. Programs with earlier deadlines, for example, the March 10th deadline that most Indiana grants have, received an inadequate ranking.

- **Age**: This is the age requirement to apply for or be considered for a particular grant. Grants that are designed entirely for graduating seniors received an inadequate ranking. Grants that have no specific age requirement received an adequate ranking.

- **Need Based/Income**: This category took into account whether the eligibility criteria took need into account as well as how financial need was calculated. While need based eligibility was a positive factor for many grants it was ruled out by the calculation of the EFC. As our report has shown the EFC is not an adequate measure of the financial needs...
of adult students. A more appropriate method would be to use the income guidelines that are used for the 21st Century Scholars Program.

- **Credit Hours**: This category focuses on the number of credit hours per semester a student is required to enroll in to determine whether a student is considered full-time or part-time. Many of Indiana’s financial aid programs require full-time attendance, however, some allow for part-time attendance, and only one allows for less than part-time enrollment. This is problematic for adult students who often only take one class at a time due to work and family obligations. Grants that allow students to attend less than part-time (less than 6 credit hours per semester) received an adequate ranking. Grants that allow for at least part-time, but no less, received a neutral ranking, and grants that required full-time attendance received an inadequate ranking.

### Adequacy Ranking of Indiana’s Financial Aid Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>ACCESS</th>
<th>Age</th>
<th>Need Based/Income</th>
<th>Credit Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank O’Bannon</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Hoosier Scholar Award</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Nursing Scholarship</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Neutral</td>
</tr>
<tr>
<td>Minority Teacher/ Special Services Scholarship</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Robert C. Byrd Honors</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Summer State Work Study Scholarship</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Indiana National Guard Supplemental Grant</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Adequate</td>
</tr>
<tr>
<td>Part-Time Grant</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Adequate</td>
</tr>
<tr>
<td>Child of Veteran and Public Safety Officer</td>
<td>Adequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
</tr>
<tr>
<td>Twenty First Century Scholars</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>21st Century Scholars GEAR UP</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
</tbody>
</table>

**Affordability**

In this area, the Institute examined State financial aid programs and how well these programs offset the costs of postsecondary education for adult workers, based on their ability to pay for tuition and fees. The Institute examined how well these programs addressed the additional costs incurred to attend a postsecondary institution including books, materials, living expenses, child care, and transportation, which often have a greater impact on adult students. The findings show many of Indiana’s financial aid programs only pay for postsecondary education tuition and fees leaving adult students with large amounts of unmet financial need.
• **Tuition:** If the financial aid program provides funding that can be used for tuition, then it receives an adequate ranking; if the funds cannot be used for tuition then the program received an inadequate ranking.

• **Fees:** If the financial aid program provides funding to pay for fees associated with attending a postsecondary institution then it received an adequate ranking; if funds cannot be used for fees then it received an inadequate ranking.

• **Books and Materials:** Programs that allow funds to be used for the expenses associated with books and other materials received an adequate ranking, programs that do not received an inadequate ranking. If there is a possibility, under certain circumstances that the funding can be used for these costs, then it received a neutral ranking.

• **Living Expenses:** Programs that allow funds to be used for general living expenses received an adequate ranking. Those that do not received an inadequate ranking. As with the books and materials, if there is room for flexibility under certain circumstances then the program received a neutral ranking.

• **Child Care:** Programs that allow funds to be used for child care received an adequate ranking. Those that do not received an inadequate ranking. Once again, if there are other possibilities that allow for a program to pay for these expenses then a neutral ranking is given.

• **Transportation:** Programs that allow funds to be used for transportation received an adequate ranking. Those that do not received an inadequate ranking. If there is room for flexibility then the program was given a neutral ranking.

• **Amount:** In order to receive an adequate ranking in this category, programs had to give at least $1,425 per year or more. This figure represents the average cost of attending Ivy Tech part-time for one year. Because many adult students choose Ivy Tech and many attend part-time or less, this was the most appropriate amount to expect for adult students. Those programs that did not reach this threshold received an inadequate ranking. For programs where the amount could depend on multiple variables and therefore couldn’t be easily assessed received a neutral ranking.
### Adequacy Ranking of Indiana’s Financial Aid Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Tuition</th>
<th>Fees</th>
<th>Books/Materials</th>
<th>Child Care</th>
<th>Transportation</th>
<th>Living Expenses</th>
<th>Amount</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank O’Bannon Adequate Adequate Adequate Inadequate Inadequate Inadequate Inadequate Adequate Inadequate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hoosier Scholar Award Adequate Adequate Adequate Adequate Adequate Adequate Adequate Adequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Adequate</td>
</tr>
<tr>
<td>Nursing Scholarship Adequate Adequate Adequate Neutral Neutral Neutral Adequate Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Neutral</td>
<td>Neutral</td>
<td>Neutral</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Minority Teacher/ Special Services Scholarship* Adequate Adequate Adequate Neutral Neutral Neutral Neutral Neutral* Neutral*</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Neutral</td>
<td>Neutral</td>
<td>Neutral</td>
<td>Neutral*</td>
<td>Neutral</td>
</tr>
<tr>
<td>Robert C. Byrd Honors Adequate Adequate Adequate Adequate Adequate Adequate Adequate Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
</tr>
<tr>
<td>Summer State Work Study Scholarship Adequate Adequate Adequate Adequate Adequate Adequate Adequate</td>
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<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Neutral</td>
<td>Adequate</td>
<td>Adequate</td>
</tr>
<tr>
<td>Indiana National Guard Supplemental Grant Adequate Inadequate Inadequate Inadequate Inadequate Inadequate Adequate Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Part-Time Grant** Adequate Adequate Adequate Adequate Adequate Adequate Adequate Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Child of Veteran and Public Safety Officer Adequate Adequate Adequate Adequate Adequate Adequate Adequate Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Twenty First Century Scholars Adequate Adequate Adequate Adequate Adequate Adequate Adequate Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>21st Century Scholars GEAR UP Adequate Adequate Adequate Adequate Adequate Adequate Adequate Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
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<td>Adequate</td>
<td>Adequate</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
</tbody>
</table>
* Minority Scholar Amount - The amount given in the policy explanation is $1,000 a year for most students, but a possible $4,000 if financial need can be demonstrated. This made grading difficult because the $1,000 is below or $1,425 threshold but $4,000 is well above. According to the 2006-2007 report from SSACI, the average award for that year was $1,514, above our threshold. Because we couldn’t be certain if an award from this grant would be an adequate amount we are giving it a neutral ranking.

** Part-Time Grant Amount -** Although the policy for this program is to award up to 80 percent of tuition to eligible students, it is severely under-funded at only about $5 million per year. As a result, it is clear that many students will not be receiving an adequate amount to fund their tuition costs. According to the 2006-2007 report from SSACI, the average award for that year was only $1,083. As that is below our threshold amount, we are giving the Part-Time Grant an inadequate ranking for the amount category.

**Persistence**

There are many factors that determine whether an independent student will complete their degree or certificate program. More part-time students were “non-persisters” than were full-time students.87 We can infer that the factors that contribute to persistence are not the same and/or do not affect students to the same degree. Among the factors that may affect part-time, independent students are time limits, support services, counseling, incentives for completion, and payback provisions.

- **Time Limits:** In Indiana, a grant recipient has eight semesters of full-time enrollment (or its equivalent) to complete their studies and still be eligible for State financial aid programs. All programs which follow these guidelines receive a neutral ranking, because it is definitely long enough to complete at least an associate’s degree. Some financial aid programs have their own guidelines, which give students less time to complete their postsecondary credential. These programs received an inadequate grade.

- **Support Services:** The extra support provided by support services is invaluable to independent students, especially those supporting families. The opportunity costs of attending postsecondary education are not only a barrier to entry for these non-traditional students, but it is also a barrier to persistence. Life happens and if a student doesn’t have support to help with these road blocks, then their college education is often times threatened. Programs that do not provide or allow funding for support services receive an inadequate ranking.

- **Counseling:** Independent students are more likely to be first generation college students; 50 percent of independent students in 1999-2000 were first generation college students as compared to 27 percent of dependent students.88 More independent students have also delayed enrollment after high school.89 As a result, these students may be less likely to transition easily into the pace of higher education. They may need academic counseling as well as career counseling. However, these financial aid programs do not have a clear mechanism through which to provide counseling or to mandate that postsecondary institutions provide such counseling. As a result all of these programs received a neutral ranking for counseling.
• **Incentives for Completion:** Independent students have barriers to entry each semester they attend higher education, not just during the first semester. Financial aid programs that promote persistence and completion can help students complete their program. One way to do this is to offer an increasing amount of aid as students complete each term, as in the *Louisiana Opening Doors Program*. As of now, there are no programs in Indiana that provide such incentive; as a result all financial aid programs earned an inadequate ranking in this category.

• **Payback Provisions:** These are provisions in the terms of the policy that require students to pay the state back if they fail to meet the obligations laid out in the financial aid program. This is a burden on many students who may change their mind or must stop for reasons beyond their control. A policy of reimbursement after obligations had been met would be more effective, however, this leads to more up front costs. Programs to which a payback provision doesn’t exist or does not apply received a neutral ranking. Policies that require repayment receive an inadequate ranking.

### Adequacy Ranking of Indiana’s Financial Aid Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Time Limits</th>
<th>Support Services</th>
<th>Counseling</th>
<th>Incentives</th>
<th>Payback provisions</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank O’Bannon</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>Hoosier Scholar Award</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>Nursing Scholarship</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Minority Teacher/ Special Services Scholarship</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Inadequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Robert C. Byrd Honors</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>Summer State Work Study Scholarship</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>Indiana National Guard Supplemental Grant</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>Part-Time Grant</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>Child of Veteran and Public Safety Officer</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>Twenty First Century Scholars</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Adequate</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
<tr>
<td>21st Century Scholars GEAR UP</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Inadequate</td>
<td>Neutral</td>
<td>Neutral</td>
</tr>
</tbody>
</table>

The take away from these mostly neutral rankings in the persistence section, is that while Indiana financial aid policies are not impeding persistence and completion for students, they are also not encouraging it. It may be necessary to look at completion rates among Hoosier students, particularly adults to develop some financial aid policies that lead to higher completion rates.
APPENDIX C: Savings Programs

Lifelong Learning Accounts (LiLAs)
LiLAs are a way to bridge this funding gap and to assist workers to achieve their career goals. LiLAs are employer-matched, portable, employee-owned accounts used to finance education and training. LiLAs encourage the creation of a partnership between workers and employers to effectively leverage resources to increase productivity, improve recruitment and retention, and meet the changing needs of our economy. LiLAs are intended to supplement, not replace, existing employer-supported tuition assistance programs.

The Council For Adult and Experiential Learning launched a LiLA pilot project in 2001. The program consisted of a phased rollout in three different geographical areas and four different industries: the Chicago area’s restaurant trade, the manufacturing and public sectors in northeast Indiana and the health-care industry in San Francisco. The program ended in 2007 and experienced some success. From 2001 to 2007, the program participants saved (with the matches from employers) almost half a million dollars that was used for education and training. As of June of 2005, 53 percent of the participants had taken at least one course.

CAEL has helped to set up four other LiLA programs in: Maine, Illinois, San Francisco and Kansas City. CAEL would like to see LiLAs become a standard part of benefit and compensation packages.

Individual Development Accounts (IDAs)
Individual Development Accounts (IDAs) are matched savings accounts that enable low- to moderate-income individuals to save money and build financial assets for the specified purposes of purchasing a home, paying for postsecondary education expenses, or starting a small business. The match incentive is similar to that of an employer match for 401(k) contributions. Individuals may receive a dollar for dollar match for their contribution, though matches may range from a ratio of 1:1 to 4:1.

Matching sources include federal grants, state and local governments, financial institutions, and private foundations. States can use a variety of funding sources to match IDA contributions including general fund appropriations, federal and state Temporary Assistance for Needy Families (TANF) dollars, and Community Development Block Grants funds. It is common practice for organizations providing IDAs to require financial literacy education, or case management, budget counseling, and homebuyer workshops.

Individuals seeking an IDA must meet annual income requirements. Many IDA programs are targeted towards individuals who are eligible for Temporary Assistance for Needy Families (TANF). Other programs set annual income thresholds between 150 and 200 percent of the Federal Poverty Guidelines — between $31,800 and $42,400 for a family of four.
Indiana’s IDA Program

The Indiana Individual Development Account (IDA) Program is an asset development program for low-income individuals. In establishing the IDA Program in 1997 to build more assets for Hoosiers around the state, Indiana became a nationally recognized leader in asset development.

Since 1997, Indiana has utilized Individual Development Accounts as one strategy to help lower-income families save for the purchase of an asset and enter the economic mainstream. In 1998, the United States Congress passed the Assets For Independence Act (AFIA) that created a parallel demonstration program that complements Indiana’s IDA Program.

Indiana IDAs can be used for the purposes of:

- Higher education;
- Small business capitalization;
- Home purchase; and
- Asset preservation through rehabilitation, such as homeowner occupied rehabilitation.

Indiana’s IDA program offers a minimum 3:1 match, which means, for every one dollar saved by an IDA participant, he/she will receive at least a three dollar match on their deposit. Additionally, all IDA participants must save for a minimum of six months before they may make their first withdrawal for a qualified asset purchase. The length of time an IDA participant may be considered active, and therefore eligible for match, varies greatly depending on the savings rate of the individual IDA saver. While most participants’ tenure last four years, with recent passage of new legislation, participants may now opt to be active for the lesser of four years or until they reach the state program match cap ($4800). Thus, if funds are available, some IDA participants may graduate in as little as two years.

In order to qualify for Indiana’s IDA program, participants must meet one or both of the following household income limitations:

- Participant is a qualifying individual that receives, or is a member of a household that receives, Temporary Assistance for Needy Families (TANF) under I.C. 12-14-2; or,
- Is a member of a household with an annual household income that is less than 175 percent of the Federal Poverty Guidelines, published annually.

In addition to the above mentioned income limitations, at the time of application, an IDA applicant must have earned income and be a resident of the state of Indiana.

Since the program’s inception, over $2.7 million has been saved by Indiana residents and 4,181 accounts have been opened.
ENDNOTES

6 Ibid.
8 Ibid.
11 Ibid.
12 Ibid.
14 Ibid.
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20 Ibid.
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